[Shri Sachindra Chaudhuri]

moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1964, in excess of the amounts granted for those services and for that year, be taken into consideration."

**Mr. Speaker:** The question is:

"That the Bill to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1964, in excess of the amounts granted for those services and for that year, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** The question is:

"That Clauses 1 to 3, the Schedule, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

*Clauses 1 to 3, the Schedule, the Enacting Formula and the Title were added to the Bill.*

**Shri Sachindra Chaudhri:** I move:

"That the Bill be passed."

**Mr. Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*

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**13.43 hrs.**

## MOTION *RE* NOTIFICATION UNDER COMPANIES ACT.

**Mr. Speaker:** Mr. Himatsingka.

**Shri Himatsingka** (Godda): I move:

"That this House resolves that in pursuance of sub-section (4) of section 324 of the Companies Act, 1956, the following modification be made in the draft Notification proposed to be issued under sub-section (1) of section 324 of the said Act, laid on the Table on the 1st November, 1966, namely:—

*for* "the 1st January, 1967", *substitute* "the 2nd April, 1967".

"This House recommends to Rajya Sabha that Rajya Sabha do concur in this resolution."

On the 1st November, the hon. Law Minister placed on the Table of the House a draft notification....

**Shrimati Renu Chakravartty** (Barrackpore): Is it a no-date motion or unofficial business? What it this?

**Shri Hari Vishnu Kamath** (Hoshangabad): Under what rule is it being made?

**Mr. Speaker:** Under rule 235.

It was laid on the Table of the House. Only a modification is suggested.

**Shri Himatsingka:** Section 324 of the Companies Act, 1956, provides for it.

**Shrimati Renu Chakravartty:** Is the Government accepting it?

**Mr. Speaker:** I cannot say that now.

**Shri Himatsingka:** Section 324 provides that when a draft Notification is laid on the Table, it will be passed if no Resolution is moved or accepted by the House modifying the same and my motion is for modifying this draft Notification, slightly changing the date from the 1st January, 1967, to 2nd April, 1967.

**13.44 hrs.**

[SHRI SHAM LAL SARAF *in the Chair*]

As you will see, if it is to take effect from 1st January, 1967, a large number of companies may be in difficulties as they will not have sufficient time to make alternative arrangements for the change-over of management

and as you know, a Committee was appointed to go into the merits of the whole thing and they examined the question of desirability of continuing or not continuing the managing agency system in respect of five important industries mentioned in the Notification. The report was that the managing agency, so far as three industries are concerned, namely, cotton textiles, sugar and cement, may be terminated, but that also under section 326 gradually. They recommended that the managing agency in respect of jute and paper should be allowed to continue. But Government came to the conclusion that managing agency in respect of all the five industries may be terminated after three years from the 1st January, 1967 and the draft Notification under section 324(2) was laid on the Table of the House.

Clause (4) of section 324 of the Companies Act provides that:

> "a copy of every Notification proposed to be issued under sub-section (1) shall be laid in draft before both Houses of Parliament for a period of not less than thirty days while they are in session; and if within that period either House disapproves of the issue of the Notification or approves of such issue only with modifications, the Notification shall not be issued, or as the case may require, shall be issued only with such modification as may be agreed on by both the Houses."

I am proposing that the date mentioned in the draft Notification as 1st January may be altered so that the companies may have some breathing time to make alternative arrangements. We are not taking any exception to the decision of the Government, though the decision is against the report of the Expert Committee that was appointed and which went into the question very thoroughly. There may be difficulties in the companies making alternative arrangements and maybe, their production may also fall. I am suggesting a very simple change that they may have three months more and if in any company the managing agency is coming to an end between 1st January and 31st March, they may get an additional time and that is why, I am moving this motion. I hope the House will accept it.

**Mr. Chairman:** The motion is before the House.

**Shri Indrajit Gupta** (Calcutta South West): It is a very seemingly innocent motion which has been moved by my friend, Mr. Himatsingka, apparently being nothing excepting changing the date by three months. It is well known to everybody who follows the Press reports as to what has transpired actually and what is the background of this motion which has very unusually a large number of signatories of the ruling Party supporting it. It is quite obvious that the meaning of this motion for modification of the Notification of 1st November is that, by shifting the date from the 1st January, 1967, to the 2nd April, 1967, the duration of the managing agency is automatically extended by three years. The argument which has been put forward by Mr. Himatsingka that, if the operative date is 1st January, then some companies may have great difficulties in carrying on their normal operation because this is before the end of their accounting year is, I submit, not a very truthful and honest explanation. The real fact of the matter is that this question of managing agencies was gone into at great length by the Government itself—Government appointed a Committee, to which he has referred. Their report is available; we have studied that report; he knows very well that it was on very sound grounds that the Government decided that not only three industries but five industries should be covered. All the reasons were given in that as to why the jute industry, for example, should also be included. When this notification was placed on the Table here on the

[Shri Indrajit Gupta]

1st November, where the Government after due consideration had specified the date 1st January, certain people who were connected with the managing agencies and the big firms which are controlled by these managing agencies naturally resented it very much for a very simple reason, and the simple reason is this that 1st January is just a month and a half before the general elections.

My hon. friend Shri Himatsingka comes from the city that I come from. And we know the big managing agency houses both Indian and foreign which are operating there and we know that it is these managing agency houses which are the main donors of the ruling party or the Congress for the elections. Who does not know it? Only the other day an answer has been given here to a question, giving the figures of the donations made by corporate firms to the Congress Party during the last elections, which run into over a crore of rupees, and it is precisely for that reason that this concession is being made here namely that by extending the date from 1st January by three months, an automatic extension of the managing agencies for three years is being secured.

**Shri Himatsingka:** That is not so.

**Shri Indrajit Gupta:** If that is not so, let my hon. friend clarify it here.

As the hon. Mover knows and as the Law Minister also knows, the termination of the managing agencies in these particular industries has been recommeded and that recommendation has been adopted on this very sound ground that in these particular industries, firstly, there is no further necessity now for the continuance of the managing agencies and secondly their continuation is only helping concentration of ownership and monopoly trends to consolidate themselves here. We consider the termination of these managing agencies to be very desirable; of course, that is not the only step but it is a very necessary step to break up these big concentrations and these large industrial groups in jute, tea and cotton textiles and other vital industries.

I know that my hon. friend Shri Himatsingka also represents some business and industry; I do not know if he is connected with firms which have anything to do with the house of Birlas. For, we are reading every day in the papers that Mr. Birla proposes or desires to have in the next Lok Sabha at least hundred Members who will be amenable to his influence. All these factors have been operating behind the scenes. That is why suddenly a meeting of the Congress Parliamentary Party was called, or perhaps of the Executive; I do not know which; I have forgotten it. It was called at very short notice and there certain gentlemen in that party who are connected with industry and the big industrialists and businessmen themselves brought forward this proposal that if this was terminated on the 1st January, 1967 there would be absolute disaster for them. I want to know whether this is the only argument brought forward that it may be difficult for some companies to carry on.

They know for a long time that these managing agencies have fulfilled their purpose and they are now redundant in these industries and they are not required any more and they are only eating up the money there and they are performing an absolutely parasitical function and no other function whatsoever. They know it all along. It was only after this notification was placed that in order to circumvent this, a deliberately planned cynical decision has been taken in the parliamentary party of the Congress and then it is being foisted here on the House. This is nothing but a shameless concession to these big monopoly managing agency houses.

Therefore, I oppose this motion.

**Shri D. D. Puri** (Kaithal): May I seek a clarification from the hon. Member? What is the basis for my hon. friend to assume that if the date is postponed from 1st January to 1st April, the managing agencies will stand automatically renewed for three years? What is the basis for it?

**Shri Indrajit Gupta:** It is there in the report. The life is being extended for three years; if they are not terminated on 1st January, certainly they will be extended for three years. Thus, the second date will be circumvented. Let him find out from the report. That is the purpose behind this whole motion.

**श्री कमलनयन बजाज** (वर्धा) : सभापति महोदय, जो सवाल सदन के सामने है, उसके दो पहलू हैं—एक तो मैनेजिंग एजेंसी को खत्म करना और दूसरे उसको खत्म किया जाय तो किस तरीके से और कौनसी तारीख से उसमें फेर-बदल किया जाय। मैनेजिंग एजेंसी का चलाया जाना या ना चलाया जाना—एक दूसरा असूल है। व्यावहारिक तौर पर उसको समझने के वास्ते मैं आपको यह बताऊंगा कि जो लोग कम्पनियां नहीं चलाते हैं और जहां पर मैनेजिंग एजेंसी नहीं है उनको समझाने के वास्ते मैं यह स्पष्टीकरण देना जरूरी समझता हूं कि मैनेजिंग एजेंसी हाउस जो होता है, उसमें अधिकतर परिवार के लोग, मित्रवर और दूसरे जो उसमें साझा करते हैं, सब मिल कर मैनेजिंग एजेंसी बनाते हैं और जब एक या अनेक कम्पनियों का उन्हें काम चलाना होता है, तो सब के रिसोर्सेज को, चाहे वह पैसा हो, क्रेडिटवर्दीनेस हो, सब मिल कर कम्पनी के लिए कर्जा लेकर चाहे वह बैंक से हो या दूसरे साधनों से हो, इकट्ठा करके वे काम को करते हैं। एक एक जिम्मेदार आदमी जो घर का होता है, मित्र होता है या जो साझेदार होता है, सब की मिली जुली सहायता से उस कम्पनी की व्यवस्था की जाती है।

अब जब आप यह करेंगे कि मैनेजिंग एजेंसी बिल्कुल एक दम हटा दी जाय और यदि उसके अन्दर आवश्यक अवलोकन भी पूरा नहीं दिया जायगा, तो उससे जो नुकसान होगा, वह यदि मैनेजिंग ऐजेंसी वालों का ही हो, तब भी मैं उसको सहन करने के लिये तैयार हूं, क्योंकि मैं भी उन में से एक हूं, हमारा नुकसान हो जो जाता है, तो कोई बात नहीं, लेकिन जो कारखाने हैं, जिनकी व्यवस्था की जाती है जिसमें मेरी बहन का, मेरे चाचा का, मेरे ताऊ का, मेरे मामा का पैसा लगा है, जिनको मैंने कहा था कि इस कम्पनी को मैं मैनेज कर रहा हूं, तुम्हारा जो पैसा है, जो शक्ति है, वह इस कम्पनी में रहने दो और तुम उस पैसे को अपने स्वतन्त्र काम में मत लगाओ, मेरे मैनेजिंग एजेंसी से हटते ही स्वाभाविक रूप से वे यह कहेंगे कि जब तुम्हारी इस कम्पनी के नफे में कोई जिम्मेदारी नहीं है, कोई हक नहीं है, कोई राइट नहीं है, तब हमारा पैसा इसके अन्दर क्यों रहे, उस पैसे को अलग कर दो। इस तरह से यदि सारा पैसा अलग किया जायगा, तो उसके लिए अवकाश चाहिए, नहीं तो जो उद्योग हैं, वे रुक जायेंगे .....

**एक माननीय सदस्य** : पब्लिक लिमिटेड कम्पनी में ऐसा नहीं है।

**श्री कमलनयन बजाज** : पब्लिक लिमिटेड कम्पनी में भी होता है, यह ठीक है कि अच्छी कम्पनियों में जरूरत नहीं पड़ती है, बैंक की गारन्टीज होती हैं, लेकिन कई कम्पनियों में जरूरत पड़ती है, वहां देना पड़ता है और यदि इस देने के साथ उस व्यवस्था को खत्म किया जायगा तो उसके बहुत बुरे परिणाम भुगतने पड़ेंगे।

यहां पर कहा गया कि जो नई कम्पनियां बनने लगी हैं, वे बिना मैनेजिंग एजेन्सी के बनती हैं और जब वे अच्छी तरह से चल सकती हैं तो इन कम्पनियों से अगर मैनेजिंग एजेन्सी को हटा देंगे तो उन में क्या रुकावट आयेगी। नयी कम्पनियां अगर मैनेजिंग एजेन्सी के साथ बनती, तो मेरा यह अनुमान

[श्री कमलनयम बजाज]

है कि उनकी प्रगति अधिक तेजी के साथ हो सकती थी। आज औद्योगीकरण में जो विकास नहीं हो रहा है, मैं उन्हीं के कारणों को लेकर बोल रहा हूं। आज यदि एक नई कम्पनी मुझ को खड़ी करनी पड़े, तो उस को मुझे अपने भरोसे पर खड़ा करना पड़ेगा, मेरा भाई, मेरे दूसरे रिश्तेदार, मेरे मित्र मेरे उस काम के अन्दर आने को तैयार नहीं होंगे, जितना बड़े साइज की कम्पनी मैं उनके सहयोग से खड़ा कर सकता हूं, वह इस प्रकार की व्यवस्था में अपने अकेले के बूते पर खड़ा करना मेरे लिये सम्भव नहीं होगा, इस लिये जो नई कम्पनियां आती हैं, उनकी शुरुआत उसी तरीके से होती है, लेकिन जो कम्पनियां चालू हो चुकी हैं, उनकी व्यवस्था से यदि एक साथ उनको बेदखल कर दिया गया, एडजस्टमेन्ट के लिये जितने टाईम की उनकी जरूरत है, वह उनको नहीं मिलेगा, तो इसमें काफी खराबी होगी।

मैनेजिंग एजेन्सी में जाने से पहले, परिवार के लोगों और मित्र वर्ग के आपस में एडजस्टमेन्ट होना जरूरी है, कई परिवार तो ऐसे होंगे कि जो इस नई व्यवस्था से बिलकुल अलग हो जाना चाहेंगे, क्योंकि मैनेजिंग एजेन्सी की वजह से वे एक साथ रह रहे हैं, जब मैनेजिंग एजेन्सी हट गई तो मेरा भाई कहेगा कि मेरा हिस्सा निकाल दो, मेरे दूसरे रिश्तेदार, मेरे मित्र सब अपना अपना पैसा वापस मांगेंगे, जिनकी सहायता कम्पनी की इकानामिक दृष्टि से मजबूत करने के लिये ली गई थी, उस सहायता को एक साथ निकाल देना इस देश के हित में, उद्योगों के चलाने के हित में, प्रोडक्शन के हित में आज नहीं है। इसी वजह से जो यह संशोधन संसद के सामने पेश किया गया है, मैं उस का सपोर्ट करता हूं: मैं मानता हूं कि मंत्री महोदय इस को स्वीकार करेंगे और सदन भी इस को सपोर्ट करेगा।

**श्री जोकीम आल्वा** (कनारा): आप ने पिछले नौ साल चालीस सालों में कितना लाभ उठाया है।

**श्री कमल नयन बजाज**: आप ने जो सवाल उठाया कि अभी तक कितना लाभ लिया है, तो वह बात ठीक है। लाभ मिला है। परन्तु इस के साथ जोखिम उन्होंने क्या उठाया है उस को भी अगर देखा जाता तब आप को पता चलता कि उन्होंने कितना लाभ उठाया है। फिर जो लाभ उन्होंने उठाया है वह अलग बात है। लेकिन उन्होंने अधिक लाभ उठाया है अगर इस के लिये आप ने निर्णय किया कि मैनेजिंग एजेन्सी न रहे तो वह अलग बात है। मगर वह कब से न रहे इस के सम्बन्ध में अगर आप तय करना चाहते हैं तो मैं कहना चाहता हूं कि काम में बैकुअम क्रिएट नहीं किया जा सकता। काम को एक साथ बन्द नहीं किया जा सकता। उनको आवश्यक अवकाश देना चाहिये, इनकम टैक्स के तरीके से और दूसरे तरीके से जो कि उन के अपने हिस्से हैं उन को अलग कर सकें। उन को वाजिब समय मिल जाये, इस के लिये ही यह संशोधन आप के सामने पेश है।

**Shri S. M. Banerjee** (Kanpur): I have not been able to follow what Shri Kamalnayan Bajaj has said because he has confused the issue more. I do not know now by changing this particular date from 1st January to 2nd April 1967 his *parivar* is going to be saved. May I invite your attention....

**The Minister of Law (Shri G. S. Pathak)**: If Shri Banerjee permits me, I will explain. There seems to be some misapprehension about what is being said in the Resolution and what is the legal effect if it is passed. Now, I may inform the House that even if the Resolution is not passed, these companies which are engaged in these five industries will have three years from the 1st of January. If the Reso-

lution is passed, they will have three years and three months. The three years are not a consequence of the Resolution; they are a consequence of the Companies Act. This is what I wanted to explain.

**Shrimati Renu Chakravartty:** May I ask a question?

**Shri Surendranath Dwivedy** (Kendrapara): It is three months more.

**Shri Indrajit Gupta:** In that case, take the argument of Shri Himatsingka and Shri Bajaj that it gives a little time to adjust matters. How does a period of three months make a difference?

**Shri Surendranath Dwivedy:** Let him clearify this. Is it for giving an advantage to certain business houses that you want to do it?

**Shri G. S. Pathak:** No, no.

**Shrimati Renu Chakravartty:** May I just seek a clarification? If even without this Resolution under what has been accepted by Government in its notification of 1st November, the managing agencies in these 5 industries will have three years more, there is no need for this Resolution at all. Please drop it. It is not necessary.

**Mr. Chairman:** He says it will continue from 1st April.

**An hon. Member:** It is very clear.

**Mr. Chairman:** As it stands now, the managing agencies will be terminated as on 1st January....

**Shri G. S. Pathak:** No, no. Three years from the 1st January 1967.

**Mr. Chairman:** Let me read the Resolution. The House resolves that in pursuance of sub-section (4) of section 324 of the Companies Act, 1956, the following modification be made in the draft notification proposed to be issued under sub-section (1) of section 324 of the said Act, laid on the Table on the 1st November 1966, namely:—*for* 'the 1st January 1967, *substitute* "the 2nd April 1967" and so on. Let him clarify.

**Shri G. S. Pathak:** I think it will be better if I read the section under which the retification is issued:

> "324 (1)—Subject to such rules as may be prescribed in this behalf, the Central Government may, by notification in the official gazette, declare that as from such date as may be specified"—

I specify 1st January 1967—

**Shri Hari Vishnu Kamath:** Before the election.

**Shri G. S. Pathak:**"... the provisions of sub-section (x) shall apply to all companies whether incorporated before or after the commencement of this Act which are engaged on that date or may thereafter be engaged wholly or in part in such class or description of industries or business as may be specified in the notification".

Now sub-section (2) which will apply to these companies:

> "Thereupon where any such company has a managing agent on the specified date"—

1st January—

> "the term of office of that managing agent shall, if it does not expire earlier, expire at the end of three years from the specified date or on the 15th August 1960, whichever is later, and the company shall not retain ...."

**Mr. Chairman:** The Mover did not make this point clear that they would continue in any case for three years. That is how this doubt occurred.

**Shri Surendranath Dwivedy:** Let him clarify this point also as he is explaining. According to the rules just read out, if any managing agency ex-

[Shri Surendranath Dwivedy]

pires within three years, before the three year period, that will automatically be abolished.

**Shri G. S. Pathak:** That is right.

**Shri Surendranath Dwivedy:** Under the new motion that is under discussion, would it permit those managing agencies to continue for a period of three years. Is that the proposition? If so, there is some design behind it.

**Mr. Chairman:** First of all, the Resolution as drafted does not clearly lay down what exactly it means, nor is it in keeping with the law that we have already passed. So I do not see how this is required. Anyway, hon. Members may make their contribution.

Shri Banerjee may continue.

**Shrimati Renu Chakravartty:** It is better that he clarifies because if it is not necessary, let us drop it.

**Shri Surendranath Dwivedy:** Why do they incur a bad name in such a good law? Charges will be made against them that they want to protect these managing agencies and let them continue, managing agencies which are not necessary at all. Why make a distinction?

I would make an appeal to the Government. The House has agreed to the legislation. The motives are very laudable. Let them not spoil this atmosphere. They will be open to the charge that they want to give protection to some business houses.

**Shrimati Renu Chakravartty:** That is very clear.

**Mr. Chairman:** Let this be clarified. When the law is as it has been explained by the Law Minister, I see no reason to accept this Resolution. What is pointed out is that if under the law these managing agencies will continue for three years from 1st January, what is the need for adding these three months?

**Shri G. S. Pathak:** That is what I wanted to explain.

**Shri G. N. Dixit** (Etawah): Kindly listen to me. I will explain the reason better because the two hon. Members who spoke in support have not been able to make the position clear.

**Mr. Chairman:** He will resume his seat.

The Law Minister is in charge of the Bill.

**Shri G. N. Dixit:** He is not in charge. It is a motion moved by members, and it is those members who can explain to you the reason. Therefore I want to explain.

**Mr. Chairman:** I will respectfully submit to hon. Members that Government policy is the charge of the Law Minister. Therefore, it is not any Member to take upon himself the responsibility of explaining. After all, it is motion has been accepted with the consent of the Government. When the turn of the hon. Member comes, he can say what he has got to say.

**Shri D. D. Puri:** I would respectfully submit that if you seek the intervention of the Law Minister a little later, after we have explained our points of view, his contribution will be much more helpful.

**Mr. Chairman:** The hon. Member has not perhaps heard what I said. The first part of the explanation of the Minister is before us, that is to say these managing agencies have, *ipso facto*, to continue for three years after 1st January. Therefore, we would like to know from the hon. Minister what the position is in the law today so that we will get guidance.

**Shri D. D. Puri:** It is a question of fact, not law.

**Shri Surendranath Dwivedy:** Mr. Banerjee was on his legs. Some explanation was necessary, and the Law Minister was good enough to inter-

vene to clarify, so that members may not repeat those arguments. In the course of that, he is going to make some clarification, and the Chair has every right first to know before the members discuss it. Let him therefore continue.

**Shri Joachim Alva:** I have one question.

**Mr. Chairman:** Please take your seat.

**श्री कमलनयन बजाज :** मैं दो मिनट में इसकी सफाई कर देता हूं। आप मुझे दो मिनट दें और मैं सफाई कर देता हूं।

**Mr. Chairman:** I am a bit confused. That confusion can be removed only by the Law Minister explaining the position. Only when my mind is clear, I will be able to conduct the business.

**Shri G. S. Pathak:** I am obliged to the Chair for giving this opportunity. I read the section. One part of the section was probably missed.

**Shri Indrajit Gupta:** Missed by whom?

**Shri G. S. Pathak:** I am not blaming anybody, I am blaming myself. I should have read it loudly. This three year period will apply to those managing agencies whose term does not expire before the expiry of three years. That is to say, ordinarily if the managing agency term is for five or ten years, all those will terminate on the expiry of three years from 1st January, 1967, but if there are some managing agencies whose term expires before the expiry of three years, they shall not be renewed, and they are finished at the proper time. The managing agencies are always for a fixed term. If some managing agencies, term expires on, say, 31st March, 1967, they will not have three years, because they will expire automatically on 31st March, 1967. For those whose term will expire earlier, they want that instead of three years from 1st January, it should be made three years from 2nd April.

**Shri Surendranath Dwivedy:** That is our objection.

**Shri Sinhasan Singh** (Gorakhpur): Fortunately or unfortunately the Law Minister has confined himself only to the earlier part of section 324. He has not read sub-section (4). If the notification is modified or not approved by this House, the notification cannot be issued, and the period of three years will not apply. That is the fear. Fortunately or unfortunately something has appeared in the papers that the party has taken a decision to give a further time of three years to all these companies, and that this can be given only through a resolution modifying the notification.

**Shri Indrajit Gupta:** This is for getting election funds.

**Shri Sinhasan Singh:** Sub-section (4) reads:

> "A copy of every notification proposed to be issued under sub-section (1) shall be laid in draft before both Houses of Parliament for a period of not less than thirty days while they are in session; and if, within that period, either House disapproves of the issue of the notification or approves of such issue only with modifications, the notification shall not be issued or, as the case may require, shall be issued only with such modifications as may be agreed on by both the Houses."

Our House is at the fag-end. If this House approves or disapproves or modifies...

**Mr. Chairman:** Is it any point of law or fact? What is it? He should not make a speech.

**Shri Sinhasan Singh:** This motion has been brought with a certain purpose. I do not know whether the notification has been laid on the Table of the House or not, but its effect is that the managing agencies expiring

[Shri Sinhasan Singh]

before the end of three years from 1st January, 1967 will automatically expire. But the notification has to be approved or disapproved by this House within 30 days, and for that purpose a resolution has come in, and we are only considering whether to modify it or not. If we modify it, the other House may or may not agree to such modification. If this House disapproves of the notification, the notification will lapse. So, it is not three months that my friends are wanting, they are wanting for years to come.

**Shri G. N. Dixit:** I am one of the movers. Therefore, kindly permit me to explain.

**Mr. Chairman:** There is one thing. There is no hurry about it. You are an eminent lawyer. Unless the entire legal aspect of it is thoroughly discussed threadbare, one may not arrive at anything.

**Shri G. N. Dixit:** I will take only one minute to remove the confusion. Mr. Himatsingka, an eminent solicitor, gave me an argument when I signed that; but he himself has not advanced that only argument which appealed to the signatories; that is, that the financial year in most of the companies ends on 1st April and not on 31st December. There will be a technical difficulty in accounting because the accounting year closes in most of the companies on the date... (*Interruptions.*)

**Shri S. M. Banerjee:** Sir, I was explaining that voices were raised here demanding the abolition of the managing agency system and a very pertinent question was raised charging the ex-Finance Minister, Mr. T. T. K., who extended the managing agency system beyond 1967 arbitrarily for five years or 7 years or till 1972; in one or two cases even up to 1975.

**Shri Kamalnayan Bajaj:** Is he making a speech? I must continue.

**Shri S. M. Banerjee:** The hon. Law Minister when he took over the company law department and Shri C. R. Pattabhi Raman also said that they would make a proper enquiry into the whole affair. My point at that time was: why should the Finance Minister take a decision at a time when the committee was going into the whole question of the managing agency system. What is the notification here laid on the Table on 1st November? It says that in pursuance of subsection (1) of section 34 of the Companies Act of 1956, the Central Government hereby declares that as from the 1st of January 1967...Now the Resolution wants to change it to 2nd April 1967. The big business houses in the country have not welcomed the recommendations of the committee and they want to undo whatever good it has done and it is for that purpose that this resolution is moved. The big business houses want to pour some money into the veins of the ruling party for elections and they feel that by a remote chance a Government to their liking may come to power. In January there will be nominations and in February there will be elections.

**Shri Kamalnayan Bajaj:** Sir, I rise on a point of order. I was on my legs. He asked some questions and some other questions came from the other side. You allowed the Minister to clarify the legal points. After that I should have been called to continue my speech and clarify the position. My point of order is that while I was on my legs why should you allow Mr. Banerjee to speak?

**Mr. Chairman:** You have come too late now.

**Shrimati Renu Chakravartty:** You sat down; you forgot what you did.

**Shri S. M. Banerjee:** The big business houses will pour money into their coffers and will try to have a Government of their own choice so that the managing agency system and everything else will be there. They want to

undo the good that has been done. It is malicious and mischievous and I fully support Mr. Indrajit Gupta and Mr. Sinhasan Singh when they say that there are motives behind this resolution.

**Shri Joachim Alva:** Sir, I have very little to say. In all my sixteen years experience, I had never seen an order paper with 70 signatures to move a so-called resolution. It is clear that big business is operating in a big way. I do not think the able law Minister needed 70 people to prod him to bring this into the House. That is all I have to say.

**Shri D. D. Puri:** Sir, this resolution is exteremely innocuous. The resolution seeks to extend the time by three months; that is the limited question that we have before us. The benefits or the evils of the managing agency system are not under discussion. Therefore, what are the desirable features of the managing agencies or what are the undesirable features that point is completely irrelevent. It is too late in the day now for me to shed any tears over the abolition of Managing Agencies; I never shed any tears even at that time the orginal Bill was passed. That is not the question now. An attempt has been made by the Opposition parties to stretch three months into three years. The period in question is only three months; the effective priod of three months is not 1st January to 1st April 1967; in actual point of fact it is 1st January 1970 to 1st April 1970. Not more than three months are involved, however they may do to try to stretch it. I was a bit surprised when you yourself expressed come doubts about the section of the Act. Now, what has motivated us to do so?

**Shrimati Renu Chakravartty:** Will you be agreeable to 30th March?

**Shri D. D. Puri:** 31st of March is in a large number of cases the end of the financial year as it is indeed for this august House also. Secondly, one of the industries involved is the sugar industry and in North India on 1st January we are right in the middle of the crushing season. It will lead to endless trouble in accounting and apportionment of the profits, apportionment of expenses. The sugar season starts from 1st November. It finshes—it all depends, from year to year—say in March or April, and in a large number of cases the end of the financial year is 31st March or the 1st day of April. From the point of view of sugar, I would have been very happy if it had been extended even beyond 2nd April by a few days. The sugar season would be over and the computation of the profit and loss will be more or less clear and without any doubt. It is therefore precisely with a view not to cut the accounting period and the sugar season into two that this resolution has been sought to be moved.

The point has been made that this period is the election year, and therefore the ruling party wants to have large sums of money in its coffers in the hope that it will get a government of their choice and the government of their choice which will not issue such a notification. I have already stated that the real period is from the 1st January, 1970 to 1st April, 1970 which will not be an election year. Three years is the period which is already in the Act which I need not go into now. If there is a certain section of the House in whose interests it is necessary to modify this decision or to alter it, and if that section of the House has the government of its choice according to it, then the new government could go back on the entire decision of abolition of Managing Agencies. The present position is that the managing agency system is being done away with. But if one wants, the managing agency system can be revived with retrospective effect, etc. What I would like to say respectfully is, let us not read into

[Shri D. D. Puri]

the resolution something which is not there. It is a limited periond of three months; it is not three years and the period itself is between 1st January and 2nd April, 1970. In a large number of cases, the end of the financial year is the 31st March or thereabouts. Especially when one of the industries is the sugar industry, 1st January will be most unsuitable to bring this notification into effect.

**Shri Indrajit Gupta:** May I say a word by way of clarification? If, as he says, this thing has been brought forward because of a technical point connected with the ending of the accounting year, why is it that it was not possible for those Members to realise this and to bring it to the notice of the Government and the Government could have brought forward an amendment, instead of this lobbying of 70 people led by Bhabubai Chinai outside? Why did they have to do it?

**Shri D. D. Puri:** I will explain.

**Mr. Chairman:** Order, order. Shri Surendranath Dwivedy.

**Shri Surendranath Dwivedy:** I have listened with great patience to Shri D. D. Puri's speech. This motion is an example to how in the seemingly innocuous way in which the big business in this country operates and the innocent manner in which they influence the Government and the Congress party, and in a surreptitious manner, if I may say so, they want to get the approval of this Parliament to this resolution.

This Act was passed long ago. This particular notification was placed on the Table of the House in the early part of November. The very people who are now pleading for the inconvenience of certain industries, knew it; I do not think their management is so very negligent and not vigilant enough to see that this is going to take effect from such and such a date and that it is going to create certain difficulties because the financial year-ending of these companies may be such and such a date. They knew it. When it was laid on the Table of the House, I want to know what prevented these gentlemen even to approach the Government and to bring forward a motion here. they know perfectly well that so far as the session of this House is concerned, we are at the fag-end of the tenure of this House itself; there is very little attendance. Members like me would prefer to consider the point and see that it is passed without any opposition. But here is a deliberate move. I want the Government to realise it. This House, the entire Parliament, has supported the Government on the question of the abolition of the managing agency system. Rather, it was almost the unanimous view of this country that in order to have real industrial development in conformity with the policy that we wanted to follow in this country, the managing agency should be abolished immediately. Yet, a committee was appointed; that committee went into the question and it suggested certain measures, and the Government haltingly, one after the other, have been taking up the industries. Even that has not been taken up very seriously; that even in a phased programme they are going to do it.

It is very clear now what certain industries want to do. It would have been better if, the Government itself had brought forward this amendment, if there were genuine difficulties. It would be very clear now. Let us know from the Minister if he has facts. Or, from the mover of the motion, let us have the facts; who are business-houses which will be benefited by this motion. It will then be very clear to this House and to the country. A charge was levelled that probably there are some business-houses which want, during this period, to donate handsomely to the ruling party which protects their interests; it is now clear that they will be effected and they want within these three months to manoeuvre,

somehow or other manipulate their own papers and other office papers in such a manner as to obviate the rules altogether. When this period of three years was embodied in the Act, should I understand or take it that the framers of the Act, or even the big business-houses which were opposing this Act, did not understand the implications of it? that the three years may be earlier to April, 1967? Three years may be in the middle of the year. Suppose, there was no such Act or no such notification and no such limitation, is there not any company whose terms of managing agency expire before the financial year ends? There are certain companies, because they take permission from the Government and from the company law administration, and the period is given from the date they get the permission to the period till the five years are over.

Therefore, it does not stand to reason to say at the moment that because the financial year of some companies ends on April, 1967, they will have some difficulty if it ends on 1st January, 1967. Therefore, they want this change. I do not think it stands to any reason. I would again appeal to the Government. Let the Government make up its mind; Government will be open to this charge that in order to give facilities for certain benefits which they will derive by giving them certain opportunities, they are supporting this motion. Let the Government oppose this motion. This motion is not in the good interests of the country. This is only to protect certain sections of big business. The Government brought forward the measure to abolish the managing agency first. We all supported it. We are all for it. We want this notification to be executed in this country without any opposition. So, at this stage, whatever grace they exhibited in bringing forward the measure for the abolition of the managing agency will be completely gone if this motion is adopted. I would like to tell other Members of the House this much. 70 Members have signed this. But I am glad that Shri Joachim Alva has come out openly to say that it is the big business which is behind this move. I also appeal to those Members who are signatories to this motion; people probably have signed it without knowing it. They should oppose this motion, and I would appeal to the Government to oppose this; we would oppose this motion. Otherwise, we will take it that the Government is also a party to this machination.

**Shri G. N. Dixit:** Mr. Chairman, Sir, I am amazed at the arguments advanced by such a fine man as Shri Surendranath Dwivedy, attributing motives and bringing in all this big business, knowing fully well that Shri Himatsingka is such an eminent, elderly Member of this House, for whom we have all great regard and with whom we are all very cordial. When he moves a motion or drafts a motion which has got some backing or some reason and arguments behind it, and if he approaches other Members and if the argument appeals to those Members and if they sign the motion, is it right and proper for the Opposition to bring in all the big business of the country and associate them with the Members who are the signatories to the motion or with the Government? Here is Shri Himatsingka—(*Interruption*)—and you can enquire from him; it is his proposal and it is his motion. All other members have signed it agreeing to the arguments he gave on the question of the end of the accounting year, which was the only argument given to us. Why then bring in big business and charge the Congress Party? It is not good always to attack your opponents whenever the occasion comes, even on a small matter. If, apart from that accountability, there is any other reason, I shall myself like to withdraw my signature. It is not only a question of April. In the case of certain companies, the year ends in December. For them, it may remain December. If it is April as in the sugar factories, as my friend, Mr. Puri said, it will be but fair and proper that the year ending to be computed should be like that, because otherwise practi-

[Shri G. N. Dixit]

cal difficulties will arise. It is never good to demand a pound of flesh like Shylock, whether reasonable or unreasonable. The question of practicability must be taken into consideration. I appeal to my friends in the opposition, especially Mr. Dwivedi, to weigh this question purely and simply on the ground of the reasonableness of the proposal of Mr. Himatsingka and not read between the lines the whole country's politics in this very innocuous motion. Whoever have signed it have supported him on account of this reason only and for no other reason.

**Shri Kamalnayan Bajaj:** May I clarify....

**Mr. Chairman:** An hon. member can speak only once on a motion. If there is any clarification, please do that. But do not make a new speech.

**Shri Kamalnayan Bajaj:** There are three issues involved—point of law, point of fact and the spirit behind it. The point of law has been acclaimed by the minister and others. The point of fact is this. Apart from the accounting year which some companies may finish on 31st March, there is discrimination if the period is not extended because some of the companies which are not going to end their accounting year on 31st March may not get 3 full years. The spirit behind the law is to give 3 years to everyone. If you do not extend it, some of the companies will not get that full 3 years for their adjustment. That discrimination should not be there.

**Shri Surendranath Dwivedy:** I am thankful to him for this clarification because it replies to Mr. Dixit's question.

**श्री बड़े** (खारगोन) : सभापति महोदय, यह एक छोटा सा मोशन है और इसके लिए मेरे माननीय विद्वान दीक्षित जी ने बिना देखे-सुने दस्तखत कर दिये । उन्होंने यह नहीं देखा कि ला इसके लिये क्या कहता है । जैसे "बाबा वाक्यं प्रमाणम्", बाबा ने कह दिया, इसलिये मान लिया । हिम्मत सिंहजी का वाक्य प्रमाणम मान कर अपने सिगनेचर इस पर कर दिये ।

मैं उनको इसके बारे में ला बताता हूं, अभी जो कमलनयन जी ने कहा वही बात सच है । मैं आपके सामने सेक्शन 324 पढ़ कर सुनाता हूं :—

"Subject to such rules as may be prescribed in this behalf, the Central Government may, by notification in the Official Gazette, declare that as from such date as may be specified in the notification, the provisions of sub-section (2) shall apply to all companies, whether incorporated before or after the commencement of this Act, which are engaged on that date or may thereafter be engaged wholly or in part, in such class or description of industry or business as may be specified in the notification."

फिर क्लाज 2 है—

(2) Thereupon—

(a) where any such company has a managing agent on the specified date, the term of office of that managing agent shall if it does not expire earlier, expire at the end of three years from the specified date..."

और इसके आगे जो सब सब-सैक्शन 4 है—

(4) A copy of every notification proposed to be issued under sub-section (1) shall be laid in draft before both Houses of Parliament....and if either House disapproves of the isue of the notification or approves of such issue only with modifications, the notification shall not be issued or, as the case may require, shall be issued on'y with such modifications..."

माननीय सभापति महोदय, इस रेजोल्यूशन के पास होने से अनेक प्रकार की मिसचिफ़्स पैदा होंगी। इस हाउस का जो उद्देश्य है कि मैनेजिंग एजेन्सीज़ खत्म हों, वह 2 अप्रैल की तारीख रखने से पूरा नहीं होगा, क्योंकि इस प्रस्ताव के पास होने से नोटीफिकेशन नहीं हो पायेगा और इस तरह से मैनेजिंग एजेन्सीज़ को टाइम मिल जायेगा, क्योंकि नोटिफिकेशन के लिये 30 दिन का समय है, जिसमें कि एप्रूवल और डिसएप्रूवल के लिए रखना पड़ता है, और अब इस पीरियड में यह हाउस बैठने वाला नहीं है। ऐसी हालत में गवर्नमेंट नोटिफिकेशन ईशू नहीं कर सकती और इसका लाभ मैनेजिंग एजेन्ट्स को मिल जायगा।

हमारे हिम्मतसिंहका जी वकील भी हैं, इस प्रकार के मोशन लाने के पीछे एक आल्टरनेटिव मोटिव भी होता है, इस मोशन के पास हो जाने से उनका दूसरा उद्देश्य पूरा हो जाता है, इसके नोटिफिकेशन से बच जाएँगे। मैं दीक्षित जी से कहना चाहता हूं कि इस पर दस्तखत करने से पहले उनको 324 के चारों श्रोबीजन्ज को पढ़ लेना चाहिये था और देखना चाहिये था कि इससे कितनी मिसचिफ़्स होंगी। जिन चार इण्डस्ट्रीज के लिये यह किया गया था—काटन, शुगर, जूट और सीमेंट—इन चारों इण्डस्ट्रीज के मैनेजिंग एजेन्ट्स को इसके पास होने से लौंग लाइफ मिल जायेगी और यह हाउस जो चाहता है कि मैनेजिंग एजेंसी सिस्टम खत्म हो, वह उद्देश्य पूरा नहीं हो पायेगा। इस मोशन का चाहे जो उद्देश्य हो, लेकिन जैसा द्विवेदी जी ने कहा कि इसमें इलेक्शन में जरूर मदद मिल जायेगी, इसी लिये यहां पर इसको इस तरह से लाया गया है।

हमारे माननीय पुरी साहब ने कहा कि 2 अप्रैल को बन्द करने से एकाउन्टिंग पीरियड में मदद मिलती है, उससे सुविधा होगी। मैं भी एक कम्पनी में नौकर था और मैंने देखा कि बहुत से लोग जनवरी में बन्द करते हैं और जो अन्डर हैन्ड डीलिंग्ज के एकाउन्ट होते हैं, वे दिवाली पर बन्द होते हैं, लाल बही का हिसाब जनवरी में बन्द होता है, लेकिन जो रजिस्टर पर होता है, वह दिवाली पर बन्द किया जाता है, सभी मार्च में बन्द नहीं करते हैं। मेरा यह मतलब नहीं है कि सारी फर्में ऐसा करती हैं, बहुत सी ओनेस्ट फर्में भी हैं मैंने जिस कम्पनी में नमक खाया है, उस में ऐसा नहीं था, मैं ऐसा स्पष्ट कहना चाहता हूं .....

सभापति महोदय : नमकहलाली वही होती है।

श्री बड़े : मेरे कहने का उद्देश्य केवल यही है कि जैसा कमलनयन जी ने कहा कि इसके हो जाने से उनको तीन साल की एक्सटेन्शन मिल जायेगी और उनका जो उद्देश्य है कि नोटिफिकेशन ईशू न हो, यह ईशू नहीं हो पायेगा। इस तरह इस हाउस का जो उद्देश्य है वह पूरा नहीं हो पायेगा और यदि आपने मैनेजिंग एजेन्ट्स को इस प्रकार से बढ़ावा दिया तो मोशलिस्टिक पैटर्न यहां पर कभी आने वाला नहीं है। फिर मैनेजिंग एजेन्सियां जितनी है वह बढ़ती जायेंगी और श्रीमन्त और श्रीमन्त होंगे और गरीब और गरीब हो जायेंगे।

**Shri C. K. Bhattacharyya** (Raiganj): Mr. Chairman, Sir, I am a signatory to this innocent motion. Let me make it clear that I am in no company, not a shareholder, not a director, not getting any divident. There is no big business, medium business or small business running about me (*Interruptions*). It is clear and accepted on all hands that the managing agency system should go. Nobody disputes it, everybody accepts it, everybody stands by it and the notification has been issued with that specific objective. This is a motion for extending the time by three months. If the Government feels that the acceptance of this motion will in any way impede the

[Shri C. K. Bhattacharyya]

objective that the law has in view or that the Government has inview, Government is free to say so and the motion will be dealt with accordingly. But when my hon. friends in the Opposition brings in the Ruling Party, big funds, elections and all that, I am afraid they make themselves examples of Freudian complex. It is this Freudian complex which comes up every time in the minds of every one of them. The Ruling Party, big business money and election, all these get combined together and lead them to a kind of conduct, a kind of movement which is not healthy for running the business of Parliament.

So far as the motion is concerned, I would like to make it clear it is for the Government now to make their position clear. If they feel that the acceptance of this motion will impede the objective that the Government has in view or the law has in view, the Government is free to say so and deal with the motion accordingly. If they feel that the acceptance of the motion will in no way impede their objective or impede the operation of the law which the Law Minister and other hon. friends have referred to, they are free to accept it.

**श्री मधु लिमये** (मुंगेर) : सभापति महोदय, मैं एक बात कहना चाहता था कि कम्पनी कानून के मातहत राजनीतिक दलों को चन्दा देने की सुविधा है । मैं ने उस के आंकड़े मांगे हैं । लेकिन मुझे याद है कि इधर दो तीन सालों के अन्दर जो चन्दा दिया गया है उस में से 1 करोड़ 5 लाख रु० कांग्रेस पार्टी को मिला है । हमारे स्वतंत्र पार्टी के जो दोस्त हैं उन को मेरा खयाल है कि 15 लाख रु० के आस पास मिला है ।

**एक माननीय सदस्य** आप को कितना मिला ।

**श्री मधु लिमये** : हम को 200 रु० मिला है । उस के आंकड़े हैं । श्री कृष्ण-माचारी का बयान है । पता नहीं कौन हरि का लाल निकला 200 रु० देने वाला ।

**श्री कमलनयन बजाज** आप का क्रेडिट कहां है ?

**श्री मधु लिमये** कमलनयन जी हमारा क्रेडिट बहुत ज्यादा है ।

मैं निवेदन करना चाहता था कि इस प्रस्ताव पर जो बहस चल रही है उसको मुल्तवी रक्खा जाये । इस के पहले कानून मंत्री यह निवेदन करें कि मैनेजिंग एजेन्सी वाली ऐसी कौन सी कम्पनी है जिन्होंने राजनीतिक चन्दा दिया है । इस का विवरण कुछ बतलाया जाये । मैं इस के बारे में कुछ नहीं कहता क्योंकि यह चन्दा उन्होंने कमाया है । अब उन्होंने हमारे हाथ में हथियार दे दिया है । मैं तो उन के हित की बात कह रहा हूं, क्योंकि हम लोग प्रचार करने के लिए कहेंगे कि यह प्रस्ताव इस लिए आया है कि उन लोगों को आवश्यकता थी इस तरह का प्रस्ताव लाने से उन को चुनाव चन्दा इकट्ठा करने में सुविधा होता है । इस लिये मैं आप की मार्फत कानून मंत्री से निवेदन करना चाहता हूं कि वह इस प्रस्ताव को वापस ले लें, या प्रस्तावक लोगों से कहें वापस लेने के लिये, और यह सारा विवरण सदन पटल पर रक्खा जाये । उस के बाद हम को पता चलेगा कि इस में चुनाव चन्दे का सम्बन्ध है या नहीं । अगर ऐसा नहीं करते, तो मैं निवेदन करता हूं कि यह भी करप्ट प्रैक्टिसेज में आ सकता है । मुद्गल कमिशन एक दफे हो चुका है । इस लिये मैं सचेत करना चाहता हूं कि ऐसी कोई जल्दी नहीं है । मैं ने जो मांग की है उसके अनुसार विवरण एक दो दिनों में सदन के सामने आना चाहिये उस के पश्चात् इस को लिया जाये । नहीं तो मजबूर हो कर हम को कहना पड़ेगा कि

बड़े पूंजीपतियों के कहे पर यह प्रस्ताव इस सदन में आया है।

**Shrimati Renu Chakravartty:** Really ingenious are the ways of big business. That is why even my friend, Shri Bhattacharyya was taken in.

**Shri C. K. Bhattacharyya:** No, no; I was not taken in; I agreed with my eyes open.

**Shrimati Renu Chakravartty:** He says he did that with his eyes open. Therefore, we will say that he is a very sympathetic participant of big business. As far as Shri Dixit is concerned, he was honest enough to say that if this is not the meaning then he would like to withdraw. The point that has emanated from this discussion shows that if this notification is disapproved by this House then the notification cannot be issued at all. The Government of India in the Ministry of Law, my hon. friend Shri Pathak's Department of Company Affairs, have circulated a draft notification in these words:

> "The Notification has to be laid in draft before both Houses of Parliament for such period as required by Section 324 of the Companies Act."

Then what do they say? Let this House very clearly understand it. I find that even my hon. friends Shrimati Satyabhame Devi and Shrimati Shakuntala Devi have also signed it.

**Shri C. K. Bhattacharyya:** Please do not forget that Shri Samanta, Dr. Singhvi and Shri Kashi Ram Gupta, three shining lights of the Opposition, are among the signatories. Do not put all the weight on us.

**Shrimati Renu Chakravartty:** Dr. Singhvi is there and we think he is in the right place.

**श्री मधु लिमये** : रामेश्वर टांटिया भी हैं।

**श्री च० क० भट्टाचार्य** : आप के दोस्त काशी राम गुप्त भी हैं।

**श्री स० मो० बनर्जी** : गेहूं के साथ घुन भी पीसा जाता है।

**Shrimati Renu Chakravartty:** Shri Tantia is there, Shri Puri is there, Shri Himatsingka is there, Shri Bajaj is there and Shri C. K. Bhattacharyya is there.

The point is—let us not try to again mislead the House—here it says:

> "The Notification can be issued..."

That is for the Government to terminate after three years some companies or managing agents—some companies will be terminated even earlier. It says:

> "The Notification can be issued only with such modifications as may be agreed to by both Houses and cannot be issued if either House disapproves of the issue."

So, this very Notification laid on the Table on 1st November, if this resolution of disapproval of that Notification is passed and a modification is made, the whole notification falls through.

**Shri Himatsingka:** It is wrong.

**Shri D. D. Puri:** This is not disapproval, this is for approval with modification.

**Shrimati Renu Chakravartty:** Sir, I am not a lawyer. I am not prepared to take the word of Shri Himatsingka. If we read his first speech, it completely misleads the entire House. He did not raise any point. Shri Bajaj did the same thing. When Shri Pathak was honest enough to tell us the implications of this whole measure, then Shri Bajaj also said that that was true. His speech really supports it. Shri Puri even now shakes his head.

**Shri D. D. Puri:** Seeking approval with modification is not disapproval.

**Shrimati Renu Chakravartty:** When this Notification was laid on the Table,

[Shrimati Chakravartty]

the reason for issuing the notification, the form of the notification, the difficulties in the way of issuing the notification and all those things were to be clarified. Probably, being at the fag end of the Parliament we were not vigilant enough to look into the entire matter and even Shri Kamath has been caught napping in this particular matter. If Shri Indrajit Gupta had not raised it and this whole discussion did not come all of us would have thought that this is a very innocuous proposal.

**15 hrs.**

It was poor Shri Himatsingka's family that wanted two more months. They say that instead of 1st January all that we are doing is to have it on 2nd April. I had a hunch why it is 2nd April. Shri P. D. Himatsingka comes from my State and he is not a very active Member of this Parliament. So, when I found him going round for getting the signature of 75 Members with himself at the head, I had this hunch. I thought why it is not 31st March because that is the year ending. If it is regarding the sugar crushing season, the sugar crushing season goes on till April or sometimes till the beginning of May; so, it cannot be the sugar crushing season reason. Then Shri Pathak came out with the clarification. They will not even want it to be 30th March, because if it is 30th March, it will not serve their purpose. As far as I understand it—and Shri Pathak has explained it—what will happen is that, according to the Company Law, those who are having companies and whose managing agencies are ending on 30th March will not get the three-year period of the other companies who had the period ending after the 30th March.

So, this is not only a question of saivng some companies from terminating their managing agency system but the very notification of the 1st November which gives 1970 as the date will be in jeopardy. Shri Puri in his very nice, fluent and innocuous way told us that it is only a question of 2nd April, 1970 instead of January, 1970; he did not explain to us that the whole notification will be in jeopardy.

**Shri D. D. Puri:** It will not be.

**Shrimati Renu Chakravartty:** It will be in jeopardy. This is my understanding. They may go to a court of law and then the whole thing will fall through. We know how you go from High Court to the Supreme Court. You have money at your disposal; you will go there immediately.

I do not know if your executive committee has passed it and what your whip will be, but this much is clear that if this notification is not issued, it will be difficult in the next Parliament with a big Birla lobby and the big business lobby. I do not know what lobby Shri Dixit belongs to. He may be a very nice man who raised points of order but Shri Dixit also may be in a very unenviable position then. So, I beg of the Law Minister not to accept this Resolution.

**श्री ज्वा० प्र० जयोतिषी** (सागर) : सभापति महोदय, मुझे दुख इस बात का है कि मैं इस प्रस्ताव का विरोध करने के लिए खड़ा हुआ हूं । मैं देखता हूं कि काफी लम्बी टीम मेरे दल की और उस दल की, इस प्रस्ताव को प्रस्तुत किया हैं । लेकिन मैं इस प्रस्ताव का जो मंशा है उससे सहमत नहीं हो सकता हूं। जो एक्सप्लेनेशनज यहां पर दिये गये हैं उन से मुझे यह लगता है कि तीन वर्ष की अवधि अभी भी बाकी है उन संस्थाओं के लिये जो संस्थायें कि मजबूती से अपने पैरों पर खडी नहीं हो गई हैं और वहां पर मैनेंजिग एजेंसी चालू रह सकती है । मैं नहीं समझा हूं कि एक नया प्रस्ताव रख कर इस अवधि में तीन महीने की अवधि और जोड़े जाने की क्या आवश्यकता पड़ गई है । मेरे मित्र दीक्षित जी ने कहा है कि रेखाओं के बीच में पड़ने की आवश्यकता नहीं है । लेकिन संसार ऐसा है । वह हमेशा रेखाओं के

भीतर पड़ने की कोशिश करता है । दुनिया को आप रोक नहीं सकते हैं। जो परिस्थितियां हैं उन के बीच में जब कोई ख्याल सदन के सामने आया है तो उस ख्याल के विषय में अपने विचार प्रस्तुत न करें और उस पर शक शकूक न करे, ऐसा हो नहीं सकता है । जब हिम्मतसिंहका जी जैसे योग्य और विचारवान आदमी इस प्रस्ताव को इस सदन के सामने रखते हैं तब तो मैं और मजबूर हो जाता हूं इस बात के लिए कि मैं सोचूं इस बात पर कि आखिर यह सब क्या है ।

विरोधी पक्ष के कुछ मित्रों ने हमारे सामने जो प्रश्न उठाये हैं उन प्रश्नों में मुझे काफी मजबूती नजर आती है । निश्चित रूप से मुझे यह डर लगता है कि कांग्रेस दल के भीतर ऐसे कुछ मित्र है जो मैनेजिंग एजेंसी सिस्टम को जिसे यह सदन एक दफा अहितकर मान चुका है पुनरुज्जीवित कर देना चाहता है । मैं अभागा आदमी हूं जो महसूस करता है कि इस प्रस्ताव के भीतर एक गंध है । इस प्रस्ताव के भीतर मैं एक गंध पाता हूं । मैं समझता हूं कि सोशलिस्टिक समाज की स्थापना की भावना जो है उस भावना को इस देश में एक तबका ऐसा है जो उलट देना चाहता है, बदल देना चाहता है। इस प्रस्ताव के अन्दर मुझे इस तरह की गंध आती है । यह निश्चित बात है कि अवाम के सामने जब यह प्रस्ताव जाएगा तो यह शक हो सकता है जनता को कि चुनाव आने वाले दिन की संध्या जब निकट है तब एक तबका ऐसी बातों को प्राण देना चाहता है जिन बातों के द्वारा सरमायेदारी जोर पकड़ती है । मैनेजिंग एजेंसी सिस्टम को इस सदन ने दुरूह समझा, अहितकर समझा, समाजवादी व्यवस्था की दृष्टि से और इसलिए उसे खत्म करने का इरादा किया मैं कहता हूं कि उस व्यवस्था के मार्ग में हम किसी तरह का व्यवधान नहीं देखना चाहते । इसलिए मैं चाहता हूं कि इस प्रस्ताव को समाप्त किया जाए ।

**श्री मधु लिमये** : मेरा एक प्वाइंट आफ आर्डर है, 376 और 340 के मातहत। 376 इस तरह से है ।

"A point of order shall relate to the interpretation or enforcement of these rules or such Articles of the Constitution as regulate the business of the House and shall raise a question which is within the cognizance of the Speaker. A point of order may be raised in relation to the business before the House at the moment".

इस वक्त सदन के सामने कौन सा काम है ? इस प्रस्ताव पर बहस चल रही है । मेरा प्वाइंट आफ आर्डर यह है कि मैं नियम 340 के मातहत एक प्रस्ताव रखना चाहता हूं :

"At any time after a motion has been made, a member may move that the debate on the motion be adjourned."

मैं यह आपके सामने प्रस्ताव रख रहा हूं कि इस विषय पर जो बहस चल रही है उसको तुरन्त मुल्तवी रखा जाए ।

**एक माननीय सदस्य** : प्वाइंट आफ आर्डर है या प्रस्ताव है ?

**श्री मधु लिमये** : दोनों है, प्वाइंट आफ आर्डर भी है और प्रस्ताव भी है ।

**Mr. Chairman:** It is not a point of order. I rule this out. If the hon. Member had made a proper motion under this very rule that has been quoted, that could be considered.

**श्री मधु लिमये** : मैं प्रस्ताव रख रहा हूं । ठीक है, प्रस्ताव रखता हूं ।

**सभापति महोदय** : उसका तरीका दूसरा है । आप मेरी एटेंशन उस रुल की तरफ ड्रा करते और अपना मोशन रखते प्वाइंट आफ आर्डर की इस में कोई बात नहीं ।

He could draw the attention of the Chair and say that under rule so-and-so he would like to move this motion.

श्री मधु लिमये : मेरा तरीका एकदम दुरुस्त है ।

**Shri Hari Vishnu Kamath:** Sir, under rule 340, I move:—

"That further debate on this Motion be adjourned."

**Mr. Chairman:** Motion moved:

"That further debate on this Motion be adjourned."

**Shri G. S. Pathak:** I do not say that the Chair has no right to put this.

श्री मधु लिमये : इस मोशन पर बोलिये

**Shri G. S. Pathak:** How do you know that I shall not speak on this? The only question that you have to consider is whether in the case of a Resolution this rule will apply.

**Shri Hari Vishnu Kamath:** It applies to any motion.

**Mr. Chairman:** There is one thing that I want to say. I would have rather liked that Shri Kamath, while moving the motion before the House, should have given the reason for it. Personally, I was feeling, before this motion came up, that no new ground was being covered by the Members on either side. That was even in my mind that this debate be closed and the hon. Minister be asked to reply to the debate.

**Shri Kamalnayan Bajaj:** Will Shri Himatsingka have the right of reply?

श्री मधु लिमये : नहीं। यह डीबेट को एडजर्न करने का मोशन है ।

**Shri Hari Vishnu Kamath:** I am grateful to you for the guidance you have given. Here is rule 340:

"At any time after a motion has been made, a member may move that the debate on the motion be adjourned."

It is not obligatory for the member to give reasons. You have guided us in the matter. We are thankful to you. But it is not necessary that the Members should give reasons. The rule does not provide that the Member should give reasons.

**Mr. Chairman:** Let me understand it. Suppose it happens that a motion for consideration has just started and another motion is being made like this. There will be practical difficulty in taking that motion into consideration.

**Shri Hari Vishnu Kamath:** Sir, you will remember, a year ago, there was a peculiar issue, the Banaras Hindu University Bill. The Government had moved the motion for consideration and a motion that the debate be adjourned was moved on the first day before it had been concluded; and it was adjourned and no reasons were given at that time.

**Mr. Chairman:** Let me understand it. By applying rule 340, what does it connote? Does it mean adjournment of the debate? Now, the motion is before the House and the speeches have been made. Different points of view have been placed before the House. The Government has also to say something and so also the mover of the motion. Does it connote that further speeches or further debate on this motion be adjourned and the rest be done?

**Shri Kamalnayan Bajaj:** Then, it is a closure of the debate and not the adjournment of the debate.

श्री मधु लिमये : यह क्लोजर नहीं है, बल्कि यह एडजर्नमेंट है । अब इस बारे में कोई नहीं बोल सकता है ।

**Shri Kamalnayan Bajaj:** If it is an adjournment, I will oppose it.

**सभापति महोदय** : माननीय सदस्य, श्री मधु लिमये, सुबह कह रहे थे कि धीरज रखना चाहिए । उन से भी मेरी दरख्वास्त है कि वह धीरज से काम लें, क्योंकि धीरज

से काम अच्छी तरह से होता है। मैं भी समझ रहा था कि जो कुछ बहस हो चुकी है, उसमें जो कुछ कहा जा सकता था, वह कह दिया गया है और कोई नई बात सामने नहीं आ रही है, इसलिए यह जरूरी है कि मिनिस्टर साहब को आन दि पायंट आफ फ़ैक्ट और आन दि पायंट आफ़ ला जो कुछ कहना है वह कह दें। उसके बाद मैं माननीय सदस्य को मौका दूंगा।

**श्री मधु लिमये** : सभापति महोदय, मैं आप की मदद करना चाहता हूं। हमारे यहां दो प्रक्रियायें हैं। रूल 340 बहस की एडजर्नमेंट के बारे में है। वह इस प्रकार है :

> "At any time after a motion has been made, a member may move that the debate on the motion be adjourned."

रूल 362 क्लोजर के बारे में है। वह इस प्रकार है :

> "At any time after a motion has been made, any member may move: "That the question be now put", and, unless it appears to the Speaker that the motion is an abuse of these rules or an infringement of the right of reasonable debate, the Speaker shall then put the motion: "That the question be now put"."

फ़र्क यह है कि क्लोजर के सम्बन्ध में आप को डिस्क्रीशन है, जो कि एडजर्नमेंट के बारे में नहीं है।

**सभापति महोदय** : अगर माननीय सदस्य जल्दबाजी से काम न लें, तो कोई मुश्किल नहीं होगी। जो कुछ उन्होंने फ़रमाया है, वही मैं कह चुका हूं। क्लोजर के रूल के तहत ही मैंने कहा है कि इस डिबेट को क्लोज किया जाये और मिनिस्टर साहब जवाब दें।

**श्री मधु लिमये** : यह स्थगित करने का प्रस्ताव है, यह क्लोजर नहीं है। इस लिए आप को यह डिस्क्रीशन नहीं है।

**Shri Hari Vishnu Kamath:** May I explain it? Rule 362 is different. There is a word of difference between the rule 340 and the rule 362, if not a word of difference, at least considerable difference between that one and this one. Closure means the debate is closed, then the Minister replies and the mover of the motion replies and the vote is taken. We do not want to close the debate. What we want is this. We want a full discussion, not today, on some other day, next week or on any date fixed by the Speaker.

**Mr. Chairman:** It should be made clear. I was rather confused. Mr. Kamath is moving that the debate on this motion be adjourned today for a later date to be fixed by the Speaker. I shall have to put it to the House.

**Shri D. D. Puri:** I rise on a point of order. I invite your kind attention to rule 341, sub-rule (1) which reads as follows:

> "(1) If the Speaker is of opinion that a motion for the adjournment of a debate is an abuse of the rules of the House, he may either forthwith put the question thereon or decline to propose the question."

My respectful submission is, as you have expressed yourself, that we all feel that the stage has now come for the closure of the debate. Everything that had to be said has been said. Therefore, to adjourn the debate at this time would mean that all this time spent by the House will be a matter of waste. So, I beg of you to rule this motion out of order and accept my motion "That the question now be put".

**Shri Mohammed Koya** (Kozhikode): It is for the Chair to decide whether it should be allowed or not.

**Shri Himatsingka:** Sir, if you accept the motion of Mr. Kamath, the whole purpose of this Resolution will be lost. As you will find from clause 4 of sec-

[Shri Himatsingka]

tion 324, the motion either disapproving or modifying the Resolution has to be passed within 30 days. If it is not passed within 30 days, automatically the Notification comes into force. Therefore, it has got to be passed within 30 days. Let me read out clause 4:

> "A copy of every notification proposed to be issued under sub-section (1) shall be laid in draft before both the Houses of Parliament for a period of not less than 30 days while they are in session; and if within that period, either House disapproves of the issue of the notifications or approves of such issue only with modification, the notification shall not be issued or as the case may require...."

**Mr. Chairman:** That point is clear.

**Shri Himatsingka:** Then, if nothing is passed within 30 days, automatically the notification as placed in the House will become effective. Therefore, they want to put it off.

**श्री मधु लिमये:** नहीं, कल ले लिया जाये।

**श्री हरि विष्णु कामत :** अगले वीक ले लिया जाये।

**Shri Himatsingka:** The apprehension that was put forward that there will be no notification is also wrong. If it is modified, the modified notification will take effect. It will be automatically published.

**Mr. Chairman:** As far as the point raised by Mr. Puri that this motion is dilatory is concerned, I rule it out. It is not dilatory. But I would like to ask only one thing. I would request Mr. Kamath to explain as to why should he want the debate to be adjourned rather than being closed in an ordinary manner.

**Shri Hari Vishnu Kamath:** Thank you very much indeed for that. The debate has already taken place and, by and by, the cat has come out of the bag. We see how black and big the cat is that has come out of the bag. Anyway I am not going into the merits of that.

You have asked me to give the reasons why it should be adjourned and not closed. It is because the matter is an important one in all conscience. I am sure the House will agree that it is a serious issue and must be considered very carefully, fully and comprehensively. What will happen if closure is applied? Please see rule 362.

> "Where the motion: "That the question be now put" is carried....."

If that motion is adopted, the consequences will be disastrous.

> "Where the motion "That the question be now put" has been carried, the question or questions consequent thereon shall be put forthwith without further debate:
>
> "Provided that the Speaker may allow a member any right of reply which he may have under these rules."

Only the mover shall have the right of reply. That means that the Minister also will not be able to speak. I am anxious, no less anxious than you —and also every member of this House —that there should be a full-dress discussion, complete in all respects. There should not be any kind of hustling. Now we have got only half an hour or 40 minutes left before we take up the debate on students' unrest. At 4.0' Clock we are scheduled to take up the part-discussed resolution of yesterday on students' unrest. Therefore, it is not possible to have a full-fledged debate today and I would suggest that perhaps half a day tomorrow or next Tuesday may be set apart for this, so that the House will have the satisfaction of having discussed it fully before voting on the motion. I, therefore, move this motion under rule 340:

"That the debate on this motion be adjourned."

**Shri S. N. Chaturvedi** (Firozabad): Mr. Kamath has given his argument only against the case of closure and not in favour of adjournment.

**Shri Hari Vishnu Kamath**: I am grateful to Mr. Chaturvedi for having given me another opportunity to enlighten the House, to throw some more light. When the debate is adjourned, we resume it at the point where it was left. Any member can speak and the Minister will also be able to speak. The debate will proceed as if it had been adjourned at that particular point where we are leaving it today.

**Mr. Chairman:** I now put Mr. Kamath's motion to the vote of the House. The question is:

"That the debate on the following motion, namely,

'This House resolves that in pursuance of sub-section (4) of section 324 of the Companies Act, 1956, the following modification be made in the draft Notification proposed to be issued under sub-section (1) of section 324 of the said Act, laid on the Table on the 1st November, 1966, namely:—

*for* "the 1st January, 1967", *substitute* "the 2nd April, 1967".

'This House recommends to Rajya Sabha that Rajya Sabha do concur in this resolution.'

be adjourned."

*Lok Sabha divided.*

**15.32 hrs.**

**Division No. 13]**

**AYES**

Alvares, Shri
Bade, Shri
Banerjee, Shri S.M.
Bhattacharya, Shri Dinen
Chakravartty, Shrimati Renu
Dwivedy, Shri Surendranath
Gupta, Shri Indrajit
Gupta, Shri Priya
Kamath, Shri Hari Vishnu
Koya, Shri
Kureel, Shri B. N.
Limaye, Shri Madhu
Murmu, Shri Sarkar
Nair, Shri Vasudevan
Roy, Dr. Saradish
Samanta, Shri S. C.
Siddiah, Shri
Umanath, Shri
Utiya, Shri

**NOES**

Alva, Shri Joachim
Babunath Singh, Shri
Bajaj, Shri Kamalnayan
Barman, Shri P. C.
Barupal, Shri P. L.
Bhattacharyya, Shri C. K.
Brajeshwar Prasad, Shri
Chanda, Shrimati Jyotsna
Chaturvedi, Shri S. N.
Das, Shri B. K.
Das, Shri N. T.
Dass, Shri C.
Dhuleshwar Meena, Shri
Dixit, Shri G. N.
Dorai, Shri Kasinatha
Gahmari, Shri
Gajraj Singh Rao, Shri
Himatsingka, Shri
Joshi, Shri A. C.
Khanna, Shri P. K
Kindar Lal, Shri
Lahiri Chaudhry, Shri
Mahishi, Dr. Sarojini
Mandal, Dr. P.
Maniyangadan, Shri
Mantri, Shri D. D.
Masuriya Din, Shri
Matcharaju, Shri
Mathur, Shri Shiv Charan
Mehta, Shri J. R.
Mulani, Shri David
Murti, Shri M. S.
Pandey, Shri Vishwa Nath
Panna Lal, Shri
Patil, Shri D. S.
Patil, Shri T. A.
Puri, Shri D. D.
Rai, Shrimati Sahodra Bai
Ram Sewak, Shri
Ramanathan Chettiar Shri R.
Ramdhari Das, Shri
Rane, Shri
Roy, Shri Bishwanath
Sadhu Ram, Shri
Saigal, Shri A. S.
Satyabhama Devi, Shrimati
Shakuntala Devi, Shrimati
Sharma, Shri K. C.
Siddananjappa, Shri
Siddhanti, Shri Jagdev Singh
Surendra Pal Singh, Shri
Tantia, Shri Rameshwar
Thevar, Shri V. V.
Tula Ram, Shri
Uikey, Shri
Verma, Shri Ravindra
Verma, Shri K. K
Yadab, Shri N. P.

**Mr. Chairman:** The result of the Division is: *Ayes*: 19; *Noes*: 58

*The motion was negatived.*

**Shrimati Renu Chakravartty:** I tell you this is a House of Birlas.

**Shri Hari Vishnu Kamath:** It is a disgrace to parliamentary democracy.

**Shri D. D. Puri:** Under rule 362 I beg to move:

"That the question be now put".

**Mr. Chairman:** The motion for the adjournment of the debate has been negatived. I feel that enough debate has taken place on this motion. No new ground is being covered. I would, therefore, ask the Law Minister to speak now.

**Shri Hari Vishnu Kamath:** On a point of order. I believe you have accepted the motion for the closure of the debate.

**Mr. Chairman:** The motion for the adjournment of the debate has been negatived. And the position now is as it was before that motion had been moved.

Taking into consideration all that has been said so far I feel that all that could be said has been said and enough debate has taken place. Therefore, I would request the Law Minister to reply to the debate now.

**Shri D. C. Sharma** (Gurdaspur): Some of us in the Congress also want to oppose this motion. We may also be given a chance.

**Mr. Chairman:** I am sorry, I cannot help it.

**Shri Hari Vishnu Kamath:** The Mover has the right of reply and not the hon. Minister.

**Mr. Chairman:** The Mover is present and he will reply after the hon. Minister.

**Shri G. S. Pathak:** There is no motion for the disapproval of the notification. The only motion is to the effect that the notification be modified with the substitution of one date for the date mentioned therein.

**Shri Vasudevan Nair:** He is always surprised.

**Shri G. S. Pathak:** I am surprised that unnecessarily motives have been imputed to Government.

The House knows that while the committee recommended that only three industries should be the subject matter of the notification, Government decided that there should be termination of managing agencies in respect of five industries; in other words, companies which carry on business in five industries shall have no managing agency. It is only a question of time. I am not impressed by the attack that has been made on Government or the motives that have been attributed and so on. I take an objective view of the matter.

There are some reasons which might justify the motion which has been made. I shall mention those reasons for the consideration of the House.

**Shri Vasudevan Nair:** He is an advocate of the, big monopolists. When the committee decided that there shall be no managing agency, the commitee also said that Government should take a liberal view on the question of the time, which has to be given to the industries for change-over from the managing agency system to another system of management. That was the view of the committee. We have taken into consideration all the aspects of the matter. We are terminating the managing agencies as fast as we can. If the figures were to be seen, it will be found that there are now very few managing agencies left as compared with the number of managing agencies which existed a few years ago.

**Shri D. C. Sharma:** Some of these managing agencies have come under benami names now.

**Shri G. . Pathak:** So far as new cases are concerned, we are granting approval only to a few. We have not granted approval to many during the last few years.

So far as Government's attitude is concerned, therefore, I submit that Government are carrying out the policy underlying the law made by Parliament. Government are anxious that the system of managing agency should generally disappear, but in some exceptional cases it may be necessary to have the managing agency....

**Shri D. C. Sharma:** May I ask one question? He is giving with one hand and taking away with the other hand.

**Shri G. S. Pathak:** We have got to take into consideration the interest of the industry also because that is also the interest of the country. We cannot go on the basis of ideological grounds, they are capitalists and so on and so forth. Government have to look to the interests of the industry also, and Government have got to follow the mandate given by this House when sections 324 and 326 were enacted.

So far as the industry itself is concerned, I have been asked to name the industries. I have answered the question by saying that it will apply to all the companies which are engaged in the five industries mentioned in the notification. The notification is before the House and I am not going to take up the time of the House by reading out the notification.

**Shri Surendranath Dwivedy** (Kendrapara): Let him name the companies and not the industries.

**Shri G. S. Pathak:** He will find the names of the industries in the notification.

**Shri Surendranath Dwivedy:** Let him give a list of the names of the companies and not the industries.

**Shri G. S. Pathak:** It is correct that the ultimate effect of the passing of this motion will be that these managing agencies will terminate not at the end of three years after 1st January, 1967 but at the end of three years after 2nd April, 1967. That is the only effect of this motion. When they change over from one system to another there are some formalities which should be gone through. The articles of association may have to be changed, and Government's sanction has to be taken for the purpose of alternation of the articles of association. The mannaging agents finance the companies and they are thus creditors of the companies also, and they have got to make their arrangements, and the compaines also have got to make their arrangements for other finances. Therefore, it is for the House to consider whether the extension of the period only by three months will be in the interests of the industry or not, especially when the committee has recommended that a liberal view should be taken in respect of the period which has to be given to these industries which are going to terminate the managing agencies for a proper and convenient change-over.

**Shrimati Renu Chakravartty:** He has not answered the point we raised.

**Mr. Chairman:** If the Notification is unaltered, what is the effect of it?

**Shri G. S. Pathak:** If this Resolution is not passed, the Notification remains unaltered and all the managing agencies in respect of the companies which carry on these five industries will terminate at the end of three years.

**Mr. Chairman:** If this Resolution is passed, what effect if any, will it have on the Notification that is to be issued?

**Shri G. S. Pathak:** The effect will be as I have already submitted, that the three years will commence not from 1st January 1967 but from 2nd April 1967. Therefore, the question is only of three months.

**Shri Surendranath Dwivedy:** Will he clarify whether after this Resolution is adopted it will be not necessary, according to the rules, to have a notification again to be placed before the House?

[Shri Surendranath Dwivedy]

**Shri G. S. Pathak:** Section 324 itself lays down that if the Resolution is passed, then the Notification will be read as if the amendment is incorporated in it.

It is a question of the workers also.

**Shri Indrajit Gupta:** The hon. Minister stated that in case this Resolution is adopted, it will have a certain effect. Supose this Resolution moved by Shri Himatsingka is adopted in this House and is not adopted in the other House, what is the position?

**Mr. Chairman:** Let us not talk of what will happen in the other House.

**Shri Indrajit Gupta:** What will be the effect on the Notification?

**Shri G. S. Pathak:** It is hypothetical question.

**Shri Indrajit Gupta:** If it is adopted in this House and is not brought before the House at all, what happens to the Notification?

**Mr. Chairman:** The law is clear on the point.

**Shrimati Renu Chakravartty:** What is the law?

**Shri G. S. Pathak:** There will be the problem of workers also.

**Mr. Chairman:** Now that the legal and procedural position has been explained by the Law Minister, if there is anything left to be asked, Shri Bade may do so

**Shri Bade:** In the beginning when I sought a clarification from the hon. Minister, he said that there is no necssity to put it before the House. Section 324(4) says that a copy of every notification proposed to be issued shall be laid before both Houses for a period of not less than 30 days when they are in session and if within that period either House disapproves of the issue of the notification or approves of such issue only with modifications, the notification shall not be issued or, as the case may require, shall be issued only with such modifications as may be agreed to by both Houses.

**Mr. Chairman:** Reference has already been made by Shri Himmatsingka and to that the Minister has replied.

**Shri G. S. Pathak:** From a practical standpoint, even i another notification is issued, the date will be the date fixed by this House. It is immaterial whether another notification is issued.

**Shri D. C. Sharma:** Suppose I get a law passed today....

**Mr. Chairman:** No supposition at this moment.

**Shri D. C. Sharma:** I have to make my point clear.

Suppose some amendment is brought to a law by a motion tabled by Shri D. C. Sharma and others, you will say that that motion is not a substantive one, and the law as amended by that motion has also got to be passed by this House. Therefore, when the rule passed by the Houses is being amended now, again the amended rule should come before the House. Otherwise, the legal effect will not be there. All these persons are very anxious that they should have a longer lease of life than is put for them. I do not bother about that.

**Mr. Chairman:** Everybody wishes so.

**Shri D. C. Sharma:** The rule has been passed, and no doubt the amendment will be passed. But the rule, as amended, will have to come before the House for ratification. Unless that is done the amended rule has no legal and constitutional validity.

**Shri G. S. Pathak:** This is a draft notification. When modification is made by resolution, the notification will actually be issued in the amended form.

**Shri Himatsingka:** I have not much to say, now that the Law Minister has explained the position. But there has been unnecessary apprehension in the minds of some Memebrs. The notification will be issued as it is if it is not modified, and will issue with modification, if it is modified by both Houses. Sub-section (4) is absolutely clear on the point. Therefore, I do not see how

this suspicion should have arisen and insinuation made that big business will give more money, and after the new Parliament comes this notification will be scotched and all that. That does not arise at all. Once this Notification has been placed on the Table, it will be issued if it is not modified within 30 days; if it is modified, it will issue in the modified form. That is the legal position.

**Shrimati Renuka Ray** (Malda): One question. When three years will in any case elapse before the managing agency system goes, how does an additional 3 months help and if so how?

**Mr. Chairman:** The question was asked several times and answered. She was not in the House then.

**Mr. Chairman:** The question is:

"This House resolves that in pursuance of sub-section (4) of section 324 of the Companies Act, 1956, the following modification be made in the draft Notification proposed to be issued under sub-section (1) of section 324 of the said Act, laid on the Table on the 1st November, 1966, namely:—

for "the 1st January, 1967", *substitute* "the 2nd April, 1967".

"This House recommends to Rajya Sabha that Rajya Sabha do concur in this resolution".

*The Lok Sabha divided.*

**Division No. 14]** **AYES** **[15.54 hrs.**

Alva, Shri A. S.
Bajaj, Shri Kamalnayan
Barupal, Shri P. L.
Bhattacharyya, Shri C. K.
Brajeshwar Prasad, Shri
Chandrasekhar, Shrimati
Chaturvedi, Shri S. N.
Chaudhuri, Shrimati Kamala
Daljit Singh, Shri
Das, Shri B. K.
Das, Shri Sudhansu
Dass, Shri C.
Dixit, Shri G. N.
Dorai, Shri Kasinatha
Gowdh, Shri H. K. V.
Heda, Shri
Himatsingka, Shri
Joshi, Shri A. C.
Kindar Lal, Shri
Koujalgi, Shri H,V.
Lalit Sen, Shri
Malaichami, Shri M.
Mandal, Dr. P.
Maniyangadan, Shri
Masuriya Din, Shri
Matcharaju, Shri
Mathur, Shri Shiv Charan
Misra, Shri Bibudhendra
Mohanty, Shri Gokulananda
Morarka, Shri
More, Shri K. L.
Murti, Shri M. S.
Pandey, Shri Vishwa Nath
Panna Lal, Shri
Patil, Shri J. S.
Pattabhi Raman, Shri C. R.
Pratap Singh, Shri
Puri, Shri D. D.
Ram Sewak, Shri
Ramanathan Chettiar, Shri R.
Rane, Shri
Reddi, Dr. B. Gopala
Sadhu Ram, Shri
Saigal, Shri A. S.
Samnani, Shri
Satyabhama Devi, Shrimati
Shakuntala Devi, Shrimati
Sheo Narain, Shri
Siddananjappa, Shri
Siddiah, Shri
Singhvi, Dr. L. M.
Sonavane, Shri
Subramanyam, Shri T.
Tantia, Shri Rameshwar (Sikar)
Tiwary, Shri K. N.
Upadhyaya, Shri Shiva Dutt
Venkatasubbaiah, Shri P.
Verma, Shri K. K.
Wasnik, Shri Balkrishna
Yadab, Shri N. P.

**NOES**

Alvares, Shri
Bade, Shri
Banerjee, Shri S. M.
Bhattacharya, Shri Dinen
Chakravartty, Shrimati Renu
Dwivedy, Shri
Gupta, Shri Indrajit
Jyotishi, Shri J. P.
Kachhavaiya, Shri Hukam Chand
Kamath, Shri Hari Vishnu
Kunhun, Shri P.
Nair, Shri Vasudevan
Ray, Shrimati Renuka
Roy, Shrimati Saradish
Umanath, Shri
Vyas, Shri Radheial

**Mr. Chairman:** The result of the Division is: *Ayes*: 60; *Noes*: 17;

*The motion was adopted.*