

[Mr. Deputy Speaker]

Now, the question is:

"That the debate on the Bill be adjourned".

The motion was adopted

16.25½ hrs.

**RICHARDSON AND CRUDDAS
LIMITED (ACQUISITION AND
TRANSFER OF UNDERTAKING)
BILL**

THE DEPUTY MINISTER IN THE
MINISTRY OF INDUSTRIAL DEVELOPMENT (SHRI SIDDHESHWAR PRASAD): I beg to move.^a

"That the Bill to provide for the acquisition and transfer of the undertaking of the Richardson and Cruddas Limited, for the reconstruction of the register of its members and for matter connected therewith or incidental thereto, be taken into consideration."

16.26 hrs.

[SHRI R. D. BHANDARE in the Chair]

Richardson and Cruddas Ltd. is an old engineering Company which was established as a partnership firm in 1858 in Bombay. It has at present three workshops—in Bombay, Madras and Nagpur—employing a large number of skilled workmen. As an established engineering company, it has done valuable work for the construction of steel plants, thermal power stations, heavy engineering workshops and railway bridges and for the supply of railway points and crossings and machinery for the rubber and sugar industries.

The partnership firm was acquired by Shri Haridas Mundhra in 1947 and converted into a Limited Company in 1949. One of the Private Limited Companies of Mundhra Group was appointed as Managing Agents. Since

1956, there were complaints of mismanagement and in 1957, it was found that the Company had not held any general meeting for a long time and the filling of the accounts with the Registrar of Companies was in arrears. Several shareholders had not been paid their dividends and share certificates submitted by the Company for registration had not been returned to the persons concerned. The L.I.C., one of the major shareholders, applied to the Calcutta High Court in December, 1957 for the removal of the Directors and Managing Agents and for the appointment of a Special Officer to manage the affairs of the Company and make full enquiries into its affairs. The Special Officer was appointed on the 9th December, 1957.

Subsequent enquiries by the Special Officer revealed financial irregularities resulting in losses to the Company of more than Rs. 40 lakhs. It was also found that there were several claims for the same shares. Against a paid-up capital of Rs. 100 lakhs, shares to the value of Rs. 2,08,56,750 were produced to the Special Officer. The Special Officer rejected a large number of these claims and prepared a provisional register of shareholders. The holders of share certificates, whose claims were rejected, have filed suits against the Company for rectification of the Register and payment of damages by the Company in the alternative. These proceedings are still pending before the Calcutta High Court.

As the Company was doing valuable work for various Government projects, it was necessary for Government to extend from time to time assistance to the Company to meet its financial requirements. Government have up-to-date guaranteed loans given by the State Bank of India to the Company for the value of Rs. 217 lakhs and have also granted direct loans to the Company for

^aMoved with the recommendation of the President.

Rs. 160 lakhs. It would not be in Government's interest to continue these facilities without making proper arrangements for the Company's long-term management as would ensure Government control over its operations.

Any arrangements for proper management can be made only after the disputes between the various shareholders are settled. These cases have been pending before the Calcutta High Court for a very long time and all attempts made by the Special Officer to arrive at a settlement have been infructuous. It is, therefore, expedient in the public interest to acquire the undertaking of the Company with its liabilities.

The Bill provides for the acquisition of the undertaking of the Company with its liabilities by the Government and the vesting of the same in a wholly Government-owned Company to be formed for the purpose. The Company has important orders on hand and in spite of the difficulties generally faced by the Industries since the recession, it has been able to improve production. The proper development of the Company would require substantial modernisation of its facilities. The take over of the undertaking of the Company and its vesting in a new Government company will help in the development, modernisation and expansion of the undertaking to meet priority production requirements.

It is necessary to ensure that the disputes between the shareholders are settled expeditiously. It is clear from enquiries made by the Special Officer that claims for more than Rs. 2 crores of shares had been received by him against only Rs. 1 crore received by the Company as contribution to its capital. It is, therefore, in the fitness of things that genuine shareholders whose share represent the contribution to the capital of the company

should not be made to suffer. Hence, it is proposed to establish a Tribunal Government and they shall continue which will settle disputes regarding the shares expeditiously. It is also proposed that persons whose claims for shares are not accepted will have no claim against the Company, the Government or the new Company, but will only be free to proceed against the persons from whom they had acquired these documents for valuable considerations. It is necessary that the Tribunal is given proper assistance in its task of settling the shareholders' provided that a Custodian will be appointed for receiving the amount payable by the Government for the acquisition and reconstructing the share register under the orders of the Tribunal.

Sir, I move:

MR. CHAIRMAN: Motion moved:

"That the Bill to provide for the acquisition and transfer of the undertaking of the Richardson and Cruddas Limited, for the reconstruction of the register of its members and for matters connected therewith or incidental thereto, be taken into consideration."

SHRI SOMNATH CHATTERJEE (Burdwan): Generally the provisions of this Bill are welcome, but I wish to draw the attention of the hon. Minister to some of the features of the Bill.

The main provision is for acquisition of the undertaking, as the title itself suggests. But if you would kindly see clause 3 of the Bill you will find that it provides for the vesting on the appointed day. The appointed day will be such date as the Central Government may by notification appoint. Before the vesting takes place, not only has a notification to be issued, but the old company's affairs have to be sorted out as it appears now.

[Shri Somnath Chatterjee]

The main stumbling block so far as this company is concerned is the issue of the various types of shares; some are described as spurious shares or fictitious shares. As a result of it, several proceedings have been pending in the Calcutta High Court, and a special officer had to be appointed. Until that matter is solved and until a list of real shareholders is prepared, there cannot be any question of the vesting because vesting here provides for payment of compensation.

Now, kindly come to clause 8. Therefore, the real object of this Bill at this stage seems to be to decide the disputes about the shareholders, which are there, and not for the vesting. Vesting cannot be done until that is resolved.

So far as compensation is concerned, which is now being described as amount clause 8 provides that:

"For the transfer, under section 3, of the undertaking of the company to the Central Government, there shall be paid by the Central Government to the Custodian an amount of Rupees thirty lakhs."

Now, kindly come to clause 10 which says:

"The affairs of the old company shall be managed by a Custodian to be appointed by the Central Government in this behalf."

This refers to the old company.

MR. CHAIRMAN: Clause 8 speaks of security.

SHRI SOMNATH CHATTERJEE: I was reading from clause 10. So far as clause 8 is concerned, this amount is being given in the hands of the custodian, to be utilised in a certain specified manner, namely in such manner as the shareholders may decide. That is what is provided in sub-clause 2 of clause 12 which says:

"The Custodian shall receive the sum referred to in section 8 and shall deal with the said sum for meeting any liability which is incurred by the old company after the commencement of this Act, and the balance, if any, left after meeting the said liability, in accordance with the wishes of the members of the old company, expressed in a general meeting convened by the custodian, and the provisions of the Companies Act, 1956, shall, so far as may be, apply to such meeting."

"(3) The Custodian may, if the members of the old company so desire, distribute the balance referred to in sub-section (2) amongst such members in accordance with their rights and interests and thereafter apply to the court for the winding up of the old company by the court."

Therefore, until these disputes are resolved and the proper list of shareholders ascertained, the money will not be distributed. But money has to be distributed for payment of the liabilities. What are the liabilities? Under cl. 4 the Government are taking over all the liabilities. First of all, my question is: why are Government taking over the liabilities of the company? In the case of coal nationalisation, the law did not provide for taking over of the liabilities. Why in this case when there are genuine doubts about the regularity or method by which these liabilities were incurred? Without going into all that, why are Government taking over the liabilities?

A provision is being made for meeting these liabilities out of the funds of Rs. 30 lakhs, a huge sum, which is being given for meeting these liabilities. Secondly—and very important—this is for distribution or to be dealt with in a manner to be decided by the shareholders. Who are these shareholders? In this process, will the money go back to the old management.

What is the assurance that can be given by Government that by some circuitous process, by this shareholding—I do not know who are the shareholders—the money will not go back to the old management? I would request the Minister to deal with this in his reply.

16.35 hrs.

[SHRI K. N. TIWARI in the Chair]

The other point is about the employees. I find unfortunately this has become almost a standard practice with Government nowadays in such legislation to include a clause like cl. 7. They say in this clause that the employees will become the employees under the new company under Government and they shall continue in employment until their services are terminated or until the remuneration, terms or conditions of service are duly altered etc. etc. This power is being taken. Although the employees benefit by becoming employees under the new company and their services are better secured, why should this power be always taken to change the terms and conditions of their employment? Such changes can be made without consultation with anybody. Therefore, the Central Government are nowadays taking this power to bring the employees completely under their control so far as the terms and conditions, salary, emoluments etc. are concerned. No statutory protection is being given to them to ensure that their jobs will be continued. We submit this is a matter on which the attitude should be altered. In any case, such legislation should not be invoked for the purpose of dealing with the employees.

Otherwise, we are in agreement with the general objects of the Bill which we support, subject to the provision for payment of compensation which we say should not have been made. In the absence of a statutory provision ensuring directly that the money will be utilised for genuine purpose, money may go back to the

shareholders of whose identity we are not aware. This will really amount to improper use of this money.

श्री आर० बी० बड़े (खरगोन) सभापति महोदय, हाउस के सामने जो रिचर्डसन एंड क्रुडन लिमिटेड (उपक्रम का अर्जन और अंतरण विधेयक रखा गया है, वह बिल जो बहुत अच्छा है और मैं उसका समर्थन करता हूँ। लेकिन इसके साथ मैं कहना चाहता हूँ कि हमारे शासन की नींद पंद्रह साल के बाद खुली है। दिसम्बर 1957 में नाइट्क इनशोरेंस कॉर्पोरेशन ने कलकत्ता हाई कोर्ट में एक एप्लीकेशन दी थी जिसमें इस कम्पनी पर मिसमनेजमेंट का आरोप लगाया गया था। उस एप्लीकेशन पर कलकत्ता हाई कोर्ट ने कम्पनी का काम काज चलाने के लिए श्री डरिंगुलेस्टीज और मिसमनेजमेंट की ज व कारन के लिए एक स्पेशल आफीसर एंगायट किया।

वहा पर इतना बड़ा फाट था और सन् 57 से शासन को मालूम होत हुए भी पन्द्रह साल तक शासन की नींद नहीं खुली। आज जा कर उन की नींद खुली है और यह बिल सामने आया है। फिर इस के साथ मैं जो हमारे पूर्व वक्ता ने कहा था 30 लाख रुपये के बारे में, उस के बारे में फाइनेशियल ममोरेबम में लिखा है :

"Clause 8 of the Bill provides for the payment of an amount of Rs. 30 lakhs by the Central Government for the acquisition of the undertaking of Richardson and Cruddas Limited. The Bill, if enacted, would thus involve a non-recurring expenditure of Rs. 30 lakhs on this head."

अब मेकमन 8 में उन्होंने इन के बारे में अपनी ऑपिनियन दी है

"For the transfer, under section 3 of the undertaking of the old company to the Central Government there shall be paid by the Central Government to the Custodian an amount of Rupees thirty lakhs."

[श्री धार० बी० बड़े]

ये 30 लाख रुपये काहे के लिये हैं? जो स्पोर्ट्स शायर्स होने या शेरर्स के जो झगड़े पड़े होंगे उस के वास्ते ये 30 लाख रुपये हैं क्या? और अभी श्री सोमनाथ चैटर्जी ने जो बातें कही उस से भी मैं सहमत हूँ क्योंकि क्लॉज 12 में दिया है:

"On the appointment of a Custodian, every person holding office, immediately before such appointment, as director or manager of the old company shall, notwithstanding anything contained in any other law for the time being in force or in any decree or order of any court or tribunal, vacate such office."

एम्प्लाइज के बारे में मुझे कहना है कि उन के लिये कोई प्राविजन इस में नहीं है। जो प्राविजन है वह यह है

"Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other employee from the old company to the Central Government or the new company shall not entitle such officer or other employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority."

इस के द्वारा वहाँ के जो कर्मचारी हैं उन के वास्ते कोर्ट के दरवाजे बन्द कर दिए गए हैं। उन के जो क्लेमस होंगे या इंडस्ट्रियल डिस्प्यूट्स ऐक्ट के मातहत जिस के लिये उन्हें कोर्ट में जाने का अधिकार था, वह अधिकार उन का समाप्त कर दिया है और कोर्ट के दरवाजे उन के लिए बन्द कर दिए हैं। मैं मंत्री महोदय से पूछना चाहता हूँ कि ऐसा करने का कारण क्या है। शायर्स वर्गहरू के मामले में जो फाड़ किया इस कम्पनी ने उस को भुगतने का कौन यह भी इस में नहीं बताया है। जो वहाँ के कर्मचारी लोग हैं इंडस्ट्रियल डिस्प्यूट्स ऐक्ट

के मातहत जो उन्हें रिलीफ मांगने का हक है वह हक भी इस सेक्शन के अन्तर्गत बन्द कर दिया है। तो मैं माननीय मंत्री महोदय से कहता हूँ कि इस प्रकार का प्राविजन आप ने क्यों किया? रिचर्डसन कम्पनी द्वारा इतना फाड़ किए जाने के बाद भी कर्मचारियों के लिये कोर्ट का दरवाजा बन्द करने का कारण क्या है? इस के बाद जो कोर्ट में पेंडिंग कसेज हैं उन का निपटारा कौन करेगा?

"On and from the date on which the Tribunal is constituted, on suit or other legal proceeding shall be commenced, or if pending at the date of such constitution, shall be proceeded with, against the old company except with the leave of the Tribunal and subject to such terms as the Tribunal may impose."

यह प्राविजन इस में नहीं है कि इस का निपटारा रिचर्डसन कम्पनी करेगी या कस्टोडियन करेगा या उस को पैसा कौन देगा?

कर्मचारियों के बारे में यह इतना हाथों सेक्शन डम म रखा है कि मैं इस सेक्शन का पूरी तरह से विरोध करता हूँ।

इस के साथ एक बात इस के उद्देश्य में यह लिखी है कि जो मिसमैनेजमेंट हुआ है उस के लिये स्पेशल आफिसर नियुक्त हुआ है लेकिन जो कसेज कोर्ट में पेंडिंग हैं उन का क्या होगा? जो झालरेडी कोर्ट में चल रहे हैं उन के बारे में क्या होगा? उन के बारे में कुछ नहीं दिया है। केवल यह लिखा है कि कस्टोडियन नियुक्त होगा वह इस का निर्णय करेगा। तो मैं यह समझता हूँ यह जो बिल आप लाए हैं इस में जो कर्मचारियों के विरुद्ध सेक्शन रखा है कि वह ट्रिब्यूनल में नहीं जा सकते हैं या कोर्ट में नहीं जा सकते हैं, तो इस सेक्शन का आप खुलासा करे कि वह जा सकते हैं या नहीं जा सकते हैं। क्लेमस वर्गहरू जो होंगे उन का निर्णय कौन लगा? इस का आपने अपने अपने भाषण में खुलासा नहीं किया है, इस का भी खुलासा करे।

इन सबों के साथ मैं इस बिल का समर्थन करता हूँ क्योंकि इस के अन्दर कम्पनी के मिसमैनेजमेंट को दुरुस्त करने के लिये प्रावधान किया गया है।

SHRI TEJA SINGH SWATANTRA (Sangrur): Sir, on a point of order. There is no quorum; not even a fraction of the quorum.

MR. CHAIRMAN: Let the quorum bell be rung. -- Now there is quorum
SHRI E. R. Krishnan.

***SHRI K. R. KRISHNAN** (Salem). Mr. Chairman, Sir, I thank you for giving me an opportunity to say a few words on the Richardson and Cruddas Limited (Acquisition and Transfer of Undertaking) Bill on behalf of my party, the Dravida Munnetra Kazhagam.

When I saw the name of Richardson and Cruddas, I was immediately reminded of the exit of the Central Minister hailing from Tamil Nadu, Shri T. T. Krishnamachari, from the Central Council of Ministers. It was alleged at that he was indirectly responsible for different malpractices indulged by this firm. Since this Bill stands in the name of another Central Minister hailing from Tamil Nadu, Shri C. Subramaniam, the Minister of Industrial Development, I would like to caution him that this should not bring his downfall also. As he is trying to give a new lease of life to this dying concern, I take the liberty of saying these words of warning.

Clause 8 of the Bill provides for the payment of an amount of Rs. 30 lakhs by the Central Government for the acquisition of the undertaking of Richardson and Cruddas Ltd. I would like to know from the hon. Minister to whom this amount of Rs. 30 lakhs would be given. It does not end here. This company has been subjected to voluminous litigation arising out of

the issue of duplicate shares and claims of over Rs. 1 crore towards damages are pending. This amount of Rs. 1 crore is also to be paid by the Central Government after acquiring this company. An investment of Rs. 1.50 crores is also proposed to be made in the share capital of the company for the purpose of working capital, modernisation of the unit etc. When such huge amounts are involved in re-vitalising this unit, naturally I would like to know to whom Rs. 30 lakhs, as provided for in this Bill, would be given. I hope the hon. Minister will clarify this point in his reply.

The very name of this unit reeks with all kinds of mismanagement and malpractices. In regard to certain issues connected with the Hindusthan Steel, some strictures were passed against Shri C. Subhamaniam by the Public Accounts Committee of this House. I would therefore like to take this opportunity to warn him that he should be very cautious in implementing the provisions of this Bill.

When I see huge sums provided for in this Bill, I am reminded of a popular Tamil saying, *Andai Veetu Neive En Pendatti Kaiye*, which in essence means "Rob Peter to pay Paul". I have stated this because large amounts of public money are going to be invested in this unit known for all sorts of malpractices. Before I conclude, I would say that the Government should be extra cautious in bringing back to life this concern.

SHRI SIDDHESHWAR PRASAD: Sir, I do not know why the hon. member who has just spoken has unnecessarily dragged in the names of Mr. T. T. Krishnamachari or Mr. C. Subramaniam. I think the hon. members have not gone into the clauses very carefully. This Bill has been introduced for three purposes. This matter has been pending in the High Court for quite a long time. We feel this

[Shri Siddheshwar Prasad] is a company which has been doing something very important. Secondly, it has been providing employment to roughly 2500 people. Thirdly, if we want that the affairs of the company should be managed properly, there is no other way except to take it over and from a new company. Therefore, these are the objectives of the Bill. Hon. Members have supported this Bill unanimously. I would make it clear that on the one hand Government is going to appoint a tribunal which will go into all such matters which are pending since long. At the same time, Government is also having a Custodian to look into the affairs of the old company because of the controversial matter about the shares. Mr. Haridas Mundhra who was managing the affairs of this company issued certain spurious and duplicate shares. After this is determined, we will see that the genuine shareholders of the company are not punished. The Custodian is being given the necessary powers so that he may be in a position to take care of the claims of the genuine shareholders. There may be small shareholders also. I do not know.

SHRI SOMNATH CHATTERJEE: This amount of Rs. 30 lakhs will be utilised for payment of the liability. What is the amount of liability, we do not know. We do not know whether the bulk of this money will go back to the majority shareholders who have been in control of the company all along.

SHRI SIDDHESHWAR PRASAD: All the suggestions made by hon. members will be taken care of by the Government at the appropriate time. There is an apprehension in the minds of hon. members that there may not be proper job security for the employees. It is the other way round. We have come forward with this Bill because we are very keen about the job security of the employees. Otherwise, we know that in the case of many other companies which were

mismanaged, they were closed and the fate of the workers, we know.

SHRI R. V. BADE: Under clause 7(3), the employee is not authorised to have any compensation and the doors of the courts are also closed to him.

SHRI SIDDHESHWAR PRASAD: I have made it very clear that all these things will be taken into consideration at the appropriate time.

MR. CHAIRMAN: The question is:

"That the Bill to provide for the acquisition and transfer of the undertaking of the Richardson and Cruddas Limited, for the reconstruction of the register of its members and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: We will now take up clause by clause consideration. There are no amendments. The question is:

"That clause 2 to 31 stand part of the Bill."

The motion was adopted.

Clauses 2 to 31 were added to the Bill. Clause 1, the Enacting Formula, the Preamble and the Title were added to the Bill.

SHRI SIDDHESHWAR PRASAD: I move:

"That the Bill be passed"

MR CHAIRMAN The question is:

"That the Bill be passed".

The motion was adopted.

ALL INDIA SERVICES REGULATIONS (INDEMNITY) BILL

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS AND IN THE DEPARTMENT OF PERSONNEL (SHRI RAM NIWAS MIRDHA): I beg to move:

"That the debate on the motion 'that the All-India Services Regulations (Indemnity) Bill, 1972, as passed by Rajya Sabha, be taken into consideration' which was adjourned on the 5th December, 1972, be resumed now."