

[Mr. Deputy-Speaker]

on us. It is open to the House to revise the decision, if members want. It is a sovereign body. But the House had felt at one time that since there is no controversy on this, we should dispose it of as quickly as possible. I will put it to the House.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : It looks ridiculous that within five minutes we can go through two stages of such a comprehensive Bill. Then let us decide that there will be no discussion, no amendments since you want that it must be disposed of quickly.

MR. DEPUTY-SPEAKER : No, no.

SHRI SURENDRANATH DWIVEDY : If you decide like that, from all points of view, I fully support it. But what harm is there if we take half an hour tomorrow to finish it? Why rush through at the last stage?

SHRI SEZHIYAN : Today's half hour discussion could be postponed to tomorrow and this could be continued today.

SHRI D. N. PATODIA (Jalore) : It cannot be postponed. I will not be here tomorrow. It is on today's agenda. It must be taken up at the appointed time.

SHRI KANWARLAL GUPTA : This never happens in the House. You are in a hurry and the hon. Minister is in a hurry. I cannot understand this.

SHRI Y. B. CHAVAN : I am not in a hurry. They have agreed to finish it in one hour. Let him persuade the house.

SHRI KANWARLAL GUPTA : He must have brought it earlier.

SHRI RANDHIR SINGH : The half hour discussion might be postponed to tomorrow.

SHRI D. N. PATODIA : It cannot be.

MR. DEPUTY-SPEAKER : I am entirely in the hands of the House.

SHRI KANWAR LAL GUPTA : Clause by clause consideration and the

third reading will take one hour; it is a big and important Bill... (*interruptions*).

MR. DEPUTY-SPEAKER : Let us agree on this that we take up this as the first item after question hour tomorrow and that we do not spend more than one hour on this.

We shall take up the next item—half an hour discussion now.

18.26 hrs.

HALF AN HOUR DISCUSSION

CHANGES IN LIC PREMIUM RATES

SHRI D. N. PATODIA (Jalore) : The LIC is a typical example... (*Interruptions*.)

SHRI P. L. BARUPAL (Ganganagar) : Mr. Deputy-Speaker, there is no quorum... (*Interruptions*.) Are we to go on sitting from 11 a.m. to 7 p.m.

MR. DEPUTY-SPEAKER : The House has agreed to this.

SHRI D. N. PATODIA : The L.I.C. is a typical example of how a State monopoly acts against society and social justice... (*Interruptions*.) The LIC was nationalised in 1956. Prior to that I remember very vividly and clearly that the various insurance companies who were doing life insurance business were accused of extravagance, corruption and misuse of public funds and of charging high rates of premium. It was in fact one of the objectives of nationalisation, that they would improve and work efficiently and the premium would considerably be reduced.

18.28 hrs.

[SHRI M. B. RANA in the chair]

The policy-holders in this country were given a definite assurance at the time of nationalisation that the Government would see to it that the rates were suitably reduced as soon as possible. Between 1956 and now, the business of the L.I.C. increased manifold, partly on account of various compulsory legislative measures, partly on account of the tax

advantages given to the policy-holders and partly on account of a general atmosphere for insurance mindedness among the people in the country. On the other side, the incidence of claims came down considerably on account of a fall in the death rate and increase in life expectancy. If these conditions were available to any commercial organisation, business increasing without much efforts claim ratio coming down and life expectancy going up, it would have been considered a wind-fall for that organisation; not only would that organisation come forward to reduce the rates of premium but it would have improved its efficiency and working.

And they would have given much more benefits to the shareholders. But what has happened to the L.I.C. ? In the case of L.I.C., the situation is entirely different. In the case of LIC, with increase of business, efficiency goes down. In the case of LIC, with the claims ratio going down, the expense ratio goes up. This is the position in respect of LIC.

This high rate of premium, in respect of which the policy-holders and the people of India were given a specific assurance at the time of nationalisation, has been agitating the mind of the people since 1956. It had been the subject matter of discussion at various levels, more particularly by the various committees appointed by the Government. All these committees highlighted certain important factors. Firstly, they said, as I said earlier, that life expectancy has improved and death rate has gone down. Secondly, they said business has increased manifold without involving much of additional effort of the LIC. And thirdly, they said there is considerable scope for economy and efficiency in the working of the LIC. Based on these findings, all these committees were more or less unanimous in their recommendations.

In 1961, the Estimates Committee made a positive recommendation that the rate of premium should be reduced. Thereafter, in 1965, the Committee on Public Undertakings recommended immediate revision of premium rates. In 1966, the LIC appointed a departmental committee by the name of Committee of

Actuaries. This departmental committee agreed with most of the findings and the bases, but then they came out with a very queer argument by saying that although they agreed with the findings they would not recommend any reduction in the rate of premium because they would like to safeguard against any future expected increase in expenditure : a very peculiar and queer type of argument was given by them. But in any case it was a departmental committee which was biased in favour of the LIC.

Thereafter, in 1968, the Administrative Reforms Commission came out with a very clear report, with a specific recommendation that the premium rate must be reduced henceforth. The last in this series was the Morarka Committee; they have also come out with a specific recommendation that policy-holders without profit must be given immediate reduction in premium.

Now, in spite of all these recommendations made by all these committees, the Government of India, in complete disregard of these recommendations, have decided to postpone the decision day after day, month after month and year after year. Assurances have been given at various levels, including a recent assurance by the Prime Minister, that a favourable decision on the lines of the recommendations made by the committee would be taken soon, but no decision has come forth.

Imagine, had this been the condition of working in a competitive enterprise, had there been 20 different insurance companies competing with each other, and had business increased in the manner which I mentioned, had the incidence of claim fallen, as I said, insurance premium would have been reduced not today but 10 years ago. The service to the policy-holders would have improved long back, but here, because the LIC is a State monopoly, because, the State is there to protect not only the interests of the LIC but its inefficiency, its lack of service to the policy-holders, there is nobody to utter a word. Nothing is going to happen so long as the LIC functions under the patronage of the State as a State monopoly.

[Shri. D. N. Patodia]

On the one hand, the business has increased and on the other, the service of the LIC has considerably deteriorated. In spite of the fact that it is terribly over-staffed. The Morarka Committee, in its recommendation, has come out categorically by saying that the LIC is saddled with redundancy as high as 25 per cent. In spite of the fact that the LIC has surplus staff of as much as 25 per cent, not even reminders are properly sent. Not even receipts are properly sent, everybody knows, perhaps including you, how the policy-holders are being harassed in the matter of depositing money and settlement of claims. I know so many cases where widows have been harassed and the claims have not been properly settled after the death of their husbands.

Instead of reducing the premium rates and improving efficiency, they are now thinking in terms of frittering away the LIC funds. Suggestions are made that more and more of LIC funds should be spent on public sector. Mr. Bhide, the Chairman, has come out with an open categorical statement that he would never support any proposal for increased investment in public sector projects, because it gives a return of only 3 to 4 per cent, whereas investment in private sector projects gives a return of 12 per cent.

Another interesting phenomenon which has come to our notice recently is that LIC is thinking in terms of formulating regulations for the working of their agents in an arbitrary manner, without even consulting them. As against 52,000 employees, the number of agents is 1.65 lakhs. They are thinking of giving arbitrary powers to the managers by which they agents are liable to be dismissed unilaterally without any hearing.

I hope the hon. Minister would deal with all these specific issues I have raised in this short time. More particularly, I hope he would come out with a positive assurance and declaration that the rate of premium would henceforth be reduced in line with the various recommendations made by all the committees.

MR. CHAIRMAN : The hon. Minister.

SHRI BENI SHANKER SHARMA (Banka) : It has been the convention that all the four members whose names have come in the ballot are allowed to put questions after the mover has finished and then the Minister is asked to give a consolidated reply.

MR. CHAIRMAN : I think it is better the Minister replies first. Perhaps after that, there may not be any necessity for members to put questions.

SHRI RANGA (Srikakulam) : If the Minister is allowed to speak so many times, it will be a waste of time. The convention, which is a very useful one, should be followed.

SHRI SHRI CHAND GOYAL (Chandigarh) : Last year the practice was that questions used to be put after the Minister's reply. But this year we have changed the convention.

SHRI BENI SHANKER SHARMA : It will be convenient if the Minister answers all the questions at a time.

MR. CHAIRMAN : All right. Mr. Indrajit Gupta.

SHRI INDRAJIT GUPTA (Alipore) : On the point raised by Shri Patodia I want to ask a further question. The LIC authorities and the Government have been pleading that because of high costs, high expense ratio and increasing costs they have not been able to go in for any reduction of premium rates. I would like to know from the hon. Minister whether he agrees that one of the best ways of solving this problem is naturally to increase the volume of LIC business and in order to increase the business we have to keep satisfied and contented the people on whom the LIC is depending for bringing in new business, namely, agents and development officers. Now the Morarka Committee has made certain recommendations, some of which I consider to be good and some of which I consider to be harmful with regard to development officers and agents. For example, it has suggested that the commission of the agents should be cut down. I do not agree with this.

at all. But, at the same time, it has made some good recommendations for having a trained, stable and efficient agency force. Before the government takes any final decision in regard to Morarka Committee's recommendations regarding agents and development officers, will it hold consultations with the accredited representatives of the agents and development officers and listen patiently to their suggestions and proposals instead of proceeding arbitrarily in this matter ?

SHRI SRADHAKAR SUPAKAR (Sambalpur) : The Morarka Committee was set up in 1967 and it submitted its report in April last. Since then, whenever questions are put in the House about the decisions of government on those recommendations, the stock reply has been that it is under consideration. As Shri Patodia has pointed out, nationalisation of life insurance took place in the year 1956 and since then several committees have been set up, the most important being the Morarka Committee. I want to know why they have taken so much time to make up their mind about the recommendations of the Morarka Committee Report.

श्री बेणी शंकर शर्मा (बांका) : सभा-पति महोदय, एन० आई० सी० के राष्ट्रीय-करण के बाद यह आशा प्रकट की गई थी कि कर्मचारियों में सन्तोष रहेगा और उनकी अवस्था में काफी सुधार हो जायेगा। लेकिन 10 दिसम्बर को 8,500 डवेलपमेन्ट अफसरों ने हड़ताल की थी, जिसमें मालूम पड़ता है कि उन में काफी असन्तोष है और उस असन्तोष का कारण है उनका वर्क-लोड उन के काम करने का जो मापदण्ड है—कलकत्ता, बम्बई जैसे शहरों में जो डवेलपमेन्ट अफसर काम करते हैं, गांवों में काम करने वाले डवेलपमेन्ट अफसरों के काम की तुलना उन के साथ की जाती है। मैं जानना चाहता हूँ कि डिस्ट्रिक्ट हेडक्वार्टर्स में जो डवेलपमेन्ट अफसर काम करते हैं और जो गांवों में काम करते हैं, इन के काम के मापदण्ड के बारे में क्या आपने कोई निश्चय किया है ?

दूसरी बात—अभी मेरे मित्र पाटोदिया जी ने कहा है कि जो क्लेमज होते हैं उनके सेंटिलमेन्ट दो-दो और तीन-तीन वर्ष तक नहीं होते। मेरा अपना अनुभव है—एग्सेटिव-केसेज मेरी जानकारी में आये हैं जिनमें दो-दो और तीन-तीन वर्ष में सेंटिलमेन्ट हुआ है। क्या आपने कोई ऐसी मशीनरी बनाई है जिस के द्वारा क्लेमज के सेंटिलमेन्ट का काम 6 महीने के भीतर हो जाये। जो लोग जीवन बीमा कराते हैं अपने आश्रितों के लिये, यदि उन की विधवा या उन के लड़कों, बच्चों को खाने को न मिले या उन की फीस न दी जा सके तो इस से बड़ी कठिनाई का सामना उन को करना पड़ता है। क्या मंत्री महोदय कोई आश्वासन देंगे कि क्लेमज का सेंटिलमेन्ट 6 महीने के भीतर हो जायेगा, उन को 6 महीने के भीतर रूपया मिल जायेगा ?

SHRI HIMATSINGKA (Gonda) : There is a complaint that notices for payment of premia, which used to be sent almost regularly previously about a month before the due date, are not being sent now in a large number of cases. Then, previously, receipts used to be issued immediately on payment of premia but now there are complaint that in a number of cases receipts are not sent at all and that sometimes they take months; in fact, one Supreme Court Judge told me that he had not received the receipt for payment made even after 12 months in spite of reminders.

SHRI SHRI CHAND GOYAL : The employees are making all sorts of allegations against corruption pursued by Shri Bhide. Is the Government prepared to get the matter probed into so that the truth or otherwise of the matter would come to light ?

THE MINISTER OF STATE IN THE MINISTRY OF SUPPLY AND IN THE MINISTRY OF FINANCE (SHRI R. K. KHADILKAR) : Mr. Chairman, Sir, as the House is aware, not only in this House but in the other House also the question of premium reduction was raised during the last few weeks. When an hon. Mem-

[Shri R. K. Khadilkar]

ber put the question on the 17th November, I remember, I replied to him that the matter was under consideration and that a decision would be taken soon.

SHRI BENI SHANKER SHARMA : A very short reply.

SHRI R. K. KHADILKAR : The hon. Member gave some of the past history. We are fully aware of it. There was first a recommendation by the Estimates Committee and then by the Public Undertakings Sub-Committee. Later on a committee of actuaries was set up. There was no unanimity about their conclusions but, no doubt, at least half the members had suggested that there should be a reduction of 4.72 per cent. Later on, as the hon. Member said, the Morarka Committee as well as the Administrative Reforms Commission have proposed that there should be some reduction.

SHRI RANGA : The Public Undertakings Committee was unanimous. Why do you talk of the actuaries alone ?

SHRI R. K. KHADILKAR : Yes, but even then the Actuaries Committee recommended a reduction of 4.72 per cent. We must bear this in mind that with profit policies share whatever surplus is there by way of bonus. So, the only question before us is that of reduction in premium rates on non-profit policies.

After the Morarka Committee's recommendation the matter was again examined. Of course, the Morarka Committee's recommendation and the ARC recommendation were before us for some time. But we should also bear in mind, simultaneously, that there is a possibility of further increase in the wage bill because the cases of Class III and Class IV employees are before a tribunal and other expenses are also going up. But that is not an excuse for not effecting any reduction. On the contrary, LIC is fully aware that there is a general demand from all quarters that something must be done to reduce the premium rates at least for non-profit policies. Taking all these things into consideration we also feel that we should act. On that basis we did advise, I must confess, the LIC Board and Chairman accordingly.

On 18th December, 1969, the L.I.C. took a decision not to effect any reduction....

SHRI INDRAJIT GUPTA : Mr. Bhide must be turned out; he is obstructing everything. He refuses to agree to the recommendations to reduce the premia. What is this ?

SHRI R. K. KHADILKAR : The L.I.C. took a decision on 18th December, 1969 not to effect any reduction....

SHRI RANGA : Were they unanimous in that ?

SHRI R. K. KHADILKAR : That is not known to me or to the Government. But we know a decision has been taken. We are awaiting the full report of that meeting as to how they have reached such a conclusion.

SHRI RANGA : Why do you want to ask for any more explanation ?

SHRI D. N. PATODIA : Are they to carry out your instructions or are you to carry out their instructions ?

SHRI INDRAJIT GUPTA : Why don't you remove Mr. Bhide ?

SHRI YOGENDRA SHARMA (Begusarai) : When he flouts your advice, why don't you remove him ?

SHRI SURENDRANATH DWIVEDI (Kendrapara) : You say that they have taken a decision not to effect any reduction. You say that you are expecting the full report. After receiving the full report, are you going to appoint another committee ? You must take a decision now.

SHRI R. K. KHADILKAR : We have to take a decision, whatever be the decision of the L.I.C. Board. The Government are still of the view that a reduction in without-profit policy premium rates is feasible, particularly, if there is greater effect to popularise the life insurance and control expenses.

However, it is not possible to indicate in precise terms what the quantum of this reduction would be because it would vary from table to table and,

under each table, from age to age and from term to term.

SHRI D. N. PATODIA : Are you going to appoint another committee ?

SHRI R. K. KHADILKAR : I assure the House that a reduction is contemplated and it will be worked out keeping in view the recommendations of the Actuaries Committee also.

SHRI RANGA : Some time-limit should be fixed before which this should be done. May I inform my hon. friend that years ago, when I was in the Public Undertakings Committee, we were told that these wonderful Actuaries were already busy about it. All these years, the Actuaries have been going on with it. Unless the Government fixes a time-limit nothing can be done and nothing will be done.

SHRI SURENDRANATH DWIVEDI : The only difficulty that the Minister has pointed out is to work out the arithmetics of it.

SHRI INDRAJIT GUPTA : Why don't turn out Mr. Bhide ? He is obstructing everything.

SHRI R. K. KHADILKAR : I can assure the honourable House that a decision, in principle, has been taken that it should be reduced. The only thing to be done is actuarial calculations. I would say that by the middle of the next month, we shall announce our decision.

SHRI RANGA : Thank you.

SHRI R. K. KHADILKAR : Certain other questions were put.

One was put by Shri Indrajit Gupta . . .

SHRI D. N. PATODIA : Sir, before he goes to the next point, I would like to submit one thing. He said that he would take a decision keeping in view the recommendations made by the Actuaries Committee. Is it not a fact that the Actuaries Committee was, at best, a departmental committee and that the view of that Committee cannot be taken as an impartial view ? As opposed to that, there were four other impartial committees which have submitted their recommendations. Why are those recom-

mendations ignored ? In fact, the recommendations of the impartial committees like those of the A. R. C. and the Morarka Committee should be given much more weight as compared to the recommendations made by the Actuaries Committee.

SHRI R. K. KHADILKAR : The Actuaries Committee have only suggested some quantum of reduction. Others have recommended that there should be a reduction. That will be kept in mind. I have not said that we will stick to that only. We will have to do some actuarial calculations. As I have assured the House, that will be worked out and, before 15th January, we shall take a decision.

My hon. friend raised the question of agents and development officers. As the hon. Members are aware, when the development officers threatened a strike, I had a discussion with them. The main question in our discussion was—and which is very important—acceptance of some norm. Fortunately for me, in our discussion they had accepted a norm and we have assured them that in extenuating circumstances where norms could not be fulfilled, certain latitude or variation would be worked out. For instance, as the hon. Member suggested, in an urban area fulfilling the norm is very easy but in a drought-stricken area it would be very difficult. From area to area we will have to take into consideration the prevailing circumstances to work out the norm. But in a public undertaking unless we set some target and workers and officers are ready to co-operate with us, we cannot, as Mr. Gupta said, fulfil the general target that we set before the organisation. So, I would request the hon. Members also that they should impress on them while taking up their claims and other grievances which are legitimate and which will be looked into that they should adhere to some norm because they have no regular office hours. The hon. members must realise that they have no regular office hours; they are supposed to work in that particular area. The development officers have now been made permanent. Formerly the development officers were not in the permanent cadre, permanent employ and they were getting commission. Once they have be-

[SHRI R. K. KHADILKAR]

come permanent employees of the LIC, they on their side must fulfil this obligation.

So far as agents are concerned, agents' representatives also met me only yesterday and I have told them that I would look into their grievances and then later on we would have a discussion on that point. Therefore, I am not just brushing aside their complaints. My feeling is that it is every member's responsibility to see that they also co-operate with the organisation while making demands....

SHRI INDRAJIT GUPTA : How can there be co-operation if you reduce their commission....(Interruptions).

SHRI R. K. KHADILKAR : I have said that we would look into it. Withholding co-operation will not improve the situation.

SHRI D. N. PATODIA : The point is that the decision with regard to formulation of regulations should be taken in consultation with their representatives. It is necessary to have their consultation. Mere discussion or debate will not do. You are going to decide the working conditions of as many as 1,65,000 persons. How can you decide those without consulting them ?

SHRI R. K. KHADILKAR : It is not always possible to consult....

SHRI D. N. PATODIA : Their representatives.

SHRI R. K. KHADILKAR :...In all administrative matters. So far as development officers are concerned, they are about 8,000 and their duties are enumerated. As I said, on the question of norm there was some dispute. Once they have accepted the norm, then later on we are prepared to consider in what circumstances they could be fulfilled, where some latitude is called for or needs to be given. That is under consideration.

SHRI TULSHIDAS JADHAV (Bara-mati): You said, when the norms are accepted. But before that, you should tell them

that some incentive will be given to them to fulfil the norms.

SHRI R. K. KHADILKAR : No. There is enough incentive provided under the present scheme. For discharging assigned duties, if you bring incentives, then there will be no end to it.

My hon. friend raised the question of the Morarka Committee's recommendation. Now, as I said on an earlier occasion while replying to a question, there are a number of recommendations made by the Morarka Committee and we are examining them. There are some structural changes suggested in respect of the zonal offices. They want the Divisional Office to be strengthened and so many other things.

19 hrs.

SHRI BENI SHANKER SHARMA : Are you going to fix a time-limit for settlement of claims ?

SHRI R. K. KHADILKAR : I am coming to that. I will reply to all the points raised. So far as Morarka Committee's recommendations are concerned, very serious consideration will be given to all the recommendations and as certain structural changes in the organization are there, it is bound to take some time.

SHRI D. N. PATODIA : Out of the four reports submitted so far from 1961 onwards did the Minister act on any one of the reports ? All the reports are under consideration and it is 8 years now that all the reports are under consideration. Everything is under consideration.

SHRI R. K. KHADILKAR : Now with regard to the question of claims settlement, I must confess that there are a number of complaints and arrears are mounting. No doubt about it. We will have to expedite the settlement of claims. A serious point was made by an hon. Member that after payment of premium, the receipt was issued after 12 months. This is a serious state of affairs, I must confess, because unless the policy-holders

get the receipt, difficulties may arise in settlement of claims and I see the point. I would like to have this specific case investigated. But this is a peculiar thing. I thought that normally the time is not more than a fortnight or a month. But this is something very abnormal. So, I would request the hon. Member. If he has some particulars, he can pass them on to me.

So far as charges of corruption are concerned there were some charges against an officer of the Corporation. All the charges that were before us, were gone into and it was found that there was no substance in them. But if there is any charge....

SHRI INDRAJIT GUPTA : Who went into those charges ?

SHRI R. K. KHADILKAR : In this case, when a charge is made, unless there is some substance or a *prima facie* case, it is difficult for us to proceed further. Because you make a charge, you just cannot take it up that there is some substance.

So far as Mr. Bhide's observations are concerned.... (Interruptions).

SHRI INDRAJIT GUPTA : Are you going to go on putting retired officials in the public undertakings ?

SHRI RANGA : Mr. Bhide is a very able man.

SHRI R. K. KHADILKAR : What the hon. Member said was that Mr. Bhide said something in a meeting. That was a meeting of some executives of the public sector undertakings as well as others. There, the executive head is free to express his personal opinion. It is not binding on the LIC. It does not reflect the opinion of the Government. On that point the position is very clear.

SHRI INDRAJIT GUPTA : What is the propriety of it ?

SHRI R. K. KHADILKAR : It is a question of propriety. Sometimes it is left to the persons concerned. But, at the same time, I must say that if the exe-

cutive is prevented from expressing his viewpoint, it would not be desirable in the larger interest. He must be given freedom. He must keep in mind the Government's policy and the general approach and try to understand and express himself. But if he expresses something at variance, he should not be suppressed.

SHRI SURENDRANATH DWIVEDY : Especially when free opinion is in favour of free economy.

SHRI R. K. KHADILKAR : In such a situation I entirely agree that it is expected of the executive heads not only to implement the Government's policies but try to understand as to what are the social objectives and what are the general guidelines as the hon. Members just now said. I hope they will keep this in mind.

19.05 hrs.

ARREST OF MEMBERS

MR. CHAIRMAN : I have to inform the House that the following communications have been received by the Speaker from the Sub-Divisional Magistrate, New Delhi, in regard to the arrest of four members, Shri Janeshwar Misra, Shri J. H. Patel, Shri Arjun Singh Bhadoria and Shri Madhu Limaye :

(1) "I have the honour to inform you that Shri Janeshwar Misra, Member of the Lok Sabha, was arrested u/s 188 IPC today at 3.00 P.M. from Parliament Street for violating the prohibitory orders promulgated under section 144 Cr. P. C. in that area. He was brought to P. S. Parliament Street and was later produced before a Magistrate.

Sd./-

N. K. GARG."

(2) "I have the honour to inform you that Shri J. H. Patel, Member of the Lok Sabha, was arrested u/s 188 IPC today at 3 P.M. from Parliament Street for violating the prohibitory orders promulgated u/s 144