

MR. DEPUTY-SPEAKER : The result* of the division is : Ayes—131; Noes—55.

The motion was adopted.

14⁴⁵ hrs.

GENERAL INSURANCE BUSINESS (NATIONALISATION) BILL

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : With your permission, Sir, I would like to move the motion to refer the General Insurance business i(Nationalisation) Bill, with just two changes in the names as they appear in the motion as printed on the Order Paper of today.

In place of Shri Ram Surat Prasad appearing at No. 18, we would like to include Shri Sukhdeo Prasad Verma, and in place of Swami Ramanand Shastri whose name appears at No. 23, we would like to include the name of Shri Sat Pal Kapur.

I beg to move that the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto, be referred to a Joint Committee of the Houses consisting of 45 members, 30 from this House, namely :—

Shri Dharamrao Sharanappa Afzalpurkar, Shri Virendra Agarwala, Shri S. M. Banerjee, Shrimati Jyotsna Chanda, Shri Tridib Chaudhuri, Shri Darbara Singh, Shri V. Shanker Giri, Shri Jitendra Prasad, Shri Purushottam Kakodkar, Shri Bibhuti Mishra, Shri Jagannath

Mishra, Shri Srikishan Modi, Shri Surendra Mohanty, Shri S. T. Pandit, Shri Chintamani Panigrahi, Shri H. M. Patel, Shri M. T. Raju, Shri Sukhdeo Prasad Verma, Shri Veyalar Ravi, Shrimati Sushila Rohatgi, Dr. Saradish Roy, Shri S. C. Samanta, Shri Sat Pal Kapur, Shri Ram Shekhar Prasad Singh, Shri Satyendra Narayan Sinha, Shri R. V. Swaminathan, Shri Tula Ram, Shri V. Tulsiram, Shri G. Viswanathan, Shri Yeshwantrao Chavan, and 15 from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of the members of the Joint Committee; that the Committee shall make a report to this House by the first day of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 15 members to be appointed by Rajya Sabha to the Joint Committee.

I would like to make some observations before the House discusses this motion.

It would be recalled that on the 13th May, 1971 an ordinance was issued under which the management of the undertakings of general insurance companies vested in Government pending nationalisation of such business. The Ordinance was subsequently replaced by an Act of Parliament. During the course of the debate on the General Insurance (Emergency Provisions) Bill, 1971, I had assured in this House that when the Bill for acquiring the ownership of the business is introduced, I shall move for referring the Bill to a Joint Committee of both the Houses. I am fulfilling that assurance today.

*The following Members also recorded their votes for Ayes :

Sarvashri Jagdish Chandra Dixit, Priya Ranjau Das Munsi and Iswar Marazdi.

[Shri Yeshwantrao Chavan]

The take-over of management of the general insurance companies was the first step in the process of nationalisation. The second and final step, which is now being taken under the present Bill, involved considerable amount of spade work.

The first major problem which had to be faced was in regard to the precise organisational shape to be given to the set-up under nationalisation. It is proposed to treat the insurance companies incorporated in India under the Companies Act on a footing slightly different from all other Indian insurers and foreign insurers. In the case of the Indian general insurance companies, other than mutuals and co-operatives, the shares will stand automatically vested in the Central Government on an appointed day, while in the case of other insurers which include foreign insurers, co-operative societies and mutuals, their undertakings will stand transferred to the undertakings of such one or the other of the Indian insurance companies whose shares are vested in the Central Government as may be specified in this behalf. Thus immediately after the appointed day, the units which are carrying on general insurance business in India will all be companies.

The General Insurance Corporation of India which will be a public limited company will be established as the apex body and shares which are vested in the Central Government will, by law, stand transferred to the Corporation so that the Indian companies will then become subsidiaries of the Corporation. The Bill also provides for the Government framing one or more schemes under which the undertakings of any Indian insurance companies may be merged into or amalgamated with any other insurance company so that ultimately there will be only four companies functioning in India as subsidiaries of the Corporation.

The amounts to be paid for acquisition of the shares of insurance companies or their undertakings, as the case may be, are given in the Schedule to the Bill.

A good deal of thought was given to this matter. The public interest, which of

course is paramount, requires that general insurance should, on nationalisation, be in a position to offer fair premium rates to policy-holders. For this purpose it is essential that it should not be deprived of the reserves which have been built up over the years out of past premia and which are necessary for the sound conduct of business. Subject to this overriding consideration, the amounts should be fair to the owners of the shares or the undertakings, as the case may be.

In arriving at the amount to be specified all factors relevant to determining a fair amount to be paid to the shareholders and insurers were taken into consideration.

I do not want to go into the details or the merits of the various provisions in the Bill as the House would have an opportunity to discuss all the issues at considerable length when the Bill is taken up for consideration. But in view of the importance of the Bill, I consider it appropriate that the provisions contained therein should receive a close scrutiny. It is for this reason that I am moving for reference of the Bill to a Joint Committee of the Houses.

Sir, I move.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto, be referred to a Joint Committee of the Houses consisting of 45 members, 30 from this House, namely :—

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Shri Virendra Agarwala, Shri S.M. Banerjee

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that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 15 members to be appointed by Rajya Sabha to the Joint Committee."

The Motion was adopted

14 49 hrs

UNIVERSITY GRANTS COMMISSION (AMENDMENT) BILL

THE MINISTER OF EDUCATION, SOCIAL WELFARE AND CULTURE (PROF. S. NURAL HASAN) : Sir, I beg to move :*

"That the Bill further to amend the University Grants Commission Act, 1956, be taken into consideration."

The University Grants Commission Act was passed in 1956 to provide for, among other things, the determination of standards of higher education and for providing suitable grants to institutions of higher education and learning in the country. On the basis of the working of the University Grants Commission Act, it was felt that there was a scope for bringing about certain organisational changes and widening some of the provisions of the Bill. This feeling was reinforced by the recommendation made in July, 1964 by the Committee of Members of Parliament under the Chairmanship of Shri P. N. Saprú, which examined the provisions of the Constitution regarding the responsibility of the Centre in the field of higher education. After examining the matter in all its respects, the Bill to amend the University Grants Commission Act was introduced in the Rajya Sabha in 1966 and it was passed by the Rajya Sabha in August 1966 but it lapsed on the dissolution of the Third Lok Sabha.

Meanwhile the education Commission (1964—66) submitted its report making certain recommendations about the working of the University Grants Commission. After taking into account the recommendations of the Education Commission, a new Bill was introduced in 1968 in the Rajya Sabha.

The main features of the Bill which was then introduced in 1968 were as follows; Firstly, the numbers of members of the Commission was increased from 9 to 11, out of whom not more than three could be appointed as wholetime members. Secondly, serving vice-chancellors and heads of educational institutions receiving grants from the U. G. C. were excluded from the membership of the Commission. Thirdly, provision was made in the Bill enabling members of the Commission to elect a vice-chairman from among themselves. Fourthly, the term of office of the chairman was fixed as five years and the term of office of the other members of the commission was reduced from

*Moved with the recommendation of the President.