

lic Accounts Committee on the Appropriation Accounts (Defence Services), 1960-61 and Audit Report, 1962.

## ESTIMATES COMMITTEE

### EIGHTH REPORT

**Shri Dasappa** (Bangalore): I beg to present the Eighth Report of the Estimates Committee on Action taken by Government on the recommendations contained in the Hundred and twenty-eighth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Food and Agriculture (Department of Food)—Central Warehousing Corporation.

**Shri Ranga**: Mr. Speaker, may I make a submission regarding the two Committees? Now that we are spending so much, would it be possible to direct the Estimates Committee to give some special attention to the examination of Defence Expenditure and suggest ways and means of economy?

**Mr. Speaker**: I will do that.

12.55 hrs.

### PAPERS LAID ON THE TABLE

#### STATEMENTS SHOWING ACTION TAKEN BY GOVERNMENT ON ASSURANCES, PROMISES AND UNDERTAKINGS GIVEN BY MINISTERS

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha)**: I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given by Ministers during the various sessions shown against each:—

- (i) Statement No. I—Third Session, 1962 (Third Lok Sabha) [See Appendix I, annexure No. 92].
- (ii) Supplementary Statement No. II—Second Session, 1962 (Third Lok Sabha) [See Appendix I, annexure No. 93].

(iii) Supplementary Statement No. V—First Session, 1962 (Third Lok Sabha) [See Appendix I, annexure No. 94].

(iv) Supplementary Statement No. V—Sixteenth Session, 1962 (Second Lok Sabha) [See Appendix I, annexure No. 95].

(v) Supplementary Statement No. VIII—Fifteenth Session, 1961 (Second Lok Sabha) [See Appendix I, annexure No. 96].

(vi) Supplementary Statement No. XVI—Thirteenth Session, 1961 (Second Lok Sabha) [See Appendix I, annexure No. 97].

#### ANNUAL ADMINISTRATIVE REPORT OF IMPORT AND EXPORT TRADE CONTROL ORGANISATION

**The Minister of Supply in the Ministry of Economic and Defence Co-ordination (Shri Hathi)**: I beg to lay on the Table a copy of Annual Administrative Report of the Import and Export Trade Control Organisation for the year 1961-62. [Placed in Library. See No. LT-636/62.]

12.56 hrs.

#### EMERGENCY RISKS (GOODS) INSURANCE BILL

**The Minister of Finance (Shri Morarji Desai)**: I beg to move:

“That the Bill to make certain provisions for the insurance of goods in India against damage by enemy action during the period of emergency, be taken into consideration.”

The House has adopted a Bill to provide for personal injuries to civilian personnel as a result of the risks and hazards arising out of the present emergency. The schemes of insurance which we are proposing to introduce, to deal with the consequences or possible consequences of enemy action, so-

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far as goods, factories and inland vessels are concerned, are, from the financial and broader economic point of view, even more important. I am glad, therefore, that it has been possible for the Members to consider these other schemes also during the current session and to give us the benefit of their guidance and views.

It is not necessary for me to justify or defend these schemes of insurance in principle, as there is not only a widespread recognition of the need, but also an active demand, for the provision on a national and country-wide basis for the risk of damage to property as a result of the present hostilities, whatever the precise degree of that risk may be. Chambers of Commerce and representatives of industry have been urging the Government in the last few days to acquire the necessary powers to provide cover against these uncertain and necessarily incalculable risks. The willingness of the people at all levels to co-operate with the Government and to accept the burdens which are inevitable under a compulsory scheme of insurance has been another gratifying evidence of our unity and sense of purpose in dealing with the consequences of the present aggression. It has, I am also glad to say, made my task relatively easier.

We have tried to explain the scheme of the Bill in simple and non-technical language in the notes on clauses and other memoranda attached to it, and in this speech, I shall, therefore, deal only with the relatively more important points.

This Bill has been drafted on the assumption that only goods which are intended for sale, will be insurable. This excludes, of course, property in various forms such as land and growing crops, residential houses or household and other goods owned and held for purposes other than sale. The distinction in my view is quite rational.

Apart from the fact that only goods intended for sale were protected during the last World War, the House, I am sure, will agree that it is neither necessary nor possible in a scheme of insurance of this kind to cover the entire physical wealth of the country.

Our object in offering insurance facilities under this scheme is quite modest and practical. It is to ensure, firstly, that industrial or commercial activity will not be hampered because of the fear of what may happen as a result of political or military action, and secondly, that the normal production, sale and movement of commodities will continue without any interruption at any time or in any area. This Bill should be fully adequate for achieving these purposes.

A scheme of insurance of this kind cannot allow any individual parties to opt out of it for any reasons. The burden has to be spread equally among all the citizens, and we have, therefore, proposed that for all persons holding property for sale in excess of a certain limit, namely Rs. 50,000, in any one district, it should be compulsory to take out policies of insurance. The corresponding figure during the last war was Rs. 20,000.

Several traders and businessmen, who are not very wealthy or important, have suggested that although the insurance of goods worth less than Rs. 50,000 in any one district may not be obligatory according to the provisions of the Bill, it should be permitted, if the owner or his agent is willing or anxious to obtain any cover. This is a reasonable suggestion; and the scheme, when it is framed, will make it clear that such optional insurance will be permissible.

13 hrs.

The House will notice that sub-clause (2) of Clause 3 of the Bill provides for the exclusion of certain

goods from the scope of the present insurance scheme. It is the intention that the goods which are to be excluded should broadly be the same as in the last world war, but if any special problems exist in relation to goods of any class or description, Government will, of course, have the power to include them or exclude them as the case may be at any time.

The Central and State Governments are now buyers and sellers of goods on a large scale. We have considered it appropriate and desirable to exempt them from the scope of this insurance scheme. Government does not need at the present time, any more than it did in the last war, any insurance for itself. It may also be a moot point whether from the point of view of the adequacy of the insurance fund, the extension of the scheme so as to cover Government property will be worthwhile or desirable, if it were to lead, because of a combination of circumstances, to a net surplus in the fund which Government will be claiming back at a later stage, or to a net deficit in the fund which may have to be wiped out by the Government itself. The administrative difficulties of extending the scheme so as to cover Government stocks are also immense; and on the whole, the decision to keep such property out seems to be the most reasonable and practicable one in the existing circumstances. I should, however, make it clear that only goods owned departmentally by Governments will be excluded. Goods owned by Government corporations and companies will come under this scheme.

The bill, as it stands, provides for the grant of discretion to the Central Government to fix or vary the rates of premium from time to time. We are not yet in a position to arrive at an accurate judgement of the degree or variety of the risks to which property insurable may be exposed, although we have, for our own working purposes, a very broad estimate of

the insurable value of the goods which are intended to be dealt with under this bill, this estimate is very much in the nature of a guess. We are unable, therefore, to forecast with any degree of accuracy the premium revenue which may be obtained on the basis of any given schedule of rates.

We are anxious that while we should provide adequately for any damage or loss to property which may be caused as a result of the present hostilities, we should not impose on consumers who will be buying the products of the industry, any burdens which may not be absolutely necessary. We had earlier considered it desirable, after taking into account the various circumstances and considerations, to which I have referred, to provide for the grant of powers to the Central Government which would not be limited or qualified in the bill itself, but to indicate in the financial memorandum, certain rates which could perhaps be charged at the beginning.

I am, however, aware that there is a feeling in certain quarters that even in an emergency and even in the conditions, and with safeguards, which I have mentioned, there will be no adequate justification for the grant of unfettered discretion to the Central Government in regard to the fixation of the rates of premium. I defer readily to this feeling. As it is never my intention to bring up a taxation measure in the guise of an insurance bill I have given notice yesterday of an official amendment, the purpose of which is to specify the ceiling rate for the premium in the Act itself.

The ceiling rate is meant to be permissible maximum upto which Government can go. But it does not mean that this rate will necessarily come into force at the beginning of the scheme or necessarily be in force for the major part of the duration of the scheme. During the period of the last war when the Japanese came closest

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to India the goods premium rate was 56 naye paise per hundred rupees per quarter. In determining what should be the prevailing rate, from time to time, for goods during the present emergency, Government will keep in view all the relevant considerations and circumstances and will take fully into account the views expressed from time to time in Parliament. In fixing the rate of premium, Government will not have a fiscal motive.

The goods insurance scheme, as it was in force during the last world war, was confined to a relatively small number of persons, and, in the conditions which then prevailed, could be implemented without much difficulty. In view of the rapid growth and diversification of the Indian economy in recent years, the number of industrial or commercial establishments, stockists, shopkeepers and other sellers with whom we will be concerned and the value of insurable property will now be much greater. In so far as this leads to a much wider spreading of the risk, this will help rather than hinder the implementation of our scheme. But the complexity of the administrative problem is also very great, and the success of the scheme will ultimately depend on the willingness of every insured and insurable person to declare the nature and value of this insurable stocks to pay the premiums promptly as and when they fall due, to refrain from adding these relatively insignificant premiums to the selling prices of the goods stocked by them, and otherwise to offer all reasonable facilities to those who are responsible for administering the scheme.

I would like to assure the House and the general public that it will be our endeavour to provide all the facilities which may be necessary to industrial and commercial establishments or other individual traders and to avoid any harassment of the smaller traders or any interruption of the normal flow of trade or the con-

duct of business. At the same time, I also appeal to all those on whom any obligations may be imposed by or under this Bill to co-operate with the Government, particularly in the directions which I have indicated.

Sir, I move.

**Mr. Speaker:** Motion moved:

"That the Bill to make certain goods in India against damage by enemy action during the period of emergency, be taken into consideration."

**Shri Prabhat Kar (Hooghly):** May I suggest that the motion for relaxation of rules for the next Bill may also be moved now, so that the consideration of the two Bills can be taken up together, and when the clause by clause discussion comes, they can be taken up separately.

**Mr. Speaker:** No. I have considered that. I do not think it is possible to take them together.

**Shri Hari Vishnu Kamath (Hoshangabad):** How much time for this Bill?

**Mr. Speaker:** Two hours for this and one hour for that I suppose.

**Shri Hem Barua (Gauhati):** Both the Bills are the same. I have read the Bills. Even the language is the same.

**Mr. Speaker:** Do the Members want that both might be discussed together?

**Some Hon. Members:** Yes.

**Shri P. C. Borooah (Sibsagar):** Both should be discussed together.

**Mr. Speaker:** If that is so, I have no objection.

**Shri Tyagi (Dehra Dun):** For the purpose of the general discussion, both can be taken together.

**Mr. Speaker:** If that is the desire, I have no objection. The second motion may also be moved.

**The Deputy Minister of Finance (Shri B. R. Bhagat):** I beg to move:

"That the proviso to Rule 66...."

**Shri Hari Vishnu Kamath:** On a point of order, Sir.

**Mr. Speaker:** Let him make the motion.

**Shri Hari Vishnu Kamath:** Rule 388 says the motion cannot be made without your consent.

**Mr. Speaker:** I have given consent.

**Shri Hari Vishnu Kamath:** If you have given consent, it is all right.

**Mr. Speaker:** It was given yesterday.

**Shri Hari Vishnu Kamath:** I did not know that.

13.09 hrs.

#### SUSPENSION OF PROVISO TO RULE 66

**The Deputy Minister in the Minister of Finance (Shri B. R. Bhagat):** I beg to move:

"That the proviso to Rule 66 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motions for taking into consideration and passing of the Emergency Risks (Factories) Insurance Bill, 1962 be suspended."

**Mr. Speaker:** Motion made:

"That the proviso to Rule 66 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motions for taking into consideration and passing of the Emergency Risks (Factories) Insurance Bill, 1962 be suspended."

**Shri Hari Vishnu Kamath (Hoshangabad):** It is farthest from my mind to be in any way unhelpful

or obstructive to the Government in this time of emergency, but may I submit with all respect that this motion has been made today because of defective or ill-planning of business by the Government for this session of Parliament. If the Government had planned its business with foresight—that matter has been raised so often in this House that I am loth, I am reluctant to raise it again and again, and you have also been kind enough to direct the Government to plan their business properly and efficiently—if it had been done, this motion would not have been made and we would not have been in a quandary. I know the rules are not sacrosanct. But as I said earlier, in all these, particularly at this time the spirit the forms and the institution of parliamentary democracy should be upheld with greater vigour than before, so that at the end of the emergency, parliamentary democracy may emerge even stronger than it is today.

Some of the minor Bills with which Government was occupied last week could have been postponed and taken up later, and the Bill which was moved just now by the senior Minister could have been taken up. If that had by now received the assent of the President, there would have been no difficulty in moving the second Bill.

**Mr. Speaker:** If I agree with his observations, what next should be done?

**Shri Hari Vishnu Kamath:** The rules should not be suspended lightly on every occasion.

My next suggestion is that the second Bill need not be taken up today the first Bill might be passed by this House and then by the other House and the President's assent may be obtained. The session may be extended by a day or two or till Wednesday or Thursday so that the other Bill could be brought, if it could not be done earlier than Tuesday. Certainly the session could be extended for that purpose so that the rules are not departed from needlessly.