

Tuesday
22th May, 1956



PARLIAMENTARY DEBATES

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OFFICIAL REPORT

(Part I- Questions and Answers)

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PARLIAMENT SECRETARIAT
NEW DELHI

C O N T E N T S

(VOL. IV, Nos. 61-72—15TH MAY TO 30TH MAY 1956.)

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LOK SABHA DEBATES
(Part I—Questions and Answers)

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LOK SABHA

Tuesday, 22nd May, 1956.

The Lok Sabha met at Half Past Ten of the Clock.

[**MR. SPEAKER in the Chair**]

ORAL ANSWERS TO QUESTIONS

Mr. Speaker: The House will now take up questions. Q. No. 2403. Shri Krishnacharya Joshi. The hon. Member is absent. Next question.

Shri Raghunath Singh: I put the question. My name appears second in the list.

Mr. Speaker: I shall call only the first name. If that Member is absent, and other hon. Members whose names appear afterwards are present, they must get up immediately and put the question.

INDIAN IMMIGRANTS TO U. S. A.

*2403. **Shri Raghunath Singh:** Will the Prime Minister be pleased to state:

(a) the annual quota allowed for Indians every year to go to U.S.A. as Immigrants; and

(b) the total number of Indian Immigrants to U.S.A. who were actually given visas from the 1st July, 1954 to the 30th June, 1955?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) The quota fixed for immigrants to the U.S.A. of persons of Indian origin is 100 annually.

(b) It is not possible to give the total number of visas issued to intending Indian immigrants during this period, as such visas are issued by U.S. Consular Posts in different parts of the world and a fair number of the visas are not normally used. The actual number of Indian immigrants to the U.S.A., however, during the period 1st July, 1954 to 30th June, 1955, was 116

inclusive of 38 persons who entered the United States as non-immigrants and whose status was later on adjusted to that of immigrants in accordance with Section 245(a) of the U.S. Immigration and Nationality Act of 1952.

Shri Raghunath Singh: क्या मैं जान सकता हूं कि क्या इस में एंग्लो-इंडियन और यूरोपियन भी शामिल हैं?

Shri Anil K. Chanda: According to the U.S. immigration laws, the quota is fixed on a zonal basis.

Shri Kasliwal: May I know whether Government propose to move the U.S. Government for a little increase in this quota?

Shri Anil K. Chanda: As far as we know, even this quota of 100 is not filled up every year.

Shri Raghunath Singh: हाउस आफ कामनस (ब्रिटिश लौक सभा में अभी एक वाद-विवाद हुआ था, जिसमें फारन सक्टरी (विदेश सचिव) ने कहा था कि इस कोटे में यूरोपियन और एंग्लो-इंडियन भी शामिल हो सकते हैं। क्या सरकार का व्यापार इस और आकृष्टि हुआ है?

Shri Anil K. Chanda: Yes. As I said, this quota is not given to people of Indian nationality, but to people born in this zone. It is done on a zonal basis.

Shri H. N. Mukerjee: May I know whether there has been any substantial change for the better in the discriminatory provisions in the immigration laws of the United States in regard to Indian immigrants?

Shri Anil K. Chanda: I do not know what the hon. Member has in mind about discriminatory laws. There is a certain quota fixed from 1948 onwards. 100 is the number. But in no year actually more than 50 have been admitted as citizens.

**SEMINAR OF DEVELOPMENT
COMMISSIONERS**

***2404. Shri Bibhuti Mishra:** Will the Minister of Planning be pleased to state:

(a) whether it is a fact that the third Inter-State Regional Seminar of Development Commissioners and Community Project officials was held at Indore in December and was attended by the representatives of Madhya Bharat, Bhopal, U.P., Rajasthan, Ajmer, Hyderabad and Jammu and Kashmir; and

(b) if so, whether Government have taken any decision on the recommendations made by the Seminar?

**The Deputy Minister of Planning
(Shri S. N. Mishra):** (a) Yes, Sir.

(b) No, Sir. Recommendations made at the Seminar are forwarded to the State Governments for implementation.

श्री विभूति मिश्र : यह विद्वत्-मंडली किस काम के लिये डकृटी हुई थी?

श्री एस० एन० मिश्र : यह सबाल माननीय सदस्य को बहुत पहले पूछता चाहिये था क्योंकि अब तक इस तरह के बहुत से समिनार हो चुके हैं। इन का मकसद यह होता है कि ये अफसरान आपस में मिल कर उन मसलों पर गौर करें, जिन से वे उलझते हैं। वे लोग एक सेरे के तजुर्बे से लाभ उठाते हैं और वहां कार्यों की प्रगति तथा अन्य समस्याओं पर मिलकर चिन्तन होता है।

श्री विभूति मिश्र : क्या इन समिनार्ज (गोष्ठियों) की सिफारिशों पर केन्द्रीय सरकार भी कार्यवाही करती है?

श्री एस० एन० मिश्र : जिन सिफारिशों की ओर हमारा ध्यान जाना चाहिये, यकीनी तौर पर उन की ओर हमारा ध्यान जाता है जिन की ओर राज्य सरकारों का ध्यान जाना चाहिये, उन की ओर उनका ध्यान आकृष्ट किया जाता है।

Shri Kasliwal: May I suggest that Q. 2433 by Shri Bhakt Darshan, which is also on the same subject, may be answered along with this? That question also relates to the Development Commissioner's conference.

Mr. Speaker: Is the Minister prepared to answer it along with this or separately?

Shri S. N. Mishra: That is a separate question.

Shri B. S. Murthy: May I know whether the Minister is in a position to tell us what the main features of the recommendations made are?

Shri S. N. Mishra: I am afraid that would take a good deal of time. They made about 13 recommendations in all.

श्री भक्त दर्शन : अभी मंत्री जी न बताया है कि जिन सिफारिशों का सम्बन्ध राज्य सरकारों से था, वे राज्य सरकारों के पास भेज दी गईं। मैं यह जानना चाहता हूँ कि क्या केन्द्रीय सरकार से सम्बन्धित कोई सिफरश नहीं की गई और अगर की गई, तो क्या उस पर प्रकाश डालने की कृपा की जायेगी?

श्री एस० एन० मिश्र : मैंने इस प्रकार की बात नहीं कही है, लेकिन अगर माननीय सदस्य चाहेंगे, तो ऐसा किया जायेगा।

Shri N. B. Chowdhury: May I know whether a copy of the recommendations of the Seminar will be laid on the Table of the House?

Shri S. N. Mishra: I think we should have no objection in doing so.

Mr. Speaker: Not on the Table of the House, but in the Library. Otherwise, we have to print everything.

MIDDLE INCOME GROUP HOUSING SCHEME

***2405. Shri M. L. Agrawal:** Will the Minister of Works, Housing and Supply be pleased to refer to the reply given to Starred Question No. 213 on the 24th February, 1956 and state whether the details of the Middle-Income Group Housing Scheme have since been finalized?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): No, Sir.

Shri M. L. Agrawal: Now that life insurance has been taken over by Government, may I now know how long it will take to finalise this scheme?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): The matter is receiving active consideration in the Finance Ministry, and I hope a decision will be taken in about six months' or four months' time.

INDO-BURMA TRADE AGREEMENT

***2406. Shri Shree Narayan Das:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether negotiations in regard to the renewal of Indo-Burma Trade Agreement, 1951 have been started recently; and

(b) if so, the result thereof?

The Minister of Commerce (Shri Karmarkar): (a) and (b). Yes, Sir. The question of concluding a Trade Agreement with Burma is under discussion with the Burmese Delegation now in Delhi.

Shri Shree Narayan Das: May I know the time upto which the present agreement will remain in force?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): There is no 'present agreement'. It expired in December 1955.

Shri A. M. Thomas: May I know whether the negotiations are being carried on on the basis that it will be on a barter arrangement, and whether care will be taken to include articles which were previously being exported to Burma such as dried prawns?

Shri Karmarkar: If the hon. Member may kindly take my advice, he may not enquire about anything in regard to this matter. It will not be helpful to us to go into these matters at the present stage, when the trade agreement is on the anvil.

Shri A. M. Thomas: I only wanted to know whether care will be taken by the Government of India to see that articles which were imported by Burma previously, such as dried prawns, will be included in this trade agreement.

Shri T. T. Krishnamachari: All care will be taken to sustain such of the industries in India as were dependent on Burmese imports in the past.

Shri V. P. Nayar: May I know whether the discussions are for the renewal of the agreement of 1951 or for the revision of the agreement, and if for the

revision of the agreement, whether the Government of India have put forward any concrete proposals for Burma taking a regular quantity of dried prawns?

Shri T. T. Krishnamachari: The discussion is for an agreement. Naturally, because there was an agreement before, it means renewal of that relationship which existed when the agreement subsisted. As for the metaphysical nuances that my hon. friend has in mind, I am not prepared to answer them at the present moment, until I have the full picture of the agreement before me.

DISPLACED T. B. PATIENTS

***2407. Shri N. B. Chowdhury:** Will the Minister of Rehabilitation be pleased to lay on the Table a statement showing the number of beds reserved in various Sanatoria for the treatment of indigent displaced T. B. patients from East Pakistan during 1955-56?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): A statement showing the number of beds reserved in different hospitals for the treatment of displaced T. B. patients from East Pakistan during 1955-56 is placed on the Table of the Lok Sabha. [See Appendix XIV, annexure No. 33].

Shri N. B. Chowdhury: May I know whether in view of the very large incidence of tuberculosis among the displaced persons from West Pakistan, and the provision of only 500 beds throughout India, Government propose to extend free X-ray facilities through private radiologists for examining suspected T.B. patients among the displaced persons?

Shri J. K. Bhonsle: Actually, yes. We have given a sum of Rs. 2.57 lakhs for aid to T.B. patients to various institutions. I might also inform the hon. Member that in addition to the 500 beds sanctioned, another 186 beds, 120 at Kanchrapara, 16 at Jalpaiguri, and 20 at Medical College, Calcutta, have been sanctioned.

Shri N. B. Chowdhury: May I know whether Government have undertaken any survey of T.B. patients among

displaced persons in Calcutta and other places?

Shri J. K. Bhonsle: In the east, there are about 3,400 displaced T.B. patients.

Dr. Rama Rao: In view of the fact that there are as many as 3000 and odd T.B. patients, as just now stated by the Minister, what other arrangements have been made by Government in addition to these 500 beds for their treatment? Is there any arrangement for detecting T.B. in the early stages by mass X-ray, as is done in some industrial areas?

Shri J. K. Bhonsle: Actually, all that is possible is being done. I have already said that we are spending about Rs. 17.08 lakhs as aid to T.B. patients. Apart from 500 beds, another 186 beds have been sanctioned.

Shri Gidwani: What are the arrangements in regard to treatment of indigent T.B. displaced persons from West Pakistan?

Shri J. K. Bhonsle: That question might be asked to the Health Ministry. They are dealing with it.

Shri Gidwani: In view of the fact that the Rehabilitation Ministry is to continue for a pretty long period, will Government consider the advisability of asking the Health Ministry to re-transfer this department to the Rehabilitation Ministry?

Mr. Speaker: It is a suggestion for action.

कागज का निर्माण

*२४०८. श्री भक्त दर्शन : क्या बालिड्य और उद्योग मंत्री १० अप्रैल, १९५६ के तारांकित प्रश्न संख्या १३०६ के उत्तर के सम्बन्ध में यह बताने की रूपा करेंगे कि :

(क) क्या जर्मनी और इटली के विशेषज्ञ द्वारा इस देश में कागज के निर्माण के बारे में अपना प्रतिवेदन प्रस्तुत कर दिया है;

(ख) यदि हाँ, तो क्या इन प्रतिवेदनों की प्रतियां सभा पट्ट पर रखी जायेंगी; और

(ग) यदि भाग (क) का उत्तर नकारात्मक है, तो प्रतिवेदनों के कब प्राप्त होने की आशा है?

श्री दीपोगिक विकास मंत्री (श्री एम० एम० शाह) : (क) प्रारंभिक प्रतिवेदन प्राप्त हो गये हैं किन्तु व्यौरेवार सिफारिशों की प्रतिक्षा की जा रही है।

(ख) सरकार को खेद है कि इस प्रकार के प्रतिवेदनों को प्रकाशित नहीं किया जा सकता क्योंकि इससे इन्हें प्रस्तुत करने वाले व्यक्तियों को विषम स्थिति का सामना करना पड़ सकता है।

(ग) प्रश्न ही नहीं उठता।

श्री भक्त दर्शन : क्या यह सत्य नहीं है कि जर्मन विशेषज्ञों को इस देश से गये हुए लगभग पांच या छः महीने हो चुके, परन्तु अभी तक उनकी अन्तिम रिपोर्ट नहीं आयी है? क्या इसके ऊपर कुछ प्रकाश डाला जायेगा?

श्री एम० एम० शाह : काफी रिपोर्ट तो आ गयी है। इविपमेंट (उपकरणों) और मैशिनरी के कोटेशन (मुल्य-कथन) मंगाने में उनको कुछ देरी हुई है। आशा है कि एक महीने में वह सब आ जायेगा।

श्री भक्त दर्शन : क्या मंत्री महोदय यह बताने की रूपा करेंगे कि इन विशेषज्ञों ने भारत में किन किन स्थानों का दौरा किया और किन किन स्थानों का निरीक्षण किया?

श्री एम० एम० शाह : उन्होंने इन १२ जगहों में तपास की: १. देहरादून, २. जगाधरी, ३. मेरठ, ४. डालमियानगर, ५. सरदार नगर ६. मदरास, ७. उटकमंड, ८. मेट्टपलायम, ९. भवानी सागर, १०. हैदराबाद, ११. शंकर नगर, १२. नेपानगर।

Shri Velayudhan: May I know whether this team has made a survey of Travancore-Cochin State where the largest quantity of raw materials for paper is available.

Shri M. M. Shah: Yes, Sir.

Shri B. S. Murthy: Though the whole report may not be placed on the Table, may I know whether the chief recommendations will be placed in the Library?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): At the moment, the report is of a preliminary character. On previous occasions, we had some difficulty in placing reports of this character before this House, because the people who make these reports do not understand the particular susceptibilities of particular groups in this country, and it causes needless embarrassment.

Shri V. P. Nayar: May I now whether this team has made any study regarding the possibilities of establishing a paper industry in the region of the forests in the Malabar district where the necessary reeds are reported to be available in abundance?

Shri M. M. Shah: We are awaiting the report.

Shri Debendra Nath Sarma: May I know whether the teams of the experts have gone to Assam to investigate the possibility of establishing a paper industry there?

Shri M. M. Shah: Yes, they have.

MANUFACTURE OF MARINE ENGINES

*2409. **Shri Ram Krishan:** Will the Minister of Production be pleased to state the progress made so far for the manufacture of marine engines in India?

The Minister of Production (Shri K. C. Reddy): It has been decided in principle that a factory to manufacture diesel propelling machinery required for Indian built ships should be set up in the public sector. The Indian Shipping Companies are being consulted with a view to ascertain their requirements of diesel engines.

श्री रामकृष्ण : ऐसी फैक्टरी कहा लगाई जायेगी ?

Shri K. C. Reddy: It is too early to say where exactly it will be located. The idea is to locate it in Visakhapatnam.

ATOMIC REACTOR

*2410. **Shri S. V. Ramaswamy:** Will the Prime Minister be pleased to state:

(a) the details of the U.S. offer to Asian countries of an Atomic Reactor for research and training; and

(b) the nature of technical and financial assistance offered?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). The Government of India have not been informed of the details of the U.S. offer of an Atomic reactor. At the meeting of the Colombo Plan countries held in Singapore in October 1955, the United States offered assistance in the setting up of a nuclear centre in one of the Asian countries. It was announced later that it was proposed to locate this centre in the Philippines. No details of the facilities and the reactor to be installed have been given. Mention has, however, been made in the newspapers that a sum of twenty million dollars might be allotted for this purpose.

Shri S. V. Ramaswamy: It is stated that this centre is envisaged as supplementing the existing facilities for the basic training of engineers, chemists and physicians at the college level, and encouraging research in medicine, agriculture and industry. Will the work and training at our Bombay nuclear centre be the same as this or different?

Shri Jawaharlal Nehru: I do not know what the hon. Member has been reading from; I cannot say about that. As a matter of fact, the atomic reactors that we are putting up here are far more advanced than those of any other country, to my knowledge, in Asia. I think it is rather difficult to compare the work done at this level in a country like Philippines with that of a country like India. About the future development, I cannot say. So far as we are concerned, within a month's time or, may be, six weeks, our first small reactor of the 'swimming pool' type will start functioning. These are research reactors, which also produce some isotopes. Then later, next year, we hope to have a very powerful research reactor. This is an Indo-Canadian reactor which is one of the best tools for research, for producing isotopes, for various things like medicine etc. May I add that we have stated

that in regard to these reactors in our Institutes, we are prepared to train people from Asian countries?

Shri S. V. Ramaswamy: If it is not against public interest, may we know what is the nature of the investigation in India by the American team of nuclear experts, and the purport of their talks with the Secretary of our Atomic Energy Department?

Shri Jawaharlal Nehru: A team came from the Brookhaven National Laboratory in America. They visited a large number of countries in Asia, about seven or eight of them in South Asia. I do not know that there was any particular investigation that they were carrying on. They were finding out what was being done, more or less, in these various countries. At any rate, when they came here, they met the Planning Commission, and when they went to Bombay, they met officials of our Atomic Energy Department, also saw the work that was being done and discussed our work.

Shri B. S. Murthy: May I know whether any Asian countries have requested the Government of India to give training to their experts? If so, which are those countries?

Shri Jawaharlal Nehru: I could not say about direct requests as such. But it is well known that we have offered these facilities of training, and we have been in fairly close touch with some of the Asian countries. I could not give any names. There are offers open to every country, subject, of course, to room.

SEATO AND KASHMIR

*2411. **Dr. Ram Subhag Singh:** Will the Prime Minister be pleased to refer to the reply given to Starred Question No. 1674 on the 23rd April, 1956 and state whether Government have since received replies from SEATO powers to the protest against their reference to the Kashmir problem in their Karachi meeting?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): The Australian Government have replied in an *aide memoire* and the Government

of India's views on this reply have been communicated to the Australian Government. The Governments of the United Kingdom and the United States of America have communicated their views informally.

Dr. Ram Subhag Singh: May I know the nature of the replies received by the Government of India?

Shri Anil K. Chanda: Unsatisfactory.

Dr. Ram Subhag Singh: In view of the reply just now given by the Deputy Minister, may I know whether Government can give any indication of the next step which they propose to take in this regard?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): There is no next step. We addressed the Australian Government as we had addressed some other Governments. The Australian Government sent us a lengthy reply to which we have sent a lengthy rejoinder.

Shri Kamath: Is it a fact that in spite of India's protest to the SEATO Powers against their reference to or discussion of the Kashmir issue, a subsequent meeting of the Baghdad Pact Council again referred to this Kashmir issue and discussed it and, if so, did Government protest to the Baghdad Pact Powers regarding this matter and has their reaction or reply been more satisfactory—to use the Deputy Minister's words—than the SEATO Powers' reaction?

Shri Jawaharlal Nehru: There are more or less the same people functioning.....

Shri Kamath: Some are different.

Shri Jawaharlal Nehru: Some are different, but, there is not much of a difference. The hon. Member surely knows that virtue is not automatically triumphant everywhere.

Shri Kamath: Whose virtue?

Shri H. N. Mukerjee: May I know if Government has had any communication from Mr. Selwyn Lloyd in explanation or extenuation of his change of front over Kashmir?

Shri Jawaharlal Nehru: No, Sir; no explanation from Mr. Selwyn Lloyd personally. Nor was he addressed.

Shri Kashiwal: The hon. Deputy Minister just now said that replies have been received from U.K. and U.S.A. also. May I know whether the replies from these two countries are identical or of a different nature?

Shri Jawaharlal Nehru: The hon. Member will see that, as stated in his reply, the reply was communicated informally, that is, orally. The House will appreciate that the only type of reply is an attempt at justifying the same policy that is pursued, whether it is an identical argument that is used or some other. They are more or less done on the same lines.

DISPLACED PERSONS IN HYDERABAD STATE

*2413. **Shri Gidwani:** Will the Minister of Rehabilitation be pleased to state:

(a) the number of displaced persons who have been allotted land in the Hyderabad State in payment of partial or full compensation payable to them for their agricultural claims;

(b) the number of those who have been given possession of the allotted land out of the total number;

(c) the number of those who have not been given possession?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) 481.

(b) 225.

(c) 256.

Shri Gidwani: What were the reasons for these 200 and odd people not getting possession up till now?

Shri J. K. Bhonsle: Firstly, there are some local laws which prevent old tenants being evicted.

Secondly, certain properties or land were discovered to be composite property and the question of evacuee and non-evacuee interests to be separated comes in and is taking a little time.

Thirdly, the allottees who have been given land, in certain cases, refused to accept these lands because they said that they are rather inferior.

Shri Gidwani: Is it not a fact those who have refused to accept these lands did so because the lands are situated in different places or are not cultivable, and it has involved them in a lot of expenditure and retarded their progress?

Shri J. K. Bhonsle: My hon. friend knows that in the south, especially in Bombay and Hyderabad and the States round-about, there is very little land and whatever is there has been allotted to the refugees. In certain cases, it may be that the allotted land is not fit altogether; but, that is the best that Government could do under the circumstances.

Shri Gidwani: Will Government make an enquiry and see that their grievances are redressed so that the object of rehabilitation may be achieved?

Shri J. K. Bhonsle: We have written to the Home Minister as far back as 2 months and he has promised that he would consider the question of the allotment of land to these 225 persons as soon as possible and it is really under very active consideration of Government.

कोयला

*2415. **श्री जांगड़े:** क्या उत्पादन मंत्री यह बतान की कृपा करेंगे कि

(क) कोयला और क्लिमिली बिसरामपुर के समीप की कोयले की खानों से कोयले की खुदाई कब तक आरम्भ होगी;

(ख) सरकार कितनी खानों का प्रबन्ध करेगी और कितनी खानों का प्रबन्ध निजी टेकेदारों को दिया जायेगा;

(ग) इन दोनों श्रेणियों की खानों में मजदूरों की भरती के लिये क्या तरीका अपनाया जायेगा; और

(घ) १९५६ को समाप्ति तक कितने मजदूरों के काम पर लगने की सम्भावना है?

उत्पादन उपर्यंत्री (श्री सतीशचंद्र): (क) कोयला में कोयले की खुदाई सन् १९५६ के

समाप्त होने से पहले आरम्भ होने की आशा है। जिलमिली बिसरामपुर में कोयला निकालने की योजनायें अभी तक प्रयोगात्मक हैं क्योंकि इस तथा कुछ अन्य क्षेत्रों में खुदाई के आवश्यक अंकड़े एकत्र नहीं हुए हैं। आशा है अंतिम निर्णय इस वर्ष वर्षाक्रितु से पहले हो सकेगा और इस क्षेत्र में बड़े पैमाने पर कोयले की खुदाई १९५८ के मध्य तक आरम्भ हो सकेगी।

(ख) इन क्षेत्रों में कोयले की सभी खानों का प्रबंध सरकार अथवा इस उद्देश्य के लिये बनाई जाने वाली एक प्रस्तावित कम्पनी करेगी। कोयले की किसी भी नई खान का प्रबंध निजी ठेकेदारों को नहीं दिया जायेगा।

(ग) मजदूरों की भरती यथा सम्भव स्थानीय ग्रामों से की जायेगी।

(घ) अनुमानत : ६००।

श्री जांगड़े : क्या मैं जान सकता हूँ कि कोरबा में निकलने वाले कोयले में से कितना प्रतिशत भिलाई के लोहे के कारखानों में लगाया जायेगा और कितना निजी क्षेत्रों में या स्थानीय लोगों के घरेलू काम के लिये लगाया जायेगा?

Shri Satish Chandra: I require notice.

श्री जांगड़े : क्या मैं जान सकता हूँ कि सरकार इस बात के लिये सावधान रही कि जो मजदूर वहां पर काम करेंगे उनको लिंबिंग बेंज़ (निर्वाह मजदूरी) दी जायें और क्या इस अवश्यक बात पर भी ध्यान दिया जायेगा कि उनके लिये वस्तुएं उनको मुलभ भी जायें?

श्री सतीशचंद्र : यह सब बातें विचाराधीन हैं। कोयले की खानों में मजदूरों को आम तौर से जो सुविधायें दी जाती हैं, उन को यहां भी देने का प्रयत्न किया जायेगा।

Shri T. B. Vittal Rao: May I know what considerations weighed with Government to work these mines through a company rather than work them like other Government collieries which are worked in Bihar departmentally?

Shri Satish Chandra: The proposed company will take over the management not only of these collieries but all the State collieries including the existing collieries in Bihar.

Shri T. B. Vittal Rao: What are the considerations that weighed with Government?

Shri Satish Chandra: The Estimates Committee have recommended that company form of management is better than departmental management.

श्री जांगड़े : क्या मंत्री महोदय यह बतलायेंगे कि दूसरी पंचवर्षीय योजना में इस कोयले की खुदाई के काम को पूरे बेग से चलाने के लिये कितना रुपया अनावर्तक और आवर्तक रूप से खर्च होंगे?

श्री सतीशचंद्र : कोलबा की खानों में रेकॉर्डिंग (आवर्तक) और कैफिल एक्सपेंडिचर (पंजी व्यय) का अलग अलग अंदाज तो मैं इस समय नहीं दे सकता लेकिन इतना बतला सकता हूँ कि अगले पांच सालों में करीब २५ करोड़ रुपये खर्च होंगे जिसमें से इस साल करीब साढ़े पांच करोड़ रुपया खर्च होने की आशा है।

Shri K. P. Tripathi: Is it proposed to abolish the recruitment of labour through contractors or will this system be continued?

Shri Satish Chandra: All recruitment of labour will be done through Employment Exchanges and, if that is not possible, by advertisement and calling applications.

Shri P. C. Bose: The Minister said that the capital investment would be about Rs. 25 crores. May I know the area in which the coal deposits occur and what will be the average raising per year?

Shri Satish Chandra: I do not know the area exactly, but, about 4 million tons of coal is proposed to be raised annually from Korba fields.

GOAN LEADERS' RELEASE

*2416. Shri Kamath: Will the Prime Minister be pleased to state:

(a) whether it is a fact that Mr. Kakodkar and Dr. Hedge, Goan nationalists, are on their way home to India, after a long period of exile in Portugal;

(b) whether they have encountered travel and other difficulties in U.K. en route; and

(c) if so, the assistance rendered to them by Government in the matter?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Yes.

(b) and (c). Government are not aware of any special difficulties, travel or other, encountered by Shri Kakodkar and Dr. Hedge in U.K.

Shri Kamath: Has the Government any definite information as to how many Indian—which, to my mind includes Goan nationalists as well—are still living in banishment or exile either in Portugal or Portuguese African colonies or elsewhere outside India?

Shri Anil K. Chanda: A separate question may be tabled; we do not at present know how many Indian nationals as such are involved.

Shri Kamath: Is it a fact that Egypt is looking after India's interests, not merely in Portuguese pockets in India but in Portugal as well, and if so, may I know whether the First Secretary of the Egyptian Embassy or any Egyptian diplomatic official visited Portugal himself, or inquired through the Egyptian legation there? Has the Government got information about Indians, including Goans, living in exile in Portugal?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): No, Sir. We have no particular information. I would not like to make a very definite statement. There might be one or two probably, but I cannot remember any at the moment.

Shri Kamath: Will the Government be pleased to ascertain through Egypt whether there are any Indians living in exile in Portugal.

Shri Jawaharlal Nehru: Certainly.

Shri Nambiar: May I know whether the Government have taken any care or action for the release of a Member of Parliament who is now detained in the Portuguese controlled area?

Shri Jawaharlal Nehru: I propose to answer a short notice question later; that does not concern the Member of Parliament. I have nothing except to say that we are very anxious that he should be released and we are taking such normal steps under the circumstances as we can. I can add nothing more to it.

ROADS

*2417. **Dr. J. N. Parekh:** Will the Minister of Planning be pleased to state:

(a) whether no allocation is made in the Second Plan Period for construction of new Roads by the Planning Commission;

(b) if so, the reasons for the same; and

(c) the steps Government propose to take to meet growing demand on country's transport?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) No, Sir. A provision of Rs. 246 crores is included in the Second Five Year Plan for the development of roads including construction of new roads and improvement of the existing ones.

(b) The question does not arise.

(c) A statement is laid on the Table of the House. [See Appendix XIV, annexure No. 34].

Dr. J. N. Parekh: May I know how the sum of Rs. 263 crores, as given in the statement, is made up? What is the amount for construction of new roads and what is the amount sanctioned for completing the work on hand?

Shri S. N. Mishra: Separate figures for the construction of new roads, I am afraid, are not available, but it may be presumed that a substantial part of the sum is going to be spent on the construction of new roads.

Dr. J. N. Parekh: May I know if there is any allocation for roads for

strategic or defence purposes and for new roads for development of tourism?

Shri S. N. Mishra: No, Sir. I have no such break up with me.

PAPER

***2418. Shri Madiah Gowda:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) quantity and value of paper purchased from (i) Indian Mills and Firms and (ii) from foreign imports, each year, during the last five years;

(b) the extra expenditure that was incurred to pay for the foreign stuff over that of Indian origin for the same quality and variety; and

(c) the reasons, if any, for not purchasing more paper of Indian make, during these years?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) to (c). A statement is placed on the Table of the Lok Sabha. [See Appendix XIV, annexure No. 35].

Shri Madiah Gowda: I find from the table that even drawing paper, art paper, litho and ledger paper are purchased from outside India. I take it that these are not available in India, but if they are available, why are they not purchased here?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): It is quite clear that we are purchasing many varieties of paper which are available in India; only such varieties of paper which are not manufactured in India or are not available in India are purchased from abroad.

Shri Madiah Gowda: May I know whether any hand-made paper is purchased, and if so, how much and of what value?

Shri P. S. Naskar: The value of hand-made paper, including blotting paper, purchased by Government during the last two years was as follows:

1953-54 ... Rs. 3.51 Lakhs;
1954-55 ... Rs. 18 Lakhs.

SYNTHETIC OIL PLANT

***2419. Shri T. B. Vittal Rao:** Will the Minister of Production be pleased to refer to the reply given to Starred Question No. 1660 on the 23rd April, 1956 and state:

(a) whether the examination of the report of the 'Experts Committee' for the installation of synthetic oil plant has since concluded;

(b) if so, the nature of the decision taken; and

(c) if not, the reasons for the delay?

The Deputy Minister of Production (Shri Satish Chandra): (a) Not yet.

(b) Does not arise.

(c) A preliminary examination of the report has been made. The project requires further examination in consultation with other Ministries concerned and the Planning Commission. As at present priority has not been accorded to the scheme in the Second Five Year Plan.

Shri T. B. Vittal Rao: Am I to understand that the installation of oil plant has been given up during the Second Five Year Plan?

Shri Satish Chandra: No allocation of money has been made in the Second Five Year Plan. As the Committee which had been appointed earlier with a member of the Planning Commission as Chairman, has now given its report to the Government, the matter is under examination.

Shri T. B. Vittal Rao: May I know the main recommendations made by this "Experts Committee"?

Shri Satish Chandra: The Committee has recommended a scheme for the production of about 8 lakhs tons of soft coke and 1,21,500 tons of synthetic petrol.

Shri C. D. Pande: In view of the fact that production of synthetic oil involves a huge amount of expenditure and also a long time, will Government consider the possibility of encouraging substitutes like power alcohol which has got immense possibilities in this country?

Shri Satish Chandra: Power alcohol is a poor substitute for petrol; it can be used as a mixture with petrol. Apart from that, synthetic oil project opens out possibilities for the development of a large number of chemical industries, and from that point of view, it is being considered.

Shrimati Renu Chakravarty: In the Plan-frame, there was allocation made for synthetic petrol plant. Now the hon. Minister has stated that it has not received priority in the Second Plan. May I know if it has been finally decided that during the Second Plan it will not be started?

Mr. Speaker: The same question was put by Shri Vittal Rao and the hon. Minister stated that originally it was so, then it was examined by an expert committee.....

Shri Nambiar: The Prime Minister wants to answer it, I think.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I am somewhat concerned with this matter, as Chairman of the Council of Scientific and Industrial Research. It was that Council which appointed the Committee which strongly recommended, and the Council also recommended, this synthetic oil plant. Our difficulty has been primarily that it is a very very expensive project, running to over Rs. 100 crores—I am not sure of the figure. The time it would take, the chief value of it, apart from synthetic petrol, to various other chemical industries, we attach great value to it. So far as oil is concerned, the House knows that we are trying our hardest to produce real oil, not synthetic oil, in India. That is more important, and probably that will bring faster returns to us if we succeed. We hope to do. It is all a question of priority, and for the moment we have given no priority to synthetic plant. I am not prepared to say that in the course of five years we may not revise our Plan.

POWER PROJECT IN SALEM DISTRICT

*2421. **Shri C. R. Narasimhan:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether a proposal to construct

a power project near Hogenakkal or Mekadhat in Salem District (Madras) is under consideration of Government; and

(b) if so, the broad out-lines of such a proposal?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) The reply is in the negative.

(b) Does not arise.

SHORTAGE OF COAL

*2422. **Shri Kasliwal:** Will the Minister of Production be pleased to state:

(a) whether it is a fact that owing to acute scarcity of slack coal, 200 brick kilns of Delhi will be unable to work;

(b) whether this will result in the ceasing of the entire building activity of Delhi and throwing of 50,000 workers out of employment; and

(c) if so, the steps Government propose to take in the matter?

The Deputy Minister of Production (Shri Satish Chandra): (a) and (b). It has been reported by the Delhi State Government that there is scarcity of brick burning coal in Delhi and that if this scarcity were to continue, without early supplies, this may result in closure of most of the brick kilns and unemployment to workers.

(c) The Coal Controller has been instructed to arrange immediately the despatch of brick burning coal for Delhi.

Shri Kasliwal: May I know if the Government of India made any enquiries from the Government of Delhi as to the number of brick kilns which were already closed down?

Shri Satish Chandra: We have no information about the closing down of brick kilns. There is some shortage of coal, and special efforts are being made to rush supplies.

Shrimati Renu Chakravarty: May I know if the Government is aware that not only is there a shortage of coal for the kilns in Delhi, but there is also a huge shortage of coal for domestic consumption? If so, what is the reason for this shortage and how are we overcoming it?

Dr. Ram Subhag Singh: It is an annual feature.

Shri Satish Chandra: All the wagons that are placed at our disposal by the Railway Ministry are being utilised; the number of such wagons is also going up, and it is more this year than in the previous years. Probably the demand is growing faster than the availability of wagons. We are constantly in touch with the Ministry of Railways in order to find out a solution to the problem.

Shri G. P. Sinha: May I know the reason for the increase in demand for domestic consumption? Just now the hon. Minister stated that there is an increased demand of coal for domestic consumption. I would like to know the reason for it.

Shri Satish Chandra: What I mean is this. There is an increase in the overall demand for all types of coal. There may be some increase in the demand for domestic coal also, probably due to the increase in population.

Shri P. C. Bose: In view of the great difficulty experienced by the residents of Delhi, is it possible for the Government to arrange for a few rakes to supply coal to Delhi from a few selected collieries?

Shri Satish Chandra: The railways do try to run special goods trains for the supply of coal to areas where there is an acute shortage. But, the hon. Member's suggestion that they should all be loaded from a selected colliery depends upon the loading capacity in that particular colliery.

Shrimati Renu Chakravarty: May I ask the hon. Minister to clarify his statement that there has been an increase in the demand: Has there been a sudden increase over the normal consumption during the last few weeks?

Shri Satish Chandra: The number of wagons that is placed at our disposal is limited. There is a sudden increase in demand for coal in the industrial field and also in the brick burning industry due to a lot of construction activity that has started with the initiation of the Second Plan. Therefore, some shortage may probably be felt in the supply of domestic coal.

Shri Kasliwal: What is the total number of wagons carrying brick burning coal to Delhi during the last three weeks?

Shri Satish Chandra: I require notice.

FOREIGN MARKETS FOR ENDI, MUGA AND PAT

*2423. **Shri Debendra Nath Sarma:** Will the Minister of Commerce and Industry be pleased to state whether Government have drawn up any proposal to explore foreign markets for promoting the sale of Assam's "Endi", "Muga" and "Pat"?

The Minister of Commerce (Shri Karmarkar): No special effort has been made in this direction, but the All-India Handloom Fabrics Marketing Co-operative Society and the Export Promotion Council for silk industry which have been set up will look after export of Endi, Muga and Pat as well.

Shri Debendra Nath Sarma: As this happens to be a special type of cloth, will the Government be pleased to draw up a scheme for exporting this item to countries outside India and thus help the poor weavers of that State?

Shri Karmarkar: That is what I stated. The Marketing Co-operative Society and the Export Promotion Council for silk industry will look after that.

FOREIGN PARTICIPATION IN INDUSTRIES

*2424. **Dr. Rama Rao:** Will the Minister of Commerce and Industry be pleased to state the number of industries licensed under the Industries (Development and Regulation) Act, 1951 during 1955-56 which are

(i) totally foreign owned (ii) over 51 per cent foreign owned and (iii) with foreign participation?

The Minister of Industrial Development (Shri M. M. Shah): Statistics of Industries licensed is not maintained in the form indicated and the information is not, therefore, available. With your permission, I may add that, if the hon. Member is interested in knowing the details of any particular licensed industry, he may let me know and I will be glad to furnish the necessary information to him.

Dr. Rama Rao: The question is put for that purpose. What is the meaning of their asking me to ask another question?

Mr. Speaker: The details are asked in this question itself.

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): We do not maintain statistics for industries we have licensed on the basis of the percentage of foreign capital going with it, whether it is 51 per cent. or more or less. That is not maintained by us. Periodical investigations are made by the Reserve Bank and the results are published. If it is for a particular, specific industry, then we can sit down and work on it. Otherwise, the time taken for getting the information and the labour involved will be so much that it will be very difficult for us to find both the time and the man for this purpose. If it is in the narrow context of a specific industry, we may be able to help the hon. Member.

Dr. Rama Rao: In view of the great danger of foreign competition against the Indian industries, both public and private, is it the intention of the Government to license freely all these foreign concerns?

Shri T. T. Krishnamachari: The assumption contained in the question is not correct.

Shri T. B. Vittal Rao: The hon. Minister referred to the Reserve Bank survey. May I know the year to which this relates?

Shri T. T. Krishnamachari: The report of the Reserve Bank is available in the library of the House and the hon. Member can verify the information he wants.

Mr. Speaker: Order, order. The hon. Minister has said that it is available in the Library which is at the same distance to the hon. Member as to the hon. Minister.

Shri T. B. Vittal Rao: The reports are not published every year.

Mr. Speaker: If it is so, it is so.

Shri Sadhan Gupta: Is there any policy in the Commerce and Industry Ministry at least to safeguard the Indian ventures against competition from foreign sources and if so, whether care is taken to mark out the particular sectors for foreign ventures where Indian enterprise cannot be expected to develop?

Shri T. T. Krishnamachari: I am afraid the method of thinking in the Commerce and Industry Ministry does not exactly coincide with my hon. friend's projection into this field.

Mr. Speaker: These details are asked for only one year, 1955-56.

Shri T. T. Krishnamachari: If there are about 250 applications, no doubt there is some information. But it is a question of sitting down and wading through all this material.

Mr. Speaker: But it is only for one year. If the hon. Minister finds that the time is not sufficient, then this will stand over to the next session. It is after all for one year and the hon. Members want the information evidently to know what the amount of interest would be and to what extent, in the interest of this country, such things ought to be allowed.

Shri T. T. Krishnamachari: The other factor is also there. When we licence, it does not mean that the industry has come into being. The information would certainly not be useful to the hon. Members to the extent that they want. The only source from which we can get the information is the Department of Company Law Administration.

Shrimati Renu Chakravarty: In the Second Plan it is stated that one of the machineries by which the Government is going to control the private sector is the Industrial Development and Regulation Act. Without very full information as to how this, has acted in checking the private sector, I would like to know how the Government proposes to control the private sector which often goes in for important and strategic industries.

Shri T. T. Krishnamachari: I think my hon. friend has got grave doubts about the Government's ability to control private enterprise. I am afraid I cannot satisfy my hon. friend in that regard.

Dr. Rama Rao: This is not the first time that I tried to get information from the Government regarding foreign capital. The Government might have quite different views about the effects of foreign exploitation here but I have not been able to get the information on this matter. So many times, I have tried.

Mr. Speaker: The hon. Minister has said what he wanted to say.

Dr. Rama Rao: You have to guide us.

Mr. Speaker: I will guide: let the hon. Members table a resolution and let it be discussed.

पेनीसिलिन फैक्टरी

*२४२५. श्री विभिन्न मिथ्या : क्या उत्पादन मंत्री यह बताने को कृपा करेंगे कि :

(क) पिपरी पेनीसिलिन फैक्टरी (पूना) ने १९५५ में कुल कितने रुपये की पेनीसिलिन तैयार की हैं;

(ख) पेनीसिलिन बनाने के लिये कुल कितनी लागत का कच्चा माल विदेश से मंगवाया गया है; और

(ग) संयुक्त राज्य अमेरिका और ब्रिटेन से मंगवाई गई पेनीसिलिन की तुलना में यह पेनीसिलिन कैसी है?

उत्पादन मंत्री के सभासचिव (श्री आर० जी० दुबे) : (क) १९५५ में तैयार की गई पेनीसिलिन का मूल्य लगभग २३ लाख रुपये है।

(ख) १९५५ में प्रयुक्त विदेशों से मंगवाए गए रासायनिक कच्चे माल की कुल लागत १० लाख १५ हजार ७८१ रुपये है।

(ग) संयुक्त राज्य अमेरिका की फूड एण्ड ड्रग एडमिनिस्ट्रेशन तथा ब्रिटेन की मैडिकल रिसर्च कॉसिल द्वारा किये गये परीक्षणों से पता लगा है कि भारतीय पेनीसिलिन की किस्म विदेशों से मंगाई गई पेनीसिलिन जितनी अच्छी है।

Dr. Rama Rao: May I ask you to direct him to read the answer in English also?

Mr. Speaker: He will kindly read out the answer in English also.

Shri R. G. Dubey: (a) Pencillin produced in 1955 is valued at about Rs. 23.00,000.

(b) The total value of imported chemical raw materials used during 1955 was Rs. 10.15.781.

(c) Tests carried out by the Food and Drug Administration, U.S.A. and Medical Research Council, U.K. have shown that the quality of Indian penicillin was as good that of the imported penicillin.

Dr. Rama Rao: In view of the great potentialities of penicillin in India, may I know what steps the Government are taking to protect this industry, though it is State-owned, from foreign octopuses working everywhere?

Shri R. G. Dubey: I could not follow the question. The very fact that we have started this factory and are also encouraging the production of some of the chemicals which are not at present available in India is itself proof that we are doing everything possible.

Dr. Rama Rao: My question was, what steps the Government propose to take to protect our industry against foreign competition which has established its own units here for manufacture of penicillin?

The Minister of Production (Shri K. C. Reddy): Foreign competition may be of two kinds. It may be, as the hon. Member has in mind, due to some foreign companies establishing units here for manufacturing penicillin in this country or it may be due to import of foreign penicillin for our internal requirements. So far as the latter is concerned, we are discussing the matter. The concerned Ministries are giving attention to the question and we are seeing as to what extent we can restrict the import of foreign penicillin in the light of our own production and in the light of the needs of the country. As regards foreign companies that may be operating here and manufacturing penicillin, I would like to have notice to answer that part of the question.

श्री विभिति मिश्न : अमरीका और ब्रिटेन से आए हुए पेनीसिलिन का यहाँ के बाजारों में वही दाम है, जो कि यहाँ पर बनाए गए पेनीसिलिन का है। मैं यह जानना चाहता हूँ कि क्या सरकार यहाँ बनाए गए पेनीसिलिन की कीमत को घटा नहीं सकती है?

श्री आर० लौ० दुबे : दाम के बारे में मैं कछु निश्चित रूप से तो नहीं बता सकता, लेकिन यहाँ तक मैं जानता हूँ, उन के दामों में कोई विशेष फर्क नहीं है।

श्री विभिति मिश्न : हमारे कछु भारतीय डाक्टर, जिन के विदेशी दिमाग हैं, हिन्दुस्तान की बनी हुई पेनीसिलिन की निस्बत अमरीका और ब्रिटेन की पेनीसिलिन की ज्यादा सिफारिश करते हैं। क्या सरकार इस ओर ध्यान देगी कि इन डाक्टरों के दिमाग बदलें?

श्री आर० जी० दुबे : इस बारे में इलाज हो रहा है।

Shri A. M. Thomas: In answer to part (c) of the question, the hon. Parliamentary Secretary answered that the penicillin that we manufacture is as good as the imported penicillin. May I enquire whether complaints have reached the Government that the doctors prescribe foreign penicillin in preference to indigenous-manufactured penicillin and they also say that the potency of indigenous-manufactured product does not last for the same period as the imported product?

Mr. Speaker: Is all this not propaganda against the penicillin which is

manufactured here? Hon. Members when they put questions must remember one thing. They want new industries to be opened here. The moment industries are opened up they cannot be absolutely perfect. Then the Members go on asking questions and saying that the products have been found to be useless.

Shri A. M. Thomas: My complaint is that the publicity given by the Production Ministry is not as efficient as it ought to be.

Mr. Speaker: Hon. Members must also realise the importance of this question. I am not bound to allow any question if it is absolutely prejudicial to the growth of the industry in this country. Therefore, merely because they are supplementary questions I am not going to allow such questions. Hon. Members will kindly weigh the pros and cons.

Shri A. M. Thomas: My suggestion was that our product is as good as the imported product, but there is a wrong impression in the minds of the people. I wanted to know whether the Government would be in a position to disillusion.....

Mr. Speaker: The impression created by the hon. Member is, to my mind, contrary.

Shri K. C. Reddy: May I possibly remove the impression that has been created by the question of the hon. Member? So far as we are aware, no such complaints have been received to the effect that some of our doctors and hospitals are prescribing foreign penicillin. If the hon. Member has any information, we would be very grateful if he passes it on to us. So far as the quality of penicillin is concerned, our penicillin has been tested both in the United Kingdom and the United States of America, and the people who have tested it there have certified that it is as good as foreign penicillin, if not better.

Shri Kamath: Is it not a fact that, with the incredibly fast pace of modern science, penicillin has already been surpassed by new anti-biotics and, if so, in the event of its becoming obsolescent in the near future, can this Pimpri

factory be switched over, with some structural changes or otherwise, to manufacture of new modern drugs?

Mr. Speaker: It is a purely hypothetical question.

Shri K. C. Reddy: Science is making very rapid strides and we are always trying to catch up.

DISPLACED STUDENTS IN MEDICAL COLLEGE, AMRITSAR

***2427. Shri M. L. Agrawal:** Will the Minister of Rehabilitation be pleased to state:

(a) how many stipends for displaced students studying in Medical College, Amritsar were sanctioned by the Delhi State Government in the years 1954-55 and 1955-56 respectively;

(b) whether it is true that stipends to these students have not yet been paid his year; and

(c) what is the cause of this inordinate delay?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a)

(a) 1954-55	:	23
1955-56	:	27

(b) No.

(c) Does not arise.

Shri M. L. Agrawal: When were these stipends paid; is it actually after tabling this question?

Shri J. K. Bhonsle: No, Sir. The sanctions were given about a month ago.

Shri M. L. Agrawal: May I know the exact date when the stipends were given?

Mr. Speaker: What does it matter when they were given?

Shri J. K. Bhonsle: These stipends are paid by the Delhi State Government and the Rehabilitation Ministry does not come into the picture at all except to give sanction for the allotment to educational institutions.

FILM PRODUCTION BUREAU

***2428. Shri Shree Narayan Das:** Will the Minister of Information and Broadcasting be pleased to state whether the Film Production Bureau has been constituted and is functioning?

The Minister of Commerce (Shri Karmarkar): The matter is still under consideration and the proposals in the form of legislation will soon be placed before the House.

Shri Shree Narayan Das: May I know the exact nature of this organisation and its function?

Shri Karmarkar: It is expected that the National Film Board will take the place of the present Central Board of Film Censors for directing and supervising the Film Production Bureau and the Film Institute. The Film Production Bureau will scrutinise and give advice on the various aspects of production such as stories, sceneries etc. The functions of the Bureau will be purely advisory and the Film Institute will do the work of training in the process of film production.

Shri Shree Narayan Das: May I know whether the financial implications have been studied and, if so, what is the extent of expenditure that will be involved in this organisation?

Shri Karmarkar: That is now under consideration.

CONCENTRATION OF PAKISTAN TROOPS

***2429. Shri Gidwani:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the Pakistan Government have sent a reply regarding concentration of Pakistan Troops in the Ghandasinghwala Area along India's Border and about patrolling of the Indo-Pakistan Border by the Pakistan Police; and

(b) if so, the nature of the reply given by them?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) and (b). In reply to allegations by the Pakistan Government that Indian

troops had been massed on the border near Ferozepore, the Government of India informed the Pakistan Government that the allegation was entirely unfounded and that on the contrary, they were informed that there was a heavy concentration of Pakistani armed forces at that place. There have been reports in the Pakistani Press that the Pakistani Foreign Office has denied this but no reply to this effect has so far been given to the Government of India. With regard to patrolling of the border by the Pakistan Border Police, the Government of India also pointed out to the Pakistan Government that there was information that Pakistani regular troops had been stationed in forward positions at Ferozepore. No reply has so far been received from the Pakistan Government regarding this.

Shri Gidwani: What is the information of the Government of India in the matter?

Shri Anil K. Chanda: We understand that heavy concentration of Pakistani Army personnel disguised as police officers are over there and they have built a sort of turret opposite our right bank bund. These are the main allegations.

Shri Gidwani: What steps are being taken to remove them from those places?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): On either side of the border there are troops. No body likes troops on the other side and no body can remove the troops on the other side; so there they remain.

RURAL ELECTRIFICATION

*2430. **Dr. Ram Subhag Singh:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether there is any proposal to give subsidy to the State Governments to implement their rural electrification schemes; and

(b) if so, the estimated amount of subsidy needed for that purpose?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes, Sir.

(b) The amount of subsidy, for the purpose, will be estimated only after the proposal has been accepted by the Government.

Dr. Ram Subhag Singh: May I know whether the Government consider the charges for the power supply to the rural areas as reasonable?

Shri S. N. Mishra: To make it more reasonable the subsidy is contemplated to the extent it is desirable.

श्री० भक्त दर्शन : क्या राज्य सरकारों को इस सम्बन्ध में अनुदान देते समय यह शत लगाई जायगी कि उन इलाकों का पहले व्यान रखा जाय, जहाँ पिछली पंच-वर्षीय योजना के आधीन बिजली का एक बल्ब भी नहीं पहुंच पाया है ?

श्री० एस० एन० मिश्र : यह बात तो राज्य सरकारों पर निर्भर करती है कि वे उन क्षेत्रों का ज्यादा व्यान रखें, जिनमें ज्यादा जरूरत है ।

Shri B. K. Das: May I know whether any basis for granting this subsidy has been decided upon?

Shri S. N. Mishra: It has been suggested to the State Governments that they should find the resources necessary for rural electrification themselves in the first instance. In case they are not able to do so, they should submit the scheme to the Planning Commission and it would consider making provisions for the same.

Short Notice Question and Answer

WOMEN SATYAGRAHIS IN GOA POLICE CELL

S. N. Q. No. 18. Shri M. D. Joshi: Will the Prime Minister be pleased to state:

(a) whether Mrs. Sudha Joshi and other women Satyagrahis now imprisoned in Goa, have gone on hunger-strike since the 9th May 1956, as a protest against their continued detention in Police lock up;

(b) if so, the present state of their health; and

(c) the steps Government propose to take to ensure their safety and removal of their grievance in prison?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Government have seen

with regret reports that Shrimati Sudha Joshi and five other women who are undergoing prison sentences or are under detention have been on hunger-strike.

Press reports state that Kumari Sindhu Deshpande, an Indian national, and four Goan women prisoners embarked on a hunger-strike on March 9th and that Shrimati Joshi, who, according to our law, is an Indian national, joined the hunger-strike on the 14th of May.

The cause of the hunger-strike is known to be the refusal of the Portuguese authorities to accede to the demand of these women prisoners to transfer them to a jail where women prisoners are normally kept.

(b) and (c). Government have no information of the present state of health of the aforesaid prisoners. The Egyptian Government look after our interests in respect of Goa, after the closure of our Consulate-General there. Government have requested the Egyptian Government to make urgent enquiries from the Portuguese Government and to send us such information as they are able to obtain about this hunger-strike and the present condition of these women prisoners.

Shrimati Joshi, though born in Goa and married to a Goan, has been domiciled in Bombay for nearly twenty years and is a registered voter in Bombay State. She has thus acquired Indian nationality under our law. These facts and the legal position in respect of Shrimati Joshi were placed before the Portuguese authorities and the military tribunal when Shrimati Joshi was being tried. The Portuguese authorities and the tribunal, however held that Shrimati Joshi was a Portuguese national and also sentenced her to ten years imprisonment.

Kumari Deshpande, whose Indian nationality is not in question has also been sentenced to ten years imprisonment. Both these women prisoners and the four others, reported to be on hunger-strike, are detained in the Pangim Police jail which is not a regular jail or one in which women prisoners are kept.

We have repeatedly protested to the Portuguese Government about these detentions and the conditions in which political prisoners are kept.

The Government of India have sent a communication to the Portuguese Government, through the good offices of the Egyptian Government, drawing the attention of the Portuguese Government to the exceedingly bad and distressing living conditions in these jails and the harsh and brutal treatment meted out to prisoners. They have requested the Portuguese Government to take steps to put an end to such treatment and to provide political prisoners reasonable living conditions. This communication was made early in March of this year. No reply has as yet been received from the Portuguese Government.

The Government of India are deeply concerned at the shocking conditions and the treatment meted out to political prisoners in the Portuguese jails in Goa, particularly to women. They continue to take steps, through the good offices of the Egyptian Government and the Indian Red Cross, to bring about some amelioration of the deplorable conditions and to obtain for these prisoners conditions to which they, as political prisoners, as different from other prisoners, are entitled under the law and practice of civilised nations.

Shri M. D. Joshi: May I know whether there is any international code of conduct to which the Portuguese Government can be made to conform in respect of their treatment of foreign nationals at present imprisoned in the Goan jails?

Shri Jawaharlal Nehru: I am not aware of any fixed international code, though some conventions gradually grow up.

Shri Kamath: When was the Indian Red Cross approached by Government to look into this matter about the Indian political prisoners in Goa, and did the Portuguese imperialist authorities in Goa give them facilities to do their work or has the Indian Red Cross been denied any facilities in the matter?

Shri Jawaharlal Nehru: This approach was made directly recently in connection with the hunger-strike. We had first approached the International Red Cross, but they were not able to make any satisfactory arrangements. Thereupon, we asked the Indian Red Cross. Although, normally speaking, the Indian Red Cross functions in India as such, nevertheless, we have asked them and they have requested the Portuguese Government and the Portuguese Red Cross in Goa. I do not know whether they have received an answer yet.

Shri N. Sreekantan Nair: In view of the fact that the freedom struggle for the liberation of Goa had been stifled by the Government of India, may I know whether the Prime Minister intends to draw the attention of America and Britain to these facts and try to see that these prisoners are released if we do not intend to continue the movement?

Shri Jawaharlal Nehru: The hon. Members will no doubt realise that we are very much concerned in this matter and we have always taken advantage of every opportunity to draw the attention of other countries to this matter, both for larger political reasons and for humanitarian reasons.

Shrimati Renu Chakravarty: Besides the larger question of release of all the political prisoners in Goan jails, will the Prime Minister specially take up this particular human aspect of the problem of women prisoners, namely, of transferring them to a jail where women prisoners are normally kept and thus putting an end to the hunger-strike, at least during his forthcoming visit to Britain in connection with the Commonwealth Conference and ask Britain to do something about it?

Shri Jawaharlal Nehru: I have just said that we have taken advantage of every opportunity to bring this matter to the notice of friendly countries both from the larger point of view and the humanitarian point of view, mentioning the fact that not only there are women but there is a Member of this hon. House too. All these facts have been

repeatedly stated, and no doubt will be stated.

Shri Kamath: In answer to my question during the last session or in the first week of this session, the Prime Minister said that a report from the First Secretary of the Egyptian Embassy who had visited Goa in connection with the treatment of political prisoners was still awaited by the Government. Has that report since reached Government and, if so, has that report confirmed these persistent press reports about the inhuman treatment of Indian and Goan political prisoners in Goa?

Shri Jawaharlal Nehru: The report was received some two months ago or more. It would not be proper for me to place a confidential report on the Table of the House or to refer to it, as it is between one Government and another. Without the permission of the other Government, it is difficult for me to refer to it.

Shri Nambiar: What special steps have been taken to secure the release of Shri T. K. Chaudhuri, a Member of this House, who could not discharge his duties to his constituency owing to long absence due to the detention?

Shri Jawaharlal Nehru: Apart from the general steps we have taken, we have been unable to take any special step about him particularly.

WRITTEN ANSWERS TO QUESTIONS

PANT-MIRZA AGREEMENT

***2412. Sardar Iqbal Singh:** Will the Prime Minister be pleased to lay on the Table a copy of the Pant-Mirza agreement and state the main provisions which have been ratified by the Government of Pakistan since then?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): A copy of the Pant-Mirza Agreement is laid on the Table of the House. [See Appendix XIV, annexure No. 36]. The government of India ratified the whole agreement soon after it was concluded in May 1955. In December 1955, the Government of Pakistan ratified that portion of the Agreement that relates to

shrines and holy places. As regards the portion relating to border incidents, they proposed certain modifications before they ratified it. The modifications suggested have been carefully examined and the Government of Pakistan have recently been informed that their modifications are either unnecessary in view of the decisions of the two Prime Ministers in their recent correspondence regarding border incidents or would nullify the intended practical value of the Agreement. The Government of Pakistan's reply is awaited.

EXPORT OF JUTE PRODUCTS

***2414. Shri H. G. Vaishnav:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether the target of exporting 10,00,000 tons of Jute products envisaged in the First Five Year Plan has been achieved; and

(b) if not, the reasons thereof?

The Minister of Commerce (Shri Karmarkar): (a) No, Sir. During 1950-51 that is, just before the commencement of the First Plan Period, our exports were 650,000 tons. At the end of the Period they went up to only 8,75,000 tons.

(b) The short-fall may be attributed to a variety of reasons, such as:—

(i) countries which used to depend in previous years entirely on imports from India, have become self-sufficient in jute goods;

(ii) competition from new jute industries springing up in foreign countries and substitute packing materials like paper and cotton bags;

(iii) Bulk handling.

FOREST SCHOOLS FOR TRIBALS

***2420. Shri Deogam:** Will the Minister of Planning be pleased to state:

(a) the number of forest schools set up specially to bring the young tribals up to love, care for, and work systematically for the enrichment of the forests as visualised in para 18 of

Chapter 37 of the First Five Year Plan; and their location; and

(b) number of tribals trained and the nature of work followed up by them?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). Full particulars are not available. These are being collected and will be furnished to the House in due course.

SMALL INDUSTRY CORPORATION

***2426. Shri Krishnacharya Joshi:** Will the Minister of Commerce and Industry be pleased to state the main activities of the Small Industry Corporation during 1955?

The Minister of Industries (Shri Kanungo): A statement is laid on the Table of the House. [See Appendix XIV, annexure No. 37].

कोसा और टसर उत्पादन

***२४३१. श्री जांगड़े:** क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) मध्य प्रदेश और उड़ीसा में तैयार किये जाने वाले कोसा और टसर की कताई और बुनाई के तरीके में सुधार करने और इनका उत्पादन बढ़ाने के लिये सरकार ने क्या ठोस कार्यवाही की है;

(ख) इस काम को करने वाले तुनकरों ने अब तक कितनी सहकारी संस्थाएं बनाई हैं; और

(ग) सरकार द्वारा १९५५-५६ में उनको कितनी सहायता दी गई है?

उत्पादन मंत्री के सभासचिव (श्री आर० जी० दुबे): (क) आवश्यकता पड़ने पर आर्थिक तथा टेक्नीकल सहायता दी जाती है। कताई तथा चर्ची पर लेपेटने के (रीलिंग) कन्दरों का संगठन करने तथा ग्राम्य क्षेत्रों में व्यक्तियोंका प्रशिक्षण देने के लिये टेक्नीकल प्रदर्शकों की नियुक्ति की गई है।

(ख) ६ मध्य प्रदेश में तथा १८ उड़ीसा में।

(ग) १९५५-५६ में सहकारी समितियों को आर्थिक सहायता देने के लिये इन दोनों

राज्य सरकारों से कोई प्रार्थना प्राप्त नहीं हुई।

ELECTRICAL GOODS

***2432. Shri Madiah Gowda:** Will the Minister of Production be pleased to state how far the question of manufacture of electric components to electric locomotives has progressed?

The Minister of Production (Shri K. C. Reddy): The traction equipment for Railways is one of the items proposed to be manufactured in the Heavy Electrical Equipment Project. The Project report of the Technical Consultants is due by November, 1956. Meanwhile preparatory work on the Project is progressing according to Time-Schedule.

अखिल भारतीय विकास आयुक्तों का सम्मेलन

*२४३३. श्री भक्त दर्शन : क्या योजना मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि हाल ही मैनेनिटाल में भारत के सभी विकास आयुक्तों का एक सम्मेलन हुआ था ;

(ख) यदि हां, तो वहां किन किन विषयों पर चर्चा की गई ; और

(ग) क्या निर्णय किये गये ?

योजना उपमंत्री (श्री एस० एन० मिश्र) : (क) जी, हां।

(ख) तथा (ग). सम्मेलन की कार्यवाही से ताल्लुक रखने वाले कागजात और उपसमितियों की रिपोर्ट लाइब्रेरी से मिल सकती है। उपसमितियों की रिपोर्टों से सम्मेलन में किये गये फैसलों की जानकारी होगी। सम्मेलन के मुख्य फैसलों और सिफारिशों का सारांश तैयार किया जा रहा है और वह भी सदन की लाइब्रेरी में रख दिया जायेगा।

COAL COMMISSION

***2434. Shri T. B. Vittal Rao** Will the Minister of Production be pleased to refer to his reply given to Starred Question No. 8 on 21st November, 1955 and state:

(a) whether any firm decision has

since been taken about establishing a Coal Commission;

(b) if so, the nature of the decision; and

(c) if the reply to part (a) above be in the negative, the reasons for the delay?

The Minister of Production (Shri K. C. Reddy): (a) No.

(b) Does not arise.

(c) This requires very careful consideration and it would be desirable to work towards the establishment of a Coal Commission only by stages. Government have, however, decided to form a Company to begin with to control and manage the collieries in the public sector.

PANEL FOR SURGICAL APPLIANCES

***2435. Shri Kamath:** Will the Minister of Commerce and Industry be pleased to refer to the reply given to Unstarred Question No. 1311 on the 23rd April, 1956 and state:

(a) whether the report of the Panel appointed by Government to suggest measures for the development of the manufacture of surgical appliances and allied problems in India is now available; and

(b) if not, when it will be submitted to Government?

The Minister of Industries (Shri Kanungo): (a) No, Sir.

(b) The Panel is expected to take some more time for its deliberations.

ASSAM AND NORTH BENGAL RIVERS IN SPATE

***2436. Shri N. B. Chowdhury:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether some of the rivers in North Bengal and Assam are in spate;

(b) if so, the extent of damages done; and

(c) the measures taken by Government in this regard?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) In North Bengal there was heavy rain-fall totalling about 20 inches from 30th April, to 4th May 1956 with the result that the rivers in Jalpaiguri and Cooch Behar districts rose. The floods have subsided and no river is in spate now.

In Assam, the Brahmaputra rose to 340.5 feet at Dibrugarh on the 6th May, 1956, and 340.1 feet on the 18th May 1956 against the record flood of 344.2 feet last year.

(b) In North Bengal there has been no damage to any flood protection works nor have any embankments been overtopped.

In Assam, as a result of the flood on the 6th May, 17 feet of one of the stone spurs and 40 feet of one of the timber spurs were damaged at Dibrugarh. Saikhowa bund in Lakhimpur district breached in 70 feet width and Borolia bund in Kamrup district breached in 30 feet width.

In the second flood, 35 feet of another stone spur at Dibrugarh settled down. A breach in Bhogamaur-Sissamukh embankment in North Lakhimpur occurred in a width of 60 feet.

(c) Repairs to the spurs at Dibrugarh have already been carried out. Breaches in embankments in the other parts of Assam are being repaired.

NAGARJUNASAGAR PROJECT

***2437. Dr. Rama Rao:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether Mr. Slocum inspected the work on the Nagarjunasagar Project;

(b) if so, whether he has submitted any report or comment; and

(c) what are his main recommendations?

The Deputy Minister of Planning (Shri S. N. Misra): (a) and (b). Yes, Sir.

(c) His main recommendations are:

(i) The immediate lay-out by competent persons of a general construction plan.

(ii) Ordering of certain equipment immediately before the general plan is completed and adopted.

(iii) Construction of the dam in concrete in preference to grout laid masonry to achieve economies.

INDIAN TRADERS IN KENYA

***2438. Shri Krishnacharya Joshi:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that there is trade discrimination in Kenya and Indian traders suffer heavily on account of this; and

(b) if so, the steps Government propose to take in the matter for helping the Indian traders?

The Minister of Commerce (Shri Karmarkar): (a) No, Sir.

(b) Does not arise.

तेहरान सम्मेलन

*२४३६. { डा० राम सुभग सिंह :
श्री एन० एम० लिंगम० :

क्या प्रधान मंत्री ६ मई १९५६ के तारीकित प्रश्न संख्या २०७७ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) तेहरान सम्मेलन में काश्मीर समस्या की जो चर्चा की गई थी, उसके विरुद्ध भारत सरकार ने जो विरोध पत्र भेजा था, क्या उस विरोध पत्र का बगदाद सैनिक सन्धि के किसी राष्ट्र ने उत्तर दिया है; और

(ख) यदि हाँ, तो उन के उत्तरों का क्या आशय है?

बैंडेजिक-कार्य मंत्री के सभासचिव श्री सावत अली खां : (क) तथा (ख). उन मुल्कों से जवाब का इन्तजार है।

भारत-नेपाली व्यापार करार

*२४३०. श्री विभूति मिश्र : क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि भारतनेपाल

व्यापार करार में संशोधन करने के बारे में बातचीत चल रही है;

(ख) यदि हां, तो उस के क्या कारण हैं; और

(ग) अन्तिम करार कब तक होने की आशा है?

बैंडेशिक-कार्य मंत्री के सभासचिव (श्री साहब अली लां) : (क) से (ग). ऐसी कोई बातचीत नहीं चल रही है।

ASYLUM FOR POLITICALS

*2441. **Shri Kamath:** Will the Prime Minister be pleased to refer to the reply given to Unstarred Question No. 1514 on the 26th April, 1956 and state :

(a) the nationality to which each of the three persons, granted political asylum in India belonged; and

(b) the circumstances under which each one of them was granted political asylum?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) The three persons granted political asylum in India were Portuguese European Nationals, members of the Portuguese armed forces in Goa.

(b) Broadly speaking these three Portuguese soldiers sought asylum because of serious dissatisfaction with the present political regime in Portugal and her possessions in India. They were also opposed to brutalities committed by the authorities in Goa against peaceful satyagrahis.

RENTAL PAID BY GOVERNMENT IN MYSORE

2273. **Shri Madaih Gowda:** Will the Minister of Works, Housing and Supply be pleased to state the amount of rent paid for office and officers' residential buildings separately in Mysore State by the Central Government for 1955-56?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar):

- (i) Office buildings
- (ii) Residential buildings

Rs. 27,780/-
Nil.

PRODUCTION TARGETS OF INDUSTRIES

2274. **Shri Sadhan Gupta:** Will the Minister of Planning be pleased to state:

(a) the industries in the private and public sector which have fulfilled the production targets set for them in the First Five Year Plan;

(b) the industries in the private and the public sector which have failed to fulfil such production targets; and

(c) in the case of each industry:

(i) the production target set in the First Five Year Plan;

(ii) the target fulfilled during the First Five Year Plan;

(iii) the installed capacity as on the 1st April, 1951; and

(iv) the installed capacity as on the 1st April, 1956?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) to (c). The progress of Industries in the public and private sectors under the First Five Year Plan has been dealt with in Chapter XIX on the Programme of Industrial Development in the Second Five Year Plan which was placed on the Table of the House on the 15th May 1956.

Installed capacity for various industries as on 1st April, 1951 and the production targets set in the First Plan are given in the First Five Year Plan and in the Programmes of Industrial Development 1951-56. The installed capacity for these industries as on 1st April, 1956 and the production in 1955-56 are given in chapter XIX of the Second Five Year Plan.

SALE OF HOUSES TO DISPLACED PERSONS

2275. **Shri D. C. Sharma:** Will the Minister of Rehabilitation be pleased to state:

(a) the number of houses and tenements in the country constructed directly by the Central Government

for displaced persons, which have been sold so far; and

(b) the sale proceeds realised therefrom?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). The information is not readily available. The disposal of those houses and tenements is a continuing process and the information required by the Hon'ble Member can, therefore, never be complete or up-to-date, even if collected, and the labour involved will not be commensurate with the results likely to be achieved.

FLOOD CONTROL SCHEMES OF PUNJAB STATE

2276. { **Shri D. C. Sharma:**
Shri Hem Raj:

Will the Minister of Irrigation and Power be pleased to state:

(a) the number and nature of flood-control schemes, submitted by the Flood Control Board of the State of Punjab for scrutiny by the Central Water and Power Commission;

(b) the number and nature of the schemes approved by the Central Water and Power Commission; and

(c) the amount of assistance asked for and given?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and b). One, pertaining to training of the Nasrala Choe (in Hoshiarpur district) on an experimental basis.

(c) In 1954-55, the Government of Punjab asked for and were given, a loan of Rs. 1 lakh for financing expenditure on approved flood control schemes. In 1955-56 the State Government asked for a loan of Rs. 7.15 lakhs. As the figures of actual expenditure were not available and as loans are sanctioned subject to marginal adjustments, a loan of Rs. 7 lakhs was sanctioned.

COFFEE BOARD

2277. **Shri Velayudhan:** Will the Minister of Commerce and Industry

be pleased to state:

(a) the number of propaganda officers in the Coffee Board; and

(b) the number of persons posted in the Head Office of the Coffee Board?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Nine.

(b) Four, viz., Director of Propaganda, Deputy Director of Propaganda and two Assistant Propaganda Officers.

The Chief Coffee Marketing Officer, in addition to being in charge of the Marketing Department, holds also charge of the Propaganda Department and is designated as Director of Propaganda for this purpose.

योजना के प्रचार में गीतों और नाटकों का महत्व

२२७८. श्री विभूति मिश्र : क्या सुचना और प्रसारण मंत्री यह बताने कि कृपा करेंगे कि क्या सरकार योजना को सफल बनाने के लिये देश की प्रादेशिक भाषाओं में गीत और नाटक लिखावाने के सुझाव पर विचार कर रही हैं?

वाणिज्य मंत्री (श्री करमरकर) : गीत और नाटक विभाग की तरफ से प्रादेशिक भाषाओं में गीत और नाटक लिखावाये गये हैं और पंचवर्षीय योजना के प्रचार में उनका उपयोग किया जा रहा है।

DISPLACED EDUCATIONAL INSTITUTIONS

2279. **Shri Sivamurthi Swami:** Will the Minister of Rehabilitation be pleased to state:

(a) whether the Government of India are considering a proposal to distribute a certain amount among the displaced educational institutions in Punjab for the construction of buildings;

(b) if so, what would be the procedure for distribution of this amount; and

(c) the total amount spent so far for this purpose in the State?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes. Such proposals are considered every year.

(b) The grant would normally be given through the Government of Punjab on the basis of their recommendations within the frame work of the scheme prepared by the Ministry of Rehabilitation.

(c) Rs. 46.83 lakhs including Rs. 7.00 lakhs given to the University of Punjab.

HIMALAYAN EXPEDITIONS

2280. Shri Krishnacharya Joshi: Will the Prime Minister be pleased to state the total number of Himalayan Expeditions undertaken so far during 1955?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): A total of 20 expeditions, a list of which is laid on the Table of the House, visited the Himalayas during the year 1955. [See Appendix XIV, annexure No. 38].

ORGANISATION AND METHODS CELL

2281. Shri S. C. Samanta: Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that an Organisation and Methods Cell was set up in his Ministry some three years back; and

(b) if so, the expenditure incurred to run the cell so far?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) It was set up in April, 1954.

(b) About Rs. 25,000 up to March, 1956.

COST OF POWER PRODUCTION AT PROJECTS

2282. Shri L. N. Mishra: Will the Minister of Irrigation and Power be pleased to state:

(a) whether the question of the cost of production of power has been studied in the Centrally financed multi-purpose River Valley Projects, and

(b) if so, the comparative cost of power at the various important River Valley Projects at the present rate of production and the peak rate of production of the various units?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). A statement giving the requisite information is laid on the Table of the House. [See Appendix XIV, annexure No. 39].

OVERHEAD CHARGES IN RIVER VALLEY PROJECTS

2283. Shri L. N. Mishra: Will the Minister of Irrigation and Power be pleased to state:

(a) whether any efforts were made to study the percentage of overhead charges in the various River Valley Projects;

(b) if so, the results of the same; and

(c) the steps taken so far for keeping the overhead charges at the lowest level possible?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes, Sir. A study of overhead charges has been made in respect of three major River Valley Projects, viz. Bhakra Nangal, Damodar Valley and Hirakud Dam Projects for the year 1948-49 to 1952-53.

(b) The progressive overhead charges in respect of the three projects are 9.26%, 10.83% and 7.55% respectively.

(c) The recommendations of the Engineers' Seminar, Nangal are kept in view while scrutinising provision in project estimates.

Establishment proposals are very carefully scrutinised before according sanction thereto. Employment of foreigners is being gradually reduced. Emphasis is laid on systematic and planned execution of works. Under-studies are being trained.

INDIAN FRONTIER ADMINISTRATIVE SERVICE

2284. { **Shri Rishang Keishing:**
Shri Bibhuti Mishra:
Shri Bhakt Darshan:
Shri P. L. Kureel:
Shri Deogam:

Will the Prime Minister be pleased to state:

(a) the number of applications so far received and the number of candidates interviewed for the Indian Frontier Administrative Service;

(b) the names of the Members of the Selection Board; and

(c) how it has been constituted?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) About 1,000 applications were received of whom 271 have been selected for interview. So far 158 candidates have been interviewed.

(b) The Board consists of the Foreign Secretary, Defence Secretary, Home Secretary, Adviser to the Governor of Assam and the Tribal Member of the Assam Public Service Commission.

(c) According to the Indian Frontier Administrative Service Rules the Selection Board is to be constituted by the Central Government.

A copy of these rules has been laid on the Table of the House in reply to question No. 1662 on 23rd April, 1956.

ROPEWAY SCHEME UNDER SECOND PLAN

2286. **Shri Gadilingana Gowd:** Will the Minister of Planning be pleased to state:

(a) whether it is a fact that a blue print is under preparation for a 77 mile long ropeway which will be the longest in Asia, linking the coal bearing tracts of the Charrapunji-Shella region in the Ghasia Hills with the industrial towns of Pandu and Amingaon on the banks of the Brahmaputra and

(b) if so, whether the scheme has been approved by the Planning Commission?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) A scheme for a ropeway between Shella Bazar and Amingaon in Assam is under preparation.

(b) The scheme is still being examined in detail by the State Government.

MICA MINES

2287. **Shri A. M. Thomas:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that certain Mica Mines in Andhra have turned out to be rich sources of uranium; and

(b) if so whether it has been possible to estimate the quantity of ores in them?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). Only one Mica Mine in Andhra State has so far produced a few hundred pounds of radioactive material. The work on estimation of reserves of radioactive minerals in this mine is in progress.

GAS TURBINE PLANT

2288. **Shri Krishnacharya Joshi:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have issued a licence for starting a Gas Turbine Plant; and

(b) if so, the location of the proposed Plant?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) No, Sir.

(b) Does not arise.

DIPLOMATIC RELATIONS

2289. { **Shri Kamath:**
Shri Raghunath Singh:

Will the Prime Minister be pleased to state the names of countries in Asia, Europe and America with whom India

has not yet exchanged diplomatic representatives at any level whatsoever?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): A statement is laid on the Table of the House. [See Appendix XIV, annexure No. 40].

STEEL PLANT IN MOHINDERGARH (PEPSU)

2290. { **Shri Ram Krishan:**
Sardar Iqbal Singh:
Sardar Akarpuri:

Will the Minister of Iron and Steel be pleased to state:

(a) whether it is a fact that the PEPSU Government have approached the Central Government to establish a steel plant in the District of Mohindergarh, (PEPSU) during the Second Five Year Plan; and

(b) if so, the action taken thereon?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) No.

(b) Does not arise.

कोटा म सड़क कूटने के इंजन का कारखाना

२२९१. श्री भवत दव्वान : क्या बाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि दूसरी पंच वर्षीय योजना में कोटा (राजस्थान) में सड़क कटने के इंजन बनाने का एक कारखाना स्थापित करने का निर्णय किया गया है; और

(ख) यदि हां, तो उस योजना की मुख्य रूप रेखा क्या है?

बाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री १० टी० कृष्णमाचारी) :

(क) जी, नहीं।

(ख) प्रश्न ही नहीं उठता।

CIGARETTE FACTORIES

2292. **Shri Krishnacharya Joshi:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of cigarette factories started during the last two years; and

(b) the total production capacity of these factories and their location?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) None.

(b) Does not arise.

REHABILITATION OF DISPLACED PERSONS

2293. { **Sardar Iqbal Singh:**
Sardar Akarpuri:

Will the Minister of Rehabilitation be pleased to state:

(a) the number of displaced persons rehabilitated in Himachal Pradesh so far; and

(b) the number of persons yet to be rehabilitated there?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). The information is not readily available. It is considered that the time and labour involved in the collection of information will not be commensurate with the results to be achieved.

ROADS IN PUNJAB AND PEPSU

2294. { **Sardar Iqbal Singh:**
Sardar Akarpuri:

Will the Minister of Planning be pleased to state:

(a) the total mileage of roads constructed so far in the States of Punjab and PEPSU in the Community Projects areas and the National Extension Service Blocks, giving the length completed year-wise; and

(b) the names of the localities where these roads have been constructed?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). A statement is laid on the Table of the House. [See Appendix XIV, annexure No. 41].

FORWARD TRADING IN COTTON

2295. { Sardar Iqbal Singh:
Sardar Akarpuri:

Will the Minister of Commerce and Industry be pleased to state:

(a) the number of applications received so far by the Forward Markets Commission during the current year for permission in forward contracts in cotton;

(b) the names of the States and places from which these applications have been received; and

(c) the names of the States where permission for forward contracts in cotton has been granted so far?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Nil.

(b) Does not arise.

(c) Bombay.

EXPORT OF RAYON AND SILK GOODS

2296. **Shri H. G. Vaishnav:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether a steep fall has been registered in the export of Rayon and Silk goods during 1955 as compared to the year 1951;

(b) if so, reasons therefor; and

(c) the quantity of these goods exported in each of the years from 1951 to 1955?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) While the export of Rayon piecegoods during 1955 has suffered an appreciable decline over the 1951 performance both in quantity and value, silk piecegoods have earned more foreign exchange in 1955 though as compared with 1951 there has been a fall in quantitative terms.

(b) 1. Pakistan's offtake of Indian silk fabrics has declined.

2. Import control restrictions imposed by some of India's traditional customers, particularly Pakistan and competition from other manufacturing countries mainly account for the fall in our exports. In the case of silk piecegoods the unwarranted restrictions imposed by the United States on the import of Tassar Silk Fabric from India, and insufficient production of the silk fabrics at present largely in demand in the foreign countries, such as, stoles, scarves, etc. have added to the difficulties of exporters.

(c) The following are the details of the exports of these goods in each of the years from 1951 to 1955:—

	Quantity in '000' yards									
	Value in '000' rupees									
	1951		1952		1953		1954		1955	
	Qty.	Val.	Qty.	Val.	Qty.	Val.	Qty.	Val.	Qty.	Val.
Rayon Piece- goods.	7984	11493	4953	6863	2834	4201	3682	6141	3026	5342
Silk piece goods.	251	1792	199	1606	199	1714	89	949	201	2415

नागार्पों द्वारा की गई संचार साधनों की जाति

बिद्रोहियों द्वारा संचार विभाग को कितनी जाति पहुंचाई गई है?

२२६७ श्री रम्लाल सिंह: क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि नागा

प्रधान मंत्री तथा बैदेशिक कार्य मंत्री (श्री जबाहरलाल नहरू: सड़कों की १३ जगहों

और ४३ लकड़ी की पुलियों पर नुकसान पहुँचाया। गैर-आबाद स्थानों में दो बार टेलीफोन की लाइनें बिगड़ी गईं और एक बार रेलवे लाइन को उखाड़ने की कोशिश की गई। इस तरह जो हानि हुई उसकी मरम्मत, स्थानीय लोगों की सहायता और उनके सहयोग से, फौरन ही कर दी गई।

HEAVY WATER

2298. Shri Kamath: Will the Prime Minister be pleased to state at what cost the U.S. Government have agreed to supply heavy water to India?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Twenty-eight U.S. dollars per pound of heavy water *f.o.b.* plant site in U.S.A.

SALT

2299. Dr. J. N. Parekh: Will the Minister of Production be pleased to state:

(a) whether any steps are being contemplated for developing export of salt;

(b) what Transport facility for movement of such Cargo is available;

(c) whether Shipping freight for export of Salt is in tune with other items and whether the industry can bear it; and

(d) the steps proposed to be taken to co-ordinate the whole thing?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

(b) Salt is being exported mainly to Japan and the Japanese carry it in their own vessels.

(c) Representations have been received to the effect that the incidence of freight charges to Japan affects the Industry adversely.

(d) It may be stated, however that question is not clear. The question of freight charges, generally speaking is examined whenever necessary by the Ministries concerned *viz.* Ministry of Transport and Ministry of Production.

CENTRAL RESEARCH INSTITUTE, SERICULTURE

2300. Shri S. M. Ghose: Will the Minister of Production be pleased to state:

(a) since when the Central Research Institute, Sericulture, Berhampore, West Bengal has been taken over by the Central Government; and

(b) the total number of employees there at present?

The Minister of Production (Shri K. C. Reddy): (a) Since 1943.

(b) 57.

ECONOMIC DEVELOPMENT OF TRIBALS DURING FIRST FIVE YEAR PLAN

2302. Shri Deogam: Will the Minister of Planning be pleased to state:

(a) how the tribal people were assisted to develop their natural resources to improve their economic life during the First Five Year Plan period as laid down in the plan;

(b) names of authorities who were put at the helm of so assisting the tribals; and

(c) whether tribal people were given any encouragement to exploit any minerals or the forest products and if so, the details thereof?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) During the first Plan period tribal people were assisted by (i) organising forests labour and multipurpose co-operatives and by opening grain-golas in tribal areas; (ii) setting up centres of cottage industries, training centres and arranging peripatetic demonstration-cum-training parties (iii) offering marketing facilities through emporia and exhibitions and by encouraging and developing their crafts and skills through subsidiary industries such as bee-keeping, sericulture, spinning and weaving, basket making, fruit preservation and manufacture of palm-gur; and (iv) settling them on land through colonisation schemes, pilot projects and by evolving improved methods of shifting cultivation.

(b) The Ministry of Home Affairs at the Centre and the respective departments dealing with tribal programmes in the States.

(c) Yes, Sir. A summary statement of the help given by different States to tribals to exploit commercially minerals and forest products is placed on the Table of the House. [See Appendix XIV, annexure No. 42].

FERTILIZER PLANT

2303. Shri Raghunath Singh: Will the Minister of Production be pleased to state whether it is a fact that India is importing a fertiliser plant machinery from East Germany?

The Minister of Production (Shri K. C. Reddy): Neither has any such decision been taken nor any such proposal is under consideration at present.

SPINNING AND PAPER-MILLS

2305. Shri Debendra Nath Sarma: Will the Minister of Commerce and Industry be pleased to state:

(a) whether any proposal has been made by the Government of Assam requesting assistance to set up a spinning mill and a paper-mill in that State during the Second Five Year Plan; and

(b) if so, the steps Government propose to take in the matter?

The Ministry of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Yes, Sir. Some proposals were made by the Assam Government to the Planning Commission.

(b) The details of the scheme for setting up a spinning mill have not yet been finalised. As regards the paper mill, the State Government has, it is understood, been advised by the Planning Commission that the development of paper industry in the State will be left to the private sector.

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)



LOK SABHA SECRETARIAT
NEW DELHI

SIX ANNAS (INLAND)

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LOK SABHA DEBATES

Acc. No.

Dated 11.3.2015

(Part II—Proceedings other than Questions and Answers)

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LOK SABHA

Tuesday, 22nd May, 1956

*The Lok Sabha met at Half Past Ten
of the Clock.*

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

11.39 A.M.

MOTION FOR ADJOURNMENT

ALLEGED DEATHS OF SOME NAGAS DUE
TO STARVATION

Mr. Speaker : There is an adjournment motion given notice of by Shri Rishang Keishing. The subject is : "nineteen deaths of Nagas due to starvation in Tamenglong tribal areas in certain villages." The motion also refers to, non-payment of wages to the tribals for the construction of over 30 miles of hill roads in Tamenglong under "Relief Work".

Two separate pieces ought not to be joined in the same adjournment motion. One item relates to deaths due to starvation, and the other to non-payment of wages to those persons who worked.

Shri Rishang Keishing (Outer Manipur—Reserved—Sch. Tribes) : The construction of the roads was ordered by Government under relief work.

Mr. Speaker : Is it the suggestion that these people who were engaged to work on the roads were not paid wages on account of which they starved and died ?

Shri Rishang Keishing : Yes, Sir, to some extent.

Mr. Speaker : Am I to suggest the answer also ? The same hon. Member has given a short notice question on the same subject.

1—135 L. S.

The Minister of Home Affairs (Pandit G. B. Pant) : I received notice of this adjournment motion late in the afternoon. We got in touch with the Manipur administration and on the basis of the information received from the Joint Secretary I am making the following statement.

Manipur authorities have received no reports at all of any deaths due to starvation in the Tamenglong tribal areas. There are already satisfactory arrangements for the supply of foodgrains in the area. In addition to the stock of 50,000 maunds of rice that has been built up, another stock has been air-dropped at the Tamenglong headquarters. Rice stocks have been built up in three other places in the area. The take-off from the latter so far has been negligible, thereby giving little indication of scarcity.

The information on the first point seems to be incorrect. There is a great stock in Tamenglong sub-division and the off-take from this has been very small the total quantity sold during the middle of April being 200 maunds. The subsidised rate of price is Rs. 9 per maund and the stocks are periodically replenished from Manipur where about 40,000 maunds are still in reserve. On the 9th May, 500 maunds of paddy were dropped by air to replenish the stocks.

As regards wages, for the construction of certain hill roads under relief work, total work worth Rs. 50,000 has been done, of which roughly about half or so has already been paid. Recently, on the 17th May or so, the Deputy Commissioner and some other officers have been deputed to visit the areas and arrange for a check of the work done, so that all accounts may be cleared.

I had not raised any technical objection, as I want to give all the information that I possibly can to the House with regard to the matter that has been raised here.

Shri Rishang Keishing : I have got here letters written by the people of that area who have visited those villages.

[**Shri Rishang Keishing**]

I have also got the names of the villages where people died of starvation. I would also like to bring to the notice of the hon. Home Minister that some *lamboos* i.e., Government men, visited the area and they also reported that there is starvation deaths. I would also draw attention to the Press release by the Secretary of the Famine Relief Committee which was constituted last year sometime in October. There also the allegation has been made that seven persons died of starvation....

Mr. Speaker : We are now concerned with the adjournment motion and not with what happened in October last.

Pandit G. B. Pant : Does the hon. Member mean that the people in that area would be so apathetic and indifferent to their colleagues and neighbours as to allow them to die of starvation? Rice is being sold there at Rs. 9 per maund and the off-take from the shops has been very little; it is inconceivable to believe that men will die like that. Supplies have been made and rice is being sold at a subsidised rate of Rs. 9 per maund and it is also being airdropped.

Mr. Speaker : I ask the hon. Member why those friends who took the trouble of writing to the hon. Member who is a Member of Parliament did not approach the officers near at home and bring to their notice those deaths. He does not know why there is also a short notice question. This matter has been answered by the hon. Minister and he has said that all facilities have been afforded. Whatever additional information the hon. Member has got, he may pass it on to the Home Minister for making further enquiries in the matter. There is absolutely no such information and the hon. Member is not in a position to say that the authorities were apprised of the situation.

Shri Rishang Keishing : More than 12 persons from that area....

Mr. Speaker : He has not answered my simple question.

Shri Rishang Keishing : They have brought this matter to the notice of the State Government also, but the State Government refused to take action. As I have said, the *lamboos* who generally work in the hill areas have reported that there is starvation deaths. I would request the hon. Home Minister to appoint responsible person to go there and

enquire whether the report of the people is right or the Government's report is right.

Mr. Speaker : I have heard both sides on this adjournment motion. The Minister has made a statement that no such cases have arisen. The hon. Member says that he has received information and letters from his friends indicating deaths due to starvation. He has also tabled a short notice question. All the information available to the hon. Minister has been placed before the House. I would suggest to the hon. Member to pass on any further information or particulars that he has in his possession to the hon. Minister. I am sure further enquiries will be made and all steps will be taken. In due course, further information will be placed before this House.

Shri Rishang Keishing : You have asked me to supply the necessary information to the hon. Minister. May I know if the hon. Home Minister will trust the people as much as he does the Government of Manipur and if he will do that here is the information.

Mr. Speaker : The hon. Member need not so much underrate himself.

Shri Nambiar (Mayuram) : The adjournment motion has not been disposed of.

RELEASE OF MEMBERS

Mr. Speaker : I have to inform the House that I have received the following letter dated the 19th May, 1956, from the Chief Presidency Magistrate, Calcutta :

"I am to state that Shri Bhajahari Mahata, M.P. (Purulia General Constituency) and Shri Chaitan Majhi, M. P. (Purulia Adibasi Constituency) were discharged from the case on 18th May, 1956."

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

GOVERNMENT'S POLICY WITH REGARD TO ALGERIA

Pandit Balkrishna Sharma (Kanpur Distt.—South cum Etawah Distt.—East) : Under Rule 216, I beg to call the attention of the Prime Minister to the following matter of urgent public importance and request that he may make a statement thereon :—

"Government of India's policy with regard to Algeria."

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The Government of India view with deep concern and regret the grave developments in Algeria which have now reached the dimensions of a large-scale conflict with mounting violence, with considerable forces and arms engaged, and with no end of the conflict in sight.

This conflict, it must be recognised, is one in which basically all the urges, the passions, the hopes the aspirations and that mass upsurge of peoples which go to make the great movements of rising nationalism, are engaged. Too often are such movements and their consequences regarded as mere challenges to constituted authority which can and must be suppressed. The result has been violent conflicts and mounting hatreds which render peaceful settlements of them more difficult each day and less fruitful, when they may, at last, be reached.

The conflict in Algeria is part of the great wave of national upsurges that have swept Asia and Africa in the last two generations. Whatever view we may take of particular aspects of the present Algerian situation and however much we may recognise, as we must, the practical difficulties and complexities involved, we and all concerned may not fail to recognise this basic issue.

The position taken by the Government of India in regard to all such movements for national liberation, and specifically with reference to Algeria, has been repeatedly stated. It was also adopted by the Government of India, in unity with the other independent Governments of Asia and Africa, at Bandung last year when they joined in declaring their support of the rights of the peoples of Algeria, Morocco, and Tunisia to self-determination and independence and appealing to the French Government to bring about a peaceful settlement of the issue without delay. This approach has two essential aspects which must both be always remembered—our support to freedom movements and our adherence to a peaceful approach.

The Government of India take this opportunity of according their full recognition of the wisdom and statesmanship of the Government of France and the generosity of all the parties concerned, in bringing about a solution of the problem of Morocco and Tunisia. They hope that the independence of the two

countries, now recognised by France, will soon be well established and that they will soon become members of the United Nations.

The Government of India realise that there are special factors and complexities in the Algerian situation, but they should, however, not be permitted to bar settlements. They call for negotiation and accommodation.

The Government of India are happy to think that their recent contacts with French statesmen lead them to believe that in France there is an increasing recognition that the claims of Algerian nationalism have to be met. At the same time, there is the grim fact that large forces are deployed in Algeria and violent conflict rages. It should be our endeavour to assist the forces of a constructive settlement by urging the fuller recognition of national aspirations and at the same time by not encouraging hatred and violence by either side.

The Government of India consider that the first step to peace and settlement in Algeria is the stopping of violence and bloodshed. They, therefore, venture to appeal to all concerned to initiate and to respond to any moves to this end.

A cessation of fighting in Algeria, the desires for which have recently been expressed in diverse quarters, including the two sides, is the first and essential step. We hope that the French Government will pursue in Algeria the path which yielded helpful results in Morocco and Tunisia, and that the Algerian people will be ready to respond.

In their desire to help resolve this conflict and promote a negotiated settlement which will bind the parties in friendship and co-operation, the Government of India venture to make the following suggestions, *viz.*

- (i) the atmosphere of peaceful approach be promoted by formal declarations by both sides of the substance of their recent statements in favour of ending violence,
- (ii) the National entity and personality of Algeria be recognised by the French Government on the basis of freedom,
- (iii) the Equality of the peoples in Algeria irrespective of races be recognised by all concerned,

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- (iv) Recognition that Algeria is the homeland of all the people in Algeria, irrespective of race, and they shall all be entitled to the benefits and share the burdens arising from the recognition of the Algerian National entity and personality and freedom,
- (v) Direct negotiations based on the above basic ideas and in accordance with the principles of the Charter of the United Nations be inaugurated.

The Government of India have the highest regard for the traditions of France and are happy to regard themselves as in very friendly relations with that great country. They share with the Algerian people the faith in the justice of the cause of national freedom and feel bound to them in this common aspiration. They, therefore, express the fervent hope that no further time will be lost by either side to respond to the call for peace.

The House will recall that in Indo-China the first step towards termination of a long conflict began with cessation of hostilities, and that a similar appeal as the present one evoked the unanimous approval of the House and helpful response elsewhere. It is our hope that in a situation no less fraught with danger to the parties and to international peace than the war in Indo-China, now happily ended, this fervent appeal will reach the friendly ears of the parties to the present conflict, both of whom we regard as our friends and for whose co-operation and friendship with each other and with ourselves we are dedicated.

Shri Kamath (Hoshangabad) : On a point of clarification,....

Mr. Speaker : No questions on a statement.

Mr. Kamath : No question. On a point of clarification, may I know whether the Prime Minister's attention has been drawn to some statements or notes put out by the 'Ouai d'Orsay' or the French Foreign Office with regard to the talks M. Pineau and the Prime Minister had and whether those notes represent correctly the talks that the two statesmen had ?

Shri Jawaharlal Nehru : With whom?

Shri Kamath : In India.

Shri Jawaharlal Nehru : It has nothing to do with this. If you so wish, I will draw the hon. Member's attention to a statement issued by us on this very subject at that time.

Shri Kamath : They issued a different statement.

Shri Jawaharlal Nehru : If the hon. Member will see, they have issued a statement not about what we said, but about what they said, that is, clearing up their position. They did not issue any statement about what we said. It is we who issue a statement of what we said.

Shri Kamath : That statement was about Mr. Pineau's impression of the talks....

Mr. Speaker : I will not allow further question and cross-questions on this matter.

LIFE INSURANCE CORPORATION BILL—Contd.

Mr. Speaker : The House will now take up further consideration....

Shri Vallatharas (Pudukkottai) : I want to make a submission. A motion raising a question of privilege of very great importance....

Mr. Speaker : It has not yet been brought to my notice.

Shri Vallatharas : I have given at 11-15. The thing is this.

Mr. Speaker : I won't allow that thing to be stated here.

Shri Vallatharas : I have asked under rule 247....

Mr. Speaker : There is time for all that. I am sitting here and getting through the work. I have not got four heads, one for this matter brought before the House after work has started. Whatever the motion is, I will consider.

Shri Vallatharas : I want to make a statement.

Mr. Speaker : The hon. Member need not interfere. I will look into it and if I give my consent, I shall allow him to raise it tomorrow.

Shri Vallatharas : Will the hon. Speaker give this assurance....

Mr. Speaker : I am not giving any assurance on a matter which I have not noticed yet. No hon. Member should ask for an assurance from the Speaker. I shall go through the motion and see.

Shri Vallabhans : Is there a C.I.D. officer within the precincts of the House watching the Members....

Mr. Speaker : I cannot enter into this matter whether any C.I.D. is there. I shall come to it later.

The House will proceed with the further consideration of the Bill to provide for the nationalisation of life insurance business in India by transferring all such business to a Corporation established for the purpose. We have taken up clause by clause consideration for which seven hours have been allotted. Time taken 38 minutes; balance is 6 hours and 22 minutes.

Shri N. C. Chatterjee (Hooghly) : Yesterday, the Deputy-Speaker was good enough to suggest that the different groups should meet formally and agree to a schedule as to allocation of time for the discussion of the different clauses. We met this morning. We took time till the Question Hour was over today to come to an agreed schedule. We have been able to agree to a schedule.

Mr. Speaker : What are the groups?

Shri N. C. Chatterjee : We have agreed to a schedule. We want a little more time. Of course, it has been left to your discretion. Shall I hand over this note containing the allocation of time to various clauses?

Mr. Speaker : Yes.

12 Noon

Shri N. C. Chatterjee : We have grouped the clauses into different categories so as to pin-point the discussion on the more vital issues. The allocation is as follows :—

	Hours
Clauses 4, 19 & 22 (Constitution)	2
Clauses 11 & 12 (Employees)	1
Clauses 14 (Reduction of policy value)	½
Clause 25 (Audit)	1½
Clause 43 (Application of Insurance Act).	1½
Schedules	2
	<u>8½ Hours</u>
Other Clauses	
5 to 10, 13, 15 to 24 } 26 to 41, 44 to 49. }	1½ hours
Third Reading	1
	<u>11 hours</u>

It exceeds a little the time that had been allotted, but you may remember that the Business Advisory Committee left it to your discretion. We want a little more time, but we have cut it down to the minimum.

Mr. Speaker : Therefore, we extend the sitting by three more hours?

Shri N. C. Chatterjee : Three hours. As a matter of fact, you will remember that it was left to your discretion as Speaker. These are very vital issues. Therefore, we are suggesting that this should be given 11 hours altogether.

Shri Nambiar (Mayuram) : We will have four hours more, by increasing it from 7 to 11 hours.

Shri N. C. Chatterjee : No, no.

Mr. Speaker : We have set apart seven hours for clause by clause consideration and one hour for the third reading. Three more hours, if this is the minimum as agreed upon.

Shri Kamath (Hoshangabad) : As you have been pleased to arrange a pleasant function this evening in which we will have the happy privilege of participating, may I make an earnest request to you that the House may rise 15 minutes earlier?

Mr. Speaker : I am very much obliged to the hon. Member and the Members of the House, but instead of closing this meeting of Parliament by a quarter of an hour earlier, I shall hold that function 15 minutes later.

I believe that this arrangement of grouping is accepted by all the sections of the House.

Hon. Members : Yes.

Clauses 4, 19 and 22

Mr. Speaker : Then, the first group will consist of clauses 4, 19 and 22. Two hours have been allotted for it. May I take it that the time taken already, about 38 minutes, is included in it?

Shri Tulsi das (Mehsana West) : Not yet. Nothing was included.

Shri N. C. Chatterjee : We came up to clause 4. We did not touch clause 4 at all.

Mr. Speaker : Very well. We shall conclude this as early as possible.

[Mr. Speaker]

Now, clauses 4, 19 and 22 will be taken together. Hon. Members who wish to move their amendments may give their numbers and they will be taken as moved.

Shri Raghavachari (Penukonda): The whole time-table may be announced so that we may know which other clauses will be taken up at what time.

Mr. Speaker: The arrangement is that the total time allotment originally for the entire Bill for all the stages was 15 hours, and now we are increasing the time by three hours. In all, we will have 18 hours. We have disposed of the consideration stage. We have taken up the clause by clause stage and have spent 38 minutes so far. Now, the grouping of the clauses has been agreed to by all the sections of the House, as follows :

Clauses 4, 19 and 22 relating to the constitution of the Corporation	.. 2 hours
Clauses 11 and 12 relating to employees	.. 1 hour
Clause 14—reduction of policy value	.. $\frac{1}{2}$ hour

I shall have the rest of it typed and circulated to hon. Members. We shall start with clauses 4, 19 and 22—two hours. The amendments to this group of clauses which Members have intimated are as follows :

147, 150, 151, 90, 93 to 100, 1, 14, 15, 18 to 20, 148, 149, 186, 194 to 197.

Shri Sadhan Gupta (Calcutta—South-East): I beg to move :

(i) Page 3—

for lines 26 to 29, substitute:

“4. (1) The Corporation shall consist of such number of persons not exceeding fifteen as the Central Government may think fit to appoint thereto.

(IA) Not less than three of such members shall be representatives of employees of the Corporation who are either elected for such appointment by such employees by secret ballot and in the prescribed manner or nominated for such appointment by the Trade Union, if any or by the Federation of Trade Unions, if any, of such employees or a substantial portion of them or by any organisation to which such Trade Union or Federation is affiliated.

(IB) In case of first appointment, the said members shall either be elected for such appointment by Secret ballot and in the prescribed manner by employees of insurers whose controlled business shall be transferred and vested in the Corporation or for such appointment be nominated by the All India-Insurance Employees Association:

Provided that no employee shall be eligible to participate in the election under this sub-section, if he is not an employee who shall be entitled to become an employee of the Corporation by virtue of the provisions of section 11.

(IC) One of the members shall be appointed by the Central Government to be the Chairman of the Corporation.

(ID) The representatives of the employees shall hold office for the prescribed period which shall not exceed one year but shall be eligible for re-election or renomination; and the provisions of sub-section (IA) shall apply to such re-election or re-nomination as it applies to an election or nomination.”

(ii) Page 3, line 31—
after “that person” insert:

“is not opposed to nationalisation of life insurance or has not at any time been responsible for any misappropriation or mis-application of the funds of any insurer or has not mis-managed any insurer or.”

(iii) Page 3, line 32—
after “or other interest” insert.
“whether direct or indirect”

(iv) Page 13, line 12—

for “may” substitute “shall”

(v) Page 14 line 1—

for “may” substitute “shall”

(vi) Page 14—

after line 5, insert:

“(2A) Not less than one-fifth of the number of members of such Board shall either be elected by the employees of the Corporation employed within the territorial limits of the zone by the secret ballot and

in the prescribed manner or be nominated by the Trade Union or Federation of Trade Unions of the employees of the Corporation employed within the territorial limits of the zone or of a substantial portion of such employees."

(vii) Page 14, line 7—
for "an Employees and" substitute :
 "an Employees Relations Committee and an"

(viii) Page 14, line 10—
for "employees and agents" substitute :
 "employees, or of its agents, as the case may be,"

(ix) Page 14, line 11—
for "the employees and agents on the Committee" substitute "employees, or of agents, as the case may be, on such Committees"

(x) Page 14 lines 14 and 15—
for "the employees and agents of the Corporation" substitute "employees, or of agents of the Corporation, as the case may be"

(xi) Page 14, line 15—
for "and secure" substitute :
 "the settlement of any dispute between the employees, and the Corporation or between the agents and the Corporation or to secure"

(xii) Page 14, line 16—
for "between them and the Corporation" substitute :

"between employees, or agents, as the case may be, on the one hand and the Corporation on the other."

Shri Tulsidas : I beg to move :

(1) Page 3—
for lines 26 to 29, substitute :

"4:/(1) The Corporation shall consist of persons not exceeding fifteen in number.

(IA) Not less than one-third of the total number of members of the Corporation at any time shall be nominated by the Government to represent and safeguard the interests of the policy-holders of the Corporation and the remaining

members shall be appointed by the Central Government in its discretion.

(IB) The Central Government shall appoint one of the members as the Chairman of the Corporation."

(ii) Page 13, line 16—
after "of the Corporation" insert "at least one of them being from the group representing the policy-holders' interests"

(iii) Page 13, line 22—
add at the end "and the Corporation shall ensure the proper representation of policy-holders' members on such Committees"

(iv) Page 14, line 2—
omit "to appoint thereto"

(v) Page 14, line 5—
add at the end—

"Not less than one-third of the persons on the Board at any one time shall be those elected by policy-holders in the area within the jurisdiction of the zonal office, in accordance with regulations made by the Corporation in this behalf, and the rest shall be appointed by the Corporation in its discretion."

My amendment No. 18 is the same as No. 93 moved by Shri Sadhan Gupta.

Shri Radha Raman (Delhi City) : I beg to move :

(i) Page 3, line 28—
after "one of them" insert :
 "having adequate administrative and business experience."

(ii) Page 3—
after line 29 add :
 "Provided, however, at least three members of the Corporation shall be appointed by the Parliament by election."

I want to modify my amendments slightly.

The Minister of Finance (Shri C. D. Deshmukh) : I did not hear.

Shri Krishna Chandra (Mathura Distt.—West) : I beg to move :

(i) Page 3—

after line 29, add:

"Provided that not less than one-third of the members shall be elected by the policy-holders in the manner as may be prescribed."

(ii) Page 13, line 9—

after "members" insert "of which at least one shall be from among those elected by the policy holders"

(iii) Page 14, line 5—

add at the end:

"Not less than one-third of the members of the Board shall be appointed to represent the policy-holders in the manner as may be prescribed."

Shri Barman (North Bengal—Reserv-ed—Sch. Castes) : I beg to move :

(i) Page 14—

after line 5 add:

"Provided however that not less than one-third membership of the Board shall be represented by policy holders."

(ii) Page 14—

for lines 6 to 16 substitute:

"(3) The Corporation shall constitute in the prescribed manner for each zonal office a Committee consisting of such number of persons as it thinks fit, and every such committee shall consist of representatives of the Corporation, representatives of employees and agents, and the representatives of policy-holders in equal proportions; and it shall be the duty of the Committee to advise the Zonal Manager on matters which relate to the welfare of the employees and agents of the corporation."

Mr. Speaker : The above amendments are before the House and there will be common discussion on them.

The Deputy Minister of Finance (Shri B. R. Bhagat) : The key to the amendments is given clause-wise. So, it is difficult to follow what you said.

Mr. Speaker : There are two groups of papers that have been circulated.

Shri B. R. Bhagat : But the key to the amendments gives the final form.

Mr. Speaker : What is it that the hon. Deputy Minister wants ?

Shri C. D. Deshmukh : We want the numbers of the amendments that have been moved by clauses, because our briefs are arranged according to the clauses.

Shri B. R. Bhagat : The key gives all the amendments clause-wise.

Shri C. D. Deshmukh : It is called the "Revised Key to Amendments".

Mr. Speaker : The amendments to the different clauses are as follows :

Clause 4 Amendments Nos. 1, 147, 148, 149, 186, 150 and 151.

Clause 19 Amendments No. 194, 90, 14 and 15.

Clause 22 Amendments Nos. 93, 18 (same as 93), 19, 20, 195, 196, 94, 197, 95, 96, 97, 98, 99 and 100.

For this group of clauses, two hours have been allotted.

Now, **Shri Tulsidas**.

Shri Nambiar : **Shri Sadhan Gupta** was already on his legs.

Mr. Speaker : Very well. He can reply to **Shri Tulsidas** when he speaks.

Shri Nambiar : He will have another two legs then.

Shri Tulsidas : My amendment No. 1 to clause 4 is very simple. In the course of my speech at the consideration stage I had stated that the policy-holders' interests should be supreme, particularly in the matter of the working of this corporation. I fully appreciate what the Finance Minister said yesterday, namely that it is difficult to have representation for them on the corporation by election. My amendment only seeks to provide that :

"Not less than one-third of the total number of members of the Corporation at any time shall be nominated by the Government to represent and safeguard the interests of the policy-holders of the Corporation and the remaining members shall be appointed by the Central Government in its discretion."

The purpose of my amendment is very simple. Of course, the corporation will have to deal with a number of other questions also, such as investments and

so on. But I think it will be in the interests of the policy-holders that Government should be pleased to appoint at least one-third of the members of the corporation to represent the policy-holders' interests. That does not involve any difficulty on the expenditure side, as the Finance Minister said. I appreciate that all the members of the corporation will naturally represent the policy-holders' interests, because they also will have policies. In fact, I visualise that practically everyone in this country will have policies taken out from this corporation. But my point is that if you have persons representing the policy-holders' interests as such in the corporation, they will naturally look to the interests they represent. Therefore, it will be their responsibility to see that the policy-holders' interests are safeguarded.

The Finance Minister said yesterday that everybody who will be there on the corporation will look to the interests of the policy-holders. But I am afraid that sometimes the position may not be so in the boards of different companies. In the present companies which are being taken over, there are directors giving representation to the policy-holders, and those people who come as representatives of the policy-holders are elected today, and therefore they will naturally look to the interests of the policyholders. As the Finance Minister said, they may have been elected according to a farce. Anyway, whatever that may be, it is election that is being done now. Whether the electors exercise their franchise or not is a different question. After all, even in the general elections, in a number of places, we have sometimes an election which you may call a farce or anything else, because the electors do not exercise their franchise. But I am not arguing here on the question of election. I am only saying that out of the total number, at least one-third should be representatives of the policy-holders' interests, so that they may look after and safeguard those interests.

I have got two amendments, namely amendments Nos. 14 and 15 to clause 19 which deals with the committees of the corporation. My amendment No. 14 reads :

Page 13, line 16 after 'of the Corporation' insert 'at least one of them being from the group representing the policy-holders' interests'.

Here again, I might mention that it is only nomination. There is no question of election at all. The question of election comes only at a later stage, and that is in clause 22. But with regard to the main committee of the corporation, and the main board of directors, I would suggest that they should have nominated persons who will look after the policy-holders' interests.

The same argument applies in respect of amendment No. 15 also, by which I seek to provide :

Page 13, line 22, add at the end : 'and the Corporation shall ensure the proper representation of policyholders' members on such Committees.'

I now come to my amendments Nos. 18, 19 and 20 to clause 22 dealing with the zonal bodies. Here, I have sought to provide :

"Not less than one-third of the persons on the Board at any one time shall be those elected by policyholders in the area within the jurisdiction of the zonal office, in accordance with regulations made by the Corporation in this behalf, and the rest shall be appointed by the Corporation in its discretion."

I have brought in the question of election here. I appreciate what the Finance Minister stated in this regard, namely that it will be a question of expenses. But let me point out that we have in this country a company which controls about 20 per cent. of the life insurance business today. Today, we have got about 50 lakhs of policy holders, and this company alone has got about 10 lakhs of policy-holders. If this company can have representatives elected by the policy-holders on its board, I do not see why in the zonal bodies we cannot have the elected representatives of the policy-holders. Here it is not very difficult to do it. We might prescribe the manner in which the election should take place. In this process, the least possible expenditure may be involved. But the question of having representatives of policy-holders on the zonal bodies is very important, because after all, there are a number of matters on which the policyholders are interested with regard to the working of this Corporation. I can well understand that now that the Corporation is being formed, Government have guaranteed

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the insured sums and also the bonuses which have been declared before the Corporation takes over the different companies. But with regard to the future working of the Corporation, the policyholders are definitely interested because the questions involved are expense ratio, interest yield and a number of other points on which the issue of future bonus and the rate of premia will depend. Therefore, I am suggesting representation of policyholders on the zonal bodies by means of election. I do not think that there is any difficulty, because, as I said just now, if one company doing 20 per cent. of the entire life business in the country can have elected representatives on its board, I do not see what stands in the way of there being representatives of policyholders on the zonal bodies by means of election. Government should not fight shy of conceding this basic right to the policyholders. What was true of this right in the case of industries managed by private enterprise is equally true in the case of industries managed by the State.

I do not think that just because life insurance is now nationalised there should be no representation on the Corporation of those interests for whose interest this Corporation is now being formed. I would, therefore, urge upon Government to accept the position I have enunciated with regard to this. The amendments I have moved are very simple and they should not cause any difficulty because no extra or extraordinary expenditure is going to be involved; we may have election every two or three years. This procedure will only result in satisfying the interests of policyholders. I hope, therefore, that Government will accept my amendments.

Shri Sadhan Gupta : Mr. Speaker, Sir, I have got a number of amendments to these three clauses. The amendments to clause 4 deal with representation of employees on the Corporations, and some of the amendments to clause 22 deal with the same subject, that is to say, representation of employees on various bodies in the Corporation, the executive committee and the advisory board. There are two other amendments to clause 4 which deal with the qualification for membership of the Corporation. Then there are certain amendments regarding the constitution of certain committees.

Before I proceed to those amendments, I shall dispose of Shri Tulsidas's plea for the representation of policyholders. Personally, I would have been extremely happy if the policyholders' interests could have been represented on the Corporation and on various bodies, at different levels, of the Corporation provided—and that is a very big proviso—there was any way of getting at real representatives of the policyholders. As far as I know, there is no organisation which functions on behalf of policy-holders worth the name; as a matter of fact, I am not aware of any; I am not aware of any organisation which seeks to inculcate in policyholders an idea as to what is best for them.

Shri Ramachandra Reddi (Nellore) : Is he opposed to the idea of election?

Shri Sadhan Gupta : You know that the policyholders usually take very little interest in the affairs of life insurance business. The reason is that the affairs are so complicated that without a sufficient amount of instruction and education, it is not possible for the common man to grasp the various complications of the business. Therefore, we find that wherever there is provision for representation of policyholders—and there are such provisions in the case of many companies—those people who get in the name of policyholders are really some vested interests who have nothing to do with the interests of policyholders. Do we want this kind of thing to happen in the Corporation? Do we want people to get in and strengthen certain interests in the name of policyholders? What is the guarantee that a man selected or elected to represent policyholders would really represent the interests of the policyholders? The policyholders have no check on him—they cannot possibly have any check on him—because they have no organisation to function for policyholders as such. The Government's nomination would be of no use because I do not see what principles will guide Government? What are the principles to determine that a man is qualified to protect the interests of policyholders? If it is said that he has a policy, then everyone in the Corporation would be a representative of policyholders. But it will not be so because any one who has a policy need not feel for the policyholders. He may have other interests which are stronger than his policy interests. For example, he may grab a portion of the investible funds, since the Corporation is allowed

to invest. If in the name of policyholders, some person with considerable influence in the business world, manages to secure a pull in the Corporation and thereby divert the funds of the Corporation to his own interests, that would be a very unfortunate thing.

If in course of time an organisation grows up to champion the cause of policyholders, which is fairly representative of policyholders in the country, we can think of amending this Act for the purpose of providing representation to policyholders. But as things are today, if we provide representation for policyholders, the representation will go not to policyholders but to certain interests whose representation is not desirable in the Corporation; and it is even less desirable to give these interests a representation in the name of policyholders because that way, they will succeed in hiding themselves under a cloak which they do not deserve to wear. That is about policyholders.

I now come to my own amendments. Firstly, there is the question of employees. My amendments are No. 147 to clause 4 and No. 94 to clause 22. In regard to amendment No. 147, I have suggested that at least three of the members of the Corporation shall be representatives of employees of the Corporation, who are elected for such appointment by such employees by secret ballot and in the prescribed manner or nominated for such appointment by the Trade Union, if any or by the Federation of Trade Unions, if any, of such employees or a substantial portion of them or by any organisation to which such Trade Union or Federation is affiliated.

Then :

"In case of first appointment, the said members shall either be elected for such appointment by secret ballot and in the prescribed manner by employees of insurers whose controlled business shall be transferred and vested in the Corporation or for such appointment be nominated by the All India Insurance Employees Association :

Provided that no employee shall be eligible to participate in the election under this sub-section, if he is not an employee who shall be entitled to become an employee of the Corporation by virtue of the provisions of section 11.

One of the members shall be appointed by the Central Government to be the Chairman of the Corporation.

The representatives of the employees shall hold office for the prescribed period which shall not exceed one year but shall be eligible for re-election or renomination; and the provisions of subsection (1A) shall apply to such re-election or renomination as it applies to an election or nomination."

Similarly, in amendment No. 94, I have provided that :

"Not less than one-fifth of the number of members of such Board shall either be elected by the employees of the Corporation employed within the territorial limits of the zone by the secret ballot and in the prescribed manner or be nominated by the Trade Union or Federation of Trade Unions of the employees of the Corporation employed within the territorial limits of the zone or of a substantial portion of such employees."

Here, I have provided a scheme or several alternative schemes of representation, one of which can be adopted by Government in appointing members of the Corporation. An election may be held. In this case, the election will be confined only to about 25,000 to 30,000 employees ; that is not a great number.

Secondly, if an election is not considered feasible,—the employees' movement is quite developed and they have their representative bodies and they have their Trade Unions to represent the employees—the Government may consult those Trade Unions and accept the nominees of those Trade Unions to represent the employees on the Corporation. These are the two alternative methods which I have suggested and which are quite feasible. The only question is whether the principle will be accepted.

An impression has been created that we are against employees' representation bodies of this kind. I can understand that we are against employees participating in management in the private sector. But, as regards the public sector, we are not against such participation. In this case, the All India Insurance Employees Association, which can be regarded as the spokesman of the employees and which has been the

[Shri Sadhan Gupta]

champion of the Insurance Employees movement for a long time, have asked for representation. The proportion of representation asked for is very modest, only 20 per cent. on the Corporation. Even the Trade Union organisation of the Congress, the I.N.T.U.C. has accepted that 25 per cent. is fair representation for employees. We have gone even below that. Therefore, the claim for representation is not excessive.

As regards the merits of the claim, employees' interests are paramount. It is very important to safeguard them and employees' representatives participating in the various bodies which will manage the affairs of the Corporation at different levels will be in a position to secure their interests properly. Therefore, from all these points of view, whether you consider the question of the feasibility of electing or selecting the representatives, whether you have in mind the merits of the principle of representation, from all points of view, the claim for representation is completely justified.

The next amendment concerns the qualification—or rather the disqualification—for membership of the Corporation. In clause 4, certain qualifications are mentioned. I think it is sub-clause (2).

"Before appointing a person to be a member, the Central Government shall satisfy itself that that person will have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him of his functions as a member, and the Central Government shall also satisfy itself from time to time with respect to every member that he has no such interest ;"

That is the kind of qualification or disqualification proposed. That is not enough. We are newly nationalising this insurance business. We have to reckon with the fact that many people who might *prima facie* possess experience of insurance business have been opposing nationalisation tooth and nail. I would say, in many cases, when one starts with an opposition to something like nationalisation, when differences are fundamental, even if nothing else happens, such a person is psychologically unfit to conduct the affairs of a nationalised corporation. In conducting the affairs of a corporation like this, in spreading insurance throughout the

country through the medium of this corporation, what is most required is an enthusiasm for this public institution. If you start with an opposition to nationalisation, you at once start with an initial cynicism about the success of the Corporation. This kind of cynicism would make the person psychologically unfit to conduct the affairs of the Corporation, however much he may be otherwise fit and otherwise competent in field of insurance business. That is one danger, but there is even a greater danger, that is, conscious sabotage. In a person who is bitterly opposed to nationalisation, who has been opposing nationalisation, who has perhaps suffered through nationalisation by loss of legal and still more illegal earnings, all these factors are bound to create an attitude by which he will try to discredit the nationalised Corporation, discredit nationalisation itself. Therefore, there is every likelihood that he would even consciously sabotage the working of the Corporation. In view of these dangers, I suggest that before the Central Government chooses a member of the Corporation, it must satisfy itself that he is not opposed to nationalisation. So, I suggest by way of an amendment the insertion of these words *after* "that person", namely, "is not opposed to nationalisation of life insurance or has not at any time been responsible for any misappropriation or misapplication of the funds of any insurer or has not mismanaged any insurer or".

The other safeguards are obviously necessary. No person who has misappropriated or misapplied the funds or has been guilty of mismanagement should be brought in as a member of the Corporation even though he may be a very experienced businessman. There is no difficulty about observing this principle. There is nothing to suggest that any person opposed to nationalisation should be excluded, because that obviously cannot be found out; it may be in his mind. What is only wanted is that before appointing a person to conduct the affairs of the Corporation, to be a member of the Corporation, the Central Government should satisfy itself that at least he is not opposed to nationalisation. This is not being done in the matter of appointment of custodians; in many cases people who were bitterly opposed to nationalisation have been appointed as custodians. This kind of thing may not happen in the Corporation. If we have, for example, 15 men

who have opposed nationalisation of the Corporation, then heaven help us. That is why I have suggested this particular amendment.

The other amendment is to exclude indirect interests also. Under clause 4, the Central Government is required to satisfy itself that the member will have no such financial interests which will prejudice his working in the Corporation. Interests may be of two kinds, direct as well as indirect. Indirect interests are not less potent than direct interest in preventing a member from properly exercising his duties. For example, he may not be interested in a contract, his son may be interested in a contract or his son-in-law may be interested in a contract, to which the Corporation is a party. If he were interested, it would be a direct interest, but if others near and dear to him were interested or even others who are related to him by business ties were interested, that would be an indirect interest, and that should not also be permitted in the Corporation. Therefore, I have suggested amendment No. 151 with a view to add the words "whether direct or indirect" after "or other interest".

There are two other small points. One is about clause 19. The constitution of the Investment Committee under the clause is made discretionary, but I want to make it compulsory. Therefore, my suggestion is that the word "may" should be changed into "shall", and that is the purpose of my amendment No. 90.

To clause 22, I have an amendment and that is No. 94. I have already mentioned that at least one-fifth of the number of members of the Board shall be employees' representatives.

Then there is my amendment No. 93. I want to make the constitution of the Advisory Board compulsory for the Corporation. Here it is discretionary, by the use of the word "may", but I want to make it compulsory by changing it into "shall".

There is another group of amendments which suggests an important change, that is, Nos. 95 to 99. Here, under clause 22, an Employees and Agents Relations Committee has been created. I submit that this hotch-potch Committee cannot protect either the employees or the agents. Employees and agents have totally different kinds of

interest. The representatives of the agents are not likely to be interested in the problems of the employees, nor are the representatives of the employees likely to be interested in the problems of the agents. What is suggested in clause 22 is that a committee should be created with the representatives of the Corporation and at least an equal number of representatives of employees and agents. Neither the employees' representatives nor the agents' representatives will be equal to the Corporation's. Suppose in a matter an agents' representative or an employees' representative chooses to remain neutral, then the representatives of the Corporation will have dominance, which is by no means desirable. In the Air Corporations Act, the employees' representatives have at least equal representation. Therefore, what I have suggested is that two committees should be constituted, one to deal with relations with agents, and one to deal with relations with employees, and on these two committees, the representatives of the agents or employees should have at least an equal number of seats with the representatives of the Corporation, if not more. The two committees will be confined to the two sectors, one to deal with the relations with agents and the other with the relations with employees. That is what I have suggested in my amendments 95 to 98 and 100. These are the few amendments designed to secure that object.

By amendment No. 99, I want to expand the objects of the Relations Committees. The Employees' and Agents' Relations Committee has not been given the most vital purpose for which it should stand, namely, the right to settle disputes, the right to advise in respect of the settlement of disputes between the employees of the Corporation and between the agents of the Corporation on the one hand and the Corporation on the other. If any dispute arise, it is but fair that these Relations Committees should be able to advise in the settlement of the disputes. There is no difficulty in accepting this amendment, because after all, it is only an advisory committee, and the advice is given from the moral stand, that is, the advice given has moral value. Therefore, I would suggest that the settlement of all disputes should be brought within its advisory scope.

I commend these amendments to the acceptance of the House.

Shri Radha Raman : I have two small amendments which I have moved, and they are Nos. 148 and 149.

In amendment No. 148 I suggest the addition of the words "having adequate administrative and business experience". It is now an established fact that the Corporation is undertaking a great venture and its success will depend largely on the working of the experienced minds who will be serving in the Corporation. In clause 4 of the Bill, there are certain qualifying clauses for the members of the Corporation. What I want is to further qualify that the Chairman of the Corporation will be such a person who will have the confidence of all the persons in the country engaged in this work. For that purpose, I want that a person who has administrative and business experience should be chosen for chairmanship. I have little doubt that in the mind of the hon. Finance Minister, the person who will be chosen will have these qualifications, but in order to make it sure, I want that these words should be added because there is already a lot of fear and apprehension in the minds of those who are carrying on this business that the members of the Corporation may be dominated by persons who have theoretical knowledge or, who have not much administrative or business experience. In order to gain the confidence of a very large number of people who are interested in the successful conduct of business of this Corporation, I deem it necessary that these words be added. Soon after the nationalisation of insurance was announced and the custodians were appointed, in many cases persons who had only theoretical knowledge were appointed; they had not much to do with the progress of business. They lacked business experience. Seniority also was not considered. Persons who did not have the confidence of the workers of a particular company, and who were inclined to continue to work in the same old fashion were appointed as custodians. There was a lot of criticism about that. That apprehension and criticism still continue. I want that the personnel of the Corporation should be foolproof. That is why I commend to this House my amendment number 148.

In my amendment No. 149, I have stated that there should be the following proviso :

"Provided, however, at least three members of the Corporation shall be appointed by the Parliament by election."

There was a feeling that representation should be given to the policyholders as well as the employees. There is a good ground for the representatives of these interests to be on the Corporation. Government, employees as well as the policyholders are the constituents who can make the work of the Corporation easy, and guarantee success. Therefore, there is the natural desire to take representatives of the employees, field workers and also policyholders, on the Corporation. By this provision, I feel that we can strengthen the hands of the Finance Minister by choosing such Members of Parliament as have experience either as an employee or as a policyholder or as a field worker. It will also give dignity to the Corporation if we associate some Members of Parliament with the Corporation. It will be a sort of indirect representation but it will serve the purpose. The prime need is that we should give the Corporation the utmost dignity; it should have the confidence of the people at large. Therefore, the organisational set up of such a corporation should be so as to instil confidence among the public. The association of some Members of Parliament with the Corporation will go a long way to create that confidence and to give that dignity to this Corporation. Among the Members, there should be people who have sufficient experience and knowledge of conducting insurance business.

In the Bill as it is, clause 4 has taken into consideration only one or two points. Clause 4(2) says :

"Before appointing a person to be a member, the Central Government shall satisfy itself that that person will have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him of his functions as a member, and the Central Government shall also satisfy itself from time to time with respect to every member that he has no such interest; and any person who is or whom the Central Government proposes to appoint and who has consented to be, a member shall, whenever required by the Central Government so to do, furnish to it such information as the Central Government considers necessary for the performance of its duties under this sub-section."

Again, the next sub-clause enjoins a certain condition. There is no condition that the members of the Corporation should be selected from persons who have sufficient administrative as well as business experience. This is a new line of work which we are undertaking. The country as a whole is watching. There are many apprehensions with regard to its final success. I feel there is little harm—or rather it will be useful—if we say that the members or at least the Chairman of this Corporation should have adequate administrative and business experience.

The second amendment deals with the association of the Members of Parliament with the Corporation. It will also prove very helpful. I think the hon. Minister will consider these two amendments and accept them.

1 P.M.

Shri Barman : I have tabled two amendments—Nos. 196 and 197. Both relate to clause 22. By amendment No. 196, I say that not less than one-third membership of the Board shall be represented by the policyholders. It is practically the same as the one moved by Shri Tulsidas. The second amendment relates to the zonal committee. Therefore my submission is that policyholders should have at least one-third representation on the committee. My own feeling is that three parties are primarily responsible for the successful operation of the business of insurance, one being the management, the second being policyholders whose money is invested in the Corporation and thirdly the employees and the agents who will work for the success of the corporation. I find that though representation has been given to employees and agents nowhere in the whole picture do the policyholders come, though it is their money which is really the life-blood of this Corporation. It may perhaps be said that the Corporation will be constituted by the Government, and also the Zonal Boards and Zonal Committees will be constituted by them and Government being the accredited representative of the country, the policyholders should have trust in them. If that argument is advanced, then my submission would be that there should be no direct representation specifically for any of the other parties.

[**MR. DEPUTY-SPEAKER in the Chair**]

But it is quite inconceivable that the policyholders whose trust in the Corporation is the life-blood of the Corporation should go unrepresented at all; though the employees and the agents of the Corporation will have representation. My submission is that this would be quite wrong and the policyholders should be represented, if not in the Corporation as such at least in the Zonal Boards and the Zonal Committees which are advisory in character. Even if it be considered that proper representation may not come out of the policyholders, they being such a large number and so scattered, there is no harm in it. It is after all an advisory board and the representation I ask for is only one-third. One positive gain there will be, that the policyholders' representatives will be in closer touch with the affairs and conduct of the Corporation in many vital matters whichever might come up before the Zonal Board; and so far as the Zonal Committee is concerned, it is their money that is going to be distributed or allocated by the Corporation for the benefit of the employees and agents. So, they have a right to know whether the demand of the employees and agents are justified or not. If the policyholders are represented, they will have the confidence that nothing unjust or directly inequitable can happen to them. I think it is very necessary for the successful operation of the Corporation.

My hon. friend Shri Sadhan Gupta has raised an objection that the policyholders have not an accredited organisation at present. I may tell him that the reason so long was that there were so many insurers that it was not possible for the policyholders to form themselves into associations. But if they are given the right of representation on the advisory committees and the advisory boards, certainly they will form associations and they will try to safeguard their interests and see that the Corporation in which they pour their good money is conducted on right lines. Why does he infer that because there is no organisation at present, there cannot be any organisation in future? Provided scope is given, certainly there will be organisations. If the employees and agents can represent themselves through their organisations, the organisations that will be set up hereafter by the policyholders can have equal competence to represent them.

[Shri Barman]

He has also said that the policyholders take very little interest. I do not know why he makes that inference. Is a man who contributes his good money, the man who sinks whatever he can in the fund in the expectation that at a later date either he himself or his near and dear ones will have that money, in any way less vitally interested than anybody else? It is a proposition which is absurd. If anybody is interested, it is the man who puts in his well-earned money there. My hon. friend has tabled an amendment that representation should be given to the employees and agents in the Zonal Board. What for? If they are interested in the affairs of the Zonal Board, in the affairs of the Corporation, does he think that the policyholders are not interested? They have been given representation in the Zonal Committee, but they want representation in the Zonal Board. But in the same breath he says, that the policyholders will take no interest in it and they being scattered and large in number could not put in proper representation. He has raised an objection that some people will come there in the name of representatives of policyholders and they will try to take the fullest advantage for their personal ends. I disagree with him. Human nature, I no doubt admit is selfish; but why should he think that it is the policyholders' representative alone who will take advantage? Can I not say that it is the representatives of the employees and the agents who will try to extract as much as possible for their own benefit to the detriment of the interest of the policyholders?

We have no doubt the fullest sympathy for the betterment of the conditions of the employees and the agents. But we become very suspicious that they want to exploit to the fullest extent possible whatever advantage comes to them, irrespective of the fact whether the man who puts his money is losing thereby or is unjustly exploited. If all the three parties have equal representation in the Committee, none of them can exploit the other. Why should the policyholders alone not have any representation in the Committee? Is it not the money of the policyholders.

Shri B. S. Murthy (Eluru): Even if it is a fact that the policyholders do not evince any interest, what is the harm in creating interest in them? *

Shri Barman: That was what exactly I was saying. It is therefore not right to say that the representatives of the policyholders will not work for the benefit of the policyholders but would try to exploit the situation for their own personal ends. That is an argument which cannot be sustained by any stretch of imagination.

My own submission is that the successful operation of this undertaking depends first and foremost upon the trust that the public and the policyholders place in it. Therefore in these Advisory Boards and Committees at least there should be some representation given to policyholders, so that the policyholders may know that their interests are not being neglected or jeopardised.

As regards the cost of representation and election, etc., to which the Finance Minister has referred, I admit that there is some difficulty there. But there may be some device, some way by which not only will it not be very expensive but at the same time it will be very much beneficial for the Corporation as a whole.

श्री कृष्ण चन्द्र : माननीय उपाध्यक्ष जी, कल वित्त मंत्री जी ने पालिसी-होल्डर्स (वीमा घारियों) के सम्बन्ध में बोलते हुए यह कहा था कि इतनी ज्यादा उनकी संख्या होगी, इतने बड़े विशाल देश में वे फैले होंगे कि उनके द्वारा चुनाव करना एक बहुत ही बड़ी समस्या होगी, उसमें काफी लंबाई होगा और डलैक्शन (निर्वाचन) में कोई भी वह आदमी नहीं सफल हो सकेगा जो कि उनका अच्छी तरह प्रतिनिवित्व कर सकता है। माननीय उपाध्यक्ष जी, मैं वित्त मंत्री जी से कहना चाहता हूँ कि जो दलील उन्होंने कल दी उससे उन्होंने सुन्दे इस बात को स्वीकार कर लिया कि इस इतने विशाल देश में कोई भी काम सेंट्रलाइज्ड (केन्द्रीकृत) ढंग से करना खतरे से भरा हूँगा है। उन्होंने यह सुन्दे स्वीकार कर लिया कि इस विशाल देश में जो काम सेंट्रलाइज्ड ढंग से करेंगे उसमें थोटे आदमी के हितों की रक्खा करना, उसके प्रतिनिवित्व की व्यवस्था करना, निहायत कठिन काम है। तो मैं वित्त मंत्री जी से कहूँगा कि बजाये इसके कि वे इस दिक्कत को इस भवन के सामने रखें, जिस समय उन्होंने इस बीमे के रोजगार को नेशनलाइज़ (राष्ट्रीयकरण) किया था और एक सेंट्रल कारपोरेशन (केन्द्रीय निगम) बनाने की बात सोची थी, उसी समय उनको इस बात को भी सोचना

चाहिये था कि इतने बड़े विशाल देश में जब हम एक कारपोरेशन बना रहे हैं। जिसके अन्दर लाखों पालिसी होल्डर होंगे, तो उनका प्रतिनिधित्व हम कैसे करेंगे। कहां जाता है कि सरकार जो १५ आदमी इस कारपोरेशन पर नियकत करेंगी वे पालिसी होल्डर्स के हितों को तो देखेंगे ही। लेकिन मैं समझता हूँ कि यह कहना बहुत दूर जाना है। गवर्नमेंट के भी अपने इंटरेस्ट (हित) इस कारपोरेशन में होंगे। और अगर कोई पार्लियामेंट (संसद) का भेदभार (सदस्य) भी उस कारपोरेशन में प्रतिनिधि बना कर भेजा जायगा, तो वह सार्वजनिक हितों की रक्खा तो कर सकता है लेकिन शायद वह भी पालिसी होल्डर्स के हितों की रक्खा न कर सके। सार्वजनिक हित इस बात में है कि जो बहुत बड़ी राशि इस कारपोरेशन में आवेगी उसका उपयोग देश के विकास के लिये हो जो कि आज हमारे लिये बहुत परिमाण में सम्भव हो रहा है। तो यह बड़ा काम है और यह बड़ा इंटरेस्ट है और इसमें सारे देश का हित समाविष्ट है। जिन १५ प्रतिनिधियों को सरकार मुकर्रर करेगी या पार्लियामेंट मुकर्रर करेगी वे किसी छोटे पालिसी होल्डर के हितों की अपेक्षा इस बड़े हित का ज्यादा ध्यान रखेंगे। लेकिन यह इतना बड़ा काम पालिसी होल्डर्स के बल पर ही किया जा रहा है। यह इतना बड़ा रोजगार पालिसी होल्डर्स पर ही निर्भर करता है। यह इतना बड़ा काम इसी लिये खड़ा किया जा रहा है ताकि पालिसी होल्डर्स के मरने के बाद उनके उत्तराधिकारियों को दिक्कत न हो। इस काम में जो प्रधान हित है वह पालिसी होल्डर्स का ही है। यह कहना कि पालिसी होल्डर्स के हित को तो कोई भी जनता का प्रतिनिधि देख सकेगा, मेरी समझ में उचित नहीं है। आज भी आप देखते हैं कि इतनी बहुत सारी बीमा कम्पनियां इस देश में हैं। उनमें पालिसी होल्डर्स का प्रतिनिधित्व रखा हुआ है, उनमें उनके डाइरेक्टर भी होते हैं, और वे सब छोटे मोटे रूप में डिमार्केटिक (प्रजातंत्रीय) संस्थायें कही जा सकती हैं।

आज जितनी ज्वाइंट स्टाक कम्पनीज (संयुक्त पूँजी समवाद) हैं उनको भी डिमार्केटिक संस्था कहा जा सकता है। उन सबमें पालिसी होल्डर्स का प्रतिनिधित्व है। लेकिन वहां भी उनके हितों की पूरे तौर से रक्खा नहीं होती और उनके रूपये का बहुत बड़ा दुरुपयोग किया जाता है। वित्त मंत्री जी ने बतलाया है कि किस प्रकार इन कम्पनीज में पालिसी होल्डर्स के रूपये का

बड़े पैमाने पर दुरुपयोग किया गया और यही कारण था कि जिसकी वजह से उनको इस रोजगार को नेशनलाइज करने की जरूरत महसूस हुई। मेरा कहना यह है कि ये कम्पनीज छोटे पैमाने पर डिमार्केटिक इंस्टीट्यूशन्स थीं। जीनमें पालिसी होल्डर्स अपनी आवाज बल्न्द कर सकते थे, लेकिन वहां भी उनके हितों की रक्खा नहीं हुई। तो फिर जो आप सभी देश के लिए एक इतना बड़ा संगठन बना रहा है उसमें कैसे एक छोटे पालिसी होल्डर के हितों की रक्खा हो सकेगी खास तौर से जब कि आप उनको किसी तरह का प्रतिनिधित्व नहीं दे रहे हैं। हमारे वित्त मंत्री जी की यह योजना है, उन्होंने ही इतने विशाल पैमाने पर एक सेंट्रलाइज्ड कारपोरेशन बनाने की योजना पेश की है, इसलिये मेरा उन्हीं से अनुरोध है कि वे ही किसी न किसी तरह इसमें पालिसी होल्डर्स के प्रतिनिधित्व की अवस्था करें ताकि छोटे पालिसी होल्डर्स के हितों की रक्खा हो सके।

यहां पर तीन बातें हैं। एक तो कारपोरेशन है जिसमें १५ सदस्य होंगे। इनमें से आप एक तिहाई पालिसी होल्डर्स के प्रतिनिधि रख सकते हैं। आपको कोई न कोई तरीका निकालना चाहिये ताकि पालिसी होल्डर्स का इस कारपोरेशन में उचित प्रतिनिधित्व हो जाये। उनके ऐसो-सियेशन्स बनाकर उनके द्वारा उनको प्रतिनिधित्व दिया जाये। अगर आप ऐसा न कर सकें तो इनके प्रतिनिधियों को जोनल बोर्डस में तो अवश्य ही स्थान दिया जाये। आप इन जोनल बोर्डस को इसलिये बना रहे हैं ताकि यह काम किसी कदर डिसेंट्रलाइज (विकेन्ट्रीकृत) हो जाये। जब आप इस काम को डिसेंट्रलाइज करने जा रहे हैं तो कम से कम उन जोनल बोर्डस में ही उनके प्रतिनिधियों को कोई हक दे दीजिये। अगर आप उनको वहां भी कोई हक नहीं देते और कहते हैं कि यह तो जनता की ही सरकार है वह सबके हितों की रक्खा करेगी, तो मैं इसको उचित नहीं समझता। मैं यह जानता हूँ कि हमारे वित्त मंत्री जी ने आज तक जो काम किये हैं वे एक से एक अच्छे काम हैं। हम वह भी कह सकते हैं कि हमारी सरकार बहुत अच्छे उद्देश्य को लेकर चल रही है और बहुत अच्छे अच्छे काम कर रही है, उसका दृष्टिकोण छोटे आदमियों को भलाई करना है। लेकिन मैं पूछता चाहता हूँ कि क्या हमेशा गवर्नमेंट का यही दृष्टिकोण रह सकता है? संसार में जितनी भी गवर्नमेंट चली हैं उनका दृष्टिकोण थोड़े दिनों के बाद पहले जीसा नहीं रहता। उसमें डिमारेलाइजेशन (नीतिक पतन)

[श्री कृष्ण चंद्र]

आ जाता है। कोई अच्छी से अच्छी गवर्नमेंट आप ले लीजिये, जब तक कि उसमें काफी चैक्स (रोक) और काउंटर चैक्स नहीं रखे जाते तो वह आगे जा कर छोटे आदमियों के हितों की रक्खा का स्थाल नहीं रखती। आज हमारी गवर्नमेंट चाहे जितने अच्छे उद्देश्य रखती है लेकिन यह नहीं कहा जा सकता कि यह स्थिति हमेशा ही बनी रहेगी। आज सुमिकिन है, जब कि हमारे वित्त मंत्री जी भौजद हैं, उनका मंत्रालय जो काम करे उसमें छोटे छोटे पालिसी होल्डर्स का लिहाज रखे और उनके हितों की रक्खा करे। उनके रहते हुए यह सब हो सकता है। लेकिन आगे जा कर गवर्नमेंट बिगड़ सकती है, जैसे कि हमारी बीमा कम्पनियां और हमारी ज्वाइंट स्टाक कम्पनियां बिगड़ी। तो मैं समझता हूँ कि यह तो एक, कम है।

हम बड़ी अच्छी चीज शुरू करते हैं, उसमें सब कुछ व्यवस्था रखते हैं, अच्छे से अच्छा काम शुरू करते हैं, धीरे धीरे उसके अंदर खारबी आने लगती है, तो अकलमंदी इस बात में है कि जब हम कोई काम शुरू करें तो यह स्थाल न करें कि आज तो हम अच्छाई की ओर जा रहे हैं, अच्छा जो हमारा उद्देश्य है, जो हमारे वित्त मंत्री हैं, जो हमारे प्रधान मंत्री हैं, उनका उद्देश्य छोटे आदमियों के हितों की रक्खा करना है, इस बास्ते जब हमने सरकारी काम कर लिया तो इस बात का हमारे दिल में इतमीनान हो गया कि छोटे आदमियों की रक्खा उसमें ज़हर होगी। इस सम्बन्ध में भेरा निवेदन यह है कि यह बात सोच कर हमको नहीं चलना चाहिये। मैं फिर अपने वित्त मंत्री महादय से यह निवेदन करूँगा कि वह इस बात को ध्यान में न रखें कि चूंकि वह वित्त मंत्री हैं और चूंकि उनका मंत्रालय सार्वजनिक दस्टिकोण को अपने सामने रखे हुए हैं, इस बास्ते उनकी निगाह के अन्दर आज यह बात आती नहीं है कि जो उनके मुकर्रे किये हुए प्रतिनिधि होंगे, वह पालिसी होल्डर्स के हितों की रक्खा न करें, ऐसा संभव नहीं है, आज उनके दिमाग में यह बात नहीं आती लेकिन योहे दिनों के बाद यह जा कर सम्भव हो सकता है। इस बास्ते मैं बड़ी नम्रता के साथ लेकिन बड़े अनुरोध के साथ उनसे निवेदन करूँगा कि वे अगर चाहते हैं कि गरीब पालिसी होल्डरों की रक्खा होती रहे और आगे जा कर जैसा कि इंश्योरेंस कम्पनीज (बीमा समवायों) में हुआ है, उनके रूपये का दुष्प्रयोग न होने पावे, अगर वे चाहते हैं कि इस बात का लिहाज

रखा जाय तो गरीब पालिसी होल्डर्स के हितों की रक्खा करने के लिये कोई व्यवस्था इस बात की होनी। चाहिये कि उनकी तरफ से कोई प्रतिनिधि वहां पर जा कर बैठे। इस सम्बन्ध में मैंने तीन अमेंडमेंट्स (संशोधन) रखे हैं: पहला अमेंडमेंट यह है कि कारपोरेशन में जो पन्द्रह भेदभाव हैं, उनमें एक तिहाई प्रतिनिधि पालिसी होल्डर्स के हों, अगर इसमें कोई चैनाव बगैरह की दिक्कत हो तो कम से कम जॉनल बोर्ड में जिसको कि आप कहते थे कि वह डिसेंट्रलाइज चीज है, उसमें छोटा क्षेत्र होगा, इस बास्ते उसमें कोई तरीका निकाल लीजिये ताकि उनका प्रतिनिधित्व कम से कम उसमें हो जाय। जहां तक उनके प्रतिनिधि रखने की बात है, इसको तो वित्त मंत्री ने दे भी स्वीकार किया है कि उनका प्रतिनिधित्व रहना अच्छी बात है लेकिन उन्होंने सिफर यह कहा है कि हमें इसमें यह दिक्कत है। इसके बारे में मेरी गुजारिश यह है कि जब सेंट्रलाइज काम किया है तो कोई न कोई रास्ता खोज बीन कर हमको ऐसा निकालना चाहिये ताकि जो उस सेंट्रलाइज (केन्द्रण) काम की खारियां हैं, वह उसमें न रहे और गरीब और छोटे आदमियों का भी उसमें प्रतिनिधित्व हो जाय।

Shri Velayudhan (Quilon cum Mavelikkara—Reserved—Sch. Castes): Sir, I would like to make few observations on clauses 19 and 22. I had mentioned about this in the dissenting note which I have submitted, but I could not speak yesterday on it. As such I would like to mention one or two points as a matter of explanation to my dissenting note.

Sir, I am very optimistic about the insurance organisation because it will have a great scope in the country, especially at this stage of our economic development.

Mr. Deputy-Speaker: I sympathise with the hon. Member that he had no chance to speak yesterday, but he can divide his notes among the clauses that are to be taken up.

Shri Velayudhan: I am only saying this by way of an introduction.

What I want to mention in regard to this organisation is that the policyholders also should be given a part in the management or administration of the organisation. There was a mention here that it is very difficult to give the policyholders any share or responsibility

in the organisation by way of an election. Of course, as the Finance Minister himself has stated, it is a very complicated affair. I too feel that election is a very difficult process and we cannot get the correct or real representatives of the policyholders even if an election is to be held. But my own feeling or submission is, when it has become a nationalised structure or organisation belonging to the people, the policyholders will have more interest, more conscientiousness in the functioning of this organisation. Therefore, when the organisation is developed into a larger one the policyholders will become more and more interested in seeing that the organisation is functioned in a proper level.

As far as partnership of workers in the management is concerned, I feel that the workers should be represented in this organisation and they should also feel that they have also got an equal share in building up the organisation along with the Government and the policyholders. In this connection I want to mention one thing. Even though in this Bill there is no mention of workers' participation, the Prime Minister, the other day when he spoke on the Industrial Policy Resolution, stated that he expected that the private sector would take more and more interest in the participation of workers in the management. He also spoke by way of an assurance, I think in this House itself, that the public sector will set an example in this direction. taking a cue from this, I do not know why we should not take representatives of workers both in the administration as well as in the field. Of course, it will be a noble example, because, as far as life insurance is concerned, from the competitive and industrial aspect it will now be turned into a kind of social welfare thing when it is taken up by the State.

Shri B. S. Murthy : A patriotic activity.

Shri Velayudhan : That is why I feel that this organisation will have a larger scope in the field of expansion. More and more middle class, lower middle class and even working class people will come in the field. As a matter of fact, they must be made to come in the field. Therefore there is a very large scope for expansion and the people who have a share in it must enjoy a share in the building up of the Corporation.

It was my own feeling, Sir, that the Corporation should be decentralised to a great level; that is to say, its constitution should be changed, converted or expanded in that line, otherwise there will be great difficulties for the people.

The next point is, there is a lot of talk about the Managing Director, Chairman or other officers who will now be taken in the Corporation. Lot of rumours are spread in the capital as well as outside. It is my expectation that the Finance Minister, who is not amenable to favour, fear or anything like that, will take into consideration the just claims of those people who have worked in the field already. No politics should be allowed to enter in this field. I was told—it is rumoured like that—that a lot of politicians from the Congress side are thinking of jumping into the field, because it is already open for them. The Finance Minister stated that he will not tolerate any kind of favouritism or nepotism coming into this insurance organisation. I hope the same thing will be done in the activities of this organisation. Of course, the Party in power can have some influence, but in an organisation like this, when it is run for the benefit of the people, I think the Government should take great care in seeing that no 'political profits' are earned in this particular line.

Then, I come to employment of relatives of influential people, political leaders, etc. That is a very important question.

Mr. Deputy-Speaker : We are now taking up particular clauses. It can be taken up when that particular clause comes up for consideration.

Shri Nambiar : It is an allied question.

Shri Velayudhan : I thought that it was an allied question. Anyway, I shall expand that point at the proper time.

It is my opinion that we have got enough trained men in the insurance organisation. Unfortunately, we have taken up a mature organisation for our nationalisation programme. The insurance organisation is an organisation which is very well run, even when compared to such organisations in other countries. It is a disciplined organisation that we have got now. Some of the managing directors and others are well-trained people and they can be utilised for any type of work in the expansion of this business.

[Shri Velayudhan]

My only request to the hon. Minister is this. Nobody who is in a responsible position should feel that his claim has now been ignored or that he has to give place to some other man who has less experience in the line.

Shri Nambiar : I support the amendments moved by Shri Sadhan Gupta and I would like to focus the attention of the House on two or three main points. First, we could persuade,—though we did not succeed,—the hon. Minister or the Members opposite to get the representatives of the employees on the corporation. I think the reason that the hon. Minister might advance is that the Government of India has not taken a definite line as to how far the employees' representation on the board could be allowed, as the policy has not yet been evolved. If that is so, let us not wait for the policy to be evolved. Let us find out whether particular employees are prepared to come forward and share the responsibility of the management. The Government should very well try to do it. If the hon. Minister also finds it difficult to find out a correct representative, because he feels that, as in the case of policyholders, it will be impossible to conduct the elections, then, I say that there is an All-India Insurance Employees' Association which is a well-represented organisation and which is unchallenged. The hon. Minister can very well seek the co-operation of that association and ask them to nominate two or three members who can be co-opted on the corporation. Therefore, this difficulty can be circumvented in this way. I request that the hon. Minister must try to bring out the representation of employees in this way.

I also want to make a point with regard to the representation on the zonal boards. Shri Sadhan Gupta made it very clear that the employees should be represented on the zonal boards also. I do not know what exactly is the difficulty of the hon. Minister in allowing this provision. I request that he should apply his mind to this point as well.

There is a provision saying that there will be an Employees and Agents Relations Committee. To what extent the representatives of the employees or agents would be there is not made known. Perhaps it may be that the hon. Minister might put it in the rules, but we want to know as to what extent this will be allowed. I suggest that, according to the amendment of Shri Sadhan

Gupta, 50 per cent. of the people on the committee should be representatives of the employees. If it is possible, a separate relations committee may be formed in respect of the agents, so that the interests of the agents as well as the employees can be well represented in the organisation; The function of such a committee can be expanded to the extent that the industrial disputes and other differences between employees and employers can also be discussed and settled through these committees.

Coming to the last point, namely, zonal managers, I find in the clause that zonal managers can be the members of the corporation as well. I feel that the members of the corporation should not be made zonal managers. The reason is that the corporation is the final authority for the business of the whole enterprise. That being so, one of the members or many members of the corporation should not be entrusted with the work of a zonal manager. The two must be different, thus ensuring that the function of the corporation will be supervisory or managerial and that it will not extend to the executive side.

Another point which I want to clarify is with regard to our stand on the representation to the policyholders. We have no objection to allow the policyholders to be represented, but what is the machinery to find out the true representative? Our difficulty was, if it is to be done by nomination, then the question arises as to who will nominate the person. If it is to be done by the Government, then as the hon. Minister explained yesterday, every member of the corporation may himself be a policyholder, and thereby he can look after the interests of the policyholders as well. Again, if the nomination is to be made by certain individuals who profess to be the representatives of the policyholders, then the difficulty will arise is that such representatives may not be the real representatives. If the Government could find out a machinery to pick up the correct representatives by election or some other procedure which will not lead to complications, we on our side have no objection to their coming into the corporation. Otherwise, it will be very difficult. I therefore submit that, subject to these remarks, the amendments moved by Shri Sadhan Gupta which are very practical and very persuasive should be acceptable and I think the hon. Minister, after careful consideration, would agree with them.

Shri C. D. Deshmukh : Mr. Deputy-Speaker, I shall deal with the amendments generally in the order in which they are given in the consolidated list. I shall try to avoid repetition in the course of doing so. The first question that is brought out by Shri Tulsidas's amendment is the question of representation to the policyholders on the corporation. Here, I think the observations made by various Members more or less cancel each other. The last speaker referred to the persuasive character of the speech of his colleague most of whose amendments which were moved today were also moved before the Select Committee. At that time he failed to persuade the Select Committee to accept them. I mention this here, because, although five or six Members have spoken about the representation of policyholders on the corporation or on the zonal bodies or on the committees, it is my belief that the majority of the House have been impressed by the considerations that I put forward on several occasions in this respect, and particularly yesterday. I think one important aspect to be realised here is that the shareholder, as we knew him, will no longer exist. The shareholder now is the State, that is, the community. Apart from the fact that, as I said, I hope that the community and policyholders would in course of time be synonymous terms, I should also draw attention to something else that I said the other day namely, in all these nationalised concerns the real shareholder is the Member of Parliament. He is alive to the interests of the community and if this morning's debate proves anything at all, it is that the policyholders' interests will never be allowed to be ignored by this House or any other House that may take its place. That being so, I do not think it will serve any useful purpose to try to introduce some kind of representative character in the Corporation. The difficulties of holding an election have already been referred to and I am afraid I cannot hold out any hopes of being able to devise something ingenious to get over these difficulties.

Then there is the alternative suggestion of nomination, that some hon. Members have pointed out. It has its own problems. In any case, the stand that we take is that once we start functional representation of the policyholders, employees, field workers and so on. I think we shall clutter up unnecessarily the composition of this Corporation of

15. Therefore, I regret to say that I remain unconvinced by all these arguments.

One hon. Member continuously referred to the "poor policyholder". There will be all kinds of policyholders; there will be small policyholders and large policyholders. But, since the interests of those policyholders and the interests of the State or the community, whichever you may choose to call it, will be identical, I do not think that there is any real necessity for making an attempt to have either nomination or election of a number of representatives of policyholders. In this context, it is not necessary to refer to the failure of this particular kind of limited democracy under section 48 of the present Act. The causes there were quite different. There we were dealing with private interests and there was a real antithesis between the interests of the shareholders and the interests of the policyholders. But here the entire scene has been transformed by the fact that the State or the community will be the owner of the Corporation. Therefore, I have every confidence that the interests of the policyholders will be more than safeguarded. As I said, I am reinforced in this belief by the attitude not only of the Members of Parliament but also of my colleagues. I referred yesterday to the committee of the Cabinet which was considering this. At every stage they themselves were anxious to urge the interests of policyholders. For instance, under section 14 which deals with policy reduction, there was a great deal of discussion on that in our committee meetings. That is my reason and not lack of sympathy for the policyholder for declaring my inability to accept any of the amendments in this behalf. They are amendment No. 1 and various other amendments and the various forms that they have taken.

There is one amendment to which I would like to refer particularly and that is Shri Radha Raman's amendment that the members of the Corporation shall be appointed by Parliament. That again is unnecessary in view of what I have said, namely, the interests of the Members of Parliament in the fortunes of the Corporation and in particular the fortunes of the policyholders. This particular suggestion, I think, is very unwise because, I think in this sectional manner, Parliament should keep itself aloof from the active management of

[**Shri C. D. Deshmukh**]

the executive business of Government. I think it will be much better if they leave the executive free to discharge its role and to keep to themselves their supervisory role and their authority to control and criticise.

I come to amendment No. 147 of Shri Sadhan Gupta. That raises the whole issue of the representation of employees on the various bodies. The last Member who spoke referred to the possibility of Government not having determined its policy and then strangely enough, went on to say that it would be better if we did not wait for the determination of the policy, but acted at once. I should imagine that that means putting the cart before the horse.

Shri Sadhan Gupta : When would you determine your policy ?

Shri Nambiar : By experience ?

Shri C. D. Deshmukh : We are on the very threshold of determining the policy and I do not think anything will be gained by rushing at the last fence.

Here is a recommendation in the Second Five Year Plan which will come before the House in a few days. Whether it comes in this half or the other half, of the session, I do not know ; but, it will come within a month or two. This is at page 577 of the main Report in Chapter 27. This recommendation is in regard to the representation of the workers. The heading is "Labour policy and programmes" :

"For the successful implementation of the plan increased association of labour with management is necessary. Such a measure would help in (a) promoting increased productivity for the general benefit of the enterprise, the employees and the community, (b) giving employees a better understanding of their role in the working of industry and of the process of production and (c) satisfying the workers' urge to self expression, thus leading to industrial peace, better relations and increased co-operation. This could be achieved by providing for councils of management consisting of representatives of management, technicians and workers. It should be the responsibility of the management to supply such a council of management fair and correct statement of all relevant information which would enable the council to function effectively.

A council of management should be entitled to discuss various matters pertaining to the establishment and to recommend steps for its better working. Matters which fall within the purview of collective bargaining should, however, be excluded from the scope of discussion in the council. To begin with the proposal should be tried out in large establishments in organised industries. The pace of advance should be regulated and any extension of the scheme should be in the light of the experience gained."

The Labour Ministry are considering how best to implement this recommendation which has been accepted by the Planning Commission, by the Government and by the National Development Council and which, we hope, will in due course be accepted by the House. But, they have not yet naturally reached any final conclusions, because the final approval of the House is yet to be given to the policy.

Shri Asoka Mehta (Bhandara) : May I draw the attention of the hon. Finance Minister to page 49 of the Report ? It is said there :

"There should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management."

The next sentence is important :

"Enterprises in the public sector have to set an example in this respect."

I do not know whether that forms part of the policy or not.

Shri C. D. Deshmukh : That is right. When we say that it should be tried in large establishments in organised industries, I agree that public enterprises should lead the way. But that does not mean that some other arrangement should be adopted in Government enterprises. If this policy be accepted, all that it means is that Government should lead the way. When this decision of policy and its implementation are taken, it will be easy for any particular organisation that is set up to observe any instructions that might be issued by the Government in the Labour Ministry. That is why, at the moment, I thought it would be inadvisable to force the pace and to force the issue by accepting a particular suggestion or a particular arrangement which, from what I

have read out, it will be seen, is not entirely in accord with the recommendation made by the Planning Commission. In other words, their thoughts are more in the direction of a council of management whereas what is suggested is direct participation in management. As I understood the hon. Member opposite, so far as the private enterprise is concerned, they agree with us. That is to say, they say that it would not be wise to have representation of employees on the boards of management. But, there was a qualification added to it this morning that so far as Government enterprises are concerned, they should be represented. That is a point of difference which, I have no doubt, will be argued on the floor of the House when this particular matter comes up for consideration.

There is another amendment, that is, Shri Radha Raman's which relates to the qualifications of the Chairman. What is said is generally right. Almost it is a platitude that one should ensure that people of the right experience and right background are appointed to the right kind of places. But, that does not really take us very far. I think this business of trying to define too closely in a general way the criteria to be satisfied does not take us very far. After all, administrative and business experience are very wide terms and one might well be within the letter of the law and yet might make a bad choice. Moreover, there are several other desirable qualifications which one would expect in people who would be nominated or appointed to the Corporation. Therefore, I am in favour of leaving that matter as it is rather than to have some kind of a formal expression of a generalised nature in regard to the competence of the people to be appointed. I think all these fears and apprehensions would prove to be unfounded and that when the appointments are actually known, people would be satisfied that every care has been exercised in selecting the people for manning this corporation and ensuring that this enormous task which has been undertaken by the Government is discharged to the satisfaction of every one.

In order to bolster up his argument, the hon. Member referred to the appointment of custodians. That matter is not on a part with the appointment of directors on the board of management. It is hardly worth my while to enter into this question of how many custodians were appointed because they had

only theoretical knowledge and in how many cases, seniority was ignored. But, I am quite certain, I am confident that if all these complaints are investigated, one would find that though there may have been a case or two where opinions may differ, on the whole, those who have been appointed are able to discharge well the responsibilities that have been placed on them.

There is this question of further elaborating the disqualifications of the people to be appointed. Amendment No. 150 says that the people must not be opposed to nationalisation of life insurance, or should not have at any time been responsible for misappropriation or mis-application of funds. These things are so plain that I should say there would be no possible danger of any one in his senses appointing to the corporation people who are sworn enemies of nationalisation or people who have misappropriated or misapplied funds. I somehow think that it should be beneath our dignity to accept any such restriction because the implication is that if the restriction were not there, there is some sort of a fear that people of this kind might somehow find their way to membership of the corporation. That is my reason for opposing this totally needless amendment. There was some reference to the possibility of such people sabotaging the operations of the corporation or discrediting it or not observing the principles in which it was based and so on. Can any one conceive of the Government knowingly and wilfully or whatever the phrase may be, appointing such people to the corporation? If they are ever appointed, it would be entirely in ignorance of their attitude or their antecedents. As soon as it is discovered, there is ample power for the Government to put an end to all these appointments.

Amendment No. 151 is one of the amendments urged by an hon. Member in the Select Committee. We have again consulted the Law Ministry and they advise us that interest would include both direct and indirect interest and therefore it is not necessary to insert this phrase. That is as far as clause 4 is concerned.

Then, I come to clause 19. The first amendment is No. 90. Here again, the Law Ministry keep on advising us that 'may' in legislation is equal to shall—not in common parlance. 'May' in legislation covers shall, but is used in order to allow discretion if necessary,

[Shri C. D. Deshmukh]

that is to say, in very rare emergent cases in which it might become necessary. Therefore, they have advised that it is not necessary to accept this verbal amendment.

Then, I come to amendments 14 and 15. These fall together with the amendment in regard to representation of policyholders on the corporation, because they are more or less consequential. That leaves clause 22. There again, there is this question of may and shall. As the clause now stands, the Corporation may constitute a board for the purpose of advising general managers. While it is our present intention to constitute such boards, there is nothing to be gained by making a rigid provision that it shall be done. It may well happen that in regard to any particular zone, there is some difficulty in constituting one in which case we may take advantage of the present language. Again, the same kind of amendment for the substitution of 'may' by 'shall', under amendment No. 93. Here again we have every intention to constitute these committees referred to in this clause for each zone. But in the light of actual experience we are at the moment somewhat hesitant in making it absolutely compulsory.

2 P.M.

Shri Tulsidas's amendment No. 20 is again concerned with the representation of policyholders but this time by election. What I have said generally in regard to representation of policyholders and particularly the method of election obtains here also. He is not here. He has referred to the experience of some of the bigger companies who carry out the provisions of section 48. Whatever that may be, we feel that they are going concerns whereas the Corporation has to be established afresh and, apart from any merits of the case, there might be a very great deal of delay if we were to tie ourselves up to representation of policyholders by election.

Then on clause 22 there are amendments Nos. 95 to 98 and so on by Shri Sadhan Gupta. He is, I think, thinking too much in terms of a close balance of power between the Corporation and different sorts of employees, and he has relied for that purpose on the experience of the Airlines Corporation. There, there is only one kind of employee and as it happened we have said there that half of them might be representatives of the Corporation and half the employees. But here deliberately we have

refrained from mentioning any figures. We want this to be a more elastic and therefore, we hope, a more workable arrangement, and we are not thinking in terms of balance of power at all. We are thinking in terms of sweet persuasion such as the hon. Member possesses.

Shri Sadhan Gupta : It is obtaining in the Airlines Corporation.

Shri C. D. Deshmukh : We hope when they sit round the table, the representatives of the Corporation and the representatives of the employees, whether they are field workers or whether they are wholetime workers, things would be straightened out.

He has referred in one amendment to the desirability of mentioning specifically the settlement of disputes. That is amendment No. 99. To me, again, this seems unnecessary. After all, if we are to have a committee of this kind, I cannot imagine that committee securing amity and good relations without settling disputes. It seems to me only another way of saying that dispute should be settled, but these are wider terms. Not only disputes should be settled, but they will be settled so as to leave no bitterness behind. Therefore, we think the present language is preferable to the language which has been suggested by the hon. Member.

Shri Sadhan Gupta : The present language remains in spite of the amendment.

Shri Nambiar : He wants to avoid the words "disputes" and "better relations".

Shri C. D. Deshmukh : I do. Yes, that is right. That is more statesmanlike.

Shri Sadhan Gupta : But that is not practical.

Shri C. D. Deshmukh : Then there are amendments 196 and 197. I think they are on the same point, that is to say the necessity of representing policyholders and we heard truisms like that the policyholders are the life-blood of the Corporation. Well, don't we know it well? We know that the whole of the money belongs to the policyholders except Rs. 5 crores or whatever it is. I think it will be about Rs. 5 crores. Somebody asked me a question yesterday: "What is the compensation you are likely to pay?" I think the figure

that we have suggested is more or less equal to the compensation that we shall have to give.

There was some reference made—I come back to this point because I am referring to amendments 196 and 197—to possible rise of organisations of policyholders in the future. That only illustrates the difficulties that are likely to attend any attempt to create new situations. If there were already organisations of policyholders, one might have thought not in elections but for purposes of appointment of representatives of these organisations, but no such organisations have been formed. If and when they are formed, I have no doubt that energetic leaders of such organisations will make their weight felt in the life insurance field, and in that case I should imagine that any appointing authority in the future will be bound to consider the claim of such people. I do not like to mention names, but there is a very energetic or used to be energetic, association of policyholders in Bombay, and one particular expert who was associated with that achieved almost an all-India reputation, with the result that he was one of the members on the expert committee which advised us on the amendment of the Company Law. Therefore, I have no doubt that if such associations come into being and if they are fortunate enough to have leaders who make their influence felt, in the future compositions of the Corporation some of these people will find a place.

I think I have dealt with all the amendments. For all these reasons I regret I am unable to accept any of them.

Mr. Deputy-Speaker : Now I will put amendments to clause 4 to the vote of the House.

The question is :

Page 3—

for lines 26 to 29, substitute :

"4. (1) The Corporation shall consist of such number of persons not exceeding fifteen as the Central Government may think fit to appoint thereto.

(IA) Not less than three of such members shall be representatives of employees of the Corporation

who are either elected for such appointment by such employees by secret ballot and in the prescribed manner or nominated for such appointment by the Trade Union, if any, or by the Federation of Trade Unions, if any, of such employees or a substantial portion of them or by any organisation to which such Trade Union or Federation is affiliated.

(IB) In case of first appointment, the said members shall either be elected for such appointment by secret ballot and in the prescribed manner by employees of insurers whose controlled business shall be transferred and vested in the Corporation or for such appointment be nominated by the All India Insurance Employees Association :

Provided that no employee shall be eligible to participate in the election under this sub-section, if he is not an employee who shall be entitled to become an employee of the Corporation by virtue of the provisions of section 11.

(IC) One of the members shall be appointed by the Central Government to be the Chairman of the Corporation.

(ID) The representatives of the employees shall hold office for the prescribed period which shall not exceed one year but shall be eligible for re-election or renomination ; and the provisions of sub-section (IA) shall apply to such re-election or re-nomination as it applies to an election or nomination."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 3—

for lines 26 to 29, substitute :

"4. (1) The Corporation shall consist of persons not exceeding fifteen in number.

(IA) Not less than one-third of the total number of members of the Corporation at any time shall be nominated by the Government to represent and safeguard the interests of the policyholders of the Corporation and the remaining

members shall be appointed by the Central Government in its discretion.

(1B) The Central Government shall appoint one of the members as the Chairman of the Corporation."

Mr. Deputy-Speaker : The question is:

Page 3, line 28—

after "one of them" insert:

"having adequate administrative and business experience."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 3—

after line 29 add:

"Provided, however, at least three members of the Corporation shall be appointed by the Parliament by election."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 3, line 31—

after "that person" insert:

"is not opposed to nationalisation of life insurance or has not at any time been responsible for any misappropriation or mis-application of the funds of any insurer or has not mis-managed any insurer or."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 3, line 32—

after "or other interest" insert:

"whether direct or indirect."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 3—

after line 29, add:

"Provided that not less than one-third of the members shall be elected by the policyholders in the manner as may be prescribed."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.
Clause 4—was added to the Bill.

Mr. Deputy-Speaker : The question is:

Page 13, line 9—

after "of the Corporation" insert:
"at least one of them being from those elected by the policyholders."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 13, line 16,—

after "of the Corporation" insert:

"at least one of them being from the group representing the policyholders' interests."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 13, line 22—

add at the end:

"and the Corporation shall ensure the proper representation of policyholders' members on such Committees."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 13, line 12—

for "may" substitute "shall"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

"That clause 19 stand part of the Bill"

The motion was adopted.
Clause 19 was added to the Bill.

Mr. Deputy-Speaker : Clause 22.

Shri Barman : Will you kindly permit me to withdraw my amendments 196 and 197?

Mr. Deputy-Speaker : Has the hon. Member the leave of the House to withdraw his amendments?

Hon. Members : Yes.

The amendments were, by leave withdrawn.

Mr. Deputy-Speaker : Then I put the other amendments to clause 22 to the vote of the House.

The question is:

Page 14, line 1—

for "may" substitute "shall"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 2—

omit "to appoint thereto"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 5,—
add at the end—

"Not less than one-third of the persons on the Board at any one time shall be those elected by policyholders in the area within the jurisdiction of the zonal office, in accordance with regulations made by the Corporation in this behalf, and the rest shall be appointed by the Corporation in its discretion."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14—

after line 5, insert:

"(2A) Not less than one-fifth of the number of members of such Board shall either be elected by the employees of the Corporation employed within the territorial limits of the zone by the secret ballot and in the prescribed manner or be nominated by the Trade Union or Federation of Trade Unions of the employees of the Corporation employed within the territorial limits of the zone or of a substantial portion of such employees."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 7—

for "an Employees and" substitute:
"an Employees Relations Committee and an"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 10—

for "employees and agents" substitute:

"employees, or of its agents, as the case may be,"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 11—

for "employees and agents" substitute "employees' or of agents, as the case may be, on such Committees"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, lines 14 and 15—

for "the employees and agents of the Corporation" substitute "employees, or of agents of the Corporation, as the case may be"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 15—

for "and secure" substitute:

"the settlement of any dispute between the employees and the Corporation or between the agents and the Corporation or to secure"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 16—

for "between them and the Corporation" substitute :

"between employees, or agents, as the case may be, on the one hand and the Corporation on the other"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 14, line 5—

add at the end:

"Not less than one-third of the members of the Board shall be appointed to represent the policyholders in the manner as may be prescribed."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

"That clause 22 stand part of the Bill"

The motion was adopted.

Clause 22 was added to the Bill.

Clauses 11 and 12

Mr. Deputy-Speaker : Now we take up the next group, clauses 11 and 12. Time allotted is one hour, not taking into account the minutes that we have lost. Hon. Members who want their amendments to be moved may kindly give the numbers. We should be more brief now as we have to get on to the other clauses.

Shri Sadhan Gupta : Clauses 11 and 12 are extremely important clauses....

Shri B. R. Bhagat : What are the amendments?

Shri Sadhan Gupta :because they deal with the rights of the employees, rather with the safeguarding of the rights of the employees. The employees concerned are the employees of the former insurance companies as well as the employees of chief agents. I have a number of amendments to strengthen and safeguard the rights of both sections of the employees and to introduce another class of employees who deserve to be absorbed in the corporation but who have not been provided for.

My first amendment to clause 11 is amendment No. 156. In clause 11, only pension and gratuity have been mentioned as being specifically safeguarded, and as for the rest, they have been referred to as 'other matters'. This is a very unsatisfactory way of doing it, because it may be open to question as to whether the employees' benefits or safeguards extend to all kinds of matters or to matters which in legal terminology are called *ejusdem generis*.

The wording in clause 11 is:

"shall hold his office therein by the same tenure, as the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension and gratuity and other matters...."

The words 'other matters' raise a controversy. Anyone who is a lawyer knows what is called the doctrine of *ejusdem generis*, that is to say, when other matters are mentioned in a sequence, and then the phrase is added on like 'other matters', it is usually construed as meaning matters of a similar nature, that is to say, of the nature of pension and gratuity. For instance, it may refer to provident fund, but it may not refer to something else.

Therefore, I want specifically to mention some important monetary benefits which will have to be safeguarded, and then leave 'other matters' as it is, so that everything else might be covered. Instead of 'pension and gratuity' I would suggest that the phraseology should be 'pension, gratuity, provident fund, valuation or other bonuses, other monetary benefits, present and future'. That will cover, for instance, increments their grade scales, and so on and so forth. What I want is that these should be specifically guaranteed.

For example, in many companies, the employees are entitled to a certain amount of bonus, in many cases, two or three months' pay in a year. If that is not safeguarded, and they cannot claim it, they will be put to a very great loss.

My next amendment is amendment No. 158. What I seek to do by that amendment is, firstly, to see that all the sinecure posts are liquidated by the corporation as soon as possible. Therefore, what I provide is that if in the opinion of the corporation there is someone who is holding a post, who is not a workman under the Industrial Disputes Act, that is to say who does not belong to the clerical or subordinate staff, and who was appointed to that post on grounds of favouritism, then the corporation should forthwith terminate his appointment. On the other hand, if the corporation is satisfied that he was really appointed for good work, then the corporation need not terminate his appointment.

As regards workmen, that is to say, clerical and subordinate staff, I have tried to provide by my amendment that the services of the workmen will not be prejudicially affected, but their service conditions will be guaranteed.

For that purpose, I have sought to introduce two clauses to the proviso to clause 11 (1). My amendment No. 157 reads:

(i) Page 8, line 40, after 'Provided that' insert '(a)'.

(ii) Page 9, after line 1 add:

"(b) in the case of an employee who is not a workman under the Industrial Disputes Act, 1947 (14 of 1947), if the Corporation is satisfied that he was appointed to any post which he was holding on the appointed day on grounds of favouritism, his services shall be forthwith terminated; and

(c) nothing contained in this section shall be deemed to authorise any alteration of the remuneration or of any terms or conditions of service to the prejudice of any employee, if such employee is a workman under the Industrial Disputes Act, 1947."

My next amendment, namely amendment No. 158 says that clause 11 (2) will be subject to clause (c) of the proviso to sub-clause (1).

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah) : Amendment No. 158 is consequential to amendment No. 157.

Shri Sadhan Gupta : Amendment No. 157 is the main thing, and amendment No. 158 is only consequential.

The scheme I suggest is that the corporation may reduce the pay for rationalising pay-scales. It is very necessary, because there have been many officers appointed in insurance companies who do not deserve their pay, but who have been getting an excessive pay. But as regards clerks and other subordinate staff, this is never likely to happen. So in their case, the pay should not be reduced. That is the whole scheme proposed for safeguarding the interests of the employees.

The next thing which I would suggest to safeguard the interests of the employees is regarding the compensation to be paid to them on termination of their services. For shareholders, we are capitalising their earnings at the rate of twenty times. But in the case of the employees, we are paying only three months' remuneration. That is preposterous. That is a monstrous injustice, I should say. An employee may have been serving for years, and now if the terms were altered very much to his disadvantage, he has to go and he may not find a suitable employment; and yet he is paid only three months' remuneration. What I suggest is that either it should be, as we would have liked six months' remuneration plus one months' gratuity—that is amendment No. 163—or if the Government are not agreeable, the second alternative I have suggested is six months' pay or one month's basic pay for each year, whichever is greater where the employee is not entitled to any gratuity, but where the employee is entitled to any gratuity or other retirement benefit three month's remuneration plus the aggregate of the retirement benefit or six months' remuneration or one month's pay for every year of service, whichever is greater. There are two alternative schemes suggested. I would prefer the first, but if the Government will not accept it, I would rather recommend the second.

Then there is another amendment by which I try to remove the bar on employees getting relief except on technical grounds. I can understand that when

the employee's services have been transferred to the Corporation the employee may very well put up the case and say, 'Because of the transfer of my services, my appointment under the old insurer has terminated; so I should be given all the gratuity and all the provident that is due to me, and I will start my service anew under this Act'. That he should not be able to do is very clear. Therefore, that ground should be shut out. But if you carry it further and say that he will not be able to get relief on any other grounds, that is very greatly unfair to the employee, and that should not be there. Therefore, I have proposed amendment No. 166.

Shri M. C. Shah : What about amendment No. 165?

Shri Sadhan Gupta : That is another matter. I will take it up later. It is an amendment to remove a lacuna; it may be that Government may even be able to accept it.

Regarding amendment No. 166, what I have suggested is that after the words "under the Act", there should be inserted the words "on the ground of such transfer or on the ground of the termination of his employment under the insurer". That is to say, if he says, "I must get compensation because my services are transferred", or if he says, "I must get compensation because my services under my former employer are terminated", he should not be allowed to get it. But in other respects, he should not be shut out from obtaining relief under the Industrial Disputes Act or any other law, if he is so entitled.

Then I have suggested amendment No. 164 by which I propose that all disputes between the Corporation and employees regarding, say, whether an employee is a whole-time servant or not and so forth, should be decided by a Tribunal, not by the Central Government. This is because it is very clear that if there is a dispute, then a judicial body should decide it; that judicial body would have the confidence of both the employees and the Central Government. Otherwise, one of the parties is sure to regret it, and in this case, the employee will not readily accept the decision of the Central Government when it goes against him.

I quite understand that there are registers, perhaps, of whole-time employees in insurance companies and,

[Shri Sadhan Gupta]

therefore, no difficulties may arise. But there may be some difficulties in some cases. In any case, if there are registers, the Tribunal will be able to decide it all the more speedily and all the more well. Therefore, I suggest that cases like this should be decided by a Tribunal.

Then I have an amendment, No. 167 which is very important. We have under clause 12 provided that the Chief Agent's employee should be absorbed, because the Chief Agent was rendering service to the insurers. But in the same manner, private actuaries were rendering service to insurers and they were maintaining staff. They were employed in connection with the valuation of small insurance companies, because small insurance companies could not employ their own actuaries. They were performing the same kind of function which actuaries were performing in big insurance companies—the staff appointed by that company to assist the actuaries were performing for the purpose of that company. There is no sense in not absorbing the staff of private actuaries. This staff will go out of employment as a result of the establishment of the Corporation, because there will be no more any field for employment of private actuaries. Therefore, I suggest by amendment No. 167 to add sub-section (5) to section 11 on these lines :

"The provisions of this section shall apply to every employee of an actuary who is a workman under the Industrial Disputes Act, 1947, if such employee was in the employment of such actuary on the 19th day of January, 1956, as if such employee was employed wholly or mainly in connection with the controlled business of the insurer and as if all references to the appointed day were, except as specified in the proviso to this sub-section, references to the 19th day of January, 1956 :

Provided that reference to the appointed day as the day on and from which an employee is to become an employee of the Corporation shall not be construed as reference to the 19th day of January, 1956."

These employees all over India, I understand, would not number more than 100 and the Corporation can easily absorb them.

Then the last amendment under clause 11 is one which, as I said, Gov-

ernment might even accept. It is very necessary that that amendment should be made because otherwise the section leaves a lacuna. Sub-section (4) of section 11 proceeds like this :

"Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any employee of an insurer to the Corporation shall not entitle any such employee to any compensation under that Act, and no such claim shall be entertained by any court, tribunal or other authority."

That is to say, whether there is anything contained in the Industrial Disputes Act or any other law, compensation cannot be claimed under that Act, that is to say, under the Industrial Disputes Act. If any compensation would be available under any other law, that would remain still open to an employee. I would suggest that no distinction should be created in regard to employees governed by the Industrial Disputes Act alone, namely, clerks and subordinate staff. If you want to shut out claims, you must shut out the claim of all kinds of employees on technical grounds. Therefore, by amendment No. 165, I have suggested that after the words 'under that Act', the words 'or any other law as the case may be' should be inserted. I think that amendment is essential to be made so that the section may be perfect.

Regarding clause 12, a very unfair restriction has been put by the proviso, that in order to enable a Chief Agent's employee to be absorbed, the Chief Agent must render the prescribed services to policy-holders. Now, it is but fair that any one who was rendering any service in connection with insurance business should be absorbed as an employee of the Corporation. I can even understand that the person concerned would render service to the policy-holders. But why 'prescribe service' to the policy-holders ? If the Chief Agent rendered any service to the policy-holders, he would be rendering a service in connection with insurance business to the policy-holders. He would be performing the function which the branch or the head office of any insurance company would be performing. Therefore, any service to the policy-holder should be sufficient to entitle the employee of the

chief agent to be absorbed in the Corporation. That is why I have suggested amendment No. 74.

Amendment No. 75 concerns a very vital matter. It is provided by clause 12, that the chief agent's employee, in order to be absorbed, must be in the employment of the chief agent on the appointed day, that is to say, when the Corporation is established. That would be unfair because I know of cases of quite a number of chief agents who had effected retrenchment of their employees after the 19th January, 1956 on the understanding that the chief agency would no longer continue and that they had no necessity of maintaining these employees. It is very necessary that these employees should not suffer because of nationalisation.

The Minister has referred to certain amendments that I had moved in the Select Committee. I had moved this amendment also in the Select Committee and the Finance Minister—I definitely remember—said at that time that this amendment could be accepted because, after the 19th day of January, the chief agents would be practically under the control of the Government and therefore, no sharp practice could be anticipated. But, somehow, that amendment had missed the records of the Select Committee and so that amendment was not incorporated. Under these circumstances, I would suggest to the Finance Minister to incorporate this amendment in order that employees who were retrenched before the 19th day of January, may be taken in for absorption by the Corporation. Therefore, I have suggested amendment No. 75, which reads like this :

Explanation.—If an employee of a chief agent who was in the employment of such chief agent for a continuous period on the 19th day of January, 1956 and was subsequently retrenched, such employee shall be deemed to be in the continuous service of such chief agent till immediately before the appointed day, whether such employee was or was not reinstated or re-employed by such chief agents.”

That would make matters simple. If by disregarding the break of service which occurred after the 19th day of January, three years' qualification was fulfilled, then, he would be taken in. After disregarding this break of service, the three years' qualification is

not fulfilled, he would not be taken in. That is the position I want. And, I would request the Finance Minister to accept this amendment at least, which, if he remembers, he had really agreed to in the Select Committee.

Mr. Deputy-Speaker : The following are the amendments to clause 11 and 12 which have been indicated by Members to be moved :

Clause 11

156, 157, 158, 166, 164, 167, 165, 163, 159, 160, 161, and 55.

Clause 12

189, 190, 9, 74, 75, 168 and 169.

Clause 11

Shri Sadhan Gupta : Sir, I beg to move :

(i) Page 8, line 35—
for “*and gratuity*” substitute—
“gratuity, provident fund, valuation
or other bonuses, other monetary
benefits, present and future”

(ii) (1) Page 8 line 40—
after “provided that” insert “(a)”.

(2) Page 9—
after line 1, add :

“(b) in the case of an employee
who is not a workman under the
Industrial Disputes Act, 1947 (14
of 1947), if the Corporation is satis-
fied that he was appointed to any
post which he was holding on the
appointed day on grounds of favouritism,
his services shall be forth-
with terminated ; and

“(c) nothing contained in this
section shall be deemed to autho-
rise any alteration of the remuner-
ation or of any terms or conditions
of service to the prejudice of any
employee, if such employee is a
workman under the Industrial
Disputes Act, 1947.”

(iii) Page 9, line 3—
after “contract of service” insert :

“but subject to clause (c) of the
proviso to sub-section (1)”

(iv) Page 9, line 29—
after “under the Act” insert :

“on the ground of such transfer
or on the ground of the termina-
tion of his employment under the
insurer”

[**Shri Sadhan Gupta**]
 (v) Page 9, line 23—
 for "the Central Government"
 substitute "a Tribunal"

(vi) Page 9—
 after line 30, add:

"(5) The provisions of this section shall apply to every employee of an actuary who is a workman under the Industrial Disputes Act, 1947, if such employee was in the employment of such actuary on the 19th day of January, 1956, as if such employee was employed wholly or mainly in connection with the controlled business of the insurer and as if all references to the appointed day except as specified in the proviso to this sub-section, references to the 19th day of January, 1956 :

Provided that reference to the appointed day as the day on and from which an employee is to become an employee of the Corporation shall not be construed as reference to the 19th day of January, 1956."

(vii) Page 9, line 29—
 after "under that Act" insert:

"or any other law as the case may be"

(viii) Page 9—
 after line 18, insert:

"(2A) If the employee whose employment is terminated under sub-section (2) is a workman under the Industrial Disputes Act, 1947, then, notwithstanding anything contained in that sub-section, the compensation to be given to him shall be equivalent to six months' remuneration in addition to gratuity at the rate of one month's basic wages as last drawn for every year of service or part thereof, exceeding six months, that has been rendered by him.

Explanation.—Nothing in this sub-section shall affect the right of any such employee to any benefit other than gratuity to which he would have been entitled if he had retired on the appointed day and upon termination of his employment by the Corporation under sub-section (2), he shall be entitled

to receive every such benefit as if he had retired on the date of termination of his employment."

Shri Radha Raman : I beg to move :

(i) Page 9, line 14—
 add at the end—"along with 15 days basic salary for every complete year of service rendered by him to the insurer by whom he was employed."

(ii) Page 9—
 after line 14 add :

"If, however, the employee is entitled to any gratuity from the insurer under his term of service in excess of what has been provided above, he will also be entitled to such excess payment."

(iii) Page 9, line 17—
 omit "gratuity".

Shri C. R. Iyyunni (Trichur) : I beg to move :

Page 9, line 12—
 for "equivalent to three months' remuneration" substitute—

"equal to an amount calculated at the rate of one month's pay for one year each of whole-time service or fraction thereof."

Clause 12

Shri Barman : I beg to move :

(i) Page 9, line 40—
 for "three years" substitute "one year".

(ii) Page 10—
 after line 8, add:
 "Provided further that sub-clause (b) shall not apply in a case where an employee voluntarily agrees to a reduction of his salary to five hundred rupees per mensem."
Shri Keshavaiengar (Bangalore North):

I beg to move :

Page 10—
 omit lines 5 to 8.

Shri Sadhan Gupta : I beg to move :
 (i) Page 10, line 7—
 for "the prescribed services" substitute "any service"

(ii) Page 10 after line 8, add:

"Explanation.—If an employee of a chief agent who was in the employment of such chief agent for a continuous period on the 19th day of January, 1956 and was subsequently retrenched, such employee shall be deemed to be in the continuous service of such chief agent till immediately before the appointed day, whether such employee was or was not reinstated or re-employed by such chief agent."

Shri Radha Raman : I beg to move :

(i) Page 9—

omit lines 37 and 38.

(ii) Page 9—

for lines 39 to 41, substitute:

"(c) who was in the wholetime employment of the Chief Agent on the 19th of January, 1956 and has been continuing as such till the appointed day."

Mr. Deputy-Speaker : All these amendments are before the House.

Shri Keshavaiengar : Sir, I have my amendment, No. 9 in List No. 1. That relates to the discriminatory treatment afforded to the unfortunate employees of the chief agents and the chief agents themselves. I am really surprised to find how our beloved Finance Minister who has a reputation for correct and precise statement of facts; came to state before this House that the very chief agents who appeared before the Select Committee did not seriously urge their own continuance. A perusal of the proceedings of the Select Committee would make it very clear that the person who appeared before the Select Committee definitely had said, in answer to a question whether the chief agency has got to be continued or not, that—

"We suggest that even for purposes of comparison roughly one zone may be earmarked for the chief agents so that ultimately Government and Parliament could see the comparative output of work under the two systems in the next five years."

He wanted the chief agency system to be maintained. Member after Member have put definite questions to the persons who appeared before the Select

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Committee and they have deliberately and persistently maintained that this chief agency system has got to be maintained. "I must say that a certain amount of reorganisation will have to be done. The whole question may have to be gone into, but certainly we have already suggested that the Chief Agency system should be allowed to continue." I am really at a loss to know how this incorrect statement has come to be made. It is unfortunate. But, my respectful submission to this House is that if only we can take this opportunity to show our bona fides it would take away all prejudice. We contend so many times that the private sector has got to be integrated in every way. All the difference between chief agency system and the branch agency is just the difference between the private sector and the public sector. If facts have any value and figures can speak volumes, I would even go to the length of saying that a committee may be appointed to reorganise this matter and find out which of the chief agencies that can be successfully and conveniently absorbed and continued in the service of the Corporation.

Shri M. C. Shah : No question of service in the Corporation. The chief agents have asked for certain areas and they get some commission. You are speaking about service.

Shri Keshavaiengar : I speak about the continuation of the chief agencies in the new set-up of the Corporation.

Shri M. C. Shah : Perhaps, you are not reading it carefully. They have said that some of them would like to be absorbed in service if they can be useful.

Shri Keshavaiengar : Anyway, I am not one of those who feel that, in the enormous and responsible task that we have before us in the Corporation, we should throw away the experience of the chief agencies who have been working in the field. There would only be about 250 in number. Such of them as are capable and are doing good work and give satisfaction may have the option to continue and some machinery may be evolved even in the present set-up of the Corporation. From statistics you will find that the expense ratio of chief agencies is much lower than the expense ratio of the private agencies and wherever pioneering work has to be done, it is in those matters that areas have been allotted to the chief agents, and after that work is done, the private agencies take up the work and the chief

[Shri Keshavaengar]

agents are allowed to take up other areas. But, in this Bill, we have practically wiped out the entire class of chief agents. Even in doing so, I think, we could have done with better grace. I find that so far as the compensation afforded to chief agents is concerned, there is a sort of discriminatory treatment meted out to them. We have respected the financial commitments of all the other contracts connected with insurance companies, but not the contracts so far as these chief agents are concerned. The main income of the chief agents consists of the over-riding commission they get on fresh policies for the first year. That has been completely lost sight of and the compensation we have offered to them is on the renewals. I feel that it is just like the provision for pension and provident fund given to the other employees. They have been given 75 per cent. of the 10 years' quantum of renewal commission only and, even there, I find that we have not been fair to them and we have not respected the contracts entered into by the companies.

So far as the employees of the chief agents are concerned, we are penalising them for no fault of theirs. I quite agree with the remarks made by Shri Sadhan Gupta regarding his amendment No. 74 in respect of the proviso in clause 12. I do not know how, by any stretch of imagination, we can think that they should be treated in this way. It is not mentioned what the 'prescribed services' are. The rules are yet to come and when such is the case, every one of them can be accommodated under this and they need not be employed in the Corporation service at all.

Under these circumstances, I appeal to the Finance Minister to see if this could be omitted. In fact, the amendment that is sought to be moved by Shri Sadhan Gupta virtually amounts to the omission of this clause. He says, the word 'prescribed' may be omitted, and the remaining proviso may be retained. If that is retained, I have no objection, but if it is not, then my amendment is that the entire proviso has got to be omitted.

The other matter on which I want to say a few words is sub-clause (c) of clause 12. That sub-clause hits very hard a small category of employees, and I am told they are only a very small number, 150, out of about 50,000 employees. When such is the case, I do not see why we should bring about

untold hardships on these employees. I shall be very much satisfied if some provision is made for some relief to be afforded to these employees also. It is no fault of theirs that there have been formerly in the service of the Chief Agents, and merely because they have not been with the Chief Agents for a specified number of years, they should not be refused to be enlisted.

With these few words I crave the indulgence of the hon. Members of the House to support my amendment.

Shri Barman : My amendments are Nos. 189 and 190 in respect of clause 12.

Sub-clause (c) of clause 12 says "who was in the employment of the chief agent for a continuous period of not less than three years immediately before the appointed day." No reason is given or rather it is not explicit why this three years' limit has been fixed here. The other day the hon. Finance Minister stated in this connection that it is not easy enough to check whether a particular person employed by the chief agent is really a whole-time employee or not and so, the prescribed criterion has been laid down. If it be so then it is an arbitrary criterion. The position now is that just because the unfortunate employee has not completed three years, he is going to be thrown out of employment. Even if the hon. Finance Minister has considered this matter, I beg to submit that this limitation of three years may be reduced to one year, that is, that those employees of the chief agents who have rendered one year's service may be retained. Shri Keshavaengar has just now said that according to his calculation the number of such employees is very small, and if the period be reduced further from three years to one year, the number will be still less. With the expanding business of the Corporation and with its perfect economic health at present, we may very well afford or rather the Corporation may very well afford to provide a few more employees instead of putting them to hardships.

Regarding the next amendment of mine, that is, No. 190, I wish to submit this. It has been stated here in clause 12 that those employees, whose salaries on the appointed day did not exceed Rs. 500 shall be retained, which means that those employees whose salaries exceeded Rs. 500 per month will be thrown out of employment. My amendment says that if such an employee,

of his own voluntary accord, accepts a salary of Rs. 500, then he may be given that option and be kept in service. It may be that more than Rs. 500 a month is an excessive sum according to the financial undertaking of the Corporation. After all, a man is given a high salary only when he has rendered a number of years of service, efficient service or he is highly qualified, and deserves it. If financial consideration is the only consideration of the Corporation, then such an employee may be given the option to accept a lower sum, that is, Rs. 500 per mensem.

Shri Radha Raman : I have three or four amendments, Nos. 159, 160....

Mr. Deputy-Speaker : I had asked hon. Members to give in their list at the Table. The hon. Member has not given these numbers.

Shri Radha Raman : I gave it according to the clauses, that is, clause to clause. I did not know that you wanted all of them to be given all at once.

Mr. Deputy-Speaker : When we took up this group of clauses I requested hon. Members to notify what amendments they wanted me to deem as if they had been moved. Anyhow, the hon. Member might now begin his speech as well as give the indication of the amendments that he wishes to move.

Shri Radha Raman : Nos. 159, 160 and 161 to clause 11; No. 161 is only a consequential amendment. No. 169 to clause 12.

I welcome the proposal contained in sub-clause (2) of clause 11 with regard to the rationalisation of services. I think it is very necessary that if we want that the services should be standardised there should be some rationalisation for that purpose. So, the Central Government should have the power to examine the question of all employees, and where it is found that the services of certain employees are not required for the benefit of the Corporation, it should have the right to terminate their services. In such cases, there should be some compensation allowed to the employees. The provision made in sub-clause (2) of clause 11 is that any employee whose services are terminated or who is not accepting the terms which the Corporation offers him should get by way of compensation only three months' remuneration. I do not understand this. A person may be serving an insurance company for a long time or even for a

short time, and he has practical experience of working in an insurance company. If some terms offered to him by the Corporation are not acceptable to him, why should he be asked to accept only three months' remuneration as compensation? In my opinion, in order to give him adequate compensation, at least the same procedure should be adopted as is allowed to an employee in the Industrial Disputes Act. That is why in amendment No. 159, I have suggested the addition of the following words at the end of line 14 on page 9:

"along with 15 days' basic salary for every complete year of service rendered by him to the insurer by whom he was employed."

I hope this amendment will be accepted, because it is just possible that there may be quite a large number of employees who are not allowed to continue their services in the new set-up. Or, there may be others who think that the previous conditions attached to their service were such as would not be applicable to them and that in the new set-up they may have a feeling that it will not be possible or worthwhile for them to continue. For instance, take an employee who has served an insurance company for ten years. After having served for ten years, if his services are no longer found to be required by the Corporation or if the new conditions attached to the service under the scheme of rationalisation do not appeal to him, according to this clause of the bill he will be given three months' salary as compensation. This is not fair or just. He has spent the best part of his life, in this work and for no fault of his he is forced to quit. His experience cannot be utilised to the same extent in any other profession. You cannot expect him to acquire the same sort of efficiency in other professions, which he would have acquired had he taken up that profession ten years earlier. He cannot go to another company also because this profession is a monopoly of the Government and therefore the Corporation alone could provide him a suitable job. My amendment therefore says that he should be paid his compensation on the basis of fifteen days' basic salary for every complete year of service rendered by him to the insurer by whom he was employed. I hope this amendment would be acceptable to the Government.

Mr. Deputy-Speaker : I will request the hon. Members to be very brief. Otherwise, we may exceed the time-limit.

Shri Radha Raman : Now, I come to my amendment No 160. An employee's service with an insurer may have brought him certain advantages. That is why, I have provided that, if the employee is entitled to any gratuity from the insurer, under his term of service, in excess of what has been provided in clause 11, he will also be entitled to such excess payment. If these amendments are accepted, then the consequential amendment to omit the word 'gratuity' in amendment number 161 is necessary. Therefore, I have moved these three amendments to clause 11 in order to make the scheme more practical, fair and just to the employee.

Shri Barman and Shri Keshavaiengar have already spoken on clause 12 regarding the conditions which form part of the transfer of the chief agents. My amendment No 168 says that sub-section (b) of clause 12 may be omitted. Clause 12 (b) says :

"whose salary on the appointed day did not exceed five hundred rupees per mensem".

According to the provision of the bill if a person was in the employment of the chief agent and was drawing more than Rs. 500, he was to be deprived of the benefit of continuity. I request the Finance Minister to do something in this case ; this is hard and unjust to such employees.

With regard to clause L2 (c) I want my following amendment to be accepted. It reads :

"who was in the whole-time employment of the chief agent on the 19th of January 1956 and has been continuing as such till the appointed day."

This clause relates to a person who had been in the employment of chief agents for not less than three years, continuously immediately before the appointed day. It creates hardship to employees who have been working hard for two or two and a half years before the actual nationalisation came in. By my amendment, I try to rectify this so that such of the employees who were in service on the 19th January and have continued should also be absorbed. These are the few points with regard to my amendments which I wanted to place before you Sir, and I hope the Hon'ble Finance Minister will take them into consideration and accept my amendments.

Shrimati Sushama Sen (Bhagalpur South) : Sir, I support what the last speaker said about the chief agents. In fact, in the Select Committee, I put in some amendments and some of them were accepted but I cannot say that full justice has been done. There are about 100 or 115 chief agents. They have got experience in this line for ten or fifteen years. It would be very useful to absorb them in the Corporation. It is unfair to terminate their services as was just now pointed out. Some of the amendments moved to clauses 11 and 12 are very useful and I hope the Finance Minister will accept them.

The last amendment moved by Shri Radha Raman, No. 169, is very useful and there is also the amendment of Shri Sadhan Gupta, No. 75. Amendment No. 75 reads as follows :

"If an employee of a chief agent who was in the employment of such chief agent for a continuous period on the 19th day of January 1956 and was subsequently retrenched, such employee shall be deemed to be in the continuous service of such chief agent till immediately before the appointed day, whether such employee was or was not reinstated or re-employed by such chief agent."

I think Shri Chatterjee pointed out certain facts about the special agents. Some of them brought in business worth Rs. 25 lakhs and more and they are going to get only about Rs. 370 or Rs. 350 a month. It seems to be very unfair. I would request the Finance Minister to reconsider the decision on the chief agents and absorb as many of them as possible and also to take in the special agents. They would be very useful. We have to create confidence among the public. Retrenching these people at the very beginning would have a very undesirable effect.

3 P.M.

Shri Nambiar : Mr. Deputy-Speaker, I want to say a few words in support of the amendments moved by Shri Sadhan Gupta. I want to focus attention on two main points.

Mr. Deputy-Speaker : Shri Sadhan Gupta's amendments do not require any support.

Shri Nambiar : But they require clarification on certain points. In sub-clause (2) of clause 11, there is an indication

that there is a chance of reduction of the scales of pay of the employees, if it is so required. Here I have my own fear whether the Government would try to reduce the standard of the scales of pay as it exists today. In the memorandum submitted by the Association to the Select Committee they have compared the scales of pay of the Reserve Bank of India and have said that that standard may be accepted. If that is so, there will not be any necessity to reduce the existing scales of pay; on the other hand there will be necessity to increase the scales of pay of many employees in various companies.

Another point which I want to bring to the notice of the House is that, there is retrenchment going on in various companies. I have got facts and figures from several companies. I have got information from Vishwabharathi of Bombay, Jubilee Insurance Company of Bombay, Dilip General Insurance Company of Bombay and All India General Insurance Company. In these companies men are being ordered to be retrenched on the ground that these companies cannot keep them in service when the life insurance business has been taken over by the Government. In such cases, we have got an assurance from the hon. Minister in the Select Committee that everything possible will be done and that the men will be retained. I want to know from the hon. Minister whether his promise still holds good and, if so, whether he would take steps to see that these men are absorbed.

I have also received a telegram from Madras stating that 50 employees are affected by this nationalisation and they are being retrenched. I think employees of the Vanguard Midland Company and Universal General Insurance Company of Madras might have been retrenched. I would request the hon. Minister to see that such things do not happen and he must see that the promise which he gave in the Select Committee is respected. I would also request him to make another assurance to us on the floor of this House to the effect that he will see that such things do not happen.

Shri C. R. Iyyunni : Sir, I have put in an amendment No. 55 to clause 11. It is quite likely that rationalisation of pay-scales will be going on under this clause and that is also necessary. But if the pay of the employees who are working in the controlled business is to

be reduced, or if their conditions of service are to be changed, then certainly they have a voice to say whether they accept to work under the new conditions or not. Sometimes it may so happen that an employee may not think it desirable to continue in service because the terms offered to him may not be acceptable to him. In such cases, when the services of employees are to be terminated under this clause, what I say is that the compensation that will be paid to them should depend upon the number of years they have served with the institution. That would be a fair thing to do. Suppose a man has served the institution for ten years, then he must get ten months' salary as compensation; or if he has only put in 9½ years' service he must get only 9½ months' salary as compensation. That will be an equitable manner of giving compensation to an employee for the service he has put in.

My suggestion is this. I have stated in my amendment that compensation equal to an amount calculated at the rate of one month's pay for one year each of whole-time service or fraction thereof should be given. What is stated in this clause is only three months' remuneration. A person who has been in the employ of the company for ten or fifteen years, if he is to be sent away because the terms upon which he is required to serve that company in future are not attractive to him, it is but proper that he should be given sufficient compensation for his service. It is only fair and just that he should be given compensation. It is because of that, I say that the compensation should be fixed in proportion to the number of years that he has served that company.

Shri M. C. Shah : Sir, I have heard the arguments of hon. Members in regard to the amendments moved to clauses 11 and 12. I will take up clause 12 first. There has been a good deal of argument pleading for the employees of the chief agents. As a matter of fact, if the hon. Members look to the original Bill, there was no such provision. But later on they got representations from the associations of the employers of the chief agents. They considered that matter and brought an amendment before the Select Committee. Then the question was that the question of nationalisation was in the air for the last year and a half and there was the possibility of certain people being falsely put on the pay-rolls of the chief agents. Really speaking, we have no means of

[Shri M. C. Shah]

checking as to whether a certain person has been kept genuinely, or because of his relationship with the chief agent, or because nationalisation was coming and therefore some people were kept so that they may get some chance. Therefore, we had to just provide for some dividing line as to how far we should go.

We considered this question very very carefully and very sympathetically. Really speaking, the Government proposed this amendment in the Select Committee. The original proposal was Rs. 300 as salary. Then we thought that the figure was very low and on the suggestion of the members on the Select Committee we agreed to Rs. 500. Ordinarily, chief agents may not have employees getting more than Rs. 500.

My friend Shri Keshaviengar first pleaded for the chief agents. He just wanted to convey the impression that the chief agents were rather keen to continue as chief agents on the old terms and conditions of the Insurance Act. Really speaking, the chief agents met us in deputation in Bombay. They themselves expressed that there will be no room for chief agents when the nationalisation was coming forward. As a matter of fact, after 1950 the trend of insurers was to abolish the chief agency and to have branch agencies. That has been admitted by those people who appeared before the Select Committee.

A query was made as to whether in the case of a chief agent who may be prepared to join the services of the Corporation, it will not be possible for the Corporation to have the services of that chief agent. The reply was: certainly, if his services are useful for the Corporation, If his services are useful for the Corporation, certainly he can be taken up in some higher managerial post as sub-divisional manager, divisional manager or some such thing. That was the position. Chief agents had certain areas allocated to them and they had to get work from those areas for which they will get an over-riding commission. They have got their own agents and practically speaking, they are the middle-men just getting business from the agents or special agents and then getting a certain commission. Therefore, that system has no place in the nationalised business of the insurance which the Government wanted to have. So the chief agents have no place and the special agents also have no place.

There may be, perhaps, agents. They are today three lakhs or more; it may even be five or six lakhs.

The question of employees of chief agents came at a later stage and we said that wherever there is a genuine case we must look into the matter very sympathetically. This clause 12 was, therefore, put in the Bill.

Now, there is a strong feeling among the Members of the House that instead of three years, the period ought to be reduced to one year. There is amendment No. 189 to clause 12, by Shri Barman, saying that the period should be one year, instead of three years. I readily accept that suggestion of the hon. Member and accept that amendment.

Then there is the amendment of Shri Bhupesh Gupta—

Some Hon. Members : Shri Sadhan Gupta.

Shri M. C. Shah : I apologise. Shri Bhupesh Gupta is his counterpart in the other House. There is amendment No. 75 by Shri Sadhan Gupta. I will accept it in the following form :

“Explanation.—In the case of the whole-time salaried employee of a chief agent who has been retrenched by the chief agent on or after the 19th day of January, 1956, the provisions of this section will apply as if for the words, “the appointed day”, the words and figures “the 19th day of January, 1956” had been substituted.”

If he is prepared to accept this amended form, it would be all right. We have just got it drafted by the Law Ministry. I think there is equity and fairness in this amendment. Certain chief agents may have retrenched their employees on the 19th day of January, 1956, or thereafter, but they must be given a chance to be taken.

Further, I will assure the House that it is not the intention of the Government not to take in the services of those who had less than a year of service. We want to have in the statute certain restrictions placed, so that spurious cases—not genuine ones—can be weeded out, because we have no means of checking whether a certain number of employees were with those chief agents for a certain period in this very business. So, I can assure the House that our intention is to work this section very,

very sympathetically. So far as the employees are concerned, the Government are one with all the Members of the House that the case of the employees must be treated very, very sympathetically, and as far as possible, there should be no hardship inflicted on anybody who was serving in any capacity with regard to the insurance business. I feel that the Members who have spoken will be very, very happy to see that I have accepted two very important amendments.

At the same time, I must correct my friend Shri Keshavaiengar. He must have been informed that there are only 150 employees of the chief agents. There are about 248 chief agents. There are very big chief agents who have been putting in business to the extent of lakhs and lakhs of rupees every year, and if I remember aright, the renewal commission comes to about Rs. 3 crores. So, one can imagine what volume of business they have put.

Shri Keshavaiengar : Efficiency.

Shri M. C. Shah : There was the motive of profit. It is not because of efficiency but they wanted to have more. But they have no place in the new set-up. We cannot allow middlemen to work in this corporation and we will not allow them to take away the monies that are really speaking due to the corporation. We will have branch offices now, and some very good insurance companies have begun to have branch offices after 1950. There is no place for the chief agency system or special agency system. If there are intelligent people, they will have place in the corporation. There will be five zones and there will be divisions and sub-divisions, and they can be absorbed if they are prepared to serve on a reasonable pay. They will be absorbed on merits—their claims on merits will not be ignored—if they are prepared to serve on a reasonable pay, and serve the corporation. That is what we have said originally and that is what we have said at the Select Committee stage. By one year's contract, the special agents get 15 per cent commission for bringing business. We want to encourage commission agents who still get five per cent commission. We want three lakhs men, even six lakhs or 10 lakhs as time goes on. We want all our educated unemployed to go to each and every home, to the farthest corner of the country, and make the people in-

surance-minded. As the Finance Minister said yesterday, instead of 50 lakhs of policyholders, we will be having 50 million policy-holders sometime in the near future. Therefore, there is enough scope for all the educated unemployed to take up this work to go to the villages, to the farthest corners of the country and make every person—there are 36 crores in this country—insurance minded. They should not confine their activities to the cities alone. That is the aim and objective of taking up this business and forming a corporation.

About clause 11, there is some misapprehension in the minds of some hon. Members, who always champion the cause of labour. I am also equally for labour. It will be seen that we have inserted that clause in consultation with those who are actively engaged in the labour field. My friend Shri Sadhan Gupta had moved an amendment to that clause too. If you read that clause you will find that we want to do away with the sinecure jobs. Everybody in this House must be knowing it fully well that there are sinecures holding sinecure posts in every insurance company—some relative here, some relative there,—getting fat salaries, and who are made responsible sometimes for the management. We want to do away with them.

Another reason is that there are certain people who have been paid by private managements very high salaries, which are highly disproportionate to the responsibilities and duties that they have to perform. So, we have said that we will have to rationalise the terms and conditions of service and we will see whether such sinecure posts are necessary and whether the pay given for them is appropriate, considering the volume of business that was being done and the responsibilities and duties that they had to discharge. At the same time, we want to bring down the salaries of those who have been getting fat salaries, quite disproportionate to their duties. In such cases, we have said that if they are not prepared to accept the conditions and the terms of service that would be regarded as correct and appropriate for the conditions that exist, and if they want to leave, we will give them three months' salaries and so on and so forth. It will not apply to the ordinary employees of the insurance companies. We stand by our assurance that all ordinary employees of the companies will be treated very fairly and sympa-

[**Shri M. C. Shah**]

thetically. We do not propose to retrench a single employee of the insurance companies and if any instance is brought to us, we will enquire into it immediately. Indeed we have been enquiring into such cases. As I said yesterday, there may be cases where there are field workers who are given salaries in lieu of some commission. They have to bring in a certain volume of business for earning commission, and if there are terms and conditions regarding the appointment—contracts, etc.—and if those terms have not been fulfilled, certainly we will have to take action. But they are not regular employees. We have given assurance to the regular employees, to the entire regular staff of all the insurance companies, and we stand by that assurance. Therefore, I feel that all the amendments that have been moved are not necessary.

Mr. Deputy-Speaker : What about amendment No. 165 ?

Shri M. C. Shah : I accept that amendment of Shri Sadhan Gupta in a modified form which will read thus :

It will read "or other law". There also we have consulted the Law Ministry. I find that Shri Sadhan Gupta is supported by Shri Nambiar ; I accept that amendment in the form I have indicated.

I hope the other amendments will not be pressed after what I have said in explanation of the position of the Government with regard to the policy to be pursued by the Corporation.

Shri Barman : I would like to have a clarification.

Mr. Deputy-Speaker : We have already lost 10 minutes.

Shri Barman : I want only one point. The hon. Minister has not said anything about my amendment No. 190 which says that if persons getting more than Rs. 500 volunteer to accept a sum of Rs. 500, they may be permitted to do so, and section 12 (b) will not apply in such cases.

Shri M. C. Shah : If they are prepared to accept Rs. 500 or less, that means they were getting disproportionate salaries before. That rather substantiates my argument that in certain cases salaries given were not at all proportionate to the duties and responsibilities. I can assure my friend Mr. Barman that these people also will not get the same terms

and conditions. If they have done very good work, certainly applications will be considered on merits. We want hundreds and thousands of people in this Corporation in order to make it a complete success. We want the services of all those who will be useful in making this great venture a grand success.

Shri Sadhan Gupta : In view of the assurance given that the clerical staff and other low-paid staff will not be affected prejudicially by sub-clause (2) of clause 11, I withdraw my amendments Nos. 157 and 158.

The amendments were, by leave withdrawn.

Shri Nambiar : With regard to the question of retrenchment, I want a clarification.

Mr. Deputy-Speaker : The hon. Member will excuse me. I am putting the amendments to clause 11 to the vote of the House. Amendments 157 and 158 have been withdrawn. The hon. Minister has accepted amendment No. 165 in the altered form. I will put it separately.

The question is :

Page 9, line 29—

after "under that Act" insert "or other law".

The motion was adopted.

Mr. Deputy-Speaker : I shall now put all the other amendments to the vote of the House.

The question is :

Page 9, line 12—

for "equivalent to three months' remuneration" substitute "equal to an amount calculated at the rate of one month's pay for one year each of whole-time service or fraction thereof."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9—

after line 30, add :

"(5) The provisions of this section shall apply to every employee of an actuary who is a workman under the Industrial Disputes Act, 1947, if such employee was in the employment of such actuary on the 19th day of January, 1956, as if such employee was employed wholly or mainly in connection with the controlled business of the insurer and as if all references to the ap-

pointed day were, except as specified in the proviso to this sub-section; references to the 19th day of January, 1956:

Provided that reference to the appointed day as the day on and from which an employee is to become an employee of the Corporation shall not be construed as reference to the 19th day of January, 1956."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9—

after line 18, insert :

"(2A) If the employee whose employment is terminated under sub-section (2) is a workman under the Industrial Disputes Act, 1947, then, notwithstanding anything contained in that sub-section, the compensation to be given to him shall be equivalent to six months' remuneration in addition to gratuity at the rate of one month's basic wages as last drawn for every year of service or part thereof, exceeding six months, that has been rendered by him.

Explanation.—Nothing in this sub-section shall affect the right of any such employee to any benefit other than gratuity to which he would have been entitled if he had retired on the appointed day and upon termination of his employment by the Corporation under sub-section (2), he shall be entitled to receive every such benefit as if he had retired on the date of termination of his employment."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9, line 14—

add at the end—"along with 15 days' basic salary for every complete year of service rendered by him to the insurer by whom he was employed".

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9 after line 14 *add*:

"If, however, the employee is entitled to any gratuity from the insurer under his term of service in excess of what has been provided above, he will also be entitled to such excess payment".

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9, line 17—

omit "gratuity".

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 8, line 35—

for "and gratuity" substitute— "gratuity, provident fund, valuation or other bonuses, other monetary benefits, present and future"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9, line 29—

after "under the Act" insert :

"on the ground of such transfer or on the ground of the termination of his employment under the insurer".

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9, line 23—

for "the Central Government" substitute "a Tribunal"

The motion was negatived.

Mr. Deputy-Speaker : The question is:

"That clause 11, as amended, stand part of the Bill".

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Mr. Deputy-Speaker : Amendments to clause 12.

Shri M. C. Shah : I am accepting amendment No. 75 in the modified form I have indicated.

Mr. Deputy-Speaker : Amendment No. 75 has been modified and redrafted as amendment No. 208. It may be formally moved.

Shri Sadhan Gupta : I beg to move: Page 10, after line 8, *add*:

"Explanation.—In the case of a whole-time salaried employee of a chief agent who has been retrenched by the chief agent on or after the 19th day of January, 1956, the provisions of this section shall apply as if for the words 'the appointed day' the words and figures 'the 19th day of January, 1956' had been substituted."

Mr. Deputy-Speaker : The question is:

Page 10—

after line 8, add :

"Explanation.—In the case of a whole-time salaried employee of a chief agent who has been retrenched by the chief agent on or after the 19th day of January, 1956, the provisions of this section shall apply as if for the words 'the appointed day' the words and figures 'the 19th day of January, 1956 had been substituted."

The motion was adopted.

Mr. Deputy-Speaker : The question is:

Page 9, line 40—

for "three years" substitute "one year".

The motion was adopted.

Mr. Deputy-Speaker : I shall now put all the other amendments to the vote of the House.

The question is :

Page 10, after line 8, add :

"Provided further that sub-clause (b) shall not apply in a case where an employee voluntarily agrees to a reduction of his salary to five hundred rupees per mensem."

The motion was negatived.

Mr. Deputy-Speaker : The question is: Page 10, omit lines 5 to 8.

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 10, line 7—

for "the prescribed services" substitute "any service."

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9—

omit lines 37 and 38—

The motion was negatived.

Mr. Deputy-Speaker : The question is:

Page 9, for lines 39 to 41, substitute :

"(c) who was in the whole-time employment of the Chief Agent on the 19th of January 1956 and has been continuing as such till the appointed day".

The motion was negatived.

Mr. Deputy-Speaker : The question is:

"That clause 12, as amended, stand part of the Bill".

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clause 14.—Power of corporation to modify contracts of life insurance in certain cases.

Mr. Deputy-Speaker : Half an hour is allotted for this clause.

Shri Tulsidas : I beg to move :

Page 10—

after line 37, add :

"Provided further that this scheme shall provide for the following :—

- (a) revaluation of the assets of the insurers concerned;
- (b) treatment of their funds as closed funds;
- (c) calculation of their mortality rates on a basis more favourable than the 1925-35 oriental ultimate basis;

Shri Sadhan Gupta : I beg to move :

(i) Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-fourth of the sum assured excluding bonuses."

(ii) Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-tenth of the sum assured excluding bonuses."

(iii) Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-eighth of the sum assured excluding bonuses."

(iv) Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-fifth of the sum assured excluding bonuses."

Mr. Deputy-Speaker : These amendments are before the House.

Shri Tulsidas : My amendment No. 11 seeks to create a closed fund of those policies which will be taken over by the Corporation from the unfortunate deficit companies. Clause 14 deals with the revaluation of the policies of the deficit companies. It deals with "Power of Corporation to modify contracts of life insurance in certain cases". This clause provides for the scaling down of the existing policies of certain insurers, in accordance with their financial position. My amendment lays down certain principles which should be observed in determining the quantum of scaling down. Everybody, including the members of the Select Committee, is agreed that these poor policyholders who will be put to a loss for no fault of theirs should be generously dealt with. The Select Committee, in their majority report, say :

"The Committee recommend that in order to ensure security to the policyholders the Government should, while approving any scheme envisaged in this clause, be liberally disposed to see that losses to the policyholders are minimised as far as possible."

It is essential that these policyholders should not be the sufferers in the process of nationalisation. Leaving alone the question of generosity we owe to them, no representative of these policyholders is to be associated in the process of determining the loss they are to bear or to act as watch dog for that, nor will they be allowed to contest the decisions of the Corporation. The principles for determining the loss have also not been laid down by law. I want to submit that this is unfair to the policyholders who, as everybody is agreed, deserve a sympathetic treatment. I will therefore urge that some principles should be laid down in the law itself to determine the loss.

Firstly, I suggest after the revaluation of the assets of those companies is done, the policies will be reduced to a certain figure, depending upon the assets which the companies possess. In the revaluation of the assets, I suggest that it will be useful to allow a certain margin of safety. If the assets are revalued, the valuation is likely to prove larger than book values, thus reducing the probable loss to the policyholders. Secondly, I urge that these funds should be treated

as closed funds. Once the policies are revalued, their value will be put down at a certain figure lower than what they have insured. Therefore, create a closed fund of this money. This will prevent future losses. We reduce the running expenses.

Thirdly, I would suggest that the mortality ratio should be calculated on a basis more favourable than the 1925-35 oriental ultimate basis. As is well known, those tables do not provide for improvement in the mortality rates that has taken place in India in recent years. It is only fair that the benefit of such improvement should be fully available to the policyholders. Interest should be calculated not on a hypothetical conservative basis, but on the basis of actuals. Many of the assets are invested in profitable ways. If the loss is to be shifted to the policyholders, so also the better yielding assets remaining with the insurers. I would urge that the expense ratio on these policies should be calculated at not more than 10 per cent of the premium. This, as I said earlier, will be automatically reduced if the funds are treated as a closed fund. A closed fund can be run very economically. In this amendment I ask for fairplay and not for generosity at the cost of revenues or other policyholders. The Finance Minister said yesterday that if we try to work out a scheme whereby these policyholders, who are unfortunate to have these deficit companies, could benefit, the other policyholders will suffer. If you create a closed fund, this will not make the other policyholders suffer. The actual interest will be not on the valuation rate, but at a rate which is usually available. Put down the expense ratio at the minimum level of 10 per cent. By the mortality ratio which is better than what it was before 1925-35, these policy-holders will to a certain extent benefit in the future in their bonus or valuation. I am only trying to see that these policyholders get some benefit. There should be some principles on which action will be taken. Otherwise, if we pass a law on the basis of clause 14, I am afraid there will be no principles and they will have to rely on the generosity of the Corporation. They will have no voice....

Shri C. D. Deshmukh : Central Government.

Shri Tulsidas : Still, the Corporation will have to give some advice and the

[Shri Tulsidas]

Government will have to go on the advice of the Corporation to a certain extent. If the Corporation wants to do better than I have suggested, they are at liberty to do so. At least this should be available to the unfortunate policy-holders. I am only looking to the interests of these policy-holders. I hope the Finance Minister will accept my amendment.

Shri Sadhan Gupta: I would again urge with all the emphasis in my command that this clause be abandoned. As I have said, I still maintain that it is a disastrous thing that we should start thinking of reducing policy values. I am not convinced by the argument given by the Finance Minister—the argument to which I have referred, which he repeated in his reply,—that the Government cannot guarantee every one against losses incurred by insuring with that particular concern or by entering into transaction with that particular concern. He has given the analogy of banks to which I have also referred. I again maintain that the analogy of banks is not an analogy on all fours with insurance companies. Control over banks is not as direct and perhaps as strict as control over insurance concerns. Control over insurance concerns may extend to the details. As a matter of fact, when a prospective policy-holder is approached by the agent of an insurance company, he is always told, you need not have any fear, look at the Insurance Act and these provisions and no insurance company can come to grief when these provisions are there. He is told that the Controller is there to protect at every step, that results of the valuation have to be submitted to the Controller, that when something goes seriously wrong, there is the provision of section 52A for the appointment of administrators and so on. The fact that the companies are to be run under a licence, the fact that it is operating subject to so many controls and supervision under the Act marks the insurance companies out as distinct from enterprises like banks, in which depositors deposit at some risk to themselves. There is another point. In a bank, the depositor has some chance of withdrawing his deposit in case he anticipates something wrong with the bank, which chance is not available to a policyholder in any insurance company. For example, after the 19th of January, a person who has insured with an insolvent company, knows that the company is going to be taken over by

the Corporation. He will have to choose either not to continue to pay the premium or to continue to pay the premium. He does not know what he is going to get. If he knows that he is not going to get anything, he will not pay the premium. If he knows that he will get anything, he will go on paying the premium. Government has not told him what he is likely to get. He is threatened with the danger of losing all or a substantial part of the amount due on his policy. Yet, because of the uncertainty he has to continue to pay his premium. If after paying his premium even after the 19th of January he finds that his policy value is drastically reduced, it is very unfair to him. In these cases, I would again urge, because of the distinct circumstances involved, because of the much greater share of responsibility which the Government bears in respect of insurance companies, because of the sense of security which the Insurance Act has created in the mind of the policy-holders, because of the fact that premium is collected even after the 19th of January, the policy values should not be reduced.

The question is who is to pay them. I wonder why this question is raised at all. In the case of shareholders when an unconscionable compensation is being granted, this question is never raised. In the case of policy-holders when they deserve it more, that question seems to be raised. I think if the taxpayer is willing to pay for the shareholders their compensation, if they are willing to pay the shareholders many of whom do not deserve any compensation, I do not see why they should be chary of paying for the policy-holders who would include many of themselves perhaps?

If however my counsels do not prevail, if the Government is adamant on having this provision, I would suggest that they adopt some limitation in order to assure the future policy-holders. At least let them know to what limit Government is prepared to go, and what is the maximum loss that they would suffer. Therefore, I have suggested four amendments. In amendment No. 77 I have suggested that the maximum limit up to which policy values may be reduced should be 1/10th of the sum assured exclusive of bonus. If you are not willing to have 1/10th, you can have 1/8th as suggested by amendment No. 78 or 1/5th as suggested by amendment No. 79 or 1/4th as suggested by amend-

ment No. 76. But, please do not reduce it beyond that. It is grossly unfair to the policy-holders.

Shri N. C. Chatterjee : This is a clause which has been attacked by almost all groups and sections of the House. It is very seldom that we find Shri Tulsidas, being supported by Shri Sadhan Gupta and Shri Nambiar and also by Shri Feroze Gandhi and Shri T. N. Singh. They are all supporting the idea that something should be done to help these poor, unfortunate policy-holders, part of whose savings may perish through no fault of theirs.

Shri Tulsidas has recommended that the assets of the companies affected should be revalued. Their policies should be re-evaluated and on that basis the fund should be treated as closed fund. Shri Sadhan Gupta has recommended that the clause should be deleted, and he has advanced some cogent arguments that it would be psychologically making a very inauspicious start for nationalised insurance business if you declare today that part of the insurance money which these poor people expect may never come to them. He has also pointed out that Government through the Insurance Act had very large regulatory powers and if there had been malpractices they are also to some extent responsible. Therefore, the State should also undertake some liability.

But there is a suggestion made in Shri Feroze Gandhi's Minute of Dissent to which I draw the attention of the hon. Minister. He has pointed out that it would be very hard on the widows and sons and daughters of the insured in cases where the policies are maturing if you leave it to the evolution of a scheme. It may take a year and a half or may be even more for the scheme ultimately to be approved by Government or Parliament. Therefore, Shri Feroze Gandhi and Shri T. N. Singh have suggested that considerations of humanity as well as the good name of the new Corporation require that the suggestion for an initial part payment should be accepted. I am appealing to the hon. Minister for a favourable response to that. Otherwise, it would be very hard on people who will be losing their money through no fault of theirs and who have been paying the premium all along in spite of all difficulties and all handicaps.

Shri M. C. Shah : I am amazed at the generosity shown by the hon. Members opposite. They just want to give away the funds which belong to the policy-holders, to the policyholders of those insolvent companies. They say that it will be unfortunate and they want to excite sympathy, and they want to say that because there was control of the Government, the misdeeds of those who have brought about insolvency in those companies by their management should be paid for by the Government. That is what it comes to.

As a matter of fact, we had taken a very sympathetic view of the matter. When the matter was discussed by the Select Committee, the Select Committee suggested that we must take a very liberal view of this matter, and we accepted that. As a matter of fact, the Finance Minister said that perhaps the scheme that we will work out will be more generous than what the hon. Members may expect, but they just want to show sympathy and they say: "This should not be done. They must be given everything due on their policies". Though they cannot get in certain cases even one-hundredth part of the money due, we still say that we will ask the Corporation to prepare a scheme and that will be approved by the Government and Government will accept it. That scheme will be a liberal one.

The House will be perhaps interested to know that there are nearly 15 insolvent companies. Out of them we have got figures for five. One company has got a life fund of Rs. 36 lakhs out of which Rs. 30 lakhs have been misappropriated by the management. There is another company where nearly Rs. 12 lakhs have been misappropriated out of a life fund of Rs. 20 lakhs. There is a third company in which it is Rs. 5 lakhs out of Rs. 15 lakhs, and a fourth in which it is Rs. 5 lakhs out of Rs. 20 lakhs. There are yet investigations going on into the others. There are about 15 insolvent companies.

Suppose the Government had not decided to nationalise life insurance business, what would have happened to those policyholders who had taken out policies in these insolvent companies? Suppose the policy had matured before nationalisation, how would these insolvent companies have paid? Really speaking, we have made it possible for these insolvent companies also to meet the claims on them when they mature by allowing them to withdraw the deposits.

[Shri M. C. Shah]

that were paid into the banks. Within six months we propose to have a scheme which will be more liberal than what is anticipated by some of the Members. It is no use exciting sympathy in this way when there is already a commitment by Government that they will be liberal in having this scheme. The principles enunciated by my friend Shri Tulsidas will be there. He wants to have a closed fund. For how many years should we keep that closed fund?

Shri Tulsidas : That is very simple.

Shri M. C. Shah : As a matter of fact, the scheme will be worked out. When it is worked out, this revaluation will be there, the expense ratio of ten per cent will be there, the rate of interest will be as compared to the rate of interest that will be got by the Corporation, and all these factors will be taken into consideration. Even according to the principles laid down by my hon. friend Shri Tulsidas, perhaps the policyholders will get much less than what we propose to have in a liberal scheme.

Shri Tulsidas : I do not know.

Shri M. C. Shah : Therefore I think that the assurance given already ought to have satisfied the hon. Members and they ought to have left it to the good sense of the Government when they have already promised that it will be a scheme which will be liberal. I cannot accept the amendment of limiting it to one-tenth or any other fraction. That cannot be done because we have to prepare a scheme and we cannot give away everything at the cost of the policyholders' funds. Because we nationalise, it seems the sins of those people on whom the policyholders relied must be paid for by the new Corporation. That is not a good argument, that is not a sound or valid argument. Therefore, I think the hon. Members must be satisfied with the assurance that has already been given..

Shri Tulsidas : May I ask one question.

Mr. Deputy-Speaker : Yes, if it is necessary.

Shri Tulsidas : The hon. Minister is not putting the case properly. If it is an assurance by the Government that the scheme will be better than this, I am prepared to withdraw my amendment.

He is only saying that we are exciting sympathy.

Shri M. C. Shah : He has simply given out the principles. I do not know if he has worked out. I will give him five insurance companies, he can work out and let us know what the policyholders will get, and then whether the policyholders will thank him for his amendment will be a matter for those policyholders. I will give him five insurance companies. He can take President Palladium....

Mr. Deputy-Speaker : Perhaps he knows them already.

Now I put the amendments to clause 14 to the vote of the House.

The question is :

Page 10—

after line 37, add :

"Provided further that this scheme shall provide for the following :—

- (a) revaluation of the assets of the insurers concerned ;
- (b) treatment of their funds as closed funds ;
- (c) calculation of their mortality rates on a basis more favourable than the 1925-35 oriental ultimate basis ;
- (d) calculation of interest yield on the basis of actual yield ; and
- (e) calculation of the expense ratio at not more than ten per cent."

The motion was negatived.

Mr. Deputy-Speaker : The question is :

Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-fourth of the sum assured excluding bonuses."

The motion was negatived.

Mr. Deputy-Speaker : The question is :

Page 10—

after line 37, add :

"Provided further that no amount shall be reduced by more than one-tenth of the sum assured excluding bonuses."

The motion was negatived.

Mr. Deputy-Speaker : The question is :

Page 10—

after line 37, add:

"Provided further that no amount shall be reduced by more than one-eighth of the sum assured excluding bonuses."

The motion was negatived.

Mr. Deputy-Speaker : The question is :

Page 10—

after line 37, add:

"Provided further that no amount shall be reduced by more than one-fifth of the sum assured excluding bonuses."

The motion was negatived.

Mr. Deputy-Speaker : The question is :

"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14, was added to the Bill.

Clause 25 and New Clause 29A

Mr. Deputy-Speaker : We shall now take up clauses 25 and 29A.

Shri Tulsidas : I beg to move :

Page 14—

for lines 28 to 36, substitute:

"(1) The accounts of the Corporation shall be audited by Auditors duly qualified to act as auditors for companies under the law for the time being in force relating to Companies and shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India and shall receive such remuneration from the Corporation as the Central Government may fix.

(2) The Comptroller and Auditor General of India shall have power—

(a) to direct the manner in which the company's accounts shall be audited by the auditor appointed in pursuance of sub-section (1) and to give such auditor instructions in regard to any matter relating to the performance of his functions as such; and

(b) to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorise in this behalf; and for the purposes of such audit, to require information or additional information to be furnished to any person or persons so authorised, on such matters, by such person or persons, and in such form, as the Comptroller and Auditor-General may, by general or special order direct.

(3) The auditor aforesaid shall submit a copy of his audit report to the Comptroller and Auditor General of India who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.

(4) Every auditor in the performance of his duties shall have at all reasonable times access to the books, accounts and other documents of the Corporation."

Shri K. C. Sodha (Sagar) : I beg to move :

Page 14—

for clause 25, substitute:

"25. The annual accounts of the Corporation shall be audited by the Comptroller and Auditor General of India."

Shri Sadhan Gupta : I beg to move :

Page 14—

for clause 25, substitute:

"25. Audit—(1) The Accounts of the Corporation shall be audited annually by the Comptroller and Auditor General of India and any expenditure incurred by him in connection with such audit shall be payable by the Corporation to the Comptroller and Auditor General of India.

(2) The Comptroller and Auditor General of India and any person appointed by him in connection with the audit of the accounts of the Corporation shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor General has in connection with the audit of Government accounts and in particular shall have the right to demand the production of books, accounts, connected vouchers and

[**Shri Sadhan Gupta**]

other documents and papers and to inspect any of the offices of the Corporation.

(3) The accounts of the Corporation as certified by the Comptroller and Auditor General of India or any other person appointed by him in this behalf together with the audit report thereon shall be submitted to the Corporation and a copy of such account and report shall be forwarded to the Central Government by the Comptroller and Auditor General."

Shri Krishna Chandra : I beg to move :

Page 14 lines 31 and 32 :

for "by the Corporation with the previous approval of the Central Government" substitute—

"by the Central Government on the advice of the Comptroller and Auditor General of India."

Shri Sadhan Gupta : I beg to move :

Page 14, line 32—

for "the Central Government" substitute.

"the Comptroller and Auditor General"

Shri C. R. Narasimhan (Krishnagiri) : I beg to move :

Page 15—

after line 22, insert :

"29A. Notwithstanding anything contained in this Chapter, the Comptroller and Auditor General may give such directions as he may deem fit for the public accountability and audit of the accounts of the Corporation."

Explanation.—For the purposes of this section the Comptroller and Auditor General shall be deemed to have similar powers as have been conferred upon him under section 619 of the Companies Act, 1956 (1 of 1956) for the audit of Government Companies with such modifications as may be prescribed by the Central Government in agreement with the Comptroller and Auditor General."

Mr. Deputy-Speaker : These amendments are before the House.

Shri Ashoka Mehta : I would like to invite your attention, and give my support to the amendment that has been given notice of by Shri Tulsidas, Shri

N. C. Chatterjee, myself and a number of other friends. This question of audit was discussed at considerable length yesterday, and as the Finance Minister pointed out in the course of his reply yesterday evening, that was the *piece de resistance* of the debate yesterday. I for one would not have tried to pursue the matter further, if I had felt that the reply that had been given by the Finance Minister was satisfactory.

This question of audit is of vital importance for this reason. I have no doubt in my mind that the accounts of the corporation will be audited in a proper manner. But that kind of commercial audit does not take us very far. We have undertaken a tremendous responsibility, and this House will not be in a position to discharge that responsibility, unless it is assisted by either the Comptroller and Auditor-General's organisation, or it has an independent organisation of its own, that would be made available for the setting up of a statutory committee for the purpose. In the absence of either of these two facilities, it would be impossible for this House to undertake the great responsibility that is sought to be thrown upon it.

The Finance Minister yesterday invited our attention to the various developments that have taken place in the United Kingdom. I am sure the Finance Minister is aware, because he must have gone through the proceedings of the Select Committee and also through the discussions and the debates that took place in the British Parliament when the report of the Select Committee was considered, that the opposition to the proposal to set up a standing committee or a statutory committee to supervise the nationalised industries came from the Labour Party and mainly from the trade union wing of the Labour Party. The reasons were very simple. The Labour Party felt that the Conservative Party was not interested in making a success of nationalised industries, and therefore the representatives of the Conservative Party would take every opportunity in the statutory committee that they would be setting up to frustrate the success or to fetter the working of the national enterprises. In India no such fear need exist. The trade unions there felt that perhaps such a committee would interfere in collective bargaining, and to that extent, the rights

and the privileges enjoyed by the trade unions would be encroached upon. Here, our trade unions are weak, and I am sure a committee of this kind would, on the contrary, help to improve the conditions of employees in the nationalised industries and enterprises.

Then again, the Finance Minister quoted what Mr. Herbert Morrison had to say on the subject. May I point out that Mr. Herbert Morrison has always argued that there should be an enquiry once in seven years into the working of the nationalised enterprises, that one after the other, the different national enterprises should be taken up, and a Royal Commission should enquire into the working of these organisations? I do not know whether the Finance Minister has any such scheme or any such proposal before him. All that he told us yesterday is that the Estimates Committee is free to do it. But we know that the Estimates Committee has to deal with a large number of matters, and already its hands are full. So, if a full and vigilant control is to be exercised or supervision is to be maintained over the working of national enterprises, particularly of the dimension of this corporation, it is necessary to have either a separate committee which will have the requisite expert assistance available, or the accounts must be looked into by the Comptroller and Auditor-General.

In other countries, we find, as for instance, in France, the whole problem of audit has been thoroughly gone into, and they have tried to develop a variety of means, and tried to organise audit in a variegated manner. I shall not take your time by going into the details of it. But I would just invite your attention to the fact that in France the control of the financial operations of public undertakings has in recent years been the subject of a series of enactments designed to establish a more unified control organisation, and to centralise the various systems of control. This has been done by setting up a Public Undertakings Audit Board, which works under or is a kind of a wing of the general audit board. We have also here a commercial section. Well, the commercial section can be strengthened, or a kind of a sister organisation can be created.

I would like to invite the attention of the Finance Minister to the various measures that have been taken in this direction in France and in various other

countries. But the point is this. Why is it necessary to have some such arrangement? The answer is obvious. For instance, the Public Undertakings Audit Board has a variety of responsibilities. One of its responsibilities is to propose any necessary changes in the structure and organisation of the undertakings. Let us take our corporations, for instance, the corporation that we are trying to set up. We are giving it a particular structure today. After two years or three years. I do not know how we are going to assess whether this particular structure was the best and the most suited. This Parliament, unaided by any kind of expert advice, independent of the corporation and independent of Government, may not be in a position to reach the right kind of conclusions. We shall wholly be dependent upon the advice that will be given by the Finance Minister to us. We value that advice very much. By and large, we are guided by the advice the Finance Minister gives us, which is based upon the expert advice that is tendered to him by the very able persons that are there in the Central Secretariat. But surely, Parliament as the supreme organ that has the responsibility for looking after the public sector will never be able to discharge its responsibilities, if it is wholly dependent upon the advice and the guidance that is provided by the Finance Minister.

We must have some kind of an independent check-up of what the Finance Minister tells us. Otherwise, there is no need to have the Parliament at all. Yesterday, the Finance Minister told us that we have got to leave a lot of latitude to the executive in a matter like this. We are prepared to leave a lot of latitude to the executive. As was pointed out by Pandit Thakur Das Bhargava yesterday, the Comptroller and Auditor-General surely would devise new yard-sticks to measure the efficiency of the working of a corporation of this type, and there should be no fear and no danger of the old or traditional yard-stick being utilised for measuring the efficiency of new kinds of organisations and developments.

Then, again, it is rather surprising to find, as my hon. friend Shri Tulsi das pointed out to me yesterday, what the position of the State Trading Corporation is going to be. We are going to set up a State Trading Corporation, and it is going to be registered under the company law as a private limited company.

[Ashoka Mehta]

And because of the provisions we have made in the company law, the State Trading Corporation's accounts will ultimately be under the jurisdiction or under the overall supervision of the Comptroller and Auditor-General. The State Trading Corporation's activities are bound to grow. As I envisage the development, perhaps it will become the biggest single corporation in the country handling merchandise worth hundreds and thousands of crores in years to come. If it is going to be a highly commercialised institution—and I cannot conceive of a State Trading Corporation which is not run on commercial lines—and if the accounts of this organisation are going to be under the general supervision and overall control of the Comptroller and Auditor-General, I do not understand why in the case of the Life Insurance Corporation, such supervision and control should not be there.

In France, for instance, we find that for banks they have set up a separate arrangement for audit. It is linked up, and it is integrated with the audit boards. There are various kinds of audit. I am not suggesting that we should have only one kind of audit or the traditional method of audit. But my contention is that this Parliament will not be able to exercise its supervision unless it is aided and assisted independently of Government by a set of experts to find out what is happening to different corporations, particularly in a corporation of this importance.

4 P.M.

Simply because this particular Corporation does not come under the purview of the company law, are we justified in saying that the Comptroller and Auditor General will have nothing to do with it? In the amendment that my hon. friends and I have moved, we have tried to bring in a provision that is incorporated in the company law. Again, I would like to make it very clear that I am not wedded to this amendment. I would like to know from the Finance Minister what machinery he is going to give to this Parliament to scrutinise carefully, to have an independent review, to have an independent supervision over the working of so important a Corporation as the one that we are being called upon to set up today.

We have the fullest of trust and confidence in the Finance Minister. But I am sure he would like this Parliament

to perform its responsibilities fairly and fully. He would be the first person to say that Parliament should have some independent machinery to exercise a kind of check, an independent check, upon whatever he has to say. Therefore, I would like the Finance Minister to tell me whether he is prepared to have a statutory or standing committee of the House which will have the requisite expert assistance. It is no use saying that the Estimates Committee can do this work. After all Members of Parliament who are elected to a particular Committee can only do a particular quantum of work. It is no use saddling different committees with varied responsibilities which are beyond human capacity to carry on. Therefore, we must have a separate committee. That separate committee must have the requisite expert assistance made available by the Parliament Secretariat. If that is there, I am satisfied. If that is not there, the accounts must be audited ultimately by the Comptroller and Auditor General, at least in the form in which we have suggested in our amendment. If that is also not acceptable, then some kind of a liaison must be established between the Auditor General's organisation and the audit organisation that the Finance Minister wants to set up, as has been done in France in regard to banks.

If none of these three proposals is acceptable, then the onus is on the Finance Minister to tell us how he expects this Parliament to exercise the supreme right and the sovereign responsibility that the nation has put upon it, to see that corporations of this type are run, to see that the activities of corporations of this type are organised, in a manner which is in the best interests of the country.

He told us yesterday that he was going to make some arrangements about internal audit or some internal check. Perhaps some kind of efficiency audit will be organised. But who are going to appoint those persons? The Corporation or the zonal boards or whoever be the authority. I have no doubt that we shall be manning the Corporation and the zonal boards with the best men that we can find. I am not casting an aspersion on anyone. I have full confidence in the integrity of all the persons who are going to be called upon to handle this Corporation. But how will the persons appointed by them be able to exercise an independent and impartial scrutiny upon their activities and make

suggestions that are needed ? Will this Parliament have an opportunity of seeing the reports of this efficiency audit ? Will the report of these internal checks be made available to us ? Even if they are available to us, I am not prepared to surrender for a minute the right and the responsibilities of this House to exercise an independent check upon the working of corporations of this type that we are setting up. We are not prepared for that. We would be unworthy of the trust that the nation has reposed in us if we do not demand, if we do not insist upon, an independent machinery to see that the working of these corporations is as best, as efficient, as economical as can be under the circumstances. That confidence and that kind of satisfaction can come to us only when we have an independent machinery, a check of our own.

The onus of providing such a check ultimately lies upon the Finance Minister. We have made a variety of proposals. Either he has to choose one of the proposals or he has got to give an answer which will be able to meet the exigencies of the situation. I am sorry that in spite of the fact that this matter has been raised over and over again, and the Finance Minister has tried to answer the various points raised by us with his characteristic courtesy and patience, he has failed to go to the heart of the matter and he has so far not tried to understand the difficulties under which we are labouring. He has not tried to realise that we are considering a fundamental question, the question of the responsibility of Parliament to the people.

Shri N. C. Chatterjee : I am endorsing amendment No. 21 which stands in the names of Shri Ashoka Mehta, Shri Tulsidas, myself and others. If a Corporation of this kind, where 15 persons will have control over enormous funds, is to function satisfactorily, it is absolutely essential that effective audit should be made, preferably by an independent agency, and the best agency, in our submission, is the Comptroller and Auditor General.

[**SHRI RAGHAVACHARI** in the Chair]
You know our experience with regard to the Industrial Finance Corporation. By reason of neglect of their duties in regard to large amounts of money, certain wastage of public resources took place, and Government did not try really to do justice. They tried to shield

them rather than correct them. Therefore, an auditor appointed by the Corporation, approved by the Central Government, would not be desirable. Now, we have gone back to the Auditor General.

The Finance Minister, I regret to say, has a very weak case and, therefore, he is continually talking of British precedents. I say that British precedents do not work because in the U.K., there is no direct investment of public funds in nationalised undertakings. They are required to raise the necessary capital in the market. But our case is entirely different. As a matter of fact, when the Comptroller General of England was asked to appear before the Select Committee of the House of Commons, the Select Committee asked him : do you audit the accounts of all nationalised undertakings ? The answer he gave was :

"It does not really come within my examination unless and until the guarantee is invoked. If, of course, a call is made on the Consolidated Fund, I should then have the opportunity to report to Parliament on it *ex post facto* in the report on the Consolidated Fund."

He explained that he did not report on contingent liability on the Consolidated Fund. But here in India, the situation is entirely different. Nationalised undertakings are financed almost entirely, and certainly largely, by direct investment of public funds, by corresponding withdrawal from the Consolidated Fund. Therefore, I think we are making a very salutary constitutional point. Our case is substantially different from the case of England. By convention in the U.K. the Comptroller General comes in immediately the national exchequer is touched. I submit that whenever there is a withdrawal of money from the Consolidated Fund, whenever that Fund is pledged or changed or jeopardised, automatically audit by the Comptroller and Auditor General should come in. That is the only way.

Shri C. D. Deshmukh : Did the hon. Member read the speech I made yesterday on this point ?

Shri N. C. Chatterjee : I did.

Shri C. D. Deshmukh : I have mentioned all this, about advances, guarantees and so on. Loans are guaranteed by Government, and in spite of that fact, the Comptroller General does not audit.

Shri N. C. Chatterjee : What I am pointing out is that our situation is different. So far as I know, in England there is no direct investment of public funds in nationalised undertakings. They are required to raise capital in the market, whether it be by debentures or stock or by any other process.

Shri C. D. Deshmukh : The hon. Member is reading from the note of the Comptroller and Auditor General?

Shri N. C. Chatterjee : Yes.

An Hon. Member : We have not received that note.

Shri C. D. Deshmukh : That is the familiar language I replied to at very great length.

Shri N. C. Chatterjee : Is there anything wrong in what I am doing? We may argue across the table. But is it wrong to refer to it when the Auditor General is pointing out that in the U.K. there is no direct investment of public funds in nationalised undertakings? They are required to raise the necessary capital in the market.

Shri C. D. Deshmukh : It was on this point that I made a speech 15 minutes long.

Shri N. C. Chatterjee : Am I to understand that that is not a fact. If this is a fact, then I submit....

Shri C. D. Deshmukh : It is not a fact now because advances are made, and recently an arrangement has been made by which the Treasury has undertaken to finance these corporations. I said all that yesterday.

Shri N. C. Chatterjee : What I am pointing out is this. In the case of the British Overseas Corporation or some corporation, there is some kind of an obligation imposed upon the national exchequer. But ordinarily the position is this—I am reading the evidence of the Comptroller General before the Select Committee—that 'whenever a call is made on the Consolidated Fund, I should then have the opportunity to report to Parliament on that matter'.

Therefore, I am pointing out that the same situation is here. What is the suggestion we have made? Kindly look at amendment No. 21. We are doing exactly what the Finance Minister accepted in the Companies Act. We are not saying that Government has nothing to do with it. What we are saying is this.

"The accounts of the Corporation shall be audited by Auditors duly qualified to act as auditors for companies under the law for the time being in force relating to Companies and shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor-General of India and shall receive such remuneration from the Corporation as the Central Government may fix."

We are giving the power to the Central Government to make appointment on the advice of the Comptroller and Auditor-General. He is the watchdog appointed under the Constitution really to secure to us our Parliamentary sovereignty over public finances. Then, we say that the Auditor-General shall have power to direct the manner in which the company's accounts shall be audited by the auditor appointed in pursuance of sub-section (1) and to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorise in this behalf. What we are putting forward is not an extreme contention that the Government shall have nothing to do. We are not suggesting that the Auditor-General should have complete power independent of the Government. What we are saying is, let the Government have the power to appoint the auditors. Let the auditors audit the accounts but let the Auditor-General issue directions from time to time as to how this auditing shall go on and we have the duty cast on him to conduct any test audit if he likes.

I submit it is not taking any impossible view. This is a view which is perfectly reasonable and this is a thing which will inspire public confidence; it will place Parliament in a position to discharge its duties as custodian of public funds. I do not know what can be the objection when we have put in a provision like this in the Companies Act. After all, it is not fair to say that they have got no agency. When you allow them to audit the Damodar Valley Corporation and the Hindustan Aircraft etc., why don't you allow the Auditor-General to function here? The Comptroller and Auditor-General has a commercial audit branch, I understand, administered by an Accountant-General who is a Chartered Accountant of considerable standing and experience, and the Audit Department employs a

large number of chartered accountants also and the Commercial Audit Branch is in a position to discharge its duties. If the Government want and if the Finance Minister likes, he can immediately provide this. There may be other auditors appointed, competent men appointed. In England, the Auditor-General said that he must have bigger staff if he was to do that duty and if he was entrusted with that power he would take it and employ the necessary agency and discharge his duties.

Therefore, what I am submitting is this. We are not making a doctrinaire approach; we are not saying that the Government shall have nothing to do in the matter. What we are suggesting is a feasible and workable *via media*, which, I hope, will commend itself to the hon. Minister and which, I hope, he will think over. We are saying that Government can appoint the auditor in consultation with the Auditor-General and let him issue directives from time to time and also hold supplementary or test audit. This is in conformity with the law in Act I of 1956, the Indian Companies Act, in respect of Government corporations. I submit, the same thing should happen here and there should be no violent departure made from what this Parliament had enacted on the recommendation of the Finance Minister and of the Select Committee in the Indian Companies Act.

Shri Sadhan Gupta : Mr. Chairman, I join Shri Tulsidas Kilachand and Shri Chatterjee in opposing clause 25 as it stands and in supporting the amendments moved by them as well as the amendment which I myself have moved.

This Insurance Corporation which we are going to bring into being will deal with huge amounts, public funds belonging to the policy-holders as well as investments by Government in the shape of capital from the taxpayers' money. In the case of such a Corporation, where the taxpayers' money is invested and where the community's funds are invested, we want an independent audit, and an exacting audit. That word 'exacting' terrifies the Government in relation to this Corporation. But, as the Corporation has the opportunity to deal with public money and has the opportunity to mis-apply this public money, it is absolutely essential that an independent and exacting audit should be provided for. What kind of audit can we expect from an auditor

appointed by Government? Already, Government has given us an indication that the audit of the Comptroller and Auditor-General might kill initiative in a commercial body. Why should it kill initiative? I will deal with that question in a little more detail later on, but I may anticipate the answer at this very stage.

The answer seems to be that it will kill initiative because it will dissuade officials of the Corporation from committing waste of money. I shall show later on that this supposition is correct. But, this is precisely what we are out to prevent and that is why we want an independent audit and that is why we are not ready to accept the audit of an auditor exclusively chosen by the Central Government.

We have seen the case of the Industrial Finance Corporation. Shri Chatterjee has mentioned it. There was a full-dress debate in this House over the affairs of the Industrial Finance Corporation. Members from all sections of the House felt that the Industrial Finance Corporation had badly bungled, and not only badly bungled, but were really guilty of great misfeasance in the application of the funds. The Directors had appropriated the lion's share or a substantial share of the funds for the promotion of their own industries, although those industries were not really commercial ventures. After that happened, Government came out with a resolution trying to whitewash the whole thing. A report was made by a committee which had the confidence of the House. That report left no doubt as to what the opinion of the Committee was. In that resolution Government actually misrepresented the views of the committee. If Government is going to shield a public corporation of this kind from exposure, I think, the public have a great cause for apprehension. Therefore, I am one of those who do not agree that an auditor appointed by the Central Government will protect public interests. On the other hand, if something goes wrong, perhaps, in the interests of the commercial body, in the interests of not killing the initiative of the members, they will try to protect.

What are the reasons given by Government? They say that this kind of audit is not provided in the State Bank Act. It was proposed in this House when

[Shri Sadhan Gupta]

the State Bank Bill was under discussion that the Comptroller and Auditor-General should audit the accounts of the State Bank and this House rejected it. I remember, I supported that proposal then—and perhaps I moved the amendment myself, I am not quite sure. But, the ground on which it was rejected was very clear. The Finance Minister, if he looks into his speech will discover it himself. What he had urged then was that the State Bank was a credit institution and it is essential that anything which may go wrong in the State Bank should not be exposed before the public because that being a banking institution, it might suffer. There is great logic in it. The Comptroller and Auditor-General's report will have to be laid on the Table of the House. If that is laid and something serious is discovered, the whole Bank may be in danger. In view of a very considerable danger to the whole institution itself, it may have been necessary there to dispense with the audit of the Comptroller and Auditor-General and risk the public exposure of ugly aspects of the institution. So there was some cause for it there. But the State Bank analogy does not hold good in any manner in the case of the Life Insurance Corporation. In the case of Life Insurance Corporation, an exposure of the waste of anything committed will not greatly affect the institution. On the other hand, by having public opinion focussed on it, it will improve matters in the Corporation and safeguard the interests of policyholders.

As against the State Bank, I can cite facts completely to refute the argument that the Comptroller and Auditor-General should not audit commercial bodies. Shri Mehta and Shri Chatterjee have referred to the Company Law. There can be no body more commercial than a private limited company or a public limited company, even though the funds of the State are invested in it. In respect of that we have agreed to audit by the Comptroller and Auditor-General when the State funds are invested in it. We have constituted two air corporations, the Indian Airline Corporation and the Air India International. I take it that it was intended to run them on commercial lines, it was not intended to do charity to air passengers or to anyone else. For that we have provided audit by the Comptroller and Auditor-General. We have constituted the Industrial Finance Corpora-

tion. That also, I take it, is a commercial body, and we actually changed the provisions of the Act to introduce audit by the Comptroller and Auditor-General. Therefore, what is the logic in the argument that a commercial body should not be audited by the Comptroller and Auditor-General? Why should it not be audited? The argument is that we kill the initiative of the officials concerned. In what way? The way in which the Comptroller and Auditor-General's audit differs from an ordinary audit is that he has the right to comment upon wastage, to say that this money should not have been spent in this manner, this money has been wasted, and to bring these facts to light. This is supposed to be killing initiative. Why should we suppose that the Comptroller and Auditor-General is so stupid as not to understand that it is necessary to take certain risks with certain money? Why should the Comptroller and Auditor-General not understand that in course of business, some unanticipated loss might occur? Every transaction in a business does not necessarily result in a benefit. Every transaction does not necessarily turn out what it is expected to be. Therefore, it is never to be expected that the Comptroller and Auditor-General would criticise anything that is done in good faith. I think he has not so far done it. He has audited the Industrial Finance Corporation; and what did he point out? He pointed out that the officials who were not entitled to charge air-condition fares have charged air-condition fares contrary to the rules, and similar things. I do not see how it improves initiative by allowing officers to charge higher fares than they are entitled to. The secret is obvious. What the officers did was to charge perhaps for air-condition fares and travel by some other class. This kind of thing should be pointed out and should not be shielded, and if this kind of thing kills initiative in the officers, we do not want that kind of officers. We want the public to benefit and not officers to escape with their misdeeds. That is apparently what the Government is out to do, from whatever experience we have of the attitude of the Government in respect of the Industrial Finance Corporation.

Therefore, I would again urge upon the Government to give up its opposition to our very legitimate amendments. I have got my amendment No. 102 in which I have suggested audit by the Comptroller and Auditor-General. If the Government does not agree

to that, it can accept amendment No. 21 which is being supported by all sections of the House—we may say so because practically every section of the opposition has signed amendment and on the other side also, influential Members have upheld the principle in their minutes of dissent. Because this amendment is of great value, the Finance Minister may accept it. The amendment provides audit by an auditor appointed by the Central Government on the advice of the Comptroller and Auditor-General. I do not see why the Finance Minister should be so allergic to the Comptroller and Auditor-General that he will not even accept his advice. If that is not acceptable, if they want an auditor appointed by the Corporation, then there is my amendment No. 104, where I say that the Corporation may appoint the auditor but with previous approval of the Comptroller and Auditor-General. Here it is provided "with the previous approval of the Central Government". What we want is "with the previous approval of the Comptroller and Auditor-General". Frankly speaking, we do not want the link between the Central Government and the Corporation to cover up misdeeds. We want some way by which any defects in the Corporation, if they arise, must be revealed to the Parliament and the public at large and be subjected to criticism. Therefore, I would again request the Finance Minister to reconsider the matter and accept one or other of the amendments.

Shri Tulsidas: My hon. friend, Shri Mehta has put forward the case extremely well and he has also met the points put forward by the Finance Minister yesterday in his speech. I fully appreciate the difficulty the Finance Minister is finding to accept this proposition because he apprehends that on account of the audit by the Comptroller and Auditor-General, the situation in an enterprise like this might be made rather difficult. The reason is that the Auditor-General's audit is entirely of a different type from a commercial audit. I am not looking at the question from the point of view of what will suit the present enterprise that the Government is entering upon, but the most important aspect of it is accountability to this House. I know very well that the Finance Minister himself told me about two years ago that there must be some method of accountability to this House. In fact, I had moved a resolution in the House, on which later on he said that he was

trying to put up some sort of a scheme by which this accountability to Parliament would be secured, for instance, by the appointment of some sort of a committee by which most of the public enterprises would be properly checked.

[MR. DEPUTY-SPEAKER *in the Chair*]

The Finance Minister afterwards said that he was going to make certain provisions in the Company Law by which most of the companies would be coming under the orbit of a particular provision.

Here, this is a statutory Corporation. No provision of the Company Law or the Insurance Act would be applicable to it. It will have enormous funds at its disposal. Today, all these companies will be earning about Rs. 380 crores. There will be about Rs. 50 crores by way of premium alone, every year. The Finance Minister has his Budget which is comparable to the total funds of this Corporation.

Yesterday, he made an observation which rather disturbed me. He said that he brought forward the nationalisation of the insurance industry with the idea that there would be no audit by the Comptroller and Auditor-General. Any nationalised undertaking must have a certain amount of check. There should at least be this House to check. Merely because there will be the reports on the working of the Corporation laid on the Table of the House or because there is a right to any Member of this House to have a one hour or two hours discussion, it will not constitute a check. My friend Shri Ashoka Mehta suggested that the check should be by a Committee of this House with the requisite expert staff and machinery. Or, there must be the Auditor-General. There must be some machinery.

I have full confidence in the present Finance Minister. So long as he is there, I have no fear whatsoever that there is going to be something wrong. I would appeal to him to consider it from a long range point of view. There may be very efficient people in the Ministry today. This Corporation is going to become bigger and bigger every year. It will have enormous funds. There are no restrictions on investments under section 27 of the Insurance Act which is a very wholesome provision.

Yesterday, he said that there were malpractices in certain companies. Rs. 2 crores were misused. In that case, it was

[**Shri Tulsidas]**

possible for him to get those two crores. But, if something happens in this Corporation, are we going to get a pie? Who is going to check this?

There were formerly 160 companies. Assuming that there were only four directors in each, there were in all 640 directors to look after the different aspects of the different companies. The funds misused may amount to Rs. 1 or 1.5 or even 2 crores. But, here there is going to be one single Corporation of an enormous kind but there will be only fifteen to look after the work that was looked after by 640 people previously. If this is not centralisation, what is centralisation? You want to say that you do not want centralisation. If something goes wrong, it will be localised, if there is decentralisation. But if something goes wrong with this Corporation, what happens?

The idea is to make insurance more popular. It can be made popular if the premium rates go down. Our country is poor. If the costs go up, the premium rates are bound to go up and then insurance will not become popular. The aim is to increase the popularity and increase the insured amount from Rs. 800 crores to 1,200 or even Rs. 2,000 crores. For that the policyholders must have full confidence. Previously, they had the option not to insure with a company if things went wrong with that company. Now, it is a State monopoly and if anything goes wrong, people will have no confidence in insurance. I have full confidence, as I have said, in the present Finance Minister and his present officers of the secretariat. We have to think about the future. There must be enough check, whatever the form may be. Neither the provisions of the Insurance Act nor of the Company law are applicable to this Corporation; there are no representatives of the policyholders and there is also no accountability to this House.

In any company, the accountability to the shareholders is there. The Finance Minister has said that we are the shareholders of the public enterprises. Under the ordinary circumstances, the shareholders appoint the auditors. On the same analogy, this House should appoint the auditors. There must be somebody to check the working of this enterprise.

If an auditor is appointed by the Corporation itself, he will always have a feeling that if he objects to something,

he may be removed any day. It is not a happy position. It is important for us to see that in every nationalised industry there is enough check by this House. There could be no question of relaxation of the control by this House, whatever may be the nature of the industry. A commercial institution like the State Trading Corporation will also have to a certain extent an audit by the Auditor-General. Section 619 in the Company Law was brought in after full consideration. All public undertakings should be brought in that sort of audit provided under section 619 of the Company Law. I, therefore, request the Finance Minister to consider this very seriously, so that the working of the Corporation may be improved and there may be proper controls and checks.

Shri C. R. Narasimhan : Sir, I have also got an amendment standing in my name, which, I humbly submit, serves as a good compromise. For the benefit of the House I will just explain what I seek to do by my amendment. I retain the audit arrangements which the Select Committee has provided for and then I add that the Auditor-General shall also have powers in this regard as given to him under the Companies' Act in the case of Government controlled companies. I have further provided in my amendment that this power of the Auditor-General may be modified as the Central Government may prescribe in agreement with the Auditor-General. That is the essence of my amendment. I think it will serve as a good compromise because it provides for the Auditor-General to play his constitutional part and it also provides for the Central Government to modify the powers, but in agreement with the Auditor-General so that the business aspect of the Corporation may not be tampered with. I strongly urge the Government to consider this amendment in view of the temper of the House in regard to this matter.

Shri Gadgil (Poona Central) : Will that work smoothly?

Shri C. R. Narasimhan : The Government in agreement with the Auditor-General will arrive at a solution. I do not think there will be any difficulty. If there are difficulties then that can be further modified. I think the safety of the funds is more important, as also the question of public confidence, then what the machinery might create during the course of its working. That difficulty in my humble opinion will only be a minor matter.

Further, though I know I have a lot of goodwill with the Finance Minister, at the risk of losing a considerable portion of it, I wish to say that his defence both in the general discussion and at the later stage were rather tame and unsatisfactory. Why I say this is, we all rather appropriately, affectionately and picturesquely describe the Auditor-General as the watch-dog of the Parliament. But when the watch-dog itself—as certain disclosures made by the Finance Minister show—wants that it should have some scope here, what is the fun of preventing the watch-dog from pursuing its scent? It has been made clear that the Auditor-General himself feels that he 'has a part to play here. I do not understand why without consulting him this procedure should be adopted. I say that if the Finance Minister has to carry this House with him in a real sense and not by votes only he cannot do it unless he carries with him in this matter the Auditor-General and the financial committees of the Parliament. They also must have given their views and explained their attitude in the matter. I would urge on him to successfully carry the House with him by carrying—I repeat, Sir—the Auditor-General and the financial committees of this House.

As for the merits of the case, as to whether the Auditor-General will hamper or will not hamper the proper functioning of the Corporation, I cannot really understand, and with due deference I say that the arguments put forward on behalf of Government are ridiculous. They say that it will spoil the business. What is it? I think it is a hang-over of the presocialistic idea. It is now imagined that the Government has competence to manage all national affairs, all national undertakings. It is only the other part of the State—the Auditor-General is also a part of the State—which is considered as not competent to discharge its function; otherwise every portion of the State can look after every aspect of national life and therefore we can nationalise anything and everything. It is considered that the Auditor-General alone is not fit and that the audit alone should remain in the private sector. I am not able to understand this.

Apart from that, I should like to describe this as somewhat retrograde. If you will permit, me Sir I will take you

back to the proceedings of the Constituent Assembly and show you the genesis of article 149 which confers powers on the Auditor-General in regard to the Consolidated Fund of India. When this article was discussed there, very important persons took part. Pandit H. N. Kunzru, Shri T. T. Krishnamachari and, as was inevitable, Dr. Ambedkar also took part. I do not think I should waste the time of the House by quoting all the relevant portions, but I hope, Sir, you will permit me to quote one or two passages to show what was contemplated then when the Auditor-General was given the authority to audit the accounts of the Government of India and the other authority which was included at the instance of certain Members. The other authority included the corporations. While discussing that, the following passage by Pandit H. N. Kunzru may be relevant here. I will only read a portion from it. He says:

"It may not be necessary for Parliament to do so. But it should have the power to direct the Auditor-General to examine the accounts of the corporations created by it. The State has invested, or will invest crores upon crores of rupees in these corporations, and it should not, therefore, be compelled by law to depend upon the reports submitted by auditors appointed by these corporations. Now, this does not mean any distrust of these corporations. I do not wish to cast any reflection on the honesty of the members of these corporations or the auditors appointed by them; but as a general principle, I want that the power of the Auditor-General should be capable of expansion so that Parliament may have an independent authority at its disposal in order to satisfy itself of the soundness of the management of the authorities created by it."

A part of his amendment was accepted and that is how this article 149 has been evolved. Then, Dr. Ambedkar himself stated like this:

"But the addition of the words 'other authority' I think may be necessary or even useful."

That was Pandit Kunzru's amendment and he supports it ultimately. Then he says:

"As he has himself said the policy of the Government of India

[Shri C. R. Narasimhan]

today is to create a great many corporations to manage undertakings which it is not possible to manage departmentally and consequently it is necessary that the Government of India should make some provision for the audit of these corporations. That being so I think it is desirable to vest the Central Government with power to allow the Auditor-General to audit even the accounts of all such authorities. Subject to the modification I have suggested I am prepared to accept the amendment."

What I say is, why depend only on the statutory responsibilities of the Government; why not Government understand the spirit and instead of confining to their liabilities under the statute I would like them to extend the principle and accept what the House wants here.

Finally, I say that the attitude of the Government somehow or other is not correct. It is quite natural, when a particular stand is taken, however eminent the authority opposing it is, they get wedded to it and they won't see the other aspects of it. For instance a question was raised as to how the Auditor-General could circulate notes. I do not like this attitude of the Government. All the relevant facts are needed for the benefit of the House and it was the duty of the Government itself to have consulted all appropriate authorities and placed the information here. Instead of that, directly or indirectly, to express dissatisfaction that a high functionary like the Auditor-General circulated his opinion to the financial committees, or to raise it as a point of order or a point of doubt—I think is not very desirable in the interest of continuing the tradition that has been built around the Auditor-General and the confidence that has been created as a result of that. I hope, at least in future, on such occasions all available facts should be placed before the House and any fact placed before the House should not be treated as a matter of complaint.

As for the merits of the particular case, the Auditor-General has given his opinion. I do not think that he needs any defence here, but as a sort of loud thinking I feel like saying that it was quite relevant on the part of the Auditor-General to have given these views from

the house-tops. He could have even given public lectures on these facts. Therefore, I think, at least in future, the Government will consider and place all facts before the House before it comes to a decision on such an important matter such as this.

Shri C. D. Deshmukh : I understand that this question of propriety was reserved by the Speaker for his ruling. As the hon. Member has raised it, will it be open for me to refer to it?

Mr. Deputy-Speaker : Yes, yes.

Shri T. N. Singh (Banaras Distt.—East) : Mr. Deputy-Speaker, Sir, I am surprised to find that this year our Finance Minister has become allergic to the Comptroller and Auditor-General. I cannot understand this kind of an attitude from one, who, I always thought, was a great supporter of the Department of the Comptroller and Auditor-General.

The Finance Minister has taken the analogy of the United Kingdom in support of the provisions of this Bill. I feel that nothing could have been misrepresented in a more effective manner by the Finance Minister. What is the position in the United Kingdom? The position is that all concerns which are run by the State do not draw money from the consolidated fund. They are only guaranteed by the Government. It is no doubt true that they take loans and advances. On that ground it was said that they drew money from the consolidated fund. I want to know whether it is not a fact that even Tatas have got loans and advances from the Government. For that reason has this House ever suggested that the Comptroller and Auditor-General should audit their accounts? We have not suggested that. That has never been our contention. There is a difference between loans and advances and the money out of the consolidated fund which is used directly for controlling the ownership and running a concern. Here, the State is the owner of the corporation. The entire capital has been provided from the consolidated fund, and therefore, it is but proper that the Comptroller and Auditor-General should come into the picture and audit the accounts.

Then, a very curious suggestion was made by the Finance Minister in his speech. He says that the Estimates Committee can look into the audit report. This is something very surprising

indeed. What is the Estimate Committee's function? It does not look into the audited accounts. It is not a body accustomed to examining audit reports. The only committee of Parliament which is accustomed to examine audit reports is the Public Accounts Committee. I do not know why the Finance Minister has become allergic even to the Public Accounts Committee. That is a Committee which has specialised in that kind of work and he wants that very committee to have nothing to do with the audit report. The Estimates Committee in my opinion should have nothing to do with the audit reports even though the auditor does not happen to be the Auditor-General. The Finance Minister went out of his way when he suggested that the Estimates Committee should look into this matter.

I cannot understand why the Finance Minister shows his preference between two Committees of the House, and why the only Committee which has been specialising in this kind of work was ruled out by him. What is the reason? I cannot make that out. That attitude of the Finance Minister is something which is very surprising. I appeal to the House to see that its rights are preserved in this matter and I also appeal to the Finance Minister to see to it that the sovereignty of the House in such matters is no way tampered with.

The Finance Minister referred to the accountability to the House. Supposing the auditors of a company submitted the accounts, and a body like the Estimates Committee which has not the experience of this kind of work goes into the accounts. If I were a Member of the Estimates Committee, and supposing I am not satisfied with the auditors' report and I want to know something about it, then, I will be entitled to call the auditors of the company. But will it be good? An outside body is summoned by the Estimates Committee and cross-examined on various aspects of the report. Will that be conducive to good business?

Now, the Finance Minister says: enterprise, initiative, methods of advancing business, forging ahead—all that will be cramped if the Comptroller and Auditor-General audits the Corporation's accounts. What has happened to the various industrial concerns which the Comptroller and Auditor-General has been auditing? Has the Industrial Finance Corporation gone to dogs? Has the ITI

gone to dogs? Have the Chittaranjan Locomotive Works and the Perambur Coach factory gone to dogs? Or have they all improved? Is it not a fact that the report of the Comptroller and Auditor-General on the Industrial Finance Corporation did a lot of good to the corporation?

Shri C. D. Deshmukh: No.

Shri T. N. Singh: Perhaps the objection is because certain names were taken in that report and mentioned there. I know the history of that case. I was on the Public Accounts Committee when it examined that report. There was a great deal of objection from the officials to the fact that names were mentioned. But where was the objection when Shrimati Sucheta Kripalani's report mentioned names? It was already a public matter. Yet in the case of the Industrial Finance Corporation, it is said that Comptroller and Auditor-General should not have mentioned names. We have taken names of officials in the Public Accounts Committee and we have even named them. There was no objection then. As a matter of fact, it is the right of this House to name delinquent persons. We should name them, when necessary and in public interest. Therefore, I feel that the contention that the enterprise, initiative—all these high-sounding words which go with what is called business—will be affected has no force. This House should never accept that kind of argument and thus deprive itself of control over the expenditure of public money.

I would not take more time of the House except to refer to one small point which I was amazed to hear from the Finance Minister. He referred to the fact that there are superannuated people working in the department of the Comptroller and Auditor-General. It is all right for the Finance Minister to make a comment like this on a department other than his but may I ask in which department of the Government there are no superannuated people? Is it not a fact that many people are being given extension of service in many departments? When it happens in the Finance Department, when it happens in any other Ministry, there is no mention. Is this the way to approach objectively a question like this? We have to make use of the talents that we have. Engineers and all kinds of people are being granted extension. If,

[Shri T. N. Singh]

for some reason, there are some superannuated people, that does not damn the whole department and that does not cast a reflection on their ability to do certain things. A commercial wing has already been opened under the Comptroller and Auditor-General, and there are people coming in and doing a good job. They are doing commercial audit work quite well and satisfactorily. At least they have done work with which a Committee of this House has expressed satisfaction. The Finance Minister wants to push through certain views, and he may like to do it. But let us not quote wrong analogies; let us not make wrong statements which may perhaps with equal force be applied on the other side. With these few words, I strongly appeal to the House to restore the authority of the Comptroller and Auditor-General in the matter of accounts of this corporation.

Shri Raghavachari: I only wish to point out one awkwardness in the whole matter that is now under consideration. I take it that the general insurance portion of the business that is going to be conducted by the corporation is certainly coming under the Companies Act. Under the Companies Act, that portion can certainly be looked into and examined by the Comptroller and Auditor-General. But now you want that he should have no place or voice in the corporation. But a branch of it or a section of it is bound to be under his control. So, though you do not want his control, a law already made does bring in his control over here. That is the first point that I wanted to make.

The other point is this. It is very unedifying that one section of the Government must be working and uttering things against another section of the Government. The Auditor-General is compelled to propagate his views and ideas through other channels than through direct consultation with the concerned branches of the Government. The actual purpose is to secure public confidence and also to see that public funds are properly accounted for. The only thing that is being asked for is the consent or the approval of the Comptroller and Auditor-General in the matter of the appointment of auditors. That is a very small point, and this kind of stubborn opposition to it is rather un-understandable and causes some unpleasantness.

5 P.M.

Shri C. D. Deshmukh: I will deal with the remarks of the last speaker. So far as general insurance is concerned, it is a very small but as compared with the total business which is going to be taken over, so that we do not attach any particular importance to whether that business which is conducted through a subsidiary is audited by the Auditor-General or not. Yesterday, there was some reference to section 6 (2) (g) and one hon. Member opposite referred to the ambiguity in that clause. He said it enabled the Corporation to take over the business, but not the subsidiary and I observed that it was our present intention to keep the subsidiary. But, under the wording of that sub-clause which we shall come to later, we can look after the business as part of our functions in any manner we like. We may keep the subsidiary, or if we do not like the subsidiary, we can make arrangements for merging its business with the business of the holding Corporation. These are relatively unimportant matters and therefore that particular argument should not really influence the decision of the House.

I come to the next point referred to both by him and the Member behind and Shri T. N. Singh. I would ask The House not to consider this matter as a matter between one section of Government and another. I think it is not a worthy kind of reflection when we are dealing with issues of very great importance. This is my advice to the House itself which is being called upon to take a decision today. It has to be borne in mind by the House itself. How far there are opportunities between the Finance Ministry and the Comptroller and Auditor-General to discuss is not dependent on any outside factor. There is nothing to stop the Finance Minister from consulting the Comptroller and Auditor-General at any time; there is nothing to stop the Comptroller and Auditor-General from addressing any number of notes on this or any other subject as he does, to the Finance Minister or to the Prime Minister or anyone else.

Shri Nambari: The hon. Minister of Parliamentary Affairs is making gestures calling somebody.

Mr. Deputy-Speaker: At least we should not take notice of that.

Shri C. D. Deshmukh: All that I said yesterday was that I had not seen the note and I thought actually it was

somewhat strange that if a note had to be addressed by the Comptroller and Auditor-General,** he might as well have sent a copy to me or he might as well have taken many other Members of the House into confidence.

Shri Gadgil: It is an unfair practice....

Shri C. D. Deshmukh: What I think really is not appropriate is that in spite of the fact that there is no provision to that effect in the Constitution as in the case of the Attorney-General, **I say something one day and the next day, I circulate a note—it is a restricted circulation—to some favoured Members. Tomorrow those Members make a speech; then I reply to them. Then another note goes from the Comptroller and Auditor-General to some other Members who are to speak the next day. I think you will agree, Sir, that that is not very proper procedure. ***You cannot consider the Comptroller and Auditor-General as part of the current debate and that is what is happening by means of these notes. I have no objection to meeting or trying to meet any arguments that might be advanced by hon. Members and I do not even mind if they advance some arguments supplied to them by the Comptroller and Auditor-General. It is only a question of time and I think it is best that the House should have all shades of opinion—expert shades of opinion, if the House chooses to call it—before them before they make up their mind. That is all I have got to say on that particular point; but, that is a matter of procedure that does not go to the merits of this issue.

I now come to one small point which has been urged again and again. I have been asked why is it that I should have any objection even to the minimum demand, namely, if the Central Government wants, it may appoint the auditor, but it should consult the Auditor-General. Ordinarily I should have said "Yes; there is no objection to such a procedure". But that is coupled with the recommendation that the Comptroller and Auditor-General should have the right to issue directions to that auditor and to

conduct a test audit, in which case it is not a minimum demand. It is almost all the same. It is only that the Comptroller and Auditor-General has been permitted so to speak to engage some other agency under his control, a contractual agency instead of a departmental agency to conduct the audit. Therefore, in essence the audit will be conducted by the Comptroller and Auditor-General. Therefore, we are discussing the same thing and not two or three different things.

There is another point which is somewhat like a red-herring across the trial and that is that I have tried to make a distinction between the Estimates Committee and the Public Accounts Committee. I referred yesterday to the Estimates Committee in answer to a question asked by one hon. Member. The question has been asked, "Would it not do if the report is first submitted to the Public Accounts Committee?" The Public Accounts Committee goes into operation only after it receives the Audit Report and therefore after one or two years, whereas the Estimates Committee has been going into these matters systematically, not once in seven years, but within a shorter period. I referred to their 13th, 14th, 15th and 16th Reports. They are going into these matters and I thought it would be more convenient to them to investigate this matter through a sub-committee. If hon. Members refer to previous proceedings, they will find that I have even thrown out the idea that the Estimates Committee and the Public Accounts Committee might get together in order to investigate. But, in this matter, I have only suggestions to make and it is for Parliament to decide which sort of committee they will appoint. What the hon. Member opposite said is quite true, namely, that at one time I was sympathetic—I have used the wrong word; to use the right word, I was not certainly allergic—to the idea of having a standing committee of the House and go on. If I might let out a secret, my personal opinion remains the same. But, my decision is not the decision of the Cabinet. The Government have for the time being decided that the present committees are able to cope with the work between them too and there is no intention to set up one against the other.

** Expunged as ordered by the Speaker.

[Shri C. D. Deshmukh]

It would be an astonishing thing for anyone to do so and it would be a futile thing to do it. But this matter is not closed. Hon. Members referred to something in regard to the standing committee. I would ask Shri Asoka Mehta if he did not read something in the papers today. I said yesterday that the Parliament had decided not to set up a select committee. Now I offer this piece of information gratuitously that the Prime Minister of the United Kingdom has decided to set up such a committee, in which case it might change our decision.

Shri Asoka Mehta : Why should what is done in U.K. change our decision?

Shri C. D. Deshmukh : Reference has been made on the other side to the standing committee. Hon. Members on the opposite side have referred to its desirability. The hon. Member himself said that if some such statutory committee is set up, then he would be content. Extracts were read from those speeches and therefore I said yesterday that according to my knowledge, the U.K. Parliament had decided not to set up such a committee. I am being fair in now bringing this to the notice of hon. Members that today I read in the papers that the Prime Minister of U.K. has decided that such a committee shall be set up.

Shri Asoka Mehta : Perhaps our debate has had some influence on them.

Shri C. D. Deshmukh : May be. The world is shrinking. There may be some kind of telepathy or psycho-telepathy. In any case, I feel that is relevant. I may also say for the information of hon. Members that I am drawing the special attention of the Prime Minister to this debate on this question of accountability to which I attach far greater importance than the agency through which this accountability is to be exercised. My intention is to advise—it is for the House to decide—this is irrespective of the decision that we may take—that the present arrangement may not be satisfactory. It is not for me to say. It is for the Estimates Committee or for the Public Accounts Committee or for the Speaker or in the last resort for the Members of the House to say. Should there be at any time a feeling dominant in the mind of the hon. Members that really the time has come either to have a Standing Committee or as one hon. Member suggested, to have an *ad hoc* Committee appointed once in seven

years or five years or three years, certainly it is for the House to take a decision. I for one shall not oppose it. Indeed, I shall encourage such an idea. I believe that this is the right way of proceeding in this matter.

There was some reference yesterday to that sort of a Select Committee employing some special auditing apparatus. That, again, is more sensible than merely being dependent on our conventional audit. I am not making any attack on the sovereignty of the House. I cannot. I am arguing the case today just as hon. Members are arguing the case. That is prior to decision. I am offering advice to Parliament. If they should decide finally—and that question is not closed—to have a Standing Committee, certainly, although hon. Members have needlessly pointed out, that Committee could always ask the Comptroller and Auditor General to audit. We cannot stop that Committee from doing so. My advice would be that this shall be a separate and more specialised agency for this particular purpose. This is only an advice. It is for the House to take it.

Another misapprehension that hon. Members have is that I am now concerned with the audit of public enterprises in general or commercial enterprises in general. Obviously that could not be true. Yesterday in the course of my observations, I gave the instances of the D.V.C., the I.F.C., Sindri and Government companies. I myself piloted the Company law Bill. What is the point of saying or trying to convince me that the Comptroller and Auditor General can discharge an useful function even in regard to commercial undertakings because he has a commercial wing. That is why I have suggested that in many of these matters he may continue to audit in order to help Parliament to discharge its duty of control and supervision. The narrow point that I am making is, just as in the case of the State Bank of India, here we are dealing with a very specialised institution. It is all very well to say that it will be managing enormous funds. Certainly Rs. 380 crores is a large amount. That amount is not coming from the Consolidated Fund of India. If we are talking of accountability, if we are talking of public funds, let us talk of the Consolidated Fund. If we are talking of public funds in a larger sense, of course, all joint stock company funds are also public funds. Bank funds are also public funds. They are moneys belonging to the public.

Shri Sadhan Gupta : Public funds in both the senses.

Shri C. D. Deshmukh : They are private funds, not public funds. Merely because we are finding a capital of Rs. 5 crores. The Corporation will be handling Rs. 380 crores, which we hope will rise to Rs. 1,000 crores, much more than the budget that I am handling today. How does it follow that it is therefore necessary that it is only the Comptroller and Auditor General and his limited staff and no one else which should audit ?

Incidentally, I should refer to this point which I do not understand about superannuation. I do not sneer at superannuation. I said that the fact that many officers in the Audit department have been given extension shows that the Comptroller and Auditor General is short of staff. How does it help the hon. Member to point out that in other Ministries also the staff is short unless he were to say that in the Finance Ministry the staff is short and therefore the Finance Minister should not undertake this additional burden like the Company law administration ? I am prepared to admit that. If hon. Members feel that we have not got sufficient personnel at our command in order to take all this additional responsibility, I should be the first person to advise the House not to go on with this Bill. But, I do not think that the situation is so desperate as that because the staff that I have at my command, I can draw from the States and from the various Ministries whereas the staff that the Auditor-General has is a specialised establishment.

Shri T. N. Singh : Are there no members of our staff who are under extension today in the Ministry ?

Shri C. D. Deshmukh : The hon. Member is repeating the same kind of question. Obviously he finds more difficulty in following my argument.

Shri T. N. Singh : Rather complicated.

Shri C. D. Deshmukh : I can only hope that it is carrying some conviction with the other Members of the House.

Having settled this question, on the point of accountability, I have not only an open mind, but a sympathetic mind. That is to say, I feel in the same way as most hon. Members. If I had my way, then, a committee of this kind would have been established earlier. But

in this matter, the Cabinet as a whole has to take a decision. As I was saying, I am still trying to persuade them now to take steps to have a kind of Committee established. Apart from the fact that there is time and timing for everything, the number of such public enterprises is increasing. Perhaps, a stand that was correct a year or two ago may not be the correct stand today. What is the correct stand today may not be correct a year hence. This idea that there should be a Committee of the House commends itself to me. I see very great difference between what the Committee will investigate and find out and what the Comptroller and Auditor-General will find out. In that matter, as I said, the only minor point that I am making is, if you want that maximum assistance from some kind of audit mechanism, then, it would be better for you to make special arrangements for that audit in order to dig out more facts which will be relevant for your consideration than through the Comptroller and Auditor General. I can understand that. Supposing the Standing Committee wants to know how far the business has expanded, certainly that is not a matter of wastage or economy. Yet it is a very vital matter in regard to this. If the business does not expand, if the business remains exactly the same, there is no wastage, the expense ratio is good there are no air travel tickets or something which was found missing somewhere in the accounts of the Corporation, would it be satisfactory either from the point of view of the Corporation or the House, I ask I say, No. Because, the House is really interested in finding out how the fundamental objective of this nationalisation is being fulfilled. In that matter, the Comptroller and Auditor General can give you no help as his audit is a negative one. What, I hope, any Standing Committee of the House will do will be to carry out, apart from efficiency and economy, a positive achievement audit. Therefore, whether you give power to the Comptroller and Auditor General or not, I attach far greater importance to the House, namely the shareholders exercising their powers. As I say, in trying to discharge this responsibility, if they feel that they want the Comptroller and Auditor General, one cannot stop that. That is the decision that they will be taking today. If they accept my advice, they will say, yes, we will consider at that time what sort of audit we want ; may be we will appoint some special cost accountants, special commercial auditors ; we will ask

[Shri C. D. Deshmukh]

the Comptroller and Auditor General if he has a good man from the commercial wing whom he can place at our disposal as an Officer of Parliament to carry out the audit. There are many ways open. That door is not shut and cannot be shut. All I say is that we should not make a formal provision to that effect in the Bill because it is not going to enable you to attain your real objective. In this context, therefore, any reference to the French system or to the State-trading Corporation or to commercial enterprises in general would only amount to knocking at an open door. We all agree that here the Comptroller and Auditor-General and his commercial wing have full scope, but, as I said, this particular business of life insurance is not a general public enterprise. It is not a commercial enterprise, it is not an industrial enterprise. It is a financial enterprise. In other words, what you are handling all the time is money. You may be buying property here or there, but that is purely ancillary. The main business is handling not only the money that goes out of the Consolidated Fund of India, but also the money which is 70 times more than the original capital, and in the handling of this money problems of judgment, particularly in investment, always crop up. I am terrified of the wisdom and hind-sight of the historian. It is always possible six months hence to say that a particular investment was bad because surely you have lost on it. Another investment could have been made somewhere else. I say that the Comptroller and Auditor-General can take that view, it is open to him to take that view, that so much loss has occurred because Tata ordinaries which were Rs. 250 or Rs. 260 at the time of purchase have gone down to Rs. 220 and therefore this man is bad, that the General manager made a great mistake; Government securities themselves have gone down; or, perhaps an advance given to a policyholder has turned out to be a bad advance; certain policies should not have been made because it turned out something was not established, some letters of administration or whatever the legal requirements may be. I say that the life of those who are responsible for the management of this infant financial institution of a very special and unique kind should not be played by fears and apprehensions of this kind, and all I am appealing to the House for is to have a little patience and even if your committee finds that there is certain evidence, shall we say, of bad man-

agement, it would be open to them to come back and say: "All this is happening because there is no audit." My own anticipation is that they will find that all this is happening because of something else, because either the Minister's directions are bad, or because the choice of the members on the Corporation is bad etc. There will be a hundred and one reasons, but I do not think that they will find in more than one case out of a hundred that this is happening because of some audit irregularity.

Reference has been made to the Industrial Finance Corporation. I have great respect for the Public Accounts Committee and that is why I cannot go into this question of the quality of that audit in regard to the Industrial Finance Corporation. The situation is that the Audit Report has been made to the Public Accounts Committee. I believe that the Public Accounts Committee is examining this. Therefore, it would be wrong on my part to make any statement, but it is my intention when the Public Accounts Committee come to examine it and if I find that I am not able to agree with them, to make a statement, as it is open to me as a Minister, explaining the situation, to send a copy to the Parliament Secretariat for the benefit of the Chairman of the Public Accounts Committee a few days in advance before I make that statement, and to make it on the floor of the House. Then if the House wants any discussion on it, certainly it is for the House to ask for it. Therefore, today I am prohibited, precluded, from making any reference to the Industrial Finance Corporation.

The other remarks of another hon. Member in regard to the Industrial Finance Corporation were just ill-natured because the House did not come to that conclusion, and it is not true to say that the report of that special committee established that there was a great deal wrong with the Industrial Finance Corporation. There were a few cases where wrong loans had been made. There was one case which has been made to the Sodepur Glass Works where obviously a loan should not have been given and it was given, and that particular transaction was likely to involve Government in considerable loss, but in other cases it was not established that there was any corruption or there was any nepotism, and indeed because that committee found that that was not so, they went off at a tangent to some other matter

and concentrated their attack on the Managing Director who was in charge when the report was written, who was not responsible for any of the previous transactions.

Shri N. C. Chatterjee : A very good reply.

Shri C. D. Deshmukh : That is the fact. If the hon. Member will have the patience to sit down with me, I can prove every syllable of it.

Shri N. C. Chatterjee : If you had only listened to the speech of the Chairman, Shrimati Sucheta Kripalani....

Shri C. D. Deshmukh : I have read the speech. It is not possible for me to listen to every speech but I have read the speeches; I have studied this I have been associated with the Industrial Finance Corporation ever since its establishment. Indeed, the original provisions were drawn up by me as Governor of the Reserve Bank, and I have a special interest in the Industrial Finance Corporation. And I still repeat that that report did not find anything worth while that was wrong with the Industrial Finance Corporation.

One hon. Member said that the State Bank's case was different. Possibly it was. That is a case of credit. Here I say is another financial institution which has its own special difficulties. It is not necessary for the House to have every time reason related to credit in order to take this decision, but I say that there are special characteristics of institutions which deal with money only, and not with transactions, that is to say just handling of money—investment of money, re-investment of money, collection of money and so on and so forth. There I say it would be much better to make some satisfactory internal arrangements and accept whatever arrangements Parliament finally in its wisdom decides to make in regard to its own accountability.

Shri N. C. Chatterjee : I did not like to interrupt the Finance Minister, but he said that the Auditor-General instead of shouting from the houses tops descended to the basement. I ought to make this clear that we had nothing to do with the basement. Whatever was supplied to us came from the Parliament Secretariat along with our parliamentary

papers. We did not want any discriminatory treatment to be awarded to anybody, and it is not fair to say that we made our speeches, then the Finance Minister replied, then some other note was circulated by the Auditor-General and we fashioned our speeches accordingly.

Mr. Deputy-Speaker : That was a hypothetical case he enunciated.

Shri N. C. Chatterjee : We entirely repudiate it.

Mr. Deputy-Speaker : If it were to happen,—that is what he was saying.

Shri N. C. Chatterjee : No, Sir. He definitely said that some note was circulated and on the basis of that brief some speeches were delivered. Then he said: I made some statement: he added; then another note was circulated. All this is a figment of his imagination. Nothing of this kind ever happened.

Shri Ramachandra Reddi : In view of the sympathetic statement of the hon. Finance Minister after hearing the entire debate, will it be too much for me to suggest that the hon. Finance Minister might consult the Cabinet, and then if the Cabinet make up its mind, these clauses which are very controversial might be proceeded with. Until then these clauses might be held over.

Shri C. D. Deshmukh : I anticipated this kind of debate because I have been aware of the views of the Comptroller and Auditor-General. As I said yesterday in my corrected remark, that is to say the second remark, after the State Bank Bill was passed the Comptroller and Auditor-General wrote to me and he said that in his opinion Audit should have been brought in. Therefore I was well aware of his views in the matter, and as I said yesterday that is the reason why, my convictions being what they were, I said to the Cabinet when I brought up this issue of nationalisation, that in my opinion they would be undertaking too great a responsibility in this matter if this venture were to be subject to the ordinary audit such as is conducted, whether it is commercial or otherwise, by the Comptroller and Auditor-General. Then during the course of the meeting of the Select Committee this question came up again and before the matter was decided I put it to the Cabinet again. I said: "Some Members have said this, and this is what

[Shri C. D. Deshmukh]
 they feel about it. Now, what is the view of the Cabinet." And the Cabinet told me that they adhered to the view that at this stage it would be better not to provide specifically in the law—and I repeat not to provide specifically in the law—as a matter of statutory right for the Comptroller and Auditor-General to examine the accounts. Now, that does not shut out the Comptroller and Auditor-General, if as I said, Parliament wanted it any time. But there is no provision which lays a duty in accordance with the terms of our Constitution on the Comptroller and Auditor-General. Therefore, I have taken the precaution of ascertaining the views of my colleagues twice in this connection, and they have agreed with me.

Mr. Deputy-Speaker : Now, there is no use holding this clause over. I shall put the amendments, one by one, to vote. First, I shall put amendment No. 102 to vote.

Shri N. C. Chatterjee : Kindly put amendment No. 21 to vote first.

Mr. Deputy-Speaker : All right.

The question is :

Page 14—

for lines 28 to 36 substitute :

"(1) The accounts of the Corporation shall be audited by Auditors duly qualified to act as auditors for companies under the law for the time being in force relating to Companies and shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor-General of

India and shall receive such remuneration from the Corporation as the Central Government may fix.

(2) The Comptroller and Auditor-General of India shall have power—

(a) to direct the manner in which the company's accounts shall be audited by the auditor appointed in pursuance of sub-section (1) and to give such auditor instructions in regard to any matter relating to the performance of his functions as such; and

(b) to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorise in this behalf; and for the purposes of such audit, to require information or additional information to be furnished to any person or persons so authorised, on such matters, by such person or persons, and in such form, as the Comptroller and Auditor-General may, by general or special order direct.

(3) The auditor aforesaid shall submit a copy of his audit report to the Comptroller and Auditor-General of India who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.

(4) Every auditor in the performance of his duties shall have at all reasonable times access to the books, accounts and other documents of the Corporation."

*The Lok Sabha divided : Ayes 24
 Noes 128.*

AYES

[5-32 P.M.]

Division No. 3]	Kamath, Shri	Raghavachari, Shri
Anandchand, Shri	Mehta, Shri Asoka	Rao, Dr. Rama
Chakravarthy, Shrimati Renu	Mehta, Shri J. R.	Rao, Shri T. B. Vittal
Chatterjee, Shri N. C.	More, Shri S. S.	Reddy Shri Eswara
Chowdhury, Shri N. B.	Mukerjee, Shri H. N.	Reddi, Shri Ramachandra
Deshpande, Shri V. G.	Nair, Shri N. Sreekanth	Swami, Shri Sivamurthi
Gopalan, Shri A. K.	Nambiar, Shri	Tulsidas, Shri
Gupta, Shri Sadhan	Nair, Shri V. P.	Velayudhan, Shri

NOES

Abdullahbhai, Mulla	Iqbal, Shri	Prabhakar, Shri Naval
Achuthan, Shri	Iqbal Singh, Sardar	Rachiah, Shri N.
Agrawal, Shri M. L.	Iyyunni, Shri C. R.	Radha Raman, Shri
Ajit Singh, Shri	Jagjivan Ram, Shri	Raghubir Sahai, Shri
Altekar, Shri	Jaiware, Shri	Raghunath Singh, Shri
Azad, Shri Bhagwat Jha	Jangde, Shri	Ramachander, Dr. D.
Babunath Singh, Shri	Jatav-vir, Dr.	Ramananda Tirtha, Swami
Barman, Shri	Jhunjhunwala, Shri	Ramaseshiaah, Shri
Basappa, Shri	Joshi, Shri N. L.	Ram Krishan, Shri
Bhatat, Shri B. R.	Joshi, Shrimati Subhadra	Ranbir Singh, Ch.
Bharati, Shri G. S.	Kajrolikar, Shri	Rane, Shri
Bhatkar, Shri	Kawle, Shrimati A.	Rao, Shri Seshagiri
Bidari, Shri	Kasliwal, Shri	Rup Narain, Shri
Borkar, Shrimati Anusayabai	Katham, Shri	Saigal, Sardar A. S.
Borooh, Shri	Khan, Shri Sadath Ali	Samanta, Shri S. C.
Bose, Shri P. C.	Kirolikar, Shri	Sanganna, Shri
Barajeshwar Prasad, Shri	Kolay, Shri	Sarma, Shri Debendra Nath
Brohmo-Choudhury, Shri	Krishna Chandra, Shri	Satyawadi, Dr.
Chalih, Shri Bimalaprasad	Krishnamachari, Shri T. T.	Sen, Shrimati Sushama
Chandrasekhar, Shrimati	Kureel, Shri B. N.	Sewal, Shri A. R.
Chatterjee, Dr. Susilranjan	Lakshmayya, Shri	Sharma, Pandit K. C.
Chaturvedi, Shri	Lotan Ram, Shri	Sharma, Shri D. C.
Chaudhary, Shri G. L.	Madiah Gowda, Shri	Sharma, Shri R. C.
Chettiar, Shri Nagappa	Malliah, Shri U. S.	Shukla, Pandit B.
Damar, Shri Amar Singh	Mandal, Dr. P.	Singhal, Shri S. C.
Das, Shri B. K.	Maydeo, Shrimati	Sinha, Shri Anirudha
Das, Shri K. K.	Mehta, Shri Balwant Sinha	Sinha, Shri K. P.
Das, Shri N. T.	Miera, Shri R. D.	Sinha, Shri S.
Das, Shri Ram Dhani	Morarka, Shri	Sinha, Shri Satya Narayan
Das, Shri Shree Narayan	More, Shri K. L.	Siva, Dr. Gangadhara
Deb, Shri S. C.	Mukne, Shri Y. M.	Subramania Chettiar, Shri
Deshmukh, Shri C. D.	Murthy, Shri B. S.	Sunder Lal, Shri
Dube, Shri Mulchand	Naskar, Shri P. S.	Suriya Prashad, Shri
Dubey, Shri R. G.	Natarajan, Shri	Swaminadhan, Shrimati Ammu
Eacharan, Shri I.	Natawadkar, Shri	Tewari, Sardar R. B. S.
Gadgil, Shri	Nehru, Shri Jawaharlal	Thomas, Shri A. M.
Gandhi, Shri Feroze	Pannalal, Shri	Tiwari, Shri R. S.
Garg, Shri R. P.	Parekh, Dr. J. N.	Uikey, Shri
Ghose, Shri S. M.	Parmar, Shri R. B.	Upadhyaya, Shri Shiva Datt
Giri, Shri V. V.	Pataskar, Shri	Vaishya, Shri M. B.
Hazarika, Shri J. N.	Patel, Shri B. K.	Varma, Shri B. B.
Hyder Husein, Ch.	Patel, Shri Rajeshwar	Verma, Shri B. R.
	Pawar, Shri V. P.	Vyas, Shri Radhelal

The motion was negatived.

Mr. Deputy-Speaker : I will now put the other amendments to vote.

The question is :

Page 14—

for clause 25, substitute:

"25. Audit—(1) The Accounts of the Corporation shall be audited annually by the Comptroller and Auditor General of India and any expenditure incurred by him in connection with such audit shall be payable by the Corporation to the Comptroller and Auditor-General of India.

(2) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Corporation shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor General has in connection with the audit of Government accounts and in particular shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Corporation.

[Mr. Deputy Speaker]

(3) The accounts of the Corporation as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be submitted to the Corporation and a copy of such account and report shall be forwarded to the Central Government by the Comptroller and Auditor-General."

The motion was negative.

Mr. Deputy-Speaker : The question is :

Page 14, lines 31 and 32—

for "by the Corporation with the previous approval of the Central Government" substitute :

"by the Central Government on the advice of the Comptroller and Auditor-General of India."

The motion was negative.

Mr. Deputy-Speaker : The question is :

Page 14, line 32—

for "the Central Government" substitute : "the Comptroller and Auditor General"

The motion was negative.

Mr. Deputy-Speaker : The question is :

Page 14—

for clause 25, substitute :

"25. The annual accounts of the Corporations shall be audited by the Comptroller and Auditor General of India."

The motion was negative.

Mr. Deputy-Speaker : The question is :

"That clause 25 stand part of the Bill."

The motion was adopted.

Clause 25 was added to the Bill

Mr. Deputy-Speaker : I shall now put amendment No. 39 to the vote of the House. It is about adding a new Clause 29A.

The question is :

Page 15—

after line 22 insert:

"29A. Notwithstanding anything contained in this Chapter, the Comptroller and Auditor General may give such directions as he may deem fit for the public accountability and audit of the accounts of the Corporation.

Explanation.—For the purposes of this section the Comptroller and Auditor General shall be deemed to have similar powers as have been conferred upon him under section 619 of the Companies Act, 1956 (1 of 1956) for the audit of Government Companies, with such modifications as may be prescribed by the Central Government in agreement with the Comptroller and Auditor General."

The motion was negative.

Mr. Deputy-Speaker : Now we shall proceed to the next group.

Shri N. C. Chatterjee : May I suggest that we should adjourn now because the matter is a controversial matter.

Mr. Deputy-Speaker : If that is the sense of the House, we may adjourn now; but before that Shri Chatterjee is to lay certain papers on the Table.

PAPER LAID ON THE TABLE

SYNOPSIS OF PROCEEDINGS OF COMMITTEE 'A' ON THE SECOND FIVE YEAR PLAN

Shri N. C. Chatterjee (Hooghly) : I beg to lay on the Table the Synopsis of the proceedings of Committee 'A' on the Second Five Year Plan [Placed in Library. See No. S—189/56].

The Lok Sabha then adjourned till Half Past Ten of the Clock on Wednesday, the 23rd May, 1956.

[Tuesday, 22nd May, 1956]

COLUMNS

COLUMNS

MOTION FOR ADJOURNMENT 9103-06

After the statement made by the Minister of Home Affairs, Pandit G. B. Pant, the Speaker withheld his consent to the moving of an adjournment motion given notice of by Shri Rishang Keishing regarding the alleged deaths of certain nagas due to starvation in Tamenglong tribal areas and alleged non-payment of wages to the Tribals for the construction of hill roads in Tamenglong under "Relief Work".

RELEASE OF MEMBERS. 9106

The Speaker informed Lok Sabha that he had received a letter dated the 19th May, 1956, from the Chief Presidency Magistrate, Calcutta intimating that Shri Bhajahari and Shri Chaitan Majhi, M. Ps. were discharged from the case on the 18th May, 1956.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE. 9106-10

Partdit Balkrishna Sharma called attention to the Government of India's policy with regard to Algeria. The Prime Minister made a Statement in regard thereto.

BILL UNDER CONSIDERATION . . . 9110-9238

Further consideration of the Life Insurance Corporation Bill was continued. Consideration of clauses was not concluded.

PAPER LAID ON THE TABLE . . . 9238

A copy of the Synopsis of the proceedings of Committee 'A' on the Second Five Year Plan was laid on the Table.

AGENDA FOR WEDNESDAY, 23RD MAY, 1956.

Further consideration and passing of the Life Insurance Corporation Bill, and discussion on the Resolution regarding Second Five Year Plan.