

PERSONAL EXPLANATION BY A MEMBER

Shri Kamath (Hoshangabad): Sir, before we proceed with the discussion on these clauses may I make a very brief one minute statement by way of personal explanation because I was not in the House the other day when something was said about me?

Mr. Speaker: Order, order. I think it would be better if the hon. Member first sees me in my chamber and let me know what personal explanation he wants to offer, and then, of course, I shall consider as to whether he should be permitted to do so.

Shri Kamath: Is it one of the new rules that I should see you in the chamber in this connection?

Mr. Speaker: Yes, that is the rule; because I do not want to give an opportunity again for a further personal explanation and points of order. I must be satisfied as to what is being or going to be spoken about.

Shri Kamath: Very well; I shall see you later.

COMPANIES BILL—contd.

Clauses 284 to 322

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Sir, with your permission I wish to explain the Government amendments to clauses 284 to 322. The amendments are: No. 359 to clause 286, No. 360 to clause 287, No. 600 to clause 292, No. 361 to clause 299, No. 361 to clause 301, Nos. 262, 363, 364, 365 and 366 to clause 308, No. 367 to clause 309, No. 368 to clause 310, Nos. 369 and 370 to clause 313, No. 661 to clause 315 and No. 664 to clause 316.

[MR. DEPUTY-SPEAKER in the Chair]

Most of them are of a drafting nature. There are two important amendments and they are No. 359 to clause 286 and No. 661 to clause 315. However, I will just give an explanation to all these amendments in a very short way.

First I will speak about amendment No. 359 to clause 286. The explanation to that is that we have redrafted clause 286 so as to provide for the following two points. Firstly, where one-third of the total number of directors contains a fraction, where it is more or less than one-half it should be treated as one. For instance, if the total strength of the board is 7, one-third thereof will be 2-1/3 and in such cases the quorum will be 3 and not 2. Similarly, where the total number of directors is 11, the quorum will be 4 and not 3. That is one purpose of this amendment.

Secondly, where there are interested directors and their number exceeds two-thirds of the total strength, the quorum is to consist of the remaining directors only; that is to say, those who are not interested will form the quorum. For instance, if there are 12 directors and if 10 of them are interested, the quorum will be 2—12 minus 10—and not 4, one-third of 12.

In the case of giving or taking of a loan from a well-known bank like the State Bank of India or the Central Bank of India in which most directors of companies might hold shares, where the present company practice is to reduce the quorum in such cases by the articles—under the existing law this matter of quorum is dealt with in the articles. But under this Bill the provision for quorum is put in the main portion of the Bill itself and not in Table A. A company cannot make a provision regarding quorum in the articles which is inconsistent with that contained in a main clause in the Bill. That is the second purpose of redrafting this clause 286.

The proviso made to sub-clause (2) of clause 286 is in accordance with and gives effect to the present company practice which obtains in regard to most companies. This is the second of the alternatives suggested by certain people and we have accepted that suggestion.