

1430 hrs.

Title: Discussion on the Indian Companies (Foreign Interests) and the Companies (Temporary Restrictions on Dividends) Repeal Bill, 2000. (Bill Passed)

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RAM JETHMALANI): Mr. Chairman, Sir, I beg to move:

"That the Bill to repeal the Indian Companies (Foreign Interests) Act, 1918 and the Companies (Temporary Restrictions on dividends) Act, 1974, be taken into consideration."

Sir, it does not require any consideration. It is a cleaning operation. This is part of those 1,300 statutes on our statute book which are found by experts to be totally obsolete and useless. Slowly, every time, we are coming with two or three such things pertaining to a Ministry and repealing them. These have to be repealed because they are obsolete and useless.

MR. CHAIRMAN : Motion moved:

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"That the Bill to repeal the Indian Companies (Foreign Interests) Act, 1918 and the Companies (Temporary Restrictions on dividends) Act, 1974, be taken into consideration."

SHRI RAMESH CHENNITHALA (MAVELIKARA): Sir, I do not think there is any need for any discussion in this Bill.

SHRI ANADI SAHU (BERHAMPUR, ORISSA): Mr. Chairman, Sir, thank you for the opportunity. I rise to support the Bill. The House must be aware of the fact that the National Democratic Alliance, in its manifesto has made it very clear that the rules and procedures will be simplified and that there will be administrative reforms in all walks of governance.

As you are aware, the economic scenario of this country has been changing very fast. In consonance with the economic scenario, laws have to be changed; procedures have to be changed and obsolete laws have to be repealed, abrogated or merged with new laws. That is the intention of this particular enactment and the subsequent Bill which will come up in this House after some time.

Till 1991-92 the Indian economy was command economy. Commanding heights were occupied by the public sector. But at the present stage it is the market-oriented economy. When you go into the market-oriented economy, we have to think of new procedures and new enactments.

You may be aware that the Law Commission, in its 159<sup>th</sup> Report, had advised that many of the obsolete laws should be changed. Keeping in view the recommendations, the Jain Commission was set up in 1998 itself under the chairmanship of Shri Jain who was a retired IAS officer. The Jain Commission, in its Report, had indicated that some of the laws have to be changed so that the economy that is taking a different turn altogether may cope up with the requirements of the people.

As all of us know, laws must facilitate the social and economic progress of the people within democratic the set up. Many of the enactments which have been passed earlier needed to be changed. While changing these laws, the policy process has to be kept in mind. The present difficulty of the policy process is four-fold. The difficulties are four-fold. There has been a declining autonomy as a result of increasing interference of multilateral agencies; increased centralisation; the crisis of self-denunciation and the fourth crisis is the privileged access. The laws which are being repealed now relate to the last category of privileged Acts.

The two enactments which are very old – one is of 1918 and the other is of 1974 – are proposed to be repealed and it is very correct also. I give an example of the Foreign Exchange (Regulation) Act of 1973. Adjudication Boards were set up and all those things were there. But again in 1999, it was changed keeping in view the requirements of those areas. There has been an on-going process of economic liberalisation relating to foreign investment, foreign trade and there has been substantial increase in the last two years in foreign trade.

I mentioned about the policy crisis above as the fourth crisis. Rationalisation of tariffs, current account convertibility, liberalisation of Indian investments abroad, increased access to external commercial borrowings and participation of foreign institutional investors – all these things have changed the economic scenario. Those obsolete laws which

were there have to be repealed so that we can go ahead with a smooth functioning of the reforms.

With these words I conclude and I support the Bill.

**श्री गिरधारीलाल भार्गव (जयपुर):** स्भापति महोदय, यह सत्य है कि लॉ कमीशन जब से बनाया गया है, उसमें 1300 कानून अलग अलग मंत्रालय के हैं जो सदन के सामने लाये जायेंगे, वे निष्क्रिय कानून हो गये हैं, उनका किसी प्रकार का कोई उपयोग नहीं रहा है। हमारी एन.डी.ए. की सरकार चाहती है कि जिन पुराने कानूनों से जनता में अड़चन आ रही है, वे समाप्त हों और जनता के हित में नये कानून बनाये जायें। माननीय मंत्री जी जो बिल लाये हैं, मैं सका हृदय से स्वागत करता हूँ।

स्भापति महोदय, लॉ कमीशन और जैन कमीशन की रिपोर्ट हमारे सामने आनी थी जिसके आधार पर यह कानून समाप्त किया गया। यह दुर्भाग्यपूर्ण स्थिति है कि लाइब्रेरी में उसकी रिपोर्ट उपलब्ध नहीं है। माननीय मंत्री जी से मेरा निवेदन है कि वे अधिकारियों को ताकीद करें, यदि यह रिपोर्ट सदन में आ जाती तो हम लोगों का ज्ञानवर्द्धन हो जाता। इस बिल में आगे कहा गया है कि इस पर विचार हो सकता है। सरकार ने इस बारे में यह अच्छा कदम उठाया है क्योंकि कमीशन की रिपोर्ट 08.05.1998 की है जब यहाँ कांग्रेस पार्टी का राज था। यदि वह रिपोर्ट आ जाती तो अच्छा होता। यह आजादी से पहले का एक्ट है, जो बहुत पुराना हो गया है। आज हम 21वीं सदी में जा रहे हैं, पुराना युग बीत गया है, इसलिये आप नया कानून लेकर आयेंगे।

स्भापति महोदय, मैं आशा करता हूँ कि सरकार भारतीय कम्पनी (विदेशी हित अधिनियम, 1918 और कम्पनी (लाभांशों पर अस्थायी निर्बंधन) अधिनियम, 1974 का निरसन कर नया विधेयक लायेंगे और लॉ कमीशन की रिपोर्ट इस सदन के सामने पेश करेंगे ताकि आने वाले विधेयक पर विचार कर सकें।

**SHRI RAM JETHMALANI:** I pay gratitude to those who have spoken and I pay more gratitude to those who have not spoken.

1439 hours

**DR. B.B. RAMAIAH (ELURU):** Mr. Chairman Sir, the Commission which was appointed in 1988 was mainly appointed to make recommendations about repeal of Acts which have become old and obsolete. As the hon. Members have said, the present Bill relates to Acts pertaining to the years 1918 and 1974 which are old and have become obsolete. We know that we had imposed restrictions on dividend and other things. Since our requirement of resources for foreign investment for infrastructure development is so huge that we need to have it from outside. So, we want to repeal whatever restrictions we had put earlier. The Commission has also recommended that we have to take the right step of repealing these Acts. We have to attract funds from NRIs and outside agencies in order to improve our economy because the whole economy has been linked with the present scenario, the market position. Now, we have to look into the present situation. In the present circumstances, unless we adjust to the world economy, we will not be able to get more attractive terms and conditions, and we do not have enough resources or savings to meet all these requirements. In view of that, we have to fall in line with the present situation. I firmly support the Bill.

**MR. CHAIRMAN (SHRI BASU DEB ACHARIA):** The question is:

"That the Bill to repeal the Indian Companies (Foreign Interests) Act, 1918 and the Companies (Temporary Restrictions on Dividends) Act, 1974, be taken into consideration."

*The motion was adopted.*

**MR. CHAIRMAN:** The House will now take up clause by clause consideration of the Bill.

The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

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

**MR. CHAIRMAN:** Now, the hon. Minister may move that the Bill be passed.

**SHRI RAM JETHMALANI:** Sir, I beg to move:

"That the Bill be passed."

**MR. CHAIRMAN:** The question is:

"That the Bill be passed."

*The motion was adopted.*

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1441 hrs.