

Shri Bansal (Jhajjar-Rewari): Before you take up the discussion of the motion before the House, I would like to raise a small point, that is with regard to the S.R.C. Report. The Report is with us and as we are studying it now for discussion from the 14th onwards, I am finding myself in some difficulty to follow it without a detailed map which is not in the report. I understand such a map is now ready and if you will kindly issue the necessary instructions that the detailed map showing the realignment of States and also shading the portions which are being merged or mixed up, should be supplied, it will be very useful.

Mr. Speaker: I may inform the hon. Member that the Lok Sabha Secretariat has prepared a brochure giving the substance of the recommendations and certain other things. That brochure is designed to include a map also, but it is difficult for me to say what time it will take for the press to give us the printed matter. All steps will be taken to expedite, and as soon as that brochure is ready along with the map, it will be distributed to the Members.

Shri Bansal: Apart from that, I understand the Home Ministry has prepared a detailed map, and if the Home Ministry can be requested to circulate that map to all the Members, that will be of great help.

Mr. Speaker: The hon. Minister of Parliamentary Affairs will convey that request to the Home Minister.

Dr. Lanka Sundaram (Visakhapatnam): May I make a submission? Almost every State Legislature has disposed of the discussion of this report, and it will be a great help to us if the Lok Sabha Secretariat could obtain copies of the proceedings of the various State Legislatures to be placed in the Library for reference purposes.

Mr. Speaker: I may state that this aspect was considered yesterday in the Business Advisory Committee. It was decided to request the Home Minister to get the proceedings, if not in full,

at least to let the House have short summaries of those proceedings. The Home Minister has already been addressed today or will be addressed in the course of the day, and I hope all material that is necessary for a really good debate in an understanding manner will be in possession of, or be available to the Members.

Shri S. V. Ramaswamy (Salem): If possible, the statistical data could also be furnished along with it.

Mr. Speaker: I do not know what it will contain. The report contains all the information, but then, we are at present not on that subject. All I can say is that every attempt will be made by the Lok Sabha Secretariat to give such help and material to the Members as is possible.

Shri M. L. Dwivedi (Hamirpur Distt.): I have to make one submission. There is solar eclipse on the 14th instant from 2 o'clock. I therefore propose that the sitting of the House on that day should be held from 9 a. m. to 1.0 p. m.

Mr. Speaker: That might be considered later on. We need not decide it today.

INSURANCE (AMENDMENT) BILL

Mr. Speaker: The House will now proceed with the further consideration of the following motion, namely:

"That the Bill further to amend the Insurance Act, 1938, be taken into consideration".

Before I call upon Shri D. C. Sharma, I might say that in view of the remarks which I just passed about the scope of the Bill and the relevancy of speeches, I have considered it necessary, in addition to what I have said, to restrict the time-limit for speeches, so I propose half an hour, at the most, for each Member. That is the outside limit. Of course the minimum can be anything within half an hour. I hope the hon. Members will co-operate with the Chair in regulating the debate within the time-limit and within the limits of the amending Bill.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): May I know when I will be called upon to reply? I should like to know when the clause-by-clause consideration will start and when the third reading will start.

Mr. Speaker: Was that not decided yesterday?

Shri M. C. Shah: No.

Mr. Speaker: We have about four hours now. Out of seven hours, 2 hours and 57 minutes have been taken till now. I am not talking in terms of minutes, and so, let me say, four hours are left now. How long shall we go on the consideration motion?

An Hon. Member: Half an hour has gone, in the course of these discussions.

Mr. Speaker: That will be excluded. What time should we allot out of these four hours, for consideration, or clause-by-clause discussion, etc.?

Shri N. C. Chatterjee (Hoogly): Three hours.

Mr. Speaker: Will one hour be sufficient for the clause-by-clause consideration? Amendments are there.

Pandit Thakur Das Bhargava (Gurgaon): The amendments are very few.

Mr. Speaker: I am entirely in the hands of the House.

Shri N. C. Chatterjee: We shall also cover the amendments, practically in our general discussion.

Mr. Speaker: Shall I say, three hours for consideration, half an hour for clause-by-clause consideration and the remaining half an hour for the third reading?

Shri Tulidas (Mehasana West): 45 minutes for the second reading and 15 minutes for the third reading.

Mr. Speaker: Will 15 minutes be sufficient for the third reading?

Shri Asoka Mehta (Bhandara): Only five minutes were allowed for the Citizenship Bill, for the third reading.

Shri Kamath (Hoshangabad): Not allotted but allowed.

Mr. Speaker: If the House agrees, I will put three hours for consideration motion, and the remaining one hour will be divided between clause-by-clause consideration and the third reading. The clause-by-clause consideration may take about 45 minutes and then there will be 15 minutes for the third reading. That means the hon. Minister will be called upon to reply, at 3.30 p. m. How long will he take to reply?

Shri M. C. Shah: About 30 to 40 minutes. There have been long speeches. I shall restrict the time, if the hon. Members so desire, to 30 minutes.

Mr. Speaker: It is for the House to decide, but then, it is not desirable to restrict the Minister from speaking. Perhaps he may have information to give to the Members by way of reply. So, I should reserve, say, 35 minutes to him. Now, Shri D. C. Sharma will begin. At five minutes to three, the Minister will be called upon to reply. Shri D. C. Sharma will, I hope, remember the time-limit which I have placed.

Shri D. C. Sharma (Hoshiarpur): I was saying yesterday that though I welcomed this Bill I thought that this did not go very far to meet the ill of omission and commission for which our joint stock companies in general and insurance companies in particular have been responsible. The only remedy is nationalisation. Sometime back, I read a book by H. G. Wells on the Science of Life in which that

great writer said: "The lesson of biology is adapt or perish". So, today, in the context of our social situation, in the context of the revelations that have been made and in the context of the emotional upheaval that has been caused by those revelations, the only course left open to us is nationalisation. I say, nationalise or perish. There is no other alternative. Therefore, the sooner this nationalisation comes, the better it is.

[MR. DEPUTY-SPEAKER in the Chair]

I should say that my friend Shri Sadhan Gupta yesterday painted a very splendid portrait of the managing director of an insurance company. When I sat listening to him, I said to myself that perhaps even Solomon in his glory was not as great as that managing director of that insurance company. But I would say—not to speak of those directors and managing directors—that even the insurance agents have a roaring time. There is a great deal of unwholesome practices creeping into the insurance business. For instance, the insurance agent comes to you and says to you: "You have your life insured with my company and I will meet the first premium that you are asked to pay". Why does it happen? It happens that there is something fishy in the insurance world and that unwholesomeness is travelling from the top to the bottom downwards. I say that there is greater discontent among the employees of the insurance companies than anywhere else. We receive communications regarding complaints from the employees from different cities every now and then. They have no regular cadres; they have no regular appointments; they have no regular scales of salaries; and they are dismissed on very flimsy grounds.

Mr. Deputy-Speaker: In an amending Bill, the general discussion as to how the insurance law has to be amended, whether there should be nationalisation or not and whether the employees are paid adequately or not are all irrelevant.

Shri D. C. Sharma: It is an amending Bill.

Mr. Deputy-Speaker: It amends only a particular portion of the Act—section 106. Therefore, whatever, is said ought to be relevant to that portion.

Shri D. C. Sharma: We have all learnt relevance at your feet, and I may submit that I am trying to make my point for the nationalisation of insurance industry. And my point is this, namely that this amending Bill does not go far enough.

We have talking about the articles of association. How are these articles of association exploited? Is there anybody to look into them? Yesterday, some articles of association were read out by my hon. friend Shri Feroze Gandhi in regard to the Yogiraj Trust and the Briguraj Trust; they were a jumble of lofty ideals clothing sordid motives. I want to ask you whether this business is going to be conducted in that way.

Again, I would say that there is a lot of unwholesomeness about the transfer of shares. My hon. friend Shri Feroze Gandhi forgot to mention yesterday what happened to the Lahore Electric Supply Company. You may ask now what the relevancy of that is.

Mr. Deputy-Speaker: Hon. Members heard the Hon. Speaker say that the whole time was practically wasted yesterday, and that a lot of irrelevant material had been brought in.

An Hon. Member: You were in the Chair.

Mr. Deputy-Speaker: I was in the Chair no doubt. But the whole House was in such a mood and temper that whenever I had intervened in order to bring in the topic of the Bill and make the speech relevant, and also to ask, how is this relevant and so on, even that was resented to at every point by a number of hon. Members who started whispering, oh, no, no, this is interrupting the speech and so on. Therefore, having regard to the mood of the House, I said all right, and I allowed the flood-gates to be opened.

[Mr. Deputy-Speaker]

Now, I would not allow a single irrelevant matter to be said. The hon. Member must now resume his seat. He has not said a word regarding this amending Bill. He has been going generally into nationalisation, employees' service conditions, the manner in which they must conduct themselves and so on; and now he has gone to the electric supply corporation. All that is irrelevant.

Pandit K. C. Sharma (Meerut Distt.—South): On a point of order. While the speech of an hon. Member is allowed, and the Chair has looked into the relevancy thereof, I think the matter stops there, and all the speech must go in as relevant matter, and should not be questioned later on.

Mr. Deputy-Speaker: Mistakes committed cannot be perpetuated.

Shri D. C. Sharma: I want to know in what way the irrelevancy arises.

Mr. Deputy-Speaker: The case of the electric supply corporation is not relevant. We are now on the Insurance (Amendment) Bill which seeks to clothe the administrator with certain powers. So, let us confine ourselves to that matter. One illustration has been given already, and that was allowed because the matter was an important one, and questions have also been put here; and further, the Finance Minister evidently was also anxious to know some details; the House also appeared to be very anxious to know the whole thing. Under those circumstances, I had to sit here quietly pointing out here and there the question of relevancy, because that had to be brought in at least by the back-door. Now, front-door relevancy is necessary.

Shri D. C. Sharma: I would, therefore, say.....

Mr. Deputy-Speaker: There is no more saying now. Already, five minutes are over.

Shri D. C. Sharma: When we are on the point of clothing the administrator with more powers, I would say that

this amending Bill does not go far enough. I would therefore say that the disease will be cured only to a very slight degree by this Bill.

Shri Tulsidas: I thank you for having called me early. As a matter of fact, I did not want to say much on this Bill, because I consider that this is a welcome measure which Government have brought forward. I only hope that with the powers which Government are taking under this Bill, in future we shall not have to hear anything of the nature that we have been hearing all this time. But I have my doubts. I say so because even under the present Insurance Act and other Acts, Government have ample powers to stop anything which is of the nature of what has happened recently; and therefore, there is no need for giving more and more powers in the hands of Government. For, even yesterday when we were hearing the long speech from the hon. Member, we were told that Government came to know of all these facts about six months or a year back.

Pandit K. C. Sharma: Two years back. They could have taken action under the Indian Penal Code also.

Shri Tulsidas: With the powers that Government had they could have appointed the administrator a year or even two years back.

I do not see why that ordinance was necessary at all, because the money that has been recovered has not been recovered in my opinion on account of the ordinance; it has been recovered because Government came forward and took action. That is why the money has been recovered.

On this occasion, I would like to say that it is no use adopting an extreme tone, because one particular matter has come to light. I would therefore not like to say anything in reply to the points which the hon. Member raised yesterday, because to my mind the whole thing was utterly irrelevant to the Bill that we have before us.

Shri L. N. Mishra (Darbhanga *cum* Bhagalpur): How was it irrelevant?

Shri Tulsidas: The whole of it was irrelevant.

Shri Bhagwat Jha Azad (*cum* Santal Parganas): It was perfectly relevant.

Mr. Deputy-Speaker: Why quarrel over it? That is his opinion.

Shri Bhagwat Jha Azad: It is no good saying that the speech of the hon. Member was irrelevant, when the whole House was dumb about it. From the beginning, it was allowed also by the Chair. In fact, you yourself were in the Chair yesterday and allowed the whole speech and said it was relevant.

Shri Tulsidas: Any hon. Member is entitled to say that all that another hon. Member has said is absolutely wrong, irrelevant and unnecessary.

Shri L. N. Mishra: He can say it was wrong, but not that it was irrelevant.

Shri Bhagwat Jha Azad: He cannot say that it was completely irrelevant.

Mr. Deputy-Speaker: Let any hon. Member say what he feels about it. After all, hon. Members here are representatives of large sections of the population, highly important each in his own place and in the country at large; therefore, they are not going to be carried away by the hon. Member's statements. So, let each one give his opinion in the House.

Shri Tulsidas: When I say irrelevant, I merely say that it is irrelevant to this Bill, namely the Insurance (Amendment) Bill.

Shri Feroze Gandhi (Pratapgarh Distt.—West *cum* Rae Bareilly Distt.—East): I am very grateful.

Shri Tulsidas: And the matter that has been put forward by the hon. Member was in my understanding as a layman the biography or career of a person who has been connected with an insurance company. That is not relevant here. An insurance company

has connection with a number of things. But that does not mean that you can try and bring in the biography of a number of people.

Shri Bhagwat Jha Azad: If what was said yesterday was irrelevant, then how is the hon. Member's remark about that relevant today?

Mr. Deputy-Speaker: Why all this quarrel? Hon. Members will keep their opinions to themselves. If they get an opportunity, they can say that what they want. Otherwise, they must hear.

Shri Tulsidas: I am aware that Government have been compelled to bring forward the amendments to the Insurance Act contained in this Bill because of certain undesirable events. But you will observe that under this Bill Government are taking very wide and extraordinary powers. I do not think in any Act in this country or in any other country Governments have taken such extraordinary powers.

But as I said, I am not against this Bill. I welcome this Bill. I only hope that with these powers Government will be able to see that the industry functions in a manner which would be in the larger interests of the country. The insurance industry is an industry wherein the small, medium and higher class people who insure themselves put in a large amount of their savings, and therefore it is but right that everyone who is a trustee for these funds should keep them in the most proper and safe manner.

I have no hesitation in saying that I have no sympathy with anyone who has done anything which may be an anti-social act, embezzlement or misfeasance and all that sort of thing. Government can do anything with that person who has chosen to do this sort of thing involving huge amounts invested in the insurance company by large masses of people. I am one with the Government in whatever they do to deal with persons who do wrong here or anywhere else. But I do feel that when we give these powers to the Government, they should utilise them

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with care. My hon. friend also yesterday said that some powers which the Government take are meant not for ordinary criminals, but for extraordinary criminals. I hope that that will not again be the case with regard to the powers which Government are now taking. After all, the powers which the Government take are very wide and they can easily see that anything which happens in any insurance can be immediately stopped, so that the industry as a whole will have at least a good name.

Another point which I find recently in speeches is this. Because a few—I would say a microscopic few—people have indulged in this sort of thing, it is said that the entire industry must be nationalised. The implication is that the entire industry consists of nobody else than all sorts of bad people. That is not a correct statement. I cannot say that because a very few persons have done bad, the entire industry has done bad. There are example in every walk of life, in every sector. I do not think any sector can be excluded, and therefore, one cannot lose the perspective. Because of the evil doings of a few, the entire sector is sought to be branded in a particular manner. We have read in the papers about scandals with regard to government services. Recently even the Public Accounts Committee has gone into a number of these scandals. Does it, therefore, mean that the entire government services or the politicals are of that bad character?

Shri U. M. Trivedi (Chittor): Congress politicians?

Shri Tulsidas: I am not here to support the evil doings of anyone in any sector.

Shri Kamath: That is right.

Shri Tulsidas: I do feel that it is no use saying that because of the evil doings of a few—I call it a very small minority,—the entire industry is bad. Let us examine the achievements of

this industry in the last 20 years. I am not going into the merits or demerits of this particular instance. But assuming that after investigation, after proper scrutiny, the matter is found to be of such a nature that Government have to take it over, I am quite prepared to support Government in whatever action they take. But let us examine the different companies in this industry. We have got the Oriental Government Security Life Insurance Company. We have got the New India. There are a number of others. These companies have been built up to the level of an international character. How have they been built up? If you examine the achievements of these companies and compare them with what has been reported recently in the Press, you find that the latter is a very small minority, a microscopic minority. Therefore, it is no use saying that because a certain incident has happened, the entire industry must be nationalised, that everyone in the industry is interested in doing all sorts of bad things. I go further and ask, do you expect that even after the industry is nationalised these things will not happen?

Shri U. M. Trivedi: Worse things will happen.

Shri Tulsidas: We have got examples also in the public sector. Who is there to check them? I would like you to examine this from this point of view.

Shri D. C. Sharma: How is all this relevant, Sir? You said that I am not relevant. Then how is this relevant?

Shri Tulsidas: May I go on?

I would like to explain. The point has been raised that because a certain thing has happened, a Bill has been brought forward. In view of this, a case has been made out here yesterday that because a certain individual has indulged in a particular thing, the entire industry is bad and should be

nationalised. I would, therefore, like to point out to you the achievements of this industry. (*Interruptions*).

I would like to read to you from a magazine which gives the facts....

Shri Feroze Gandhi: Do not get excited.

Shri Tulsidas: I am not getting excited. I am telling you the exact facts. Excitement only remains on the side of certain people. I am telling the facts.

This is from the Insurance Forum:

"The performance of the Indian insurance industry, both on the life and general sides, has been most commendable. During the 17 year period 1937-53, total life assurance business in force, in India, increased about $3\frac{1}{2}$ times, from Rs. 277 crores to Rs. 962 crores. This compares favourably with the rate of progress in the more advanced countries. For example, the total life business in the U.S. increased a little less than three times during the 17 year period; in Canada, it increased somewhat more than three times; and a little more than twice in the U.K."

Now you can judge by comparison.

"The performance of the Indian insurance industry stands out in vivid contrast to that of the State-managed postal life assurance in the country. The total life business in force in respect of postal life assurance during the decade ended 1952, increased by only 16 per cent. from Rs. 19.9 crores to Rs. 23.2 crores, after remaining stagnant for the greater part of the period. During the same period the total life business in force of insurers in India increased by 21.4 per cent. from Rs. 294 crores to Rs. 922 crores."

Mr. Deputy-Speaker: Are the benefits of postal life insurance available to all the general public?

Shri M. C. Shah: Only to the employees.

Mr. Deputy-Speaker: Is it possible to compare one with the other? So far as life insurance in the private sector is concerned, it does not prevent anybody from insuring except on the ground that the terms and conditions, health, etc. are not fulfilled. So far as postal life insurance is concerned, is it open to all Government servants?

Shri Tulsidas: Yes.

Mr. Deputy-Speaker: They are very few in number compared to the total population.

Shri M. C. Shah: First it was restricted to certain categories of Government servants. Slowly and slowly we are extending it. Now it extends to all the employees.

Shri Tulsidas: May I point out to the hon. Minister that the number of government servants has increased five or ten times compared with what was the number in the beginning. So the percentage has not gone down in that respect. My point is that even government servants insure with insurance companies and not with postal life insurance.

To continue the quotation:

"The new life assurance business in India, in 1954, showed, to judge from available data, a record expansion, most of the companies registering a rise over the 1953 levels, ranging up to 118 per cent, as in the case of the New India. The industry has been in a position to mobilise sizable resources. In this respect, it compares favourably with other financial or similar institutions. Thus the time and demand liabilities (net) of India scheduled banks in India during the period 1948-49 to 1953-54, actually declined by 5 per cent. from Rs. 890 crores to Rs. 848 crores. As against this.....

Shri Mohanlal Saksena (Lucknow Distt. cum Bara Banki Distt.): On a point of order. I want to know now all this that the hon. Member is mentioning is relevant to the Bill before the House.

Mr. Deputy-Speaker: It is only said that the employees under the other insurance are not insuring. So far as nationalisation is concerned, it is not relevant except for this purpose, that here it is in the hands of the administrator. It has to be seen how far he has to go having regard to the way in which they have managed themselves—how it will be relevant or how it will be useful. From that point of view, some suggestions have been made that the administrator is not enough, the entire thing has to be taken over. He is arguing the point that from the one we ought not to judge the others.

Shri Feroze Gandhi: On a point of information. You have said so many things. This Bill has been brought before the House because the funds of insurance companies—one or a few more—have been misused, and it is to prevent the misuse of these funds. So I cannot understand how you have ruled that no Member can refer to the fact of how these funds have been misused. This very amending Bill deals with it.

Mr. Deputy-Speaker: Absolutely not. The hon. Member yesterday went on referring to various things—one can go on for 100 hours with respect to this. I am really surprised that the hon. Member who had so much indulgence should now say how I am going to rule. I never ruled that instances to show that the administrator is necessary and he must have powers are not necessary, but there is a limit to these instances. Shri D. C. Sharma had said, 'I have got an instance; therefore, this kind of power to the administrator is not enough; something else is necessary'. Generally, every hon. Member says this is nothing. The powers given to the administrator are not enough, or the entire administration has to be taken over by the State.

1 P.M.

But from this to go to the general. Employee's Provident Fund etc. will be too much and will be beyond the scope of the present Bill. That is all I wanted to say so far as Shri Sharma was concerned. Here and there one or two instances can be given to show how improvement may be made, as Mr. Tulsidas wants to show by saying that one or two instances may be there where, of course such a Bill may be necessary to catch hold of persons. It is for him to show that when an inference is sought to be drawn for general nationalisation that it should not be so. To that extent I will allow him to show that from these one or two instances, whatever care may be taken there is no case made out for a generalisation though that is not the main issue here but incidentally it arises. I have no other intention on my part I allowed the hon. Member to speak for a couple of hours nearly yesterday though he would have noticed that the Speaker himself said that too much of time has been allowed and a number of other things, have been said with respect to this matter.

Shri Feroze Gandhi: I would like to apologise to you. After what you have said, I think I should apologise.

Shri Tulsidas: I have given enough with regard to the achievement of the industry. I would also like to know from the hon. Minister the progress that has been made by the two companies the Empire of India and the Jupiter General, for which administrators have been appointed and which are being run by the administrators. I would like to know the progress made by these companies during the rule of the administrator as compared to the progress made by companies which are managed by other people. There is no use giving merely the figures of progress but that should be in comparison with the progress made, say, by New India which is a sizable company or any other company.

We are talking about the malpractices being practised in the insurance industry. I would also like to know from him whether these are not being practised by these companies. The other day, when I was speaking at the time of the Budget, I have given constructive suggestions as to how these malpractices in the insurance industry can be stopped. I personally feel that I cannot lose sight of the human factor and there should be less chance or scope for people to indulge in something which is considered anti-social or malpractices. I have been carrying on these suggestions to Government for a couple of years as to how these malpractices can be reduced. In England they have got no rigidity in the law or administration of this particular Act and if this rigidity is reduced, there is more free enterprise and there is reduced scope. To that extent, I have not been successful yet in my effort to convince the Government of the fact that this rigidity is unnecessary. However, when we come to the question of the working of the companies, we have always been told that there are a number of malpractices in the insurance companies. I want also to know from the hon. Minister, whether these two companies which are under administrator's management do not also indulge in the same malpractices as those which are run by others.

Shri M. C. Shah: Which methods?

Shri Tulsidas: You know the methods.

Shri Junjunwala (Bhagalpur Central): Undesirable methods.

Shri Tulsidas: The hon. Finance Minister knows fully well.

Mr. Deputy-Speaker: What I feel is that when this Bill is definitely for clothing the administrator with more powers, I think it is necessary that the House should know how the administrator has failed and, if so, whether the administrator can be

clothed with more powers. It may not be possible for any administrator to carry on properly for want of these powers. If he says these powers sought to be conferred are overmuch, it is necessary for him to show to the House how the administrator has failed, if he has failed. Otherwise, the House has absolutely no predeliction for one thing or the other. The House is naturally interested in seeing that the administration, whether by an administrator or by outsiders, is done well. As for the general policy that these matters should be taken over by the State the hon. Member need not be under the impression that there is any personal axe to grind. If the hon. Member wants to show that there has not been any progress under the administrator and more and more powers should be taken over by the Government or the administrator should be of such and such qualifications etc. that is quite relevant to the Bill.

Shri U. M. Trivedi: As you have suggested, this also may be irrelevant. What we are doing in this Bill is to give certain powers to deal with the delinquents against whom action can be taken under section 106.

Mr. Deputy-Speaker: It won't be irrelevant because we are considering whether these powers are necessary. Possibly, for want of these powers the administrator might not have managed properly.

Shri L. N. Mishra: May I ask from the hon. Member whether it is not a fact that after the Jupiter and the Empire of India came under the administrator, things there have improved?

Shri Tulsidas: That is just what I am asking the hon. Minister to let us know. I would not only like to know the progress that has been made but also the progress as compared to other companies. I also want to know, with regard to certain amount of malpractices which certain hon. Members have explained with regard to

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general insurance business, whether these malpractices are also not, being followed by the companies managed by the administrator.

Shri Jhunjhunwala: Why don't you give instances?

Shri Tulsidas: I have told you I want to know from him.

Shri M. C. Shah: May I know whether the hon. Member is supporting or opposing the Bill?

Shri Tulsidas: I have said from the very beginning that I support this Bill.

Mr. Deputy-Speaker: If he welcomes the Bill and says the administrator's administration is not good, what is the suggestion he gives?

Shri Tulsidas: If people do not have patience here, what can I do? I am prepared to give suggestions; people are not prepared to hear. There is no use in my saying all this.

Mr. Deputy-Speaker: The House is impatient with respect to those other matters which the hon. Member has said. He is not saying what are the defects that have come to light during the administrator's regime. The House is not partial to the administrator. The House is certainly anxious to see that this Bill is improved to that extent. The hon. Member is keeping it in his closed fist. Why should he not say what are the major defects in the administration?

Shri Tulsidas: Before I come to that I would like to know.....

Shri N. C. Chatterjee: I think the hon. Member is trying to make his point that if the administrator had been vigilant and had taken necessary steps under the powers he had, the situation would not have developed which has led to this.

Shri M. C. Shah: There was no administrator in the Bharat Company.

Shri N. C. Chatterjee: I mean the Controller of Insurance.

Mr. Deputy-Speaker: Let the hon. Member proceed in his own way.

Shri Tulsidas: I may be allowed to proceed in my own way and go on. Members have no patience, I am sorry I cannot....

Shri U. M. Trivedi: He has already taken 40 minutes.

Shri Tulsidas: May I go on, Sir?

Shri Bansilal (Jaipur): I want to know one thing once for all whether any discussion of the working of the insurance companies is in order or out of order. We do not know certain facts which have not come before the House. Once for all you may be pleased to decide this question whether any reference to the internal working of the insurance companies is in order or not.

Mr. Deputy-Speaker: Normally when discussing any particular matter, we are not discussing it in abstract or making provisions in the abstract. The sponsors of this Bill are the Government and they have brought forward this Bill because they found some defects in the administration outside, that is, by private companies. Therefore, they want to plug all those holes and see that the defects do not persist. One remedy or one method that they have thought of is to have an Administrator and an Administrator was appointed for two companies. Now, evidently, they feel that so far as this company is concerned, the Administrator should have some particular powers also for the attachment of property so as to avoid disposal of it, and ultimately if it should be found that there has been embezzlement, the money may be made good. We are now discussing this matter, and if any particular cases have come to light and authentic administration reports, auditors' reports, Government enquiries or some of the orders of courts of law, are there, they can be drawn upon for the purpose of throwing light

upon this matter as to how this measure can be improved further. If any hon. Member says he has personal experience, that is also relevant and I do not want to shut out that because it is what the hon. Member knows from his personal experience. All other references by way of hearsay will not be relevant. We are not here going into any kind of accusations, but evidence which anybody should accept is relevant for our purpose here, that is, in regard to the powers of the Administrator, the need for the Administrator and so on.

Shri Tulsidas: You put it very well that a particular incident was given in order to show how this measure was necessary. Having brought forward this measure, it is also necessary to understand how the administration of this particular Act will be done, and I am, therefore, requesting the hon. Finance Minister to have a little more patience. I welcome this measure. I have already said this three times and if he requires, I will say against that this is a very good measure.

Shri M. C. Shah: Thank you.

Shri Tulsidas: In the administration of the Act, there must be a lot of vigilance. I have a lot of experience with this particular question of control, rigidity and so on. I very much hope that the Government administration would clear itself from this extreme laxity and lethargy on the one hand and rigid use of the powers vested in it on the other. It might try and find out something bad and certainly go ahead with it with an iron hand. But what happens generally is that the people who are really to be caught are not caught. The administration is rigid with regard to people who may be a little bit lax here and there, who may not understand law. It must be vigilant particularly when large amounts or large funds are involved and the control must be of such a nature that

in every possible way, wherever anything bad happens, it must be stopped immediately. That is a point which I would like him to appreciate and I feel that with these powers the Administrator will be able to put a stop when there is anything bad. At the same time when we are giving these extraordinary powers, they must not be used for the sake of bringing to book each and every person. As I pointed out in the Company Law Bill, there may be difficulties for a person to clear steer from the infringement of the law and there may be some faults which may not be, particularly, due to any motive behind. At that stage, there must be a certain amount of laxity, and you must now be too rigid. I would like the hon. Finance Minister to please consider that aspect. I merely raised the question of nationalisation today because the House is taking the view that in view of a particular incident that has happened, the only remedy is nationalisation. I say that is not a correct view; I am not however, having any sympathy in this particular incident. My view is that nationalisation is not a remedy; on the contrary it is going to be against the industry and the interests of the country. You know how, when an industry or insurance company is managed by the public sector, the administrator, it has reversed the processes and how it has not been able to make progress.

Shri Bhagwat Jha Azad: What are the facts? Let him say them?

Shri Tulsidas: It is for the hon. Finance Minister to say them when he replies to the debate.

When such extraordinary powers are taken, I would like the Finance Minister to consider whether it would not be proper for the House to know from him how the Controller of Insurance will utilise the powers in future. To my mind, these are very extraordinary powers and this House at least should be in a position to know how these powers will be utilised. I would like some sort of a report every year to be given to this

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House so that we may know how the Government is utilising the powers, whether the Controller has been able to stop the abuses, etc. Even though powers are given to them, it is not necessary that they should be utilised every year. If it is possible for Government to give some annual reports to the House, then we may be able to know how these extraordinary powers are utilised.

I welcome this Bill and I request the hon. Finance Minister to take all these points into consideration.

Shri N. C. Chatterjee: Governmental control or Parliamentary control of insurance companies is not unknown in other countries and sometimes it becomes necessary and expedient. We know that in England Parliament intervened after the failure of two large insurance companies—the Albert Life Insurance Company and the European Assurance Society. Two of the greatest men in English jurisprudence were appointed arbitrators or receivers of the companies. Lord Cairns who was the Lord Chancellor of England later, was appointed arbitrator in charge of the Albert Insurance Company and Lord Westbury, who was later the Lord Chancellor in England, was appointed arbitrator in charge of the European Assurance Society. You will remember that if the private sector had been absolutely perfect in this country, there would have been no necessity even for amending the Insurance Act.

Shri Tulsidas: Has the public sector been perfect?

Pandit K. C. Sharma: That is no defence for a thief when he is caught.

Shri N. C. Chatterjee: I am sorry that Shri Tulsidas is getting unhappy and uncomfortable.

Shri Tulsidas: Uncomfortable?

Mr. Deputy-Speaker: Shri Tulsidas forgets that there is a change-over in the policy. Hereafter everybody should

be able to manage his own house and it is not for the neighbour to come and say "I will manage your house because you are not managing it properly". Each is entitled to manage his own affairs and primarily it is the State and the community which pay. If one was not able to manage his house, some other person was allowed to manage it for him. But now there is a reversal of policy. Hitherto the individual thought that he should be able to manage at the expense of others. Now the community has woke up and then it says: "Let us manage our own affairs collectively and wherever we find it not possible we will ask the individuals. Let not the individual say you have not manage your house and therefore I will manage your house." That is the policy that is now being adopted and therefore there is no good quoting that instance here.

Shri Feroze Gandhi: Now you have widened the scope for discussion.

Shri Tulsidas: In both the policies the common man must be benefited. As long as he is benefited that is all right.

Shri N. C. Chatterjee: If I can convey some assurance to my friend Shri Tulsidas I recognise that life insurance business or insurance business has rendered great service to the community and to the nation at large. At the same time we ought to see that all loopholes are properly plugged. As a matter of fact, the Indian Companies Act had to be amended by Sir N. N. Sircar because some of the companies did not behave properly. And immediately after that was done, the Insurance Act was taken up.

Now, I am very happy, Sir, that this morning the Speaker was good enough to point out the desirability of restricting the ambit of our discussions on the floor of this House. We are a sovereign Parliament who have got the giants strength and who have complete immunity with regard to freedom of speech and expression.

At the same time we should not use that strength like a giant and should not indulge in the denunciation of the entire life of one particular person who is suspected of doing something which is a crime or an offence.

Shri L. N. Mishra: But, if the life of the community is involved there?

Shri N. C. Chatterjee: I know there is a rule here that we should not discuss anything *sub judice* and therefore any reference to anything which is pending decision of a court should be avoided.

Shri Feroze Gandhi: I made no reference about anything pending before a court.

Shri N. C. Chatterjee: I know that language has been used which has a reflection on that. I can only point out, I am sorry the hon. Law Minister is not here, but, if he remembers his own judgment which is reported in 1947 Calcutta—414, 'sub judice' means:

"It is not necessary that he should be committed for trial or even brought before a High Court or before a Magistrate; it is sufficient if he has been arrested and if he is in custody."

Therefore, nothing should be done to infringe that rule and we should not try to rake up all these issues and be sadistic in our approach in order to have the desirable changes.

The difficulty that I am feeling is this, that you are possibly trespassing beyond the constitutional bounds. I would have been very happy if the hon. Law Minister or the Minister for Legal Affairs was here because I am going to point out certain decisions of the Supreme Court delivered recently but I would request the hon. the Law Ministers to carefully consider what I am going to say.

Pandit K. C. Sharma: Sir, on a point of clarification, may I ask the hon. Member what does he mean by "sadistic approach"?

Shri U. M. Trivedi: Sadistic means "sadistic"; whatever it is.

Shri N. C. Chatterjee: What I pointed out was this, that there should be no attempt to gloat over a particular person's misfortune or rake up his entire life for the purpose of emphasising the desirability of having certain changes in the law. I hope that is what the Speaker had in his mind—and you also, Sir—when he and you warned and cautioned us that we should be strictly relevant and should not go beyond bounds.

Now, coming to this Bill, if you will kindly look at clause 2, there is a new section which is being put in which says:

"52BB (1) If the Administrator is satisfied that any person has rendered himself liable to be proceeded against under section 106, he may, pending the institution of proceedings against such person under that section, by order in writing, prohibit him or any other person from transferring or otherwise disposing of any property which, in the opinion of the Administrator, would be liable to attachment in proceedings under that section."

What is happening, Sir, is that is entirely left to the subjective satisfaction of an executive officer to order that 'X' who may not be at all a member of the insurance company or a servant of the insurance company should be prohibited from transferring or otherwise disposing of any property. In a recent judgment of the Supreme Court it has been held that if you leave something like this entirely to the subjective satisfaction of the executive then it is likely to be struck down. May I read to you, Sir, the judgment of the Supreme Court on *Raghubir Singh vs. Court of Wards* which is reported in A.I.R. 1953 Supreme Court. It says:

"When a law deprives a person of possession of his property for an indefinite period of time merely on the subjective determination of an executive officer, such a law can on no construc-

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tion of the word 'reasonable' be described as coming within that expression, because it completely negatives the fundamental right by making its enjoyment depend on the mere pleasure and discretion of the executive."

Therefore, that law was struck down. That was a case which came from Ajmer but the principle laid down has got a general application.

Now, what I am pointing out is this. Here, what is being made is, if you look at section 106 printed on page 10 of the Bill, you will find:

"If on the application of the Controller or an insurer or any member of an insurance company or any policy-holder or the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Act the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer....."

Then there is something "unless" and so on. Now, if you look at section 52BB which is sought to be introduced under clause 2 of this Bill you will find that the Administrator 'is given wide powers. There it is said:

"If the Administrator is satisfied that any person has rendered himself liable to be proceeded against under section 106 etc. etc."

That means either the director, or the manager, or a liquidator, or an officer of the insurer has done something which brings him under the mischief of section 106. Then he can order not only his property but he can freeze or put an interdict on the property of any other person. What I

submit is this, that you leave it to the subjective determination of the executive and do not allow any appeal even to the court and in a case like this the Supreme Court has said that it is not proper for the executive to assume such powers without giving that person the right to go to a court of law.

Mr. Deputy-Speaker: Is there no appeal within three months?

Shri N. C. Chatterjee: If you look at sub-section (2) of section 52BB under clause 2, it is said:

"Any person aggrieved by an order made by the Administrator under sub-section (1) may, within fourteen days from the date on which the order is served on him, appeal against such order to the Central Government; and the Central Government may pass such order thereon as it thinks fit."

Shri M. C. Shah: Then, proceed further.

Mr. Deputy-Speaker: We have got appeal within 3 months.

Shri N. C. Chatterjee: What I am saying is this. That appeal is from the executive to the executive. There is no access to the judiciary there. The sub-section (3) reads like this:

"An order made by the Administrator under sub-section (1) shall, subject to any order made by the Central Government on appeal, be in force for a period of three months from the date of the order unless, before the expiry of the said period, an application is made under sub-section (1) of section 106 to the court competent to exercise jurisdiction under that sub-section, and when such an application is made, the order shall, subject to any order made by that court, continue in force as if it were an order of attachment made by that court in proceedings under that section."

That means it is not the person whose property is attached who will take action but action will be taken only by persons under section 106. That means, supposing X, Y or Z whose properties are attached are neither director, nor manager nor a liquidator nor an officer of the insurance company, they cannot move under section 106. No power is given to them under that section. They have got no *locus standi* to go to a court to say that the order ought not to have been made against them and they may be relieved. Therefore, there is some lacuna. I may tell my hon. friend that I want that this power should be given; I am not saying that this power should not be given. It may be that the Government has thought over the matter. Some power should be given to the Government, but at the same time, that power should be exercised in a human and constitutional manner. Don't leave it to the subjective determination of the executive....

Mr. Deputy-Speaker: The hon. Member is aware that under the Civil Procedure Code, in the execution of a decree on some property on the impression that it belongs to the debtor, such property is liable to be attached. But any person who is effected has got a right to file a petition and have the case summarily disposed of. Then there is the suit and so on. All that the hon. Member says is that there is no provision here for the person who is not directly concerned, but who is indirectly concerned, with the property. Therefore, there must be some opportunity for him to bring it before the court.

Shri N. C. Chatterjee: Yes; ordinarily, if I produce the title deeds and if they are in my name, the Calcutta High Court and invariably the other High Courts also have taken the view that they remove the attachment and it is for the decree-holder to go to a court and establish that.

Mr. Deputy-Speaker: Therefore, section 106 is to be enlarged in view of this power to include not only those persons who are directly responsible,

but others also whose properties have been attached. There is no wrong without a remedy. It is no wrong because it is a statutory obligation and right imposed on the administrator. Otherwise, it will be a wrong. That power ought not to be used when another person's property is attached and another person who is not directly connected with it seeks redress from the courts.

Shri M. C. Shah: We have already provided that the administrator shall have to apply to the court and the court will give its judgment. That is there in section 106. Within three months if it is not done, that order of attachment lapses.

Mr. Deputy-Speaker: Am I to understand that the administrator by himself has to seek the aid of the court to confirm his order?

Shri M. C. Shah: Exactly. There all the parties will be heard by the High Court and if the High Court comes to the conclusion that this attachment should continue, then that shall continue; otherwise, not. As a matter of fact, we have just given the jurisdiction to the High Court.

Mr. Deputy-Speaker: The hon. Minister does not appreciate this point. Under section 106, an opportunity is given to all the persons—insurers, any member of the insurance company and so on—to seek the aid of the court within a period of three months. Therefore, the next day he may go to the court and then get the order vacated. That right is not given to the person who is the aggrieved party. If there is a third person unconnected, he is liable to be proceeded against under the impression that that property also belongs to the insurer. That man has no remedy. He has to wait in any case for three months. Why should there be a difference?

Shri N. C. Chatterjee: Under section 52BB, the administrator will have to act on *ex parte* information and he may act arbitrarily on the information supplied to him. Assuming that he attaches the property of a

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business man summarily, that might paralyse him completely. He cannot carry on the business and it might be disastrous for him. Why do you not give him the ordinary power to move the court? Perhaps I have not made myself clear to the hon. Minister. Under article 19, a man has got certain fundamental rights guaranteed to him, to carry on business, to dispose of property etc. If you want further restrictions on it, they must be reasonable restrictions. Justice Mahajan in that case has said that if you leave it to the subjective determination of the executive and if you do not allow access to the court immediately thereafter, by no stretch of imagination can it be a reasonable restriction. That power itself will strike down. It has also been held in the U.P. case—Coal Control case—which is reported in 1954 Supreme Court, page 224, that if an unrestricted power has been given to a State officer to make a certain order without giving the person the ordinary right to go to the court of law or having a Judicial authority to bear his mind upon it, then that cannot be accepted as reasonable and it must be struck down as infringing the Constitution. It is stated here as follows:

"The provision of Clause 4(3) must be held to be void as imposing an unreasonable restriction upon the freedom of trade and business guaranteed under article 19(1) (g) of the Constitution and not coming within the protection afforded by clause (6) of the article."

Therefore, Clause (6) provides that you can impose only reasonable restrictions. There is another point. Kindly refer to Clause 2(10). It reads as follows:

"(a) no suit or other legal proceeding shall lie in any court to set aside or modify any order of the Administrator or the Central Government made under this section."

Mr. Deputy-Speaker: The same is provided in this section. They want to allow the right of appeal; but it is to be confirmed under sub-rule (3).

Shri N. C. Chatterjee: The Administrator would ordinarily move the court within a period of three months. But you know from your own experience about these misfeasance proceedings; in my High Court—the Calcutta High Court—they have been pending for a long duration. As a matter of fact, in one of the biggest High Courts in India, there are over 30,000 appeals pending. I do not know how this High Court can take up these cases; it drags on for two years, three years and even more. Therefore, it would not be fair to put a disadvantage on a man who is not an official liquidator, manager or director of the company and harass him. Suppose the administrator says to X, Y or Z, "although you are not directors or members of the company, your property shall be frozen"; an order is made and no suit is allowed. That is not fair. I may point out that in Bella Banerjee's case, exactly a provision like this was inserted by Dr. Roy's West Bengal Government in a particular Bill and that thing came up before the Calcutta High Court before Chief Justice Harries and Justice Banerjee. Harries C. J. said, "you cannot have a clause like this and strike down section 8B," and the Bengal Government was very much perturbed. That Act was introduced in order to help the refugees from East Bengal. That Act said that if property was acquired by the Government, then market value need not be paid. Compensation shall be paid not on the basis of the market value, but on the basis of the price before the partition. That is, we shall pay not the 1954 or 1953 price, but the price prevailing in 1946 or 1947, I forget the date. That was challenged as illegal. There was a section like this that no suit or legal proceeding shall be instituted challenging that order of Government. Of course, the High Court realised that that was done on humanitarian grounds for the purpose of helping the refugees.

Mr. Deputy-Speaker: Is it not open to the legislature to say that such and such an order shall be final?

Shri N. C. Chatterjee: That is what I am pointing out. The Chief Justice held that that infringes the Constitution and you cannot have such a clause. The Attorney-General and myself argued.....

Mr. Deputy-Speaker: Am I to understand that as the general proposition? Hitherto, from time to time some such expressions have been used saying that the order shall be final. That itself did not mean that no suit could be filed. Later on, they used to say in some statutes, this order shall be final and no suit shall be filed in any court of law. Does it mean that under the present Constitution, all those prohibitions against the filing of a suit are opposed to fundamental rights under the Constitution?

Shri N. C. Chatterjee: If it infringes any of the fundamental rights guaranteed to the citizens by article 19, which means, if you impose unreasonable restrictions, that section has been struck down as *ultra vires* of the Constitution. The Attorney-General and myself tried to induce the Supreme Court to hold that the Calcutta High Court was wrong. But, we failed. The Judgment of the Chief Justice Patanjali Sastri is in 1954 Supreme Court 170 and it is a very reasoned judgment. We had discussed it when the Fourth Constitution amendment Bill was made. When the Fourth Constitution Amendment was promulgated, we tried to whittle down the effect of this with regard to compensation. Now, I am not on the compensation clause. I am pointing out that the Supreme Court upheld the view of Chief Justice Harries of the Calcutta High Court that this section is repugnant to the Constitution because you are taking away not merely the fundamental rights, but the fundamental right of the citizen to go to a court of law. Article 226 gives the right to go to the High Court to get the proper writ, direction or order.

Under article 32, the citizen has the fundamental right to go to the Supreme Court direct for the purpose of getting redress. They say, if there is a clear violation of article 226 or article 32, what is the point in having a fundamental right. Therefore, I am asking humbly my hon. friend to consider.

Would you kindly also see page 3, sub-clause 10 which says:

"(b) no court shall pass any decree, grant any injunction or make any other order which shall have the effect of nullifying or affecting in any way any such order."

That is, if by some process there is a chance of going to a court, from all the High Courts and other courts in India, the power of in any way modify or setting aside the judgment or order of the Administrator, is taken away. They have tried to plug all loopholes and tried to stultify to some extent and nullify the jurisdiction of the courts in India, which I submit with great respect, is not permissible. I think this is an important point, which merits the consideration of the House. My hon. friend Pandit Thakur Das Bhargava has tried to undo it by putting in some clause. I do not know whether it goes far enough. That requires very careful scrutiny.

Mr. Deputy-Speaker: Pandit Thakur Das Bhargava. After Pandit Thakur Das Bhargava, I shall call Shri Matthen.

This matter bristles with questions of law and procedure. In all these matters, may I make a suggestion? It would greatly help if one or the other of the Law Ministers are here and assist the Minister and the House. When points of law are raised here, naturally the House would like to know whether it is so objectionable or not.

Shri M. C. Shah: All these points that were advanced by my hon. friend Shri N. C. Chatterjee were before us. We have already consulted the

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Attorney-General on these points. After Consulting the Attorney-General and the Law Ministry.....

Shri N. C. Chatterjee: I am sorry, I never had a chance before. I was not a Member of any Select Committee.

Shri M. C. Shah: We have just brought the Bill. Where is the question of the Select Committee? There is no Select Committee here.

Shri N. C. Chatterjee: What I am pointing out is, I had never a chance of considering this clause or making my objections or communicating them to anybody.

Pandit K. C. Sharma: There should be no objection to getting the provision re-examined.

Shri M. C. Shah: This is not referred to the Select Committee. It is an Ordinance being replaced by a Bill. What I say is, all the points that were raised by Shri N. C. Chatterjee were before us when we thought of issuing the Ordinance. All these points were very carefully considered and it was the considered opinion of the Attorney-General that all these things are not *ultra vires* of the Constitution.

Mr. Deputy-Speaker: I am afraid the hon. Minister has entirely misunderstood. Nobody says that before a Bill is introduced by a responsible Minister, he would not have consulted the proper persons, legal and otherwise. Their opinions would certainly have been taken. Is it open to the hon. Minister merely to say, I have already consulted, therefore, pass this Bill? This House must know how the objections that are raised are met. If the hon. Minister himself is a lawyer and he may be able to meet all the points. I have no objection. He can do it himself if the Minister is a lawyer. The House is anxious to know from a lawyer who is a Minister what exactly the position is. Where it is opposed to a series of decisions of the Supreme Court, what

is the good of passing legislation in one portion of the House and another portion of the House knocking it down saying that it is *ultra vires*?

Shri T. N. Singh (Banaras Dist.—East): Bowing to your ruling, he has come giving up his lunch.

Mr. Deputy-Speaker: Generally, I would request the hon. Minister of Law, one or the other, to be present. These questions of law are raised. We do not know when points of order will arise. Likewise, questions of law can be raised. Formerly, the Leader of the House was the Law Minister himself. There are two Law Ministers. They may consider the possibility or desirability of being here and assisting the House. Some points arise. The hon. Minister will ascertain what points have been raised regarding this Bill. Then, I will give him an opportunity if he wishes to explain to the House.

I think hon. Members have to conclude this by 3 o'clock.

Some Hon. Members: 3:30.

Shri M. C. Shah: I have to reply at 5 minutes to 3 o'clock.

Mr. Deputy-Speaker: There are some persons who are experienced in insurance. There are other lawyer Members. I shall try to distribute the time.

Shri T. N. Singh: What about the layman?

Mr. Deputy-Speaker: The layman is always there.

पंडित ठाकुर दास भार्गव : जनाब डिप्टी
स्पीकर साहब, कल जब हाउस के अन्दर
हमारे एक आनरेबल मेम्बर साहब तकरीर
फरमा रहे थे तो मैंने अपने दिल में यह सोचा
कि आज

Shri Matthen (Thiruvellah): I would like to follow the speech. Please speak in English, I beg of you.

Pandit Thakur Das Bhargava: The Deputy-Speaker follows Hindi very well. Therefore, I am speaking in Hindi.

Mr. Deputy-Speaker: Some Members want to hear the very valued impressions of the hon. Member. It is open to him to use any language.

An Hon. Member: Deputy-Speaker also.

Pandit Thakur Das Bhargava: I will bow to your suggestion.

I was submitting that when the hon. Member was speaking here, I visualised, Burke was condemning Warren Hastings and bringing all the charges against him, but Warren Hastings was not here. I cannot understand how we can just go over the entire doings or misdoings of any person who is not here, when these matters are not at all relevant so far as the particular Bill is concerned. The only point relevant to the bill was certain securities in Bharat Insurance had disappeared and the administrator is being authorised to recover them in such cases by virtue of prohibitory orders. You yourself were pleased to point out several times and ask what was the interlinking between this transaction and that, and yet up to the very end you could not find the interlinking. I will not attempt to say anything which, as a matter of fact, would question the motives of any hon. Member. I believe that the hon. Member who was speaking was speaking with the best of motives, but at the same time I cannot refrain from saying that after all, the hon. Member has no personal knowledge of those matters. He must have heard from some person, and who that person was he failed to say. If he had said that he had got this knowledge from this or that person, we would have been more satisfied.

There are certain matters which have gone round the whole of India and practically not only that person, but a set of persons who are in that group have been maligned here and they had absolutely no opportunity to reply to any of those matters. Not only that. There were certain allegations which some of us know were perfectly wrong and unfounded. I

am not here replying to those allegations. As a matter of fact, I do not hold any brief for any person in respect of this matter.

Some of the matters which were referred to yesterday are certainly *sub judice*. For instance, one case is pending in the Supreme Court, one case is pending in the High Court, and one case is pending in the court of a magistrate in Delhi. In regard to all these matters, the conduct of the accused or the conduct of those who are concerned in those affairs was brought into question here.

Mr. Deputy-Speaker: I would have been glad if the hon. Member had pointed this out then and there and brought this to the notice of the House and to my notice as to what points are *sub judice*.

Pandit Thakur Das Bhargava: I know you would not have allowed the matter if you knew that it was *sub judice*. Perhaps the hon. Member himself would not have referred to them if he knew that they were *sub judice*.

Shri Matthen: The hon. Minister while introducing the Bill referred to the provocation of this Bill in which that case was mentioned. He explained why the ordinance had to be issued—because in a certain case there had been a big fraud. Naturally, a Member has to say that.

Shri Bhagwat Jha Azad: As already some of them had been referred to in this House by the Finance Minister, there is not question of *sub judice*. The hon. Member, I think, never referred to such things as are *sub judice*. Those firms and names have been already referred to by the hon. Minister while giving the statement. Therefore, there is no question of *sub judice*.

My submission is that even if the hon. Minister referred to *sub judice* matters, he was not authorised to do so. Our rules apply as much to the Ministers as to the Members themselves.

Shri M. C. Shah: When did I do it?

Mr. Deputy-Speaker: Let us be clear on this point. When a matter is *sub judice* on hon. Member ought to refer to it as it will embarrass the fair decision in a court of law. That is the principle. The court is not concerned with either the one side or the other, and it will be embarrassing to an innocent man and to the judge. Therefore, if an hon. Member referred to such a matter, exception should have been taken at that time. If later on it is discovered that it is *sub judice*, it ought not be referred to merely because on an earlier occasion it has been referred to. I was only saying to Pandit Thakur Das Bhargava that he did not raise this matter yesterday. He was sitting here yesterday. If he had raised this matter then and there I would have gone into the matter and found out what exactly was the portion *sub judice*. Therefore, to say now that it is *sub judice* is of no importance or consequence.

Shri Matthen: This very Bill is embarrassing, *sub judice*.

Mr. Deputy-Speaker: The hon. Member must make a difference. When there are certain allegations and not yet decided by a court, they are *sub judice*. But Government can say that these allegations have come to their notice and in order to avoid similar things happening they are bringing forward the Bill.

Shri T. N. Singh: There is one point I cannot understand. This Bill deals with the question of inter-mixture of the finances of various companies. When dealing with that, one will have to take the names of various companies the finances of which may be inter-mixed. When we mention the names, our colleague here says that will be something which will amount to a contempt of court. I do not understand what that has to do with mentioning the names of companies or concerns whose finances are inter-mixed or which have occasioned this

Bill itself. Otherwise, we cannot consider even the Bill.

Mr. Deputy-Speaker: I shall answer this point, because it has to be made clear again and again. I need not give a ruling. If a person knows from the accounts etc., that the finances are inter-mixed, or when there is a conviction or decision by a court of law or when a person has personal knowledge the matter can be usefully placed before the House. When once a court has taken cognizance of a particular matter as to whether there has been inter-mixture, whether there has been embezzlement, or using of money contrarily committing an offence, to that extent on those allegations, Government can bring forward a Bill to prevent such things happening. It may be the court may acquit the man. The truth or otherwise need not be ascertained here. Further details need not be given. No doubt, the border line is somewhat very narrow and very thin.

Shri T. N. Singh: I thought it was a question of misfeasance and not inter-mixture.

Mr. Deputy-Speaker: We will assume that a case is pending in a court of law that a particular insurer has misappropriated Rs. 10 crores. Are we to bring a Bill and say this man has done so. This man possibly in the court may be acquitted. If the various representatives here are going to discuss it threadbare, what the witness is going to say, what he is not going to say etc., the witnesses will be terribly afraid, that such eminent persons have said so in Parliament and therefore it may be true. It will be highly embarrassing to the individuals. Instead, it can be said that a case has been launched against X, Y, Z, these are the allegations. There are similar allegations against others. Therefore we want to make this fool-proof and that is why this Bill has been brought.

Shri C. K. Nair (Outer Delhi): The case that is pending in the court is only in regard to embezzlement of

Government securities that were lying with the Bharat Insurance Co., and that was very fortunately never referred to at all yesterday by the hon. Member. Therefore, there is no question of referring to *sub judice* cases at all here.

Mr. Deputy-Speaker: That is exactly what I was saying. As soon as the points were raised by Shri Gandhi, any hon. Member having some knowledge might have got up and said that that portion ought to be avoided. We had not that assistance yesterday. Therefore, to say now that many matters are *sub judice* and ought not to have been referred to does not help us in any way.

Shri C. K. Nair: Therefore, nothing *sub judice* was said.

Pandit Thakur Das Bhargava: I was submitting that perhaps the hon. Member making the speech himself did not know that it was *sub judice*. I am not accusing you. I am not even thinking of accusing you. If you knew that they were *sub judice*.

Mr. Deputy-Speaker: May I make a suggestion? Leaving this alone, if any reference once again is made and if an hon. Member feels that that portion is definitely and directly in court, not incidental, then he can raise it. So, let us proceed.

2 P.M.

Shri Sinhasan Singh (Gorakhpur Distt.—South): Shri Trivedi, at the very outset, pointed out that the time must be limited. The Speaker also ruled that because one Member made a certain reference, he will not allow further time of the House to be taken up for contradicting those references. If such references are to be made, it will be waste of time for the House.

Mr. Deputy-Speaker: But the hon. Members were all interested in hearing for two hours the speech of the hon. Member who first spoke. If one Member makes points against various people from his own knowledge, is it not open to another Member, who has also knowledge of those things, to say that what the other hon. Member said

is not right? What is this? Are we here only to take only one side of the matter. I am not allowing any detailed discussion or repetition of what has been said. We are not going to do it.

Pandit Thakur Das Bhargava: To start with, and to clear the air, let me say that I am not adopting the attitude of saying anything in reply to what has been said yesterday. I do not know. As I have submitted, I do not hold any brief for any person, but, at the same time, I am as anxious as any other Member or you yourself to see that this House should not be utilised for the purpose of propaganda or for the purpose of condemning any person unheard or any group unheard.

Pandit Balkrishna Sharma (Kanpur Distt.—South cum Edawah Distt.—East): May I point out that the word 'propaganda' is too profound a thing. Also, apart from the information that we have got, there may be some friends in this very House who might be holding a brief for the man who was referred to yesterday.

Mr. Deputy-Speaker: Let us understand that there are neither friends nor foes. In the interests of the community and in the interests of the nation, facts which are known to Members are placed before the House, and in the House is genuinely interested.

Shri Matthen: He should have avoided the word "Propaganda".

Mr. Deputy-Speaker: Let there be no reference that any person is briefed. In the best interests of the community and in the interests of saving public funds, whatever has been said is being said. That is all.

Pandit Thakur Das Bhargava: May I submit that I have a very strong skin. I do not care what others say even in respect of a person who has been briefed. I do not want to conceal that I hold a brief so far as this Delhi case in magistrate's court is concerned. In the Delhi courts I have been

[Pandit Thakur Das Bhargava]

engaged by Dalmiaji, but, at the same time, I know what is my position in this House. I am not going to do anything which will praise Dalmia or condemn him so far as the present subject is concerned.

Shri U. M. Trivedi: May I suggest that the remark made by Pandit Balkrishna Sharma be withdrawn?

Pandit Balkrishna Sharma: May I know what the charge against me was?

Pandit Thakur Das Bhargava: I do not mind it. He is a friend of mine.

Mr. Deputy-Speaker: I would appeal to both sides of the House to use language in a little more—

Shri T. N. Singh: ..restrained way.

Mr. Deputy-Speaker:.....not restrained, but objective way and not in a harsh manner. Nobody need carry on propaganda. The hon. Member also said, "holding a brief". Then it becomes a vicious circle. Both these words may be avoided in future. It is open to an hon. Member, in his private capacity, to take any action, or, in his professional capacity, to take the action in any case.

Pandit K. C. Sharma: Then the floor of this House should not be exploited for that purpose.

Mr. Deputy-Speaker: Let there be no heat in this matter. I am only appealing to the Members to be calm. One thing is, the word *propaganda* was used. The other thing is, that he was briefed. All hon. Members who come here are trying to proceed with the Bill absolutely dispassionately in the best interests of the country as a whole and the people generally. I am sure that in this regard many hon. Members—not every hon. Member—may have two capacities, and in such cases, they should be able to detach themselves from the personal capacity, when they speak in another capacity. Let us go on with the discussion.

Pandit Thakur Das Bhargava: As always, your appeal goes home, and should go home. In this case, I can assure all hon. Members that I am not going to say a word so far as this particular case is concerned, because I am only concerned with one case. I am not concerned with the entire life of Shri Dalmia, etc. I do not care what others say about him, and others say about him in this House also. It is not in that sense that I used the word *propaganda*. If it has offended Shri Sharma or any other person, I can assure them that it is far from my mind to use any expression which would wound the susceptibilities of any Member of this House.

I was saying that I have been sufficiently long in this House and I have never seen that any person who is outside the House, be he a public servant or a private person, has been mentioned by name, as has been mentioned in the present case. I have never seen the name of a person being mentioned and his whole biography being brought into the forum of this House. This is my objection. As Shri N. C. Chatterjee put it, this House is a giant body and any aspersion made or anything said here would get a wide publicity. At the same time, things said here may affect the courts also in this case. You know that whenever any person's name is referred to, and whenever a Member wants to say anything against a person who is not present here, such references are not allowed, and whenever I am in the Chair I do not allow any such reference, because the man concerned is not in the House. This is one of our rules or conventions. I was only submitting that aspect of the matter. I do not want to refer to any such matters as are controversial or have any reference to the case in the court. At the same time, I cannot shut my eyes to some of the matters which were said in this House. For instance, it was said about the Dalmia-Jain Airways that they had no aeroplanes and that they were not running any service. People have travelled in

their aircrafts, and two aircrafts have been taken by the Ministry. I am only submitting that whatever my friends have said is not all correct. I would not have referred to this point, but for the fact that there may be some persons who are interested and they may carry stories to the hon. Members and hon. Members, without finding out whether those facts are true or not, should not refer to those matters in this House. In respect of many matters—it was not said against Dalmia but it was very much against the hon. Finance Minister—such references were made, and the hon. Finance Minister stood up twice and asked you to allow the hon. Member to go on because in his view this was the background of the case. It is not as if a person in his seventieth year did something and the last sixty-nine years of his life became the subject matter of discussion as a background and therefore every incident became relevant.

Shri Matthen: The hon. Member referred to the Dalmia-Jain Airways. Dalmia-Jain Airways is one thing and the Dalmia-Jain Aviation is another.

Pandit K. C. Sharma: On a point of order. Is it open to an hon. Member to waste the time of the House in explaining what other Members have said? Is he dealing with the Bill or is he replying to what this Member or that Member said? I would like to know it.

Mr. Deputy-Speaker: I am really sorry that all these interruptions are made. Of course, there was the long speech yesterday and the House seems to have been very much absorbed. The House is naturally interested in knowing what fraud had been committed and what amounts have been involved, and if a string of instances and incidents are given, the House can draw its conclusion from them. But supposing, those incidents are not given, there will be a wrong conclusion. If an hon. Member knows that some of the instances are not right, is it not necessary to point it out? Is it worthwhile to assume that

certain incidents are wrong? One or two incidents based on authentic or personal knowledge may be placed before the House. It is not an inference of X, Y or Z that is placed before the House. The hon. Member who spoke yesterday referred to certain facts and said that he gathered them from Government records, and with regard to certain items he referred to the Finance Minister. He said that all those things would be supported by the Government records and so on. Assuming that two crores have been invested, that aircrafts were purchased, that one was changed into the other, that money has been swallowed, and if an hon. Member places facts regarding these, before the House, is it wrong? What is the harm? (*Interruptions*).

Pandit K. C. Sharma: On a point of order....

Pandit Thakur Das Bhargava: I am in possession of the House. So, let not my hon. friend interfere.

Pandit K. C. Sharma: I am not interfering. I am raising a point of order, and it is this. This morning the hon. Speaker said that a long story has been related before the House and it has gone down in the records, but it was wholly not in the public interest and should not have been allowed in the manner it has come. When one story has gone down the throats of the hon. Members already, is a counter-story to be allowed to go down the throats of the hon. Members? What is all this fun about? (*Interruptions*).

Mr. Deputy-Speaker: Order, order. If all the hon. Members want to talk, I shall give them time. Let us postpone the discussion by half an hour, and let them go on talking like this.

I take exception to Pandit K. C. Sharma getting up like this again and again. He is a lawyer, and he knows very well that he would not be allowed in a court of law to do this sort of thing. So, it was absolutely wrong of him to have done like this. After all, who is taking away whose property

[Mr. Deputy-Speaker]

here? (*Interruptions*) Order, order. What is the hurry? We have spent sufficient time over this. There is no harm if hon. Members wait.

So far as these matters are concerned, let us dispose of them. If a number of things have been said, and the hon. Member says that one or two portions are not correct—I am not going to allow categorical denial of everyone of them, for that is not necessary at all—let us be patient with respect to those portions, and hear the hon. Member.

Shri K. K. Basu (Diamond Harbour): My submission is that if Pandit Thakur Das Bhargava says that the facts given by the hon. Member are wrong, naturally he is entitled to say so. But he has asked, what is the point in going through 69 years of history in respect of something that has been done in the 70th year. That raises the question whether the whole matter can be gone into or not. Yesterday, you ruled that this is an important matter, and therefore it is relevant. I only submit that if Pandit Thakur Das Bhargava says that certain facts as given by the hon. Member are wrong, naturally he is entitled to say so.

Shri T. N. Singh: On a point of order. Are you to regulate the speech or is everyone here going to regulate them?

Mr. Deputy-Speaker: All hon. Members here are sufficiently aged, and more important in their own places and in the country as a whole. Therefore, it is rather embarrassing to me. I sometimes use my extreme powers, but I do not want to use them again and again.

Shri B. S. Murthy (Eluru): Extreme powers of patience.

Mr. Deputy-Speaker: So, I leave it to hon. Members to decide. We conduct many meetings outside, but this is not such a meeting. But even in the meetings outside, nobody gets up on the platform simultaneously and starts talking. Reasonable opportunities are

given to all hon. Members. Therefore, no impatience need be exhibited. We are not only here for ourselves, but the whole country is watching as to how their representatives are working here. Under these circumstances, I would make an appeal to hon. Members that let them regulate the debate here as if they themselves are sitting in the Chair and trying to guide. I am not more competent than any other hon. Member. So, every hon. Member must do this himself, and only in extreme cases ask me to intervene.

Pandit Thakur Das Bhargava: If my colleagues will allow me, I shall not say anything which will occasion any such notion in any person's heart that he may rise up like my hon. friend Pandit K. C. Sharma.

Pandit K. C. Sharma: I take objection to this.

Pandit Thakur Das Bhargava: He should not take objection. He should hear me now. He has stood up twice, and raised points of order, and you have given your ruling already. And yet my hon. friend stood up and said that I need not waste his time. Now, again, he is taking exception. As a matter of fact, in this House, we must remember that the Chair is there to control all of us, and therefore the hon. Member has no right to say that I am wasting the time. He is not only committing contempt of myself, but of the Chair also. I am here to be controlled by.....

Dr. Suresh Chandra (Aurangabad): He must withdraw those words.

Pandit Thakur Das Bhargava: you. If you say that this is irrelevant, I shall not say a word about it. As I have submitted already, I am not here to reply to the hon. Member's points. I do not hold brief for any person. As I told you, if I am a lawyer in a case in the Delhi court, I am not a lawyer for all the things that my hon. friend has said. He can say any num-

ber of things. I do not want to condemn anything. But I know personally that in this Airways, there were aircraft, and in fact, many persons were carried in their aircraft from Delhi to Kashmir, and two of their aircraft have been bought by the Ministry.

Shri Feroze Gandhi: I was referring to the Dalmia Jain Airways. The aircraft were owned by the Dalmia Jain Aviation.

Pandit Thakur Das Bhargava: It is said that there were no aircraft with them. As a matter of fact, we passed a Bill here sometime back, in respect of all the air companies.....

Shri Feroze Gandhi: That was Dalmia Jain Aviation, not Dalmia Jain Airways.

Shri Matthen: That was a fraud. (Interruptions)

Pandit Thakur Das Bhargava: I would beg of you to create an atmosphere in which I may be heard. If my hon. friends go on shouting at my back....

Shri Feroze Gandhi: Your facts are wrong.

Pandit Thakur Das Bhargava: If my facts are wrong, there are other hon. Members who can point it out. We never interfered with you while you were speaking, and it is but fair that you should not

Shri Feroze Gandhi: You are contradicting me. Therefore, I must say that you are wrong.

Mr. Deputy-Speaker: Let the hon. Member state the facts in his possession. We did not verify everyone of the facts which the hon. Member Shri Feroze Gandhi was stating. So, if any hon. Member says anything, let us hear him.

Pandit Balkrishna Sharma: When there is a confusion between Dalmia Jain Airways and Dalmia Jain Aviation, then certainly a Member who has made some allegations is entitled to contradict the member who is making a confusion about it.

Mr. Deputy-Speaker: He has pointed it out already.

Shri V. G. Deshpande (Guna): It is for the House to believe. (interruptions).

Pandit Thakur Das Bhargava: I am not adopting that attitude....

Shri V. G. Deshpande: Just now, an hon. Member has made the remarks....

I want to protest against it. He should not make a propaganda like this.

Shri T. N. Singh: We have not heard that remark at all.

Mr. Deputy-Speaker: Far from suggesting some wholesome measures for preventing frauds in insurance companies, hon. Members are levelling accusations against one another. Something might be said occasionally or whispered from one Member to another hon. Member, but none of us has heard that remark. If anybody has made that remark, then it will be scored out from the proceedings. When every hon. Member is making some remark about every other hon. Member, possibly he takes some more indulgence and privately in the hearing of some other Member whispers something.

Dr. Suresh Chandra: He must withdraw these remarks.

Mr. Deputy-Speaker: Both of them will be expunged from the proceedings, and will not be reported in the press—both the accusation and the reply thereto.

So, these remarks are expunged. Let us now hear the hon. Member who was on his legs.

Pandit Thakur Das Bhargava: If I am wrong in stating what I have said, I take no exception to my hon. friends rising up and correcting me. As a matter of fact, if Shri Feroze Gandhi says something, we all hear him with respect, with love and also with affection. He perhaps does not know how much we love him. He is the beloved of the whole House.

*Expunged as ordered by the Chair.

[Pandit Thakur Das Bhargava]

I was submitting that this ordinance has arisen as a result of the Delhi case. As a matter of fact, leaving all other things aside, the speech made yesterday condemned a group of persons including Dalmia and some others. I have nothing to say against those facts, as I do not personally know how far those facts are correct or wrong. But at the same time, I know this much, and I am certain about it, that this ordinance was as a matter of fact the result of the prosecution which is going on in the Delhi court against Shri Dalmia. In that case, as the House knows, it is said that there is a shortfall of something like Rs. 1·80 crores in some of the securities belonging to the Bharat Insurance Company.

Shri U. M. Trivedi: Are we to discuss that Rs. 1·80 crores now?

Pandit Thakur Das Bhargava: My hon. friend is not allowing me to proceed at all. This fact is well-known. Everybody knows that this is the case. So, why should I not refer to it? It is absolutely something which is admitted already.

Shri Matthen: It was the prior fraud of 1952.

Pandit Thakur Das Bhargava: No. Excuse me. I know something more about that case than what hon. Members of this House know. As I told you already, I am briefed in that case. Since the administrator was appointed, he has been invested with powers to see that if there is such a shortfall or misfeasance etc. then he can pass orders against particular people, including the manager, the servants, and their relations etc. And so far as the properties are concerned, they cannot be transferred.

He is vested with those powers of issuing such orders, which means that the entire case relates today, so far as the administrator is concerned, to those securities. May I humbly ask, what have those securities got to do with how any money was put in,

wherefrom the money was brought by the Bharat Insurance Company, which has put that money in the Government treasury? The fact that a person has got 20,000 tons of spare parts and out of that, he is supposed to have sold 1,000 tons for Rs. 94 lakhs is, in my humble view, absolutely irrelevant.

Shri Feroze Gandhi: The Bharat Insurance Company was a shareholder in that company. Where did the profits go?

Pandit Thakur Das Bhargava: Which company?

Shri Feroze Gandhi: Allen Berrys.

Pandit Thakur Das Bhargava: We are not concerned with Allen Berrys. (Interruptions). We are only concerned with the insurance company to which an administrator has been appointed. In regard to the powers of the administrator, the point is whether he should have a particular kind of powers and whether the court should pursue those properties which were the subject of misappropriation, misfeasance etc. This is the origin.

Mr. Deputy-Speaker: I think the relevancy arose this way. Hon. Members would have heard Shri N. C. Chatterjee raise a point of law. The administrator is now entitled not only to attach the property directly of the insurer but also of other persons to whom the insured money, in the opinion of the administrator, has gone. Therefore, the administrator is bound to take notice of all the ramifications, branches and sub-branches and tributaries through which the money from the fund has flown. Ultimately, the last pie has to be taken care of and for that purpose, he has to attach the various properties. If the Bharat Insurance Company holds shares in Allen Berrys which has purchased property, which has purchased 20,000 tons spare parts and sold 1,000 tons for Rs. 94 lakhs and made a profit, the question is, what has become of that money, if it is not shown in the Bharat Insurance Company's accounts.

In the open market, he purchased from the Disposals. If he makes profit, possibly the contention of Shri Feroze Gandhi is, that the money has not been accounted for. Where has that money gone? If a thousand tons can fetch that amount, why not the rest? Therefore, the transaction relating to Allen Berrys also seems to be relevant. But let us not go into further details. I was asking Shri Feroze Gandhi from time to time the connections between the things he was mentioning and the Bill. Not being a lawyer himself, he placed what ought to be placed first last, and then ultimately it appeared that those string of events were related, not exactly directly, but somewhat remotely.

Pandit Thakur Das Bhargava: The question was that a person purchased 20,000 tons of spare parts and out of that sold 1,000 tons for Rs. 94 lakhs. That was the point. Has this any bearing whatsoever to the point at issue before the House in this Bill?

Pandit Balkrishna Sharma: Every bearing.

Pandit Thakur Das Bhargava: It is a question of fact. I do not know whether this is true or not. I was only giving an example. But so far as this Bill is concerned, we must confine ourselves to the actual matters which have given rise to this Ordinance. That is the point at issue.

Shri Feroze Gandhi: On a point of order. I will just take half a minute and the whole thing will be clarified. At the time that the orders were served on all these persons, and at the time that the orders were withdrawn,—at that time—I stand to be corrected, if I am wrong—this whole lot of people on whom the orders were served were told that in case any further misfeasance was detected, they shall be liable for it.

Mr. Deputy-Speaker: Have orders been issued to Allen Berrys?

Shri Feroze Gandhi: There is a list of 16—some individuals and some companies—on whom the orders were

served. At the time of the withdrawal of the orders, I think these people were told that if any further misfeasance was detected in the books of accounts of the Bharat Insurance Company, they shall be liable.

Mr. Deputy-Speaker: The hon. Member's case is that most of the funds have been invested in Allen Berrys.

Shri Feroze Gandhi: In various companies.

Mr. Deputy-Speaker: Allen Berrys entered into some transaction.

Pandit Balkrishna Sharma: Not only Allen Berrys, but many other concerns.

Mr. Deputy-Speaker: I am on one point. Whatever is earned by that company, a legitimate share should go to Bharat Insurance Company.

Shri Feroze Gandhi: That is my point.

Mr. Deputy-Speaker: That has not happened. That is the complaint of the hon. Member. We need not go into further details.

Pandit Thakur Das Bhargava: As a matter of fact, I fail to understand how under this Bill we can discuss whether a judicial commission should be appointed against this man or that man. My submission is that this whole indictment was, rightly, against the Government to an extent. The Government are in charge of the Companies Act and of the income-tax department. An investigation tribunal went into all these cases, mentioned by my hon. friend, and Government compromised with these persons at Rs. 1 crore and 8 lakhs.

Shri Matthen: No, no.

Shri M. C. Shah: There is always a provision in the settlement that if other concealed incomes are found later, Government can take notice of them and proceed against them.

Pandit Thakur Das Bhargava: Shri Feroze Gandhi's complaint was perfectly right—against the Government. The Government are to blame in that so far as the Companies Act was concerned, they did not operate it rightly; so far as the income-tax department was concerned, they did not behave rightly; so far as the supervisory functions of the Government were concerned, they were sleeping....

Shri M. C. Shah: To that, I will reply.

Pandit Thakur Das Bhargava: and the hon. Minister has accepted that.

Now, so far as this Bill is concerned, you will be pleased to see that it seeks to amend sections 52 and 106 of the principal Act. If you kindly see the functions of the administrator, you find that ordinary functions are given in section 52B. So far as the courts are concerned, they can pass orders in relation to the properties of private persons. My submission is that in this scheme of things that we have got, the executive have generally no power over the disposal of the property of private citizens. It is the court which decides these matters. Ordinarily, even the police and other executive people do not interfere with the private rights of citizens as regards property. As regards the powers of the administrator, we find that the powers given in section 52B are of an ordinary nature which all executive officers enjoy. But further there are no powers for passing prohibitory orders against private citizens, that they should not alienate their properties in this way or that. These powers are now going to be provided, and these powers are going to be enhanced to such an exceptional degree that, in my humble opinion, they are too excessive. I can understand some kind of power being given, but at the same time, the administrator acts only on mere suspicion, and on suspicion alone he can pass orders. The effect of those orders may be

the absolute ruination of a private citizen. Shri N. C. Chatterjee has just been pleased to point out that for the first three months, the private citizen has got no remedy whatsoever, and even if the matter is brought before the court, it may take several years before he gets a hearing. It means that for years and years those orders will stand and the private citizen will be deprived of his fundamental rights given to him by the Constitution.

Shri Mulchand Dube (Farrukhabad Distt.—North): The Central Government have got the power of revision. They can revise the order.

Pandit Thakur Das Bhargava: That is also an executive power. I do not say that in every case the administrator will not behave rightly, and much less if the administrator does not behave correctly, there is the Central Government to correct it. There is no doubt about it. It is not in this spirit that I complain. On a point of principle, if there is the Central Government, it is after all the executive. Therefore, the first criticism that I wish to make in regard to the proposed amendment is that very large, extraordinary and exceptional powers are being given to the administrator which should not be given if the rights of individuals are to be respected in this country.

Shri Nanadas (Ongole—Reserved—Sch. Castes): What kind of individuals?

Shri N. C. Chatterjee: Citizens of India.

Pandit Thakur Das Bhargava: Individuals like my hon. friend. I am referring to the citizens of India.

Mr. Deputy-Speaker: It won't be wrong if I read here rule 335 to avoid cross-questions. It may take a minute or two.

"When, for the purposes of explanation during discussion or for any other sufficient reason,

any member has occasion to ask a question of another member on any matter then under the consideration of the House, he shall ask the question through the Speaker."

I won't allow this kind of cross-questions hereafter. Whenever as hon. Member wants to ask a question of another hon. Member who is in possession of the House, he will evidently ask through me. If I agree, I will allow or otherwise I will not allow. (Interruption) Order, order, please.

Pandit Thakur Das Bhargava: The second point that I want to say is this. In sub-clause (5) of clause 2, you will be pleased to note that the gazette notification has been treated as if the matter of service was concluded by them. The question of service is a very important question. When a prohibitory order is served and the person does not know of the prohibitory order, he may do certain acts which will bring him into the clutches of the law. The exact purpose of the prohibitory order is that matter should be brought to his knowledge.

Therefore, it provides....

As you have rung the bell, I will leave it. But, so far as (5) is concerned, it is very objectionable that this power should be given. The gazette is in the English language and it does not reach a wider circle. Therefore, it is wrong to give this kind of power to a mere notification.

Now, I come to another question which, to my mind, is the most important question. I am referring to sub-clause (6) of clause 4. In regard to private persons who have got nothing to do with a company, if the property of those persons is attached, what is the remedy open to them? This is the most important question to my mind. After all, those persons who are in the service of the company may have something to do with

the misfeasance etc. But, if a private person who has nothing to do with the question of misfeasance etc., has his property attached because it is suspected that he got the property in some way, what is the remedy open to him?

The sub-clause says:

"Any claim to any property attached under this section or any objection to such attachment shall be made by an application to the court, and it shall be for the claimant or objector to adduce evidence to show that the property is not liable to attachment under this section, and the court shall proceed to investigate the claim or objection in a summary manner."

You will be pleased to note that sub-clause (8) says:

"In any proceedings under this section the court shall have full power and exclusive jurisdiction to decide all questions of any nature whatsoever arising thereunder and, in particular, with respect to any property attached under this section, and no other court shall have jurisdiction to decide any such question in any suit or other legal proceeding."

Ordinarily, under the present law, we have a provision like this that all suits are decided regularly after taking evidence of both parties and hearing arguments etc. The objections in attachment proceedings by executing courts are heard in a summary manner. But, it is provided that if a person loses his objection, then, he has got an absolute right to bring a civil suit for the purposes of establishing his claim and getting it declared that the property is not liable to attachment. The same court which decides the matter in a summary manner does not decide the regular suit. In this case, if the case goes to High Court or any court, the principle should be the same. If a person comes to court his case will

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be decided in a summary manner, yet such decision of the High Court will be a judgment *in rem*. He may not be able to bring in a regular suit and he will not be able to establish his claim subsequently. He will have no remedy whatsoever. You will please see that this is against the ordinary principles of law which are well known. But the reply is, it is a kind of special jurisdiction that we are giving. My humble submission is that so far as those persons are concerned who may have something to do with misfeasance in the insurance affair it may be all right. But, a third person's rights should not be curtailed in this manner so that the actual remedy of bringing in a proper suit is not open to him. That means that you are depriving him of the ordinary remedies which are open to every litigant. This is bad. It is said that it is because they are investing the jurisdiction in the High Court. My submission is there is no reason why the High Court should be given all these powers. So far as the District Judge is concerned, he has got unlimited jurisdiction in all other suits. Under the Civil Procedure Code, we know that he has got unlimited jurisdiction. In insolvency matters also, if power is given to him, he decides cases involving crores and crores worth of properties. Then the appeal comes to the High Court and then there is another right of appeal under article 134 to the Supreme Court. If you give these rights to the High Court, you are again depriving the people of the right of appeal because in the Supreme Court only exceptional cases come where the sum is over a particular figure or where there is a question of point of law. Ordinarily not only the District Judges have unlimited jurisdiction but....

Shri A. M. Thomas (Ernakulam): But Company Law jurisdiction is now given to the High Court: It has been taken away from the District Judge.

Dr. Suresh Chandra: You are a neighbour; you should not disturb.

Pandit Thakur Das Bhargava: I do not mind interruption; I have every faith in his *bonafides*.

Mr. Deputy-Speaker: But the interruption should be through me. The hon. Member may finish; I think I must allow others also.

Pandit Thakur Das Bhargava: All right, Sir.

I am submitting that if the District Judge was given the power, then the ordinary litigants will be allowed to have their suits again in some other court because it is wrong that the same judge who tried the thing in a summary manner in the executing court should be given the power to decide it in a regular suit. Therefore, it is objectionable.

Then, again, I wish to submit that so far as the present Bill is concerned, it was not really required for the purpose for which it is claimed to have been brought. As a matter of fact, it is quite wrong to assert that because of this they have recovered any money. They have recovered the money all right. There was no hitch in paying the money. Before that proceedings and negotiations were going on so far as this money is concerned. I am clear in my mind that even if the power is sought to be conferred, this Ordinance and this Bill should not have been brought. You should not bring in an Ordinance and a Bill for a particular case. This is objectionable. My submission is if you want to change the law let us change it by all means, if it is not found to be efficient and sufficient in a number of cases. First of all give a dog a bad name and then hang it. That is not correct. I submit that it is not fair that for all matters we want to have special laws and special jurisdiction. Really, we are really missing the old principles which Dicey gave us. We should behave in the right way. This is our India in

which the ordinary law of the land has got sway in all matters. Now, we are departing from all principles. Whenever a case arises, we want to make special laws. I object to this. Therefore, I submit that though it may be right if it is found in a number of cases that the administrator has not been efficient or able to control certain circumstances of which there is no evidence before us, the executive should not be armed with such extraordinary powers and the powers of the ordinary courts should not also be taken away so that the ordinary litigant is deprived of his remedies which he possesses in regard to all other matters.

The Minister of Legal Affairs (Shri Pataskar): Certain points have been raised not more or less strictly on the basis of their being constitutional or otherwise but on the basis as to whether what we are trying....

Shri U. M. Trivedi: Certain points have been raised and there is one more point. When the hon. Minister of Legal Affairs is going to talk about them, I would like to suggest to him one more point so that.....

Shri Pataskar: I may speak and after that.....

Shri U. M. Trivedi: Only one point, so that he will be able to answer the whole thing.

The question is that the change that is being made is in the terminology of section 106 that the person guilty of such contravention is to be punished with a certain punishment. In other words, it means that certain criminal powers or police powers are being vested in the court. Under our law, we have got a provision in the Constitution that *antelitem* law should not be allowed or *ex post facto* law should not be allowed. This law is to be made to come into force from the 1st November, 1955. Can we make a provision of this nature where punishment is to be meted out for an offence which is not an offence to-

day? That point has also to be answered.

Shri Pataskar: Which clause?

Shri U. M. Trivedi: Clause 106, sub-clause (1) (a)(i) and (a)(ii). Then there is a provision in line 41 at page 4 as follows:

"and to order the person guilty of such contravention to contribute to the fund...."

You are going to find one guilty of offence of this nature, as enumerated here, and then you are going to inflict punishment on him out of the police powers that you are going to exercise for an offence which he might not have committed when the law is not in force. So, you are now making an *ex post facto* law, to which I object. I will speak later about the other points. This I am saying now so that the hon. Minister of Legal Affairs may make the position clear in his speech.

Shri Pataskar: I will not certainly enter into what has been said with regard to several other matters of fact on one side or the other, but the question is of the propriety and constitutionality of the measure which we are going to introduce and what its nature is.

Section 106 of the Insurance Act, as it stands, is a section corresponding to section 235 of the Indian Companies Act, which deals with misfeasance by directors, organisers, managers, etc. Why was it necessary to amend section 106? There is some difference between section 106 as it stands in the present Insurance Act and section 235 of the Indian Companies Act, but all the same, that is a provision which is intended to deal with acts of misfeasance by certain parties—in respect of corporations. We should not always try to apply all the principles which would normally apply to a procedure to be adopted against the acts of any individual. Just as section 235 is a special provision in the Indian Companies Act intended to deal with problems which arise only as a result of the working of certain corporations.

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here in the Insurance Act, there was section 106 which dealt with this question, but it has been found by experience that as a matter of fact it did not serve the purpose for which such a provision was made in the Insurance Act.

With this preface I would like to say what is really being sought to be done so far as this Bill is concerned. So far as section 106 is concerned, we are now trying to substitute the old section 106 by a new section 106, and so far as the propriety of the matter is concerned, it is to be noted that in this case we only lay down in subsection (13) of section 106.

"On and from the commencement of the Insurance (Amendment) Act, 1955, the court entitled to exercise jurisdiction under this section shall be the High Court...."

Naturally my friend, Pandit Thakur Das Bhargava, said: Why is it that we should say that such matters shall be dealt with only by the High Court and by no other court? My friend, Shri Chatterjee, knows when we are discussing the Indian Companies Act, we did come to the conclusion, and that is what the present provision is, that as far as possible in respect of such large transactions it is desirable and necessary that the powers should be with the High Court, both in the interest of the subject as well as the corporation or society as a whole. That is why we have made that provision in the Indian Companies Act and the present provision is more or less of a similar nature. On the contrary, from what I have been hearing here yesterday and today, certain complicated transactions have taken place for which it is desirable that the jurisdiction should be with the highest court in the province concerned. Therefore, section 106 is made to read:

"If on the application of the Controller or an Administrator

appointed under section 52A or an insurer or any policy-holder or any member of an insurance company or the liquidator of an insurance company (in the event of the insurance company being in liquidation), the court is satisfied...."

I will not go into the details and probably the hon. Minister in charge of the Bill has already explained them to the House. That is why this power has been given to the High Court, and I believe that the majority of the Members will agree at any rate that that has been rightly done, that in matters of such vast magnitude and complicated nature, it is desirable that we should leave them to the High Court. Section 106 deals with acts of misfeasance. I think the proceedings regarding misfeasance are more or less proceedings of a civil nature and there have been so many rulings of different High Courts. It is not as if we are trying to make it a criminal offence. The word "guilty" may have been used, but that is a different matter. Misfeasance is more or less a proceeding of a civil nature under the Companies Act and it will continue to be so even under this Act and we have left it to the highest court to decide so far as this point is concerned.

Then I come to clause 52BB. What is it that we are trying to do? Why has it become necessary? It may be that when the Administrator, who has been appointed in certain cases, finds it necessary to issue some prohibitory orders. If such an order is not issued in time, it may be difficult to guard the interests of the policy-holders or those who are interested in company management in a proper way. Therefore, section 52BB says:

"If the Administrator is satisfied that any person has rendered himself liable to be proceeded against under section 106, he may,

pending the institution of proceedings against such person under that section, by order in writing, prohibit him or any other person from transferring or otherwise disposing of any property which, in the opinion of the Administrator, would be liable to attachment in proceedings under that section."

What is proposed to be done is to cloth the Administrator with the power to issue a prohibitory order or an order preventing such person from transferring or disposing of the property. That is what is proposed to be done under sub-section (1) of section 52BB.

A question naturally arises now. If the High Court is going to be given the powers, and as we say under section 106 that it will be open to the Administrator to make an application to that Court, why should not a civil court exercise the powers which are possessed by civil courts for the purpose of attachment of property before judgment? But there is one difference. An attachment before judgment has to satisfy certain conditions and they have been laid down in the Civil procedure Code for a different purpose. It is laid down in the Civil Procedure Code:

"Only when the Court is satisfied that the defendant is about to dispose of his property or move from the jurisdiction of the court with intent to appeal against a decree passed against him..." etc. etc.

Therefore, that is not exactly what we want. We want to prevent something that is being done and I think it is desirable. I think everybody will be satisfied. From what we have heard, whatever may be the truth, merits or demerits or whatever propositions have been laid down, the fact remains that it is necessary to prevent an evil rather than allow it to take place, and then try to institute some proceedings. It is from that point of view that this section

52BB has been inserted. Because a resort to the court for an interim order, prohibitory order or attachment order is governed by the Civil Procedure Code it may not exactly apply or fit in and serve the purpose for which this power is necessary so far as the administration of insurance business is concerned.

Then, I might just point out that scrupulous care has been taken to see that while giving this power nothing has been done which will normally be said to affect any interest of any person whose interests deserve to be legitimately safeguarded. What is tried to be done is that under section 52BB the Administrator is given this power. Then within 14 days of passing of that order there is provision that the person concerned and affected by the order may go to the Central Government. So, there is this safeguard. It is not as if....

Mr. Deputy-Speaker: The point raised was....

Shri Pataskar: I will come to that after examining all these provisions.

Mr. Deputy-Speaker: The point was that there is no right of appeal..

Shri Pataskar: In a few minutes I will come to that.

It is not as if this power stands for all time and the Administrator may go on delaying making application to the High Court. In sub-clause (3) we say:

"An order made by the Administrator under sub-section (1) shall, subject to any order made by the Central Government on appeal, be in force for a period of three months from the date of the order unless, before the expiry of the said period, an application is made under sub-section (1) of section 106 to the court competent to exercise jurisdiction under that sub-section, and when such an application is made, the order shall, subject to any order made by that court, continue in

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force as if it were an order of attachment made by that Court in proceedings under that section."

What is the procedure prescribed? It is said that if he does not take the matters to the court after three months the order will cease to have force and whenever he makes an application to the court under section 106 then the court will say whether that order should continue in force or shall not continue in force. So, that is the safeguard and in the cases contemplated it is quite enough in order that innocent people may not be harassed by the Administrator.

Then, what is the significance of sub-clause (10) of clause 2? There it is said:

"Save as provided in this section or in section 106, and notwithstanding anything contained in any other law for the time being in force,—

(a) no suit or other legal proceeding shall lie in any court to set aside or modify any order of the Administrator or the Central Government made under this section,"

What is prevented is that within this period, when the matter is being investigated by the Administrator and he makes that order, within three months of the passing of that order nobody will be allowed to go to any court and get any prohibitory order or any other order of that kind. It is said: "no suit or other legal proceedings shall lie in any court to set aside or modify any order of the Administrator..." Of course, as soon as he goes to the High Court and files an application within three months only that court has jurisdiction to modify the order or say that it shall continue. It is within that short period and I think everybody will agree that in matters of moment it is desirable from the point of view from which these provisions are made

that we should not allow a man to go to any court. It is not as if the right is taken away for all time to appeal against something decided by the Administrator. Only what is prevented is long drawn out applications and suits in some other courts where probably the matter may not be dealt with as efficiently, as properly and as finally as it can be done by the High Court when ultimately the subject of misfeasance rests with the High Court under section 106.

Mr. Deputy-Speaker: If the High Court does it summarily?

Shri Pataskar: Proceedings under section 106 are not proceedings by way of a suit. Even under the Companies Act proceedings under section 235 are not proceedings by way of suits. Misfeasance proceedings in their very nature have got a peculiar character and they are distinct from the character of suits in which two persons are concerned and they fight in the civil court. Therefore, section 106 makes certain provisions which are sufficient to my mind—I will take some more time if I go into their details—and which more or less correspond to the proceedings—as the hon. Member Shri N. C. Chatterjee knows—which follow under section 235 of the Companies Act. Nobody has uptill now found any wrong done in any High Court because those proceedings cannot drag on in the manner of suits. I have not come to know of any such instance.

Therefore, what I would say is that we should look at the provisions from this broader aspect. It is only from that particular point of view where we want to guard the interests of insurers and that too against specific individuals and on certain specific grounds that during this period when the Administrator goes to the court under section 106 he has been given the right to pass an order on these limited things. It is not as if he can do anything. It is not as if somebody makes an application and the Administrator forms an opinion. In sec-

tion 52BB he has also been given powers to ascertain information in a particular manner. In sub-clause (8) it is said:

"for the purpose of enabling him to institute proceedings under that section, the Administrator may require any person to furnish information on such points or matters..." etc. etc.

All those powers that are necessary have been given to him. So, in a case of the nature now under discussion—I do not go into the merits or importance of the case, that is a different matter—generally it will be seen that it cannot be dealt with by a suit and it can only be dealt with under section 106 or by way of misfeasance proceedings. Therefore, we have tried to put in the proposed section 106 more or less on the lines of misfeasance provision in the Indian Companies Act because the former provision was not found adequate. Then we wanted that in the mean time there should be some power with the Administrator for a limited period to issue a prohibitory order in order that something may not take place and it is from that point of view that this power has been given. I can say for the information of the House that what is intended is to secure recovery of all the money of which the company has been defrauded. We are trying to do it by giving powers to the Administrator subject to the approval of the Central Government to freeze the property in the possession of the persons mentioned in the clause. Therefore, I think, by and large, it will be found that there is not anything like absolute discretion given to an executive officer to do what he likes. In the first place there is appeal to the Central Government; in the second place the period during which this order can operate is also limited and ultimately the matter is to go to the highest court in the land, the High Court. With respect to subjective determination—of course, I do not think I need dilate on that point—I have

looked into that. We are not giving here any power to any person to deprive the property of another man. We are only giving power to issue a temporary prohibitory order contemplated by section 52BB. We might say, it is more or less in the nature of an attachment order as we call it and I think there is nothing here very much in conflict either with a decision of the Supreme Court or anything of that kind. I have carefully tried to go through them and I have found that it is all with regard to deprivation etc. which is altogether a different matter.

I believe hon. Members will find that from the point of view of the problem with which we are dealing and from the point of view of the enormity of the moneys involved and also from the fact that we are not dealing here with a matter between an individual and another individual but with a matter which concerns a big firm or a corporation the provisions made are enough to safeguard the interests of an ordinary innocent man. I think there is nothing wrong in it constitutionally or from the point of view of propriety.

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The power that has been taken is of a very limited nature and is subject to appeal and subject further to the decision of the High Court. The provision that an order made by the Administrator shall be in force for a limited period of three months has been made from the point of view of public interest, so that nobody need be allowed indiscretely to try to interfere with what the Administrator is doing that is in the best interests of the persons concerned.

I hope that the provisions of the Bill will satisfy the wishes of hon. Members.

Pandit Thakur Das Bhargava: I would like to put two questions to the hon. Minister. Firstly, I ask whether the court itself is not authorised to issue prohibitory injunction?

[Pandit Thakur Das Bhargava]

The matter may be at once brought before the court and an interim injunction can be granted by the court itself as soon as the matter is brought before the court. Why should the executive officer be given that power? Secondly, I invite the attention of the hon. Minister to section 53 of the old Transfer of Property Act and also the Companies Act regarding fraudulent transfers. Here, in this case, if an attachment is made by the Administrator, the burden is put on the private person. Then, the case is decided in a summary manner. No regular suit is allowed to establish the right of property and the whole burden is cast upon the private person. That is the real crux of the matter.

Shri Pataskar: The hon. Member must make a distinction between dealing with private individuals and dealing with corporations. In the case of corporations, we have to deal with questions of misfeasance of managers, directors and other persons. That is the basis. If the hon. Member looks at the matter from this point of view, he will find that the provision is sufficiently safeguarding the interests of the persons concerned.

Mr. Deputy-Speaker: I will give 5 minutes to each hon. Member. Mr. Matthen.

Shri Matthen: I may be given ten minutes.

Mr. Deputy-Speaker: We extended the time by 2 hours and still time is not sufficient.

Shri Matthen: I shall confine myself to observation which are not objectionable to my friends here. I support the Bill, not because of the faults alleged to have been committed here, but because in future also they are quite possible. I know from personal knowledge that there are lots of insurance companies, managers etc. who have been misusing the funds of the insurance companies to get controlling shares in other concerns and

other benefits. Therefore, this Bill has not come one day too soon. I support my friend Mr. Gandhi whole-heartedly and say that there should be a judicial investigation into the whole story. I think I have not even seen the famous Dalmia; but I can tell you that from his description given by Mr. Gandhi, everyone in the House will be convinced of the colossal alleged fraud—I don't say fraud—committed not in one year or two years, but in a series of years from the early forties, not in one company, but in a series of companies.

Mr. Deputy-Speaker: The hon. Member is right in saying that in general such things should be avoided. But, when the cases are pending, he cannot say that it is fraud.

Shri Matthen: I still insist on a judicial investigation.

Mr. Deputy-Speaker: That is all right.

Shri Matthen: As my friend, Mr. Chatterjee, pointed out, there is a large number of cases of misfeasance going on for years and years and nothing has been done. We must have a summary procedure in these matters. Fortunately for us, the Law Commission is sitting now and I would most earnestly advise the Finance Minister or this House to refer this and other allied legislation to the Law Commission to report within a month such a procedure by which the law can be applied sooner and more effectively. My friend, the hon. Minister, stated a very cheering news. He said that the Government was able to recover the loss caused to the insurance companies by the Dalmia people. That is very cheering news, but I would like to know whether the Government has recovered the losses incurred in 1952, amounting to Rs. 1,50,00,000 or Rs. 1,60,00,000, by means of three transactions. The first was in December when some property was purchased in Bombay.

Mr. Deputy-Speaker: Is the hon. Member sure there is no suit regarding that?

Shri Matthen: I think Thakur Dasji alleged that there was no suit. You will have noticed, Sir, from Mr. Gandhi's speech that there is one Dalmia Cement and Paper Marketing Company. They were the people to transfer those properties worth more than 40 lakhs of rupees to the Bharat Insurance Company. They were not bankers, but this property was transferred. Again, two months after, there was another deal and for land worth Rs. 41½ lakhs, this company had paid hardly Rs. 10 lakhs. Then, there was a deal in Calcutta for a building on the Convent Road which was again transferred for about Rs. 7½ lakhs properly purchased for 1½ lakhs a few months before.

Mr. Deputy-Speaker: Order, order. In the course of investigation, the hon. Member will pass on a note to the hon. Minister on these cases and let them be looked into. I am not prepared to take things for granted, unless they are supported by judgments or statements made by the man himself. This is not a court of inquiry to look into this matter and whether Rs. 42 lakhs have been advanced, how much was recovered, whether there was sufficient security and so on. The hon. Member has said sufficiently enough on this matter. I will now call upon other hon. Members.

Shri Matthen: I have something more to say.

Shri U. M. Trivedi rose—

Mr. Deputy-Speaker: I will allow those hon. Members who have not had chances so far to speak on the clauses. This has become the practice here. The Speaker says that so much time will be allotted for each item, but that kind of distinction is not being observed. The general consideration comes into clause consideration and the clause consideration comes into the general consideration. We have not been able to keep up the demarcation.

In keeping with what we have been doing, I will allow hon. Members to speak on any matter in the clause by clause discussion and in the third reading also. Therefore, they will bear with patience. The hon. Member must now conclude.

Shri Matthen: Only one elucidation from the Minister. I will not refer to any fraud.

Mr. Deputy-Speaker: No, no. I am not on that.

Shri Matthen: You really ask me, how do you know all these facts. The hon. Finance Minister conducted an enquiry on receipt of the information about this fraud in 1953, in 1953 and he has got authentic documents in his possession. He has got authentic documents in his possession about the Bharat company not having one honest investment. I am saying: let him challenge me. My question is, why the Ministry did not take steps then to appoint an Administrator or bring a Bill like this in which case all these things could have been avoided. I want an explanation from the hon. Finance Minister why they did not take steps then having in their possession all this valuable information and documents from a competent Commissioner appointed by them.

Shri M. C. Shah: I am rather happy and grateful to hon. Members for having given support to this amending Bill. They have also endorsed the action of the Government in issuing the Ordinance which was absolutely necessary at that time to safeguard the interests of the policy holders.

My hon. friend Shri N. C. Chatterjee had raised certain constitutional points. These points have already been answered by the Minister of Legal Affairs. I do not think I should go into those points and take the time of the House.

My hon. friend Pandit Thakur Das Bhargava said that we are taking wide powers, or rather extraordinary powers and he seemed not for giving

[Shri M. C. Shah]

wide powers to the Government. He wanted to have certain safeguards. But, when there are serious diseases, extraordinary remedies are absolutely necessary. We have to keep before our view how best to safeguard the interests of the policy holders. There are lakhs and lakhs of policy holders, who save small moneys every year and invest those small savings in taking out insurance policies, so that, in future, if their policies are limited by a certain number of years, they may get the money in advanced age or in case of death, their widows and children may get the money under the insurance policies. Therefore, it becomes the paramount duty of the Government to safeguard the interests of the policy-holders. In order to safeguard the interests of the policy holders, it becomes absolutely necessary to assume extraordinary powers. I shall soon refer to the background of this legislation.

I am happy and rather grateful to my hon. friend Shri Feroze Gandhi for having given the history of certain transactions, interlocking transactions, and also certain transactions concerning the Bharat Insurance Company Ltd. I am grateful to him for having made this research and having disclosed all these facts to the House though some of the facts are known to the Government, are in possession of the Government and Government are taking action on the information. My hon. friend Shri Tulsidas is not here. He has just stated that such cases are few and far between. He instanced one or two insurance companies which are, no doubt, well managed. But, perhaps, though being in the insurance business, he does not know during the last few years, how many companies have been wound up, how many companies have been taken over by Administrators and in how many cases Government had to take action in order to safeguard the interests of the policy holders. Nearly 25 companies have gone into liquida-

tion, and during the last 4 years, we have taken over 11 companies and Administrators have been appointed. There have been huge swindles of life insurance funds in some of the insurance companies. My hon. friend referred to the Jupiter and Empire Insurance companies. Sometimes, some Members were given the impression by my hon. friend Shri Feroze Gandhi that Government were not very much alive.

Shri A. M. Thomas: That is very clear.

Shri M. C. Shah: I would give the facts from which the House will be assured that the Government are very much alive and that the Government are taking all possible steps, even amendment of the Constitution.

My hon. friend referred to the Jupiter and Empire Insurance companies. There was a swindle to the extent of Rs. 77,50,000 or more. Action was immediately taken by the Government. An Administrator was appointed. Already legal action is being taken, and prosecutions are going on. Shri Shankar Lal, who is now no more, was prosecuted, Shri Damodar Swarup Seth is being prosecuted; Sardar Sardul Singh Cavasheer is being prosecuted. There are certain others who are being prosecuted and they are standing their trial in the sessions court of Bombay. The House will see, whenever we find that a criminal offence has been committed by the management, the manager, director or those who are in the management of these companies, they are not spared.

With regard to this very Bharat Insurance Co., the matter was referred to by my hon. friend Shri Feroze Gandhi and the last speaker.

Shri V. G. Deshpande: May I ask if any property has been attached in the case of Jupiter Insurance Co.?

Shri M. C. Shah: I am coming to that. I shall show why this Ordinance

and this Bill have become necessary. I shall take one after another some of the transactions referred to by my hon. friend Shri Feroze Gandhi and the last speaker Shri Matthen.

We got information in 1952 about certain transactions which have been already described as dubious by the Finance Minister in replying a short notice question. We found that certain properties were purchased by the Bharat Insurance Co. from Bennett Coleman Co., Ltd. and certain properties belonging to the Cement Marketing Co., belonging to the Dalmias, for Rs. 150 lakhs. Rupees 103 lakhs were paid for the Times of India building and Rs. 47 lakhs were paid for some nahu property and other properties. The matter was immediately investigated.

Shri U. M. Trivedi: On a point of order. We are not in full possession of the facts as to what are the things which are now the subject matter of investigation and subject matter of litigation between the Government and that party concerned. This is coming out of the mouth of the hon. Minister. The matter which appeared to have been argued on this question of the repayment of Rs. 180 lakhs or so.....

An Hon. Member: No point of order.

Shri U. M. Trivedi: The point of order is this. You listen to it. The things which are tried to be explained by the Minister are *sub judice*, and as you had also adumbrated it, you cannot try and give a colour to a matter which is *sub judice*, not only *sub judice*....

Some Hon. Members: It is not *sub judice*.

Shri Feroze Gandhi: It is not *sub judice*.

Shri M. C. Shah: I am simply stating the facts. I will not refer to any matter which is *sub judice*.

Mr. Deputy-Speaker: Is there a case pending regarding this matter?

Shri U. M. Trivedi: That is what I am asking.

Shri M. C. Shah: No.

Mr. Deputy-Speaker: He says no.

Shri U. M. Trivedi: If he says no, then it is all right.

Mr. Deputy-Speaker: All the same, these individual cases regarding Dalmia are no longer necessary or useful for this Bill. I will give an opportunity to hon. Members. Of course, I will talk to the Speaker. There may be an appropriate occasion to go into this matter in detail, what further steps have to be taken etc., because all of them are public companies. But does this enhance or increase the chances of the passage of this Bill?

Dr. Suresh Chandra: As the matter has been referred to, he has to reply.

Mr. Deputy-Speaker: He might answer a question as to what happened to an insurance company, but to go on answering with respect to every one of these companies, what are their assets and liabilities, what amount has been recovered—is that the Bill here?

Shri M. C. Shah: I am only referring to Bharat Insurance.

Mr. Deputy-Speaker: I have no objection, but there is the question of time. How can I go on increasing the time?

Dr. Suresh Chandra: This has come up and the whole House is interested in this thing.

Mr. Deputy-Speaker: Let the whole House sit here and allow it. I am not going to allow it.

Shri M. C. Shah: I am not going into the transactions of interlocking of other companies mentioned by my friend Shri Gandhi because about that I will simply say they come under the Company Law Administration. The powers under the Company Law Administration were delegated to the States and the States had to

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administer the company law, and on y recently, a year and a half before, we took over those delegated powers from the States and thereafter because of all these malpractices and abuses, we had to bring a very comprehensive company law by which all such malpractices can be averted. That is all I will say about the interlocking of certain concerns mentioned by my friend Shri Gandhi.

I am only mentioning about the Bharat Insurance Co., and its life fund. I was just saying that Rs. 150 lakhs were used from the life fund of the Bharat Insurance Co., to purchase the building of the Times of India for Rs. 103 lakhs and Rs. 47 lakhs to purchase the *nahur* and other property of the Cement Marketing Co., which belonged to Dalmias. It was stated that the Government did not take any action and Government can recover only after two years, but I say it is not so, and that I want to explain. The moment we got that information we consulted our legal advisers as to whether there was any civil liability or criminal liability. If we were advised there was any criminal liability, we would have immediately taken action. They said no. Regarding civil liability also we were advised no.

Mr. Deputy-Speaker: Why does not come out with all these secrets here?

Shri M. C. Shah: These are not secrets. These are all facts which the House should know.

Mr. Deputy-Speaker: It is the experience of lawyers that if one set of facts are brought to their notice, they will say "No", but if another small matter which had escaped their notice is also brought to their notice, they will say "Yes". Let not the Government be committed until the money is recovered by the civil court. There is no wrong without a remedy, that is what I have studied in law. Therefore, until the money is recovered, or made good, there must be either civil

or criminal liability. Opinion need not be finally stated as to what passes on between the Government and their lawyers. The lawyer may change. Government may change.

Shri M. C. Shah: I am only replying to the charge that Government have not taken any action. I am just now talking of the action Government took. When we were advised there was no civil liability or criminal liability, we wanted to take action under 52A to appoint an administrator, but then we were advised that would be considered to be *ultra vires* because of the Sholapur Spinning Mills case judgment. Therefore, immediately thereafter when article 31 of the Constitution was amended, we brought in section 52A also, so that it cannot be challenged as being *ultra vires*. At that time, as we could not take civil or criminal action or action under section 52A, to safeguard the interests of the policy-holders we forced these people to reverse the deal. Bennett Coleman & Co., agreed to re-purchase that property at that value of Rs. 103 lakhs though some years had passed by and the property had depreciated. We gave them the option to pay in instalments as ready money was not available. At the same time, the property remained in the name of the Bharat Insurance Co., till all the instalments were paid and for the short-fall which may be perhaps a few lakhs machinery and movable costing about Rs. 50 lakhs are pledged to the Bharat Insurance Co. We have already recovered Rs. 10 lakhs, and Rs. 93 lakhs are due, but instalments are regularly paid and we have got ample security because the building stands in the name of the Bharat Insurance Co. The Bharat Insurance Co., will only transfer that to Bennett Coleman & Co., when the entire sum has been paid. We are charging interest at 4 per cent.

With regard to the other property of Rs. 47 lakhs also we have already forced Dalmias to agree to re-pur-

chase, and instalments are to be paid. In order to get that money also secured, he has already pledged 250,000 shares of the value of more than Rs. 25 lakhs to the Bharat Insurance Co., and in the last deal we have taken guarantee from J. Dalmia, Sahu Jain Ltd., and others, to make up the shortfall, if any, though there is no possibility of any shortfall.

Therefore, we had taken all possible action then available to us and we have already safeguarded the interests of policy-holders by getting this Rs. 150 lakhs back. We could not proceed against them because of the legal and constitutional difficulties and in order to avoid them in the Constitution (Amendment) Bill we have already got that section 52A in the Schedule.

Shri Matthen: May I know.....

Mr. Deputy-Speaker: I am not going to allow.

Shri Matthen: On a matter of information.

Mr. Deputy-Speaker: The hon. Minister may go on.

Shri M. C. Shah: With regard to the present case of misfeasance and alleged misappropriation of about Rs. 220 lakhs, perhaps the House will be interested to know that the moment we got information, we started enquiries. Within four or five days we appointed an inspector, and that inspector reported that there was a shortfall of certain securities to the extent of Rs. 220 lakhs or so. Immediately thereafter the Government took the decision to take criminal action and on Sunday the 25th September 1955 the principal officer, Ram Krishna Dalmia was arrested. The House will appreciate that the Government have acted very very swiftly and within the time of ten or twelve days, action was taken. Thereafter, again, we wanted to safeguard the interests of the policy-holders. At that time, some money had been deposited in the Bharat Insurance Company's accounts with the banks, and Rs. 1,80,50,000

remained to be obtained from the delinquent principal officer. Then we found that the properties belonging to the delinquent, either on his own name or in the benamidar's name, also remained. In order to safeguard the interests of the policy-holders and to recover these monies from the delinquent, the benamidar or his nominees, —whatever they may be—we immediately thought about this ordinance and the ordinance was issued. Prohibitory orders were issued to 15 persons and thereafter, as the House well knows, we got Rs. 1,80,50,000 in cash. My friend Shri Sadhan Gupta and some other Members on the other side doubted or rather suspected that because of this voluntary and unconstitutional transfer, something else might come out. I can assure the House that the police investigations are continuing and the matter will be pursued vigorously to bring home the guilt to the delinquent persons. I am trying to explain why this ordinance was necessary and why this amending Bill has been necessary. Because of extraordinary circumstances, extraordinary remedies were absolutely necessary.

Shri Mohanlal Saksena rose—

Mr. Deputy-Speaker: Let the hon. Minister conclude. You may ask questions at the end. Hon. Members will kindly note down whatever they want to ask. After the Minister concludes, they may ask the questions. Why should the thread of his speech be broken now?

Shri M. C. Shah: My friend Shri Fulsidas said that malpractices may be only few and far between. As I said, there are so many malpractices prevalent in the insurance companies that the Government have to take strict action. I have said just now that we have taken over the administration of certain companies, and we will not stop for a minute, the moment it comes to our notice that there has been misuse of the life funds belonging to those poor policy-holders. So, when such things happen, we have to take certain ex-

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traordinary measures. Therefore, in the beginning, when I moved for consideration of the Bill, I said that we were taking wide powers. We are deliberately taking all these wide and extraordinary powers to safeguard the interests of the policyholders, and I am sure the whole House will support us in taking all these extraordinary measures.

The question of nationalisation of insurance was also incidentally raised. I do not want to touch that topic but my friend Shri Tulsidas tried to defend the private sector in doing that business. Some others said that for these evils, nationalisation is the only remedy. I cannot say anything just now. I have already stated in this House, while answering questions on the subject, that that matter is under active examination of the Government. This question will be decided on merits. You know that the Congress has already accepted the socialist pattern of society, and whatever action Government will take will be to implement that goal of socialist pattern of society. When the Government comes to the conclusion that such and such a step is in the best interests of the country, is going to implement or is going a step further towards the implementation of the socialist pattern of society, this Government will not wait even for a minute to take that step. Therefore, because of this case, the question of nationalisation should not be discussed. The question of nationalisation will be discussed on its merits. I need not go further into that matter.

There was also a reference by Shri Feroze Gandhi to a Judicial Commission of Inquiry. I may inform the House that the Finance Minister has got various reports about the ramifications of these concerns. He is just going through all of them, and if any step is thought necessary, the Finance Minister will take necessary action without a minute's delay. Further than that, I cannot say. I can only assure the House that we

are very much alive to the problem and we want to see that all these malpractices or the doors of these malpractices are brought to book as early as possible.

I shall now refer to another point which perhaps may have created some confusion or some cloud of mystery or secrecy and it is in regard to the two Trusts—Yogiraj and Braghuraj Trusts. Today I have obtained those copies from my friend Shri Feroze Gandhi.

Shri Feroze Gandhi: I obtained them from your registers.

Shri M. C. Shah: As the House is well aware, and as every lawyer knows, you know Sir that charitable trusts are formed all over the country for certain charitable purposes. Those charitable trusts also hold and acquire certain properties for the purpose mentioned in those trust deeds. There is nothing wrong in having these charitable trusts, unless they are fraudulent ones. If they are fraudulent ones, the law should take its own course. But because there is a charitable trust, because certain properties are acquired and because certain persons are associated with those trusts as trustees, I do not think there is anything wrong or objectionable. Hon. Members wanted to know the names of those two persons whose names, my friend did not disclose. I have found from those two trusts that they are two colleagues of mine—Shri Jagjivan Ram and Shri Satya Narayan Sinha. They were taken as trustees in the year 1949. But I have enquired from them and I am glad to say that they have not attended any meeting; they did not know about the administration of those trusts; they know nothing of the management. In the year 1952, they resigned their trusteeships from those trusts. No inference can be drawn from the statement that there were two trustees on those trusts. I do not want to dilate on that matter further, but in order that there may not be any

secrecy which might cause some suspicion, I have made these enquiries and I have thought it fit to mention this to the hon. Members of this House.

Mr. Deputy-Speaker: Am I understanding the hon. Minister correctly? I heard the hon. Minister to say that they resigned so early as 1952. They are no longer trustees. Is that correct?

Shri M. C. Shah: Yes. They are no longer trustees. They resigned in 1952 and they have not attended any meeting. They know nothing about the management and they have no knowledge whatsoever about it.

So, I think the House will agree with me that in order to clothe the administrator with wide powers, such a Bill was absolutely necessary. I may assure the House that it is not the intention of Government to use these powers arbitrarily. But we have taken these powers because at times it becomes difficult to recover the moneys which have been appropriated by those delinquent persons who are in the management of an insurance company. As I said, a sum of Rs. 77,50,000 has been swallowed by those persons who stand trial before the sessions court, and it has become very difficult for us to recover the moneys from them; and we are taking legal opinion as to how to recover those moneys. If we had the powers to attach the properties of those delinquent officers, then we would have been able to recover the moneys.

So, in order to safeguard the interests of the policy-holders, it becomes absolutely necessary that the administrator must be clothed with these extraordinary powers, which will be used only when he is fully satisfied that he should use them. The administrator is appointed only after certain irregularities, or certain misapplication of the funds or misuse of the funds or a diminution of the insurance fund take place. Under section 106 as it stands today, we have got those powers, but we found that those powers were not adequate and sufficient in order to safeguard the inter-

ests of the policy-holders. They are dealing with crores and crores of the moneys of the policy-holders. So, if there is any misapplication or misappropriation of funds, then certainly we must have the powers to attach, before we go to a court under section 106 to recoup the insurance companies with those moneys. Therefore, we have advisedly taken all these powers. We have also provided that when the administrator passes the prohibitory orders, they will remain in force only for three months, and within that period, he must go to the court under section 106 with an application to get those funds back. If he does not go, if he is satisfied that there is no case, then those orders will certainly lapse.

At the same time, we have provided that within 14 days, that person whose property is attached can approach Government in appeal, and Government will certainly take all possible information that is supplied into consideration; and if Government come to the conclusion that the attachment order should not stand, they will pass orders accordingly. But if they come to the conclusion that the attachment order is quite proper, then the court will decide whether that is proper or not.

Because we are taking extraordinary powers, because it is a very complicated matter, and because it requires a very careful scrutiny of the evidence that may be tendered we have given jurisdiction to the High Courts. My hon. friend Pandit Thakur Das Bhargava was advocating that he can go to the district court first, then to the High Court and then to the Supreme Court. If we have this lengthy procedure, I do not know what will be the fate of the poor policy-holders, and whether they will be able to get their moneys when their policies mature. Therefore, I would request the House to be indulgent because of the interests of the poor policy-holders. And they must trust Government when they take these powers will be exercised only for the benefit of the policy-holders. There would be no arbitrary action taken,

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and there will be no harassment. But the delinquent persons who are there must certainly pay the penalty for their actions, criminal or otherwise.

I think I have covered all the points that have been raised, and I hope that the House will now take this Bill into consideration.

Shri Mohanlal Saksena: May I put one question to the hon. Minister? An allegation has been made against Government today. I think about the year 1953 or so, there was a report submitted by the auditor Shri Vaidyanatha Iyer, in which he said that it appeared to him that these securites were not with the Bharat Insurance Company for the last fifteen years. Is it a fact that he had made a report to that effect? Is it a fact that he had also refused to give any certificate? If so, what action, if any, was taken by Government?

Shri M. C. Shah: We have not got that information.

Mr. Deputy-Speaker: There may be many matters with respect to which the Controller of Insurance may have information. I am sure the hon. Minister will kindly forward to the hon. Members any information that they want. Hon. Members may write to the hon. Minister and get all the information.

Shri Matthen: I am relieved to hear that the interests of the policy-holders have been secured. But I want an assurance from the hon. Minister as to whether the life fund of the Bharat Insurance Company, which may come to not less than Rs. 6 crores, has been invested according to statute in Government securities or other safe investments. May I know whether he has completely secured the life fund of the company? That is point No. 1.

Point No. 2 is.....

Mr. Deputy-Speaker: Now, the hon. Member is giving advice to Government, as to how the funds should be invested.

Shri M. C. Shah: One question at a time. Otherwise, I may forget the question.

The life funds of the Bharat Insurance Company come to about Rs. 7 crores. Only about Rs. 1.50 crores will be recovered in instalments spread over a period of ten years. We have already recovered a sum of Rs. 10 lakhs, and those moneys are all secured; other moneys of the life funds will also be invested in the manner prescribed in the Insurance Act.

Shri A. M. Thomas: Some time back in the course of a press statement, the hon. Finance Minister said that the matter of nationalisation of insurance has not been seriously considered yet. But the hon. Minister of Revenue and Civil Expenditure has stated today that it is under the active consideration of Government. May I get an elucidation on this matter?

Shri U. M. Trivedi: It is under active examination.

Shri M. C. Shah: I have stated times without number in the course of the last few months that it is under the active examination of the Government of India.

Shri Punnoose (Alleppey): But not serious.

Mr. Deputy-Speaker: 'Active' is serious, and 'serious' is 'active'.

Shri V. G. Deshpande: The hon. Minister tried to defend the two Ministers whose names appear on this Yogiraj Trust. I want to know whether they resigned before this trust had purchased the shares of the Allen Berrys or any other concerns connected with this.

Shri M. C. Shah: I have already stated that those two Ministers had no knowledge about the administration, they had not attended any of the meetings, and they have no knowledge whatsoever of the investments or the shares or anything of that sort. And they resigned in 1952. There is no question of defending the Ministers. I have stated the facts. I

say that in charitable trusts, there are many prominent people of the country. I know so many prominent people who are trustees on the charitable trusts. So, I say there was nothing objectionable, or there was nothing to which any exception can be taken, in their being trustees on the public charitable trusts.

Shri V. G. Deshpande: We want to have information on this point, but we have not got it.

Shri U. M. Trivedi: There is nothing wrong in the Ministers being trustees on the charitable trusts. I see nothing improper in it. But I would like to know from the hon. Minister whether the trustees who have resigned have obtained discharge from the court.

Shri M. C. Shah: That is a matter for those persons who were the trustees. Why should the House be so concerned about these things?

Mr. Deputy-Speaker: Let us not pursue this matter. It has nothing to do with the Bill.

Shri M. C. Shah: How is it important? I do not understand at all. If there is any liability, it is for them.

Shri K. K. Basu: I want to ask two questions.

Mr. Deputy-Speaker: On this matter?

Shri K. K. Basu: Yes. They are very important.

Mr. Deputy-Speaker: Let me make up mind. Now, this was referred to incidentally. Shri Feroze Gandhi said that a trust had been created on a contribution or subscription or donation of Rs. 10,000 by Dalmia.

Shri Feroze Gandhi: Two trusts.

Mr. Deputy-Speaker: Both of them purchased shares to the extent of Rs. 8 lakhs each. He said that these are all the persons. Dalmia himself is one. Then there is the last man and in between there are some per-

sons whose names he did not want to disclose. Then he said he would pass them on to the hon. Finance Minister so that he may make inquiries and make such use of them as he thought proper, and disclose the same, if necessary. He did not want to take the responsibility on himself. The hon. Finance Minister looked into it. It is usual that trusts are richmen's creation. They may have their own views. There are a number of honest men. There are a number of others, and deliberately they ask some important person or persons to associate their names with it, saying that it is a charitable organisation. Those persons believing it associate themselves with the trust. Subsequently, they get into a croner, and they withdraw. This is the unfortunate position of some great men or many great men in the country. They resigned. They did not take any part. That was in 1952. Then I asked him—is there any evidence that this amount of Rs. 8 lakhs each was subscribed from the funds belonging to Bharat Insurance Company? He said this was a matter for investigation. All that he could say was that some crores of rupees had been got through Allen Berrys. Therefore, that money must have been distributed. Are we to go further? Even that is not proved. These other gentlemen who lent their names subsequently found that they had done a wrong thing and withdrew. Should we once again go into the affairs of some other trust? When once a Bill is introduced, does the whole world become the subject-matter of discussion? Therefore, I think enough has been asked and enough has been said.

Shri K. K. Basu: How can you make up your mind before hearing me? The position is this. Under the normal law of the land, all the trustees are jointly and severally responsible for anything done. He replied that they had resigned. Now, there is an allegation that these trustees had shares in Allen Berrys in which the Bharat Insurance Com-

[Shri K. K. Basu]

pany had some interest. These two trustees purchased a private firm, and there is allegation of misappropriation. My point is this. Has the Minister obtained the opinion of the Attorney-General in regard to the responsibility and liability of the trustees for the period? According to the law of the land, every trustees jointly and severally responsible for all acts done on behalf of the trust. What is the position regarding the liability of these two trustees—whoever they may be, whether they are Ministers or not, I am not concerned—for the action during that period of three years? Has the opinion of the Attorney-General been obtained?

The second point is.....

An Hon. Member: Let the first be answered first.

Shri M. C. Shah rose—

Mr. Deputy-Speaker: What is this examination about?

Shri K. K. Basu: Along with the Bharat Insurance property regarding life fund, securities etc., my hon. friend, Shri Feroze Gandhi, referred to some other insurance companies who are subsidiaries of the holding company—Free India, Hanuman and what not.....

Shri Feroze Gandhi: No, no. They are different. They have nothing to do with this.

Shri K. K. Basu: He referred to Rs. 1 crore and 80 lakhs which they will get in instalments over 15 years. Is it only a personal undertaking or is there any security by way of tangible assets or shares in a company in which Shri Dalmia is not involved?

Shri M. C. Shah: With regard to this Rs. 1 crore and 80 lakhs—actually, it is Rs. 1 crore and 50 lakhs—I have stated it very very clearly—and my hon. friend, who is a very distinguished lawyer of the Calcutta High Court, must have understood all those things I had said—that

Rs. 1 crore and 3 lakhs was the amount by which the Times of India building was purchased by the Bharat Insurance Company. I said the Bharat Insurance Company remains the owner of the Times of India building till all these monies are given back. Now, out of Rs. 103 lakhs, Rs. 10 lakhs have been already paid by instalment. Now, even if the value of the property depreciates by about Rs. 40 lakhs, the money will be safe as Rs. 50 lakhs worth of machinery belonging to Bennet Coleman and Co. Ltd. have been pledged under legal document to the Bharat Insurance Company.

Mr. Deputy-Speaker: In addition to the building?

Shri M. C. Shah: Yes, in addition to the building. As regards Nahur property, even if it depreciates, there too we have already taken 2,50,000 shares belonging to Shri Dalmia of Jaipur Udyog Company Ltd., which will fetch even today, if they are sold, Rs. 27 lakhs or so. That property also remains the property of the Bharat Insurance Company till all these monies are paid. Over and above that, we have taken a guarantee from J. Dalmia, from Sahu Jain Limited and one other that if there is a shortfall after all these vast securities and properties are taken into account, they should make it up.

As regards the second question, we are concerned with the life fund of the Bharat Insurance Company. We are not concerned with the properties of these trusts. Now, the Government will have to follow the life fund of the Bharat Insurance Company, wherever it is located, and if there is any liability by these trusts, then the trustees will take care of them. Why shou we bother about that?

Mr. Deputy-Speaker: The question is:

“That the Bill further to amend the Insurance Act, 1938, be taken into consideration”.

The motion was adopted.

Mr. Deputy-Speaker: The House will now proceed with the clause by clause consideration.

Shri Feroze Gandhi: On a point of order. It concerns me. In view of the hon Minister's speech, certain remarks that were made by the Speaker about what I said yesterday and a little of what you have said today will, I hope, be withdrawn, considering how helpful I have been to the hon. Minister.

Mr. Deputy-Speaker: The House has generally appreciated his remarks all along and the hon. Minister has paid a tribute to him. But it is the unfortunate duty of the Chair to say that notwithstanding the information and all the interesting things said, some portions are not strictly relevant and some are relevant. Therefore, the Minister discharged his duty, the hon. Member did his and both the Speaker and Deputy-Speaker have done theirs.

Clause 2—(Insertion of new section 52BB)

Shri N. B. Chowdhury (Ghatal): I beg to move:

Page 2, line 1—
after "three months" insert:
"or for such further period as the Central Government may decide,"

Mr. Deputy-Speaker: What about Pandit Thakur Das Bhargava's amendment, of which notice has been given just now? Is the Minister accepting it?

Shri M. C. Shah: No.

Mr. Deputy-Speaker: Then no indulgence is necessary.

Amendment moved:

Page 2, line 1—
after "three months" insert:

"or for such further period as the Central Government may decide,"

Shri K. K. Basu: The proposed sub-section 52BB empowers the administrator to attach the properties for three months. After that, he must come before the court and obtain the necessary sanction or appeal to the Central Government. The whole point is that within three months the administrator must decide whether he should file a suit before the court. I would say that this period within which he has to investigate misfeasance, malfeasance etc., in which usually the big people are involved—and they have at their disposal the ingenuity of lawyers and what not—is much too short. Therefore, I have moved along with Shri N. B. Chowdhury an amendment to the effect that the Central Government may extend the time if necessary. We had certain interesting facts—I do not know how far they are true or not, because I have no personal knowledge. But you know that today life insurance companies have big investments in different companies and there is interlocking and what not which is being indulged in by these people. Therefore, it is absolutely necessary to find out exactly to what extent this misfeasance has gone on so far as these persons—managing director, director or manager, whoever they are—are concerned.

4 P.M.

We are taking wide powers under 106 where even benamidars can be caught. But we are making this provision of 3 months before the court decides the question of malfeasance or misfeasance. Unfortunately, we have experience of cases in which big persons have indulged in misappropriation of Rs. 40 lakhs and....

Mr. Deputy-Speaker: I am afraid the amendment does not serve the purpose because even if three months is extended to 6 months it is open to the party to prefer an appeal immediately to the High Court.

Shri K. K. Basu: Except under 226. That is a different thing.

Shri U. M. Trivedi: Where is it? It is taken away.

Shri K. K. Basu: We are not bothering about it.

Shri U. M. Trivedi: You are creating a lot of trouble for that man and for the country.

Shri M. C. Shah: We had considered that matter very carefully. Once we had thought that he may have more than three months but then, as has been pointed out here, we would not like to give more time to the administrator because whenever any action has to be taken under 52A we must have all those matters before us before we pass orders to appoint the administrator. Therefore, the administrator will be in a position to know whether there has been any diminution in the life fund or whether there has been any loss caused by misfeasance or otherwise. Therefore, immediately the administrator is appointed he will be in a position, if not immediately, at least within a fortnight to issue those prohibitory orders. Thereafter, within 14 days those parties who are affected will have a right to come to the Government and Government must also give a decision very soon. In order to expedite and in order that the administrator should be vigilant and in order that Government should also be very vigilant in passing orders, we have provided for three months. Otherwise, we would have very much liked to accept this amendment.

Shri K. K. Basu: Of course, the Minister has given this argument. *Prima facie* I would have supported it. Under the normal insurance law there is enough provision and power to see that malfeasance is stopped. But, unfortunately, the facts are otherwise. I know in the case of the Bharat Insurance Company more than a year or so back some of the employees made a representation to Government that there was a possibility of maladministration and that securities were being frittered away. He says that three months is good enough because in this case he knows the facts. By and large, our administration is good but there are cases

where in the case of big people it takes time. The administration comes to know of things after three months. I have not said that as a rule you should make it 6 months. I only say that in those cases in which the Central Government finds that it is a complicated case the period should be extended. In the case of the insurance companies that were taken over, there was the ordinary law of the land and yet they had to take power because there was mismanagement. There is a statutory obligation under the law that every year a report should be submitted. I am told that even in those cases the persons who were there connected with the management of the company were either appointed administrators or were appointed under the administrators as managers. The same person is appointed by the backdoor again. If we stick to the particular provision without the power of extension the result will be that instead of something coming out the whole thing will go away.

I won't take much time of the House. In the case of some of our banking companies which were liquidated applications were pending which were filed in the year 1949 and which could be heard only in the year 1955. Two or three important persons who were known in the Calcutta market—I do not want to name them—misappropriated Rs. 80 or Rs. 90 lakhs and when applications were brought before the High Court the Judge said that, when they wanted time and gave the assurance that they would not dispose of the property, time should be given. It is not now possible to do anything because the property is in the name of some one else. In these six or seven years the property has been transferred in the name of his son or others. So, this is a very important provision. It is true that they may be arrested. If you see the balance of advantage, these big banks and insurance companies are social concerns. It is no use saying that it is in the private sector. We have seen how these banks and insurance companies own-

ed and controlled by individuals work. We have seen how the administration works. When the axe is laid, it is after the mischief is done. That is why I say that in cases where the Central Government finds that 3 months is not enough they should have the right to extend the period before which the administrator is asked to come to court.

Shri V. G. Deshpande rose—

Mr. Deputy-Speaker: I will give an opportunity to Shri Deshpande in the third reading.

Shri U. M. Trivedi: I will not take a very long time.

Mr. Deputy-Speaker: The point is that within 15 minutes we must finish. At 4.15 we must finish all the clauses and by 4.30 the third reading should also finish.

Shri U. M. Trivedi: If Mr. Basu's idea of this amendment flows from his well-known hatred of capitalists, it might be a good one.

Pandit K. C. Sharma: He has experience of cases.

Shri U. M. Trivedi: Otherwise, the whole position is this. This amendment is made by the Government with a desire to help the administrator or help the nation to escape from the clutches of those fraudulent persons who have defrauded the country, defrauded the policy-holders, but the purpose is not going to be achieved by the law as it is being worded. The best thing that could have been done was that the Government should have pulled up this Controller of Insurance to discharge his duties actively. Hundreds of cases come up and hundreds of complaints are sent day in and day out to the Controller of Insurance. He joins hands with big insurers and insured persons who always commit arson and get payment and run away. People are deprived of their property and legitimate rights. If the Controller had been alive such situations would not have arisen. The situation that has arisen and for which we are making

this Bill is entirely due to the Controller sleeping over the power that has been vested in him. You are giving powers under this 52BB. What are the powers that we are giving? The hon. Minister for Legal Affairs has tried to explain away the position that has been put before us by Shri Chatterjee (*Interruption*). But it does not rationally clear the doubts in the minds of the people. Why is it so? On the one hand you say that you are trying to put fetters on the enjoyment of the property by the provision of 52BB. At the same time you say at page 3 of the Bill, in sub-section (10) (a),—

“no suit or other legal proceeding shall lie in any court to set aside or modify any order of the Administrator or the Central Government made under this section.”

You are saying here that the property will be attached by you and for three months nothing should be done. At the same time you provide that no action should be taken in any court. Are you seriously suggesting that the powers that have been conferred on the High Courts under article 226 of the Constitution are being taken away by these provisions? I think Shri Matthen will allow the hon. Minister to hear what I say.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

You might try to say that under sub-section (3) it is provided—

“An order made by the Administrator under sub-section (1) shall, subject to any order made by the Central Government....”

What is the order that is being made in sub-section (1)? It says “by order in writing prohibit him or any other person from transferring or otherwise disposing of any property which, in the opinion of the Administrator, would be liable to attachment in proceedings under that section.”

Therefore, the powers that you want to vest in the Administrator are absolute; and if the Administrator is not

[Shri U. M. Trivedi]

very honest, what will happen? If he is honest, well and good, but if he is not honest, the whole machinery will be a machinery for squeezing money or for extortion of money. That is why it is necessary that some preliminary enquiry should be made just as you do when you under act 311 when we take action against a decidedly dishonest officer.

Shri M. C. Shah: Is he speaking on any amendment of his?

Shri U. M. Trivedi: I am opposing this whole thing, section 52BB, and it should be ended. My contention is that when you want to give the opportunity under article 311 to an ordinary Government officer whom you presume to be dishonest, whom you know to be dishonest, against whom you have got so much evidence that he is dishonest, why should a similar opportunity not be given here before ordering the attachment of his property and thus paralysing the whole business of the businessmen? Is it the contention of the Government that we should enter upon this presumption—these are the words I had spoken at the time of the Company Law Bill also—that every businessman in our country is dishonest, is a down-right rogue and has got no morals? If we proceed upon that presumption, then this provision 52BB is right; otherwise my submission is that before you make such a stringent provision, you must try and visualise what can be the effect of it on the country as a whole and on the business aspect particularly. A question was put very pertinently and the hon. Minister was very kind enough to say that the Government is actively examining the question of nationalising the whole of insurance. That active consideration or examination may go on for days, months, years or even a century and it will not come to an end. If the Government come out and says that they have decided that this is the method which they are going to follow to force the private sector out—by

some unholy methods—then there is no point in having this Insurance Act. Leave it and no amendment is necessary. Simply say that insurance business shall be conducted by Government. But if you have got still in your mind the idea of encouraging or allowing the private sector to carry on insurance business, then making this law and thereby jeopardising the complete powers of limited insurance concerns from carrying out and discharging their functions and duties is not within the Constitution; it is against the Constitution. The only thing that will come out of this Bill will be that there will be some headache for the Government the moment the High Court is approached and an injunction is obtained against the order and the order set aside. You must have taken legal advice, there is no doubt about it, but the way the explanation that has been given by the Minister of Legal Affairs has carried no conviction with anybody.

It is the same thing with section 106. It is quite true that you have not been able to distinguish between the police powers and the powers of taking away property under the provisions of article 31 (1). Powers under Article 31 (1) and (2) are two different things. If you want to take this right under article 31 (2) and if you want to exercise the police powers, then also this law is bad. Therefore, my submission is this. If you simply want to make a bad law just to tell the public that you are making a law because the lawyers are trying to get out of it, then do not do it please. If you want it only for the purpose of propaganda because one particular wretched person did a particular type of wretched thing in this country, then with all that the ultimate result will be that you will not be able to do anything against the person for whom this law has been made. I hope this law is not made simply because of the eventuality created by a single person in this country. This is being made for all those people who are acting in a fraudulent manner to de-

fraud the monies of the poor people. Therefore, the law must not be aimed at a particular person but must be aimed at a particular person but must aimed at remedying the evil that exists in the country over this insurance affair. With these words I suggest even now that you take out section 52B.

Shri M. C. Shah: I cannot accept this amendment. I am sorry Shri Trivedi has opposed the entire Bill, but I think he has spoken generally. I do not wish to take up the time of the House. I have already taken up enough time of the House to explain why this Bill is absolutely necessary. I was once a lawyer, but in about 1936, on the advice of Sardar Vallabhai Patel, I had generally to leave that profession and I feel I am happy when I heard Shri Trivedi today. Shri Trivedi has raised so many points that a very eminent lawyer will raise, but as I stated earlier, we want to take action, speedy action and speedier action, and whatever may be the difficulties, we are prepared to surmount them. As I already explained, when section 52A was being challenged and we were advised that it was *ultra vires* of the Constitution, we immediately got that difficulty removed by getting section 52A in the Schedule, in the amended article 31. So my hon. friend need not be afraid on this score. The intention is clear that all the interests of the poor policyholders should be safeguarded and, therefore, we have taken these extraordinary powers. I do not think we can whittle them down. We have deliberately chosen to take these powers under the Insurance (Amendment) Bill.

I cannot accept Shri Basu's amendment. I had already explained to him that because the administration should be vigilant, the Government should be vigilant, we are taking these extraordinary powers and, therefore, the period of three months has been specified here. He has just cited certain instances in support of his amendment, but I can assure him that if he brings

to my notice any instance of misuse, mis-application, or misappropriation of the life funds or other funds of an insurance company, immediate action will be taken by Government and he will be also informed of the action taken.

Mr. Chairman: The question is:

Page 2, line 1—

after "three months" insert:

"or for such further period as the Central Government may decide,"

The motion was negatived

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was negatived

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 4.— (Substitution of new section for section 106)

Mr. Chairman: Before I call upon Pandit Thakur Das Bhargava to speak on his amendment I should like to remind him that actually guillotine should have been applied already because the Third Reading has only 15 minutes. But I would like to give him two minutes if he could possibly finish what he has to say so that at least one hon. Member may be able to speak for 5 minutes in the Third Reading.

Pandit Thakur Das Bhargava: I do not propose to take more than two minutes.

I beg to move:

Page 6,—

after line 31, insert:

"(6A) Any person aggrieved by an order under sub-section (6) will be entitled to bring a suit in the Civil Court to establish that the property is not liable to attachment."

[Pandit Thakur Das Bhargava]

Sir, my humble submission is this. In ordinary cases when an objection is made before a court the objector has to give evidence and if his objection is not accepted then in that case he is allowed to bring a regular suit to establish his claim in a civil court. Now, so far as this Bill is concerned it takes away that right. The relevant provision of the Civil Procedure Code is like this: (order 21 and 63)

"Where a claim or an objection is preferred, the party against whom an order is made may institute a suit to establish the right which he claims to the property in dispute, but, subject to the result of such suit, if any, the order shall be conclusive."

My humble submission is that it is not a matter of procedure only. In the first place a third person who may have nothing to do with the company and may be a transferee for good consideration if his property is attached has to prefer an objection and then the burden of proof will be upon him in the first instance. If he does not succeed here when he goes to a regular court of law then the burden of proof shall be upon the other party and not on the third person because ordinarily any person who is the objector but is in possession of the property is in law regarded to be the owner of property and the burden of proof shall be on those who want to establish their case for attachment. But, in this case he is not allowed to have a regular suit. His claim is to be decided in a summary manner. This is taking away the right of a third person who has nothing to do with the company. This is a sort of grave injustice. The hon. Minister has not probably considered this question from this point of view. I can understand his anxiety. I am at one with him to see that the policyholders are safe. At the same time the rights of third persons who have nothing to do with the company, who may have purchased property 10

years before for valuable consideration, their rights got into jeopardy. They are not allowed to bring a suit in a court of law. I think this Bill may be all right in regard to those persons who are delinquents but it is not so far as a third person is concerned. This Bill I submit is absolutely unjustifiable and I, therefore, request the hon. Minister to accept my amendment.

In regard to my other amendments about which I have given notice there is no time to speak and therefore I do not move them.

Mr. Chairman: Amendment moved.

Page 6—

after line 31, insert:

"(6A) Any person aggrieved by an order under sub-section (6) will be entitled to bring a suit in the Civil Court to establish that the property is not liable to attachment."

Shri M. C. Shah: I am afraid I cannot accept the amendment moved by Pandit Thakur Das Bhargava. I have given very careful thought and I have consulted our advisers also. There are so many objections. Perhaps, if you will allow me two or three minutes I shall read out all those objections and hon. Members will be convinced that because of those objections it is not possible for the Government to accept the amendment.

In the first place we have given jurisdiction to the High Courts because, as I explained some time before, this is a very important matter wherein certain rights are to be decided. As the hon. Member said there may be some purchase for valuable consideration and done 10 years before. Then certainly he will have a right to be heard by a High Court Judge. If he wants all the evidence

that he can bring can be placed before the High Court and the High Court Judge will be a better person than a District Judge or a Civil Court Judge to decide the matter. Therefore, it will not be proper to accept the amendment proposed by the hon. Member.

Pandit Thakur Das Bhargava: Are you prepared to allow the High Court itself to entertain such suit. The High Court will decide summarily in first instance.

Shri M. C. Shah: All these questions are to be decided by the High Court of the State where the principal office of the insurer is located. I had mentioned that yesterday when the hon. Member tabled his amendment. So, if the amendment is accepted then if the High Court decides that a particular case is a fraudulent transfer or some property is held by a person in *benami* and if the concerned person goes to the Civil Court in a suit then the Civil Judge has to decide over the decision of the High Court. So, there will be multiplicity and there will be a very disturbing factor. These are very rare cases and it will not be a day to day occurrence. It is only very rarely that cases of this type will come up and which will have to be dealt with under 52BB.

If I go into the various grounds it will take some 10 or 15 minutes and I do not want to take up so much time of the House. This point was fully considered and instead of allowing this matter to be dealt with either by a District Court or a Civil Court we deliberately put jurisdiction of the High Court.

Therefore, I feel that it is not necessary to have this amendment and I cannot accept it.

Mr. Chairman: The question is:

Page 6—

after line 31, insert:

“(6A) Any person aggrieved by an order under sub-section (6) will be entitled to bring a suit in

the Civil Court to establish that the property is not liable to attachment.”

The motion was negatived

Mr. Chairman: The question is:

“That clause 4 stand part of the Bill”.

The motion was adopted.

Clause 4 was added to the Bill.

Shri Bansilal (Jaipur): Sir, I have given notice of an amendment.

Mr. Chairman: I see no other amendment here.

Shri M. C. Shah: I have not accepted the hon. Member's amendment. He gave it only today.

Shri Bansilal: We were assured that we can give our amendments even today.

Mr. Chairman: The position is that the Speaker waived notice of amendments yesterday because of the fact that the agenda was suddenly changed. That position does not stay today. So, the amendments, notices of which have been given today, are not to be considered and therefore the hon. Member is not allowed to move his amendment. It is out of order.

Mr. Chairman: The question is:

“That clause 5 stand part of the Bill.”

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

Shri M. C. Shah: I beg to move:

“That the Bill be passed.”

Mr. Chairman: Motion moved:

“That the Bill be passed.”

Shri V. G. Deshpande: The House will certainly support the Government in any measure which protects the interests of the policy-holders.

[Shri V. G. Deshpande]

But I think the duty of the House ends with that. Once we empower the Government for making an investigation against any case or when the matter goes to the court, the House should not have any interest in the matter. That is my opinion. I certainly want that if any capitalist has committed any crime, then he must be given the severest punishment. But, it is not for us to pronounce the judgment. It will be pronounced by a court of law. We are prepared to clothe the Government with powers which would be extraordinary. My complaint is whether it would be fit for the Government to get the powers so liberally and so generously, as was revealed here. First my hon. friend, Mr. Gandhi, did not reveal it; but our Deputy Minister ultimately revealed it. I say that there is nothing wrong in a Minister being trustee in anybody's trust. So far as Mr. Dalmia is concerned, unless any court gives the verdict, we need not accept him as a guilty man. I have no objection to that. That shows that people occupying the highest position, even persons of Cabinet rank, were associated with Dalmia's concerns. They were receiving help from him.

Shri M. C. Shah: They were charitable grants; not Dalmia's concerns.

Shri V. G. Deshpande: It was alleged by an hon. Member that this trust itself was managing certain business concerns of Mr. Dalmia. I am not making any accusation or allegation. I am only saying that any capitalist is not brought to book until he goes against the party in power. As long as he is with you, you do not go against him. That is why a suspicion is created in our minds that there may be many more capitalists who are not being brought to book on account of this policy of yours. That is why we say that we are prepared to give you even greater powers; but no legal barrier should come in the way of any corrupt man

or criminal being brought to book. That is the view of the House. We want this assurance from the Deputy Minister because their previous conduct does not create that confidence in our minds.

Shri M. C. Shah: Minister, not Deputy-Minister.

Shri V. G. Deshpande: Minister of State, though not of Cabinet rank.

Shri A. M. Thomas: Cabinet rank, but not member of the Cabinet.

Shri V. G. Deshpande: All right; I will call him Minister of Cabinet rank, but not member of the Cabinet. I had asked him a specific question whether any attempts have been made to realise the money due to the Tropical Insurance Company and the Jupiter Insurance Company. Steps have been taken in the case of the Bharat Insurance Company, but the question is whether steps are being taken against the other concerns also.

I have another allegation to make. I have been informed that these Rs. 1,80,00,000 were being offered to the Government, but for a long time that money was not accepted. A very large number of policy-holders must have suffered on account of that. That should have been accepted without prejudice to the criminal liability and investigation. If Mr. Dalmia is found guilty, we have no objection to hanging him; but no policy-holder should suffer on account of any lapses on the part of the Government. We have found that for days together this negotiation was going on. Very specific questions had been asked by us, but they were not answered. Without answering any question, the Minister of Cabinet rank but not a Member of the Cabinet went out of the way and defended the Minister. Therefore, this suspicion is created in us, namely, though this power is intended to detect crime amongst capitalists, it may be exercised for party purposes and the really guilty persons may not be brought to book.

Shri M. C. Shah: I have not much to say, but one thing I must refute. The hon. Member said that we did

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not accept the Rs. 1,80,00,000 for a long period. That is not correct. When the offer was made by Mr. Dalmia for the first time, there was some condition. Before that, there were certain other persons who were not concerned who made the offer. But we could only deal with the person who was the delinquent, and when the offer was conditional, we said that we could not accept it. The moment we got an unconditional and voluntary offer, we accepted it, making it very clear that the criminal liability, if established as a result of the police investigation, would not be affected thereby. Therefore, we have taken the care to see that the interests of policy-holders are safeguarded. If any interest is to be taken, we will do that also. If on further enquiry, the Administrator finds that a certain further sum is due from Mr. Dalmia, that will have to be paid. For that also, we have taken guarantees from three parties, as I have mentioned earlier. Therefore, the charge that the Government rather hesitated to take this money earlier and that the interests of the policy-holders were not safeguarded is absolutely baseless and unfounded. With regard to the Tropical Insurance Company and other companies, whatever funds are to be recovered, all possible efforts will be made to recover those funds that are due to those insurance companies by the delinquent persons. Uptill now there were these difficulties; but now that these difficulties are removed. I can assure the House that wherever there is any lapse, we will remove it with the powers given to us.

[MR DEPUTY-SPEAKER in the Chair]

Mr. Deputy-Speaker: I hope there are no amendments to the Bill.

Shri M. C. Shah: No, Sir. This is the third reading.

Mr. Deputy-Speaker: I know it; but I was asking it to decide whether I should say that the Bill as amended be passed. All right.

The question is:

"That the Bill be passed."

The motion was adopted.

DELHI (CONTROL OF BUILDING OPERATIONS) BILL

The Minister of Health (Bajkumari Amrit Kaur): I beg to move:

"That the Bill to provide for the control of building operations in Delhi, be taken into consideration."

In doing so, in view of the fact that six hours have been set aside for the discussion of this Bill and also in view of the nature of the amendments that I have received, I have a feeling that a certain amount of confusion has arisen in the minds of some of the Members as to what this Bill really is. I would like to make it perfectly clear that this Bill is only a very small interim measure to cope with the haphazard construction that has been going on in Delhi and the Health Ministry, in particular, have been viewing it with great alarm. At present there are so many authorities who are concerned with the administration of land in the various sectors of Delhi. The result has been that it has never been possible to take concerted and effective action to tackle the housing problems of Delhi in a methodical manner. There used to be a master plan of Delhi, but that has really been smashed because of the way in which construction has been going on. Therefore, in order that speedy and efficient steps in this matter might be taken. I myself proposed to the Cabinet that there should be a single authority to deal with planning and development of the urban areas of Delhi in place of the existing numerous authorities. The question of the constitution of this authority has been before this House. It has also been accepted in principle by the House and the Bill is now being framed. I plead for understanding of this Bill. In fact, this little Bill for

* Moved with the recommendation of the President.