

[श्री मधु लिमये]

otherwise, the Vice-President shall act as President until the date on which a new President elected in accordance with the provisions of this Chapter to fill such vacancy enters upon his Office.

उस का मतलब है कि राष्ट्रपति का पद इस वक्त रिक्त है, वकंसी है और उप-राष्ट्रपति, राष्ट्रपति के नाते काम कर रहे हैं। तो क्या आप सरकार को यह निर्देश जारी करेंगे कि आल इन्डिया रेडियो से उन के वक्तव्यों में वह राष्ट्रपति गिरि इस तरह का उल्लेख न करें क्यों कि अध्यक्ष के निर्णय के वह बिलकुल खिलाफ है। तो आप संसद कार्य मंत्री से कहिए कि भविष्य में आल इन्डिया रेडियो से या सरकारी वक्तव्यों में, किसी भी सरकारी निवेदन में गिरि साहब का उल्लेख राष्ट्रपति नहीं होना है बल्कि होना है वाइस-प्रेसीडेंट ऐंज प्रेसीडेंट।... (व्यवधान) कम्पनी बिल तो ठीक है। कम्पनी बिल तो अभी तक लिया नहीं गया।

MR. DEPUTY-SPEAKER : I shall ask the hon. Minister concerned to ascertain the position...

श्री मधु लिमये : वह मैं बता सकता हूँ। आल इन्डिया रेडियो पर ऐक्टिंग प्रेसीडेंट कहा गया तो उन के सेक्रेटरी ने सर्कुलर भेजा या जबानी कहा। प्रेसीडेंट तो कोई है नहीं। जगह रिक्त है, वकंसी है। यह आप को करना चाहिए, वरना स्पीकर के निर्णय की अवहेलना होगी। कल को अध्यक्ष के निर्णय के बावजूद भी राष्ट्रपति कहेंगे तो अध्यक्ष का अपमान है। लोक सभा को इसे बर्दाश्त नहीं करना चाहिए।

MR. DEPUTY-SPEAKER : The hon. Member has raised the point. We have to ascertain whether it is correct or not. We shall try to ascertain the position. I cannot say anything off hand just now.

श्री मधु लिमये : वह तो मैं बता रहा हूँ....

MR. DEPUTY-SPEAKER : This morning, the Speaker read out the communication, which I am sure the hon. Member must have heard, wherein the description given is 'Vice-President acting as President.' So far as this House is concerned, the Speaker has ruled what the description of the President's position should be. As regards what AIR says, I cannot say anything just now. No doubt, AIR is an agency which is independent but is controlled by Government...

श्री मधु लिमये : वह लोक सभा को नहीं डिफाई कर सकते। लोक सभा सर्वोच्च है।

MR. DEPUTY-SPEAKER : I have said that the hon. Minister will take note of it.

SHRI RAGHU RAMAIAH : I would like to say something. I think the convention has been that if a Member wants to raise something, he should first write to you and then we have notice of it. Of course what he has raised is an important matter, it is for you to lay down a convention that previous notice should be given.

श्री मधु लिमये : हम तो उसी समय कहना चाहते थे लेकिन हम आप के बिल में अड़गा नहीं डालना चाहते थे, इसलिए चुप बैठे थे। नहीं तो उसी समय हम बताना चाहते थे।

MR. DEPUTY-SPEAKER : I may say that there was no notice and the proper procedure was not followed. But since he has raised it, I have said that the hon. Minister may take note of the point that has been raised. Beyond that, what else can I say now ?

14.39 hrs.

COMPANIES (AMENDMENT) BILL  
—contd.

MR. DEPUTY-SPEAKER : We will now proceed with the Companies (Amendment) Bill. Shri R.D. Bhandare may resume his speech now.

**SHRI SHEO NARAIN (Basti) :** You should decide one thing once and for all today. Every day we find that when the House reassembles after lunch, matters are raised here without giving you notice in writing. Every day this is happening. We want your ruling on this, namely whether this is proper.

**MR. DEPUTY-SPEAKER :** I agree with him, but when he comes to occupy this Chair as one of the members of the panel of chairmen, he will realise how difficult it is. I know that it has not been according to the procedure, but it is very difficult to prevent it because many members including the hon. Member himself on occasions are irrepressible. It is very difficult to prevent them.

**SHRI S.M. BANERJEE (Kanpur) :** I want to say a word on the Companies (Amendment) Bill which is now before the House. The motion regarding Shri Nath Pai's Bill is now not before the House. Some of us wanted to take part in the general discussion on the Companies (Amendment) Bill, and since we thought that Shri Nath Pai's Bill would be taken up first, many of those who wanted to speak on that Bill are not here now, because nobody expected that Bill would be postponed. I am not pleading that as an excuse, but I only request that you may increase the time allotted for the clause-by-clause consideration, if you are not going to increase the time for the general discussion.

**SHRI M.R. MASANI (Rajkot) :** I support my hon. friend that the time allowed for clause-by-clause consideration should be increased so as to give Members a chance to speak.

**MR. DEPUTY-SPEAKER :** Since the other Bill has been postponed, we have a little time at our disposal. We have already increased the time for this Bill. I can increase it a little more. I agree that some latitude must be given in the debate so far as this Bill is concerned. I agree with the hon. Member. Those who have not participated in the general discussion will get an opportunity during the clause-by-clause consideration.

**SHRI SHRI CHAND GOYAL (Chandigarh) :** May I make one submission ?

**MR. DEPUTY-SPEAKER :** Now Shri R.D. Bhandare may resume his speech.

**SHRI CHAND GOYAL :** I would not take more than a minute.

**MR. DEPUTY-SPEAKER :** I am not shutting out anyone. But let us proceed to the Bill.

**SHRI SHRI CHAND GOYAL :** The position is that the employees of the Chandigarh Administration are staging a *Dharna* in front of Parliament as well in the secretariat at Chandigarh. It is question of about 8500 employees who have not been able to get the revised scale. That is why they have been compelled to stage a *dharna* before Parliament and also in the secretariat at Chandigarh in fulfilment of their demands.

**MR. DEPUTY-SPEAKER :** Fortunately or unfortunately, the Speaker has disposed of the matter. Therefore, I do not want to reopen it now.

What is Shri Jadhav's point of order.

**श्री तुलसीदास जाधव (बारामती) :** उपाध्यक्ष महोदय, दोपहर के बाद जब सेशन चालू होता है और जब आप यहां रहते हैं बारबर हर आदमी, विशेष कर अपोजीशन वाले ज्यादा से ज्यादा टाईम लेते हैं। मैं जानना चाहता हूं कि आप कैसे टाईम देते हैं, कौन से रूल के नीचे हर एक आदमी बोलता है ?

**श्री मधु-लिमये (मुंघेर) :** आप किस नियम के नीचे बोल रहे हैं ?

**श्री शिवनारायण :** प्वाइन्ट ऑफ आर्डर के नियम के नीचे बोल रहे हैं।

**MR. DEPUTY-SPEAKER :** The same point was raised by Shri Sheo Narain. I have quite often said that as far as possible no member should, without giving proper notice and following the rules of procedure, raise extraneous matters immediately after

[Mr. Deputy-Speaker]

the lunch hour. But I cannot just rule out everything on all occasions because there are some matters which come to the notice of members and sometimes we have to exercise our own discretion.

SHRI R. D. BHANDARE (Bombay Central): It was mentioning that such a measure has been brought forward in pursuance of the expression given in this House that such a Bill should be brought forward. I was also saying that in spite of the fact that such a measure has been brought forward, the Opposition had taken the opportunity to decide the Congress or ridicule it.

SHRI MADHU LIMAYE: Which he has been doing all his life.

SHRI R. D. BHANDARE: They have also taken the opportunity to assassinate the character of some of the leaders. Therefore, I conclude my observation on this matter by saying that the Opposition suffering from two diseases; one, at all cost on any point on any measure, decide the Congress, and two, on any subject assassinate the character of individuals. This is not a proper way. If they continue like this, then Opposition shall never grow in this country and no parliamentary democracy can function without a strong Opposition. I hope they will understand this.

SHRI SURENDRA NATH DWIVEDY (Keendrapara): I thought wherever the Congress is in opposition, it was a strong opposition.

SHRI R. D. BHANDARE: It will be positively. If at all hon. Member's party becomes so strong as to get into the seat of power and I and my party have to be in the Opposition, we shall be a strong Opposition.

SHRI SURENDRA NATH DWIVEDY: He forgets that his party is also in opposition now.

SHRI R. D. BHANDARE: We have before this House this Bill prohibiting to political parties by companies. In this connection, there are other matters also that must receive the attention of the House equally, if not more importantly. One is that if

open donations are stopped, even under-hand dealings, collection of money from companies and moneyed people surreptitiously to spend at the time of elections must also be stopped. I will clear the point. Since we have accepted democracy in the sense of one man one vote and one value, if you collect large sums to spend on elections, I am afraid the poor people can never fight elections in a democracy at all. I have been observing that it has been the monopoly of the rich; one who has money can fight the elections; the poor people were deprived from taking part in the contest.

SHRI SRINIBAS MISRA: That is why so many of you are there.

SHRI R. D. BHANDARE: How mistaken you are. Yesterday he was not present and so he is bound to say something which is not germane to the discussion.

Secondly, a number of political parties are receiving donations from foreign countries. What use do they make of it? They make use of that money to deprive the poor people who wants to stand on their own legs and in that way they destroy democracy. We must have a Bill in this House to stop that..... (Interruption.) If democracy is to survive in this country, the flow of foreign money should stop and no political parties should get foreign money to fight the elections. They get money to build up their organisation and their election machinery and at the same time they are supporting the banning of donations to political parties. As a logical consequence of the acceptance of this proposal, it stands to reason that even foreign money must be stopped and that source must also be cut off.

श्री सच्चु लिम्बये: मैंने इस तरह का एक विधेयक उपस्थित किया है।

SHRI R. D. BHANDARE: If it is in the fitness of things and in conformity with the principles enunciated by me, I shall positively support it.

What about property? Donations in cash, we are prepared to stop. What about jeeps and other vehicles? A poor candidate drawn from the weaker sections of the community may be candidate. How

can he compete with those who have got vehicles and jeeps and other paraphernalia? That also must be stopped. If you want to have purity in elections and have democracy in its pristine purity, these things must also be stopped.

The last point : the managing agency. The Bill has done a good thing in abolishing the system of managing agency. I hope even Mr. Minoo Masani.....(An Hon. Member : Manu Masani ?) It will do good to Mr. Minoo Masani if he read the managing agency enquiry committee report and also at the same time the monopoly enquiry commission report.

SHRI M. R. MASANI : You read the monopoly enquiry commission report.

SHRI R. D. BHANDARE : It is clearly stated that the system of managing agency is bound to lead to concentration of wealth in a few hands.....

SHRI M. R. MASANI :.....but should not be abolished.

SHRI R. D. BHANDARE : The fact remains that it had been used as a means to concentrate wealth in the hands of a selected few. Looking at the economic conditions of the poor people, I would say this. I need not mention it. He himself was so eloquent the other day in mentioning that the poor man is not getting even one rupee per day as his income. Therefore, if the managing agency system is one of the reasons for this, I think in all seriousness and in all fairness he must support the abolition of this system.

SHRI M. R. MASANI : After abolition he will get only 75 paise.

SHRI R. D. BHANDARE : I do not know whether the managing agency system will help the poor and the downtrodden and the under-privileged to get more income. What is the logic behind it I (Interruption) I have not been able to follow the logic of Mr Masani. What is the logic? Does he want to suggest in all seriousness that because of the retention of the managing agency system, the lot of the poor and the under-privileged persons will be improved? It is strange logic which I cannot digest, and I think the House also will not be able to

digest this at all. Therefore, the Bill which seeks to abolish the system of managing agency is welcome. (Interruptions)

My support to the Bill is in toto. My plea is that the managing agency system, with its secretariat and all other paraphernalia must be abolished in toto. With these words, I have done.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : Sir, I am in so much agreement with this Bill that I think I have very little to say. This is rather a rare occasion, actually. Not that I am completely satisfied with the provisions of this Bill, but I feel this is a step in the right direction.

The Bill has two purposes in view. One is to eradicate the evil of money-power in the body politic of our country. The second is to prevent concentration of economic power or wealth in the hand of a few. About the first objective, I do not want to elaborate the point, but I think by and large, the whole House is in agreement with the purpose in view. I do not think even Mr Masani, who is proposing that this Bill should be referred to the Select Committee, does not support the first clause of the Bill which wants that donations to political parties by companies should be prohibited.

Sir, this has a history behind it. We all remember how in the year 1960, when the amendment to the Companies Act was taken up, and when this very provision limiting the company donations was made and the amount fixed, it was opposed in his House, and I distinctly remember that when this question was posed to the late Lal Bahadur Shastri, when he was the Minister of Commerce and Industry, he almost threw a challenge to the Opposition and said, "I want to know which is the political party which will come forward to deny that they do not want funds for the elections." He said that when they want to fight the elections they will need money and if they want money, they will get money only from the business-houses. That was why they demanded it, and I think it was contested by Acharya Kripalani who was for many years connected with the Congress organisation.

[Shri Surendranath Dwivedi]

After eight to nine years, not of their own accord but because of the pressure of public opinion—and whatever Mr. Bhandare may be thinking—and because of the lessons that they have learnt for themselves, this measure has come. After all the donations are made by companies not for philanthropic purposes; they will bring them a very good return. I am sorry I did not bring the papers today, but if you want to know how much money these big business-houses have actually got from all the Government and financial institutions, you will find that they have received crores of rupees and that is because they have always sided with the ruling party. If you take into account the loans and other forms of assistance given by governmental institutions to big business, probably the investment made in the shape of donations to political parties will not stand any comparison. The big business always go to the ruling party and get benefits. Now the Congress have realised that they are not only ruling party. When Pandit Jawaharlal Nehru discovered that a certain industrial house in Kanpur gave as donation to the Swatantra Party in 1962 the same amount it gave to the Congress, he reacted in such a manner that he said, "If they are going to keep' at par the Swatantra Party and the Congress, I am not going to touch this money."

SHRI M. R. MASANI: In the end he took it.

SHRI SURENDRANATH DWIVEDY: Now they realise that they are not the only ruling party and probably gradually the share of the Congress is getting lesser and lesser. Therefore, they have come forward with this Bill. Let Mr Bhandare not think that the allegations being made against the Congress are beside the facts. The facts of history are there.

As Mr. Bhandare pointed out, merely banning donations would not stop the process of help that the companies are giving to political parties. There are various ways of doing it. There are trusts, partnerships, societies, etc. which are not covered by this Bill but which are also as important in the business world as any company. Even in America of England, there is no provision that companies can donate, but we know

how individuals and big business houses influence the politics of those countries. So far as India is concerned, if the Government were sincere that this evil should be removed from the body politic of this country, the approach should not have been so haphazard. It is not a question of elections alone. Business houses donate money even for the running of some party organisations. They sponsor their own political mouthpieces to safeguard their interests. They may not fight elections, but they may create a lobby to influence the political decisions. Therefore, donations of this higher should be banned altogether.

This morning the Home Minister has placed a statement on the Table about the influence of foreign money in the political life of the country. Probably we will have another opportunity to discuss it, but I would like to read some portions from it. This enquiry was made by the Central Intelligence Bureau. The statement says:

"Any precise quantitative assessment of the financial assistance received is not possible, but the indications are that it is selective and is not so small as to be ignored."

15 hrs.

Because he does not want to say by whom and how much has been received, because he prefaces his statement saying that since the Intelligence Bureau had no opportunity to examine witnesses to ask the persons or parties concerned and they have only gone through some information that they could come across he does not want to take us into confidence and place the whole facts before the House. Even then he has made the comments that 'it is selective' and 'it is not so small as to be ignored'. He goes on to say:

"We should not, therefore, minimise the likely repercussions on the future politics of our country, of the obligations that organisations or individuals incur by accepting assistance. There is also reason to think that funds obtained from foreign sources were used in the last General Elections."

At another place he says:

"Secondly, disclosures in the foreign Press as well as our own inquiries

have shown that it has been possible for foreign intelligence agencies to finance the activities of institutions organisations working in the academic and research fields."

It shows, as I pointed out, not only in elections but even in other spheres, how not only company donations but foreign influence also come into the field. I hear so many things in this country. Sometimes I hear that our Plan is also influenced by some persons. We hear that even in the election of our President and appointment of Commander-in-chief some influence is exerted. There is a rumour going on in this country that who will be the next President of our Republic has already been hinted by a big dignitary of some foreign country when he came to our country. These are all facts which you cannot ignore.

SHRI R. D. BHANDARE : These are not facts, these are fictions.

SHRI SURENDRANATH DWIVEDI : It will all come out. Therefore, it is highly necessary that we have a total approach to this problem and see how to stop this evil together. I think so far as this Bill is concerned it has a very limited purpose. It does not at all completely satisfy the purpose for which we wanted there should be a regular ban.

My hon. friend Shri Masani has probably fought the last battle regarding agency. I again accuse this Government on this. Not only the Managing Agency Inquiry Committee which reported I think in the year 1966 but as early as 1956, when the first Joint Committee on the Company Bill was formed, from the evidence tendered before the Committee they observed—they were not to take a decision on this—it is high time that Government took a decision on the question of abolition of managing agency. This Government did not take any steps whatever. They appointed a committee much later. Even after the Managing Agency Inquiry Committee they said that they can do it and if they want they can extend it also. That means again they will try to take some political

advantage out of it and if they are not satisfied with any particular company they will say by notification that their managing agency is taken away. That is how they were doing it. Let us be very clear in our mind. I welcome not only managing agency, but they have also included secretaries, managers etc. Let us be clear as to what we actually want. We want to prevent concentration of wealth. There is no doubt about it that it is an anachronism because the Directive Principles of State Policy in the Constitution clearly state that there will be no concentration of wealth. My hon. friend, Shri Masani, however much he may argue in favour of the managing agency system there has been concentration of wealth in this country, which is against the Directive Principles of the Constitution.

SHRI M. R. MASANI : That is because of licence-permit *raj*.

SHRI SURENDRANATH DWIVEDI : Because of the existence of that evil, the licence-permit *raj* can be utilized for the benefit of those who want the concentration of wealth in a few hands. Therefore, we are against it. We hope that the government will give serious consideration to this Bill and see to it that it is effectively implemented after it is passed. I oppose even the reference to Select Committee, which has been proposed by Shri Masani. At the same time, I would request government to come forward with a comprehensive measure, both in regard to banning of donations by companies to political parties and prevention of concentration of wealth.

SHRI HIMMATSINGKA (Godda) : Mr. Deputy-Speaker, Sir, this Bill has been generally supported by most of the members. I was personally against the Bill and I felt that it was not necessary to be brought in this fashion because of the existing provisions. No company is ever anxious to pay unless it feels that it has to pay. Take the Congress Party; they get money from the money. Or, take the labour leaders. They demand money from the companies for every possible purpose and the companies willy-nilly have to pay, because they know that if they do not meet their demand there will be trouble. Therefore, it is

[Shri Himmatsingka]

not that they are anxious to pay but they have to pay.

SHRI AMRIT NAHATA (Barmer) : So, the companies must welcome this Bill.

SHRI HIMMATSINGKA : They welcome it. Even if this legislation is passed, Shri Nahata will approach them and perhaps because of fear of attack, in order to save themselves from attack, they will perhaps try to give him something and thereby silence him.

SHRI AMRIT NAHATA : I wish they do it.

SHRI HIMMATSINGKA : As a matter of fact, no company is very anxious to pay. But the circumstances are such that those who have got to do business have to get in contact with the officers, with the politicians every time and, therefore, they have to satisfy them. They cannot help doing so.

Then, again, the talk of concentration of economic power due to managing agency system is not exactly correct. In the Report of the Monopolies Inquiry Commission, dealing with the chapter on "Consequences of Concentration" they have spoken very highly of the work done by a number of houses which have been engaged in business. I will read only one paragraph to show the finding of the inquiry committee which went into all the facts. I am reading from page 136 :

"We have already indicated the view that the concentration of economic power has helped the economic betterment of the country. Even today our industrial development is far behind that in the Western world or in Japan. But what little development there is owes much to the adventure and skill of a few men who have in the process succeeded also in becoming big business, thus concentrating in their hands a great portion of the economic power, controlling and directing production and distribution of national wealth and income. It is fair also to state that after concentrating power in their hands these men have gone on to push the development of further industries,

which has been to the advantage of the country. It is also generally agreed that concentrated economic power has been responsible for the greater part of the not very high capital formation in the country..... Even after distribution of high rates of dividend good surpluses were left. These were utilized to add to the industrial capital, whether by way of issue of bonus shares or in the shape of reserve or investment in fresh ventures."

So, what I want to say is that this attack on 72 or 125 industrial houses is not proper. As a matter of fact, whatever industry this country has it is because of the pioneering efforts of these houses and their efforts have brought India on the industrial map of the world. Today, practically, every article that we need is being produced in the country and we are almost reaching the point of self-sufficiency in almost everything that we need. Therefore, to blame the number of families which have brought the country on the industrial map of the world is not well-directed.

Moreover, one important point is missed by those who attack the so-called concentration of economic power and wealth. Article 39 says :

"(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good ;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment ;"

These words are being omitted by those who are criticising the so-called concentration of our economic power and economic wealth. What we have to see is whether the concentration is being utilised for the purpose of common detriment or whether it is helping in the industrial development of the country.

I say, definitely, the industrial development has been helped by the number of persons who have come forward to take up the

various projects that have been thought necessary during the First, Second and Third Plans. They have helped in the industrial growth of the country. If the Government and the people feel that the system should be changed, certainly, they should go forward and we all support it. But to accuse the number of families which have helped the growth of industries and have brought so much of improvement is not fair. They should not be run down in this fashion.

Then, there is a clause in the Bill which seems to stand in the way of even good work being done. Section 293 A of the Companies Act 1956 is proposed to be substituted by this one which says:

"Not to contribute any amount or amounts—

- (a) to any political party, or
- (b) for any political purpose to any individual of body."

"Political purpose" has not been defined anywhere in the Bill or in the Companies Act. Therefore if a person in-charge who is engaged in doing some beneficial work in the country amongst the backward communities and so on happens to be a person connected with a particular political party, then it may be said that any money that is paid to that particular person may be said to be used for political purpose. Even those persons will be effected. Therefore, it should be defined and it should be made clear as to what is intended to be banned in this proposed Bill. I feel that that should be made clear so that there will be no complication and no unnecessary harassment to anybody who might be willing to come forward and help charitable institutions or philanthropic work that may be done by persons who are very much in politics. They might be doing useful work. That should not be stopped.

There appears to be another misconception. Everyday, we hear that the assets of Tatas have increased by 75 per cent and that the assets of Birlas have increased by 100 per cent and so on. After all, you know, the assets are not the assets of the particular persons. The assets belong to a particular

company, if a company is started today, say, for aluminium or for fertiliser, it needs about Rs. 60 crores to Rs. 70 crores. How is the money financed? Generally, the company issues shares, for every two shares of equity, one share of preference, that is, two-third in equity shares and one-third in preference shares, and half the capital that is needed comes from the financial institutions. Therefore, the money that comes to the company does not belong to the person who starts the company.....

MR. DEPUTY-SPEAKER : He may try to conclude now.

SHRI HIMATSINGKA : In fact, the money does not belong to the persons who start the company. So long as the shareholders have confidence in that particular management, in that particular director, they allow that director or the management to continue, just as the Congress Party, having the confidence of the voters in the country, are in power here. The day they lose that confidence, they will not be in power. Today Shri F. A. Ahmed is in-charge of a large number of industries because he has the confidence of the Prime Minister and the Prime Minister has the confidence of the country. Today he is in charge of so many industries. But he is not the owner; he has nothing to do with them. The day he ceases to be the Minister in-charge he ceases to have control over them. Similar is the position of those who start the company or manage the company. The day they lose the confidence of the shareholders, they go out and are in the hands of the shareholders. Therefore, let this misconception not continue. Unless the directors or the managing agents are persons holding a majority of the shares in their hands, they cannot be sure of keeping control over the company. Therefore, unless the shareholders have confidence in them, they cannot continue. It is a question of confidence of shareholders to whom really the money belongs.

I feel that the Government should carefully look into the drafting of the Bill and take suitable steps, so that unnecessary harassment is not caused.

SHRI TENNETI VISWANATHAM (Visakhapatnam) : As has been pointed

[Shri Tenneti Viswanatham]

out, this is a matter of long standing. Long ago the question of political donations come into great prominence in this country. I may take you back to 1956, *i. e.*, some six or seven months prior to the 1957 elections—the Congress party was in power in almost every State and they wanted to continue and retain their power. Prior to that, the habit of these industrialists was to give donations from their own private pockets, and there were several complaints that this method of giving donations individually was not quite helpful either to the party concerned or to the parties concerned. Therefore, they wanted to devise a better method. Not only that, the Executive decided that they must collect Rs. 5 crores. My information was that the Chief Minister of two important provinces and Minister in-charge of Commerce and Industry considered the matter. They also consulted one leading industrialist. The industrialist said it would appear that it was no longer possible for individual industrialists to give large sums of money and that it would better if the loins were girded up and the money collected from the joint stock companies. They asked, 'Is that so?'. The reply was, 'Yes'. Then they said: 'Allright; let us do it.' Immediately a word came here to the Central Government and to the Party. They were practically one. Lists were prepared of the various producers in this country and money was assigned to each producer according to a certain rate; for example, from sugar producers so many annas per pound or cwt of sales ..

AN HON. MEMBER : Per quintal.

SHRI TENNETI VISWANATHAM : Per quintal, if that is right. From jute producers, it was per loom; and in the case of textile producers, it was per spindle. Thus, they made the lists. The Chairman of the Company Law Advisory Commission then came to know of it...

THE DEPUTY-MINISTER IN THE MINISTRY OF DEFENCE (SHRI M. R. KRISHNA) : Who was there ?

SHRI TENNETI VISWANATHAM : Whoever it was, he wrote to late Pandit Jawaharlal Nehru, who was then the Prime Minister, that in his regime this thing should

not happen because there was already a great feeling that the Congress Government was going into the hands of industrialists. The Prime Minister wrote back to the Chairman simply saying that account of this he would be very careful to see that no sharp practices took place. The Prime Minister also informed the Chairman of the Company Law.

Advisory Commission that actually some of the industrialists had already contributed to the Opposition Parties. That was what happened then. Subsequently a great amount of money was collected. Some of the companies which wanted to renew their managing agencies when they sent the applications went to the extent of saying "Please renew our Managing Agency and so also contributed so much to the Congress Party for the elections." These things happened. It would be one thing if accounts were kept of all the monies collected but it so happened subsequently that the Party which collected the highest amount did not possess any account. However, everybody knew that since donations were called for, since it was realised that the Congress Party was in need of great money, Birlas announced Rs. 50 lakhs, Tatas announced Rs. 20 lakhs, Indian Iron announced Rs. 10 lakhs. The question of Birlas did not go to the court of law but shareholders of Tatas and Indian Iron went to the Bombay High Court and the Calcutta High Court. The Judge said that it was with a sinking heart that he was allowing this kind of donation and he would permit them to change the Articles of Association and Memorandum. In the Calcutta case Justice Mukerjee also with respect to the Indian Iron said the same thing and said that the law did not prevent it, 'what can we do?'. The Government later appointed a Committee under the Chairmanship of one Mr. Viswanatha Shastri who was a leading advocate here and an ex-High Court Judge. He also recommended very strongly that these donations by companies should be stopped. But nothing was done. On the other hand, when the Amending Bill came here what happened? The Minister in charge—he was a very excellent man, a perfect gentleman compared with anybody else in the Party but he also said 'Don't think that we will be under the pressure of these people who

give these donations. We can take care of the purity and integrity of our Government whatever the donations may be. Now what happened later ?

What we feared was that the people who give big donations will certainly control the policy of the Government and it happened like that. That is what everybody is saying and, therefore, some other steps had to be taken, but from time to time the Government refused to take steps. We do not know why. Now I congratulate the Government. Though late they have now come with this. It is said "Beware of gifts particularly when they come from Athenians." They have volunteered a Bill like this. We must be very careful to know what is behind it. Even prior to the sponging of the practice of giving the donations, the Company Directors were not actually giving from their own individual accounts. The donations were going into so many accounts—expenses account, petrol account, stationery account, etc. (Interruptions) Perhaps my friend says he is a man of experience even now it would not stop. What was given publicly is Rs. 1 lakh of rupees, but other things used to go on. Actually one industrialist when asked, "Why don't you resist?" The chairman of the Company Law Advisory Commission said: "These Ministers you do not know. They may cut off electricity. They may create this trouble or that trouble. Licences and quotas may be immediately stopped. Somehow or other we shall manage with the Government." In fact at the time of passing the Company law there were originally at the Select Committee stage several provisions which allowed matters to go to the court for decisions. Then the leading industrialists met together and the biggest of them told them 'You are wrong. Don't think this reference to the courts would do'. Why? We thought it is a democratic procedure. We insisted upon the Select Committee to be so. Then the big industrialists said it is easy to manage the Government but not the courts. Therefore those provisions were generally changed. You have got many sections and many provisos in the Company Law giving power to the Government. In fact the Company Law also encouraged it; because every provision is in two parts, the first part to say to you and to the opposition, we are

controlling these industrialists and then the proviso to tell the other party: "My dear fellow, the proviso is here; come along under this." That is what has been going on and now it is very good that the Ministers have taken courage, but, as I said, we don't know what is going to happen. That is one thing.

When it was sought to abolish or cut down the managing agency system a compromise was arrived at and for 10 years the managing agencies were allowed under the Act. Subsequently the period was reduced to 5 years and gradually they are going away. Now, Sir, I do not minimise the very good things which Shri Himatsingka has said about the managing agencies. No doubt they were the pioneers; no doubt they put India on the industrial map in the first instance; but does that justify their subsequent doings? That does not justify the concentration of wealth in their hands. But Shri Himatsingka has also read from some document—I do not know from what document.

SHRI HIMATSINGKA : Monopolies Inquiry Commission.

SHRI TENNETI VISWANATHAM : That is why the Report has been condemned by every. They are equating concentration of wealth with betterment of the country. If that sentence only is not taken out of context...

SHRI HIMATSINGKA : I will give the paragraph to you.

SHRI TENNETI VISWANATHAM : The advancement of the country and concentration of wealth are equated. That is not correct.

SHRI SURENDRANATH DWIVEDI : In other pages you will see how much of concentration is there.

SHRI HIMATSINGKA : You read the whole thing.

SHRI TENNETI VISWANATHAM : Those who concentrate wealth, equated their own advantages and advancement with that of the country. The disadvantages or advantages of the country were co-extensive with their own disadvantages or advantages of profits.

[Shri Tenneti Vishwanatham]

That is what they thought. That is the reason why the wind has changed now. The whole country has realised after 20 or 21 years after independence that concentration is not so good as these gentlemen believed. It was known even in 1948. We did not believe that concentration is good. Concentration has never done any good to anybody, in this world. Take even an ordinary family. When all the power is concentrated in the head of the family, what really happens is, when something happens to him, the whole thing goes to dogs because nobody knows anything else. Therefore, no concentration of management should be in the hands of anybody. The provision in the directive principles against concentration and in the then Company Law to some extent was done for very good reasons and managing agencies were reduced to a few companies and Company Act itself says that they cannot have Directors on more than so many companies. Even that is being simply violated under some pretext or the another.

**SHRI HIMATSINGKA :** How can they be violated ?

**SHRI TENNETI VISWANATHAM :** The violation is the easiest thing in India. The reason is this : Government generally is on the side of the violators. It is being done. We know these things. Moreover, I am not denying the good things which these managing agencies have done. I am not denying the good things which these industrialists have done.

But what I am saying is that they cannot be a excuse for the concentration of the wealth and power in their hands and to create political lobbies and to influence politics and thus affect prejudicially the smooth working of democracy. That is my point. I am not saying that they are useless people. No doubt, they give money, they create trusts, one industrialist created a trust for about Rs. 10 lakhs in the name of the mother of a private secretary to the Prime Minister and became a Padma Vibhushan the next year. Who denies all these things. Jawaharlal Nehru had to accept what he wanted to refuse from the Kanput industrialist. One lakh or a little more of rupees was the amount involved and the

Congress party people said to Shri Jawaharlal "we are going to get one lakh provided you go to the house". Jawaharlal Nehru said : "Nonsense ; I cannot go". But ultimately he did go and he took it because money is tempting even to such a great man as he. Therefore, we welcome this Bill. But we want also a particular kind of discipline. We do not want only slip sympathy from Government who may pay homage to the wording of the Act. But a lot of psychological approach is necessary in order to implement the provisions of this Act. They should give no quarter to the man who takes to devious ways of violating these provisions.

The term 'political purpose' as such has not been defined. Let it be defined. It may be called a trust for the maintenance of children and poor widows' home, but if it is given to my private secretary, if I am Prime Minister, can it be called a charitable trust ? Or does it become a political trust. Therefore, let the Hon. Minister take care. He has started with a good idea, and may God give him the strength to go forward till he reaches the goal.

**MR. DEPUTY-SPEAKER :** Now, the hon. Minister.

**SHRI SURENDRANATH DWIVEDY :** He is starting with God's blessings on him.

**THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI F. A. AHMED) :** I am grateful to the hon. Members who have participated and given expression to their valuable views in the course of the discussion on this Bill. After the Bill has received an almost unanimous support, it is hardly necessary for me to take the time of this House in dealing with the various matters which have been discussed in the course of the last few days. Nevertheless, I feel that I would be failing in my duty if I did not touch upon some of the important points which are relevant and germane to the discussion of this Bill.

I would particularly like to refer to the speech made in the first instance by Shri M. R. Masani. While supporting the provisions of this Bill he had doubted whether

it would be worth-while to proceed with this Bill here without referring it to a Select Committee, and he has expressed his doubt with regard to two matters. First of all, he has said that the term 'political purpose' has not been defined, and, therefore, it will not be possible for people to interpret what is a political purpose. More or less the same doubt was expressed by my esteemed friend Shri Himatsingka. Therefore, it has been argued that this matter should be considered carefully by the Select Committee.

The other point raised by Shri M. R. Masani was that it would be desirable to refer this Bill to a Select Committee because we did not know whether the utility of the managing agency system had been properly ascertained. So, in order to understand and know the utility or otherwise of this system, he suggested that this matter should be gone into by a Select Committee.

So far as the first point is concerned, the term 'political purpose' is not being used for the first time in the amendment which is before this House. The words 'political purpose' are already there in the original section 293A of the Act, and it has been in existence for a number of years, and there has been no difficulty whatsoever in understanding and interpreting the term 'political purpose'.

**SHRI HIMAT SINGKA :** There, the sanction was there, and, therefore, one could do it. But here it is a case of banning.

**SHRI F. A. AHMED :** So far as the political purpose is concerned, it is not something new which cannot be understood by anyone of us. It is a term which has been interpreted in a number of rulings in the English courts, and it has also been defined in *Halsbury's Laws of England*. I would not like to take the time of the House by quoting from that book. But I may point out that I was looking into the English Companies Act, 1967, and there this term has been defined as follows :

"For the purpose of this section, a company shall be treated as giving money for a political purpose if directly or indirectly it gives a donation or subscription to a political party of the UK or of any part thereof or

it gives a donation or subscription to a person who to its knowledge is carrying on or proposing to carry on any activities which can at the time at which the donation or subscription was given reasonably be regarded as likely to affect public support for such political party as aforesaid."

This is how political purpose, on the basis of the various legal interpretations given to this term, has been defined in the English Companies Act. Thus I would beg of hon. members to realise that it is not something difficult to interpret. Simply because the definition is absent, the courts will not find it difficult to interpret it. We have understood what is political purpose. The term has been in use for the last so many years.

**SHRI SURENDRANATH DWIVEDY :** They will go by the definition in the English Act ?

**SHRI F. A. AHMED :** That is more or less the definition on the basis of which we have understood what is political purpose. When definition of a particular term is not available in an Act, then the accepted definition is generally taken as the definition. My submission is that because political purpose has not been defined, it will not be a bad Act and there will be no difficulty in interpreting the term.

The other question raised was about the utility of the managing agency system. I do not know how far it will be possible for a select committee to examine this question and come to a decision whether the managing agency system has outlived its utility or is still necessary for the development of industries in the country. This matter has also been gone into by a number of committees. Only a few years ago it was examined by the Patel Committee. I would not like to take the House through the various findings of the Committee, but I would place before it a very important observation of the Committee arrived at after examining all the aspects of the question. I shall place it before the House to enable it to consider whether it is necessary for us to refer the same matter to a committee of this House. The Patel Committee which was inquiring into the managing agency

[Shri F. A. Ahmed]

system after carefully going through all the factors observed :

"Our general survey of the advantages and disadvantages of the managing agency system would suggest that any of the advantages claimed for are exaggerated at least in the context of established industries".

After this observation and many others in the Committee's report, is it necessary for us to refer the same matter again to a select committee and should we wait for the decision of that committee when the matter has been most thoroughly discussed and a finding given on the basis of which can exercise our judgment on the utility of the system ?

Not only this. I do not know whether Shri Masani was present here yesterday when Shri Szehiyan spoke. He has very able met the three objections raised on behalf of the managing agency system by some members. One point raised was that the managing agency system is very useful because it helps in the creation or setting up of companies. I need not repeat the figures given by him. If we take into account the figures of the last few years, we shall find that out of the many companies which have been incorporated, the part played by the managing agency system has been very insignificant. I think the figure is one per cent or 1.5 per cent.

**SHRI HIMATSINGKA :** It is to fall in line with the Government's view ?

**SHRI F. A. AHMED :** The other argument made was that this system is useful because it helps in underwriting or providing capital for many companies. If we look at the capital structure, we find that not more than six per cent. had been contributed by the managing agency system and for such a contribution, do the hon. Members think that their existence is so absolutely necessary that we could not do without them. Again from a perusal of the structure of these companies, we find that they depend upon the assistance which they got from financial institutions. When we have taken control of banking institutions through social control and give directions on the manner in which capital should be invested for the development of

industries, I do not think that there can be any necessity or utility for this system.

Similarly, another point was raised by some hon. Member that it helps in providing talent and ability for management. Out of 800 and odd companies under this system, 600 and odd are managed only by one person or two persons. Where is the question of talent coming in ? It does not provide the talent necessary for the promotion of industrial development. From whatever angle or point of view we look at it, we can come to no other conclusion than that the system is not absolutely necessary for the industrial development of our country. This is an outmoded system which ought to have gone with the British as they introduced it for their own benefit. Unfortunately, it was allowed to go on.

We have incorporated in this Bill a provision that the system may be abolished forthwith. This Bill has been before the House for over a year and so all those persons have had sufficient notice that the system is going away. The Bill provides that the system will be abolished from April, 1970. So they have sufficient notice to make arrangements to hand over charge of things under their custody to the proper authorities.

Some hon. Members ask : Why do you confine yourself to the contributions to political parties by companies ? This Bill cannot take into consideration partnership firms, societies, trusts, etc. They have nothing to do with company law. Again there are some matters about which we have to consult the State Governments concerned because they fall in the concurrent list and legislation on them could be brought forward with the consent and co-operation of the State Governments. We cannot make provision under the Companies Act to ban donations to partnership firms, trusts, etc.

An hon. Member wanted to ban the supply of services also. He says : while you are banning donations to political parties, why do you not ban services like giving the jeeps, and other things to the parties ? May I just point out that it is very easy to give expression to the view, but let us consider where the implementation of that view can take us. There are a very large number of companies which are engaged in the undertaking which is called the

service of letting out buses, jeeps and so on and so forth for any political party. The moment you bring a provision which prevents a company even from letting out the buses or trucks and so on, you will be interfering with their right of business and the question will arise as to whether that provision will be hit by the fundamental rights of the business which has been protected under article 19. These are matters which have to be considered and therefore it is easy enough to give expression to certain views which cannot be implemented because of certain difficulties which may arise in implementing a law which we may be enacting in haste. Therefore, I would suggest that these matters are to be considered carefully and examined carefully, whether there is any scope for further extending what we want to do by this particular Act.

Another thing which I would like to point out is that some of the hon. Members, while wholeheartedly supporting this measure, have also criticised the Congress organisation and also the Government. I would only ask them to consider, if the Congress party ever thought that receiving donations from big business-houses was necessary for the party's political victory, they would not have been so foolish as to bring forward this legislation before the House in order to check their success. (Interruption) May I just say that the Congress party does not attach much importance to donations which are received from the companies. The Congress party goes before the people because of its basic policy, because the Congress party thinks that the policy and the programme of the Congress organisation.....

श्री उद्योगिन्मन बसु (डायमण्ड हारबर) : मरन समय हरिनाम ।

SHRI F. A. AHMED : What I was trying to point out was that the Congress organisation has faith and courage to face the people, because we know that the programme and policies of the Congress organisation are synonymous with the aspirations of the people. It is because of that that we get the support from the people and not because money is spent for the purpose of fighting elections.

SHRI M. A. KHAN (Kasganj) : What about the donations received by the other parties from foreign countries ?

SHRI F. A. AHMED : May I point out that when the Congress organisation was fighting the elections and placing its candidates before the people, it never had to spend so much money as it has been doing during the last few years. Why has it been so ? Because, the other political parties had been indulging in all kinds of vicious propaganda against the Congress by taking resort to other means, the Congress had to come forward to meet that propaganda.

SHRI JOTIRMOY BASU : There is the Nijalingappa philosophy ; there is the Patil philosophy, and thirdly, there is the Mrs. Indira Gandhi philosophy. Which one are you talking of ?

SHRI F. A. AHMED : Mr. Basu, I do not know why you are irritated. If you think that there is substance, if you think that there is something which is acceptable to the people, why should you not leave that matter to the people ? We are not afraid of facing the people. Whether we have contribution from the big business-houses or not, we are not afraid to face people, and we shall face them even without these funds.

To day I have no doubt that every one of us wants that the expenditure in fighting elections should be as less as possible. May I throw a challenge to the opposition parties ? Let us give up collecting funds or bringing funds from all kinds of sources for fighting elections.

श्री अब्दुल गनी डार (गुडगांव) : फ़ज़र-  
दीन अली अहमद साहब, आप तो बहुत नेक  
आदमी हो, आप क्यों इस बान में पड़ते हो। मैं  
तो आप को चैंक के नम्बर दे सकता हूँ। आप  
मुझे बताइये अगर हमने लिया हो।

شہری عبد العزیز ڈار (گڑگاؤں) :- مخبرالین علی احمد  
صاحب، آپ تو بہت نیک آدمی ہو۔ آپ کیوں اس  
بات میں پڑتے ہیں۔ میں تو آپ کو چیک کے نمبر دے  
سکتا ہوں۔ آپ مجھے بتائیے اگر ہم نے لیا ہو۔

श्री प्रेमचन्द वर्मा (हमीरपुर) : एक कमरे  
में बैठ जाओ तो मैं बता दूंगा कि नम्बर क्या  
रहा है और मेरा क्या रहा है ।

श्री अब्दुल गनी डार : अगर प्राप नम्बर भी हमारे बारे में देंगे तो मैं फौरन रिज इन कर दूंगा ।

شہری عبد الغنی طراز۔ اگر آپ ایک نمبر بھی ہمارے بارے میں دیں گے تو میں فوراً ریزائن کر دوں گا

श्री प्रेम चन्द्र वर्मा : हमारे पास भी सूचना है । मैं कहता हूँ कि एक कमेटी बना कर देख लो ।

श्री ज्योतिर्भय बसु : चीनी मिल वालों ने शुगर डीक्रेटोल करने के लिए कितना रुपया चन्दा कांग्रेस पार्टी को दिया ?

MR. DEPUTY SPEAKER : Order, order.

SHRI F. A. AHMED Even when we bring a measure of this nature, our *bona fides* are not believed. Some members think there is some catch in this. If we do not bring this measure, you blame us. If we bring it, then also you blame us. I do not know what you want us to do,

The overwhelming support which hon. members have given to this Bill should not be stopped here. It should be carried further. Whatever party we may belong to, let us all make an effort to see that our political life is : clean and we go before the people without spending too much money, collecting it from this side or that side or outside the country. Only then public life can be clean. I hope hon. members who are so keen to ban political contributions will also think in terms of seeing how we can make political life clean for our people and for the country.

With these words, I commend my motion to the House.

SHRI SURENDRA NATH DWIVEDY : Mrs. Tarakeshwari Sinha said that even when the Government had ordered an enquiry into the Birla Affairs, money was collected from the Birlas. She quoted some amount also, and she objected to it. Let us know whether this has been done or not.

SHRI F. A. AHMED : I categorically deny that because of any favour shown to

any party, money was collected from any other party.

श्री मधु लिमये : यूनाइटेड कर्माश्रित बैंक के ओवर ड्राफ्ट के बारे में पूछा था मैं जानता हूँ कि बैंक आप के मंत्रालय के तहत नहीं आते ।

SHRI F. A. AHMED : Bank has nothing to do with this Companies Bill.

SHRI TENNETI VISWANATHAM : The question was, while the enquiry was pending, was donation collected. His answers is, we have not shown any favour, because we have taken money.

MR. DEPUTY SPEAKER : I shall now put Shri Masani's amendment to the Motion for Consideration.

The question is :

"That the Bill further to amend the Companies Act, 1956, be referred to a Select Committee consisting of 21 members, namely :

Shri N. Anbuechhiyan, Shri Frank Anthony, Shri Surendranath Dwivedy, Shri Hari Krishna, Shri Hem Barua, Shri Humayun Kabir, Shri S. M. Joshi, Shri Kameshwar Singh, Shri S. S. Kothari, Shri J. B. Kripalani, Shri D. K. Kunte, Shri Bal Raj Madhok, Shri H. N. Mukerjee, Shrimati Sharda Mukerjee, Chaudhary Nitiraj Singh, Shri P. Ramamurti, Shri N. G. Ranga, Shri Narendra Kumar Salve, Shri Prakash Vir Shastri, Shri S. N. Shukla and Shri M. R. Masani with instructions to report by the last day of the first week of the next session." (5)

*The Lok Sabha divided :*

15.59 hrs.

*Division No. 23*

AYES

Amat, Shri D.  
Amin, Shri R. K.  
Atam Das, Shri  
Dar, Shri Abdul Ghani  
Deo, Shri K. P. Singh  
Deo, Shri R. R. Singh  
Digvijai Nath, Shri Mahant  
Khan, Shri H. Ajmal  
Khan, Shri Zulfiqar Ali  
Kisku, Shri A. K.  
Koushik, Shri K. M.

Kushwah, Shri Y. S.	Haldar, Shri K.
Masani, Shri M. R.	Hazarika, Shri J. N.
Meena, Shri Metha Lal	Hem Raj, Shri
Mody, Shri Pilo	Himatsingka, Shri
Mohamed Imam, Shri J.	Iqbal Singh, Shri
Naik, Shri J. C.	Jadhav, Shri Tulsidas
Naik, Shri R. V.	Jadhav, Shri V. N.
Patodia, Shri D. N.	Jagjiwan Ram, Shri
Ramamoorthy, Shri S. P.	Jamir Shri S. C.
Roa, Shri V. Narasimha	Jamna Lal, Shri
Saboo, Shri Shri Gopal	Jha, Shri Bhogendra
Shivappa, Shri N.	Jha, Shri Shiva Chandra
Tapuriah, Shri S. K.	Kalita, Shri Dhireswar
Xavier, Shri S.	Kamble, Shri
Abraham, Shri K. M.	Kamala Kumari, Kumari
Agadi, Shri S. A.	Kandappan, Shri S.
Ahirwar, Shri Nathu Ram	Karan Singh, Dr.
Ahmed, Shri F. A.	Katham, Shri B. N.
Ahmed, Shri J.	Kavade, Shri B. R.
Anbuhezhan, Shri	Kesri, Shri Sitara
Ankineedu, Shri	Khan Shri Ghayoor Ali
Arumugam, Shri R. S.	Khan, Shri M. A.
Babunath Singh, Shri	Kinder Lal, Shri
Banerjee, Shri S. M.	Kiruttinan, Shri
Barua, Shri Bedabrata	Krishna, Shri M. R.
Baswant, Shri	Kundu, Shri S.
Bhagat, Shri B. R.	Lakshmikanthamma, Shrimati
Bhandare, Shri R. D.	Lalit Sen, Shri
Bhanu Prakash Singh, Shri	Laskar, Shri N. R.
Bohra, Shri Onkarlal	Laxmi Bai, Shrimati
Chandrika Prasad, Shri	Limaye, Shri Madhu
Chaudhary, Shri Nitraj Singh	Mahadeva Prasad, Dr.
Chavan, Shri D. R.	Maharaj Singh, Shri
Choudhary, Shri Valmiki	Mahishi, Dr. Sarojini
Choudhury, Shri J. K.	Mandal, Shri Yamuna Prasad
Dalbir, Singh Shri	Mangalathumadom, Shri
Damani, Shri S. R.	Marandi, Shri
Dassapa, Shri Tulsidas	Master, Shri Bhola Nath
Dass, Shri C.	Masuriya Din, Shri
Deoghare, Shri N. R.	Menon, Shri Vishwanatha
Desai, Shri Morarji	Minimata, Shrimati Agam Dass Guru
Deshmukh, Shri B. D.	Modak, Shri B. K.
Deshmukh, Shri K. G.	Mohsin, Shri
Dhillon, Shri G. S.	Mrityunjay Prasad, Shri
Dinesh Singh, Shri	Mukerjee, Shri H. N.
Dixit, Shri G. C.	Mukerjee, Shrimati Sharda
Durairasu, Shri	Mulla, Shri A. N.
Dwivedy, Shri Surendranath	Naghnor, Shri M. N.
Esthose, Shri P. P.	Nahata, Shri Amrit
Gandhi, Shrimati Indira	Naidu, Shri Chengalraya
Ganesh, Shri K. R.	Oraon, Shri Kartik
Gavit, Shri Tukaram	Pahadia, Shri Jagannath
Ghosh, Shri Bimalkanti	Pandey, Shri K. N.
Ghosh, Shri Ganesh	Pandey, Shri Sarjoo
Ghosh, Shri P. K.	Pandey, Shri Vishwa Nath
Gowda, Shri M. H.	Pant, Shri K. C.
Goyal, Shri Shri Chand	Paokai Haokip, Shri

Parmar, Shri Bhaljibhai  
 Partap Shingh, Shri  
 Parthasarathy, Shri  
 Paswan, Shri Kedar  
 Patel Shri J. H.  
 Patel, Shri Manubhai  
 Patil, Shri Anantrao  
 Patil, Shri Deorao  
 Patil, Shri N. R.  
 Patil, Shri S. D.  
 Patil, Shri T. A.  
 Poonacha, Shri C. M.  
 Pramanik, Shri J. N.  
 Qureshi, Shri Mohd, Shaffi  
 Radhabai, Shrimati B.  
 Raghu Ramaiah, Shri  
 Raj Deo Singh, Shri  
 Rajani Devi, Shrimati  
 Rajasekharan, Shri  
 Raju, Shri D. B.  
 Ram Charan, Shri  
 Ram Dhani Das, Shri  
 Ram Subhag Singh, Dr.  
 Ram Swarup, Shri  
 Ramani, Shri K.  
 Randhir Singh, Shri  
 Roa, Shri Jaganath  
 Rao, Shri K. Narayana  
 Rao, Shri Thirumala  
 Rao, Dr. V. K. R. V.  
 Raut, Shri Bhola  
 Ray, Shri Rabi  
 Rohatgi, Shrimati Sushila  
 Roy, Shri Bishwanath  
 Saha, Dr. S. K.  
 Saigal, Shri A. S.  
 Samanta Shri S.C.  
 Sambasivam, Shri  
 Sanjit Rupji, Shri  
 Sankata Prasad, Dr.  
 Sen, Shri Dwaipayan  
 Sen, Shri P. G.  
 Sethi, Shri P. C.  
 Sethuraman, Shri N.  
 Sezhiyan, Shri  
 Shah, Shrimati Jayaben  
 Shambhu Nath, Shri  
 Shankaranand, Shri, B  
 Sharma, Shri Naval Kishore  
 Shastri, Shri Biswanarayan  
 Shastri, Shri, Ramanand  
 Shastri, Shri Sheopujan  
 Sheo Narain, Shri

Sheth, Shri T. M.  
 Shinde, Shri Annasahib  
 Shiv Chandika Prasad, Shri  
 Shiv Charan Lal, Shri  
 Shukla, Shri S. N.  
 Siddayya, Shri  
 Siddheshwar Prasad, Shri  
 Singh, Shri D. N.  
 Sinha, Shrimati Tarkeshwari  
 Snatak, Shri Nar Deo  
 Solanki, Shri S. M.  
 Somasundaram. Shri S. D.  
 Sonar, Dr. A. G.  
 Sonavane, Shri  
 Sunder Lal, Shri  
 Supakar, Shri Sradhakar  
 Sursing, Shri  
 Suryanarayana, Shri K.  
 Tarodekar, Shri V. B.  
 Tiwary. Shri D. N.  
 Uikey, Shri M. G.  
 Veerappa, Shri Ramachandra  
 Verma, Shri Balgovind  
 Virbhadra Singh, Shri  
 Viswambharan. Shri P.  
 Viswanatham, Shri Tenneti  
 Viswanathan, Shri G.  
 Vyas, Shri Ramesh Chandra  
 Yadav, Shri N. P.

MR. DEPUTY-SPEAKER : The result\* of the division is : Ayes : 26 ; Noes : 182.

*The motion was negatived*

16 hrs.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill further to amend the Companies Act, 1956, be taken into consideration."

*The motion was adopted.*

#### Clause 2-(Definition)

MR. DEPUTY-SPEAKER : We will now take up clause by clause consideration, for which one hour has been allotted.

SHRI D. N. PATODIA (Jalore) : Clause 2 of this Bill seeks to define "appointed day" on which the term of managing agents, treasurers or secretaries will expire. We find from this clause

\*The following Members also recorded their votes for 'NOES' :—Sarvashri Chowdhury Ram Sewak, Jyotirmoy Basu, Mohammed Ismail, Shri M. Moghadandra and Shrimati Nirlep Kaur.

that in less than one year's time this system of managing agents, secretaries and treasurers will be discontinued. In other words, this clause brings clauses 4, 5 and 6 into operation within less than a year. I, therefore, propose to speak on all those clauses together.

16.01 hrs.

[SHRI R. D. BHANDARE *in the Chair*]

The system and functioning of managing agency in India has been discussed on the floor of the House not once or twice but on several occasions in the course of the last six or seven years; more particularly, in the course of the last two or three years, it has been discussed in detail. I had hoped that this discussion in the House would help in clearing the confusion that existed in the mind of the government. But after listening to what the Minister said a few minutes back, I feel that the confusion is not only not clear but it has become more acute. Within the short time at my disposal I shall make one more attempt to highlight some of the salient features of the managing agency system and appeal to the government, even at this late stage, to reverse their decision in the matter.

The hon. Minister stated that the managing agency system in India is the creation of the British Government. I think even in this respect the Minister was totally confused, if not ignorant. In all developing countries of the world, whether in Asia or America or Australia, some sort of group management had always been responsible for initial development of the economy. You may call it by any name, not necessarily managing agency, but, nevertheless, it was the group management which was responsible for economic growth and development of the country.

Look at the contribution made by the group management system in India. Look at their performance in the pre-independence days in the tea industry, jute industry, cotton textile industry, engineering industry and even the steel industry. Is it not true that it is the group management system which was entirely responsible for the growth of these industries in India? Well, look at the Railways which happens to be the one single largest industrial undertaking in our country investing Rs,

3000 crores. The creation of the railways, the development of the system, was entirely due to the managing agents. When the capital market was non-existent, when there the element of risk involved was big and for many years to start, the groups had to incur heavy losses, these group management people undertook the risk, arranged for finance, arranged for investment, and after many years of hard work, they could bring some sort of industrialisation in our country.

What about post-Independence period? Even in the post-Independence period, whatever the Minister may think and say, during the Second and Third Plan periods, most of the industrialisation was due to the managing agency system. There is no doubt about it. Even today, although the Minister said that some figures indicated that managing agents themselves contributed only 6 per cent of the share capital, does he tell the entire story? Is he very honest in saying that? Why should he forget about the contribution made by these houses in getting general subscription of the public in shares? Is he not aware that even today these managing agency houses enjoy a better reputation in the matter of selling shares as compared to the Government of India? Is he not aware of that? Let him take a challenge. Let him float shares of any public undertaking; let him complete in the matter of selling of shares floated by managing agency houses. The picture will be clear. I have no doubt that, other things remaining equal, for the same type of investment, these managing agency houses will be able to sell shares at a premium not less than 30 per cent as compared to any public sector concern. Therefore, don't minimise their contribution; don't try to be little them.

What is our problem today? Our problem is the economic growth; our problem is not to retard the growth of economy. Our problem is not to create conditions by which in any way, in any form, we create conditions for economy to go backward. Does he mean to suggest that our capital market is properly grown and we do not need any form of media of reputation to sell shares? Does he mean to say that the managerial calibre is available in plenty in our country and

[Shri D. N. Patodia

we do not need any help in the form of managing agency houses ?

MR. CHIRMAN : We are on clause 2.

SHRI D. N. PATODIA : Clause 2 is the operative clause for all the clauses 4, 5 and 6. It seeks to appoint a day on which managing agency system and all the things will be terminated. Therefore, I am speaking on all of them.

MR. CHAIRMAN : Kindly don't make it a general discussion.

SHRI D. N. PATODIA : Clause 2 is the operative clause and it covers clauses 4, 5 and 6. I think, you should allow it. I am entitled to speak on all them.

Now, Sir, if you feel that, in India, we do not have sufficient managerial calibre available in the country, if you feel that our economy needs further stimulation and needs to be further accelerated, then the answer is clear, that the proven system of managements, the system of managing agency, the system of group management available in the country should not be disturbed.

What are the reasons then for the Government to bring this legislation ? There are two arguments advanced by them. One is that managing agency system has been responsible and is responsible for concentration of wealth and that it should be discontinued and another is that managing agency system is responsible for many misuses in our economic structure and, therefore, it should be discontinued. I beg to submit that there could be nothing more fallacious and nonsensical than these two arguments.

So far as monopoly and concentration of wealth is concerned, I beg to submit that this is something which has nothing to do either with this legislation or with the managing agency system. The Minister should have been wise enough by now to understand this, If concentration is possible, it is possible, is even without this legislation, and if concentration can be

broken up it can be broken up even with the existence of the managing agency system.

Similarly, so far as misuses are concerned, the existing laws are enough to remove these misuses. Simply because one particular section has a certain misuse, that cannot justify the entire thing being thrown away.

Now I will come to the existing legislation which, I hope and believe, is sufficient to curb and check any misuse that the hon. Minister might be having in his mind. At the present time: At there is a statutory limit that any managing agency cannot be appointed for more than 15 years, thereafter, it cannot be renewed for more than ten years. On 21st October, 1966, a notification was issued by the Government of India by which in respect of some of the important sectors of the economy, namely, tea, cement, sugar, jute and textiles, the managing agency was to be terminated on 2nd April 1969. Over and above this, section 324...

MR. CHAIRMAN : Clause 2 speaks of the 'appointed day'. How then do you carry on a general discussion on Clause 2 ?

SHRI D. N. PATODIA : I will explain to you.

MR. CHAIRMAN : I have followed your explanation. You should confine your remarks only to 'appointed day'. Clause 2 speaks only of 'appointed day'. You are covering the whole ground. It is a very strange procedure that we are following. If you want, you may suggest some other date. You should confine your remarks only to the 'appointed day'.

SHRI D. N. PATODIA : Should I speak on clauses 4, 5 and 6 also now ? I will finish in two minutes. Or, I can speak later.

MR. CHAIRMAN : Please finish within two minutes.

SHRI D. N. PATODIA : Over and above whatever I have said, section 324 of the original Act empowers the Government to discontinue the managing agency in any one particular industry or industries

whenever it is found that it is not desirable to continue. In view of the fact that all these legislative provisions are already available, I do not know in what respect, and in what manner, this particular piece of legislation is going to help either the country or the government or the industry except disturbing the proven system of management.

What remuneration does the legislation permit the managing agents to draw? The legislation permits a maximum of ten per cent, ten per cent not of the net turnover, not of sales, but of total net profit. The only remuneration that a managing agent can draw is 10 per cent of the total net profit. In most of the cases, it is much less than 10 per cent. In the initial years it is much less than 10 per cent; for two or three years when there is no profit, the managing agents do not draw anything. Do you mean to suggest that any other alternative managing agency system will be able to work at a lesser remuneration, whether they are Managing Director or anything else. In view of the limitation of the remuneration where is the benefit derived either by the Government or by the economy or by the shareholders by bringing this legislation. In this respect even the previous Law Minister, Mr. Pathak, has said in 1966 that in spite of whatever is said against this system, this system in some of the vital sectors of the economy needs to be continued because without this the economy is likely to be very badly affected.

Now I come to the argument of misuse. If there is any misuse in any particular system, does it justify that the entire system or legislation should be given away. There is so much of misuse in democracy. Does it mean that the democratic set up of government should be given up? Can the hon. Minister quote anywhere any system in the world either in the economic sphere or political sphere where is no misuse. Therefore, it does not lie in the mouth of the Minister to say that there are certain misuses and it should be abolished. If some legislation is needed, he can bring that legislation. Before I conclude, in respect of this misuse I would like to quote from a passage from Palkhiwala.

MR. CHAIRMAN : To-day you have followed a very strange procedure on

clause 2. There is a question of appointed day but you have covered the whole ground. Some procedure must be followed.

SHRI D. N. PATODIA : Now I take objection to what you said.

MR. CHAIRMAN : How can you take objection? Please listen. Clause 2 speaks of an appointed day which shall be the 3rd day of April 1970. It is beyond the scope of this clause whatever you have mentioned. You have covered the whole ground. You have gone to the extent of replying to the Minister too.

SHRI D. N. PATODIA : Will you permit me to reply to what you said?

MR. CHAIRMAN : Don't argue with the Chair. Don't take advantage of the leniency.

SHRI D. N. PATODIA : When I started talking I said that clause 2 is so and so and it defines the appointed day and on this appointed day, Clauses 4, 5, and 6 will be brought into operation.

MR. CHAIRMAN : I know the procedure but that is not the method. I have objected and you are still continuing.

SHRI D. N. PATODIA : Before I conclude, please permit me to quote from Shri Palkhiwala regarding discontinuance of a system because of certain misuse.

"If you start abolishing everything that was imperfect and everything that lent itself to abuses, you would be left without a system, without a policy, without any institution. In the wide world, you would only be left with eternal laws of the heavens."

That will be the effect of this legislation. (*Interruptions*) Because of certain misuse the Government has no business to throw the entire system like this. This proven system of management should be given a fair deal. In any case, as the hon. Minister said, it is gradually disappearing. Let five or ten years pass before any such thing is done.

**SHRI S. M. BANERJEE :** I wish to confine myself strictly to clause 2. It says :

"In this act, unless the context otherwise requires, 'appointed day' means the 3rd day of April 1970."

**MR. CHAIRMAN :** You are on clause 2. Somehow or other you want to carry on discussion on clause 2. Let us be clear. Let us follow a different procedure altogether.

**SHRI S. M. BANERJEE :** Which clause you want us to speak ?

**SHRI PILOO MODY :** I don't know which clause we are on ; I don't know whether anybody is clear on that.

**SHRI S. M. BANERJEE :** This is Clause-by-Clause consideration ; if we have anything in our wisdoms to point out we can say that.

**MR. CHAIRMAN :** You are on Clause 2—Appointed date.

**SHRI S. M. BANERJEE :** Why not 1968 ?

**MR. CHAIRMAN :** You can argue for days together on any word.

**SHRI S. M. BANERJEE :** Is the Bill going to be guillotined ? I don't know. I was supported by Mr. Masani that more time should be allotted for Clause-by-Clause consideration.

**MR. CHAIRMAN :** You can seek time from the Deputy-Speaker, not from me.

**SHRI K. NARAYANA RAO (Bobbili) :** What is it that he is talking ?

**SHRI PILOO MODY :** I say it should be 1962, by the time, sense would have come to the other side.

**SHRI S. M. BANERJEE :** My submission is this. In Clause 3 there are certain amendments which are going to support. Am I to understand that there is some restriction on speaking on the Clause by-Clause consideration.

**SHRI K. NARAYANA RAO :** Unless earlier Clause is adopted you cannot go to the next Clause.

**SHRI PILOO MODY :** Unless you adopt Clause 2, you cannot go to Clause 3.

**SHRI S. KANDAPPAN (Mattur) :** If you can suspend Clause 2, and then you can go to Clause 3.

**SHRI S. M. BANERJEE :** We wanted this Bill to be passed before the mid-term poll. It was not done. There is no Clause that anybody who has taken money should pay back. This will not apply retrospectively. So many manipulations and manoeuvres would have taken place and so many violation of rules and some black money would have become white and some white money would have gone underground. All these things will happen. And even the mischief done by the managing agency system will be done. This date should not be 1970. The Minister is aware more than anybody else how the companies are behaving, and how they wanted to sabotage the particular Bill with the help of certain Members (*Interruption*) of the other party. I am not attacking P. M. in any way. P. M. means piloo Mody, not Prime Minister.

I request the hon. Minister to kindly change the date to 1969. That is my request in this regard.

**SHRI S. S. KOTHARI (Mandsauri) :** Mr. Chairman, Sir, I think it will be more appropriate for me to speak on Clause 3.

**MR. CHAIRMAN :** All right. Shri Shiv chandra Jha,

श्री शिव चन्द्र झा (मधुबनी) : सभापति महोदय, कलाज 2 में अप्रैल, 1970 का जो एपायंटिड डे रखा है, वह बहुत दूर का समय है और इस सिस्टम को इतनी देर तक बनाये रखने का कोई भी औचित्य नहीं है।

भाज मनेजिंग एजेन्सी सिस्टम हिन्दुस्तान में एक पैरासिटिकल सिस्टम हो गया है। पिछले जमाने में, उन्नीसवीं सदी के दूसरे भाग में, जब हिन्दुस्तान में औद्योगिकरण की शुरुआत हुई

थी, उस समय उसकी कुछ अहमियत थी, क्योंकि उस समय वह औद्योगीकरण को चलाने के लिए एक हथियार था, एक इकानोमिक इंट्रुमेंट था, हालांकि वह अंग्रेजी पूंजीवाद और अंग्रेजी साम्राज्यवाद का भी एक हथियार था। लेकिन बाहिस्ता-आहिस्ता ज्यों-ज्यों पूंजीवाद बढ़ा, त्यों त्यों इस सिस्टम का रूप बदलता गया। उसका रूप छून चूसने वाली लीच, जॉक, जैसा, बम्पायर जैसा हो गया।

यह बड़ी हैरानी की बात है कि आजादी के बाइस साल बाद भी अभी तक इस सिस्टम का खात्मा नहीं किया गया है। सभापति महोदय, अगर आप पंडित जवाहरलाल नेहरू की रचनाओं को ठीक प्रकार से पढ़ें, तो आप को भालूम होगा कि उन्होंने इस सिस्टम की भत्सना की है। उन्होंने अपनी रचनाओं में यहाँ तक कहा है कि आजादी के बाद हम इस तमाम सिस्टम का खात्मा कर देंगे। लेकिन बाइस सालों के बाद भी इसका खात्मा नहीं हुआ है।

मोटे तौर पर यह बिल अच्छा है। एक कहावत है कि देर आयद दुस्त आयद। देर से ही सही, अब यह बिल लाया गया है, यह एक अच्छी बात है। लेकिन अब इस सिस्टम की मियाद को बढ़ाना ठीक नहीं है। इस बिल के इस सदन में और राज्य सभा में पास हो जाने के बाद दो हफ्ते के अन्दर इस मैनेजिंग एजेन्सी सिस्टम को डिसाल्ट कर देना चाहिए। जैसा कि मैंने अभी कहा है, यह एक पैरासिटिकल सिस्टम है। यह हिन्दुस्तान की अर्थ-व्यवस्था और इस देश की आम जनता का खून चूस रहा है। मैं चाहूंगा कि सरकार इसकी इतनी लम्बी मियाद न रखकर इस बिल के पास होने के बाद दो हफ्ते में इस को खत्म कर दे।

**SHRI K. NARAYANA RAO :** Before you call the hon. Minister, may I seek a clarification from him? How is it that such distant date has been fixed? Is there any rationale behind it?

**SHRI JYOTIRMOY BASU :** I would like to say something before the hon. Minister replies. This is not the first time that we are seeing the Congress's special sympathy for the vested interest. In Bengal, we have seen how zamindari abolition has worked. After they had passed the bill they gave six months to the zamindars to hide all the lands and put them under benami ownership. What is the outcome today? Zamindari do not exist but the real fact is that the zamindari abolition has not worked. Only some ghost-owners under the control of the same ownership have become the controllers of the property. As a result, the ryots and the tillers and the *bargadars* are exactly where they were, and in fact there condition has deteriorated.

Similarly in this case I can see the hidden object behind giving more time till April, 1970. They want to give more time to the vested interest and the big capitalists to do all the jugglery they can and continue to serve the same purpose which they had been doing in the past. In these circumstances, I would request the hon. Minister to give effect to this measure as soon as it is enacted.

**SHRI PILOO MODY :** I shall recommend my hon. friend Shri Jyotirmoy Basu for promotion as under-secretary-general.

**SHRI F. A. AHMED :** Regarding the point about abolition of the managing agency system, I was really pained to hear what my hon. friend Shri D. N. Patodia had to say. Unfortunately he contradicted what I had stated, and he stated that I had made a wrong statement when I had stated that the managing agency system did not exist in any other part of the world. I stand by my statement that it is only in India or countries like India where the British people had something to do that the managing agency system has existed. Otherwise, in the U. K. itself or in America you will not find the managing agency system...

**SHRI PILOO MODY :** He would not find it in the Soviet Union also.

SHRI F. A. AHMED : Of course, it is not there. But even in America and U.K. it is not there. In developed countries it is not there...

SHRI D. N. PATODIA : It is there in Asia, Australia and the Latin American countries.

SHRI F. A. AHMED : They were places where the British people had gone.

SHRI PILOO MODY : The important factor is under-development which requires the managing agency system,

SHRI F. A. AHMED : So far as development is concerned, of course, he will not accept my word, but I would like to place before him the considered words of the committee or the managing agency system. This is what they have to say :

"Despite the increasing role played by the L. I. C. the I. F. C. banks and the investment trusts in providing initial loans as well as under-writing functions, the part played by brokers and individuals in under-writing new shares is still sizable but the contribution that can be attributed directly to managing agents is negligible."

Further on, they say :

"Equally with growing diversification of the economic structure, most new companies require such large amount of funds that support of particular groups of individuals can from only a small part of the total need.

"The real support comes from the institutions, the general public and other companies".

SHRI PILOO MODY : We do not dispute that.

SHRI F. A. AHMED : It is not only that they say so. It is also supported by figures. In 1964-65, the percentage of the total amount under-written by LIC was 22.9, by UTI 12.9, IFC 10.1, ICICI 12 and

so on whereas others including managing agents and foreign collaborators is only 0.7 per cent.

SHRI PILOO MODY : What about the public ?

SHRI D. N. PATODIA : What about loans from foreign collaborators ?

SHRI F. A. AHMED : All included 0.7 per cent.

SHRI D. N. PATODIA : No, it is only share capital, not the loan part.

SHRI F. A. AHMED : I am trying to point out that the under-writing is done by the financial institutions, not by the managing agents themselves ; the contribution of the latter is very small.

SHRI R. K. AMIN (Dhandhuka) : It is because of the prestige of the managing agents that the public is contributing the capital.

SHRI F. A. AHMED : From the manner in which they have been managing, only a few houses managing so many companies, the public would not like them. Out of so many companies incorporated, how many are really managed by managing agents ? If really they had helped industrial development, then practically all the companies which have been incorporated would have been managed by the managing agents. That also I have indicated.

SHRI R. K. AMIN : Even today the public contribute to those companies which have well known managing agents.

MR. CHAIRMAN : We are on clause 2. He need not answer these questions.

SHRI F. A. AHMED : He was covering clauses 4-5. I have replied to the points.

Then other friend wanted that the date should not be 3rd April 1970. Also the question of funds of those companies has been raised. May I say that this clause has nothing to do with the funds ; it only relates to abolition of the managing agency system for which a date has been indicated. We are giving them time so that they may make arrangements to pack off. We must give them reasonable time.

SHRI JYOTIRMOY BASU : Not pack off, but readjust go underground, wash and come out. The Minister's answer is unsatisfactory and unconvincing.

MR. CHAIRMAN : The question is :

"That clause 2 stand part of the Bill".

*The motion was adopted*

*Clause 2 was added to the Bill*

*Clause 3—(Substitution of section 293A)*

SHRI F. A. AHMED : I beg to move

Page 1, line 9,—*after* "contained in" *insert*—"any other provision of". (3)

I want to add after "Notwithstanding anything contained in", the words "any other provision of".

This is self-explanatory.

SHRI SHIV CHANDRA JHA : I move

Page 2, line 4,—*for* "five thousand" *substitute*—"ten thousand". (8)

page 2, line 7,—*for* "three years" *substitute*—"five years". (9)

Page 2, line 7,—*after* "fine" *insert*—"which shall not be less than ten thousand rupees". (10)

अध्यक्ष महोदय, हालांकि देर से यह विधेयक सरकार लाई है लेकिन फिर भी इस की हमदर्दी कम्पनियों के प्रति जिस तरह से वह इस की लिखावट से साफ हो जाता है। विरोधियों के प्रेशर पर और दबाव पर सरकार को यह विधेयक को लाना पड़ा लेकिन इसकी हमदर्दी प्राइवेट सेक्टर के लिए है यह इसकी लिखावट से आपको मालूम हो जायगा। आप देखें क्लॉज 3 (2) में जहाँ जुर्माना की बात करते हैं, वहाँ यह दिया है :

"If a company contravenes the provisions of sub-section (1), then the company shall be punishable with fine which may extend to five thousand rupees."

अध्यक्ष महोदय, कम्पनी को 5 हजार का जुर्माना

यह करते हैं। 5 हजार उसके लिये क्या है ? यह कोई सजा है ? यदि इस कानून का उल्लंघन कम्पनी करती है तो उसको पाँच हजार का जुर्माना करना, यह कोई सजा नहीं है। कम्पनी के पास असेट्स कितने होते हैं ? मान लीजिए टाटा कंपनी है, आज 510 करोड़ उसके असेट्स हो गए हैं। 5 हजार का जुर्माना उसके लिए क्या है ? उस से तो कुछ बिगड़ने को नहीं है। तो कंपनी की इस बदमाशी को यदि सरकार हकीकत में रोकना चाहती है तो पाँच हजार रुपये की जो सजा या जुर्माना है उसको बढ़ाकर मेरा संशोधन है कि 10 हजार कर दिया जाय ... **अध्यक्ष**... 20 हजार यह कह रहे हैं, मैं समझता हूँ, वह भी कम है, अध्यक्ष महोदय, होना चाहिए 50 हजार। लेकिन सरकार 50 हजार नहीं करती तो कम से कम 5 हजार नहीं, दस हजार अवश्य करना चाहिए।

उसी तरह से मेरा दूसरा संशोधन है :

"...a term which may extend to three years."

वह तीन साल की सजा देंगे और

".. shall also be liable to fine."

में इस में तीन साल की जगह पर 5 साल की सजा करना चाहता हूँ। तीन साल की सजा भी कम है। यह तीन साल की सजा एक रियायत है। 3 साल के बजाय 5 साल की सजा उस कंपनी को होनी चाहिए जो पोलिटिकल पार्टी को डोनेट करती है और इस तरह से फंड्स को मिस्यूज करके जनतन्त्र के वातावरण को दूषित करती है। उसके बाद है।

'and shall also be liable to fine.'

फाइन क्या है ? एक रुपया भी हो सकता है, एक सौ रुपया भी हो सकता है, इस में फिर मेरा संशोधन है कि उसके भागे यह जोड़ दिया जाय :

"which shall not be less than Rs 10000"

[Shri Shivchandra Jha]

पांच साल की सजा और दस हजार रुपये का जुर्माना दोनों होना चाहिए, यह मेरा संशोधन है। इस तरह से यदि सरकार शक्ति बरतेगी तब इस बात की सम्भावना हम रख सकते हैं कि इस विधेयक का मकसद बहुत हद तक कार्यान्वित होगा।

THE MINISTER OF STATE IN THE  
MINISTRY OF INDUSTRIAL DEVELOPMENT  
INTERNAL TRADE AND COMPANY AFFAIRS  
(SHRI RAGHUNATHA REDDY): I move amendment  
No. 12.

Page 1, line 12,—for "1968" substitute  
"1969". (12)

It is purely a consequential amendment and I do not think I need say anything about it.

SHRI SEZHIYAN (Kumbakonam): I have tabled two amendments. But my amendment No. 14 may not be in the hands of many Members. So, while moving, I shall read it. I move:

Page 1,—for line 12, substitute—

"Act, 1969,—

- (i) contribute any amount or amounts, or
- (ii) make any gift (which expression shall include the amount of the consideration which is demand, under the gift-tax Act, 1958, to be a gift), or
- (iii) render any service, or lend the services of its officers or employees or any of them, except after obtaining such payment as is adequate for such services, or
- (iv) make available the use of any of any of its property except after obtaining such payment as is adequate for the use of such property". (14)

Sir, I fully appreciate the Government clause as given there. In spirit, it is all right. But they have stated only that the companies

are being prevented from contributing an amount or amounts to political parties or to any individual representing political parties. But that alone will not stop the mischief. You are a very learned man and another learned man in the House by name Mr. Bhandare when he was speaking as a Member—now you are occupying the Chair and so I cannot identify that Member with you at the moment—said there is assistance not only by way of finance but there are other forms of assistance in kind which should also be prevented if the Bill is to be effective when it is passed. I fully agree with him when he said that I hope you will also agree with him on that score.

The real mischief will come in this way. It is not only by a company contributing to the political parties: but by other means also can it help them. Instead of paying in a lump sum of Rs. 1 lakh or Rs. 2 lakhs, the companies can assist the political parties in kind, by offering some material or lending something. I can give you one good example and Shri Bhandare mentioned that. One company can offer as many as 100 jeeps to a political party for use during the time of the elections. That will not be attracted by this clause. That company is not contributing any amount but is just lending jeeps to be used during the elections without charging for them. Will that not be incorrect? In spirit, it will be attracted by this clause but the wording of the clause as it is will not attract it. That aspect should also be considered in this matter.

Secondly, it is says "lend the services of its employees or officers." Suppose, you are not giving jeeps you can give 100 drivers or 200 drivers to work for the candidate free of charge. If we calculate all these things, these will tantamount to assistance which should have been prevented and which should be prohibited by this amendment. Otherwise, nowadays, all the big business-houses which have been giving lakhs and lakhs of rupees to this party or that party, will, instead of making such outright grant or outright contribution to the political parties, by the backdoor methods begin to assist by giving jeeps or men.

There is one more aspect. My amendment also says "make available the use of any of its property." That also should be looked into. There may be a big building which

they can give free of rent. That means a sum of Rs. 1,000 can be saved for one candidate. Free use of any of their property or house should be prevented.

Then, there is mention of "make any gift." They may say "We have made a gift and not contributed anything." The so-called gift should not be allowed to escape in respect of the Gift-tax-Act. That loophole also should be plugged.

So, for these reasons, I have given a comprehensive amendment which I hope will help the Government in fulfilling the spirit in which they have brought this Bill. A law may be a good law, but wrong drafting of it may defeat the purpose in view and if you go to the court, the court may not hold that law as valid. Therefore, in all humility, I appeal to the hon. Minister to accept this amendment which is comprehensive and which will help him in all that he wants to do. The clause as it is does not embrace all these items which I have now given. I think that amendment No. 14 of mine will go to help him in preventing the companies from making contributions to political parties in all ways.

SHRI S. S. KOTHARI : Sir, I would like to say very little. While supporting the Bill, I am doing so with certain reservations. The ruling party has put forward lofty ideals about political life. We appreciate all that but in practice, what we see is that the largest amount from companies flow to the ruling party itself. It is significant that the Bill has been brought after the mid-term elections. It is a fact that during the mid-term elections the ruling party collected considerable donations from companies. If this Bill is to be effective, it is necessary for the Government to ensure that donations out of black money do not take place. It is not going to be easy. If companies make manipulations in their accounts to create black money and pay donations out of that, instead of a healthier political climate, we would have a worse political climate and the evils would be multiplied. That has to be checked. Government should exercise restraint on the ruling party as well as other parties, so that they do not receive donations out of black money. The root cause of the donations is that elections have become so

expensive. Therefore, efforts must be made to see that the elections are made cheap.

SHRI S. M. BANERJEE : Sir I congratulate Mr. Sezhiyan on bringing forward this amendment even at this late hour and I hope the minister will have no objection in accepting it, because he has said that accepting donations from companies is immoral.

I come from the industrial city of Kanpur. It is a city of poverty and plenty, both. We have seen political parties accepting donation from the companies; I have no grouse against that because according to the law and the rules, they could do it. But the most objectionable thing is, the companies render other services also. They give a car to a particular candidate of a particular party for months. Even the petrol is paid for by the company out of the shareholders' money. 30 or 40 clerks are given leave with pay, but their services are utilised not in the interests of the company but for a particular candidate of a particular party. These instances were brought to the notice of the authorities, but they expressed their inability to do anything. Many textile units in Kanpur were asked to manufacture 5000 Congress flags. When they said these is no *Khaddar*, they said, for the elections it need not be in *Khaddar*; only the tricolour should be there. They could not get as so much cash from them, but they managed to get in kind in the form of Gandhi caps and Congress flags. I can give proof. That is why congress flags were much much more than the oppositions flags in that particular city.

In this amendment he says :

"render any service, or land the services of its officers or employees or any of them, the except after obtaining such payment as is adequate for such services, or

make available the use of any of its property except after obtaining such payment as is adequate for the use of such property."

He says, do not ban them. They can do it but they should pay for it. It should not be at the cost of the shareholders or at the cost of the workers. So I request you, Sir, and through you the hon. Minister to kindly accept this.

[Shri S. M. Banerjee]

In his amendments 8, 9 and 10 my hon. friend Shri Shiva Chandra Jha has suggested that the fine instead of Rs. 5000 should be Rs. 10,000. Take a company owned by Birlas, Tatas, Dalmias, Jaipuria or any other such big business house. If they are fined Rs. 5000 they will simply pay it and get away. If it is made Rs. 10,000 it is some amount, it should have been more. Anyhow even though an amendment for more has not been moved, either the hon. Minister may bring an amendment suggesting a bigger amount and we will support it or let him at least accept this. Then he says that instead of three years it may be raised to 5 years.

As far as punishment is concerned I support it. Then he says: "after 'fine' insert 'which shall not be less than Rs. 10,000'". The fine should not be less than Rs. 10,000. When the Essential Services Maintenance Bill was brought in this House it contained penal provisions like Rs. 2500 fine, two years jail and so many other things even with retrospective effect. They have conveniently forgotten all those things when it comes to these companies. So I request the hon. Minister, through you, Sir, to accept the amendment of Shri Sezhiyan with pleasure, which is one of the amendments which the Government should have brought, but Government does not have that wisdom to bring such good amendments and therefore they should depend on the wisdom of an opposition Member.

SHRI JYOTIRMOY BASU : Sir, I fully support what my hon. colleagues, three of them, have just now said. I am confident the Minister is aware of the fact that most of the contributions are made—I have seen at least in Bengal—partly in black money and partly in kind. Messrs. Shaw Wallace Company of Calcutta gave ten vehicles for use by Shri P. C. Sen, each vehicle costing Rs. 100 a day. For two months you can work out how much it amounts to. Another company had offered to feed the volunteers, two hundred of them, for more than a month. You can work out how much it will cost (*Interruption*). One company even went to the extent of promising jobs to 30 of the Congress candidate's workers if the Congress candidate won and came back elected. Another very interesting case is, the leaders of the workers who worked for Shri P. C.

Sen in Aram Bagh, forty of them, were presented with wrist watches each costing Rs. 130. Shri Atulya Ghosh when he contested election last time got 400 burkhas, for false voting, free by some company. This is all corruption of the same nature. Therefore I would suggest that it should be said in such a manner that it will mean any material help or contribution so that the real purpose of the Bill is covered.

In respect of punishment I would like to say that even Rs. 10,000 to my mind is not adequate. It should be ten times the amount contributed for the first offence and twenty times the amount contributed for the second and subsequent offences.

SHRI K. NARAYANA RAO : I do not want to discuss the merits of the Bill. In the matter of punishment, the type of punishment prescribed must be such that not only the party feels remorse but it should act as a deterrent. What is the provision we have envisaged here? The offence is payment of donation to political parties by a company. When that is the nature of the offence, any punishment in terms of cash, however high it may be, is not going to be a deterrent. Suppose a company is imposed a fine of Rs. 5,000 or Rs. 10,000 it is not at all going to be a deterrent. I hope the hon. Minister will view the problem in the correct perspective and bring in necessary amendments on a later occasion.

SHRI TENNETI VISWANATHAM : I want to ask only one question. You are banning companies from giving political donations. You have prescribed some punishment to the giver of donations. But what is the punishment to the taker, the party who receives donations? Do you propose any punishment to that party?

SHRI F. A. AHMED : Sir I would confine myself to the few amendments which have been moved by the hon. Members. One of the amendments, moved by Shri Reddi, seeks merely to change the date from "1968" to "1969" which I accept.

Two amendments were moved by Shri Jha. One seeks to enhance the fine from Rs. 5,000 to Rs. 10,000, so far as a company is concerned and the other amendment

seeks to increase the term of imprisonment from 3 to 5 years. So far as the first amendment is concerned, we have to remember that some of the members of the public are also shareholders and if any irregularity or illegality is committed by an office-bearer of a company it would not be proper to punish the shareholder. If any fine is imposed on the company, it will certainly affect the shareholder. That is why we considered that a punishment of Rs. 5,000 is sufficient. Then, apart from imposing a fine on the company, the office-bearer who is responsible for such illegality has also to suffer to penalty, imprisonment upto three years and a fine which can be any amount. I think we can leave it to the better sense of the judge to fix the amount. If we find that a particular officer of a company has done something wrong, it is not proper to make the shareholders suffer for it.

**SHRI SEZHIYAN :** Suppose at a general meeting of a company the shareholders move a resolution that a particular sum should be contributed to a particular political party. Will you punish the company in such a contingency ?

**SHRI F. A. AHMED :** If such a resolution is passed by the company, the fine will be imposed on the company. But, because of the illegality committed by an office-bearer of the company it is not desirable that all the shareholders who are not party to such a decision should also be penalised. Therefore, we have purposely fixed Rs. 5000 as fine. The officers who are responsible for instigating or who take leading part in having such a resolution passed and so on, for that purpose.....

17 hrs.

श्री शिव चन्व झा : मंत्री महोदय एक भी कम्पनी का उदाहरण देकर बतलायें कि 10,000 फ़ाइन करने से शेयरहोल्डरों पर किस तरह का असर होता है ?

**SHRI F. A. AHMED :** May I take the other argument. When you are talking of very big companies, whether it is Rs. 5000 or Rs. 10,000 it will not matter very much to them. If you impose

a fine of Rs. 10,000 on a big company having a large income, it will not make much difference. Here the important thing is that the directors, the office-bearers, responsible for such illegal action will be given a punishment extending upto 3 years plus a fine that may extend to any limit. For that purpose, we have left it to the court to decide on the basis of merit to fix the amount of fine. Therefore, I would submit that the hon. Members may not press their amendments. What has been provided here will meet the requirement which the hon. Members have in mind.

**SHRI S. XAVIER (Tirunelveli) :** Whenever a fine is proposed for any illegal thing like that, either a minimum is fixed or a maximum is usually fixed. That is the procedure in law.

**SHRI F. A. AHMED :** Here, it will extend upto Rs 5000. If you read the wording, it will extend upto Rs. 5000. It is for the court to decide the amount. But the amount has been fixed upto Rs. 5000.

**SHRI JYOTIRMOY BASU :** Why don't you make it ten times the amount that they contribute ?

**SHRI F. A. AHMED :** Let me confine myself to the amendments which are before the House. What I say is that the provision made by us will meet the requirement of the case.

So far as the amendment moved by Shri Sezhiyan is concerned, as I pointed out earlier, wide implications are involved. It will not be desirable for us to accept the amendment as has been worded. I have taken note of it. If we find that there is some loophole on account of which someone will take advantage, we will see that loophole is plugged. I think, this is not the proper time, without considering the implications involved, that we should accept his amendment. I would ask him to withdraw his amendment.

**MR. CHAIRMAN :** Now, first I put Amendment No. 3 moved by Government to the vote of the House.

The question :

"Page 1, lines,—

after "contained in" insert—

"any other provision of"

*The motion was adopted.*

MR. CHAIRMAN: Then, I would put Government Amendment No. 12 to the vote of the House.

The question is :

"Page 1, line 12,—

for "1968" substitute "1969" (12)

*The motion was adopted*

MR. CHAIRMAN: There is Amendment No. 14 by Sezhayan...

SHRI SEZHIYAN: Sir, in view of the assurance given by the Minister that he has taken note of it and that he will consider it later and plug the loophole, if any, I am not pressing my amendment. I withdraw it.

*Division No. 24]*

Abraham, Shri K. M.  
Adichan, Shri P. C.  
Anbuhezhan, Shri  
Banerjee, Shri S. M.  
Basu, Shri Jyotirmoy  
Chittybabu, Shri C.  
Durairasu, Shri  
Esthose, Shri P. P.  
Gupta, Shri Indrajit  
Jamna Lal, Shri  
Jha Shri Bhogardre  
Jha, Shri Shiva Chandra  
Kalita, Shri Dhireswar  
Kandappan, Shri S.  
Khan, Shri Ghayoor Ali  
Kiruttinan, Shri  
Krishnamoorthi, Shri V.  
Limaye, Shri Madhu  
Mangalathumadam, Shri  
Mayavan, Shri  
Menon, Shri Vishwanatha  
Modak, Shri B. K.  
Mohammad Ismail, Shri  
Onkar Singh, Shri  
Paswan, Shri Kedar  
Sen, Dr. Ranen  
Sezhayan, Shri  
Shastri, Shri Sheopujan  
Sivasankaran, Shri  
Subravelu, Shri

MR. CHAIRMAN: I take it that he has the leave of the House to withdraw his amendment.

*Amendment No. 14 was, by leave, withdrawn*

MR. CHAIRMAN: Now, I put Amendment No. 8 moved Shri Shiv Chandra Jha to the vote of the House.

The question is :

"Page 2, line 4—

for "five thousand" substitute—  
"ten thousand" (8)

17.05 hrs.

[MR. DEPUTY-SPEAKER in the chair]

*The Lok Sabha Divided.*

AYES

[17.08 hrs.

Viswanatham, Shri Tenneti

NOEE

Agadi, Shri S. A.  
Ahirwar, Shri Nathu Ram  
Ahmed, Dr. I.  
Ahmed Shri F. A.  
Amat, Shri D.  
Amin, Shri R. K.  
Ankineedu, Shri  
Arumugam, Shri R. S.  
Azad, Shri Bhagwat Jha  
Babunath Singh, Shri  
Barua, Shri Bedabrata  
Baswant, Shri  
Bhagat, Shri B. R.  
Bhandare, Shri R. D.  
Bhanu Prakash Singh, Shri  
Birua, Shri Kolai  
Bohra, Shri Onkaral  
Butta Singh, Shri  
Chandrika Prasad, Shri  
Chaturvedi, Shri R. L.  
Chaudhary, Shri Nitiraj Singh  
Chavan, Shri Y. B.  
Choudhury Shri Valmiki  
Choudhury, Shri J. K.  
Dalbir Singh, Shri  
Damanl, Shri S. R.  
Dev, Shri D. V.

Deo, Shri P. K.	Patil, Shri Deorao
Deo, R. R. Singh	Patil, Shri S. B.
Deoghare, Shri N. R.	Patil Shri T. A.
Desai, Shri Morarji	Patodi, Shri D. N.
Deshmukh, Shri B. D.	Poonacha, Shri C. M.
Deshmukh, Shri K. G.	Pramanik, Shri J. N.
Deshmukh, Shri Shivajirao S.	Qureshi, Shri Mohd. Shaffi
Dhillon, Shri G. S.	Radhabai, Shrimati B.
Dinesh Singh, Shri	Raghu Ramaiah, Shri
Gandhi, Shrimati Indira	Raj Deo Singh, Shri
Ganesh, Shri K. R.	Raju, Shri D. B.
Gautam, Shri C. D.	Ram Dhan, Shri
Gavit, Shri Tukaram	Ram Dhani Das, Shri
Ghosh, Shri Bimalkanti	Ram Sewak, Shri Chowdry
Ghosh, Shri P. K.	Ram Subhag Sing. Dr.
Girja Kumari, Shrimati	Ramamoorthy, Shri S. P.
Gudadiumi, Shri B. K.	Rana Shri M. B.
Hari Krishna, Shri	Randhir Singh, Shri
Jadhav, Shri Tulsidas	Ranga, Shri
Jadhav, Shri V. N.	Roa, Shri K. Narayana
Kahandole, Shri Z. M.	Rao, Shri J. Ramapathi
Kamble, Shri	Rao, Shri Thirumala
Karan Singh, Dr.	Rao, Dr. V. K. R. V.
Kathan Shri B. N.	Rao, Shri V. Narasimha
Kavade, Shri B. R.	Raut, Shri Bhola
Kedaria, Shri C. M.	Rohatgi, Shrimati Sushila
Kesri, Shri Sitaram	Roy, Shri Bishawananth
Kinder Lal, Shri	Saha, Dr. S. K.
Koushik, Shri K. M.	Saigal, Shri A. S.
Krishna, Shri M. R.	Saleem, Shri M. Yumns
Lakshmikanthamma, Shrimati	Sambasivam, Shri
Laxmi Bai, Shrimati	Sanji Rupji, Shri
Maharaj Singh, Shri	Sankta Prasad, Dr.
Mandal, Shri Yamuna Prasad	Sant Bux Singh, Shri
Marandi, Shri	Sapre, Shrimati Tara
Masani, Shri M. R.	Sarma, Shri A. T.
Master, Shri Bhola Nath	Sayeed, Shri P. M.
Masuriya Din, Shri	Sen. Shri Dwaipayan
Meena, Shri Meetha Lal	Sen. Shri P. G.
Mishra, Shri Bibhuti	Sethuraman, Shri N.
Mody, Shri Pilo	Shah, Shrimati Jayaben
Mohamed Imam, Shri J.	Shah, Shri Manabendra
Mohammad Yusuf, Shri	Shambhu Nath, Shri
Mohsin, Shri	Shankranand, Shri
Mritynjay Prasad, Shri	Sharma, Shri Neval Kishore
Mukerjee, Shrimati Sharda	Shastri, Shri Biswanaryan
Nahata, Shri Amrit	Shastri, Shri Ramanand
Naidu, Shri Chengalraya	Sheo Narain, Shri
Naik, Shri G. C.	Sheth, Shri T. H.
Oraon, Shri Kartik	Shiv Chindika Prasad, Shri
Pahadia, Shri Jagannath	Shukla, Shri S. N.
Pandey, Shri Vishwa Nath	Siddayya, Shri
Paokai Haoikp, Shri	Siddheshwar Prasad, Shri
Parmar, Shri Bhaljibhai	Singh Shri D. N.
Parthasarathy, Shri	Singh Shri D. V.
Patel, Shri Manubhai	Snatak, Shri Nar Deo
Patil, Shri Amaut Rao	Sonavane, Shri

Sunder Lal, Shri  
Supakar, Shri Sradhakar  
Suryanarayana, Shri K.  
Swaran Singh: Shri  
Tapuriah, Shri S. K.  
Tiwary, Shri D. N.  
Uikey, Shri M. G.  
Ulka, Shri Ramachandra  
Venkatasubbaiah, Shri P.  
Verma, Shri Balgovind  
Vishambhram, Shri P.  
Vyas, Shri Ramesh Chandra  
Xavier, Shri S.

MR. DEPUTY-SPEAKER : The result of the division is 1 Ayes : 31 ; Nos 155.

*The motion was Negatived.*

MR. DEPUTY-SPEAKER : There are two more amendments moved by Shri Shiva Chandra Jha—Amendments No. 9 and 10. Shall I put them together ?

SHRI SHIVA CHKDRA JHA : I want division on amendment No. 9.

MR. DEPUTY-SPEAKER : I now put Amendment No. 9 the amendment of Shri Shiva Chandra Jha, to the vote of the House.

The question is :

“Page 2, line 7,—

for ‘three years’ substitute—  
‘five years’.” (9)

*Lok Sabha divided :*

*Division No. 25] AYES [17.11 hours.*

Abraham, Shri K. M.  
Adichan, Shri P. C.  
Anbuechian, Shri  
Banerjee, Shri S. M.  
Basu, Shri Jotirmoy  
Chittiyababu, Shri C.  
Durairasu, Shri  
Esthose, Shri P. P.

Gupta, Shri Indrajit  
Jha, Shri Bhogendra  
Jha, Shri Shiva Chandra  
Kalita Shri Dhireswar  
Kandappan, Shri S.  
Khan, Shri Ghayoor Ali  
Kiruttinan, Shri  
Krisnamoorthi, Shri V.  
Limaye, Shri Madhu  
Mangalathumadam, Shri  
Mayavan, Shri  
Menon, Shri Vishwanatha  
Modak, Shri B. K.  
Onkar Singh, Shri  
Paswan, Shri Kedar  
Sen, Dr. Ranen  
Sezhiyan, Shri  
Shastri, Shri Seopujan  
Sivasankaran, Shri  
Subravelu, Shri  
Viswambharan, Shri P.

NOES

Agadi, Shri S. A.  
Ahiwar, Shri Nathu Ram  
Ahmad Dr. I.  
Ahmed Shri F. A.  
Amat, Shri D.  
Amin, Shri R. K.  
Ankineedu, Shri  
Arumngam, Shri R. S.  
Azad, Shri Bhagwat Jha  
Babunath Singh, Shri  
Barua, Shri Bedabrata  
Baswant, Shri  
Bhagat, Shri B. R.  
Bhandare, Shri R. D.  
Bhanu Prakash Singh, Shri  
Birua, Shri Kolai  
Bohra, Shri Onkarlal  
Buta Singh, Shri  
Chandrika Prasad, Shri  
Chaturvadi, Shri R. L.  
Chaudhary, Shri Nitiraj Singh  
Chavan, Shri Y. B.  
Choudhary, Shri Valmiki  
Choudhary, Shri J. K.  
Dalbir Singh, Shri  
Damani, Shri S. R.  
Deb, Shri, D. N.  
Deo, Shri P. K.  
Deo, Shri R. R. Singh  
Deoghare, Shri N. R.

Shri Jamma Lal also recorded his vote for O' NOES!

Desai, Shri Morarji  
 Deshmukh, Shri B. D.  
 Deshmukh, Shal K. G.  
 Deshmukh, Shri Shivajitrao S.  
 Dhillon, Shri G. S.  
 Dinesh Singh, Shri  
 Gandhi, Shrimati Indira  
 Ganesh, Shri K. R.  
 Gautam, Shri C. D.  
 Gavit, Shri Tukaram  
 Ghosh, Shri Bimalkanti  
 Ghosh, Shri P. K.  
 Girja Kumari, Shrimati  
 Gudadimni, Shri B. K.  
 Hari Krishna, Shri  
 Jadhav, Shri Tulshidas  
 Jadhav, Shri V. N.  
 Jamna Lal, Shri  
 Kahandole, Shri Z. M.  
 Kamble, Shri  
 Karan Singh, Dr.  
 Kavad, Shri B. R.  
 Kedaria, Shri C. M.  
 Kesri, Shri Sitaram  
 Kinder Lal, Shri  
 Koushik, Shri K. M.  
 Krishna, Shri M. R.  
 Lakshmikanthamma Shrimati  
 Lasker, Shri N. R.  
 Laxmi Bai, Shrimati  
 Maharaj Singh, Shri  
 Mandal, Shri Yamuna Prasad  
 Marandi, Shri  
 Masani, Shri M. R.  
 Master, Shri Bhola Nath  
 Masuriya Din, Shri  
 Meena, Shri Meehta Lal  
 Mishra, Shri Bibbuti  
 Mody, Shri Pилоo  
 Mahamed Imam, Shri J.  
 Mohamad Yusuf, Shri  
 Mohsin, Shri  
 Mukerjee, Shrimati Sharda  
 Nahata, Shri Amrit  
 Naidu, Shri Chengalraya  
 Naik, Shri G. C.  
 Oraon, Shri Kartik  
 Pahadia, Shri Jagannath  
 Pandey, Shri Vishwa Nath  
 Paokai Haokip, Shri  
 Parmar, Shri Bhaljibhai  
 Parthasarathy, Shri  
 Patel, Shri, Manubhi  
 Patil, Shri Deorao  
 Patil, Shri S. B.  
 Patil, Shri T. A.  
 Poonacha, Shri C. M.

Pramank, Shri J. N.  
 Qureshi, Shri Mohd, Shaffi  
 Radhabai, Shrimati B.  
 Raghu Ramaiah, Shri  
 Raj Deo Singh, Shri  
 Raju, Shri D. B.  
 Ram Dhan, Shri  
 Ram Dhami Das, Shri  
 Ram Sewak, Shri Chowdhary  
 Ram Subhag Singh, Dr.  
 Ramamoorthy, Singh S. P.  
 Rana Shri M. B.  
 Randhir Singh, Shri  
 Ranga, Shri  
 Rao, Shri K. Narayana  
 Rao, Shri J. Ramapathi  
 Rao, Shri Thirumala  
 Rao, Dr. V. K. R. V.  
 Rao, Shri V. Narasimha  
 Raut, Shri Bhola  
 Rohatgi, Shrimati Sushila  
 Rao, Shri Bishwanath  
 Saha, Dr. S. K.  
 Saleem, Shri M. Yumus  
 Sambasivam, Shri  
 Sanji Rupji, Shri  
 Sant Bux Singh, Shri  
 Spare, Shrimati Tara  
 Sarma, Shri A. T.  
 Sayeed, Shri P. M.  
 Sen, Shri Dwafpayam  
 Sen, Shri P. G.  
 Sethuraman, Shri N.  
 Shah, Shrimati Jayaben  
 Shah, Shri Manabendra  
 Shambhu Nath, Shri  
 Sharma, Shri Naval Kishore  
 Shastri, Shri B. Viswanarayan  
 Shastri, Ramanand  
 Sheo Narayan, Shri  
 Shriv Chandika Prasad, Shri  
 Siddayya, Shri  
 Sidheshwar Prasad, Shri  
 Singh, Shri D. N.  
 Singh, Shri D. V.  
 Snatak, Shri Nar Deo  
 Sonavane, Shri  
 Sunder Lal, Shri  
 Supakar, Shri Sradhakar  
 Suryanarayana, Shri K.  
 Swaran Singh, Shri  
 Tapuria, Shri S. K.  
 Tiwary, Shri D. N.  
 Uikey, Shri M. G.  
 Ulaka, Shri Ramchandra  
 Venkatasubbaiah, Shri P.  
 Verma, Shri Balgovind

Vyas, Shri Ramesh Chandra  
Xavier, Shri S.

MR. DEPUTY-SPEAKER : The result  
division of the : Ayes : 29 ; Noes : 146.

*The motion was negatived.*

MR. DEPUTY-SPEAKER : I now  
put amendment No. 10, the amendment  
of Shri Shiva Chandra Jha, to the vote of  
the House.

*Amendment No. 10 was put and  
negatived.*

MR. DEPUTY-SPEAKER : The ques-  
tion is :

"That Clause 3, as amended, stand  
part of the Bill."

*The motion was adopted.*

*Clause 3 as amended, was added  
to the Bill.*

*Clause 4—(Insertion of new section  
324 A.)*

MR. DEPUTY-SPEAKER : There is a  
government amendment. Is he moving ?

SHRI F. A. AHMED : Yes. I move :  
Page 2,

(i) line 10,

*after 'contained in' insert—  
'any other provision of'.*

(ii) lines 12 and 13,

*for 'appointed day' substitute  
'3rd day of April, 1970'*

(iii) line 16,

*for 'the appointed day, substitute  
'that date'*

(iv) lines 18 and 19,

*for 'appointed day' substitute  
'3rd day of April, 1970'. (4)*

MR. DEPUY-SPEAKER : Is Mr.  
Dar moving his amendments ?

SHRI ABDUL GHANI DAR : No,

MR. DEPUTY-SPEAKER : Is Mr.  
Shiva Chandra Jha moving ?

SHRI SHIVA CHANDRA JHA : Yes.  
I move :

Page 2, line 16,

*add at the end—*

'but not later than fifteen days  
from the passing of the Companies  
(Amendment) Act, 1969.' (11)

SHRI R. K. AMIN : I oppose Clause 4  
of the Bill which seeks to abolish managing  
agents as well as secretaries and treasurers  
I cannot understand the reason why, along  
with the abolition of managing agency the  
Government should abolish the posts of  
secretaries and treasurers. That is how  
the Government are throwing away the  
baby with the bath. There is no need for  
abolishing secretaries and treasurers with  
the managing agency system.

Regarding abolition of the managing  
agency system, I would like to bring two  
or three points to your notice. So far, in  
the discussion, the question has not been  
put in its proper perspective. I think, there  
is a lot of woolliness in the thinking as  
exhibited in the discussion. Anyway, in  
our economy, we require a system to  
organize the business activities effectively.  
There are two alternative systems available  
to us : one is the managing agency system  
and the other is the managing directorship.  
We have to consider, between these two  
systems, which is better and which will  
yield better results. (*Interruptions*).

MR. DEPUTY-SPEAKER : Order,  
order. There is a lot of disturbance.

SHRI R. K. AMIN : As I was saying,  
in our economy, we require a system to  
organize the business. There are two

\*The following Members also recorded their votes.

AYES : Shri Mohammad Ismail.

NOES : Sarvashri B. N. Katham, B. Shankanand and Dr. Sankata Prasad.

systems available : one is the managing agency system and other is the managing directorship. Between these two, what we seek to do is that we abolish the managing agency system and retain the managing directorship. Now, if the evils in the Managing Directorship system were less than what are available in the Managing Agency System, I would have certainly accepted it. Or, whatever be the good points that are there in favour of the Managing Agency system, if those points were also available in the Managing Directorship, I would have also accepted your suggestion. But the thing is this. The evils are there in both the systems, in the Managing Agency and the Managing Directorships. There are evils in both the systems, while the good points of the Managing Agency system are not available in the Managing Directorship system. The experience after 1956 has revealed this fact categorically. You will remember that after 1958 we had a sort of inflation in the share and the stock market and so many companies were floated, some by Managing Agencies, some by Managing Directors; but in the depression that followed after 1964-65, we have noticed that only those companies survived largely in which there was the Managing Agency system while in respect of Companies which were floated with Managing Directorship some of them took away the money of the shareholders and thus the experience after 1964 has proved that Managing Agency system has stood the test of the time and not the Managing Directorship. Therefore, Sir, I would like to avoid the evils of the Managing Agency system not by abolishing the system altogether, but by reforming the system. There is one example from the experience of Japan. The Japanese people wanted to abolish the *Zaibastu* system which is like our own system. They did attempt it. They have found out that the *Zaibastu* system was much better than any other alternative system, and therefore the *Zaibastu* was revived. Lest we have to do the same thing and by doing it we will also suffer. A good deal, I still would appeal, at this late hour, to the Minister to see the good points in the Managing Agency System. With Managing Agency. There is a history, there is a family reputation, there is a continuity, while in the Managing Directorship there is nothing like that and therefore, looking to

the experience of Japan, I would like to appeal to him to reconsider the question of abolition of the Managing Agency system.

श्री शिव चन्द्र भ्वा : उपाध्यक्ष महोदय, क्लॉज 4 में मेरा संशोधन यह है कि नये सेक्शन 324ए (1) के अन्त में ये शब्द जोड़ दिये जायें : "बट नाट लेटर दैन फ़िफ़्टीन डेज फ़्रॉम दि पासिंग आफ़ दि कम्पनीज (एमेंडमेंट) एक्ट, 1969"।

मेरे संशोधन का तात्पर्य यह है कि इस बिल के पास होने के बाद पंद्रह दिन के अन्दर मैनेजिंग एजेंसी सिस्टम को डिसाल्व कर दिया जाये। जैसा कि मैंने क्लॉज 2 पर बोलते हुए कहा है, अब से अप्रैल, 1970 तक, इतने लम्बे समय तक, इस सिस्टम को बनाये रखने का कोई औचित्य नहीं है। यह एक लीचलाइक सिस्टम है और शोषण का हथियार है। यदि सरकार इस सिस्टम को खत्म करने के सम्बन्ध में ईमानदार है, तो इसको अगले अप्रैल में नहीं, बल्कि दो हफ्तों में ही डिसाल्व कर देना चाहिए।

मैं कहना चाहता हूँ कि आजादी के बाद कांग्रेसी सरकार ने जिस मुस्तीदारी और चुस्ती के साथ ज़मींदारी सिस्टम का खात्मा किया—हालांकि उसमें दो तीन साल लग गये—, जिस मुस्तीदारी और चुस्ती के साथ उस ने प्रिंसली स्टेट्स को बाकी देश के साथ मिलाया, मैं चाहूंगा कि उसी मुस्तीदारी और चुस्ती के साथ वह मैनेजिंग एजेंसी सिस्टम को भी डिसाल्व कर दे और इस बिल के पास होने के बाद दो हफ्तों में ही उसका खात्मा कर दे, क्योंकि वह हमारे विकास में एक बाधा बना हुआ है।

SHRI S. S. KOTHARI : I would submit that the abolition of the managing agency system is an occasion when we should highlight the necessity to develop what I

[Shri S. S. Kothari]

would call professional management in this country. In the UK, the USA and other foreign countries, cadres of professional managers have been developed to a very great extent and they are rendering valuable services. Actually, when the managing agency system is abolished, a void would be created, and in order to fill that void, it is necessary that Government must take the initiative and establish institutes of management as may be considered necessary so that a class of managers could come up; this class would also be helpful with regard to public sector undertaking and they could man both private and public sector industries.

Besides, industries are becoming sophisticated technically, and since we are going to have technologically advanced industries in this country in the times to come, I think that a cadre of professional manager is very necessary. Therefore, I submit that professional management should be developed in this country.

श्री अब्दुल बनी डार : मैं बधाई देता हूँ कि सरकार ऐसा मेजर लाई। लेकिन मुझे दुख यह है कि मैंने 28 अगस्त को प्राइम मिनिस्टर को खत लिखा कि फलां-फलां बैंक फलां-फलां ब्रांचसे फलां पार्टी ने जारी किया और कांग्रेस के फलांफलां नेता ने फलां फलां ब्रांच से फलां-फलां डेट पर लिया। उस पर इन्दिरा जी ने मुझे लिखा—न्यॉकि मुझे वह इत्तिला तो बंद साल से थी लेकिन मैं चीप पायुलेरिटी नहीं चाहता था, मैं बचना चाहता था—इंदिरा जी ने लिखा कि हमें बड़ा कंसर्न है इसीलिए हम यह कानून ला रहे हैं। यह 9 सितम्बर को लिखा है और उसके बाद अब फलखरीन साहब हिम्मत करके यह बिल ले आए हैं। अच्छी बात है। लेकिन यह कहते हैं कि बैंक तो लिया, पेंसा तो लिया लेकिन हमने किसी को रियायत नहीं दी है। क्या यह रियायत नहीं है कि अभी भी 1970 अप्रैल तक इसको ले जाना चाहते हैं? मेरा

दावा है कि बाबू मनेजिंग एजेंसीज ऐसी है जिन में 65 और 70 लाख के दरमियान एक एक दो दो भाई लेते हैं। तो उनको यह फायदा नहीं पहुँचेया क्या। बाबजूद इस के कि इन्होंने धीरे-धीरे 9 सितम्बर के बाद आज 14 मई को मन बनाया कि यह पास कर लेना चाहिए, उसके बाद यह त्परीख लगाते हैं, तो मुझे इसका सदमा है। मेरी आदत है, मैं बचने की कोशिश करता हूँ। लेकिन हमने बाकायदा इस पर मेमोरेंडम दिया है प्रेसीडेंट माफ इण्डिया को कि वह जूडिशियल एन्क्वायरी कराएँ और फिर भाई फलखरीन साहब उस पर साबित करें जो कहते हैं कि सभी हैं। सभी होंगे। लेकिन यह बैंक साबित करना होगा। यह गुनाह इसकी पार्टी ने किया। मैं यह अर्ज करना चाहता हूँ कि वह नेकी भी करते हैं तो नेकी को भी बदी करने की कोशिश करते हैं। मैं यह अर्ज करना चाहता हूँ कि यह इतनी दूर नयों गए हैं, इस की कोई दलील दें कि यह उनको क्यों करोड़ हां रुपया इसके बाद भी, जब यह बिल पास होने जा रहा है, देना चाहते हैं? 72 तक करते तो शायद 72 के एलेक्शन में जीतने में मदद मिलती। लेकिन रुपये से अब एलेक्शन जीता नहीं जायगा।... (बखबखान)... इसलिये आपके जरिए अर्ज करता हूँ कि फलखरीन अली इसका जवाब दें कि क्यों वह अप्रैल 70 तक इसको ले जाना चाहते हैं? इस में क्या बीमारी है? कोई और साजिश तो नहीं है?

قصری علی عبدالغنی ڈار :- میں بدھائی ٹوٹتا ہوں کہ سرکار ایسا میز دلائی لیکن مجھے دکھ ہے کہ میں نے 28 اگست کو پرائم منسٹر کو خط لکھا کہ اگر فلاں فلاں جیک فلاں فلاں براج سے فلاں پارٹی نے جاری کیا اور اس کے ٹیکس کے فلاں فلاں تینے فلاں فلاں براج سے فلاں فلاں ٹوٹے پر لیا۔ اس پر اندراجی ملے مجھے لکھا کہ یہ مجھے وہ اطلاع تو ڈیڑھ سال سے تھی لیکن میں

چیمپ پا پور لرنی نہیں چاہتا تھا۔ میں پچانا چاہتا تھا۔ اندراج  
لے لکھا کہ میں بڑا کنسرن ہے، اس لیے ۲ ہوم بہ قانون لارڈے میں  
یہ ۹ ستمبر کو لکھا ہے۔ اور اس کے بعد نجر الدین صاحبہ مدت  
کر کے یہ لے آئے ہیں۔ اچھی بات ہے۔ لیکن یہ کہتے ہیں کہ چیمپ  
تولیا۔ پیسہ تولیا۔ لیکن ہم نے کسی کو رعایت نہیں دی ہے۔  
کیا یہ رعایت نہیں ہے کہ ابھی بھی ۱۹۷۰ اپریل تک اس  
کو لے جانا چاہتے ہیں۔ میرا دعویٰ ہے کہ بعض بھینٹ  
ڈیپنٹس ایسی میں جن میں ۶۵ اور ۷۰ لاکھ کے درمیان ایک  
ایک دو دو کھائی ہو جیتے ہیں تو ان کو یہ قانون نہیں سمجھے گا  
کیا ۶ باڈیوں اس کے کہ انھوں نے دھیرے دھیرے ۹ ستمبر  
کے بعد آتے ۱۴ مئی کو من بنا یا کہ یہ پاس کر لینا چاہیے۔  
اس کے بعد یہ تاریخ لگاتے ہیں۔ تو مجھے اس کا صدمہ  
ہے۔ میری عادت ہے، میں بچنے کی کوشش کرتا ہوں۔  
لیکن ہم نے باقاعدگی اس پر سمجھو رنڈم دیا ہے۔ ریورڈ ریٹ  
آف انڈیا کو کہ وہ جو ڈسٹریکشن انگری کر رہے اور پھر بھائی  
فخرال بن صاحب اس پر ثابت کر میں جو کہتے ہیں کہ سبھی ہیں  
سبھی ہونگے لیکن یہ چیک ثابت کرنا ہوگا۔ یہ گلاہ ان کی  
پارٹی لے گیا۔ جس پر عرض کرنا چاہتا ہوں کہ وہ نیکی بھی  
کرتے ہیں تو نیکی کو بھی جاری کرنے کی کوشش کرتے ہیں۔ میں  
یہ عرض کرنا چاہتا ہوں کہ یہ اتنی دیر کیوں گئے ہیں۔  
اس کی کوئی وجہ دے دیں کہ یہ کیوں ان کو کر ڈیٹا روپیہ اس  
کے بعد بھی، اس میں کے بعد بھی، جب یہ بل پاس ہونے  
چار ماہے، دینا چاہتے ہیں ۶۲ تک کرتے تو شاید  
۷۲ کے ایکشن میں جیتے ہیں مدد ملتی۔ لیکن روپیہ سے  
اب ایکشن جیتنا نہیں جائے گا۔۔۔ (ویو دوہان)  
اس لئے آپ کے ذریعہ عرض کرنا ہوں کہ فخرال بن علی  
اس کا جواب دیں کہ کیوں یہ اپریل ۷۰ تک اس کو سمجھانا  
چاہتے ہیں؟ اس میں کیا بیماری ہے۔ کوئی اور  
سازش تو نہیں ہے۔

SHRI F. A. AHMED: So far as Shri Shiva Chandra Jha's amendment is concerned, he wants that this Bill should come into operation two weeks after the Bill is passed, so far as the provision regarding the abolition of the managing agency system is concerned. It is for that purpose that we have fixed the date 3rd April, 1970. That is the date from which managing agencies shall cease. These are matters where some time will have to be given to the companies to arrange their own affairs. If we accept the amendment that the Bill will come into operation a fortnight after it is passed, that will put the companies into a large number, of difficulties. Therefore, I do not accept this amendment.

Then, the question has been raised why the system of secretaries and treasurers is also being abolished.

May I point out that so far as the managing agencies are concerned, a limit is provided, but so far as secretaries and treasurers are concerned, no limit is provided, and we apprehend that the system is likely to lead to concentration of power to the detriment of public interest. Therefore, that is also being abolished.

As for the point raised by Shri Dar, it is not relevant to the present discussion. We are not extending the provision regarding contributions but only the managing agency. So far as contributions are concerned, as soon as the Bill comes into operation, the provision concerned will take effect.

SHRI S. S. KOTHARI: What about professional management?

Is he in accord with the idea?

MR. DEPUTY SPEAKER: The question is:

"Page 2, (i) line 10,—

after "contained in" inserted—"any other provision of"

(ii) lines 12 and 13,—

for "appointed day" substitute—"3rd day of April, 1970"

(iii) line 16, - for "the appointed day" substitute—"that date"

(iv) lines 18 and 19—  
for "appointed day"  
substitute—"3rd day of  
April, 1970" (4)

*The motion was adopted.*

MR. DEPUTY SPEAKER : I shall now put amendment No 1 to vote.

*Amendment No. 11 was put  
and negatived.*

MR. DEPUTY SPEAKER : The question is :

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

*The Lok Sabha Divided ;*

17.30 hrs.

*Divisions No. 26*

A Y E S

Abraham, Shri K. M.  
Agadi, Shri S. A.  
Ahlwar, Shri Nathu Ram  
Ahmed, Dr. I.  
Ahmed, Shri F. A.  
Arumugam, Shri R. S.  
Azad, Shri Bhagwat Jha  
Babunath Singh, Shri  
Badrudduja, Shri  
Barua, Shri Bedabrata  
Basu, Shri Jyotirmoy  
Baswant, Shri  
Bhagat, Shri B. R.  
Bhandare, Shri R. D.  
Bhanu Prakash Singh, Shri  
Birua, Shri Kolai  
Bohra, Shri Onkarlal  
Buta Singh, Shri  
Chandrika Prasad, Shri  
Chaturvedi, Shri R. L.  
Chaudhari Nitraj Singh  
Chavan, Shri Y. B.  
Chaudhary, Shri Valmikil  
Chaudhury, Shri J. K.  
Dalbir Singh, Shri  
Damani, Shri S. R.  
Desai, Shri Morarji  
Deshmukh, Shri B. D.

Deshmukh, Shri K. G.  
Deshmukh, Shri Shivajirao S.  
Dinesh Singh, Shri  
Esthose, Shri P. P.  
Ganesh, Shri K. R.  
Gavit, Shri Tukaram  
Ghosh, Shri Bimalkanti  
Ghosh, Shri P. K.  
Girja Kumari, Shrimati  
Gudstiani, Shri B. K.  
Jadhav, Shri Tulshidas  
Jadhav, Shri V. N.  
Jaggiwan Ram, Shri  
Jha, Shri Bhagendra  
Jha, Shri Shiva Chandra  
Kahandole, Shri Z. M.  
Kamble, Shri  
Kameshwar Singh, Shri  
Karan Singh, Dr.  
Katham, Shri B. N.  
Kavade, Shri B. R.  
Kedaria, Shri C. M.  
Khan, Shri Ghayoor Ali  
Khanna, Shri P. K.  
Kinder Lal, Shri  
Krishna, Shri M. R.  
Kureel, Shri B. N.  
Lakshmikanthamma, Shrimati  
Lalit Sen, Shri  
Laxmi Bai, Shrimati  
Limaye, Shri Madhu  
Mahadeva Prasad, Dr.  
Maharaj Singh, Shri  
Mandal, Shri Yamuna Prasad  
Mangalathumadam, Shri  
Marandi, Shri  
Master, Shri Bhola Nath  
Masuriya Din, Shri  
Menon, Shri Vishwanatha  
Mishra, Shri Bibhuti  
Modak, Shri B. K.  
Mohammad Ismail, Shri  
Mohammad Yusuf, Shri  
Mohsin, Shri  
Mrityunjay Prasad, Shri  
Mukerjee, Shrimati Sharda  
Nahata, Shri Amrit  
Naidu, Shri Chengalraya  
Oraon, Shri Kartik  
Pahadia, Shri Jagannath  
Pandey, Shri Vishwa Nath  
Pant, Shri K. C.  
Paokai Haokip, Shri  
Patmar, Shri Bhaljibhai  
Parthasarathy, Shri  
Paswan, Shri Kedar  
Patel, Shri Manubhai

Patil, Shri Anantrao  
 Patil, Shri Deorao  
 Patil, Shri S. B.  
 Patil, Shri T. A.  
 Poonacha, Shri C. M.  
 Pramanik, Shri J. N.  
 Qureshi, Shri Mohd Shaffi  
 Radhabai, Shrimati B.  
 Raghu Ramajiah, Shri  
 Raj Deo Singh, Shri  
 Raju, Shri D. B.  
 Ram Charan, Shri  
 Ram Dhaa, Shri  
 Ram Dhani Das, Shri  
 Ram Sewak, Shri Chowdhary  
 Ram Subhag Singh, Dr.  
 Ram Swarup, Shri  
 Rana, Shri M. B.  
 Randhir Singh, Shri  
 Rao, Shri K. Narayana  
 Rao, Shri J. Ramapathi  
 Rao, Shri Thirumala  
 Raut, Shri Bhola  
 Roy, Shri Bishwanath  
 Saigal, Shri A. S.  
 Saleem, Shri M. Yunus  
 Sambasivam, Shri  
 Sanji Rupji, Shri  
 Sankata Prasad, Dr.  
 Sant Bux Singh, Shri  
 Sapre, Shrimati Tara  
 Sarma, Shri A. T.  
 Savitri Shyam, Shrimati  
 Sayeed, Shri P. M.  
 Sen, Shri Dwaipayana  
 Sen, Shri P. G.  
 Sen Dr. Ranen  
 Sethuraman, Shri N.  
 Sezhiyan, Shri  
 Shah, Shrimati Jayaben  
 Shah, Shri Manabendra  
 Shankaranand, Shri B.  
 Shashi Bhuohan, Shri  
 Shastri Biswanarayan  
 Shastri, Shri Ramanand  
 Shastri, Shri Sheopujan  
 Sheo Narain, Shri  
 Sheth, Shri T. M.  
 Shriv Chandika Prasad, Shri  
 Shukla, Shri S. N.  
 Siddheshwar Prasad, Shri  
 Snatak, Shri Nar Deo  
 Somasundaram, Shri S. D.

Sonavane, Shri  
 Sreedharan, Shri A  
 Supakar, Shri Sradhakar  
 Suryanarayana, Shri K.  
 Swaran Singh, Shri  
 Swell, Shri  
 Thakur, Shri Gunanaad  
 Tiwary, Shri D. N.  
 Uikey, Shri M. G.  
 Ulaka Shri Ramchandra  
 Venkatasubbaiah, Shri P.  
 Verma, Shri Balgovind  
 Verma, Shri Prem Chand  
 Viswambharan, Shri P.  
 Viswanathan, Shri G.  
 Vyas, Shri Ramesh Chandra  
 Yadav, Shri Chandra Jeet

#### NOES

Amat, Shri D.  
 Amin, Shri R. K.  
 Brij Bhushan Lal, Shri  
 Deb, Shri D. N.  
 Deo, Shri P. K.  
 Deo, Shri R. R. Singh  
 \*Hari Krishna, Shri  
 Koushik, Shri K. M.  
 Masani, Shri M. R.  
 Meena, Shri Meetha Lal  
 Mody, Shri Pilo  
 Mohamed Imam, Shri J.  
 Naik, Shri G. C.  
 Onkar Singh, Shri  
 Patodia, Shri D. N.  
 Ramamoorthy, Shri S. P.  
 Ranga, Shri  
 Rao, Shri V. Narasimha  
 Tapuriah, Shri S. K.  
 Xavier, Shri S.

MR. DEPUTY-SPEAKER : The result of the division is : Ayes : 152 ; Noes : 20.

*The motion was adopted.*

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

*Clauses 5 and 6 were added to the Bill.*

\*Wrongly voted for 'Noes'

†The following Members also recorded their votes for AYES : Sarvashri C. D. Gautam, G. S. Dhillon, Bakar Ali Mirza and Shri Hari Krishna.

**Clause 1—(Short Trife)**

(Amendment made).

Page I, line 3,—

for "1968" substitute "1969" (2)  
(Shri F. A. Ahmed)

MR. DEPUTY-SPEAKER : The question is :

"That Clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

**Facting Formula**

(Amendment made) :

for "Nineteenth" substitute "Twentieth" (1)

(Shri F. A. Ahmed)

MR. DEPUTY-SPEAKER : The question is :

"That the Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*The Enacting Formula, as amended, was added to the Bill.*

*The Title was added to the Bill.*

SHRI F. A. AHMED : I move :

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

श्री अब्दुल गनी डार : जौन ए पीइन्ट आफ बांडर । देखिए आप स्पीकर बनने वाले हैं यही करेंगे । रूल में इजाजत है बोलने का, कोई दिक्कत नहीं है ।

قصرنی عبدالغنی ڈار :- آن اے پائنٹ آف آرڈر دیکھئے آپ سپیکر بننے والے ہیں، یہی کریں گے۔ رول میں اجازت ہے بولنے کی۔ کوئی دقت نہیں ہے۔

MR. DEPUTY-SPEAKER : The question is :

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

*The motion was adopted.*

MR. DEPUTY-SPEAKER : We shall take up half an hour discussion.

श्री अब्दुल गनी डार : आप स्पीकर बनने वाले हैं, और स्पीकर प्रेसीडेण्ट बनने वाले हैं । अभी से आप हमको क्यों दबाते हैं । रूल में जो हम को राइट है उस के बारे में आप कलिंग दीजिए कि बाया मुझे बोलने का थर्ड स्टेज पर राइट था कि नहीं ।

قصرنی عبدالغنی ڈار (گوٹھا گاون) :- اتموویل میمبر کو پینٹ ہونا چاہیے مگر حیرت آمیز ہے جارہے ہیں۔ اچاریہ کر بلدی اور وی وی گری صاحب کا۔ دو تو۔ 7۔ سے اور پر گئے۔ کوئی بینگ آدمی ہی پینٹا نہیں ہوگا۔

MR. DEPUTY-SPEAKER : I had extended the time by two hours. There is nothing before the House and there can be no point of order.

SHRI ABDUL GHANI DAR : My point of order is that every Member of the House has every right to make his appeal to the Government at the third reading stage.

आप ने ज्यों ही सूब किया मैं खड़ा हुआ तब आप ने बक्त नहीं दिया । मैं समझता हूँ कि आप को अपना ऐटीट्यूड बदलना चाहिए ।

MR. DEPUTY-SPEAKER : We extended the time and the Bill had already been passed. There is no question of any point of order.

17.33 hrs.

HALF AN HOUR DISCUSSION  
RAILWAY ACCIDENTS

SHRI JYOTIRMOY BASU (Diamond Harbour) : The railways recent drum beat