

SHRI H. N. MUKERJEE : But we have not heard the Ministry yet.

MR. SPEAKER : I am not putting the motion to vote now. I would certainly like to hear the hon. Minister.

But before I call him, I would like to say a word in regard to the amendment. It seeks to refer it to the committee for a particular purpose. The committee has a right to take decisions. We cannot tell the committee here 'Do this or do that'. Let us hear the hon. Minister about that point.

SHRI S. M. BANERJEE : The Essential Service Maintenance Bill may be circulated for eliciting opinion thereon.

DR. RAM SUBHAG SINGH : As regards the point made by the leader of the S.S.P., and the assurance I have given in that letter, I adhere to that *in toto*. What Shri H. N. Mukerjee has said is covered by that and that also covers the point raised by Shri Madhu Limaye and Shri Nambiar. As regards the sugar discussion as you have said, the Business Advisory committee will consider the matter.

Regarding the point raised by Shri Hem Barua that there is difference of opinion, I would only repeat that *chowpayee* which Shri Madhu Limaye had recited, and say that we are going to be guided by that *chowpayee*; there is no difference of opinion on that.

SHRI TULSHIDAS JADHAV (Bara-mati) : About the sugar discussion....

MR. SPEAKER : I cannot assure him of anything. I cannot say anything now. The Business Advisory Committee has to take a decision. So, how can I promise? Why should there be a committee if I can promise here?

SHRI S. M. BANERJEE : Something should be said about the U.P. teachers also.

MR. SPEAKER : I shall now put the motion of Dr. Ram Subhag Singh to vote.

The question is :

"That this House do agree with the

Twenty-sixth Report of the Business Advisory Committee presented to the House on the 5th December, 1968."

The motion was adopted.

12.38 hrs.

INSURANCE (AMENDMENT) BILL —Contd

MR. SPEAKER : The House will now take up further consideration of the following motion moved by Shri K. C. Pant on the 4th December, 1968, namely :—

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

Shri Bedabrata may now continue his speech. He has already taken about 11 minutes. So, he should be very brief now.

SHRI BEDABRATA BARUA (Kalia-bor) : As I have pointed out already, this Bill answers to the minor objectives of national policy while the major objectives of policy are not touched by the social control proposed in the Bill. I would like to draw your attention to the four main objectives of national policy, namely mobilisation of resources, prevention of concentration of economic power in the hands of a few people who may be controlling an insurance company which insurance company in turn may be controlling a very disproportionately large share of the nation's investible capital, elimination of foreign interest in the insurance business which accounts for nearly Rs. 20 crores of the premia income of these companies, and fourthly the expansion of the general insurance business in the country, an objective which has not been touched at all by this Bill.

In spite of the growth of general insurance business or the creation of general insurance business, the principal Act is still a pre-Constitution Act. General insurance business has not expended except to

a very limited extent. At present it is only the very rich or these people who have got special interests who take to general insurance. Crop insurance and other such forms of general insurance which affect the lives of millions of people have not been touched at all by the general insurance business so far. I would like that general insurance business should touch that also. It has not touched it so far because it is not socially informed. I would, therefore, submit that the whole general insurance question should be approached from the point of view of nationalising the whole business.

Keeping in view the four major national objectives such as the prevention of concentration of power of the mobilisation of resources etc. I do not see any alternative to nationalising it. At the same time, I shall not say that nationalisation may be a very easy considering the nature of the general insurance business. In the case of life insurance business premia are taken, but there are a lot of claimless claims. But in the case of general insurance business, the claims may mount up like anything as a result of collusion between the parties and the agents, and other malpractices. In spite of all these things, we have to look into this question. And we have to see that the L.I.C. acquires a commanding height in the general insurance business also. The L.I.C. is already doing a lot of general insurance business, but it should be able to acquire a commanding height in the general insurance business, and ultimately the general insurance business should be confined to the public sector only. At present, a business of Rs. 15 crores is being done by the public sector. I hope it will be expanded and Government will have no hesitation in declaring as a policy that Government departments and Government-aided institutions should get their general insurance, fire insurance etc. done with the L.I.C. only. Government can easily achieve that I do not think that any objective of policy will be affected by it.

I would also suggest that the general insurance premia should be brought down. For instance, when fire insurance is done, a college may do it for Rs. 20 or 30 lakhs, and immediately a huge amount of premium is paid, and a lot of agency commission

is also paid. But the premium continues from year to year, So, I feel that something should be done to bring down the premia and also the agency commission.

So far as social control and policy directions are concerned, I feel that social control can be achieved only when the objectives of social policy are kept in view. We expect the controller to understand the social objectives of social control, and we can also depend upon Government to understand and apply these objectives in practice. But I would submit that the powers should be so regulated that the controller will be advised by people who have weight in Parliament, such as Members of Parliament and also by people who could check whether the enormous powers that have been given to the controller have been exercised with a view to answering to the needs of community. In my opinion this is very necessary, because the controller had all these powers even before, but in spite of all these powers, the malpractices have been there. So, I feel that the controller should be advised not by men who are prominent in the insurance line who have got special interests to protect, but by some advisory committee, a tariff advisory committee or a consultative committee, but a high-powered committee which will be able to assess from time to time whether the limited objectives of social control that this Bill seeks to fulfil are being implemented in day-to-day practice. The committee may consist of Members of Parliament and other eminent people not connected with the life insurance companies but who have the national objectives in view. I hope Government will consider this suggestion.

MR. SPEAKER : We had allotted for the general discussion 2 hrs. 30 minutes, but have already taken 3 hours. Still one group, the S.S.P., has not yet participated. So it will be 3 hours odd. May I take it that after the S.S.P. has spoken, we will close the general discussion ? Then we can take up clause by clause consideration—I think that will be fair.

Shri George Fernandes.

श्री जार्ज फर्नेन्डिस : (बम्बई दक्षिण) :
प्रश्नक महोदय, बीसा कम्पनियों पर सामाजिक

[श्री जार्ज फरनेन्बीज]

नियन्त्रण के विधेयक की असली शुरुआत शायद 1962 से इस सदन में हुई थी जबकि कम्पनियों के काम के बारे में, उनकी ईमानदारी के बारे में इस सदन में प्रश्न उठाने में आये थे। उन दिनों के अर्थ मन्त्री श्रीर भ्राज के उपप्रधान मंत्री तथा अर्थ मन्त्री श्री मोरारजी देसाई ने 1962 में इस सदन में कहा था कि अग्रर इश्योरेंस कम्पनियां अपने बर्ताव को नहीं सुधारेंगी तो फिर उन पर नियन्त्रण करने का काम या उनका राष्ट्रीयकरण करने का काम हमें सोचना होगा। बार-बार इस बात को सरकारी प्रवक्ता दोहराते रहे और 1964 का श्री मोरारजी देसाई का भाषण है जो कि इस सदन में नहीं किया गया है बल्कि बाहर किया गया है जिसमें उन्होंने यह कहा था कि अग्रर बीमा कम्पनियां सीधे नहीं चलें तो फिर हमें उनका राष्ट्रीयकरण करना होगा। उनकी वह तफरीर अंग्रेजी में थी और रेलैंबैंट वाक्य यह है :

"If they do not go straight, then there will be nationalisation."

12.48 hrs.

[Mr. Deputy-Speaker in the chair]

सन् 1962 और 64 के यह सरकारी प्रवक्ताओं के विचार बहुत जिम्मेदार लोगों के विचार थे जिसमें एक ही बात पर जोर देने में आया था कि इश्योरेंस कम्पनियां वाले बड़ी बदमाशी करते हैं और उस पर रोक लगाने के लिये हमें राष्ट्रीयकरण करना होगा। मुझे आज यहां एक सीधा प्रश्न सरकार से पूछना है कि 1962 और 64 से लेकर अब तक इस बीमा उद्योग में कौन सा ऐसा सुधार आपको देखने के लिए मिला कि जिसको लेकर 6 वर्ष से अपनी कही हुई बातों को आप आज तोड़ रहे हैं क्योंकि जो सामाजिक नियंत्रण की बात यहां पर चल रही है इसमें कुछ तथ्य नहीं है इसमें कुछ दम नहीं है। क्राफ़ी सदस्य उस पर

बोल चुके हैं मैं तो आखिरी वक्ता हूँ। इस प्रश्न को लेकर काफ़ी गम्भीरता से यहां लोग बोल चुके हैं। लेकिन सरमायेदारों का प्रतिनिधित्व करने वाले या उनके विचारों का प्रतिनिधित्व करने वाले जो लोग इस सदन में बोले जैसे हमारे स्वतंत्र पार्टी के मित्र श्री सी सी देसाई या कांग्रेस के श्री हिम्मंतसिंहका बोले जिन्होंने कि ज्यादातर आरोप इस बात पर लगाया आक्षेप इस बात पर उठाया कि राष्ट्रीयकरण करने से यह उद्योग ठीक ढंग से नहीं चल पायेगा क्योंकि जिस क्षेत्र में राष्ट्रीयकरण हो चुका है वहां जिस तरीके से काम होना चाहिए वैसे नहीं हो रहा है। कितनी पूंजी लगाई है कितना कम पैसा उस पर आ रहा है यह सब सारी बातें उन लोगों ने बताई हैं। मैं एक चीज को स्वीकार करता हूँ कि जो हम लोगों का आज का सार्वजनिक क्षेत्र है वह चाहे हिन्दुस्तान स्टील हो, एन सी डी सी हो अथवा हिन्दुस्तान एंटीबायोटिक्स हो या फटिलाइजर्स कारपोरेशन हो या और किसी संस्था का नाम लें किसी भी संस्था को आज सर्टिफिकेट देने की बात हो नहीं सकती है।

मैं मानता हूँ कि उनका व्यवहार बहुत ही खराब है, जो अफसर इन संस्थाओं को चलाने वाले हैं वह बहुत नौकरशाह हैं, लेकिन वह खुद भी अपने को रियासतदार समझते हैं और उनका बर्ताव वैसे ही है। लेकिन मेरा यह कहना है कि सार्वजनिक क्षेत्र के जो उद्योग अन्धे हैं उन्हें कैसे चलाया जाय, उस पर किन-किन लोगों का कैसा नियंत्रण रहे, इस सदन का उस पर किस किस का नियंत्रण रहे, उस क्षेत्र में काम करने वाले जो कर्मचारी हैं, जो सबसे अच्छा नियंत्रण नौकरशाहों पर रख सकते हैं, उनका भी इसमें हिस्सा रहे, इन सारी चीजों के बारे में सरकार की कोई नीति नहीं है। यही कारण है कि यह सार्वजनिक क्षेत्र बिगड़ता जा रहा है।

असल में सार्वजनिक क्षेत्र को बिगाड़ने में

निजी क्षेत्र वालों का भी कुछ हाथ रहता है। वह अपने लोगों को उसमें भेजते रहने हैं, जो उनमें काम करने वाले लोग हैं उनको यह लोग अपनी प्रीमियम की प्रयत्न करते हैं। किसी किसी का स्वभाव भी खराब होता है, प्रीमियम वह हमको कभी-कभी देखने को मिलता भी है, लेकिन फिर भी एक चीज हमको माननी पड़ेगी कि निजी क्षेत्र में जितनी बदमाशी प्रीमियम जितनी चोरी चलती है उतनी सार्वजनिक क्षेत्र में नहीं चलती। श्री सी सी देसाई प्रीमियम श्री हिम्मतसिंहका से, प्रीमियम जो यहां पर पूंजीपतियों की तरफदारी करके निजी क्षेत्र को बढ़िया बताते हैं प्रीमियम उनकी वकालत करते हैं, उनसे मैं कहना चाहता हूं कि जो तीस चालीस कंपनियां हैं उनमें से सिर्फ एक कंपनी में कितनी बदमाशी प्रीमियम चोरी होती है, इस पर मैं कोई लम्बा वक्तव्य नहीं रखूंगा, लेकिन उस एक रूबी जनरल इश्योरेंस कंपनी के बारे में जो आपके सबसे बड़े देवता बिड़ला सेठ की है, प्रीमियम सरकार जांच करने के लिये तैयार हो जाये प्रीमियम उस जांच में वह स्वच्छ प्रीमियम साफ निकल आये तो मैं जीवन भर राष्ट्रीयकरण करने की मांग छोड़ दूंगा। मैं समाजवादी हूँ, फिर भी मैं ऐसा कह रहा हूँ। प्रीमियम कंपनियों के व्यवहार को तो छोड़ दीजिये, लेकिन प्रीमियम इस एक रूबी जनरल इश्योरेंस कंपनी को देखिये, जो कि सबसे बड़े सेठ के द्वारा चलाई जाने वाली है, श्री हिम्मतसिंहका को भी यह मालूम होगा कि प्रीमियम उसके बारे में पूछ-ताछ करवाई जाये प्रीमियम इसके लिये पालियामेंट की एक कमेटी बैठे, जिसमें विपक्ष का कोई प्राधम्यी जज होकर बैठे, या दूसरा कोई प्राधम्यी बैठे जो सार्वजनिक संस्था चलाता हो, तो यह बात साफ हो जायेगी कि किस किस का व्यवहार या दुर्व्यवहार इन कंपनियों द्वारा होता है।

इस सिलसिले में मैं एक बात कहना चाहता हूँ। प्रीमियम जनरल इश्योरेंस कंपनियों के हाथ में जो पूंजी है, मैं चाहूंगा कि उसका इस्तेमाल उस क्षेत्र में न किया जाये जिसका इस्तेमाल

निजी क्षेत्र वाले अपने स्वार्थ के लिये करते हैं। उस पूंजी का इस्तेमाल प्रसल में सार्वजनिक क्षेत्र में होना चाहिये। जब सरकार को बाहर जाकर प्रलग-प्रलग तरीकों से कर्जा लेने को नीबत प्राती है तब मैं समझ नहीं पाता हूँ कि जो 100-125 करोड़ रुपयों की पूंजी निजी क्षेत्र की इश्योरेंस कंपनियों के पास पड़ी है उस को लेने में सरकार को क्यों धर्म प्राती है। प्रसल में प्रीमियम प्रीमियम जनरल इश्योरेंस कंपनियों का प्रीमियम तक का हिसाब किताब देखेंगे तो पायेंगे कि 30-40 कंपनियों में लगी हुई पूंजी मुश्किल से 9 या साढ़े 9 करोड़ ६० होगी। इस 9 या साढ़े 9 करोड़ ६० की पूंजी पर जो माल उन लोगों के हाथों में है वह 125 करोड़ तक पहुँचा है। प्रीमियम खाने पीने पर खर्च करने के बाद प्रीमियम इतने पैसे की लूट करने के बावजूद प्रीमियम निजी क्षेत्र में 4 या साढ़े 4 करोड़ रुपयों का मुनाफा होता है। मैं चाहूँगा कि यह जो पैसा प्रीमियम निजी क्षेत्र वालों ने छीन लिया है वह सरकार के हाथ में आ जाये।

लेकिन राष्ट्रीयकरण करने बाद भी सरकार इस चीज को किस तरह चलायेगी, इसके बारे में मेरे मन में कुछ सन्देह है। सरकार की नीति को लेकर एक छोटा सा उदाहरण मैं प्रीमियम के सामने रखना चाहता हूँ। मैं बतलाना चाहता हूँ कि किस तरह से इस पैसे का गलत इस्तेमाल किया जाता है। खास तौर पर सी० सी० देसाई प्रीमियम हिम्मतसिंहका जैसे लोगों को यह जान लेना चाहिये कि प्रीमियम राष्ट्रीयकरण होता है इश्योरेंस का तो उनका कोई खास नुकसान नहीं होता है क्योंकि सरकार की जो पूंजी है वह प्रसल में निजी क्षेत्र में ही लगी जाती है। मेरे हाथ में मद्रास मिल्स कंपनी लिमिटेड का विज्ञापन है जिसने 2 करोड़ रुपया डिबेन्चर्स प्रीमियम शोधर्षा में लगाया गया। इस 2 करोड़ रुपयों में से युनिट ट्रस्ट प्राफ इंडिया ने 60,00,000 ६० प्रीमियम राइट किया, यादफ इश्योरेंस कारपोरेशन प्राफ इंडिया 50,00,000

[श्री आर्ज फरनेन्डीज]

₹० ग्रन्डर-राइट कर के बँठा है, दि इंडस्ट्रियल क्रेडिट एंड इन्वेस्टमेंट कारपोरेशन आफ इंडिया लिमिटेड 35,00,000 ₹० ग्रन्डर राइट करके बँठा है और दि इंडस्ट्रियल फ्राइनेंस कारपोरेशन आफ इंडिया 20,00,000 ₹० ग्रन्डर-राइट करके बँठा है। इन चार सार्वजनिक संस्थाओं का पेसा निजी क्षेत्र में लगा हुआ है और फिर भी निजी क्षेत्र वाले कहते हैं कि निजी क्षेत्र बहुत बढ़िया है और सार्वजनिक क्षेत्र बहुत गंदा है। उन्होंने सार्वजनिक क्षेत्र से पैसा घूस लिया और उसको निजी क्षेत्र में डाला, जिससे कांग्रेस पार्टी को डोनेशन मिलता है, फिर भी हम कहते हैं कि सार्वजनिक क्षेत्र कितने खराब ढंग से काम करता है ?

में आप से निवेदन करना चाहूंगा कि सरकार ने जैसी नीति इस सदन में 1962 से घोषित की, जिस प्रस्ताव को कांग्रेस की वकिंग कमेटी ने 1967 में स्वीकार किया कि जनरल इश्योरेंस का राष्ट्रीयकरण होना चाहिये उस सरकार को तत्काल भ्रमली जामा पहनाना चाहिये। इस किस्म का नकली विधेयक ला कर सोशल कंट्रोल के नाम से चुनाव में हारे हुए अपने चन्ब लोगों को डाइरेक्टर की जगह देने से और कंट्रोलर की जगह बिठला देने से नई दिल्ली से नियंत्रण का काम नहीं हो सकता है। मैं ब्राह्म करना चाहता हूँ, और मेरा प्रस्ताव भी है, कि इस विधेयक को सार्वजनिक राय जानने के लिये सर्कुलेट किया जाये, तथा इसको सरकार को स्वीकार कर लेना चाहिये। चूँकि इससे आम लोगों का सम्बन्ध है ही, एक फाइनेन्शियल इन्स्टिट्यूशन के रूप में यह संस्था हमारे सामने खड़ी है, कर्मचारियों का प्रश्न इस में है ही, इसलिये आम लोगों की राय इसके बारे में जाननी आवश्यक है। जिस कंट्रोलर के हाथ में कम अधिकार रहे हैं, उस को ज्यादा अधिकार दे कर ही काम नहीं चल सकती है। रूबी, न्यू एशियाटिक और आनन्द जैसी कम्पनियों के बारे में यहाँ चन्ब सिकावतें

हम क्या करें, हम से क्या हो सकता है। उन में बदमाशी हुई है, नौकर न रखते हुए उनके नाम से तनखाह ली गई है, झूठे बयान दे कर बैंकों से पैसे निकाले गये हैं, यह सब चीजें सच होने के बावजूद हम कुछ नहीं कर सकते हैं। इस विधेयक के ग्रन्डर जो कंट्रोलर रक्खा जायेगा उसके हाथ में ज्यादा कंट्रोल दे कर भी आप बीमा कम्पनियों पर कोई कंट्रोल नहीं कर सकेंगे। मैं चाहता हूँ कि इस विधेयक को सार्वजनिक राय जानने के लिये सर्कुलेट किया जाय और उसके बाद उस पर इस सदन में विचार हो।

MR. DEPUTY SPEAKER : I know Mr. Shashi Bhushan and Shri Abdul Ghandi Dar want to participate. Now we have exceeded our time limit. I will permit them later, not now.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT) : Mr. Deputy Speaker, Sir, I am grateful to the Members who have participated in this debate and I have very carefully made a note of the various points that have been made. I shall take up some of those points in the course of this reply. But in the short time that is left before lunch, I would only like to take up the last point made by the last speaker. He said that a Controller who had always complained in the past that he cannot interfere or intervene in a case in which there has been any malpractice because he did not have the requisite powers cannot now ask for more powers. That is a very strange argument. It is precisely because he could not intervene when there was malpractice that he has been given these powers. It is only now that he has been given these powers, and if he does not exercise them one can find fault with him.

MR. DEPUTY-SPEAKER : The hon. Minister may resume his speech after Lunch.

13.00 hrs.

The Lok Sabha adjourned for Lunch till
Fourteen of the Clock.

The Lok Sabha reassembled after lunch at Five Minutes Past Fourteen of the Clock.

[Mr. Deputy Speaker in the Chair]

INSURANCE (AMENDMENT) BILL—
Contd.

SHRI K. C. PANT : Sir, before the lunch break I was referring to the last point made by Shri Fernandes. I shall come back to the powers of the Controller at a later stage. At this stage, I do not think, I should dwell on that point any further. I am sorry to find he is not here.

Now I want to refer briefly to another point which he made. He quoted the Deputy Prime Minister as having stated in 1964, when incidentally he was not a Minister, "if they do not go straight, there will be nationalisation". In other words, general insurance companies which will not go straight will be nationalised. Now, if he has studied the provisions of this Bill carefully, he will find that this has been provided for because if insurance companies do not go straight then they can be acquired.

SHRI GEORGE FERNANDES : Is Ruby going straight today ?

SHRI K. C. PANT : In my opening speech I explained the position. I said that if an insurer has been persistently failing to comply with any directions given to him by the Controller, or is being managed in a manner detrimental to the interest of the policyholders or shareholders or the public interest and further where the public interest or the interest of the policyholders or shareholders required such a step, Government may by notification, acquire the insurer. That corresponds to what the Deputy Prime Minister was reported to have stated in 1964. I do not see why my hon. friend, Shri Fernandes, is quarrelling with that.

श्री जार्ज फर्नेन्डीस : तो रूबी का राष्ट्रीय करण प्राप्ति ही कर दिया जाये ।

SHRI K. C. PANT : Mere repetition of one name or one phrase is not going to change the argument.

श्री जार्ज फर्नेन्डीस : चिरंजीवास गोय-

नका की धानन्द कम्पनी का राष्ट्रीयकरण कर दिया जाये ।

SHRI K. C. PANT : He must have the patience to listen to the arguments advanced, just as I had the patience to listen to him.

The other objectives also I explained at some length while moving the Bill for consideration. I am happy to find that, by and large, at least as far as the objectives are concerned, all sections of the House support those objectives ; not necessarily all of them to the same extent but, by and large, there is a wide measure of support for those objectives.

Some hon. friends took an ideological position in this matter. I can understand that in the case of those hon. friends who are committed to that ideological position. But those who can approach this problem with a somewhat open mind, if they take due note of all the complications and involvements of this question, of the peculiar nature of the business and other factors to which I will presently go, I hope to persuade them at least to agree that what government have done was the very best that could be done in the circumstances.

I find from the speeches that were made that all the reasons advanced by me in the opening speech and all the measures that I outlined in that speech have not been taken note of by the hon. Members who spoke. I found Shri Nambar chiding Shri Randhir Singh for having made an un-informed speech. Sir, if I may say so with all respect, that was a classic example of the pot calling the kettle black.

Then, my hon. friend from the DMK, Shri V. Krishnamoorthi made a rousing speech. But one thing I was happy about was that he took some interest in national affairs and he brought to bear a national point of view on this question. Some criticism that I may have had to face in the course of his speech is more than compensated for by his taking a national view of problems. But apart from that, he has used some very strong words. He said that this was an eyewash. I listened to his speech very carefully and I think that he is qualified to speak about eyewash for he upbraided this Government as being close to the Swatantra Party. What the

[Shri K. C. Pant]

facts are all sections of this House know, but I would like to ask him what the relationship of his party is with the Swatantra Party. I would like to ask him where their weight is going to fall in the Nagercoil elections. I would like to ask him whether they do not lean on the Swatantra Party in their home-State. To take that position in their home-State and to build up their political strength...

SHRI NAMBIAR (Tiruchirappalli) : It is not on political ideology. That is to fight the Congress. They have joined together to fight the Congress which is the common enemy.

SHRI K. C. PANT : I know that. It is a well known part of Marxist tactics at any rate to make an alliance even with the devil in such matters. But I did not know that the DMK had also adopted those tactics.

श्री जार्ज फरनेन्डीज : हम सब की वह नीति है घ्राप को हराने के लिए ।

SHRI K. C. PANT : I could understand Shri Fernandes adopting that tactics. But I did not know that the DMK had also adopted that tactics. But what does surprise me is that we here are charged with supporting the Swatantra Party, when the Swatantra Party is the main base of their strength there, at least an important element of their strength. Does the spokesman of the DMK deny this fact? All that I am pointing out is that strong words should not be used unnecessarily so as to provoke such replies. I do not mind their making such statements. But I would ask him to get up and say 'No, we repudiate this alliance with the Swatantra Party, and in the Nagercoil elections, you will see what we shall do; we shall support the Congress. Shri Kamraj Nadar is there; he is a progressive man'.

श्री जार्ज फरनेन्डीज : अध्यक्ष महोदय, यह तो कमबैस कर रहे हैं। वहाँ पर यह मना है ।

MR. DEPUTY-SPEAKER : No, that is only an argument.

SHRI K. C. PANT : I can see that there is still some open-mindedness in Shri Fernandes. He is prepared to be persuaded. This is the first evidence that I have seen of it. But what I was objecting to was the use of strong words like eyewash and things of that sort. They can take a posture here in Parliament and try to know the mind of the country that way, but the proof of the pudding lies in the eating, and we shall be watching very closely where their weight lies in their Madras politics where they count the most.

Many Members spoke about general insurance as though they were proceeding on the assumption that general insurance was similar to life insurance and that if life insurance was nationalised, then *ipso facto* general insurance must also be nationalised. In fact, one Member had referred to it as a younger sister or younger brother of life insurance. But actually there are some fundamental differences between the two, and this problem cannot be understood properly unless we have understood this basic difference between life insurance and general insurance.

Life insurance is essentially a long-term contract and sometimes, this endures even for as long as 60 years or so. It is a combination of a recurring deposit and a cover against death and this necessitates the accumulation of large funds which are several times the annual premium income of the life insurance company and it also involves long-term investments. On the other hand, general insurance is a short-term contract, and in most cases it is for one year or so. After that, if the contract has to be continued, it cannot be the old contract but it has to be a fresh contract.

SHRI HIMATSINGKA (Godda) : It may be even less.

SHRI K. C. PANT : Sometimes, it is very much less. In the case of a plane journey for insurance, you insure yourself only for a short duration and the contract may last for a few hours only till you arrive safely at the other end. In the case of life insurance, as I have said, the reserves are several times the premium income. But in the case of general insurance, they are about 40 to 50 per cent of the annual pre-

mlum. So, this is one aspect which has got to be remembered.

The second aspect that has got to be remembered is that whereas in life insurance, by investing a modest amount in the share capital of a life insurance company, the financier can acquire control over vast funds of the life insurer, this does not hold in the case of general insurers. In fact, general insurers are seekers after patronage and they do not have any power, economic or otherwise. This fact must be understood, and the contract between life insurance and general insurance would be clear from the following figures.

The assets of all Indian insurers transacting general insurance business are about five times the paid-up capital and free reserves. In life insurance, before nationalisation, the ratio was 130 : 1. Therefore, you will see that this is the basic difference between life insurance and general insurance, and unless this is clearly kept in mind we may be led astray and we may build our case for nationalisation of general insurance on the assumption that it is very similar to life insurance and that the same arguments and the same advantages apply in both the cases. They do not, as I have just pointed out.

One argument that is always advanced is that if we nationalise we shall get huge funds for the plans, for social welfare schemes and the like. I have already explained that these contracts are short-term ones, and, therefore, there is not much accumulation of funds in general insurance.

SHRI GEORGE FERNANDES : Rs. 1.25 crores.

SHRI K. C. PANT : Let me spell out why this is so.

In general insurance, as I said earlier, most of the policies are annual policies. Then, the insurance companies have to meet claims, pay out expenses and commission to agents out of their premium income. It is not as though the premium income is an absolute income and no expenditure has to be met out of it. That impression was sought to be created. That is not a fact, and whatever remains goes towards building up reserves and dividend payments. One hon. Member mentioned the large

dividends that were being paid. That also comes out of this. There is no scope in general insurance for accumulating reserves as in life insurance ; this is the reason that the amount which could be secured for such investment is negligible ...

SHRI NAMBIAR : What does it show ? It is making huge profits.

SHRI K. C. PANT : I shall give him the figures. As I have said, I shall try to persuade him ; though I do not hope that he will accept it here on the floor of the House I hope to persuade him to accept that what we have done is the best.

श्री जार्ज फर्नेन्डीज : मंत्री महोदय एक क्षण के लिए सुन लें। यह गए साल का जनरल इन्श्योरेंस कम्पनियों का हिसाब है, उसका एक हिस्सा मैं पढ़ रहा हूँ :

"Investments form a good part of the total assets of general insurance business. At the end of 1966, the figures stood at Rs. 44 crores and rose to Rs. 47.5 crores at the end of 1967. Of the total investments, Government securities accounted for Rs. 8.6 crores and investments in shares and debentures in India in the private sector for 37.8 crores. Thus, it is clear that a greater part of these total investments was in industrial securities."

यह तो बड़ी सोग कह रहे हैं और घ्राप कहते हैं कि पैसा नहीं है इनके पास।

श्री कृष्ण चंद्र पंत : मैं जो कह रहा हूँ उसको घ्राप सुन नहीं रहे हैं और जो घ्राप कह रहे हैं, उसको मैं सुनता जा रहा हूँ, उससे मुझे कोई रोधानी मिलती नहीं।

SHRI S. S. KOTHARI (Mandaur) : I would point out that the figures which Shri Fernandes has given include also the investment in respect of liability for unexpired risks that may account for a few crores of rupees.

SHRI K. C. PANT : He does not know about unexpired risks.

श्री जार्ज फर्नेन्डीज : घ्राप ही ने तो कह दिया कि हर साल रिस्क खत्म होनी और अब कह रहे हैं कि अनएक्सपायर्ड रिस्क हम नहीं समझते हैं।

SHRI NAMBIAR : It is clear.

SHRI K. C. PANT : Everything will become clear, but do not get uncomfortable; hear patiently. That is all I request you.

Shri Bedabrata Barua also mentioned these figures. He talked of the investible income of insurers being Rs. 75 crores out of which Rs. 15 crores were the share of the public sector, Rs. 15 crores of the foreigners and so on. These are figures of premium income and not of investible income which is much less. I want him to understand that; but he too is not here now.

As I explained earlier, the whole of the premium income is not available for investment because certain expenditure has to be met out of it.

Now I will give you a concrete instance of one year so that you understand the anatomy of the thing fully. I will give you the experience of All India insurers during the year 1966 so that there is no confusion about it. Out of a total net premium income (Shri George Fernandes : Rs. 60 crores) of Rs. 74 crores—more than Rs. 60 crores; I am not keeping anything back; let him have no apprehension on account of that—57 per cent was paid out as claims(Interruption).

श्री आर्ज फरनेन्डीज : इसमें कितने बोगस क्लेम हैं। मैं आपको रूबी के बोगस क्लेमज का सुबूत दे सकता हूँ।

SHRI K. C. PANT : My hon. friend should not always pay attention to bogus claims. I do not pay any attention to his bogus claims.

श्री आर्ज फरनेन्डीज : आपको यह करना चाहिये, यह आपकी जिम्मेदारी है।

SHRI K. C. PANT : Out of a total net premium income of Rs. 74 crores, 57 per cent was paid out as claims, 36 per cent as commission and expenses of management.....(Interruption).

श्री आर्ज फरनेन्डीज : उसमें भी बेनामी हूँ, मैं आपको सुबूत देने के लिये तैयार हूँ।

MR. DEPUTY-SPEAKER : No more interruption, please. I will request the hon. Minister also not to yield.

SHRI K. C. PANT : I am not yielding; I am made to yield.

Thus the margin available for making investments and paying out dividend is only 7 per cent which comes roughly to Rs. 5 crores. In his enthusiasm Shri Fernandes mentioned Rs. 4,000 crores as being the annual profit, but when I questioned him he corrected himself and came to Rs. 4½ crores.

श्री आर्ज फरनेन्डीज : मंत्री साहब के ऐसा कहने का क्या मतलब है। बोलते वक्त साढ़े चार की जगह चार हजार कहा गया है तो इस में क्या हो गया ?

MR. DEPUTY-SPEAKER : The hon. Minister can also correct the hon. Member. He should not monopolise correcting the Treasury Benches.

SHRI K. C. PANT : Unlike him, I straightaway said that he corrected himself. I only want the reciprocity of that graceful gesture.

श्री आर्ज फरनेन्डीज : मैं तो करता हूँ, लेकिन ये कभी नहीं करते, यही मेरी शिकायत है।

SHRI K. C. PANT : To wind up this argument, when we contrast life insurance with general insurance, in life insurance the invested assets increase annually by over Rs. 100 crores but here, as I have just now explained, it is something about Rs. 5 crores. Therefore the contrast between the two in so far as generation of resources is concerned is obvious. I do not need to labour that point.

Another argument that is advanced is that huge profits are made. Now we come to profits from investible incomes. Profits made by all the insurers together are less than Rs. 4 crores per annum. This is a very modest amount compared to the total funds employed in business. And the profits are not certain profits because this is a risky business. This, again, is known to most

hon. friends who are informed on the subject that this is a risky business.

In the UK which is the home of general insurance, general insurance companies ran into a series of bad years. Their operations were showing losses year after year. By nationalising the business Government would thus be embarking on a business which is risky with no certainty of profits.

Not only this, as my hon. friend, Shri Fernandes, repeatedly says, there is danger of fraud in this. He himself acknowledges this. It is well known that there is scope for fraud in general insurance. Resort to arson is also not unknown. My hon. friend, Shri Barua, referred to this aspect also. He said that if you nationalise general insurance, there may be collusion, a rise in the claims and so on and so forth. He was not against nationalisation but he pointed out that these were the risks involved. This is only a realistic statement. You should be realistic in your assessment of the risks involved in any business into which you want to get.

SHRI NAMBIAR : In insurance there is always risk. You have to take the calculated risk.

SHRI K. C. PANT : This is the difference between life insurance and general insurance.

SHRI NAMBIAR : Even otherwise.

SHRI K. C. PANT : General insurance is risky, as I pointed out, the profits are small and the possibility of fraud is much more than in life insurance.

Not only it is much more but the vehemence with which my hon. friend, Shri George Fernandes, made the point would prove to the House that the danger is very real. He is prepared to prove his case with instances. What do I have to say in the matter? Does he want the public sector to get into it.

SHRI GEORGE FERNANDES : No. अगर आप इसको लें, तो मैं आपको और बिरला को साथ नहीं बठाऊंगा। मैं तो यह कह रहा हूँ कि बिरला की कम्पनी खोरी कर रही है। मेरा सरकार में विश्वास है, योका तो ईमानदारी से चलायेगी।

SHRI K. C. PANT : That is all right. Yet, it does not defeat the argument. There is potential fraud in it. That is well known. What I am saying is that we have to consider this matter of nationalisation from a totality of factors that will affect the particular question. First of all, you have to see if there is any need to be met or a social purpose to be achieved and, then, the Government should bring forward a Bill for nationalisation. Certainly, there is no question of taking any inflexible line. The first question is : How much money does it bring ? It does not bring much money. The other question is : How much profit does it generate ? I have shown you that it does not generate much profit. Is there much to be gained by entering the business which is inherently risky and which may expose the Government to losses ? I ask my friends of the public sector whether this is the industry in which they would like the Government to get in. I ask them with all sincerity and in all seriousness.

The better course for the Government would be to see that the objectives which I mentioned earlier, in my opening speech, are achieved and that we do exercise necessary control, for overall social ends, over this particular business without getting involved in running the business which involves the risks that I mentioned and does not bring sufficient returns. This is the sum and substance of what this Bill seeks to do. I hope my hon. friends are persuaded in this matter.

SHRI NAMBIAR : You are correcting the AICC Resolution.

SHRI K. C. PANT : You have been correcting for years. Why not we also do it ?

Then, my hon. friend, Shri Barua, made the point that public sector general insurance should expand. He also made the point that so far as public sector undertakings go, their business should go to the public sector general insurance. This is being done. We are, certainly, aware of the desirability of this step and we have taken the step. We have written to all the public sector undertakings. We want them to give their general insurance, both within direct control and even indirect control, to the public sector general insurance.

SHRI BEDABRATA BARUA : Aided institutions also.

SHRI K. C. PANT : That is different matter. What is directly under us, we have told them.

Then, my hon. friend, Shri Vikram Chand Mahajan—he is not here—said that you enable the policy-holders to participate in the management of these companies. This, again, is a misconception which arises from, unconsciously, thinking of policy-holders in general insurance on the same lines as policy-holders in life insurance. In life insurance, the policy-holders have a stake in the business. But in general insurance, the policy-holders have no long-term interest. In fact, as I stated earlier, some of the contracts may last only for a few hours. Therefore, their association with general insurance business is very transient and there is no need for representation of such transient interest in the management of these companies.

He also referred to depositors without realising that there are no depositors in the general insurance business. This is the trouble that there are so many misconceptions about this matter of general insurance which need to be cleared before this point is fully understood.

Now, I come to yet another misapprehension with regard to the role and the function of the Advisory Committee. The various hon. Members made a number of suggestions regarding the composition of the Advisory Committee.

The sole function of this Committee, if they look to the Bill, is to 'regulate the rates, advantages and terms and conditions'. What does this phrase mean? This means only that the premium rates and the policy conditions of general insurance companies will be regulated by this Committee. This is not a new Committee. Such committees or committees similar to this have been in existence for a long time, and they were given statutory recognition as long ago as 1950. What we are now doing is that, whereas previously these committees were constituted only of non-officials, now we have brought the Controller into these committees and we have made him the Chairman.

There is no important change in the functions of the Committee. What are the functions of the Committee? So far as life insurance companies go, fixing of premium rates in life insurance companies is done by actuaries; they have actuaries who do this. In general insurance, a committee is needed only because all tariff companies quote common rates, and the Committee has, therefore, to consist of elected representatives of insurers.

Another point was raised as to why we should have representatives of foreign insurers on this Committee. The reason is that because foreign insurers are also bound in so far as tariff rates go by the decisions of this Committee, they too have to be represented. But I can assure my hon. friends that the representation that we have given them is no larger than their share in the business in the country; their representation reflects only their share in the business in the country. Since they have had a long experience in this line, their association also gives us the advantage of that experience.

I did mention in my opening speech, and I want to repeat it, that this Committee has a limited function, and it is a function which is actuarial; it decides the premium rates and so on. This is a specialised function and you need people with specialised knowledge, people with actuarial knowledge, to discharge this function appropriately. As I did say earlier, the first task of this Committee would be to put collection and collation of statistical data on a scientific basis. So, if these functions of the Committee are borne in mind, the actuarial functions, it will be appreciated that persons who do not possess the necessary knowledge, the necessary insurance experience, the necessary actuarial qualifications, however eminent they may be otherwise in other fields, cannot contribute usefully to the functioning of this Committee. The representatives of employees also, whatever other functions they may be able to discharge well, cannot function usefully on this Committee....

SHRI NAMBIAR : They can help them with their experience.

SHRI K. C. PANT : I have explained the scope of the Committee. It is very

technical ; it is a specialised one ; it is only an actuarial function, and actuarial function requires a certain amount of training and a certain amount of background ; it is not on other policy matters ; it is only an arithmetical exercise... (Interruptions). You all know very well the actuarial functions. If the hon. Member wants to know the details, we can certainly educate him later, but, I think, he understands basically what are the functions of the Committee (Interruptions). Surely, these are technical functions which you have to leave to technical men. How can you dispute that ?

SHRI NAMBIAR : One of the employees can also be a technical man.

SHRI K. C. PANT : He may certainly be a technical man in other fields, but not necessarily in this. A man who drives an engine may not be able to drive a plane. This point is, some technical knowledge is required...

SHRI NAMBIAR : He can sit for a discussion on engine repair, not for driving a plane.

SHRI K. C. PANT : If even this statement is disputed, then it becomes very difficult.

I come to another matter which was dealt with by several hon. Members, and that was with regard to the Consultative Committee. Several members suggested that the Controller should not be the Chairman of the Consultative Committee. One or two members suggested that the Committee's decision should be binding on the Controller.

Again, I must make it clear that the functions of the consultative committee do not extend over the entire duties of the Controller, but it is only in respect of certain specific powers newly introduced by this Bill and I have, in my opening statement, specified exactly which of the powers are affected and which of the powers are involved. These provisions are more in the nature of penal provisions for erring insurers and not a code of conduct to make good ones better. This has to be understood. Therefore it is inappropriate to think of eminent men outside the insurance field on the consultative committee. And

again, the advice is not binding. I would like you to understand that Some persons wanted that to be binding, but we have deliberately made it not binding so that the Controller who has a statutory function to perform performs it properly.

SHRI S. S. KOTHARI : Why do you want him to be the Chairman ?

SHRI K. C. PANT : Well, I will tell you. I want him to be the Chairman because the primary responsibility for administering the Act should be that of the Controller and has, in fact, been performed by the Controller. That is what we are doing in this Act. And, this consultative committee is not intended to be an appellate committee as that is provided for otherwise and this is not an appellate body at all. You may say this is a body which gives an informed second opinion on a question, within the purview of the question, in respect of matters brought within the purview of this particular committee. That is all that it does. It gives an informed second opinion. While the opinion would be valuable and would be given due consideration by the Controller (and one can expect healthy conventions to evolve in this respect), I do not think we should do anything that would take away the position which the Controller has, as a statutory officer, in respect of all these decisions. That is his statutory obligation. Therefore, this is the basic point why we want him to be the Chairman of this body. We have provided for appeal to the Central Government and that provision should give complete assurance to insurers against any arbitrary exercise of authority.

SHRI S. S. KOTHARI : Why not appellate tribunal.

SHRI K. C. PANT : I will come to that. While considering any appeal the Central Government will have the entire record before it—not only the opinion of the Controller but the opinions of the members of the committee and all of them will be taken into account before arriving at any decision. Therefore, the opinion of the other members will not be disregarded. That is why I said earlier that there should be no misapprehension and no grievance in this regard.

[Shri K. C. Pant]

Shri C. C. Desai has expressed a fear that the Controller would by-pass the consultative committee. The relevant section clearly lays down that before exercising any of the powers specified in that section the controller must consult the consultative committee. So that fear is unfounded.

Now, another reason why the Chairman has to be the Controller is that there may be many occasions when official files need to be referred to. And, the Controller or the Chairman may have to see what the Government has done in regard to other companies and other cases. Access to these official files would not be possible in the case of a non-official Chairman. From this point of view also an official Chairman, in this case the Controller, is absolutely necessary.

You have raised the point, why not an appellate tribunal. Well, I think (and I mean no disrespect to judicial authority) you will appreciate that if there is an appeal to a judicial authority then there would be procedural delays one cannot help and that would prevent expeditious action being taken. We want to enforce the provisions of the Act as expeditiously as possible. Therefore we cannot accept the suggestion for having a tribunal as the appellate body.

SHRI S. S. KOTHARI : Our fear is this. The official in the Central Government is the *guru* and the controller is in a sense, a *sishya*. If the *sishya's* suggestion comes to the *guru*, he will only endorse that. They are all Colleagues in a way and an appeal to one from the decision of the other may not give the requisite results. That is why we suggested this appellate tribunal. Anyway, it is for the Government to decide.

SHRI K. C. PANT : I am glad he has conceded the right to Government to decide.

SHRI S. S. KOTHARI : They are in a majority.

SHRI K. C. PANT : But the whole point is that the Central Government are the appellate body. The appeal is to them; it is not to some officers. There are officers in the Central Government. If one doubt-

ed the approach in these matters and their *bona fides*, that is another matter. They do exercise a lot of authority and are supposed to, and on behalf of public interest, they are supposed to. When the appeal is to the Central Government, others, apart from the officers, are also involved in the process. So I think, all in all, my hon. friend will realise that appeal to the Central Government is the best guarantee available, perhaps better than even the other ones he has in mind.

SHRI S. S. KOTHARI : Government never want separation of powers ; they want legislative, executive, judicial, all powers together. This is negation of democracy. Anyway, that is in a wider context.

SHRI K. C. PANT : That is a very wide context.

There was some reference made to the powers of the Controller. Here again, two widely differing points of view were expressed. One was that they are excessive ; I think Shri Kothari called them Draconian powers. I hear the phrase 'Draconian powers' from him very often. On the other hand, some hon. friends suggested that these powers are not enough; I think Shri Fernandes said there are powers and asked, are they enough ?

If they go into the Bill in detail, they will find that the powers, in the words of Shri Barua, are plentiful. They are plentiful and adequate. Certainly for the purposes we have in mind, they are sufficient. I fail to understand the argument that the other may not give the Controller should not have powers. What is this social control Bill about if the Controller is not to be given powers to control ?

Therefore, I hope Shri Kothari will give cool thought to this particular question and understand that without this essential control, the whole Bill becomes infructuous and meaningless.

SHRI S. S. KOTHARI : The only question is whether it should be excessive or mild control.

MR. DEPUTY-SPEAKER : We are losing time.

SHRI NAMBIAR : What is the use of mild control ?

SHRI S. S. KOTHARI : Normal control.

SHRI NAMBIAR : If at all there is control, it must be strong control.

SHRI S. S. KOTHARI : Shri Nambiar is always for bureaucratic authoritarianism. That is his philosophy, a reflection of the international philosophy to which he subscribes.

SHRI K. C. PANT : This pleasant dialogue between Shri Kothari and Shri Nambiar is one to which we are perpetually accustomed. Let us get on with the business in hand.

I think Shri S. M. Krishna expressed the fear that politicians may be appointed as Controllers or Chairmen. I think he is a new member and I should draw his attention to the fact that it is not for the first time that it is proposed to appoint a Controller. There has always been a Controller of Insurance ever since the Insurance Act was enacted in 1939 ; it is not as though the Central Government can appoint anybody they like. There are certain qualifications prescribed. The Act itself provides :

"The Central Government shall have due regard to the following considerations, namely, whether the person to be appointed has had experience in industrial, commercial or insurance matters and whether such person has actuarial qualifications".

SHRI LOBO PRABHU (Udipi) : He is only a Deputy Secretary now.

SHRI K. C. PANT : A Deputy Secretary may fulfil these qualifications and be there. This certainly can be looked into. As I said, these are the qualifications provided.

Therefore, there need not be this fear or apprehension that politicians may be appointed. I do not know why politicians are so much against their own tribe. I have never understood this. In this House time and again member after member gets up and says

that we should see to it that a politician does not get it. Here we are, all of us for better or worse, some brand of politicians. It is a kind of masochistic pleasure that we get out of denigrating ourselves.

Another point was raised regarding reinsurance abroad and the point was made that considerable drain of foreign exchange is incurred because of this reinsurance abroad, and it was suggested that this drain should be stopped either by setting up reinsurance facilities within the country or by restricting reinsurance abroad. This is a point which I want the House to understand carefully. It is perhaps not appreciated that in insurance it is extremely difficult for any country to be self-contained. The spreading of insurance in the world market is a very essential part of general insurance. There are some very large properties in our country requiring insurance such as the public sector industrial complexes, aircraft, ships etc., and even a part of the risk on these properties cannot be borne by insurance in India. Reinsurance abroad in such cases is unavoidable. Such reinsurance may in a run of years show a drain of the amount of profit earned by the foreign reinsurers, but on the other hand we are protected from the possibility of having suddenly to face very large losses, especially those which require to be replaced from foreign exchange resources. Moreover, insurance always implies fluctuations and it is not that the business consistently leads to foreign exchange drain only. I shall give a few instances. During the year 1965 this country got a foreign exchange gain to the extent of about Rs. 4.7 crores, and again in 1966 there has been a foreign exchange gain of Rs. 6.9 crores. If reinsurance had not been made abroad during these years we would have been required to find foreign exchange from other sources. Nevertheless, I accept the point that we should not allow any unnecessary reinsurance to be made abroad. Therefore, powers have been taken to scrutinise reinsurance treaties and call for their rectification if they are tilted against national interests. That has been provided for. With these powers one should expect this outflow of foreign exchange should cease. I think that the natural anxiety of hon. members on this score will

[Shri K. C. Pant]

have been allayed by the advantages and disadvantages that have been placed before them.

Coming to the question of Surveyors and Loss Assessors which was raised by some hon. Members I have to point out that the provision in the Bill might cause hardship in the case of assessors who do not possess the technical qualification and are at present practising either as Surveyors or Loss Assessors. The Bill requires that such persons in order to be eligible to obtain a licence must have been in practice at least for seven years. I appreciate the point that has been made that the provision in the Bill would mean hardship to those who have set up practice recently and who could not possibly have foreseen that such a provision would come into being. I shall keep this in mind and take a sympathetic view when amendments to the concerned clause are taken up.

My hon. friend Shri C. C. Desai raised the point that the provisions of Bill should be applied equally to the Life Insurance Corporation, Public Sector Corporations and to general insurance companies, and he suggested that the entire Insurance Act should be made applicable to the public sector. As far as the subsidiaries of the LIC are concerned, they have to comply with all the requirements of the Insurance Act.

They do not enjoy any special privilege. Certain provisions of the Insurance Act already apply to the LIC and with the proposed new provisions all relevant provisions of the Act will apply to the LIC. So far as its general insurance business is concerned the LIC will not enjoy any special privilege as only those sections are excluded which it would be impracticable to apply. For instance Sec. 6A regarding capital structure is not applied. Obviously we cannot apply it. Sec. 7B regarding investments is applied. The brief point is that the LIC would not enjoy a privileged position. I can assure the hon. Member on this.

Lastly there are amendments to the effect that the Bill should be circulated for eliciting public opinion. These amendments were moved earlier also and they were rejected. Now there is much less

reason for accepting these amendments because the Joint Committee has gone into the whole policy. It has received a large number of memoranda. It has heard evidence from a large number of concerned persons and as the report of the Joint Committee indicates these amendments were moved and rejected. I hope the strength of the arguments I have placed before them will appeal to them and at least the reasonable part of their mind will be satisfied by the appeal that I have made and they will not press these amendments.

SHRI S. S. KOTHARI *rose*—

MR. DEPUTY-SPEAKER : I am not allowing you.

I will now put the amendments for circulation to the vote of the House—Amendments 1, 2, 3 and 15.

Amendments Nos 1, 2, 3 and 15 were put and negatived.

MR. DEPUTY-SPEAKER : Now the question is :

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

The motion was adopted.

MR. DEPUTY-SPEAKER : We will now take up the clauses.

There are no amendments to clauses 2 to 5. The question is :

"That clauses 2 to 5 stand part of the Bill."

The motion was adopted.

Clauses 2 to 5 were added to the Bill.

MR. DEPUTY-SPEAKER : The Business Advisory Committee had allotted 5 hours and there was a demand that time should be extended. I have already said that you can go back to the business A.J.

visory Committee. I have seen the report yesterday. Nobody asked for extension. Therefore I will stick to the time limit and keeping in view that we have already exceeded the time, I will allow only one hour for clause by clause consideration.

श्री लक्ष्मण लिनये : ग्राम को एक घंटा बढ़ाने का अधिकार है ।

MR. DEPUTY-SPEAKER : What I would suggest is that to save time, only important amendments should be premitted. There are several amendments.

SHRI S. M. BANERJEE (Kanpur) : May I suggest that you read the amendments and suggest which are important.

MR. DEPUTY-SPEAKER : If you accept my decision, I am prepared.

Clause 6—(Amendment of Section 7)

SHRI BENI SHANKER SHARMA : (Banka) : I beg to move :

Page 4, line 10,—

for "total" substitute
"net" (4)

Page 4, line 15,—

for "total" substitute—
"net" (5)

Page 5, line 25,—

for "total" substitute
"net" (6)

Page 5, line 34,—

for "total" substitute "net" (7)

SHRI ABDUL GHANI DAR (Gurgaon): I beg to move :

Page 4, line 10,—

for "total gross" substitute—
"net" (31)

Page 4, line 15,—

for "total gross" substitute—
"net" (32)

Page 5, line 25,—

for "total gross" substitute—
"net" (33)

Page 5, line 34,—

for "total gross" substitute—
"net" (34)

SHRI NAMBIAR : I beg to move :
Page 4. lines 34 and 35,—

for "one hundred and fifty thousand"
substitute "five hundred thousand"
(49)

Page 7, line 28,—

for "two extensions" substitute—
"one extension" (50)

Page 8, line 2,—

for "ten" substitute—
"fifty" (51)

SHRI S. M. BANERJEE : I move all my amendments along with those who have moved the same.

MR. DEPUTY-SPEAKER : The amendments of Shri George Fernandes and Shri S. M. Banerjee, Nos. 75, 76 and 77, are the same as Nos. 49, 50 and 51.

SOME HON. MEMBERS rose—

MR. DEPUTY-SPEAKER : Now, Shri Beni Shanker Sharma. We have to finish 100 amendments. Just two minutes.

SHRI NAMBIAR : Sir, this is not possible.

MR. DEPUTY-SPEAKER : You should have gone to the Business Advisory Committee.

SHRI S. M. BANERJEE : The House is supreme.

SHRI BENI SHANKER SHARMA : When this Bill was sent to the Joint Committee, we discussed the matter for three days. So far as the clauses were concerned, there also we had only one day's time and I may tell you that, with a full sense of responsibility, the time given to us or the time that we had at our disposal there was not sufficient to deal with all these matters.

For example, the amendment that I have suggested here is, that in the place of

total gross premium it should be the net gross premium. Formerly, in the original Act, a deposit of Rs. 3,50,000 was provided. In the amending Bill, it was suggested that this deposit should be increased to Rs. 20 lakhs. After some discussion we decided that instead of Rs. 20 lakhs, this amount should be reduced to Rs. 10 lakhs in the case of those insurers whose premium did not exceed Rs. 1 crore and Rs. 20 lakhs may be prescribed in the case of those whose premium income exceeded Rs. 1 crore. Unfortunately, Shri K. C. Pant was not there; Shri Morarji Desai was there. The matter as to whether it meant the total gross premium or the net gross premium was not thrashed out there and it was left to the draftsmen. I can tell you with all sincerity that this matter as to whether it should be the gross premium or the net premium was not decided.

I would now like to draw your attention and the attention of the House to the fact that there is a gulf of difference between total gross premium and net gross premium. Our intention in the Joint Committee was to help the smaller insurers. The premium income of companies which have gross income of Rs. 1 crore, is actually not Rs. 1 crore. They have got to reinsure, and their net premium income is the gross premium plus or minus, as the case may be, the re-insurance premium. This is a very important point, and this has been missed.

MR. DEPUTY-SPEAKER: The hon. Member's time is up.

SHRI NAMBIAR: Sir, at this rate, we cannot proceed. This is like the caravan flying.

MR. DEPUTY-SPEAKER: Do not get agitated. Resume your seat.

SHRI BENI SHANKER SHARMA: I am making a very important point. So far as the bigger insurance companies are concerned, you will be helping them indirectly at the cost of smaller ones and about which my friends have been clamouring so much. For example, companies like the New India Insurance Co., or such other companies will not feel the pinch of this difference, but so far as the smaller and medium-sized companies are concerned,

they will be thrown out of business. One reason for reducing this deposit from Rs. 20 lakhs to Rs. 10 lakhs was that the smaller and medium-sized companies should also be enabled to exist and carry on their business. I submit that this matter was not thoroughly thrashed out in the joint Select Committee. The hon. Minister will agree with me that in fixing the deposit of Rs. 10 lakhs and Rs. 20 lakhs, gross premium should not be taken into account and it is the net premium that should be taken into consideration, that is, the gross premium earned in India minus the reinsurance premium that is paid to the reinsurers.

15.00 hrs.

SHRI NAMBIAR: Sir, I can appreciate your hurry, but the difficulty is that it is such an important Bill with so many clauses that even to understand my argument, even for a person like you who is very much learned, it will take time, because, the whole clause has to be read and the amendment has to be read. Therefore, I request you to show me a little bit of indulgence.

Clause 6 amends section 7 of the principal Act, which is very important. It says that where there is a gross premium return to the extent of Rs. 1 crore, the amount to be deposited is only Rs. 10 lakhs. Previously it was Rs. 20 lakhs, but the Joint Committee reduced it to Rs. 10 lakhs. I am sorry for that.

MR. DEPUTY-SPEAKER: The hon. member may continue on the next occasion.

15.01 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

Forty-First Report

SHRI BHALJIBHAI PARMAR (Dohad): I beg to move:

"That this House do agree with the Forty-first Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 4th December, 1968."