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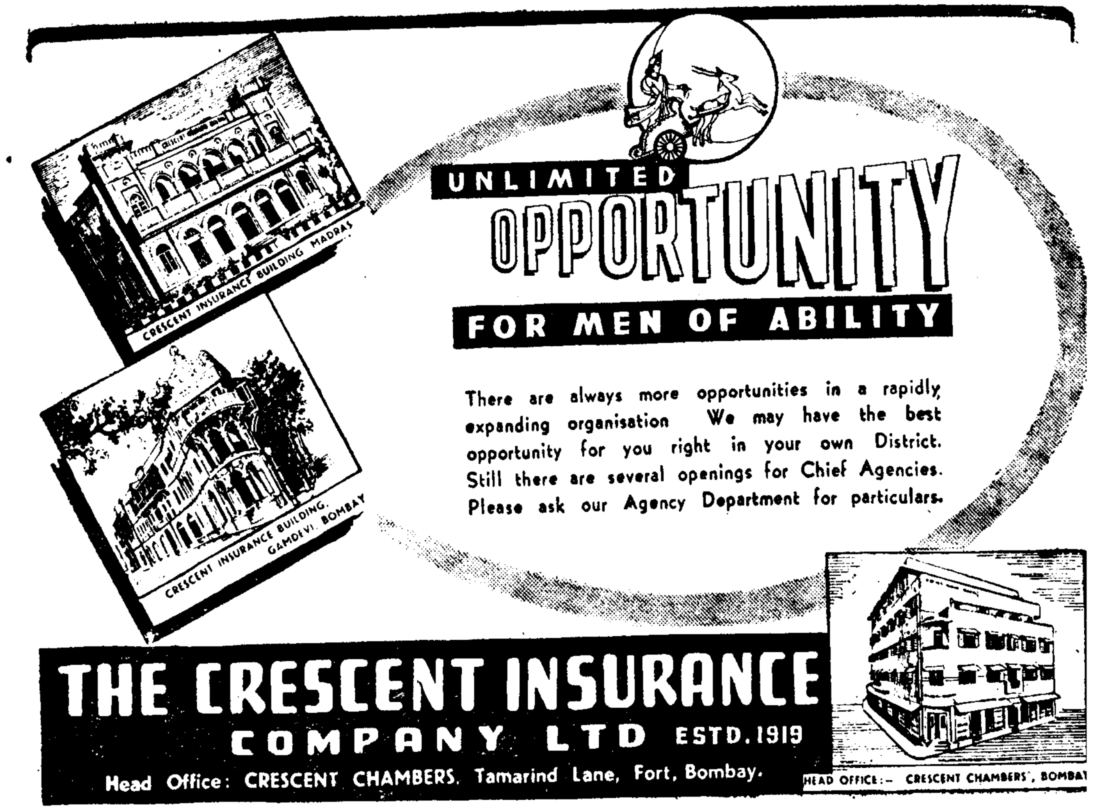

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THE INDIAN POLICY-HOLDER

VOL XVII JULY 1951 NO. 3

Mutualisation of Life Insurance.

WITH the growing importance of Life Insurance protection in our day-to-day life, both the people and the Government have interested themselves more particularly in regulating the institutions that conduct the business. But it needs no mention that no amount of control will be of any avail if the men in charge of these Companies are not worthy of the responsibilities they have assumed to render efficient service to the public. It is more so in a vast country like India where the mass public are illiterate and indifferent towards everything. In this context, it is worth while considering the views expressed by Sir A. Ramaswamy Mudaliar, when he recently presided over the Silver Jubilee Celebrations of the Indian Mutual Life Association, Ltd., Madras. Sir Ramaswamy Mudaliar, being an Ex-Commerce Member of the Government of India, at the time when the Indian Insurance Act, 1938 was passed into law, is one who is well conversant with the intricate details of the business and in his opinion Insurance is not a fit proposition to be directly dealt with by the Government of India. He observed that "except within a limited sphere nationalisation had not done any good to any country". He believes that the public utility concerns like the Railways should be under the management of the Government, but the Governments are not the proper bodies to run any industrial concern whatsoever. His advice to our countrymen is "from capitalism to co-operative effort is a natural transition and it would be justified to the extent they developed the co-operative effort among the people". Thus he comes to the conclusion that the transition of Life Insurance is not towards nationalisation but towards Mutual Life Insurance Companies. This, in his opinion, is not a transitional stage of nationalisation but an end in itself. With all due respect to Sir Ramaswamy Mudaliar's views, we wish to point out that the basis on which Life Insurance business rests, and the service that the public derive are something fundamentally different from that of Co-operative Societies that function in our country. Co-operative Societies mostly confine themselves to limited areas of operation and the sphere in which they deal is mainly consumer goods. In spite of the limited area in which each co-operative Society functions, we have seen all these years, how except for a few societies, the rest have proved to be failures. Sir Ramaswamy Mudaliar himself has pointed out that" the Co-operative Movement is a failure in many parts of our country. It has got into the hands of cliques or was administered by bureaucracy with the result that the benefits were not distributed among all those to whom the benefit should go." When that is so, Life Insurance business which is international in character and which should be transacted in as large an area as possible with a view to derive the benefit of the law of averages cannot justifiably be compared with the Rural or urban Co-operative Societies. Insurance institutions must necessarily extend their business throughout the country and also in other countries wherever possible, if they are to function successfully. And it would be moonshine to think that an institution established in one corner of the globe could be controlled by its clientele, the policyholders, who might be spread all over. If we take a few concrete instances, i.e. a few of the existing insurance companies of the mutual type and get into their details of administration, it will be clear that every such institution is but a one man show. The administration that is carried on under the management of a General Manager or Secretary, is expected to be guided by a handful of Directors. And these Directors are the chosen men of the so called General Manager or Secretary. Invariably these Directors are chosen by the General Manager or Secretary from the city or the District where the Head Office is established, for the sake of convenience. It is therefore no wonder that 99% of the Policyholders of a company are totally ignorant of either the qualifications of the Directors or their honesty, their business integrity, their public-spiritedness or their educational attainments. Viewed in his background, one should be honest enough to admit that a mutual company whose directors are not chosen men of the majority of the policyholders need not necessarily feel themselves so much responsible as those in a capitalist company wherein the Directors are elected by shareholders who are far less in number and who can easily exercise their rights of voting since such shareholders may not be so widely spread., In India, out of 200 or more companies functioning, we have time and again pointed out that a small number of companies are functioning on very healthy lines and the rest are lacking in one respect or the other. More particularly, the expenses of Indian Insurance Companies, irrespective of mutual or capitalist, are top-heavy, and their services to the policyholders are not above criticism. That is why, we suggested in one of our earlier issues, the need for a better alternative, if not nationalisation.

Insurance & its importance in National Economy

By SETH VELJI LUKHAMSI,

Chairman, The Industrial & Prudential Assurance Company, Ltd.

THE alleviation of human suffering and the provision of relief in times of necessity are two important social functions, and in ancient times such were ensured by the very structure of society. Individuals have had to look after themselves and make provision for the future of their dependents. It is here that modern insurance has stepped in to provide a useful source through which such provision can be made. Indian Life insurance has given protection to about four million people to the tune of about 800 crores of rupees. But such cover is provided for only about 1½ per cent. of the total population. A great task, therefore, lies ahead of the insurance industry in extending the benefits of life insurance to every home and family and in achieving this, the need for full co-operation of the Government and the public is very essential. But the function of insurance companies is not only limited to giving protection against risks. It has a still greater task and responsibility in developing the nation's economy. The huge reserve funds of insurance companies could aid and help in building and developing the nation's economy. They could aid largely in the implementation of the great electrical and irrigation schemes. Such aid serves a dual purpose, namely, on the one hand, the insurance companies could find in the Government the greatest security for their investments, and on the other, Government could find in the companies a source of aid and incentive to the execution of their schemes of development. As a means of fighting inflationary trends too, insurance companies can develop systematic and regular saving among the masses. But to achieve all this, proper co-operation and assistance is required from the Government, which is bound to come forward as time progresses.

Coming to the sphere of Investments and problems relating to interest yield, it is perhaps unnecessary to stress the importance of the part which variations in the yields of long term investments play in the affairs of Life Assurance Companies and other institutions where provision is intended to be made for meeting long term liabilities. We know the premium rates in such cases are calculated on the assumption that the minimum rates of interest will be earned not only in the investment of the first year's premium but also in the investment of all subsequent premiums. If, however, the rates of interest in the succeeding years fall below the minimum basis assumed, then as regards income there will be deficiency, but as regards capital the very same factors would bring appreciation in the market values. If, on the other hand, interest rates were to rise there is an income return greater than that expected on the investment of new moneys but as an offset the market value of long term investments will depreciate.

Interest rate all over the world appear to be rising. The Central Government have to redeem a maturing debt of about 86 crores this year and they will have to find the ways and means of doing so. There is every likelihood of their increasing the rate of interest for their new loan floatations. Advances of the Scheduled Banks have also reached an all time peak. The Imperial Bank's Hundi rate has also been put up to 4 per cent. early this year. The conversion loan, which by the way, amounts to 500 crores out of the total Central Debt of 1,400 crores has to be propped up at Rs. 93/-. All these point to a higher interest level.

A look into the records of the past ten years' interest yield on investments of Life Offices will show that the interest yield had been falling gradually. Whereas the interest yield in 1940 was 4.37 per cent. the same in 1949 was reported to be 3.05 per cent. only. But things have taken a turn during 1950. The recent issue of 3½ per cent. (Tax free) Ten Years Treasury Deposit Certificates by the Government indicates that the Government is committed to a borrowing programme at a higher rate than 3 per cent. They are not alone in borrowing at a higher rate than 3 per cent. since a similar example had already been afforded by the Steel Corporation of United Kingdom who have taken over early this year a number of steel concerns as a first step towards nationalisation of the Steel Industry in U.K. and have offered 3½ per cent. 1979—81 Stock at Par in compensation. Even this has fallen by 2 points and is now quoted somewhere round 97/98. It seems the U. K. Government have thought that the days of 3 per cent. long term rate are over and that it should be 3½ per cent. or above.

I shall now refer to the passing of the Insurance (Amendment) Act, 1950. The history of insurance legislation in India dates back to the year 1912, when the first Insurance Act was passed. Some of the defects of the said Act were remedied by amending legislations passed in the years 1916 - 1919. However, persistent public demand for statutory provisions for compiling and publishing reports of business done by foreign companies in India yielded results when the Government of India passed a stop gap legislation in 1928 enabling it to collect statistical data regarding Life as well as General Insurance business. The next important legislative measure to control insurance business in India was the Insurance Act, 1938. The Act applied to all types of insurance business and laid down elaborate provisions for regulating the conduct of insurance business in the country. Although the 1938 Act was a distinct improvement over the previous ones, the actual working of the Act revealed several defects which were removed by a series of amendments effected in the years 1939, 1940, 1941, 1944 and 1946. However, these statutory provisions were found to be ineffective to control undesirable tendencies such as high expenses of management and interlocking of funds of insurance, banking and other investment companies. These and several other defects were remedied by the latest Amendment Act of 1950. A welcome feature of the latest Act is the creation of two statutory bodies, one each

for Life and General insurance business, to control and regulate insurance business falling in their spheres. The latest Act has been good in many respects but the wording of some of the provisions has created confusion and difficulties. The success or failure of the Act depends upon whether the insurers would give it a fair trial keeping in mind the intentions of the Legislature, or merely attempt to evade the various provisions of Law simply because of confusing language and bad drafting at some places. I appeal to insurers that they should meet together and draft suitable amendments to be incorporated in the Act and submit the same with one voice to the Government so that Government may take early action and remove the defects at an early date.

It is not out of place to refer here to another important development in insurance legislation in India, namely the abolition of separate legislations in the erstwhile Princely States of India. These States had their own distinct legislations, so that Companies operating in these States as well as outside were subject to different sets of legislation. Thanks to the merger of many of the States and their accession to the Indian Union, the crowning achievement of Sardar Vallabhbhai Patel of revered memory, these legislations have been abolished. The Insurance Act, 1938, as amended in 1950, is now applicable throughout India, except the State of Jammu and Kashmir.

Despite some of the disheartening features in the business of Life insurance let me assure you that a bright future awaits the business of insurance. The few unhappy features still persisting in spite of the new Insurance Act were also found in the history of American insurance as far back as 1909. It was only after that country undertook similar legislative measures as this country - on the recommendations of the Armstrong Committee - and Sir Cowasji Jehangir Committee can be compared to it - that the business of insurance in that country was cleansed of much of its evil tendencies This parallel serves to inspire hopes of a bright future for insurance in our country. The fact that we are on the way of greater Industrialisation should strengthen this hope, for it is in a highly industrialised economy that insurance of all kinds will have scope for expansion. Our farmer too is now in a much better financial position and needs to be approached.

Extract from the Speech at the Thirty-Seventh Ordinary General Meeting of the Shareholders of the Company, held on 28th June, 1951.

Insurers' Problems

BY DR. M. N. AGASHE, M.B.B.S.,

Chairman, Western India Life Insurance Company, Ltd.

UPTIL now Insurance was confined mostly to the upper and middle classes of the urban population. Conditions are now changing and the income is being shifted to rural areas. This has offered a new field to be explored. Looking to the very low insurance per capita in India, there is still vast scope for business expansion. But before we tackle this field we shall have to educate the masses first & imbibe in them the elementary principles and benefits of Insurance so that they may know their own interest and of their families. This is indeed an uphill task and how far and how fast we shall go forward to our cherished goal will depend as much upon the quality of our efforts as on the course of world events. It is also the Govt.'s duty to train the mass mind through their rural uplift centres.

The Insurance Companies must also change their outlook and devote their attention in creating more and more capable insurance salesmen in the field so that the torch of Insurance can be taken to every nook and corner of the Country. This is possible if we offer careers for life to young educated persons and through them carry on our work of expansion steadily. We have started already in that direction. This is of course a long term plan which we steadily shall pursue and which we hope should result in spreading Insurance education far and wide.

Income-Tax, Interest and Investments

The investment problem continues to be difficult due to there being no reduction in the burden of taxation. Representations have been made again and again in the past times, explaining as to how the basis of structure for taxation is unjust and inequitous, and how it acts as a hindrance to the progress of Indian Insurance.

Last year I had made a pointed reference to the recommendations made by the Income Tax Investigation Commission as being quite unjust and unwarranted. In fairness the whole surplus after a valuation allocated to the policyholders needs exemption from taxation. The Finance Minister also in his Budget speech expressed the view that some relief or concession must be given to Insurance Companies, but unfortunately this has not been done in the provisions of the Finance Act recently passed.

In fact the Insurance Companies are already paying income tax at a high rate and the ceiling limit of tax at 60 pies in a rupee existing under the outgoing enactment has thus been increased by virtue of the new Finance Act recently passed. The main changes that affect us are the imposition of surcharge by 5 per cent on Income Tax, increase of 3 pies in a rupee in Super-Tax and reduction of rebate in the Super Tax to 1½ Annas in the rupee from 2 Annas on the basis that there is no justification for any rebate on the income of Life Insurance Companies distributed to shareholders. Naturally the result of these changes will be that in line with other Companies the Insurance Companies will be subjected on account of surcharge and increased super-tax to an increase of 5.4 pies in a rupee. In addition to this the reduction by 6 pies in a rupee of the special rebate on super-tax referred to above increases the burden in all to 11.4 pies in a rupee. Thus the principle of ceiling limit in the case of Life Insurance Companies is violated and on the background of the promise of sympathetic consideration given by the Finance Minister it looks quite strange that the Finance Act should further adversely affect the Insurance Companies and the insuring public ultimately. It is however hoped that our National Government will take a sympathetic view of the representations submitted through the Indian Life Assurance Offices' Association and redress the grievance which is just and fair at a very early date to safeguard larger interests of the Insurance Industry and the insuring public as a whole.

Another factor that is affecting now seriously is the steady decline in the value of the Government Securities as a considerable amount of investments of the Insurance Companies are in gilt-edged securities as a result of legal necessity. It is no doubt true that the continued fall in the value of Govt., Securities would result ultimately in a substantial amount of capital loss for the Insurance Companies. The Insurers may thus be placed in an embarrassing financial position with the enforcement of the Insurance Amendment Act, if this state of things does not remain a temporary phase.

Insurance Amendment Act

It is known to all that at long last after many deliberations & much delay the Insurance Amendment Act has come into force from 1st June 1950. There are many changes of a far reaching character with regard to capital structure, voting rights of share holders, investments, agency organization, limitation of expenses commission, etc. They are all designed to protect the interests of agents and policyholders who really form the back-bone of a Life Office. There are of course a few defects here and there which are sought to be remedied by the new unofficial Amendment Bill published in the Gazette of India of 21st April 1951. We shall see how far it will facilitate the working of Insurers and remove discrepancies and defects of multiplicity, duplication and omission. I have said last year that all these measures will not in the least affect us except with regard to our investments in Subsidiary Concerns. We have already taken up the matter with the Controller of Insurance and further adjustments can be effected in the light of directions we receive. We are glad that there is now only one uniform law and practice prevailing throughout India, and the difficulties experienced previously in complying with diffierent State Acts are now over.

The new Amending Act has made statutory provision for limitation of expenses and the Insurance Rules prescribe specific figures in that respect. Hereafter every Insurance Company will have to be careful and see that the expenditure does not go beyond the fixed percentage. But I very much doubt how far it will help to bring down the price level in the market. The price level has gone sky high and it is becoming increasingly difficult to make both ends meet. With all due and active co-operation which may be offered to our Govt., in curtailing our expenses it must be admitted that the excessive expenditure cannot solely be ascribed to extravagance and may be due to ever increasing high cost and prices which are beyond the control of Insurance Companies. Remunerations to staff, travelling expenses, printing and Stationery expenses, and expenses on postage and telephone cannot be kept within due limits unless Govt., itself undertakes responsibility of keeping down such costs to a reasonable limit and controlling the spiral of high prices due to shortage of food, cloth and shelter and creates favourable conditions for lowering down of costs on such items so that the quality of service to the policyholders should not deteriorate. Since these are matters entirely under the control of Central Government, it is expected that the Controller of Insurance should assume the role of a kind master and guide in the administration of law.

I may also refer to the Labour Relations Bill which it is expected will shortly come up for consideration before our Parliament. The avowed object of the Labour Relations Bill is that of smoothening employer-employee relations and eliminating the diversity in Labour Laws in different States in India. The object is no doubt laudable but it will be quite unreasonable to apply it to Insurance business. It is an acknowledged fact that with mounting expenses, the output of work has not gone up. Besides there is also a fundamental distinction between the business of Life Insurance & other classes of business. In the case of other classes of business suitable adjustments in the selling price of any commodity or manufactured goods are possible, taking into account the cost of production or manufacture and the margin of profits; and usually the larger the cost price, the larger is the amount of profits. In the case of Life Insurance Companies the very nature of their contracts makes it impossible for them to escape the effects of a rise in prices. In Life Insurance a policy is sold first and the selling price is fixed immediately at the time of such sale whereas its effect on the Insurance Company is ascertained later. Thus if future experience in respect of mortality, interest and expenses is not as expected, then an anomolous position would arise.

If this distinction between Life Insurance business and other classes of business is kept in mind it will be easy to appreciate the practically unbearable strain caused by any increase in expenses of Insurance Companies as a result of a rise in prices and wages. It will not be possible for Insurance Companies to ask the existing policyholders to pay premiums at a higher rate so as to enable the Companies to meet this additional burden, All these facts have been vividly explained in a memorandum submitted by the Association of Indian Life Insurance Companies, of which our Company is a member, in respect of the various provisions of the Labour Relation Bill 1950. It is hoped our Government will take a sympathetic and just view of the situation and consider such provisions only as would be suitable to the business of Life Insurance.

Policyholders In Pakistan

By the by I cannot help referring to the difficulties experienced by Insurance Companies even after the Indo-Pakistan

Trade Agreement and fixation of the exchange rate between the currencies of India and Pakistan. Very few Indian Insurers now transact business in Pakistan for obvions reasons but it is strange that even now difficulty is experienced in getting amounts of premium collection transferred to this country even in the case of old policyholders residing in Pakistan. I request therefore that our Govt., should give their serious consideration to the hardships we are experiencing and take up this matteer with Pakistan Govt., in the interests of Insurance Companies in India and their policyholders in Pakistan.

Occupational Extras

It may interest you to hear that the Exective Committee of the Indian Life Assurance Offices' Association had recently appointed a sub-committee consisting of Actuaries to explore the possibility of enforcing uniform rate of extra premiums to cover occupational hazards. The sub-committee has suggested scales of premium and has recommended that these should be a minimum to be charged by every Insurer. The report of the sub-committee has been accepted with minor modifications by the Association at its last Annual General Meeting and the same has been recommended to member Companies for adoption. We have decided to follow the recommendations of the Association with effect from 1—7—51. The details of the scales of premium may not interest you but I should like to mention only one recommendation of some significance namely that as a patriotic gesture Indian Life Assurers should cover the military risk within India on the lives of our army jawans and Officers without any extra charge. It is hoped that with the cooperation of the leading Indian Insurers it will soon be possible to establish uniformity of practice amongst Insurers in charging extra premiums and thus to eliminate one cause of unfair and unhealthy competition in the scramble for new business.

Extract from the speech at the 37th Annual General Meeting of Western India Life Insurance Company, Ltd., on 17th June 1951.

Progress of Indian Insurance

BY PARITOSH ROY, M.A.

THE growth and progress of Indian Insurance is an interesting story. Like many other enterprises, insurance business, as conducted at present in India, owes its existence to endeavours of the British people. The early companies were founded by the Englishmen towards the beginning of the 19th century for the purpose of affording financial aid to the dependants of the Britishers who died in India. Although comparatively late in the field, the Indians soon succeeded in taking the initiative in their own hands. To day insurance business in this country is not only an essentially Indian enterprise, it occupies a vital position in our national economy.

The first notable insurance company in India was the Madras Equitable, established in 1829 to insure the lives of the British officers. It issued policies payable only on death with premiums payable throughout life. The Madras Equitable conducted on fairly sound lines went into liquidation in 1921, as a result of the depreciation of the values of its investments, caused by the First World War.

In 1871 was established the Bombay Mutual Life Assurance Society Ltd., which was the first Company to start business for the general public. The Society commenced working in March, 1871 and received insurance for over a lakh of rupees in seven days. The Bombay Mutual is to-day one of the front rank insurance Companies in India.

Three years after the establishment of the Bombay Mutual came into existence the Oriental Government Security Life Assurance Co., Ltd., which is to-day the biggest insurance Company in India with a Life Fund of Rs. 57 crores. The Oriental is the first proprietory insurance Company in this country. Starting business in May, 1874, the Company wrote 17 policies for Rs. 54,000 in seven months.

The formation of the Oriental marks a very important chapter in the history of Indian insurance business, the progress of which till the beginning of the present century was identical with the growth of the Company. Although the Government publications do not provide any clue to the growth of Indian insurance during the 19th century, a rough idea can, nevertheless, be formed by the records of the four important offices operating during the period.

Year	Life Office	Business in force
1899	Oriental	Rs. 7,16,14,380
1897	Bharat	Rs. 1,65,500
1902	Indian Life	Rs. 10,86,440
1902	Empire	Rs. 12,89,015

The total business in force may, therefore, be estimated at about Rs. 8 crores, at the begining of the present century of which the share of the Oriental was well over Rs. 7 crores.

The growth and the spread of the Swadeshi movement gave a powerful impetus to national enterprises during the early decades of the twentieth century. A crop of new companies came into existence. Indian businessmen stepped for the first time into the field of general insurance business in 1907 by forming the Indian Mercantile Insurance Co., Ltd. But the Insurance Companies of this period, in the absence of specific laws, were growing unchecked and on unsound lines. Under the Dividing System which was very common at this time, the sum assured was not fixed but depended upon the division of a portion of each year's premium income amongst the claims arising in that year. The principal defect of this principle was that policyholders in each class were charged the same rate of premium, regardless of their age on admission. The adoption of this unscientific system naturally led to the failure of many companies. The Life Assurance Companies Act 1912, was designed to check the growth of such mushroom companies.

The First Word War affected adversely Indian insurance business. The War's direct effect was inconsiderable as the military personnel was very small But the sharp decline in the values of the Government Securities in which the bulk of the funds of the Companies were invested shocked rudely the structure of insurance industry. Many companies went into liquidation. The post-war boom and the Non-Co-operation Movement of 1920-21 assisted, however, in the recovery of insurance business. Mahatma Gandhi's utterance that "the keynote of our Swaraj is in placing all our insurance business with our Indian Companies" gave a spurt to insurance industry. Indian insurance hence came to be considered as a national cause. Life offices sprang up in yet larger numbers. During the ten years since 1920, thirty-nine Companies were formed. But the Companies of this period had to struggle through severe foreign competition and consequentially they could not conduct themselves always on economic lines. This called for the Act of 1928, which removed certain defects of the previous legislation. The following table shows the position of Indian insurance during the period 1914-29:

(In Crores)

Year	No. of Companies	New Business	Business in force
1914	44	3.1.	22.4
1917	41	2.2.	23.9
1920	43	5.1.	31.08
1923	46	5.8	39.05
1926	51	10.3	53.5
1929	62	17.2	81.3

The period from 1930 to the present day is the most significant period for Indian insurance. There was phenomenal growth of both the number of companies as well as the volume of new business. The Great Depression did not affect Indian insurance noticeably. Whereas the per centage of surrenders to premium income in 1930 was 18.4 for insurance companies in Britain, it was only 3.4. in India. But what affected adversely the insurance business was the intense competition. In 1933, the Government Actuary reported, "The advent of a large number of new Companies has resulted in intensifying the struggle for existence and forcing up expenses to uneconomic levels". Thus arose a well organised compaign for comprehensive reforms of Insurance Law with a view to conducting this progressive industry on sound lines.

The outcome was the Insurance Act of 1938. The Act, in spite of many of its defects, the removal of which needed a series of amendments, embraced the whole field of insurance and was the first comprehensive step to control the business and direct its development on sound lines. The Act controlled the investments of the insurance Companies. Indian and the United Kingdom Companies were required to invest 55 % of their policy liabilities in Government and approved securities. Managing Agency system was totally abolished and existing Mananging Agents were required to vacate their offices after three years from the commencement of the Act without any compensation. Policy-holders were guaranteed certain important rights.

A stimulus of an unprecedented nature was provided to Indian insurance during war years. Although in the early years of the war there was some setback, caused by panic and confusion, Indian insurance experienced tremendous prosperity since 1943. The following chart shows the spectacular growth of life business during war years:

(In Crores)

Year	New Business	Business in force	Total Assets
1939	45.9	232.4	67.1
1943	65.2	310.9	101.9
1944	98.2	384.9	117.0
1945	126.9	481.2	131.9
1946	137.1	539.4	145.6

The general insurance business, comparatively young, was also able to record phenomenal growth during war years. The following chart shows the growth of the general insurance business of Indian Companies during war period:

Net Premium Income (in Lakhs)

Year	Fire	Marine	Miscellaneous
1939	48	18	36
1943	166	73	50
1944	179	77	66
1945	304	103	88
1946	383	110	176

Insurance business in India has received a very rude shock as a result of the partition of the country. Before the partition many Indian Companies were doing extensive business in territories now forming Pakistan. The Indian Companies have now been prevented from functioning in Pakistan because of unreasonable insistence on the part of the Pakistan Government to treat Indian Companies as foreign Companies requiring 100 per cent of the policy liabilities to be invested in Pakistan. Although the Pakistan Government toned down afterwards their demand, the developments following the devaluation in September 1949 have prevented the resumption of business by Indian Companies in that state. This has been the source of hardship not only for the Indian Companies but also their innumerable policyholders in Pakistan who are prevented from sending their premiums and collecting the claims. The following comparison of the new business figures for 1946 and 1947 of some of the leading Indian Companies best demonstrates the effects of Partition:

	(In Lakhs) 1947	1946
Oriental	20,03	28,60
Hindusthan	12,25	12,76
New India	9,00	12,39
Bharat	2,98	440
Lakshmi	4,00	454

The Insurance *Amendment Act*, 1950, which has been in force for some time now has imposed fresh restrictions in the management of insurance business. The investments of life offices have now been fully controlled; the management expenses have been limited. Moreover, the powers of the State over the industry have been further extended.

Again, the lengthening shadows of another World War are adding to the anxiety and panic of the insurers. In view of great developments that have taken place in long range and atomic weapons, since the end of the last war, it is apprehended that another world conflagration, by exposing millions of civilians to risks of life, would involve a strain of an unprecedented nature for the insurance Companies.

There is no denying the fact that the insurance business to-day is faced with a grave crisis. It is only the fullest co-operation between the industry and the Government that alone can weather it.

— *The Economic Review*

Reviews

The Hyderabad Co-operative Insurance Society Ltd.

We are pleased to note that in the course of only 15 years since its start, the Hyderabad Co-operative Insurance Society, Ltd., has attained a position of stability and unquestioned financial soundness. In all the four valuations made so far, there was enough surplus to distribute bonus to the policyholders and the latest valuation performed on September 1948 disclosed a surplus of Rs. 2,12,365 which enabled the declaration of bonus at Rs. 6/- on Whole Life and Rs. 5/- under Endowment Plans. During 1950, the Society records further progress as detailed below in the Chairman's Speech.

The 15th Annual General Meeting of the Hyderabad Co-operative Insurance Society Ltd., was held at the Society's office on the 29th June, 1951. Shri. Lakshminarayan Gupta, B.Sc., H.C.S., I.A.S., presided over the meeting. Prominent among those who attended the meeting were Shri. A. H. Venkat Rao and Raja Gurudas.

The President's speech revealed that the Society's total income from premiums for the 15 months ended with December, 1950 amounted to about Rs. 20½ lacs, whereas the total expenses where slightly over Rs. 5 lacs. The overall expense ratio for the period was 25% whereas the expense ratio on renewal premium worked at 15.8%. Both these are well within the requirements of the Indian Insurance Act. The interest yield on the assets of the Society worked out at 4.5% per annum, which is considered very satisfactory in view of the low interest obtained on Government Securities, in which the major funds of the Society are invested. The total investments of the Society as at 31st December, 1950, amounted to about Rs. 67½ lacs, whereas the Life Assurance Fund stood at Rs. 63½ lacs. The claim experience for the period has been very satisfactory and the payment of claims has been very prompt. The Society has created Reserves for investment fluctuations also. Although there are no doubtful debts at present, the Directors have with their foresight created a reserve for such debts too. The total business in force at the end of the period under review is nearly Rs. 3½ crores. In the course of his speech, the President laid special stress on the co-operative working of the Society, and the most remarkable thing about the Society, as he says, is that whereas certain insurers in India experienced difficulties in the matter of adjustments of their expenses, as well as investments, on account of the conditions laid down by the amended Insurance Act, this Society was in a very happy position for it has been working from the very beginning on the most conservative and sound lines. In conclusion he said that it was not the intention of the Directors, to, in any way, compete with other Co-operative Insurers, but wherever in this country Co-operative Insurance Societies do not exist, they may consider to extend their activities. He hoped that the Society would continue rendering greater service to its members and will thus prove a bulwark of co-operation in Insurance.

Midland Insurance Co., Ltd.

Encouraging Progress in 1950

THE Directors' report and the annual Valuation Report of the Midland Insurance Co, Ltd., for 1950 show that the institution continues to be managed on sound and economic lines. The new business consisted of 547 Policies assuring sums of Rs. 11,25,750 carrying an annual premium of Rs. 63,571. The total premium income for the year amounted to Rs. 2,95,533 as compared to Rs. 2,77,460 in the previous year. Income from interest, Dividends and rent amounted to Rs. 30,710. Claims arose for sums of Rs. 51,800, and the renewal expense ratio at 17.6% was well within the limit prescribed in the Act. At the end of the year the Life Insurance Fund was increased to Rs. 11,70,572, besides an investment Reserve Fund of Rs.65, 570. The total assets exceeded Rs. 14,38, 740.

In the Miscellaneous Department the premium income amounted to Rs. 40,432 and this Department showed a profit of Rs. 8,328.

It is gratifying to observe that the bases of the Valuation have been greatly strengthened. On the basis of Oriental Ultimate Mortality Table with an assumed rate of interest at 2.75%, and reserve for expenses and profits at 23.5% of the future premiums, a surplus of Rs. 35,999 has been disclosed. A simple reversionary bonus of Rs. 10/- on Whole Life and Rs. 8/- on Endowment Policies was declared for each completed year of assurance. The prospects of earning higher interest yield on the funds in the future, the favourable mortality experience and the same economical management as hitherto encourage the hopes of brighter results in the next valuation with increasing benefits to the policyholders.

As the foregoing details prove, the Midland Insurance Co, Ltd., has built up good business on economic lines and it is carefully and cautiously managed. We hope and trust the management will find it easier to expand their organsation on rapid scale in the years to come. We wish them a brighter record.

News

Bombay Mutual Life Assce. Society, Ltd

A Pleasant Function.

A Tea party was given by Mr. B. Guha, Branch Secretary, Bombay Mutual Life Assurance Society Ltd., New Delhi Branch, at Wengers, Connaught Place, New Delhi on Tuesday, the 17th July, 1951 at 5-30 P.M. to meet Mrs. U. Desai, Rao Bahadur Umakant Desai, Chairman and Sree T. C. Kapur, Manager. Mr. G. K. Roy, Assistant Branch Secretary, welcomed Mrs. Desai, Mr. Desai and Mr. Kapur on behalf of the Branch Secretary, Special Agents, Agents Inspectors and of the members of the staff. In the course of his speech, he said that the acceleration of the pace of progress of the Society was most marked in and since 1938, when Mr. Desai took over charge of the office as Chairman. The phenomenal success achieved by the "Bombay Mutual" is in no small measure due to his great organising capacity and tactful handling of business problems. There can again be no better testimony to Mr. Kapur's power of selection of the right kind of lieutenants at different centres than the simultaneous and progressive growth of business which has been possible only by their zeal and determination.

In reply Mr. Desai and Mr. Kapur thanked all for the courtesy shown by them. In their speeches, they stressed on some of the most impartant problems confronting Indian Insurers viz; Investment, Taxation, Expenses and Organisation. They both emphasized the great necessity of the "Housing Scheme" provided a suitable legislation is enacted for the safety of the money invested in that direction.

Metropolitan Insurance Co., Ltd.

Sri A. B. Chatterjee, M.A., F.R. Econ. S. (London), Secretary, The Metropolitan Insurance Co., Ltd., Calcutta, arrived at Madras on 28—6—51 by air from Bombay after his last visit to that City some 7 years ago, on a brief tour of the southern tip of the sub-continent. He was given an enthusiastic welcome at the airport by the Branch Secretary, Madras and his trusted lieutenants in the field. He drove away, after a brief chat with those gathered, to "Hotel Ambassador." In the evening, he was the guest at a reception got up in his honour at "Vasant Vihar" by the Staff, both Office and Field, of the Madras Branch. An address was presented to him and Sri Chatterjee replied suitably. The function terminated after tea.

The personal magnetism and the amiability of the sociable Secretary proved a leavening to the field morale of the Madras Branch which has been actively sharing the high tradition of the "Metropolitan" in its great march of progress and service.

Oriental Govt. Security Life Assurance Company, Ltd.

Kanpur Inspectorate becomes Sub-Branch

We note with plessure that the Directors of the "Oriental" have raised the status of the Inspectorate at Kanpur into a Sub-Branch from the 1st July 1951. Mr. S. N. Lal, B.A., LL.B., has been appointed as Secretary of the Sub-Branch. To celebrate the inauguration of the Sub-Branch Office, the Agents, Medical Examiners, Officers and members of the staff attached to the Kanpur Office assembled in their office premises in the morning of 2nd July. The function covered group photo and a few speeches and ended with light refreshments.

Mr. K. C. Desai's views.

Insurance Act and the Co-operative Insurance Societies.

Presiding over the All India Co-operative Insurance Societies' Association on June 25, 1951, Mr. K. C. Desai said ;—

The Act has got several special features, but most of them are in the nature of laws to which co-operators are accustomed. For example the Sections connected with the capital structure and voting rights as enacted in the Act are much milder than the restriction which have always been placed upon Co-operative concerns. The Sections connected with Investments also are scarcely any hardship to Co-operative Insurers, because, they are accustomed to more stringent conditions regarding investments under the Co-operative Societies' Act.

The Sections concerning expenses are enacted with an idea to help the Insurers. In their zeal, however, to do so, the legislators have gone into rather minute details. The Rules enacted under these Sections are also framed with almost policing zeal and there has been considerable encroachment upon the rights of the internal management which are so sacred to Trading concerns as well as to Insurance Companies. If I may say they are framed in the belief that all the Insurers are suspects and that no insurer is willing to abide by the spirit of the Act. This, to say the least, is not the proper spirit in which to administer the Act.

In the Executive Committee of the General Insurance Council, no individual connected with a Co-operative General Insurance Society has come in by election. This shows the scant recognition given to Co-operative General Insurance by the authorities notwithstanding the high recognition given to the principles of co-operation by our legislators otherwise. I hope and trust that this injustice to Co-operative General Insurance Societies will be rectified at the earliest possible opportunity.

It is the voting right that is more important than the holding of the shares and if the principle of one member—one vote is introduced in the proprietory insurance companies, we will not witness so many transfers of controls over Insurance Companies. The payment of dividend also, as you are all aware, is restricted by the Co-operative Societies' Act. These two restrictions are enough to prevent the creation of any vested interests. Besides this, the direct supervision by the Co-operative Department through the Registrar, C. S. and the Special Auditor is a safeguard against the mismanagement of a Co-operative Insurance Society.

There is one point in the Insurance Act which should engage the attention of Co-operators. The Act recognizes only those Co-operative Life Insurance Societies which have 'no share capital as Co-operative Societies. In my opinion there should be no distinction between Co-operative Societies with or without share capital particularly in view of the restrictions on voting rights and dividends under the Co-operative Societies' Act. The Co-operative Societies doing general insurance business should also have special consideration regarding statutory deposits etc., notwithstanding their having share capital. Besides this the Co-operative Insurance Societies should be excluded from the operation of sub-section (9) of the Section 27(A) so far as deposits with Co-operative Banking Societies are concerned. Section 27A(9) is as follows:

"An insurer shall not keep more than three per cent. of the controlled fund in fixed deposit or current deposit, or partly in fixed deposit and partly in current deposit, with any one banking company or with any one co-operative society registered under the Indian Co-operative Societies Act, 1912 (II of 1912) or under any other law for the time being in force and doing banking business."

On principle Co-operative Insurers should not be forced to go out to proprietory banks for deposits owing to the above restriction.

In the field of insurance, we have life, fire and accident insurance on co-operative lines but there are no co-operative societies for cattle and crop insurance. I would, therefore, strongly urge the Government and the Co-operators at least of the State of Bombay to have a State Corporation to supply this longfelt need. The greatest need of Indian farmer is the plough Cattle and the greatest need of the average citizen is the milch cattle. The proverbially high death ratio amongst cattle is known. It is therefore, an urgent necessity to have an institution on co-operative lines to supply cattle insurance, so as to mitigate these losses.

Sri "T. V. Raghaviah Municipal Park" Vanamahostchavam

The inaguration of Sri T. V. Raghaviah Municipal Park on Masulipatam Hyderabad-Trunk Road opposite to Besant Road was celebrated at Vijayawada on 18th July 1951 at 5 P.M. by Dr. T. V. S. Chalapathirao, Chairman, Vijayawada Municipality. Sri P. Kanda Narasimha Chettiar, Principal Sub-Judge, presided on the occasion. Dr. T.V.S. Chalapathirao, Chairman, Sri. K. Bhavanarayana, Vice Chairman of Vijayawada Municipality and other Councillors, Sri P. Ganapathirao Patrudu, A. Prasadarao, D. Subbaramaiah and Ch. Appalaswamy and eminent guests, Sri Uppaluri Krishnamurty (Retd. Jt. Sub-Registrar), Poduru Suryanarayana, Chiravuru Kameswararao K. Satyanarayana, Vempati Radhakrishnamurty and Municipal Officers, Sri Janab M.A. Rahaman, Municipal Commissioner, Sri M.E. Bhumgara, Municipal Civil Engineer, planted trees in auspicious time. Chanting of Vedic Mantras were read on the occasion and they were given presents. The Donor, Sri T.V.Raghaviah gave an "AT HOME" to the guests.

Speeches were given by Dr. T.V.S. Chalapathirao, Municipal Chairman, K. Bhavanarayana, Vice Chairman, P. Ganapathirao

Patrudu, U.V.S.N. Murty (Star Home) Convener of Sri T.V. Raghaviah Municipal Park", thanking the Donor Sri T.V. Raghaviah.

Sri P. Kanda Narasimha Chettiar, Principal Sub-Judge and the President of the occasion gave the Presidential Speech impressing the members present, the real meaning of—"PHILANTHROPY" and the usefulness of planting the trees as per the directions of Government of India for celebrating Vanamahostchava Ceremony all over India. The Donor Sri T.V. Raghaviah, Superintendent of Branches & Agencies, National Indian Life Insurance Company Ltd., spoke nicely about the foundation of the Park and other charities. Sri Janab M.A. Rahaman, Municipal Commissioner, conveyed vote of thanks to the members present. The Donor, Sri T.V. Raghaviah, the Municipal Commissioner and the President complimented "Star Home Brothers" for taking many pains in concretising the proposed Park so soon.

Messrs. Star Movietone Ltd., of Vijayawada have taken a Motion Picuture of the whole day's programme.

Role of Insurance Companies.

Sir A. Ramaswamy Mudaliar's View.

Presiding over the Silver Jubilee celebration of the Indian Mutual Life Association, Ltd., on 8th July, 1951 at the Indian Mutual Buildings, Mount Road, Sir A. Ramaswami Mudaliar expressed the view that except within a limited sphere, nationalisation had not done any good to any country.

Mr. C. M. Srinivasan, Founder-Secretary, welcomed Sir A. Ramaswami Mudaliar and other guests.

Sir A. Ramaswami Mudaliar said that insurance had yet to establish itself as vigorously in this country as it had done elsewhere. Recently he had been looking into the question as to how far ordinary insurance companies could extend their activities beyond life insurance, to fire, accident, and marine insurance. With the development of the shipping industry, the scope of marine insurance was much more vigorously realised than before. Insurance companies had, therefore, an important part to play in future.

Sir A. Ramaswami Mudaliar said that it was his view that "except within a limited sphere, nationalisation has done no good to any country." If they saw the condition of the people living in Britain, they would realise that the so-called nationalisation had not been the blessing which some of its advocates wanted to make out. He believed that public utility concerns like the railways should be under the management of the Government. Except for these, Governments were not the proper bodies to run any industrial concern whatsoever.

The speaker said that from capitalism to co-operative effort was a natural transition and it would be justified to the extent they developed the co-operative spirit among the people. If they desired to broad-base any industry, that could be done only by co-operative effort. Therefore, he felt that the transition of life insurance was not towards nationalisation but towards mutual life insurance companies. This, he added, was not a transitional stage of nationalisation, but an end in itself.

Co-Operative Movement

Sir A. Ramaswami Mudaliar pointed out that the co-operative movement was a failure in many parts of *this country*, because it had got into the hands of cliques or was administered by bureaucracy with the result that the benefits were not distributed among all those to whom the benefits should go. So the movement had not resulted in the good expected of it. He could see *signs of* co-operative enterprise that was coming on in profit-sharing and similar developments. That was a line of healthy development for the good of the worker and the benefit of the most forgotten person, the consumer. The total number of people in the trade unions of which they heard so much was a *microscopic minority* and the vast bulk of the people who paid for all the concessions given to trade unionists was the ordinary consumer. There was the Railway Trade Union, and, *so long as* the Government managed the Railways, the ultimate person that would be called upon to pay the concessions granted to it were "you and I and all of us." "Let that be borne in mind in the sympathies we extend to the Trade Union" he added.

There was one class of people, the middle class, who formed the sustaining power of the State, to whom no thought was paid at all. He had come to feel that the middle class had been wiped out. They carried on their existence in the most precarious manner possible, suffering from want of cloth, want of foodstuffs, and under-nourishment. "It is time that some little attention is diverted from other problems to the condition of the middle-class citizen in this country. It is in this connection that mutual insurance companies play a great part in sustaining his spirit and making him feel that if any eventuality comes about there is somebody, who will take care of those left behind."

Sir A. Ramaswami Mudaliar then distributed medals to outstanding field workers.

Mr. P. Natesan proposed a vote of thanks.

There was a film show on the progress of insurance by the U.S.I.S.

Wedding.

We are happy to learn that the marriage of Sri G. Vaidyanathan, Manager, Metropolitan Insurance Co., Ltd., Karaikudi Office was celebrated with Sow. Savithri, daughter of Sri H. Nataraja Sastrigal, B.E. (of Pudukkottai) Executive Engineer, Bellary at the bride's residence at Pudukkottai on 13-7-51. A good number of friends and relatives attended the Marriage as well as the Reception held in Karaikudi at "Sri Kamakshi Nilayam" on the 18th. The couple were the recipients of a number of congratulatory messages and presents. We wish them a happy and prosperous life.

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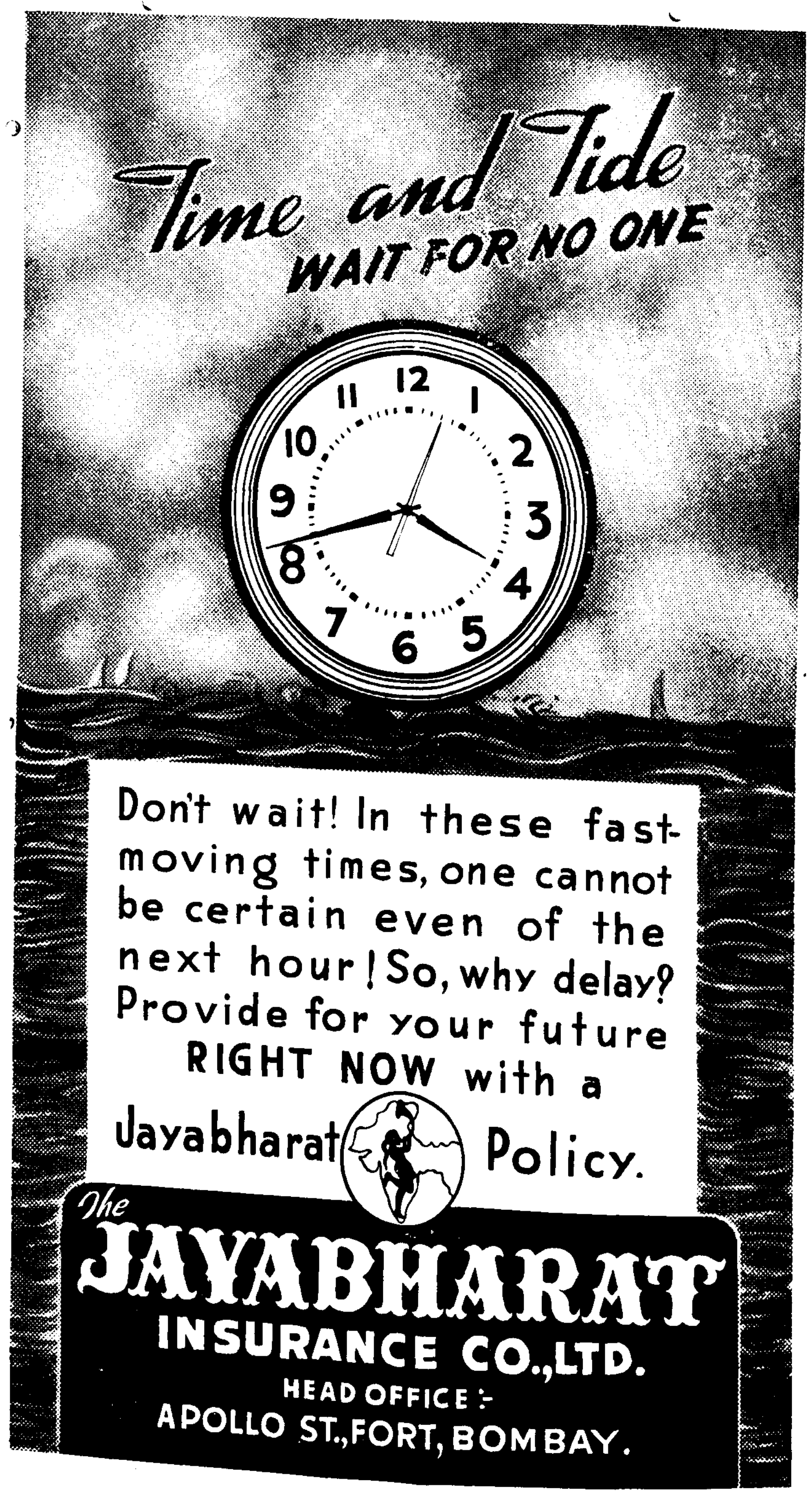

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★ **KUMBAKONAM, (S. INDIA). AUGUST 1951** ★

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Messages

Dr. B. V. Narayanaswamy Naidu, M.A., Ph.D., B.Com., BAR-AT-LAW.,
Member, Indian Tariff Board.

I am glad to learn that you are bringing out an "INDEPENDENCE SPECIAL NUMBER" of your journal. The Insurance business has made remarkable headway during the last half a century in this country. But there is yet much leeway to be made up before the progress of this business in our country could catch up with the rapid progress made in Western countries. Insurance is a practical method which can bring safety and security to the life of the middle and lower classes in India. Incidentally it will help capital formation which is very essential for the success of the mixed economy to which our Government is wedded. I am sure your "INDEPENDENCE SPECIAL NUMBER" will assist in extending the insurance habit in our country. I wish you all success in your enterprise.

Sri L. S. Vaidyanathan, M.A., F.I.A., J.P.,
Manager, Oriental Government Security Life Assurance Co., Ltd., Bombay.

FOUR years ago India became free to mould her destiny in her own way. The prospects of Insurance Business in India are indeed bright provided Indian Insurance Companies play their respective roles properly for developing on sound and healthy lines this important sector of national economy. Insurance Journals of the type of the Indian Policy-holder have a great part to play in moulding the course of Insurance in this Country. This Journal has been writing highly readable articles in the past and I hope it will maintain its standard in the future.

THE INDIAN POLICY-HOLDER

VOL XVII AUGUST 1951 NO. 4

Indian Independence And Insurance.

EXACTLY four years ago i. e. on the 15th August, 1947 Freedom loving people hailed with enthusiasm the attainment of Freedom by India and expressed the hope that India, with her ancient culture and with her vast resources in men and material will emerge as a new power in the East and greatly influence all matters relating to political, economic, social, cultural and spiritual future of humanity. Of course during these 4 years, India has played a great part in the international sphere and her leaders have acquitted themselves so creditably that her prestige stands to-day very high. But these 4 years' self rule has not improved the economic conditions of the mass public in any way. Nothing could be effectively done to improve the lot of the common man, who continues to suffer for food, clothing and shelter. On the other hand his condition has very much deteriorated with the soaring prices and high cost of living. On the whole, India's economy deserves to be scrutinised in more detail and re-adjusted to fit in with the present day conditions. Unfortunately for the Common man, though India became free from the British subjugation and exploitation, the country did not pass into the hands of the people as it was under the British regime, but divided under the frenzy of communal hatred and bitterness, much to the detriment of the normal economic forces of India. Instead of concentrating whole-hearted attention to the economic regeneration of the people, our leaders had to fritter away their energy and time in quelling the communal outbursts in a large scale and restoring peace and order in the land and arresting the Pakistan forces taking the upper hand in the Kashmir dispute. Thus, matters relating to political rather than economic engaged the attention of our leaders. To add to it, world shortage of raw materials, consumer goods and food-stuffs and continuous failure of monsoon in India for all the 4 years, have aggravated the poor living condition of the masses. A clean survey of the situation that has existed almost from the day India became free, if made, it would be clear beyond doubt, that improving the economic condition of the common man in such a vast industrially and econommically backward country as India with an ever increasing population in the course of a few years is an impossibility. Despite all the handicaps, our leaders are striving every nerve both at home and abroad to tackle skillfully problems of rehabilitation and economic reconstruction. The creation of the International Monetary Fund and the Bank for Reconstruction and Development, the result of the Bretton-Woods Conference, has been taken advantage of by the Government of India to secure substantial loans. In March 1950, a Planning Commission was set up with our Primer Minister, Pandit Jawaharlal Nehru as the Chairman, to prepare a plan of economic development for the country. That Commission in co-operation with the Central Ministries and State Governments examined in detail the schemes under execution as well as those proposed to be taken up in the first Five years, and has submitted a report. This Five Year Plan involves a total outlay of Rs. 1,793 crores on development initiated in the public sector. The Plan is divided into two parts. The first part involves an expenditure of Rs. 1,493 crores and is expected to restore, more or less, the pre-war availability of essential consumer goods by the end of 1955-56, taking into account the expected increase in population over the period. The second part of the Plan, involving an expenditure of Rs. 300 crores is intended to ensure a somewhat higher rate of development during the next five years. The first part of the plan, according to the Commission should be implemented by the country at all costs. The second part will be taken up if sufficient external assistance becomes available. Though this plan seems to be ambitious, it is highly practical, based on the available resources of the country in materials and man power. Now that the unfavourable factors such as Partition troubles, Refugee problem, etc., have in a way receded to the background, one can reasonably expect our leaders to concentrate their attention more conveniently to build up the shattered economy of the country and put her on her feet. Side by side, the leaders would do well to reduce at all costs the country's high administration expenses, and heavy defence expenditure and at least for some years postpone their ideological programmes for which times are now not favourable. Further, our Country's economy cannot be easily repaired unless it is intensely industrialised, and a condition wherein full employment can be assured, is created. For this large scale industries with sound capital must be started. In India, Capital is shy on account of various causes and the most important of which is the threat of Nationalisation of important and key industries. In her present state, the Country cannot think of nationalising the major industries excepting a few. It is absolutely necessary therefore to declare unequivocally that the Government would under no circumstances think of nationalising all the major industries. In this connection no responsible minister or

highly placed administrative head both at the Centre and in the Provinces should make any public pronouncements of a vague or conflicting character, as they would undermine the confidence of the Investors. Further, foreign capital for the development of large scale industries in India is absolutely necessary. Particularly, our Country can well depend upon U. S. A. Industrialists who can be induced to help us in a great measure, if our Central Government can assure them that the question of "Nationalisation" will not arise for a long time to come and adopt a judicious foreign policy. Another important factor in our National Economy is the saving accumulated by the small investor. Especially, in this direction, Life Assurance can play a great part. Now that the middle classes from whom Insurance Companies have been hitherto realising the major portion of their premium income, have been practically obliterated - it is they who have been hard hit by high inflationary conditions - Insurance Companies must turn their attention to other classes. In the recent years particularly, there has been a significant change in the Income group. It is the formerly lower income groups, primary producers and labourers, that now receive a substantially high rate of remuneration - and this class of people, who are not ordinarily accustomed to save, must be properly tackled. Special facilities and services capable of attracting them to save through life assurance must be provided for and to enable the Insurance Companies to do this, our National Government should help them in all possible ways. Firstly, Life Insurance Companies should be relieved of the present heavy burden of taxation and secondly governmental interference in their day-to-day administration on minute details should be as far as possible avoided. The only concern of the Government so far as Life Assurance Companies are concerned must be to see that policyholders' interests do not suffer in any way.

Future of Insurance in India

By B. NATARAJAN, M.A., D.Litt,

Economic Adviser to the Government of Madras.

Origin and Growth of Insurance:

FREE Enterprise places a high premium on risk, and economists have defined profit as the reward for risk-taking. Risks are of two kinds: voluntary and involuntary. The former are deliberately undertaken, and the latter forced on us by circumstances. Both these types of risks had little incidence on individuals before the modern age. Man-made risks were fewer and risks imposed by Nature had an institutional coverage from the communal life, custom exercising the force of law. Such was it when man lived first under the Patriarch and then under the Feudal landlord and such was it in our own country under the ancient village community.

Freedom brought with it insecurity. With the liberation of the individual man he had to face alone and unaided, the incidence of risks, Man-made and Nature-made.

Stature of Modern Insurance:

From humble beginnings to cover losses arising from ship-wrecks, piracy etc., the modern insurance organisation has grown into gigantic dimensions, in the magnitude of investments attracted, and in the range and variety of the fields they cover. In the U.K., the funds kept in the insurance business are about £. 100 million and the premium income per annum is £.313 millions or 8·2 % of the National Income. In the U.S.A the legal reserves in life business alone amount to $ 207 billions, and the amount of premium income per annum is $ 10,257 millions or 4.57 % of the National Income. The number of life policies issued and in operation is 24 millions in the U.K. or 47·8 % of the population, 108 millions in the U.S A. or 74 %.

Indian Insurance in Recent Years.

In India, however, things are different. There is no comparison with the highly mature economies of the west. The funds kept in insurance firms in India amount to Rs. 196 crores and the amount of premium income is Rs. 48.34 crores or 0·5 % of the National Income; the number of life policies issued is 3.03 millions or less than 1 % of the population. Insurance has been of recent origin and has hardly yet touched the fringe of the possibilities. It is life assurance that is more developed than the lucrative fields of insurance against accident, fire, marine risks and the like. The World War II quickened the growth of the movement in India and insurance business was at its peak in the boom period of 1945-46.

According to Mr. A. C. Sampath Ayyangar of the Indian Chamber of Commerce, Calcutta, Insurance was one of the few sectors which did not benefit by the war to the same extent as did the rest of the economy. Since 1940-41, income in important sectors of industrial business activity in India has appreciated to the extent of 277 % in 1956-47 and 332 % in 1948-49, but increase in the

Finance Group of the activities has been only 158% and 185% respectively. Several factors, real and fancied, seem to have brought Indian Insurance business under a heavy cloud of pessimism, of which a very potent one was the significant change brought about in the income structure by inflationary pressure on the one hand and by certain legislative and taxation measures on the other. Life Insurance in India hitherto hinged on the middle classes, a group now on the verge of extinction. There was then the shock of partition. Internally too it was vulnerable in the spheres of financing, investment, control and management. Interest of policy holders had sometimes been neglected in the past for the self-interest of the management, and then the dangerous practice of interlocking which during war had a propitious beginning.

Problems Facing Indian Insurance.

The most important problems affecting insurance in India may be thus listed: (1) the conflict between the interests of the share holders and policy holders, (2) the expense ratio, (3) the character of investments (4) the extension of life assurance business to the rural sector (5) intensive exploitation of the urban sector (6) insurance in spheres other than life. e.g. fire, marine, crop and cattle (7) the extension of social security measures (8) capital formation vis-a-vis insurance.

The schism between shareholders and policy holders has been the loudest debated but the so called conflict is no real conflict at all. The age of huge profits is gone in respect of most industries. The share holders should review their position in the new environment and submit to the wholesome principle of parity of dividends in all enterprises. Applied to insurance, all profits over and above this prescribed level should go either to the expansion of the unit or to the policy holders.

For several years past, a high expense ratio has ranked as a major defect of Indian Insurance. The position in this respect of the foreign and Indian Insurance firms is tabulated below:

YEAR	Indian Insurance	Foreign Insurance
1944	31·0%	18·6%
1945	32·2%	19·2%
1946	31·2%	20·2%
1947	30·4%	20·2%
1948	29·0%	21·1%

The higher the expense ratio the greater will be the cause for conflict. On no account should the policy holders be given room to entertain any suspicion that a particular firm has artificially inflated the expense ratio. Further, investments have to be made on sound, not on speculative lines. Promotion of subsidiary concerns with the resources of the insurance firm has been wrong on principle and now the Insurance Act has banned it.

Nationalisation:

Nationalisation of insurance business is advocated by some in the interests of policy holders, by some for making it a real public utility business and by certain others for effective utilisation of the funds in financing development schemes and industrialisation of the country. Private enterprise is accused of concentrating on remunerative schemes and neglecting non-remunerative but valuable public utility schemes like crop and cattle insurance. The Select Committee (on Insurance Amendment Bill) was of opinion that Insurance was best suited for nationalisation as it should be conducted on standardised basis and large funds could be used for the development of the country. But, as the question of nationalisation was beyond their terms of reference they supported the next best, the 'half-way measure' of control and regulation. They were of opinion that it would serve as a stepping stone to ultimate nationalisation.

Regulation, not Nationalisation.

The recent Insurance Amendment Act seeks mainly to prevent certain abuses and imposes only that much of the governmental controls as would safeguard the interests of the policy holders in particular and the country in general. Shri N. V. Gadgil in piloting the Insurahce Bill rightly remarked that for the economy of this country they have accepted a sort of regulation in the matter of Industry and business; and insurance business cannot claim exception. It is also felt that the conditions are not ripe for nationalisation.

Intensive work in Industrial and Urban Centres :

There is a big future for insurance in India. Today it is practically confined to urban and industrial areas. Salaried classes alone have been receiving the main attention. Even in urban areas, the working classes have hardly received the attention they deserve. In the post war years, the working classes do really enjoy greater capacity for saving than the midle classes; this is true alike of U. K. and India, of advanced countries and of undeveloped economies. A study* of the wages and cost of living has revealed that working classes have a higher purchasing power but not a higher saving habit. Lacking a purposive effort towards a better and better standard of life, one result of increased wages has been increased absenteeism. Industrial labour, generally enjoying security of tenure and continuous employment, should be able to contribute small sums towards insurance. To inculcate habits of thrift and tap the savings so effected, policies should be suitably designed and agents specially trained. Those who have the future of Indian Insurance at heart should not miss the significance of the major events of recent times such as the large diffusion of incomes, changes in the tax structure, interplay of new economic forces like inflation, high wages and high agricultural prices. Each of these events has had a profound effect on saving and investment. Insurance, as the most potent machinery for mopping up the savings, should change its strategy and machinery to tackle the new situation. Also a more intensive exploration in urban sector may pay handsome dividends.

Extension to rural sectors:

Extension of insurance work to rural areas is another profitable direction of development. Although farmers with small holdings are nowhere better off, those who have surplus agricultural produce to sell, enjoy a substantial income surplus. This class of surplus producers must be made insurance minded. Agricultural communities are traditionally conservative everywhere, and sustained and intensive propaganda would be required, to break the crust of habit and tradition. Propaganda and education must be followed up by insurance schemes designed to time with the harvest periods in the agricultural calendar of the regions so that demand for premia is made annually or biennially when ryots come by liquid funds.

* Vide Article on Wages and Cost of Living of Industrial Workers by the author in the Monthly Digest of Economics & Statistics, Madras State Vol. 2.

Crop Insurance:

Insurance in the agricultural sector, particularly for the subsistence and low income groups, has to be developed on several lines. Apart from life assurance, there is a great need for the insurance of crops and cattle. In my scheme for crop insurance recently published by Government to elicit public opinion, I have indicated how it is feasible and could be extended from paddy to all the major crops of the Madras State. In view of the fact that agricultural statistics is collected by the Government and processed in the Department of Economics and Statistics, and that the scheme involves a certain element of compulsion if risks are to be properly spread, private enterprise will find it hard to undertake it. Hence it is the suggestion that Crop Insurance should be done by Government through a Public Corporation.

Government will also realise several indirect benefits from crop insurance. It will bring about an effective system of pest and disease control on which is said to depend an additional output of foodgrains to the tune of 10% capable of filling up the gap in our food supply.

Government of India Scheme:

Government of India have recently suggested that pilot experiments in selected areas on a voluntary basis may be conducted in Madras State as part of an All India scheme of Crop Insurance. Several issues came for consideration before this suggestion could be complied with. (1) Pilot experiments are opposed to the basic principle of insurance viz. the larger the coverage, the lower the premium and the smaller the risk; It is well known that Insurance depends for its success on the operation of the law of averages both over a period of time and through the geographical spreading of risks (2) the selected area may not be representative and the results of pilot experiments map prove nothing of value. (3) The Government of India scheme depends on subsidy whereas the scheme prepared by me will be self-supporting. (4) The schedule of premia framed by Government of India, based on the yields of Government farms, may not be applicable to ryots' holdings. For these reasons Government of Madras have not joined the Government of India scheme.

A bill embodying the scheme of crop insurance prepared by me is being drafted. The present moment, coming on the top of 5 consecutive years of adverse seasons, is not, however, propitious for the introduction of the Crop Insurance scheme. The proposal therefore is to postpone the implementation of the scheme until the State enjoys at least two normal seasons.

Social Security Schemes and Private Insurance:

Insurance circles appear to be damped by the expanding activities of the modern Welfare State. Social Security schemes with a "cradle to the grave" insurance scheme against all conceivable risks as in the U. K. have wrested a lucrative field out of the hands of private enterprise A comprehensive Social insurance on the British lines in India will not be feasible for a long time to come. Even in a full-fledged Welfare State with the entire apparatus for Social Insurance at work, private enterprise will still have broad fields, such as fire and marine to thrive upon. New risks are forced on us in the modern world every day. Motor vehicle and accident insurance is one of the new fields for insurance. New comforts and new pleasures bring new risks requiring coverage. Every step forward in science and technology opens up a

fresh field for the insurers. There is therefore no need for apprehension, for a long time to come.

Foreign Insurance Firms in India:

Indian insurance is much concerned today with the large volume of business still in the hands of foreign firms. As already pointed out one factor in their favour is their low expense ratio. Their active presence should be an impetus to greater efficiency on the part of Indian firms. Insurance is international in character and any discriminatory policy to restrict the activities of the foreign firms is bound to react as a boomerang. The best way of meeting competition is to develop sufficient competitive strength in Indian Life Insurance, reduce expense ratio, increase insurance efficiency and improve service through a corps of well-trained agents. There are also several ways by which Indian Insurance Companies can enter into arrangements with foreign business houses. Such connections and contacts, when widely developed, will be of much mutual advantage. We have many lessons to learn from those who have had an earlier start in the race.

Capital Formation And Insurance:

The interest in the welfare of insurance business has quickened in all modern States particularly in the last fifteen years. Ever since the Keynesian Savings-Investment equation gained ascendency in economic thought and practice, institutions which act as channels of capital formation come under the watchful guidance of the State. In them are the controlling mechanism, the brake and the accelerator, by studied operation of which the State regulates the traffic of economic activity on to an even keel and steady acceleration. By spending more in a period of depression through direct investments and lowest interest rates and less in a period of inflation through curtailed consumption and accumulation of savings, the fluctuations of the economic cycle are sought to be ironed out. But unfortunately, it is easier to push forward than to reverse, to lend rather than borrow or recover. In practice, the Keynesian formula does not have the automatism that could be expected of it. Yet there appears no other way; rather it makes it all the more important that 'capital forming' institutions will have all along to be guided, directed and controlled to that end.

Today we are faced with two major problems in the Indian economic sphere - soaring prices and diminished production. Both are but different aspects of the same problem. Capital formation is therefore necessary to tackle both, reduced consumption as an anti-inflationary measure and increased savings to bring about enhanced production. The Five Year Plan of the Planning Commission involving a capital investment of Rs. 1793 crores, is in need of public loans to the tune of Rs. 114 crores. Insurance houses then have to play a major role in the financing of the Plan. A determined drive to increase the premium income will place a pretty chunk of capital in the hands of Indian Insurance. By so doing insurance business becomes doubly blest. It blesseth, at once, itself and the economic life of the community at large.

Insurance in Free India

By I. BRAHMANANDA RAO, M.A., A.I.A.,
Assistant Actuary, Andhra Insurance Co., Ltd., Masulipatam.

THE Insurance Companies in India are now fighting serious odds against rising costs, heavy taxation and complicated legislative control. The future for insurance in India is fraught with great potentialities and it requires much tact, intelligence and hard work on the part of the Insurers to develop and promote the growth of their business. The process is all the more arduous because of the peculiar nature of insurance selling which differs entirely from the selling of any manufactured article. The sale price of an article depends upon the cost of production and other incidental charges while the sale price of a life insurance policy is determined at the outset, taking into account an estimate of the probable costs incurred over a long term of years or for a life time. Changes in economic conditions, fiscal policy, wars and similar catastrophes make the insurance business very difficult to thrive as the premiums prove very uneconomic in the altered conditions. At present we are passing through such critical times as require high integrity, great prudence and hard labour on the part of the insurance Companies to survive the onslaught of the very serious changes occurring at the moment.

It need not be reiterated that insurance cover is essential for the development of commerce, industry and even the nation itself. Insurance monies play a very important part in promoting the thrift habit among the people and thus reduce the in flation to a large extent. The saving thus acquired can be utilised toward capital formation which aids the growt and development of the national enter prises. The National Planning Commis sion in their 5 year plan envisaged increa sed production and gradual industriali sation. The role of private enterpris has been justly recognised and it is to early to expect nationalisation of the in surance industry. As such the insure have a very important part to play in thi regard in view of the very secondary plac given to insurance in the 5 year plan Owing to the astronomical magnitude o the Food Problem, the Commission ap pears to have given prime importance t increased food production by means o new irrigation projects, and improve methods of agriculture. It is the duty o the Government of the country to see th the millions are properly fed, clothe and housed. To fulfil this obligation the Planning Commission have come ou with their development plans but th necessary finance has to be found fro within the country. Public savings o State Governments and savings of Com panies and private individuals help th capital formation required for furthe investment. Private savings in the for of insurance premiums have to be substan tially increased so as to promote th industrialisation of a country. This lau dable objective of insurance savings mu be used as a good point for canvassing sound insurance business. The distribution of income groups has radically changed and we find people with larger incomes in the business ranks, rural areas and among the labouring classes. There is a tendency to dissipate their extra incomes and the insurers should tap these sources to get more business. By diverting these extra incomes towards insurance policies, inflation and the rising prices will be checked to a considerable extent.

The Five Year plan aims at increased production of cloth and improved social services like health, education and housing. The insurers can very well help the planners in providing funds for the carrying out of the various housing schemes. These schemes may be put into operation in consultation with the insurance Companies. But the Commission has not made any mention of social security schemes, presumably because the fundamental needs of food and clothing have yet to be met. Some time back it was declared that the aim of the Government of the country is to attain the welfare state. The idea of a welfare state requires provision against old age, sickness, unemployment, maturity and destitution besides providing food, clothing and shelter. When the Employees' State Insurance Corporation was started, it was hoped that a beginning was made in the direction of providing sickness benefit, medical benefit, widows' benefit and dependants' benefit to factory workers in a number of select areas. More than three years have elapsed and unfortunately for us, the schemes have not been put into operation. It is difficult to expect any materialisation of the social insurance at least during the next five years owing to the priorities already mentioned. It is, therefore, seen that insurance Companies should develop along such lines as take the country a step forward in the realisation of the Welfare State.

In order to reduce the disparity in incomes, Death Duties are proposed to be levied. Provision for payment of death duties requires one to take a Whole Life Assurance for the estimated amount. There is every likelihood of underwriting Whole Life Business in greater proportions than before. Endowment assurances forming more than eighty per cent of the business written by the insurers are taken mainly with the idea of making provision for old age The contingency of death can be well met by Whole Life Assurances at a cheap cost which have to be popularised by the agents. Even in U.K. where there is a complete social insurance scheme in operation, it has been observed that there is an increase, of late, in Whole Life Business. With the gradual industrialisation of the country and the levelling of inequalities among incomes, the importance of cover for risk will be amply recognized thus requiring the insurers to expand their business. Even general insurance business will have to be developed by Indian Companies, though the foreign insurers are writing at present a major share of the general business. With the growth in the reserves provided by the insurers, it is possible that they can transact all kinds of insurance business. Annuity business has not been well pushed forward and time has come when this type of business should be popularised to cater to the need of providing people with sufficient income in

old age just like pension. The confidence and the trust reposed in the insurers can very well be utilised for writing both immediate and deferred annuities.

In spite of the great scope for rapid development and growth of insurance business in India, there is a big stumbling block in the form of Taxation. It is essential that the Income-tax Legislation should be so enacted that the portion of profits distributed, reserved or allocated to policyholders should be free from tax as the bonus distributed to Policyholders cannot be reckoned by any standard as profits or gains of business or vocation. As is already represented in some quarters, the high rate of tax impedes the growth of insurance industry in a country which has still to develop heavy industries. A special low rate of tax should be applied to Insurance Companies. The cheap money policy of the Government must be stopped and the rising prices must be checked so as to create healthy conditions for the growth of the nation. Insurance laws have to be enforced only to serve the best interests of the Policyholders and not in a literal manner. The various provisions of the Insurance Act regarding agents, capital structure and investments are quite onerous and their strict enforcement in letter would involve great hardship to insurers. It is hoped that the Department would administer the Act in its spirit only so as to create congenial atmosphere for the proper development of the Insurance Industry in the interests of the Nation at large.

Selling Life Insurance

By M. K. D. PATEL.

According to the latest Indian Insurance Year Book in all 5,44,000 new Life Policies, assuring Rs. 135,35,00,000 at a yearly premium of Rs. 7,47,00,000 were issued in India in 1949, mostly by Indian Companies. This brought the total insurance in force on 31st December 1949 at 33,03,000 policies assuring a sum of Rs. 739,49,00,000, the yearly premium being Rs. 37,18,00,000. These are staggering figures which show that Life insurance premiums represent a substantial part of the national savings. The important role of Life Insurance in the national economy can therefore hardly be over emphasised. Even so, in relation to the size of the country, these figures reveal inadequate Life Insurance cover for our population, and there is a great scope for allround expansion. It is, therefore, very unfortunate that even educated people should display colossal ignorance in regard to its importance in the national economy and almost derisive indifference in regard to its usefulness to society.

Recently the writer was sharing a table for lunch with a voluble businessman whom, he did not know. The businessman was very friendly and in no time the writer found himself called upon to answer all manner of personal queries from him. But on hearing that the writer's occupation was "insurance" the attitude of the businessman underwent a sea-change and he became coldly formal. Evidently the writer was mistaken for an insurance agent! This might be a good recipe for keeping bores away, but it illustrates the deep-seated prejudice against "insurance" so very common in the public mind. And for this prejudice we have to blame our own unimaginative, and sometimes unscrupulous, methods of salesmanship.

The crude, high-pressure sales tactics spring from a desire to make a sale at any cost. The agent has his quota to complete and the prospect too often tends to become just another step on the agent's ladder of success. The prospect must be roped in for some plan or other, no matter what his special needs are. And thanks to the agent's amateurish salesmanship, the prospect is very often conscious of doing a favour to the agent and not to his own family in buying Life Insurance. This attitude is so common that the agent himself finds it convenient to support it by agreeing to illegal rebates and by generally assuming that hang-dog expression which indicates lack of faith in himself and in his profession.

To some extent this is due to overcrowding in the profession. Anybody can become an agent, and in a scramble for more and more business, our companies appear to vie with one another in making new appointments. The high lapse ratios in the first three years are no

doubt due to forced business, and marginal analysis would reveal that in some cases the companies could make better profits if they were not to pitch their targets too high. Recent legislation has no doubt made it more difficult to appoint spurious agents, but we are still a long way from trimming the crowd of agents into a compact profession of trained persons.

This has two consequences. Firstly, anyone who cannot find suitable employment becomes an insurance agent by necessity rather than by choice; and in doing so, imparts to the profession its apologetic strain and its amateurish salesmanship. Secondly, the cut-throat competition among an army of agents takes the form of rebating rather than of extra service, with the result that the quality of service provided to the Policyholders is very poor, and the agents together with the whole industry acquires a bad ring. It is hardly surprising that in the medley of dubious motives, the sociological significance of Life Insurance is nowhere to be seen.

It remains true nevertheless that Life Insurance is a force of tremendous significance in modern society. The pattern of living, even among rural populations, has changed considerably during the last two hundred years by the impact of science. The individual's field of action has expanded, in a literal as well a in a figurative sense; but the ruthlessly competitive individualism of our economic system has reduced considerably the sources of immediate succour from fellow human beings. In compact rural communities of the past there was a group consciousness which served as a second line of defence against sheer destitution when the first line of defence, viz. the joint family was overtaken by disaster. In the restricted field of activity in those days the hazards against the individual were small, and they were not altogether without cover. To-day that is no longer so. Science has reduced the hazards against society—barring the atom bomb and the paraphernalia of modern warfare - but competitive self-interest over an extended field has increased the hazards against the individual. The traditional defence against the individual's misfortune is considerably weakened and even the joint family system is now beginning to disintegrate under the stress of urbanisation. In the context of these phenomenal changes in social habits, Life Insurance undoubtedly assumes a very important position. It is a vital institution in an individualistic order of society. In a tribal community, all the members knew one another and helped one another consciously. In modern urbanised communities, the group of persons who pay insurance premiums help one another without being aware of it. Life Insurance is merely the agency which organises mutual help on a vast scale and in an impersonal manner.

There is therefore no need to be apologetic about Life Insurance. The agents who sell Life Insurance are doing a service to society just as much as the lawyers and the doctors are doing. What they need to do is to have faith in themselves and in their profession. When they begin to develop this faith, they will impart a dignity to the profession which it lacks to-day. The negative approach of roping in someone in order to complete the allotted quota will then be replaced by a positive consciousness of social service. Inspired by a faith in their cause the agents will then study the peculiar needs of their prospects with a genuine desire to help; and in doing so, they will win the latter's respect and gratitude. The apparent one-sidedness in selling insurance will then disappear and both the prospect as well as the agent will be conscious of mutual benefit in the transaction. The agent will then render good service to his prospects and will insist on his rightful remuneration. Rebating will then appear in its true light, viz. as charity to the prospect, and will die a natural death. And when the agent has thus gained self-confidence, dignity and poise will be added unto him.

This will have far-reaching effects on the relationship of the field staff with the administration. The field staff who get more than their share of undeserved rebuffs from the public very often fall in the error of wrecking their vengeance on the office staff. In their relationship with the administration they sometimes display all the touchiness of a pampered Prima Donna without radiating the hundredth part of her charm. Once the agent's usefulness to society is recognised and he has gained self-confidence, he will be quick to appreciate the difficulties of administration and will shed his touchiness. He will have gained self respect and will not therefore want to trample on the self-respect of others. Selling Life Insurance will then become a pleasure.

Presidential Address

BY MR. L. S. VAIDYANATHAN, M.A., F.I.A., J.P.,

At the Actuarial Society of India, at the Annual General Meeting held on 1st August 1951.

An event of outstanding importance to the business of Insurance in India is the passing last year of the Insurance (Amendment) Act, a sort of omnibus amending Act incorporating various changes which were thought desirable in the original Act of 1938 in the light of its working for over a decade. It is a matter of gratification that 3 members of the Executive Cowmittee of our Society were appointed by the Government of India as members of the Informal Committee which was asked to review all the provisions of the Insurance Act with a view to suggesting suitable amendments having regard to the changed circumstances. As was but natural, the profession on its part evinced considerable interest in the amendments, and several meetings of the members of the Society were held to consider the Amending Bill. After full consideration at these meetings a Representation on behalf of the Society was forwarded to the Select Committee considering the Bill. With the salient provisions of the Amendment Act you are all familiar and it is unnecessary for me, therefore, to dwell on them. I shall rest content with referring to only one provision, viz., the constitution of the Insurance Association of India, its two Councils — the Life Insurance Council and the General Insurance Council — and their respective Executive Committees. The functions of the Executive Committee of the Life Insurance Council are *inter alia* to aid, advise and assist insurers carrying on life insurance business in the matter of setting up standards of conduct and sound practice and in the matter of rendering efficient service to policyholders and I feel the achievement of this object will go a long way in raising the tone and enhancing the prestige of life insurance business in this country.

In the realm of taxation of Life Insurance Companies certain welcome developments have taken place recently. It fell to me as your President amongst other capacities to put forward the point of view of the Life Insurance Companies before the Income-Tax Investigation Commission. The Commission has recommended that the bonuses distributed to policyholders up to the extent of the loading in with-profit premiums should be exempt from tax. This does not fully remedy the injustice inherent in the existing basis of taxation because even the balance surplus over and above what arises from the bonus loading in with-profit policies arises mainly from excess payments by policyholders and cannot in fairness be viewed as income, profits or gains. There is no difference in principle, so far as liabilityto tax is concerned, between surplus arising from the loadings in the premiums to provide bonuses and surplus in excess of this amount.

With a view to giving effect to some of the recommendations of the Income-Tax Investigation Commission, Government have recently introduced a Bill in Parliament and the manner in which it is proposed therein to give effect to the aforesaid recommendation of the Commission is to exempt from liability to tax two-thirds, or in terms of percentage, 66⅔ % of the amount distributed to policyholders as bonus as against 50 % which is the portion exempted at present. The adoption of a fixed percentage as above, as a rough and ready method of arriving at the portion of the surplus distributed to policyholders arising from bonus loading in with-profit policies, may perhaps be justified on grounds of practical expediency, particularly since it was found that several insurers would experience considerable difficulty in determining such amount with reasonable accuracy after each Valuation while some insurers would find it absolutely impossible to do so since they did not have the premium formulae of rates which were in force at one time and had been since superseded but business written subject to which rates still subsist on the books. While, therefore, the adoption of a fixed percentage could be defended to a certain extent, I feel the figure of 66⅔ % is much too low when viewed in the light of the amounts distributed to policyholders by companies in general as also the bonus loadings contained in their with-profit premiums. You will have noticed from the newspapers a couple of days back that the above Bill will not come before Parliament in the next session and will, therefore, lapse. I hope that soon after the new Parliament is convened after the General Elections, a fresh Income-Tax Bill will be introduced and therein the proportion of the amount distributed to policyholders exempted from tax will be raised to 80 %, if not 100 %.

It would not be out of place to refer to the revision in the Syllabus for the Institute's examinations which was gradually introduced since May 1949 and which has come into operation for all Parts of the examination in May 1951. There have been changes in the curriculum in the past concomitant with the widening of the scope of the profession and a glance at the recent revision will indicate that the present change with its more systematic treatment of statistics, its increased attention to demography and the introduction of a more formal economic background to the study of finance naturally follows from the further extension of the role of the profession in the sphere of statistics and finance. Simultaneously with the revision in the course of studies, another important step was taken and that was to recast the subjects for study for each part. It was felt that the original scheme resulted in students having to study the various subjects more or less in isolation instead of progressively following the subject through the various Parts. This has now been corrected with obvious advantage to the new generation of students. Elimination of unnecessary details in the treatment of the various subjects, provision of text-books, etc., and a longer time allowance for answering examination papers are further changes which have been instituted, thus offering candidates for the examination ample facilities to prove their merit. It is hoped and believed that the re-arrangements involved will be of lasting advantage to students both by leading to a shorter time taken in qualification, and by

providing a broader foundation to their actuarial training and equipping them better for their future responsibilities. I myself share the hope.

Most of you might be aware that for some time past I have been in correspondence with Mr. Bunford, Chairman, London Committee of the Actuarial Tuition Service, in regard to the question of widening the scope of the Actuarial Tuition Service so far as Indian Students are concerned. It is interesting to note that the correspondence originally started with the limited object of giving consideration to the difficulties experienced by Indian Students in getting the test papers, they complete, marked and returned to them well before the date of the examination. But very soon it was enlarged to consider whether it would be practicable to hold oral discussion classes as also have the test papers marked in India, the arrangements initially to confine to only Part I of the new Syllabus, and I am glad to inform you that the arrangements have now been finalized. On my recommendation, a panel of tutors has been appointed and I believe that by now formal letters of appointment from the Actuarial Tuition Service are in the tutors' hands. The arrangement is briefly this. Oral discussion classes will be held for the benefit of Part I students in Bombay and their test papers also will be marked here. As for Part I students at other centres in India, no oral tuition is provided but their tuition papers will be marked in Bombay instead of in London. No change is contemplated in regard to the higher Parts except that, with a view to speeding up the return to the students of their test papers, the Tuition Service has agreed to return the solutions by Air Mail, provided the solutions are written on Air Mail paper. The cost of transmission by Air Mail will be borne by the student one way and by the Tuition Service the other. I am also glad to say that the Institute has agreed to keep with me a supply of correspondence courses and text-books for all the Parts and hereafter all Indian students will get their correspondence courses and text-books from me, thus avoiding the delay which naturally arose before in view of the fact that the courses and the text-books could be sent from London to the students only by Sea Mail. Mr. Bunford has written to me to say that now that the arrangements are finalized letters will be issued by him to all the members of the Institute in India informing them of the new arrangements, and I trust these letters are already in the hands of the members.

Members will recollect that some time back I addressed a letter to Government requesting that in the matter of appointments to Statistical posts an Actuary should be considered as having the same special qualifications as one holding a Research Degree or Doctorate in Statistics or other Statistical training. Although Government asked for certain additional information which was duly furnished, the correspondence ended inconclusively. Recently, the Union Public Service Commission advertised for a Chief Statistical Officer in the Army Statistical Organisation and it was brought to my notice that the Fellowship of the Institute of Actuaries or of the Faculty of Actuaries was not included amongst the list of essential and sufficient qualifications for the post. This provided me an opportunity to resume the correspondence on the above subject and I have accordingly addressed a letter to

Government making a strong plea for recognition of the Actuarial qualification as one that would make the holder fit for all posts requiring specialized statistical knowledge. In acknowledging this letter Government asked for full particulars of the syllabus etc., prescribed for the F. I. A, and F. F. A., and also sets of recent question papers for the Final Examinations. These have been furnished to them and I hope that after consideration thereof Government will take favourable action.

In the matter of the Combined Mortality Investigation of Indian Assured Lives, practically no progress could be made due to the inability of some insurers to furnish data in respect of any past period however recent it be. It is unfortunate that this difficulty should have proved insuperable but in that event I would suggest that efforts should be made without further delay for undertaking an investigation at least from the latest date with respect to which agreement could be arrived at. In this connection, members would have noted the publication in a recent number of the Journal of the Institute of Actuaries of the results of the Mortality Investigation of the Indian business of the Prudential and National which shows that the mortality of Indian Lives assured with them is steadily improving. This is in conformity with the general experience of insurers in this country.

Members will recollect that some time back, Mr. H. E. Melville, a past President of the Institute made a generous gift to our Society of Volumes III to LVII of the Journal of the Institute of Actuaries. I am glad to report the receipt of a letter from the Institute offering to present the subsequent numbers of the Journal to enable the Society to keep the set up-to-date.

One of our members, Mr. S. C. Damle, has contributed a Note to the Students' Society's Journal developing a method based upon last survivor statuses analogous to the Z formulae for the expression of multiple-life contingencies in terms of symmetrical combinations of the component joint-life statuses. He also deals with the application of his method to multiple-life probabilities, annuities, assurances and reversionary interests. I commend Mr. Damle's enterprise for emulation, particularly by other young Actuaries

Reviews

Devkaran Nanjee Insurance Co., Ltd., Bombay.

SETH Pranlal Devkaran Nanjee who has made a name as an eminent financier and Banker in the commercial world of Bombay, started the Devkaran Nanjee Insurance Co, Ltd., nine years ago. The Board of Directors are composed of successful business men known for their integrity and reputation. The Company has a paid up capital of Rs. 10 lakhs and transacts all classes of Life, Fire and Miscellaneous insurance business. Though it would have been possible, with the influence and the resources enjoyed by the promoters, to launch on a programme of wide organisation for the sake of business, it is worth mentioning that the management have well recognised the need to stabilise the foundations of the institution rather than make a bid for the acquisition of a large volume of new business which, as is well known, is attendant with heavy initial cost. Consistent with the policy of the Directors, the expenses were well controlled, risks were carefully selected and the funds were securely invested as prescribed in the Act, with the result, that the very first Actuarial Valuation in the Life Department, held on a basis that would have done credit to a first class company, disclosed handsome surplus permitting decent bonus distribution to the policyholders.

The Directors' Report for 1950 bears ample proof of the sustained progress of the Company. In the Life Department, the new sums assured amounted to Rs. 30,66,000 with a premium income of Rs. 1,63,204 besides Single Premiums of Rs. 14,450. The Renewal Premium income amounted to Rs. 5,44,330 and the income from interest etc was Rs. 76,680. Payments to the policyholders by way of claims, surrenders etc absorbed a sum of Rs. 55,000. The Life Fund showed a marked increase of over Rs. 5 lakhs at the end of the year and stood at Rs. 25,25,031.

The proportion of the renewal premium income spent towards expenses of management was slightly below 10 %.

In the General Department, the net premium income in the Fire and Miscellaneous Departments amounted to Rs. 1,98,462 and Rs. 1,11,784 respectively. After meeting the claims and losses, both the Departments showed a profit. The Profit of the Fire Department amounted to Rs. 41,708 while that of the Miscellaneous Department was Rs. 9,679. At the close of the year, the Fire Fund stood at Rs. 99,231 and the Miscellaneous Fund stood at Rs. 44,713. After providing for taxes and increasing the investment reserve fund by Rs. 76,000, there was a balance of Rs. 1,770 which together with the previous year's balance amounted to Rs. 3,976.

The total Assests at the end of 1950 exceeded Rs. 44,34,000 and the Investment Reserve Fund amounted to Rs. 3,75,000. The above record gives an account of the progressive growth of the institution on sound lines and the management has shown beyond doubt what is possible of achievement without hankering after record-breaking new business obtained nowadays necessarily at a heavy cost. We congratulate the Directors and Mr. Suresh K. Desai, B.A., LL.B., the Manager of the Company on the exceedingly strong financial position of the company and look forward hopefully to further progress.

India Life & General Assurance Society, Limited.

WE have pleasure to record another successful year of progress made by The India Life & General Assurance Society, Ltd., during 1950. During the year, the Society issued 1,539 new Policies assuring sums of Rs. 24,13,750 that brought in a new premium income of Rs. 1,42,128. The renewal premium income amounted to Rs. 5,26,041 while the income from interest and other sources went up to Rs. 68,592. Thus, the total premium income of Rs. 6,68,169 compares with Rs. 6,30,625 during the preceding year.

It is highly satisfactory that prompt settlement of claims continues to be a special feature of the Society. 115 claims arose for Rs. 95,325 during the year; payments have been made for Rs. 1,02,416 on 132 claims, which include outstandings at the end of the previous year. At the end of the year the Life Assurance Fund was raised to Rs. 22,81,285 as against Rs. 19,30,487 in 1949. The total assets stood at Rs. 24,93,968 and provision has been made for Rs. 51,600 to cover the difference between the book value and the market value on investments. The renewal Expense Ratio worked out to a little more than 16 %.

During the year, the Society has commenced the Miscellaneous (Motor) insurance business also. It is pleasing to note that the total business in force exceeds Rs. 1 Crore and the Valuation as at the end of 1950 is expected to reveal very satisfactory results enabling distribution of bonuses to the policyholders. The Directorate include influential business men with Sri T. A. Ramalingam Chettiar, M. P. as Chairman. The Society is well organised throughout Tamil Nad with District Offices each in charge of an Inspector. The management has to be congratulated on their successful efforts to place the Society on a satisfactory financial footing which augurs well for a more prosperous future.

News

Nagpur Insurance Institute

Shri K. L. Gupta's address to insurance men.

That the main responsibility for preliminary selection of lives would hereafter devolve on the agents and field officials when the non-medical business is introduced and that they should come up to the high standard of integrity expected of them in discharging their responsibility in this respect, were emphasised by Shri K. L. Gupta, M.A., F.I.A., F.F.A., Manager, Bharat Insurance Co., while addressing insurance men under the auspices of the Nagpur Insurance Institute at a meeting held in the Empire Hotel, Nagpur. Shri B. K. Ramachar presided over the meeting.

Shri A. S. Narayanan, Convener, in introducing the speaker mentioned that it augered well for insurance that instead of being managed by either laymen without knowledge of the science and theory of insurance or by technical men without knowledge of practical difficulties involved, more and more actuaries with first hand knowledge of the practical limitations involved are actively controlling the destinies of insurance companies and that Shri Gupta is one of the prominent actuary-managers who have been contributing to the progress of insurance in this country.

Non-Medical Business

In the course of his instructive talk, Shri Gupta dealt with several important topics. Referring to the non-medical business which has been decided to be introduced by a number of Indian Life Offices, Shri Gupta mentioned that during the discussions at the Madras conference about the importance of medical examination, there was divergence of opinion in regard to the utility of medical examinations as at present conducted in the majority of cases. Speaking of the experience of his own company, he disclosed that during the past five or six years barely half a dozen or so of the medical reports received disclosed any serious disability or illness of the proponents such as presence of sugar in urine, high blood pressure etc. Even in the family histories as recorded, the causes of death were largely mentioned as Cholera, small pox or other epidemics and only very rarely as tuberculosis, though according to vital statistics there is heavy mortality in this country on account of that dreadful disease. The only defects normally disclosed in the medical reports have been either overweight or underweight. The experience of other companies is also reported to be more or less the same. This has naturally therefore led to the majority of medical reports being in practice taken into account with discount. It is not therefore surprising that the effects of selection by medical examination wear away even before one year from the time of medical examination, as against five years or so in other countries. In view of this fact and having regard to the urgent necessity for finding ways and means of reducing expenses, it has been decided that the medical report could be done away with, in the majority of cases, where the sum proposed to be assured is Rs. 2000/- or less. Companies would however retain the discretion to call for medical reports if thought desirable.

Under the non-medical scheme, the main responsibility for preliminary selection of lives would now therefore be shifted to insurance agents and field officials who would fill in the proposal forms and record the weights of proponents. He stressed the importance of the agents and field officials making local enquiries about the health, habits and family history of proponents and thus helping in the required standard of selection of risks being maintained. Though it would be too early to say as to what their actual experience would ultimately be, Shri Gupta felt that the position cannot be worse than at present.

Nationalisation of Life Insurance

Adverting to the question of Nationalisation of life insurance, Shri Gupta thought that the present discussions were more of academic interest at the moment and hoped that for a sufficiently long time to come, the existing set up would be allowed to continue, though unfortunately even important questions are decided not on merits but on the whims of the political parties which are in power. However visualising the shape that it can possibly take if nationalisation is attempted to be enforced, Shri Gupta opined that two alternatives are possible. One was that of forming a huge corporation to which the entire existing business of all the companies would be transferred. The other was of combining the existing companies into regional groups. The paid up capital of the life insurance companies was only small and the question of paying off the shareholders would not therefore present any difficult problem to Government. Similarly, Government would not face any difficulty on account of lack of technical skill, in taking over and managing the business. It is true that unfortunately in respect of some smaller units there is an element of uncertainty as to whether they would be able to discharge their obligations when the time comes for payment. A Life insurance policy is a promise to pay sometime in the future and not even to bearer. Naturally therefore many policyholders may be expected, from point of view of security, to favour nationalisation as they can then feel more certain of the payment of the policy benefits. As against this however, they may not expect to get the same prompt or efficient service which private enterprise under stress of keen competition ensures them. Even if Insurance is nationalised agents may still be employed and may perhaps be given both practical and theoretical training. But all the same, it is very doubtful whether under Government organisation there would be the same present urge to put in new business which we have under private enterprise. If nationalisation should come into effect, there may hardly be any scope for intermediaries like Inspectors, Organisers and other field officials. There may be scope for perhaps a few supervisors but then they may not at all have to hunt after business. Many actuaries would then become surplus and would have to seek other fields of work. Everything would get standardised and there may not therefore be any scope for research and progress. To what extent such conditions would be good or beneficial, it would be difficult to say.

Need for whole time workers

Turning to the urgent need for selecting and recruiting wholetime workers, Shri Gupta confessed that one of the main causes for insurance business having come in for a bad name was the lack of efficient whole time workers, who at present form perhaps even less than 5 % of the agency force. The system of part time agency has been largely responsible not only for the high cost of procuration of new business but also of servicing the policyholders inasmuch as most of the part timers are not in a position to and do not take enough of interest in their agency work and in rendering efficient service to the policyholders. The amended insurance Act provides for bringing about healthy practices in regard to agencies and soon, suggestions for fixing up qualifications and examinations for agents before new agency licences are granted to them would come for consideration before the Life Insurance Council. Shri Gupta was of the view that it was the primary responsibility of Branch Managers and other field officials to find people who can take to insurance as a whole time job and he exhorted them to discharge this important job efficiently and help in servicing and satisfying the policyholders from the very beginning of their connections and till the policies ran their normal course. The companies are aware and are conscious of the fact that their standard of service to the policyholders has not been as good as they would like it to be.

Lapsation of Policies

In regard to the urgent and important problem of combating the recent increase in the lapse ratio, Shri Gupta disclosed that certain studies made in his company had brought to light the interesting and revealing fact that in units where the Chief Agency system was in vogue the lapse ratio was much less than in places where the system of Branch Offices prevailed. This apparently had been due to the fact that the chief agents were interested in not merely a big volume of new business but also the continuance of the policies and in building up a renewal income and also the fact that the main criterion for judging the salaried field officials has so far been the volume of new business. He conceded that there have been exceptions to this general trend and that there have been some branches with a low lapse ratio; and that the lapsation of some policies with even yearly mode of payments had apparently been due to the deteriorating conditions. It has also been confirmed by experience that where special incentives are given to workers and special efforts are made, the lapse ratio can be appreciably improved. He pleaded for serious thought being given to this problem and also suggested that correspondence in the various vernaculars should be sent to the non-English knowing policyholders, so that they may understand and act on such letters.

Effects of the Amended Act

Speaking about the effects of the amended Act, Shri Gupta, said that his fears that the amendments would result in an increase in the expense ratio, have come true. Some prominent companies which had previously adhered to the system of employing only field staff on salary basis and ordinary licenced agents have, under stress of circumstances had recourse to the appointment of special agents. Again, as good workers could not be had within the limit of 15 % over-riding commission as fixed by law, a number of new appointments on salary basis have had to be made. In the ultimate analysis, the amendments to the Act have, instead of assisting in reducing the expenses, only tended to increase the cost ratio. Shri Gupta opined that the proper thing to have done is to have fixed an over-all limit for expenses and have left the companies full freedom and discretion to manage their affairs within such over-all limits. Again, all the companies should have been required to follow the same system of organisation.

With a vote of thanks and after light refreshments were served, the meeting ended.

Requirements on Canadian Insurers

S. R. O. 1087.—Where the Central Government is satisfied that by Sections 7, 12 and 14 of the Foreign Insurance Companies Act, 1932 of Canada (22-23 Geo. V Ch. 47), insurance companies incorported in the States are required as a condition of carrying on insurance business in Canada to comply with certain special requirements not imposed on insurers of that country carrying on insurance business in the States under the Insurance Act, 1938 (IV of 1938) hereinafter in this notification referred to as "the Act").

Now, therefore, in exercise of the powers conferred by Section 62 of the Act, and in supersession of the Notification of the Government of India in the late Department of Commerce No. 112-I (1)/39, dated the 9th December 1939 the Central Government hereby directs that the following requirements, being requirements as similar as may be to the said special requirements, shall be imposed on all insurers constituted, incorporated, domiciled or having their principal place of business in Canada (hereinafter in this notification referred to as Canadian insurers) as a condition of their carring on the business of insurance in the States, namely:—

The Act shall apply to Canadian insurers as if:—

(1) for clauses (a) to (i) of sub-section (1) of Section 7 the following clauses were substituted, namely:—

"(a) where the business done or to be done is life insurance only or fire insurance only, four humdred and thirty five thousand rupees;

Provided that, in the case of insurers registered under the Act, before the 1st day of January 1951 for life insurance business only or fire insurance business only, the amount to be deposited and kept deposited shall be three hundred thousand rupees only, and.

(b) in any other case such sum as may be determined by the Central Government";

(2) in Section 27:—

(a) for sub-section (1) the following sub-section were substituted, namely:—

"(1) Every insurer shall invest and at all times keep invested assets equivalent to not less than the amount of his liabilities in India less—

(i) the amount of premiums which have fallen due to the insurer but have not been paid and the days of grace for payment of which have not expired, and.

(ii) any amount due to the insurer for loans granted on and within the surrender value of policies of life insurance maturing for payment in India issued by him or by an insurer whose business he has acquired and in respect of which he has assumed liability.
in the manner following, namely, twenty-five percent. of the said amount in Government securities, a further sum equal to not less than twenty-five per cent. of the said amount in Government securities or other approved securities and the balance in any of the approved investments specified in sub-section (1) of Section 27A or subject to the limitations, conditions and restrictions specified, in sub-section (2) of that Section, in any other investment" and

(b) in sub-section (2):—

(i) in clause (a) the words "in respect of his life insurance business" were omitted and.

(ii) in clause (b) for the words "said sum" wherever they occur the words "said amount" were substituted.

The Indian Insurance Companies Association

The Managing Committee for the year 1951-52:—

1. Mr. B. K Setalwad (Ruby General)
2. Mr. N. C. Jerajani (Indian Globe)
3. Mr. T. K. Desai (New India)
4. Mr. K. C. Desai (Vulcan)
5. Mr. S. K. Desai (Dena)
6. Mr. H M Chawala (Concord of India)
7. Mr. R. M. Desai (Indian Mercantile)
8. Mr. M. G. Mody (New Great).
9. Mr. L. P. Gokuldas (Jayabharat)

Mr. D. D. Markan, B. Sc., A.I.A.,

Mr. D. D. Markan, the Actuary of Empire of India Life Assc. Co. Ltd. has been promoted to the post of Manager of the Company, vice Mr. Roshan Lal resigned.

The Indian Life Assurance Offices Association, Bombay.

Life Assurance Examinations June 1951.

RESULTS.

PART I.

104 candidates sent in their application, 81 actually appeared, out of whom the following 16 candidates are declared successful.

Roll No.	Name
8	T. S. Kikani.
15	B. V Shimpi.
24	R. J. Chitale.
30	D. N. Kapre.
43	S. Doraiswamy.
57	N. Rajagopalan.
60	K. Rengachari.
64	W. Subbaramaiah.
66	M. Sundaram.
70	K. S. Visvanathan.
76	J. Sivaramasastry.
79	M. Subba Rao.
83	K. Chellappah.
84	N. V. Krishnamurthy.
92	M. R. Krishmaswamy Iyengar.
98	S. D. Mahajan.

The following 3 candidates secure exemptions from Papers mentioned against their names.

Roll No.	Name	Paper
1	K. Bashyam.	III.
67	V. S. Varadarajan.	I.
77	K. K. Somayajulu.	III.

Part II.

27 candidates sent in their applications, 25 actually appeared, out of whom the following 7 candidates are declared successful.

Roll No.	Name.
3.	N. V. Dagli.
6.	V. J. Purohit.
9.	S. D. Patekar.
13.	S. Gopalan.
17	M. S. Rajagopalan.
23	S. Kasiviswanathan.
27	N. C. Roy.

The following 7 candidates secure exemptions from Papers mentioned against their names.

Roll No.	Name	Papers.
2	L. R. Bapat.	IV
4	R. L. Desai.	IV & VII
12	T. V. Balasubramaniam.	IV & VII.
15	S. V. Purushothama Shenoy.	VII.
16	S. Radhakrishnan.	VII.
22	L. V. Subba Rao.	VII.
25	H. P. Dutt.	VII.

Shri. T. S. Kikani from Bombay, whose result in Part II was reserved, is now declared to have passed in Part II, he having passed in Part I this year.

PART III.

9 candidates sent in their applications and actually appeared, out of whom the

following 3 candidates are declared successful.

Roll No.	Name.
1	V. [illegible]ar.
7	N. [illegible]apathiraman.
8	C. N. Lakshminarasimha-murthi.

The following 2 candidates secure exemptions from Papers mentioned against their names.

Roll No.	Name.	Papers.
3	C. V. Karambelkar.	VIII & IX
9	S. Radhakrishnan.	IX & X.

Party in honour of Shri D. S Subramani. . yam, F.I.A.

On the occasion of his recent visit to Nagpur, an enjoyable evening party was got up by some of the workers of the "Andhra" at the Mount Hotel on the 12th August, which was attended by a large number of distinguished citizens of Nagpur from different walks of life. While thanking the hosts Shri Subramaniyam emphasised the useful and social nature of the work done by those in the insurance profession and pleaded for continued public support.

Shri N. Bose Rai

Shri N. Bose Rai who was previously connected with the "United India", "General", and "Ruby" has since joined the "Hindusthan" and is attached to the Nagpur Branch as the Assistant Branch Manager.

Shri Prem Datta

Shri Prem Datta who was previously connected with the "Indian Life", "Bharat" and "Empire of India" has since joined the "New India" and was at Nagpur for some time on special duty. He has since taken charge of the Poona Branch Office of the "New India" as the Branch Manager.

Insurance Official a Victim of Highway Gangsterdom

Shri Desai, Branch Secretary of the "Jupiter General" was the victim of a dastardly attack when on the noon of the 18th August, while driving alone in his car he was accosted and stopped by an innocent looking Goonda. While pretending to receive a match box from Shri Desai he suddendly dealt a heavy blow on the outstretched arm with a heavy lathi, fracturing the bones and demanded under threat of further injury the payment of whatever cash Shri Desai had with him. Fortunately, after handing over to the assailant whatever cash he could grab from his pocket at the moment and while the Goonda was busy with the cash, Shri Desai drove the Car away and reached his office, from where he was rushed to the Hospital. After X-Ray the fractured bones were set right and put under plaster. Shri Desai is progressing. It is believed that Shri Desai had been mistaken for a contractor.

'India Equitable' and Arya' Amalgamation

We understand that the "India Equitable Insurance Co., Ltd." of Calcutta has decided to amalgamate with the "Arya Insurance Co., Ltd." of Calcutta.

Hindu Mutual's Diamond Jubilee

The Diamond Jubilee celebration of the Hindu Mutual Life Assurance Ltd. was held at the Head Office on the 23rd August, at 4 P. M. There was a distinguished gathering present on the occasion Mr. P. C. Ray, Managing Director in course of a speech narrated the history of the Company.

The meeting terminated after guests were treated with light refreshment.

Registered No. M. 3297

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