

में हस्तक्षेप कर के इस समस्या का तुरन्त समाधान करे, वरना स्थिति और भी भयंकर हो सकती है।

मैं आशा करता हूँ कि शिक्षा मंत्री महोदय श्री नुरुल हसन इस बारे में व्यस्तता देने की कृपा करेंगे। साथ ही मैं चाहता हूँ कि यूनिवर्सिटी ग्रान्ट्स कमीशन ने जो सिकारिणों की है वे सभी राज्यों में समान रूप से लागू हो। मध्य प्रदेश राज्य इस बारे में जो असंतोष जता रहा है उसको दूर करना चाहिये ताकि शिक्षकों में फैला हुआ असंतोष दूर हो सके तथा विद्यार्थियों के भविष्य पर भी विचार न भ्रम न पड़े।

THE MINISTER OF FINANCE
(Shri C Subramaniam) I beg to move

(Interruptions)

MR SPEAKER It is impossible for this House to continue. It is very difficult to carry on the business.

(Interruptions)

12.00 hrs

MR SPEAKER This will not go on record

आज लंच आवर रखा हुआ है। क्या आप लंच आवर चाहते हैं? जब हम लागू इतनी देर तक बिना लंच आवर के काम करते रहे हैं, तो अब तीन चार दिन के लिए लंच आवर रख कर क्या रना है?

We have a short time. I think we can continue to sit during lunch hour also. I put it to you that we continue to sit.

SHRI P. G. MAVALANKAR (Ahmedabad). We want lunch hour. This is the last week. For the whole of the budget session, we have not had any proper lunch.

डा० लक्ष्मीनारायण पांडेय (मदसौर)

अध्यक्ष महोदय, यह तय किया गया था कि 5 मई तक—जब तक फिनांस बिल पास न हो जाये, तब तक—लंच आवर नहीं होगा।

अध्यक्ष महोदय: अगर हम इन चार दिनों में लंच आवर न रखें, तो हाउस को तीन चार घंटे और मिल जायेंगे।

क्या आप लंच आवर चाहिए या नहीं?

कुछ माननीय सदस्य: नहीं।

अध्यक्ष महोदय: तो फिर लंच आवर नहीं होगा।

श्री रामाचतार शास्त्री (पटना)

अध्यक्ष महोदय, क्या लंच आवर नहीं होगा?

SHRI P. G. MAVALANKAR We want lunch hour and lunch, both.

MR SPEAKER I have seen the position. We are in a very tight position. That is why I put it to you that we continue as before. We will have the lunch hour on the last day.

12.02 hrs.

COMPANIES (TEMPORARY RESTRICTIONS ON DIVIDENDS) AMENDMENT BILL

THE MINISTER OF FINANCE
(SHRI C SUBRAMANIAM) I beg to move.

"That the Bill to amend the Companies (Temporary Restrictions on Dividends) Act, 1974 be taken into consideration."

[Shri C. Subramaniam]

Hon. Members are aware that the restrictions on the distribution of profits by way of dividends were imposed as a part of the package of anti-inflationary measures during last year and accordingly the Companies (Temporary Restrictions on Dividends) Act, 1974 was enacted by this House. These measures helped to arrest further rise in prices and, to some extent, the prices have come down. However, the restraint on distribution of profits by way of dividends affected the capital market and particularly new issues adversely. The prices of shares on the stock Exchanges went down by over 25 per cent since 6th July, 1974 when the Ordinance restricting the distribution of net profits after tax by way of dividend was promulgated. This has caused uncertainty in the minds of underwriters and they are reluctant to underwrite the new issues.

A robust share market is essential for the success of new issues in the capital market as it helps to build the investor's confidence. At a time when an acute scarcity of resources for productive investment is being felt, it would not be appropriate to allow a diminution in resources available from the capital market. I am keen to improve the investment climate and accordingly in my Budget Speech I had promised to come before the House with a suitable amendment to the Companies (Temporary Restrictions on Dividends) Act, 1974 which will enable the companies to declare dividends in excess of the distribution profits. Hon. Members would recall that the Companies (Temporary Restrictions on Dividends) Act, 1974 prohibits the declaration and payment of dividends in excess of the distributable profits stipulated in the Act, namely:—

- (a) 33-1/3 per cent of the net profits after tax; or
- (b) An amount required to pay 12 percent dividend on the face value of the equity share of the company and dividend payable on its Preference Shares; whichever is lower

The present amendment will enable the companies to declare dividends out of the net profits after tax for the financial year in excess of the prescribed limits. The payment of dividend will, however, continue to be restricted to the extent of distributable profits as stipulated in the said Act. The difference between the dividends declared and dividend payable, namely, the "deferred dividend" will be payable in two equal annual instalments, on the expiry of the present Act in July, 1976.

Sir, the Bill provides that the deferred dividend will be without interest but I am moving an amendment that interest @ 8 per cent per annum be paid on the deferred dividend.

A provision has also been made in the Bill that income tax due on the deferred dividend shall be payable by the investor within 35 days from the date on which such instalment is paid or when the dividend warrant in respect of such instalment is transferred to any other person, whichever is earlier. No interest shall be chargeable under the Income Tax Act in respect of tax payable on deferred dividends for that period. This will remove hardship to the investors in the payment of tax on the deferred dividend.

The Amendment Bill when enacted shall be effective from 1st March, 1975.

Sir, I move.

MR. SPEAKER: Motion moved:

"That the Bill to amend the Companies (Temporary Restrictions on Dividends) Act, 1974 be taken into consideration."

Now, I have seen the earlier motion of Shri K. Raghu Ramaiah. It says: "With effect from March, the 10th till the passing of the Finance Bill, 1975, the House might continue to sit during lunch hour." So, that motion is lapsed. Now, we must have a fresh consensus of the House if we have to continue to sit during lunch hour. Otherwise, willy nilly, we go for lunch

SHRI P. G. MAVALANKAR (Ahmedabad): Let us go for lunch.

MR. SPEAKER: Let me be finally sure of the position. Should we ignore the previous motion that there will be no lunch hour during the rest days of the session?

SOME HON. MEMBERS: Yes

MR. SPEAKER: Today, you seem to be impatient for lunch. I agree for that. Now, we adjourn for lunch to re-assemble at 14.00 hours.

13.06 hrs.

The Lok Sabha adjourned for Lunch till Fourteen of the Clock

The Lok Sabha re-assembled after Lunch at Four Minutes past Fourteen of the Clock

[Mr Deputy-Speaker in the Chair]
COMPANIES (TEMPORARY RESTRICTIONS ON DIVIDENDS) AMENDMENT BILL—contd

MR. DEPUTY-SPEAKER: Before we resume discussion, I would like to say that I have got notice of an amendment from the Minister of Finance just a little while ago. Since it is a Government amendment, one has to give it a special consideration. But in all fairness to members I would say those who want to send their amendments may do so within the next 15 minutes, and I shall accept them.

SHRI S. M. BANERJEE (Kanpur): If there is an amendment by the Minister, I want to move an amendment to that amendment.

MR. DEPUTY-SPEAKER: That is a different question. I am talking of the Bill.

SHRI S. M. BANERJEE: You are now giving a chance to us to move amendments to the Bill. But, suppose I want to move an amendment to the amendment?

MR. DEPUTY-SPEAKER: We are not talking of an amendment to an amendment within the next 15 minutes, but since these amendments have not been circulated, at the time of moving they will be read out, and if possible a few copies may be made and kept on the Table and Members who are keen may have a copy.

SHRI SOMNATH CHATTERJEE (Burdwan): Kindly give me a little time after I finish. I cannot also speak and give an amendment. I have not got a Secretariat.

This Bill which has been brought to amend the Companies (Temporary Restrictions on Dividends) Act, 1974, so soon after that Act was passed by this Parliament clearly shows that this Government is going to act and decide its economic policies on the basis of the reactions of the stock exchange which is the ruling force in this country, and it is a glaring example of abject surrender by the pro-capitalist Government to its mentors and its financiers, and with the Gujarat elections so near and the general elections round the corner, it is what I call a lollypop which is being given to the monopoly and big business houses obviously for a *quid pro quo* which is replenishment of their election fund.

The House would recall that on the 6th July, 1974, when Parliament was going to sit only 16 days later, this Government could not hold its patience to give an impression to the country at large that they were so much concerned about the inflationary tendencies created in this country by the bankrupt economic policies of their own and they passed a number of Ordinances described to be a package of measures to contain inflation in this country. Now one of the main props, we were told, of that anti-inflationary measure was the Ordinance restricting the declaration of dividends.

This measure was for putting a total embargo not only on the distribution of dividends over a certain

[Shri Som Nath Chatterji]
rate, but even on the declaration of dividends because it is known that once a dividend is declared, the liability of the Company immediately accrues.

Introducing the Bill which was to replace the Ordinance regarding restriction on dividends this is what the then Finance Minister—of course he has been thrown out and his policies have been given the go-by now—said in the Lok Sabha:

"The distribution of dividends by over 1200 medium and large public companies which made profits in 1970-71 and 1971-72 amounted to about 44 to 45 per cent of their profits after tax. In many companies the dividend declared constituted more than 80 per cent of their profits after tax. Similarly, about 200 companies had declared dividends on their equity at 15 per cent or more. Having regard to the fact that a equitable package of anti-inflationary measures must include steps designed to curb consumption out of profits as well as other sources of income, it was considered necessary to fix a ceiling on the distribution of dividends. This will curb current consumption out of profits, reduce the reliance of the corporate sector on bank credit and thereby check expansion of money supply. The funds so saved by the companies will be available to them for productive use in financing capital goods, expansion and diversification requirements and at the same time it may also help to reduce the draft on the resources of the banking system. The total savings envisaged by limiting distribution of dividends are estimated at Rs. 60 to Rs. 70 crores per annum, and to that extent it will minimise the pressure on the resources of financial institutions."

—This is very significant—

"There must be no real cause for worry for genuine investors in corporate scrips as in the long run this Ordinance should help the companies to improve their viability."

All the statements of policy by the then Finance Minister have been thrown to the wind, so far as Finance Ministry is concerned. I had the privilege of taking part in that debate when the Bill was being considered, and I find that I was absolutely right when I said that that was a measure to create a deception that so far as this Government is concerned, it was not only against the poor people whose wages and dearness allowance were being impounded, but this Government was supposedly also taking some steps to curb money reaching the hands of the rich people.

Now, I am quoting to you from page 1091 of the "Economic and Political Weekly," July 13, 1974. It says:

"The government apparently felt that it would not be able to sell this obnoxious Ordinance, which amounts to a partial wage freeze, to government employees as well as the organised working class in the public and private sectors without taking some measures seemingly directed against the richer sections."

It means they tried to show that they were not making any difference between the rich and the poor in bringing that Bill. Now, what is the position. Now the facade which was then put up to cover the real intention of this Government at that time has now been ripped open by themselves, because they have to surrender to the stock exchange manipulators. What is the position then? This Ruling Party is now completely exposed in their true colour so far as their complete subservience to these manipulators is concerned. In that debate, we had expressed various apprehensions. Mr. Chavan replied to the debate in August, and I submit that it is very pertinent to try to recall what the Finance Minister and the Government of India said on the Floor of this House only a few months back (8-9 months back) while piloting that Bill.

I am again reading out to you from page 267. This is from Lok Sabha Debates (Eleventh Session) Tuesday, August 20, 1974. This is in reply to the debate. He said:

"A question was asked why the money saved by this measure is not kept under the control of the Government. If you accept the position that money is going to be saved or put out of circulation, by this measure then you will come along with me. My main point is that money saved will be, not at the disposal of consumption but at the disposal of production. By creating a special fund of it, I would have been required to give them additional interest on that. I do not want to do that. This money is being kept at the companies level.

Whether they will be using the money, as Mr. Mavalankar made a point, a very interesting point that with Rs. 80 or 70 crores they are not going to make any modernisation or any replacement or any diversification, if they are the type of people whom he knows, I do not know. Suppose Rs. 1 crore is at the disposal of a company. If they do not make use of it, do you think they are unwiser? They will certainly make use of it. If they do not make use of the position that they will not go to banks to get money. At least, this much we can do. To that extent, there will be lesser pressure on the banking system."

Sir, I do not say that Mr. Chavan did not sincerely believe at that time what he said to the House. Now even the policy which the Government had followed and had put forward before these House by the then Finance Minister has been completely thrown to the wind.

Now, the total embargo is gone. What is the difference? What is the main purpose of this Amendment Bill? Under the present Act, there is a complete embargo not only on distribution but on declaration, ex-

cept out of distributable profit of a particular financial year. Now that restriction is going. They can now declare dividend at a higher rate than what has been prescribed there and with retrospective effect from 1st April, 1975.

Now, once dividend is declared, it becomes a debt due by the company. As soon as the two-years period is over, the money will have to be paid to the share-holders. Who are the real beneficiaries of this? 74 per cent of the total corporate dividends in this country are distributed by only 293 companies. Out of these 293 companies, 200 companies only pay dividend at a rate higher than the rate mentioned in the Bill. Therefore, only 200 companies are covered so far as this amending Bill is concerned. Not much of exposure is necessary that these companies are controlled by the monopoly houses whose interests are entrenched and safe in the hands of this Government. This is the position. Therefore, for the share-holders of only 200 companies this enabling provision is being made now which will go to the benefit of the monopoly houses. But we do not see any intention on the part of this Government to withdraw the wage freeze Bill.

Now, this Act is going to be amended. But still we are entitled to ask the hon. Minister and, I hope, the hon. Minister will try to reply, what will happen to the funds that will come in the hands of the companies. The former Finance Minister said that they will be utilised for increasing production, for diversification of the companies business, for modernisation, etc. The funds will no longer be in the hands of the companies as savings because the companies will have to declare dividends and will have to hold the money in the accounts of the share-holders who naturally are the persons who control the monopoly houses. Therefore, all the hopes, all the talks, about the companies' resources being utilised for expansion, for increasing production, for moder-

[Shri Somnath Chatterji]

nisation of the mills or the factories or the businesses, are all now going to be a complete unreality. It cannot possibly be achieved. When these apprehensions were expressed on the floor of the House, a solemn assurance was given by the then Finance Minister that it will reduce the pressure on the banks for the purpose of getting finances so far as these companies are concerned. There will be no question now of utilising these funds for the expansion of the businesses of the companies.

Another lollipop is now being given to them. The Finance Minister's great and keen desire to help them further is that 8 per cent interest will be given—I believe, that is what he said; that is the amendment and we are yet to see it—apart from the dividend. This is another concession which is being given to the monopoly houses by this Government who are shedding tears which I say are crocodile tears for the betterment of the general public. They are putting money in the hands of a microscopic section of the community in this country who will benefit by this measure.

Sir, within eight months of the last Bill, they shamelessly come and take away one of the main props of the package scheme, the whole anti-inflationary structure, namely, the restriction on dividends. That is going but the edifice, according to them, remains.

Now, the specious plea put forward by them is that one has to tone up the capital market. Kindly see the Statement of Objects and Reasons. It says:

"It is considered necessary to tone up the capital market so as to revive the confidence of investors and underwriters in new issues."

Various concessions have been given in this year's Budget, as I mentioned some of them yesterday, so far as the inter-corporate transactions, the

wealth tax, the tax holiday, etc. are concerned. So many concessions have been given. Another concession is now being given by this amending Bill.

It is seen, in this country, that industrial production can increase only if the monopoly houses are pampered by this Government. Otherwise, nothing will happen. The hon. Finance Minister, on the floor of the Lok Sabha, solemnly says, that we must have a robust share market, we must earn the confidence of the Stock Exchange—the manipulators; he calls them 'investors', but I say 'manipulators'. The Stock Exchange will now influence the economic policy of this country. What is going to happen to the industrial production? Does the Finance Minister assure the House that, if this Amendment Bill is passed, it will increase the industrial production in this country? Or, do you want only the Stock Exchange to thrive and the people to make money by manipulating in the Stock Exchange? What are the figures before the House? Nothing has been given. And what is the expectation once this restriction is removed in the way they are trying to do? The reasons are clear to us but they may not try to admit these. They say that the object is to increase the industrial production in this country. So far as the powers of the Government are concerned, what powers do they not have? They have got the DFR which they use against the ordinary people, for arresting people for making demonstrations and political agitations. They have got immense powers by reason of the amendment of the Constitution. The question is whether this Government will keep on leash the industrialists or the industrialists will go on dictating to the Government. The latter is happening now. For gearing up the industrial production in the country, this Government is not using the immense powers it has. In the name of Emergency, the so-called Emergency, they are clinging to all the powers which

no country in the world, in the normal times, will have. Instead of using them against their political opponents if they had used them for the purpose of controlling the activities of the industrialists and monopolies, something could have been done for the country. But this being an election year, a very crucial year, Government's friends must be kept in good humour to assure the flow back.

Therefore, I submit that this Bill has not been conceived for the purpose of the good of the country; this has been conceived to meet their political ends, and to meet their political ends, they must keep those friends in the industry in good humour.

What will happen to the inflationary tendency? Not a word has been said, if I am not mistaken, by the hon. Finance Minister when he introduced this or when he made his speech today as to what will happen, what will be the probable consequences of this measure so far as inflation is concerned. They are patting themselves on their back on their own manipulated, fabricated statistics that inflationary tendencies are supposed to be under check. Nobody in the country accepts that, because the common people are still feeling the inflationary tendency. They are bearing the burden of it. The Finance Minister himself has said in his Budget speech that they are groaning under grinding poverty. The Finance Minister may kindly reply to us whether this Bill will reduce this burden of poverty so far as the common people of this country are concerned by a paisa? What are you trying to conceal from the country by bringing in measures like this? You are only exposing yourselves. With immense power in your hands, you do not, of course, mind exposures. But admit that. Do not say that this is part of a proposal which will enable better industrial climate in this country or that the industrial production in the country will increase. I submit that

this is a Bill which should be thrown out. And if this Government is honest, then this Government should immediately declare at the same time that it will withdraw the wage freeze legislation. Then let them have this policy of going on pampering their good friends in the industry for their election fund. We do not mind that. In any event, they will make it somehow or other. Therefore, let them make a statement that their so-called anti-inflationary policy has failed or at least they are unable to carry on in the manner they had conceived it, and having failed in their anti-inflationary policies, let them not go on depriving the wage-earners in this country who do not want to have air-conditioners or other luxury items as the Ministers have. We have many monuments of luxurious living in the country. Delhi abounds in that. They do not want that. They want a very simple living, two square meals a day which they do not get. But you do not assure them of that and they are now coming out with all sorts of specious pleas to go on perpetuating their miseries but you go on minimising the supposed difficulties of your industrialist friends.

Therefore, I very strongly oppose this Bill.

SHRI S. M. BANERJEE (Kanpur): I fully support the sentiments expressed by my hon. friend, Shri Somnath Chatterjee. I think he has expressed it so well that this can be safely taken as the views of those Opposition Members who opposed the Bill at that time.

What will happen? On 6th July this ordinance was brought. We criticised the ruling party for bringing this ordinance at a time when the Lok Sabha Session was so fast approaching and in the next six or seven days we were meeting here in this House. But they were so much concerned with the rise in prices and inflation that they thought that this was perhaps the only measure to bring down the prices and check inflation.

[Shri S. M. Banerjee]

And with this, they also brought an ordinance of compulsory deposits impounding 50 per cent of the dearness allowance of the Central Government employees and all wage-earners.

Both these Bills are opposed on two grounds. One was that this particular Bill which was brought was just an eye-wash. They never meant it seriously because I can tell you that this Government is neither against smugglers nor gamblers nor jugglers. These are the three persons who practically give them the inspiration and help them in the matter of such things. If it is a question of smugglers, we have seen how the smugglers have been let off, how nicely they were treated much better than the political prisoners...

MR. DEPUTY-SPEAKER: What have they done to the jugglers?

SHRI S. M. BANERJEE: Then about the gamblers who gamble in the stock exchanges...

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI): I could not catch him. Smugglers, jugglers and what?

SHRI S. M. BANERJEE: Smugglers, gamblers and jugglers. Jugglers are the last...

SHRI SOMNATH CHATTERJEE:.. and the Congressmen.

SHRI S. M. BANERJEE: They get the imagination of the people from the smugglers and gamblers and then they go to the jugglers. That is the last. I am only giving the illustration a little bit sarcastically. I wish it were true. You know what happened to the smugglers. Now, what will happen to this? What will happen to the stock exchanges in Calcutta and other places? Will there be no gambling? Will there be no forward trading, etc.? It will be full

of those unauthorised telephone calls for which they never pay but we pay and they will be regularly doing these things.

Now, what will happen to the so-called inflation, which, according to the All India Radio, has been checked by 30 per cent, according to the television, 25 per cent and according to the Finance Minister, I do not know as the percentage has yet to come out. What happened to that inflation when in 1956, Rs. 150 crores of liquid money was available in the market? Will it not add to the inflation, according to the formulation of the Finance Minister, his predecessor and his predecessor and also the all-powerful Deputy Chairman of the Planning Commission? Now, dearness allowance has been denied to the Central Government employees on the ground that it will add to inflation? Why don't you consider the lot of these millions and millions of people who are starving on the streets?..

SHRI SOMNATH CHATTERJEE: Sermons are given.

SHRI S. M. BANERJEE: Sermons on the mount. I do not want to compare the Finance Minister with Christ. I must say that he uses sermons for sermonising to those who are already hit below the belt and who are already starving and while the line between hunger and starvation is becoming thinner and thinner, the sermon is becoming bigger and bigger. This is exactly what is happening.

I say that my hon. friend, Shri Somnath Chatterjee, has very ably said whether this money will be used for modernisation. No, Sir I come from the city of Kanpur. And the hon. Deputy Minister also comes from the same area—though from rural Kanpur. I am suffering at the hands of these employers who do not utilise this money whether it is given in the shape of rebate or whether you give any concessions. They draw Rs. 150 crores from some source in

the name of modernisation. Whether it is Rs. 50 or Rs. 150 crores, they do not modernise that particular mill from which they have earned fabulous profits. They have converted it into a junk and started an industry somewhere else. This is exactly what has happened to the Swadeshi Cotton Mills run by the Jaipurias. It is closed under some false pretext. It is one of the biggest textile mills in Asia. They have closed down the mill on the false pretext of labour trouble. That is not the whole thing. They have earned monies out of the shares, out of the dividends and so on and used that money in Ghaziabad in a new mill which is manufacturing polyester fibre.

11,000 men of Swadeshi Cotton Mills are rotting on the streets because of the closure of the Mills. The Chief Minister of U.P. whose fate hangs in suspense is unable to take any firm decision. So, the fate of 11,000 men of Swadeshi Cotton Mills actually is in the hands of Jaipuria who is minting money at the cost of the people, share holders and the consumers and utilising it for the purpose known to the Minister.

What happened to J.K. Rayon Mills? This question of closure of the mill was raised by my friend Shri Dinen Bhattacharyya. They wanted concession after concession—50 crores or 25 crores or whatever it may be. Will it be conducive for the economy of that mill? No. They have closed down that mill with a view to retrench 500 employees.

These two mills J.K. and Swadeshi Cotton Mills employing 11,000 and 1-1/2 thousand workers have been closed. Whether they will run these mills or modernise them? They will never do it.

The Finance Minister Shri Subramaniam can say, his predecessor brought this Bill. The whole difficulty in this Government is that nobody remains for more than a year. I do not blame

him. I wish that Shri Subramaniam may continue in this office.

THE MINISTER OF FINANCE
(SHRI C. SUBRAMANIAM): Mr. Chavan was there for four years.

SHRI S. M. BANERJEE: He is no more there.

I am complaining against Mr. Chavan and not against you. Somebody gives birth to a baby and passes it on. That is the whole difficulty. We want the father and mother to continue—to nurse the baby. So this particular Bill is not going to help the common man, the consumer nor it is going to help the Government.

The compulsory Deposit scheme was also introduced. Rs. 150 crores liquid money will come into the market after two years. Will it not add to inflation? I will read the clause for the information of the House:

"In Section 5 of the principal Act, for the words 'For a period of two years', the words 'Save as otherwise provided in Section 5A, for a period of two years' shall be substituted.

5A provides—"The income-tax Officer shall not, for the purposes of that Act, treat an assessee to whom any instalment of deferred dividend is payable as in default in respect of that part of income by which is due in respect of such instalment deferred dividend, as reduced by the income-tax, if any deducted at source from such instalment, and shall continue to treat the assessee as not in default in respect of the said part of the income-tax, so as reduced until the expiry of thirty-five days from the date on which such instalment becomes due and payable to the assessee or the warrant in respect of such instalment is transferred by the assessee to any person, whichever is earlier."

[Shri S. M. Banerjee]

I oppose this Bill on three grounds—

1. Financially this is not going to help the country, nor the shareholders, nor the consumers, nor the workers.
2. Whether this is morally correct, morally justified to give some concessions and impound 50 per cent D.A. of the Central Government employees and other wage earners and to deny five instalments which are due to the Government servants on the ground of fighting inflation?

Business Houses are being given concessions.

"The present Bill seeks to insert new section 5A in the Companies (Temporary Restrictions on Dividends) Act, 1974 to provide that a company may declare dividend out of the profits of the financial year."

It is considered necessary to tone up the capital market.

A Conference was held here. I heard with rapt attention the speech delivered by the Prime Minister. She delivered a good speech. She gave a bit of her mind. I want to know why succumb to the pressure? What will the country gain out of it? You can neither tone up the market nor revive the confidence of the investors in this way. Who are those persons? This will only help the friends of those people who are the business tycoons. I want the hon. Minister to consider whether this attitude is in line with the attitude shown to Central Government employees. Yesterday the Finance Minister said about D.A. and asked us: Think about the millions and millions of people who are starving. It is true. These people do not think about those who are indulging in black money transactions and earning millions and millions of rupees. This is what happens. I tabled a question in this House which is yet to be answered. I invite your

attention to a news item published in the Times of India dated the 12th April, 1975, under the heading, "Black Money Transactions racket busted." It has been stated therein that "the income-tax authorities have unearthed a racket of black money transactions allegedly by persons controlling banks. After raiding two banks, the income-tax authorities have recovered fake fixed deposit receipts worth about Rs. 2 lakhs. The accounts did not bear any specimen signature cards and in most cases were 'care of' certain top personnel controlling the banks." This is what is happening. I appeal to the Minister in all earnestness, in all seriousness, in all humility not to score debating points, but to consider whether this is morally justified when in the case of the Central Government employees you have deducted 50 per cent of the DA and you have not paid five instalments of dearness allowance which are due to these Central Government employees as per the recommendations of the Pay Commission.

So, with these words, I oppose the Bill and I request him not to press for it.

SHRI S. R. DAMANI (Sholapur): I have heard the remarks made out by Shri Somnath Chatterjee and Shri S. M. Banerjee. I do not agree with their views. After this Bill is introduced there has been a fall in the prices of shares. It is a fact. They must have seen this in today's newspapers. The index number of shares has also receded by 2 per cent. As they say that this Bill is going to help only some persons, then, they are entirely mistaken and they are only politically motivated in saying all these things. They only want to charge the Government; they don't want to see things in reality. They said that 293 companies are distributing 75 per cent of total dividends. Who are the owners of these companies? Sir, the owners of these companies are the public at large. The

shares of these companies are held by the public. Hardly 10 to 15 per cent shares are held by the management, but 80 to 85 per cent of the shares are all held by the public or some financial institutions. So, to say that all the dividends will go only to certain parties, is entirely wrong and baseless.

The Finance Minister said in his speech that this Bill has been brought forward as it was considered necessary to tone up the capital market so as to revive the confidence of the investors and under-writers in new issues. This is intended to help the investment climate so that people get more dividends and they can reinvest them and in this way the investment climate can be improved further. That is the reason behind this Bill. Whatever is distributed by way of dividends is going to the public at large.

A much larger percentage of investment ranging from 80 to 85 per cent is by public, the LIC, the Unit Trust. I say they are the biggest shareholders. I wanted to state the correct position to Shri Somnath Chatterjee. He wanted to know whether the industrial production goes up by this sort of relaxations granted by Government. I say that it was their party every time which came in the way of the industrial production. Sir, last year, you know the man-days lost was fifty per cent more than the previous year—1973-74. What was the reason for this? If they had cooperated and if they had not instigated the workers, the production would have gone up. It is not correct to charge the Government for each and everything. Before coming to my points, I want to state that such relaxations are needed if we want to improve the investment markets. While reading the Statement of Objects and Reasons, they have conveniently omitted to see what the Finance Minister has said in the Statement of Objects and Reasons. This is what he said:

706 LS—10

"It is considered necessary to tone up the capital market so as to revive the confidence of investors and underwriters in new issues."

What we want is this. When new companies come up, production should increase and along with that, employment should also increase. In the last two years very few new companies had come up. The public are not investing their money. On the contrary they are withdrawing the investments that they have made. As a result of that, very few new companies came up. A few days back when the Minister for Industrial Development replied to the debate on demands for grants of his ministry he said that licences granted in 1972 were 560 while the total new companies that came into being were 71. In 1973, slightly more than this number came into being but in 1974, about 100 new companies came into being. So, in order to see that new industries come up or new undertakings come up, it is very essential that the climate of investment is required to be improved. This was what the Finance Minister tried to do by this Bill so that more and more people came forward for investment of their earned income in the new undertakings which will result in increase in production in the country solving the unemployment problem in the country etc.

It was convenient for them to see a part of the statement of objects and reasons but they have conveniently omitted what the intention of the Finance Minister was for bringing forward this Bill.

Now I want to make some suggestions. What are the reasons why the people are not interested in investing their income in the new companies. This also requires some consideration. Of course, new companies will take four to five years to declare dividends. Investors know this, but

[Shri S. R. Damani]

they want appreciation of their capital. And whatever amount they invest, in four to five years' time, they expect some appreciation of their capital invested.

In this connection I would only draw the kind attention of the hon. Finance Minister to what the late Shri T. T. Krishnamachari did in the year 1957-58. He wanted to stimulate the investment market so that the pace of industrialisation might be quicker. He took certain decisions and took some actions. That proved useful and it brought fourth the desired results. The improvement market improved. I will request the hon'ble Finance Minister, if possible, to introduce the measures taken by his late predecessor, Shri T. T. Krishnamachari which proved successful at that time so that the investment market can really improve and the country may have more industries and employment. That will bring down prices also.

Secondly, according to this Bill a company can declare dividend but in the current year they have put the restriction at 12 per cent or 1/3 of the net profit.

SHRI C. SUBRAMANIAM: That restriction has been removed by an amendment.

SHRI S. R. DAMANI: When the rate of interest given by the company on deposit is so high in that case 12 per cent net dividend should be allowed because there are many companies whose shares are quoted at two to three times the face value. 12 per cent may be allowed in the first year and balance be paid, as suggested, in two years.

I think that during the current year the demand is sluggish and, as such, the profit of the industry are likely to be much lower. Therefore, it is necessary that some liberal distribution of dividend is allowed so

that those people who are dependant on the dividend income or those who can afford to invest may invest their funds. With these words I support the Bill.

SHRI V. MAYAVAN (Chidambaram): Mr. Deputy Speaker, Sir, I welcome this Bill which has been piloted by the Finance Minister. This Bill should have been thought of a couple of years back. After the Government decided upon credit squeeze it has been difficult for the companies to raise money from the market and also at the same time it has not been possible to impress upon the public about the relative advisability of putting their money in this corporate sector because the dividend restrictions acted as a disincentive. The Finance Ministry was forced to take some action when there was a run on the Unit Trust. When T. T. Krishnamachari conceived of the Unit Trust scheme it was felt 7-1/2 per cent was a high rate. Now, the nationalised banks are competing with each other in raising the interest to 14 per cent. Already a stage has reached where the scheduled banks now charge 14 per cent and this aspect will have to be reviewed by the hon. Minister. In such circumstances it will be ideal to think that the companies could go on paying the old dividends. I should compliment the Government for having decided to come forward with this Bill which enables the company to get out of the restrictions already imposed. Inflation could be kept under check by the extra dividend not being paid but being deposited to the shareholders account. The Minister will have to consider this. I am confident that the trust of the public in the corporate sector will revive. They should be equally good for new companies to advertise their new establishments.

Sir, I would like to draw the attention of the hon. Minister to the repeated representations made by the

Tamil Nadu Government that employee shareholders should be exempted from the payment of income tax. This would definitely stimulate their interest to have more investment. Therefore, I would request the hon. Minister to concentrate only on this aspect and to see that the request of the Tamil Nadu Government is implemented.

डा० लक्ष्मी नारायण पांडेय (मंदसौर)
कम्पनी (लाभांशों पर अस्थायी निवन्धन) संशोधन विधेयक विचारार्थ आपने रखा है। जब आपने लाभान्शों पर नियन्त्रण लगाया था उस समय भी यह आशंका व्यक्त की गई थी कि सरकार के द्वारा उठाए गए इस प्रकार के कदम ठीक नहीं होंगे। आज वह आशंका सही साबित हुई है। सरकार ने स्वयं स्वीकार किया है कि विभिन्न प्रकार के आर्थिक प्रतिबन्धों के कारण तथा सरकार की दोषपूर्ण आर्थिक नीतियों के कारण कैपिटल शॉक या तो ठीक नहीं हो पाई है या फिर उसके ऊपर जितना दबाव लाना चाहिये सरकार वह दबाव नहीं ला पा रही है। सरकार ने दावा किया था कि कीमतें घटी हैं। सरकार के कुछ उपायों ने कीमतें सामान्यतः अवश्य घटी थी लेकिन अब वे फिर से बढ़ने लग गई हैं। ये बढ़ रही हैं मैं समझता हूँ कि सरकार को इसको स्वीकार करने में कोई हिचक नहीं होगी। वे अब तेजी से बढ़ रही हैं सरकार ने यह भी दावा किया था कि कम्पनियों के लाभान्शों पर प्रतिबन्ध लगा करके जो पैसा एकत्र होगा उस पैसे का कम्पनियां अपने विकास के लिए उपयोग करेंगी। लेकिन कम्पनियों ने ऐसा नहीं किया। परिणाम यह हुआ कि उनका विस्तार

रका और साथ साथ नई कम्पनियां जिस गति से सामने आनी चाहियें थी और औद्योगिक उत्पादन जिस गति और तीव्रता के साथ बढ़ना चाहिये था नहीं बढ़ा। मंत्री महोदय स्वीकार करेंगे कि न तो नई कम्पनियों का आगे बढ़ना सम्भव हो सका है और न ही औद्योगिक उत्पादन के अन्दर किसी प्रकार की गति सम्भव हो सकी है। गलत आर्थिक कदमों में औद्योगिक उत्पादन नहीं बढ़ा है सरकार के इन कदमों के कारण लोगों की कम्पनियों में पैसा लगाने के बजाय बैंकों में फिक्सड डिपॉजिट में पैसा लगाने की गति बढ़ी है क्योंकि वहां इंटरेस्ट ज्यादा मिलता है और कम्पनियों में पैसा लगाना उन्होंने प्रायः छोड़ दिया है। लाभान्शों पर प्रतिबन्ध भी एक कारण था कि कम्पनियों का ज़िम प्रकाश में विकास होना चाहिये था और जिस प्रकार से औद्योगिक उत्पादन बढ़ना चाहिये था नहीं बढ़ा है। मंत्री महोदय ने भी इस बिल में खुद स्वीकार किया है।

"It is considered necessary to tone up the capital market so as to revive the confidence of investors and underwriters in new issues."

मंत्री महोदय स्वयं स्वीकार करते हैं कि लोगों में यह भावना घर कर गई है कि उन्होंने जो पैसा कम्पनियों में लगाया है उसकी पूरी सुरक्षा नहीं है, न उसका कोई काम ही है या कोई गारंटी ही है। उनको उस पैसे पर किसी प्रकार से लाभ

[डा० लक्ष्मी नारायण पांडेय]

मिलेगा यह संभावना भी नहीं है। यही कारण है कि लोगों ने इनवैस्टमेंट करना रोक दिया है। कुछ दिन पहले आपको याद होगा कि यूनिट ट्रस्ट आफ इंडिया के बारे में भी एक बिल आया था और उसमें जो आयकर की छूट की सीमा थी उसको आप बढ़ाना चाहते थे, उसको बढ़ा कर और छूट देने का आपने प्रयत्न किया था। कारण यह था कि यूनिट ट्रस्ट में पैसा लगाने को लोगों की वृत्ति पर प्रभाव पड़ा था आपके भिन्न-भिन्न प्रतिबन्धों के कारण। आर्थिक सुधार के नाम पर भिन्न-भिन्न प्रतिबन्ध आपने लगाए और इनका नतीजा यह हुआ है कि सरकार की तथा देश की आर्थिक स्थिति ठीक नहीं हो सकी है। आपने तो इसको ठीक करने का प्रयत्न किया लेकिन इसका परिणाम उलटा ही निकला। आज भी देश की आर्थिक स्थिति गिरती जा रही है, आज भी उस में किसी प्रकार का सुधार संभव नहीं लग रहा है। मैं नहीं समझता हूँ कि इस बिल को लान से भी कोई ज्यादा सुधार हो सकेगा अभी तक आपन बारह परसेंट से अधिक डिविडेंड न देने की बात कही थी और अब बारह परसेंट से भी आगे जा कर आप कहते हैं कि जितना देना चाहें दे सकते हैं लेकिन उसको दो भागों में दिया जा सकेगा या दो किस्तों में दिया जा सकेगा और साथ ही उसके ऊपर किसी प्रकार का कोई इंटरेस्ट नहीं दिया जायेगा। एक भाग 1976 में और दूसरा 1977 में दो बर्षों में दिया जायेगा। मैं नहीं समझता हूँ कि

जो साधारण शेयरहोल्डर है उसको इसका किसी प्रकार से लाभ मिल सकेगा। जो पैसा एकत्र होगा वह कम्पनियों के पास रहेगा और वे ही उससे लाभ उठा सकेंगी। चूंकि पैसा कम्पनियों के पास पड़ा रहेगा इस वास्ते कम्पनियों के जो बड़े-बड़े लोग हैं या मैनेजिंग डायरेक्टर या डायरेक्टर्स हैं वे ही उसके लाभ उठावेंगे और साधारण जो इनवैस्टर हैं, शेयरहोल्डर हैं उसको किसी प्रकार से लाभ मिलने वाला नहीं है।

मैंने प्रारम्भ में कहा है कि जो भी कदम आपने कीमतें घटाने के बारे में उठाए हैं उनका विपरीत नतीजा निकला है और कीमतें घटने के बजाय फिर बढ़नी शुरू हो गई हैं। डिविडेंड ऐक्ट का एमेंडमेंट करने वाला जो बिल आपने रखा है उसका भी कोई खास असर नहीं पड़ा है, कोई आशा नहीं बंधी है। आज के हो 'हिन्दुस्तान टाइम्स' में यह समाचार निकला है। मैं उद्धृत करता हूँ :

"Share prices were marked down in the Bombay Stock Exchange as the Dividend Act Amendment Bill introduced in the Lok Sabha today left the market disappointed. The market commenced trading on a bright note on hopes of modifications, but quickly lost ground".

कोई समय के लिए आशा बन्धी थी लेकिन उसके बाद फिर विपरीत असर पड़ने लग गया और लोगों की आशायें निराशा में बदल गई।

एक दूसरी सदीक्षा भी निकली है और उस में साफ कहा गया है :

"The much-awaited amendment to the Dividend Act introduced by the Finance Minister today failed to impress the share markets".

इसी सम्बन्ध में जुलाई, 1971 में आपन जा एक अध्यादेश प्रख्यापित किया था और बाद में बिल लाकर पास करवाया था और आशा व्यक्त की थी कि पूँजी लगाने की प्रवृत्ति का बढावा मिलगा, बाकी पूँजी सप्लहीन होगी वह आशा भी निर्मूल सिद्ध हुई। परिणाम यह हुआ कि कैपिटल मार्केट की दशा

"The capital market has been depressed since the imposition of the limitations on dividends. Capital issues during the year ended March, 1975 totalled Rs 613 crores against Rs 703 crores as in the previous year and Rs 902 crores in 1972-73. Initial issues of the shares declined considerably to Rs 259 crores during 1974-75 from Rs 505 crores in the previous year. The setback in the capital issues has come at a time when fresh investment is needed in many new capital ventures which have been cleared by the Government"

सरकार ने आशा व्यक्त की थी कि औद्योगिक प्रतिष्ठानों को पूँजी लगाने के लिए पैसा मिल सकेगा लेकिन पैसा नहीं मिला। यह सरकार की दोषपूर्ण नीतियों का ही परिणाम है। मैं नहीं समझता हूँ कि अब भी आप जो कदम उठा रहे हैं उससे किसी प्रकार से आर्थिक स्थिति में सुधार होने की आशा की जा सकती है। आज भी शेयर बाजार में, कैपिटल मार्केट में या पूँजी बाजार में गतिरोध की स्थिति बनी हुई है और लोगों की पूँजी लगान की इच्छा घटती जा रही है ऐसे कदम आपको उठाने चाहिये जिन्हें कि लोगों की इच्छा पूर्ण करने के और बढ़े। आज उनकी इच्छा के अनुसार डिपॉजिट

की ओर प्रवृत्त हो रही है क्योंकि वहाँ इंटरैस्ट ज्यादा मिलता है या दूसरी ओर जैसा लगा रहे हैं। आपन अभी भी बहुत सी रेस्ट्रिक्ट शर्तें लगा रखी हैं जिनको आप का हटाना चाहिये। जैसे आनन्वीय बन्धों ने वहाँ आपने वेज फ्रीज लागू कर रखा है। उसके बारे में आपकी ओर से कोई आश्वासन नहीं दिया गया है कि इसको आप हटाने जा रहे हैं। गरीब लोग इसकी वजह से परेशान हैं, दुखी हैं। साधारण कर्मचारी बहुत ज्यादा परेशान हैं। उनके ऊपर आपन वेज फ्रीज लागू कर रखा है। मैं चाहता हूँ कि मंत्री महोदय कुछ ठोस कदम उठाये। आर्थिक उपायों पर फिर से विचार करें। ऐसा उपाय करना चाहिये ताकि ग्रेट आफ सेविंग बढ़े, उसकी दर बढ़ सके। ग्रेट आफ सेविंग अगर बढ़ना है तो इनवेस्टमेंट भी बढ़ सकती है। उससे आर्थिक स्थिति में सुधार होगा। कैपिटल मार्केट को फिर से रिवाइव करने का आप प्रयत्न करें। इस प्रकार के निरवक नियंत्रण न लाये जिससे कि कीमतों में भारी उतार चढ़ाव हो और शेयर मार्केट के कारण कीमतों में जो उतार चढ़ाव आता है बना रहे या अस्थिरता बनी रहे। मैं यह भी चाहता हूँ कि टैक्स इन्कुरेज को आप गहनलाइज करें। उसका इस तरह का रूप दें ताकि सामान्य लोगों को परेशानी न हो। उसमें आप सरलता लाये। आपने जो विधियाँ निर्धारित की हैं, जो कानून बनाए हैं, जो नियम बनाए हैं बहुत जटिल हैं जिस के कारण लोगों को भारी परेशानी का सामना करना पड़ता है। इस पर आप

[डा० लक्ष्मी नारायण पांडेय]
विचार करे। आर्थिक नीति इस प्रकार से
निर्धारित करे ताकि औद्योगिक उत्पादन
बढ़ सके, नए उद्योग खुलने को बढ़ावा
मिल सके और उनके लिए काफी पूंजी
प्राप्त हो सके। अन्त में मैं पुनः एक बार
कहना चाहूंगा कि आप अपनी नीतियां
इस प्रकार निर्धारित करे जिससे लोगों को
विश्वास हो सके कि हमारी जो पूंजी लगाई
जा रही है, वह ठीक से सुरक्षित है और
उसका हमको लाभ मिलेगा। लोगों को
इस बात की आशंका नहीं होनी चाहिए
कि हमारे देश की आर्थिक स्थिति संतोष
जनक नहीं है, न उसमें सुधार की गुंजाइश
है। आज लोगों में यह भावना बनती जा
रही है कि हमारे देश की आर्थिक स्थिति
भिरती जा रही है। जब तक लोग इस बारे
में आश्वस्त नहीं होंगे कि देश की आर्थिक
स्थिति मजबूत है और उनके द्वारा लगाया
हुआ पैसा सुरक्षित है, तब तक उनमें पैसा
लगाने की प्रवृत्ति नहीं आयेगी।

15.00 hrs.

मैं चाहूंगा कि सभी महोदय इन सभी
बातों पर गंभीरता पूर्वक विचार करने
की कृपा करें।

श्री मधु लिये (बाका) उपाध्यक्ष
महोदय, बिगत सात जो तीन विधेयक
हमारे सामने रखे गये, जिनका वर्णन
सरकार ने पैकेज डील के नाम से किया
था, उनमें एक तो कपलसरी डिपॉजिट
योजना के बारे में था, अर्थात् 15 हजार
रुपये से ज्यादा जिनकी आदमनी है,
उनको जबर्दस्ती एक हिस्सा जमा कराना
पड़ेगा। दूसरा यह डिबीडेंड वाला

बिल, और तीसरे विधेयक में, जो मज-
दूरों को अतिरिक्त बेतन, मजबूई भत्ता या
बोनस मिलने वाला था, उसका आधा
हिस्सा जमा करने के बारे में योजना
थी।

उसी समय मैंने कहा था कि जहाँ
तक कपलसरी डिपॉजिट का सवाल
है, वह बिल्कुल बेकार योजना है। मैंने
यह भी कहा था कि जहाँ सरकार एक
और लोगों की आमदनी का एक हिस्सा
जमा करेगी, दूसरी ओर जैसा कि लोगों
ने मुझे कहा, उनके 6 महीने या एक साल
के जो फिक्रमंड डिपॉजिट हैं, उनको
वे लोग वापिस ले लें और उसमें
अगर उनका ब्याज भी खत्म हो जायेगा
तो उनको कोई नुकसान नहीं है, क्योंकि
जो रकम जमा होगी, उस पर उनको
ब्याज मिलेगा। कपलसरी डिपॉजिट
के बारे में शुरू से मेरी राय है कि यह
बिल्कुल रही और निकम्मी योजना है।

डिबीडेंड के बारे में मैंने उस समय
उदाहरण दिये थे और यह साबित किया
था कि जिन्होंने जिन्दगी भर ईमानदारी
से सेवा करके, काम करके या कोई धन्दा
करके जो बचत की है और सैपर्स में
लगाई है और इससे जो डिबीडेंड की
आमदनी होती है, उस पर वे निर्भर
करते हैं, उन पर इससे बहुत बड़ा सकट
आने वाला है और बहुत बड़ा त्याग
उनको करना पड़ेगा। लेकिन सरकार
ने हमारी बातों को इसलिए नहीं माना,
क्योंकि सरकार का अख्तरी मकसद दूसरा

था। उसका अंशही मजदूर यह था कि मजदूरों पर उन्होंने जो पाबन्दी लगाई थी, फ़ीज लगाया था, उसको भुगत कोट करने के लिए इन विधेयकों को लाया गया था, हालांकि सरकार स्वयं जानती थी कि यह दोनों विधेयक बेमतलब हैं। मंत्री महोदय अभी जो संशोधन लाये हैं, उससे पता चलता है कि स्वयं वे महसूस कर रहे हैं कि जो बिल में विगत साल लाये और हमारी बातों को नहीं माना, उससे मुकसान हुआ है।

आज मैं सरकार से कहना चाहता हूँ कि उसने यह जो पैकेज डील की बात रखी थी, उसका एक हिस्सा तो तकरीबन खत्म हो गया है, कंपलसरी डिपॉजिट भी बेमतलब है, तो क्या सरकार अगले कर्मचारियों पर और मजदूरों पर ही यह निर्बन्ध लगाना चाहती है? मेरी सरकार से प्रार्थना है कि अब समय आ गया है कि वह पूरे पैकेज डील के बारे में पुनर्विचार करे और मजदूरों पर जो निर्बन्ध लगाये गये हैं, उनको भी वह तत्काल हटाये।

मंत्री महोदय यह कह सकते हैं कि मजदूरों को अगर अतिरिक्त बेतन, बोनस और महंगाई भत्ता मिलेगा, फिर मुद्रा-स्थीति का संकट उत्पन्न हो जायेगा। उसका इलाज एक ही है कि सरकार उत्पादन को बढ़ाने की दृष्टि से सोचे।

अफसोस की बात है कि अर्थव्यवस्था में जो कूटा की स्थिति उत्पन्न है, उसको दूर करने के बारे में अभी तक सरकार ने गहराई में जाकर नहीं सोचा है। आज ही सबेरे मैंने सेंट्रल स्टैटिस्टिकल आर्गनाइजेशन की ओर से प्रकाशित राट्रीय आयदनी के आंकड़ों को देखा है। मुझे यह देखकर ताज्जुब हुआ कि 1960-61 के दामों में 1964-65 में हमारी जो फी व्यक्ति आयदनी थी, 10 साल में उसमें कोई परिवर्तन नहीं हुआ है। 10 साल पहले जो फी व्यक्ति आयदनी थी, आज भी वही आयदनी है सरकार ने जो यह सारी पंचवर्षीय योजनाएं बनाई और इतना बड़ा अ.डम्बर रखा, उससे साधारण आदमी को क्या मिला?

जब तक सरकार पैदावार को बढ़ाने की कोई व्यापक योजना देना और इस सदन के सामने नहीं रखेगी, तब तक मुझे ऐसा लगता है कि इस पैकेज डील वगैरह का कोई असर नहीं होने वाला है। अगर कुछ चीजों के दाम जरूर टूटने लगे हैं, लेकिन मैं इसको प्रसाद चिह्न मानूं या एक संकट हमारे ऊपर आ रहा है, जिसको मंदी कहा जाता है, वह मंदी आ रही है, इसका प्रतीक समझूँ, इस के बारे में मेरे मनमें शंका है। आज कोई उद्योग ऐसे है, जिनमें वर्तमान यूनिट्स तेजी से बन्द हो रहे हैं।

आज रेलवे की हालत यह है कि रेलवे के विस्तार की योजना खटई में पड़ी हुई है, इसलिए बैंगन के लिए आर्बेस

[श्री मधु निमये]

नहीं हैं। इजीनियरिंग इंडस्ट्री भ्राज सकट में है। सरकार की नीतियों के कारण बहुत से औद्योगिक क्षेत्रों में भ्राज मन्दी की लहर दौड़ रही है। मैं मंत्री महोदय से कहना चाहता हूँ कि उनको ऐसा लगता होगा कि उनकी जो क्रेडिट स्वीच की पालिसी है, या जो पैकेज डील है, उसमें तत्कालिक सफलता मिली है। लेकिन आर्थिक रुठा की स्थिति को जब तक वह खत्म नहीं करेगा और तेजी से पैदावार नहीं बढ़ायेगा, तब तक यह क्रेडिट स्वीच की पालिसी और पैकेज डील अन्ततोगत्वा धावनक सिद्ध होंगे।

वित्त विधेयक के बारे में मैंने मंत्री जी के दोनों भाषणों को डा। मुझे खुशी है कि कन्सेन्सम उन्होंने इस बार हमारे कुछ सुझावों को स्वीकार किया है। ऐसा लगता है कि पुराने विन मंत्री की तुलना में इनका मन कुछ खुला हुआ है। भ्राज हम लोग जो यह सुझाव दे रहे हैं, उनके बारे में भी मंत्री महोदय विचार करें।

उन्होंने महगई भले के 5 इस्टालमेंट्स रोक रखे हैं। महाराष्ट्र में भी यह सवाल आया है। वहाँ हड़ताल चल रही है। कई और राज्यों में भी यह सवाल आया है। मैं गंभीरतापूर्वक मंत्री महोदय से कहूँगा कि बिगत 27 वर्षों में सरकार की जो एम्प्लायमेंट की नीति रही है, उसके बारे में मैंने एक सवाल पूछा था, जिसका सतोषजनक उत्तर मुझे प्लानिंग मिनिस्टर से नहीं मिला है। मैंने पूछा था कि अधिकसिद्ध देश होते हुए भी क्या टर्शरी सेक्टर में, बेज

और व्यापार में, हमारे देश में रोजगार बहुत अधिक नहीं बढ़े हैं, बनिस्बत उत्तर अमरीका और पश्चिम यूरोप के, जहाँ अब औद्योगीकरण हो रहा था, तो कारखानों और खदानों में सबसे ज्यादा रोजगार बढ़ते थे। मैंने देखा है कि सम्पन्न होने के बाद, 50 वर्षों के बाद, उन देशों में लोगों को सेवाओं में अधिक रोजगार मिलने लगे हैं।

लेकिन हमारे देश में क्या स्थिति है? अंग्रेजों के जमाने में जिले के स्तर पर 5 या 6 अधिकारी हुआ करते थे डिस्ट्रिक्ट मजिस्ट्रेट, जिला जज, पुलिस सुपरिण्टेंडेंट, सिविल सर्जन और कार्यकारी अभिन्ता अर्थात् एग्जीक्यूटिव इजीनियर। भ्राज आप किसी जिले में जाइए, वहाँ आपको 25, 30 जिलाधिकारी मिलेंगे।

श्री ब्रह्मानन्द रेड्डी बैठे हुए हैं, मुझे पता नहीं कि वे सो रहे हैं या सुन रहे हैं। वे मुख्यमंत्री रहे हैं। वे इस बात की पुष्टि करेंगे कि जिस जिले में एक दिन मछली नहीं मिलती है, वहाँ जिन मछली मिन अभिकारी जबर रहेगा और उसके किंगने कारकुन और बरगानों भी रहेंगे। इस तरह जहाँ एक भी उद्योग नहीं है, वहाँ जिन उद्योग विकास अधिकारी रहेगा और उसके भी किंगनी और कारकुन आदि रहेंगे। नतीजा यह हुआ है कि बहुत बड़े पैमाने पर बीकरशाहों का बिन्तार हुआ है और आज राज् सरकारों और केन्द्रीय सरकार के बजट बिलकुल बेलेंस नहीं हो पा रहे हैं।

इसमें कर्मचारियों का बोध नहीं है। प्लानिब कमीशन और सरकार की नीतियों के कारण एक और विश्वविद्यालयों में ऐसे ब्रिचुएट्स का निर्माण किया गया है, जो केवल कर्मचारी और बल्लू बनने के लायक हैं और दूसरी ओर सरकार ने रोजगार के बारे में ऐसी नीति बनाई, जिससे कारखानों और खदानों में रोजगार बढ़ने के बजाय सेवा और दुकानदारी रोजगार बढ़े। मेरे प्रश्न का जो उत्तर दिया गया है, उससे भी यह साबित होता है।

मैं मंत्री महोदय से सम्बोधितपूर्वक कहना चाहता हूँ कि हम तरह के प्रोजेक्ट्स से कोई नतीजा नहीं निकलने वाला है। यह मरुत करे कि जब तक हमारे देश में ग्राम का विकास और औद्योगिकरण बहुत दूर तक नहीं होना है, तब तक हम लोग दूर तक नहीं होना है, तब तक हम लोग कारखानों के क्षेत्र में रोजगार का निर्माण नहीं करेंगे।

एक मुद्दे में जहाँ पहले कपड़े की दो दुकानें थीं, आज वहाँ कपड़े की चार दुकानें हैं। उस से कपड़े की पैदावार नहीं बढ़ती है। वही कपड़ा निर्मित करने का काम दो दुकानों के बजाये चार दुकानें कर रही हैं। अगर मंत्री महोदय समझते हैं कि इस तरह वह राष्ट्रीय उत्पादन में वृद्धि करते जा रहे हैं, तो मैं समझता हूँ कि यह एक धम है और इससे देश का पुनर्जन हो रहा है।

इसलिए मंत्री महोदय से यहाँ प्रश्न है कि यह इन लोगों (जिसके बारे में बुनियादी चीज पर सोचें, और उत्पादन तथा रोजगार

के बारे में आज तक सरकार की जो नीतियाँ रही हैं, उन का मूल्यांकन कर के नई नीतियों को सदन के सामने रखें।

SHRI P. G. MAVALANKAR (Ahmedabad): The manner in which Government have come forward so soon after their original Bill with this amendment is. I am afraid, some kind of a strange commentary on the mentality and maturity of Government with regard to certain legislation. Apart from the fact that many of these things of recent origin have come in the form of Ordinances to be subsequently approved of by Parliament, what I would like to ask the Finance Minister and the Government in general is this. Can you not really bring forward considered and well-integrated legislation which becomes workable for at least some period of time? Yesterday the Finance Minister himself said that he would require some period of time to see how some of the policies and calculations proceed. He was referring to the exemption limit of Rs. 8,000 on income tax and he wanted some more time to study it. Similarly, I would like to ask: why not Government bring forward such a legislation as can be workable and practicable which will achieve the desired ends and then, if necessary, improve upon it, but this amendment shows that Government had not given proper and well considered thought to the whole matter as to how to deal with the economic situation, probably because they were overpowered and enveloped by the recent extraordinary economic crisis of 1973-74. I do not want to say that the present Finance Minister has to carry on with the legacy of his predecessor, distinguished though he was while he was in office, but the fact remains that the policy which the Government of India carried on during the Finance Ministership of Mr. Chavan was not a policy which was really successful in terms of tackling some of the acute economic issues.

[Shri P. G. Mavalankar]

Apart from this question of hasty legislation and half-conceived notions which are put into the legislation which ultimately make it necessary for the Government to come forward with amendments, my straight question to the Finance Minister is: what happens now to his package deal, because it was his predecessor who said that this particular Bill should not be taken in isolation, since it was a part of the package deal. Now, if this is part of a package deal, how is it that you only touch one part of it and leave the other parts untouched? Are you going to come forward with amendments of the other parts of the same package deal, or are you admitting that the package deal is dead and gone?

Government have a very curious approach on this particular issue because they have been trying to have some kind of balancing exercise! Because they hit wage earners and workers hard by making them put part of their extra earnings into compulsory deposits, they wanted to appear as being fair and just and therefore they said they were also hitting the other sections of the community, namely, the middle class people, the small shareholders and dividend earners and therefore they came forward with this kind of a Bill restricting dividends. But I want to ask the Finance Minister: can he honestly tell us whether the original Act really served the purpose? Did it really leave enough money in the hands of companies and did they use that extra amount which was not distributed to the shareholders for, if not modernising, at least for tuning up the existing units? Was it used for adding to the efficiency of the units which were working in the country? What we see is that this did not happen, so that nobody benefited. The Government of India also did not benefit, nor did industry nor did the poor shareholders. Therefore, by this dividend restriction what they did was that they put one additional harassment or hardship on a certain section of the

people, merely for balancing with their earlier legislation restricting the wages of labour especially in terms of dearness allowance. Therefore, I feel that this half-hearted measure has not really produced the desired results. Neither has it helped the industrialists nor the shareholders nor the workers nor the public. If so, whom does it really benefit?

If you see the original Act and the amendment there are so many accounts to be kept, half to be given now, half two years later, interest to be calculated etc. At the end of all these procedural involvements, what is the resulting benefit you get? Is it really so large? Of course, the Finance Minister will say that he has to see that industrial production is augmented and it is precisely for that purpose that he has come forward with this amendment because he says that if new companies are not getting necessary incentive because the shareholders are not coming forward to buy the stocks, he has to give some concession. But what are the facts? Is it not a fact that 293 monopoly concerns normally are distributing as much as 75 per cent of the dividends in the country? Are these monopoly concerns in any way affected in terms of augmentation of production by the earlier Act? When you say that the new companies are not getting ward and that the stock market is shy, I want to ask which are the new companies other than those started by monopoly houses or their subsidiaries, how many new companies have not come up because of the restrictions? That would really answer part of the question, because if monopoly houses are starting new concerns, then, surely they do not seem to be having any difficulty with regard to capital investment.

The Minister of Industry and Civil Supplies, answering a question of Shri Vayalar Ravi on the 30th April said that the production of Phillips Co. in 1972 was 19.85 million GLS lamps. In 1974 it was 23.23 million GLS lamps. Therefore, their production has gone up.

One can go on adding such examples to show that the existing monopoly houses and their new concerns are not finding it difficult to attract new capital from the people and the shareholders. So, which are the new companies which he has in mind?

Lastly I want to suggest this point also because I think it is important. With regard to foreign companies I find from an answer to a Starred Question on the same date, 30th April, given by the Minister of Industries and Civil Supplies on multi-national corporations that he said:

"(a) There were 538 branches of foreign companies and 202 Indian subsidiaries of foreign companies in India on 31st March, 1973. These foreign companies can be deemed to be multi-national corporations since they control production and service facilities in two or more companies.

(b) The profits and dividends remitted abroad by the branches of foreign companies and the Indian subsidiaries of foreign companies during 1971-72 were Rs. 32.95 crores and Rs. 39.11 crores respectively."

So, here is a situation where the Government of India permits foreign companies and the Indian subsidiaries of foreign companies to remit dividends and profits abroad. But they are restricting the Indian companies with regard to the dividends. Therefore, there is some kind of an anomaly. Why should we not put such regulations and restrictions on foreign companies and their dividends?

My point is that you deal in one way with the foreign companies and in another way with the Indian companies. But my real point is this. You want the labourers, the workers and the wage earners to be hit hard by your legislation because of certain solution which you want to seek for your economic problems but, how is it that you give relief to investors in capital market and you do not give

the same relief to the workers? I think this is a gross injustice. Since by our amendment it has now been proved that your package deal is broken, let it be broken and let the wages of the workers be not impounded in the way you have done by a previous act on this question.

SHRI C. SUBRAMANIAM: Mr. Deputy-Speaker, Sir, I was not present when the debate was initiated by Shri Somnath Chatterjee. I was told by my colleague that he made a brilliantly devastating speech. As a matter of fact, I welcome such speeches rather than the sort of stuff which is given by some other Members of his party.

With regard to the discussion on this Bill, I am afraid, the scope of the Bill, either it has not been purposely understood or they have not taken care to look into the implications of the proposals I have made in this Bill.

As far as package measure is concerned, that package measure was intended to restrict the money supply, and therefore, various measures were formulated. I do agree with regard to the importance of the 50 per cent of the dearness allowance being impounded, extra bonus payable being impounded, extra increase in wages, being impounded, compulsory deposit by the income tax payers and also restriction on dividend. Does this measure, in any way, take away that restriction which was placed on the money supply? This is a matter which will have to be taken into consideration.

As far as dividend payment is concerned, we said that they cannot have anything more than what is payable on 33½ per cent of the net profit or 12 per cent whichever is less. Even now the dividend payable is only restricted to that. What we are contemplating here is what will happen after the expiry of those two years. Therefore, as far as package for two years

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is concerned, it is still intact. I am not interfering with it. I hope the hon. Member agrees with it, because no money is intended to be squeezed more than what was contemplated in the original Act itself. Therefore, now, we are only considering if the profits of the company are left with the company, how is it to be dealt with? Should it go to the shareholders? It would have happened if there were no restrictions on the declaration of dividend and the payment of dividend. Even though this was intended as a temporary measure for two years, yet even after two years, they should not get advantage of the profits earned by the company. I don't think, at any time, it was intended that the shareholders should not get the benefit of the profits earned by the company during these two years. The only restriction we wanted to lay was that this money should not go into current consumption.

PROF. MADHU DANDAVATE (Rajapur): Do you agree that the original Act was hasty and defective?

SHRI C. SUBRAMANIAM: It was not defective. Even now, I am not enabling by this provision to pay even one paise extra more than what would have been payable under the previous Act. This the hon. Member should realise.

What we are now trying to find out is how to ensure that the profits earned by the companies during these two years do reach the shareholders. We can provide that it can be declared later on after 1976, that they can take into account the totality of the profits earned and, therefore, on that date, they can declare the dividends. But as I already stated, mainly because of the restrictions placed on the payment of the dividends and also on the declaration of the dividends, the value of the shares has been going down and, therefore, the capital market has been affected. What I am enabling now is not for the payment of anything more than what was payable under the previous Act but now

I only say, with regard to the profits this is the amount which will get itself attached to a particular share and which will become payable only after July, 1976.

Further question arose as to whether this should not carry any interest because once the dividend is declared, then it becomes the shareholders' money held by the companies. On equity, a reasonable interest is called for, the interest he would have obtained if he had deposited in the bank for this period. Between 1 to 3 years, it is 8 per cent interest and, therefore, I have provided that 8 per cent interest will be paid. This does not affect in any way the structure of the package till July, 1976. Therefore, to argue on the basis, simply because I am making some internal arrangement as between the company and the shareholders and I am making an interim arrangement which will come into effect only after July, 1976, to say that the package has been broken now and, therefore, you take away the other components of the package also, is in my view wilfully misunderstanding what is the scope of the Bill and trying to confuse the issues. This is the first point that I want to make.

Another point was made as to for whose benefit this is going to be done. Naturally, this is for the benefit of the shareholders. As was pointed out by the hon. Member, on this side, it is not as if all the shareholders are millionaires. Even in the monopoly houses, the percentage of shares held by the management as such or the monopoly houses as such is always limited. It is rather unfortunate that with a limited holding, they are able to have a stranglehold on the entire company. That is a different thing altogether. There are millions of shareholders, small shareholders, who depend on this income also and that is why if it goes to the benefit of the shareholders, it does not mean that it always goes to the benefit of the richer individuals. If you take the monopoly houses as re-

ferring to the companies, there is nothing like that. Ultimately, when the dividend is declared, it goes to the individuals as such and those individuals are not necessarily big people. A large number of smaller people are involved in it. Therefore, if there is any advantage, it goes to the advantage of the smaller share-holders also who are much more in number than richer people.

Another question that has been put by Mr. Chatterjee is: Is this going to improve industrial production? The point for consideration is this. The industrial production has to take place with the existing investment. We have dealt with that aspect, with regard to the deficiencies, during the General Budget debate; we have dealt with it when we discussed the Demands relating to the Ministry of Industry and we have dealt with, to a certain extent, when we discussed the Finance Bill also. Therefore, I do not want to go back on all the arguments which were advanced for the purpose of improving industrial production. Whatever necessary steps are possible are being taken for the purpose of improving production with the existing investment.

What we are now concerned with is not merely the present production. There has got to be increased production and that increased production can take place only with increased investment taking place. Unfortunately, new investments are not taking place today and, as has been pointed out by Shri Mavalankar, new investments should not suffer by this. The monopoly houses, particularly the bigger houses are able to get their shares subscribed somehow or other because they have the capacity. Today, who is suffering? It is only the new entrepreneurs, the medium entrepreneurs, the small scale entrepreneurs who are not able to get capital for floating their companies and who want to make new investments. Therefore, when I say that we will have to improve the atmosphere

and the climate of investment, it is not for the benefit of the larger monopoly houses because, in my view, whatever be the atmosphere, once they make up their minds, they are able to find the capital and go forward. Therefore, when I say that we have to improve the climate of investment, it is mainly for the medium entrepreneurs, the small entrepreneurs and new entrepreneurs. It is from that point of view that I am hoping this measure will improve the climate to a certain extent, in that it will provide finance to the capital market. It is from that aspect that we will have to look at it.

Then, a question was put as to what happens to the money which is left with the company and how this money was being utilised—whether it is used for the purpose of modernising the existing plants and for the purpose of making new investments. In certain cases this might have happened; in many cases it might not have happened. But we have taken this into account. Whenever bank credit is asked for, we take into account this money of the shareholders or of the company to be used as working capital during these two years. Therefore, for any extra credit they want for the purpose of increasing production, for making an assessment of the requirements of any particular company, we take into account this money of the shareholders which is available with a particular concern. Therefore, to that extent, the bank credit also, and the resources available with the banks, will be utilised for that purpose—for the purpose of improving production in other areas.

Therefore, I would respectfully submit again that as far as the package is concerned, this cannot disturb that package at all. Whatever I am doing will be after this targetted date of July 1976, till then I have not disturbed the package. I am providing a certain method of distribution of this money after 1976. Therefore, to argue on that basis that the package has been broken and therefore to go back to the other things and say that dear-

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ness allowance should also be released now, bonus should also be released now and that additional wages should also be released now, is, in my view, a complete mis-understanding of the package and also the scope of this Bill. It is from this point of view that I have moved an amendment of this Bill and I hope and trust that it will help at least to the extent of improving the atmosphere for the new-comers, for the medium entrepreneurs and for the small-scale industries; to that extent at least I hope the capital market will improve and the investments for the purpose of building up the future of the country will also go up.

Naturally, I can very well understand the philosophy of the CPI(M) and also the CPI, because they have no faith in the private sector at all. It may be a very valid point but, as the Finance Minister, I have to deal with a situation where it is 'mixed economy'. There is a component of the private enterprise and a major component, may be, of the public sector enterprise. So long as the private enterprise forms a component of our industrial structure, they will have to produce more and they will therefore have to have more investments. Certainly, from that point of view, they would like to completely destroy the atmosphere so that there would be no investment at all in the private sector; but that will be going contrary to the objectives we have in mind. Therefore, it is not that I don't appreciate that point of view and it is not that I don't have any sympathy even for the ideology they represent, but that is a completely different thing. As Finance Minister, I have to take care of the existing economy in the present pattern of our industrial structure. Therefore, if they advocate that I should take measures for the purpose of completely destroying the private sector from growing, then certainly I am not able to agree with them, because that is not the objective, that is not our industrial policy today. In the Indus-

trial Policy Resolution, 1956, by which some of our friends even now declare their faith, there is place both for the public sector and for the private sector. And as long as the private sector is allowed to continue, it is no use saying that we should create conditions in which they would not be able to function and grow. That means, to that extent, the economy also will get stunted and the whole community will have to suffer because there would not be any growth or development. This is the point of view which I would like to place before this House. If some of my hon. friends do not agree with this proposal, I very well appreciate it. Certainly they cannot agree with any measure which is likely to improve the climate for private enterprise. They are quite consistent, but I am also consistent as far as our point of view is concerned. From our point of view, this Bill goes, to a certain extent, to clear the atmosphere.

SHRI BISHWANATH JHUNJHUNWALA (Chittorgarh): I would like to ask a simple question. The Finance Minister has said that the small entrepreneurs or middle class entrepreneurs would like to invest in shares. With such high interest rates existing now, who would like to invest in shares—when he is getting a return of 15 or 16 or 17 per cent in the fixed deposit with good companies? Only a fool will do it. Till the rate of interest is brought down by you, I hope that the Bill which you are taking into consideration will have no effect to revive the share market or revive the economy of the country; you will not find any support from any part of the investors to put their money in shares, with indifferent policies of the Government all the time....

SHRI C. SUBRAMANIAM: I have understood your point. This may be a point of view, but this Bill does not deal with that aspect at all. Here we are concerned with a completely limited Bill with reference to restriction on the dividends. As a matter of fact,

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even taking my hon. friend's argument to be correct, I am liberalising to a certain extent. There would be declaration of dividends and, therefore, there would be a greater attraction for shares. To that extent, it is in the right direction. I am not prepared to go into the other aspect, whether we should have this high rate of interest, dear money policy and so on. That is completely a different thing altogether. As far as this Bill is concerned, even according to the argument of the hon. Member, it is in the right direction. Perhaps he thinks that this alone will not do. But that is a different matter.

SHRI V. MAYAVAN (Chidambaram): The Tamil Nadu Government...

SHRI C. SUBRAMANIAM: I will reply. Even now there is a provision in the Income-Tax Act that upto an income of Rs. 3,000 by way of dividend, it is not taxable, particularly for the employees. If any employee is able to get to the extent of Rs. 3,000, he is not going to be taxed. But if it is going to be more than that, I am sure he is not just an employee but should be something more than an employee.

MR. DEPUTY-SPEAKER: The question is:

"That the Bill to amend the Companies (Temporary Restrictions on Dividends) Act, 1974, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: We take up clause-by-clause consideration, **Clauses 2 and 3.** The question is:

"That Clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

1..

Clause 4. (Insertion of new section 5A).

Amendment Made

Page 2, line 19,—

for "without interest" substitute—
"together with interest due thereon at the rate of eight per cent per annum" (1)

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MR. DEPUTY-SPEAKER: The question is:

"That Clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

MR. DEPUTY-SPEAKER: The question is:

"That Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

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

SHRI C. SUBRAMANIAM: Sir, I move:

"That the Bill, as amended, be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill, as amended, be passed."

The motion was passed