[Shri Vallatharas]

The last point that I wish to submit is this. The industry is growing. The need for the formulation of well-disciplined shipping process is a necessary transport in the interests of the nation. A seperate Minister can be placed in charge of this. The same view has also been expressed in the report of the Estimates Committee. I hope the Government will pay due consideration to this.

Shri Alagesan: As far as the quotation of the hon. Member goes, I have only to say that the Hindustan Shipyard is being completely nationalised. We are manufacturing ships. The pace of production may be slow, but I hope it will be increased in the future. Steps, I understand, are being taken towards that direction.

Shri K. K. Basu: The Scindias have shares. It is not nationalised. Unless we have a different registration, you cannot say that it is nationalised.

An Hon. Member: Scindias is part of Government.

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.

CAPITAL ISSUES (CONTINUANCE OF CONTROL) AMENDMENT BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

"That the Bill further to amend the Capital Issues (Continuance of Control) Act, 1947, be taken into consideration."

As the Lok Sabha is aware, control of capital issues was first introduced in May 1943 under the Defence of India Rules. It was continued after the termination of the war by an Ordinance, thereafter in 1947 by an Act for a term of three years and it was again successively extended in 1950 and 1952. The Act as it stands expires on the 31st of March 1956.

The Lok Sabha will recall that when the control was first introduced in 1943, the object was primarily to conserve the available investible resources of the country with a view to their utilisation for the furtherance of the war effort and for other priority purposes and secondarily to combat inflation. After the cessation of hostilities, the control was continued partly for this latter purpose and partly as a preliminary step towards the evolution of a national investment policy, designed to secure a balanced investment of the country's resources in industry, trade and agriculture. Capital Issues Control has helped to secure this object not only by preventing resources from being invested in non-essential projects or in a manner which runs counter to the accepted policies of the Government, but also by providing the only legal basis for the regulation and the control of all investments which fall outside the scope of the Industries (Development and Regulation) Act, 1951, and in fields not directly covered by the programme of investment in the Five Year Plan.

Apart from this main object of this Bill which is thus to prevent the diversion of investible resources to non-essential projects, the control has also been used for many other purposes. The more important of these purposes which may be called ancillary purposes are: the regulation of the issue of bonus shares, regulation of capital reorganisation plans of companies including mergers, and amalgamations which involve the use or re-issue of capital, the regulation of the capital structure of companies with a view to discouraging undesirable practices, namely, issue of shares with disproportionate voting rights and encouraging the adoption of sound methods and techniques in company floatation, regulation of the terms and conditions of additional issues of capital, that is issue prices of new shares, underwriting and brokerage charges, regulation of the timing of private issues of capital and finally the regulation of the issue of capital by banking and insurance companies.

I shall now give a brief review of the working of the controls since the present Act was extended in 1952. The number of cases in which capital issues were sanctioned rose slightly from 254 in 1952 to 289 in 1955, the number in the intervening years being 232 in 1953 and 220 in 1954. The total amount of issue involved in these sanctions rose from Rs. 39·8 crores in 1952 to Rs. 81·4 crores in 1953, Rs. 110·6 in 1954 and Rs. 125·4 crores in 1955. I have a break-up of these amounts here for each year of the initial issue for cash or kind and additional issues for cash or kind and bonus issues and if any Member wants that break-up later on, I shall be prepared to supply the figures.

The bulk of these issues was in the form of equity shares, the distribution of the sanctioned issues as between equities and fixed interest bearing securities varying between 67 per cent. in 1952 and 45·5 per cent. in 1955.

There is one point relating to these figures to which I should like to draw the attention of the Lok Sabha. The figures of consents quoted do not show the actual amount of capital raised by the companies against these consent orders. Whenever issues of capital are sanctioned, companies are, as a rule, allowed a period of 24 months to raise the amount sanctioned, and are required to submit a statement to the Controller of Capital Issues at the end of the first 12 months and thereafter at the end of every six months showing the amount actually raised by them. So, even if the companies were to submit the returns due from them regularly it would have been difficult to estimate the capital actually raised against the consent orders till, at any rate, a period of 12 months had elapsed from the date of the consent order. In practice, however, very few companies regularly submit the returns due from them, and one of our important administrative problems relating to the working of the capital issue control in recent years has been to reorganise and strengthen the machinery for follow-up work. Suitable separate cells for this purpose have recently been created in almost all the important offices of Registrars of Joint Stock Companies and the assistance of the organisation of trade and industry has also been invoked. In the light of these recent developments I hope and trust that it will be increasingly easier for us to obtain the data relating to the actual raising of capital against the consent orders issued by us.

There is one other matter relating to the administration of the Act to which I should like to refer. Section 11 of the Capital Issues (Continuance of Control) Act, 1947, provides for the constitution of an advisory committee consisting of not more than five persons to which the Central Government may refer for advice any such matters arising out of the administration of the Act as they may think fit. This advisory committee consists of representatives of organised trade and industry and of the general public and is usually presided over by a person with wide knowledge and experience of company matters, management and company finance. The advisory committee does not deal with individual applications or specific cases which, as the hon. Members will appreciate, must necessarily be left to the decision of Government. But the committee is always consulted on major issues of policy relating to corporate investments on which Government may consider it necessary to have the views of the committee. The help and assistance which Government have received from the advisory committee in the past has been invaluable and I should like to take this opportunity of acknowledging the services which the members of the advisory committee have rendered to the administration.

The Lok Sabha may like to have some details of the extent to which it has been possible for capital issue control to screen undesirable investments since this Act was extended in 1952. The total amount of capital involved in applications for consent which were rejected was the largest in 1952 being Rs. 112·5 crores, but I must point ou that this was accounted for mainly by the rejection of two erratic applications of Rs. 50 crores each. In subsequent years the amounts of the refusal were Rs. 8·4 crores in 1953, Rs. 6·4 crores in 1954 and Rs. 26 crores in 1955. Therefore, during the last four years if we exclude those two cases of Rs. 50 crores each, the total amount of capital involved in other applications which were rejected would amount to Rs. 53 crores. In other words, it may be reasonable to infer that but for the operation of this control a demand for this additional amount of capital which was no *prima facie* in the public interest might well have been placed on the limited capital resources of this country. This fact would in itself have been reason enough for continuing this control indefinitely. But, in the context of the Five Year Plan which will call for the mobilisation of the entire investible resources of the country for the implementation of approved projects both in the public and private sector, capital issue control has become a specially important financial weapon in the repertory of the administration for regulating and directing the flow of funds in accordance with the requirements of the Plan. And the need for effective and understanding use of this weapon is, I think, already part of the currently accepted thinking on this subject. I have briefly alluded to this in the Statement of Objects and Reasons.

[Shri C. D. Deshmukh]

So, with these words, I beg to move that the Bill may be taken into consideration.

Mr. Chairman: Motion moved:

"That the Bill further to amend the Capital Issues (Continuance of Control) Act, 1947, be taken into consideration."

I may inform the House that the time allotted for this Bill is four hours.

The House will take up Private Members' Bills at 3 p.m.

Shri Asoka Mehta (Bhandara): I welcome this effort to continue the control on capital issue in our country. I agree with the Finance Minister when he says that the need for such control is greater today than even before because there can be no economic planning, there can be no mobilisation of scarce resources in the channels desired without this kind of control. I have, therefore, no disagreement about the need for such powers in the hands of the Government.

But I would like to take this opportunity to review the working of these powers to see how far these powers have been used in a manner that has furthered the general policy that was so ably outlined by the Finance Minister just now.

We are all agreed that in the next five years we shall have to mobilise our limited resources and utilise them to the best possible purposes. I do not know how far the Finance Minister feels that this measure will be necessary to combat inflation. I personally feel that the danger of inflation is quite serious, and as some economists have pointed out, there is possibility of a rise in prices by anything between 30 to 40 per cent. in the next five years. If that is so, even as an anti-inflationary measure, these powers would be useful and necessary.

As far as conserving available resources is concerned, and as the Finance Minister said, as far as preventing diversion of scarce resources to non-essential purposes is concerned, may I invite your attention to one or two interesting cases that I have come across? In 1951-52, for instance, sanction was given for a total sum of Rs. 59·6 crores. Out of it, sanctions were given to two concerns for raising capital worth Rs. 5 crores each: one was the Mamata Films and the other was the Everest Filmlands (International); Rs. 10 crores was raised in respect of both these concerns. I do not know whether these sums were actually raised or not. I am afraid I know very little about the film industry. But I wonder, when the resources were so scarce, whether Rs. 10 crores should have been permitted to be diverted to the Mamata Films and the Everest Filmlands (International).

Then again, we have ben told that this particular measure is to be used for the purposes of evolving a national investment policy. I shall go into it in details a little later. But may I point out that the Finance Minister referred to agricultural investments also? I find that till 1955, no separate break-up figures were given about investments in agricultural and allied activities, with the result that it is impossible to know from the available material—the Finance Minister perhaps may be having the information, but I am not able to find it—as to what percentage, if any, has gone into agricultural and allied activities.

Only in 1955, was this particular category introduced for the first time. I find that in 1955, sanction was given for raising just Rs. 3:2 crores for agricultural and allied activities. It comes to a little less than 2·5 per cent. of the total capital for raising which permission was given during that year.

The Finance Minister has told us something about regulation of bonus shares and the rest of it. There, as I shall try to show in a minute, I do not think these powers have been well or adequately used. If we look at the working of this Act, we find that between 1947 and 1955, in all, permission was given for raising capital worth Rs. 735 crores. And as the Finance Minister has pointed out, I believe permission was granted in all to 2,357 applicants. Now, there has been a steady fall in the applications made, or at least the applications granted, from 375 in 1948 to 220 in 1954. But we are happy to find that at least in 1955, the upward movement has started. Out of these Rs. 735 crores, industrials accounted for Rs. 540 crores, and non-industrials accounted for Rs. 192 crores; or roughly, the breakup is 73 per cent. as against 27 per cent. And when we study the year-to-year fluctuations, we find that the fluctuations are much greater in non-industrials compared to industrials.

The point that I would like to make here is that initial issues between 1948 and 1955 account for only Rs. 260 crores, or roughly 36 per cent., while further issues, to existing companies account for Rs. 420 crores, or 64 per cent. The Finance Minister also gave some figures, but I was not able to catch them properly. But I believe his figures and my figures would tally, because the sources are the same. I find further that out of permission given for further issues to existing companies, bonus shares account for Rs. 91·7 crores, or perhaps 15 per cent., while others account for Rs. 328·4 crores. We thus find that initial issues account for only a third of the amount for which permission was given; nearly two-thirds of the amount for which permission was given was in the case of existing companies that were trying to expand themselves.

I find from *Reports on the Progress of Joint-Stock Companies in India* that is in my hands, that out of a total authorised capital of all the newly registered companies in 1952-55, the capital of 80 giant floatations alone amounted to 60 per cent. of this, the share of the government companies comes to 26 per cent.

During 1952-55, that is, the last four years, out of the total issue of Rs. 357·2 crores, existing companies accounted for a net increase of Rs. 124 crores, that is to say, over 40 per cent. of the increase was contributed by just 65 companies. It seems that new industrial enterprises are few and far between. It is the old established concerns that are expanding. It is a kind of an industrial imperialism, to which I have made frequent references in the past and that industrial imperialism seems to be continuing.

I find that at page 8 of the *Report on the Progress of Joint-Stock Companies* (1955) this is what is stated:

"The Coefficient of correlation between paid-up capital and changes therein works out to 0.4343. This calculation shows that there is a significant correlation between the two variables."

Mark the words 'There is a significant correlation between these two variables'. And what are those two variables? They are paid-up capital and changes therein, meaning thereby the larger a company, bigger an undertaking, the greater are the chances of its growing, expanding and developing. Now most of these are private concerns. Most of them are in the private sector. Is it our national investment policy that the big should become bigger, and the bigger should become still bigger?

I have been raising this question over and over again. The Finance Minister was good enough last time to tell me that the matter was under consideration. If I understood him aright, I would like to take this opportunity to know from him whether the consideration has reached the stage of policy formulation.

The next point that I would like to make is that in 1900, 86 per cent. of the total paid-up capital of all companies was accounted for by the three Presidencies, namely, Bombay, Bengal and Madras. In 1955, the figure has gone down to just 73 per cent. After 55 years, therefore, the distribution of industrial enterprises and commercial enterprises in India is such that they are still concentrated in certain areas. The concentration in 55 years has decreased only by 13 per cent.

Between 1953 and 1955, permission was given for capital issues totalling Rs. 317·4 crores, of which Rs. 154·3 crores or roughly 48:5 per cent. was accounted for by Bombay State, Rs. 73·2 crores or 23 per cent. by West Bengal, while four small States like Madhya Pradesh, Assam, Orissa and Andhra together accounted for just Rs. 12 crores or 3·8 per cent.

Now, this is a very important question because, I believe, this leads to the accentuation of internal tensions in our society. Part of the tension that has been generated in the recent linguistic controversy is traceable to this maldistribution not only of industrial enterprise in the country but of industrial leadership in the country. I have been inviting the attention of the hon. Finance Minister to this question on various occasion. (*Interruption*). I would like to invite the attention of the hon. Finance Minister to this very interesting study of *Occupational Mobility in American Business and Industry*, a recent publication. There are many things in this book to which I would like the hon. Finance Minister to pay his attention. But, I would particularly draw his attention to page 70, Table 20, *Distribution of 1952 Business Leaders by Region of Birth and 1900 Adult Population by Region of Residence*. The

[Shri Asoka Mehta]

whole of the United States is divided into 9 regions. If we look at the percentage of business leaders born in the regions and compare it with the percentage of U.S. population living in the region, we find that the productivity ratio region-wise — the distribution of productivity ratio — fluctuates between 0:40 to 1:47, say between I and 3½. In regard to productivity of different parts of the United States of America (the productivity ratio as far as providing business leadership is concerned), from a study of 8000 top leaders we find that the productivity ratio is between 0·40 and 1:47. I would very much like the hon. Finance Minister to get a study made of the productivity ratio of business leadership of our country in different regions. I am not aware of any such study but from what little information I have, I believe that the differences would be very very sharp.

I remember the speech that my hon. friend Shri More made the other day when he said something about the people of Maharashtra and spoke about their lack of enterprise or of the lack of opportunities for them to develop enterprise compared to the people of Gujerat, for instance.

Acharya Kriplani (Bhagalpur *cum* Purnea): Opportunities, perhaps.

Shri Asoka Mehta: These social tensions have been expressed on the floor of the Lok Sabha more than once. What are we doing about it? You claim to have developed a right national investment policy. I cannot conceive of a national investment policy which does not take into consideration some of these basic, fundamental, inelectable, sociological factors in our country.

Then again there is the problem of social mobility in business. I am sure the hon. Finance Minister knows that in the United States of America this question has been studied with a considerable amount of thoroughness. In a recent effort at bringing up to date the studies made by Prof. Taussigg and Jocelyn in 1928 it has been found that social mobility has increased in the United States in the last 25 or 30 years. Even then I find that there is not a single instance of a son of a landless labourer becoming a leader of business enterprise. There is not a single instance in the whole of the United States. But, as far as other occupations are concerned, there is a considerable amount of social mobility. On the whole, social mobility has increased slightly in the last 25 years.

What is social mobility in India? Ours is a caste structure of industries. Most of our enterprises are ultimately controlled by a limited number of castes, coming from a limited number of regions. What is the national investment policy about this? It is no use coming and telling us that so many applications were made and so many applications were accepted and so many were erratic applications. That is not—and I am sure the hon. Finance Minister would be the last person to say that it is—the be-all and end-all of national investment policy. A national investment policy therefore demands a readjustment of regional distribution of business enterprise and enterpreneurial talents—to discover them. That is why I have been advocating over and over again the setting up of industrial estates and trading estates, giving opportunities to the people in those parts of the country where such talents do not exist today and making it possible for them to discover those talents. Let them make mistakes; even if you lose Rs. 50 crores, I would think that that loss is worth making in order that people who have not got the know-how of industrial enterprise may learn them. I would not welcome that all economic activity in this country be submerged into the public sector. The private sector is necessary but the private sector is welcome only if it is not exclusively occupied by a few giant concerns, organised by men from limited regions. If there is room for all kinds of small people to work our enterprises and through those enterprises ultimately be able to get the know-how for industrial and business enterprise, that way alone economic development can take place. Economic development is not accumulation of capital alone; economic development is not the drawing up of a plan; economic development is distributing on the widest possible scale the initiative for enterprise, the desire to do things and the ability to do things, learning even through mistakes. Where is your national investment policy where these kinds of facilities are being porvided where the lack and lag of wages is sought to be overcome? Even in the Plan I have not found any kind of a development policy to overcome this lack and lag.

If we further study the capital that has been raised or the permission that has been given for raising capital in 1953-55, we find that 20 per cent. of all the applications accepted, that is 150 in all, came from 5 industries, cotton spinning and weaving, cement, shipping, rayon and refineries, and they accounted for Rs. 139 crores or 44 per cent. Now on the whole, I feel that there is a broadening of the base and shift in im-shift in importance. I welcome this broadeningof the base and shift in importance of different industries in our country. But, I again would point out that the weakest link in the chain is that the distribution remains concentrated in a few areas. I shall not labour that point further.

I find that the number of non-Indian companies or non-Indian resident companies floated between 1953-55 is 332. The amount allowed to be issued by non-resident companies comes to about 22 per cent. of the total amount permitted. It is one-fifth of the amount that has been permited to be raised. I do not know if it is a wise policy; whether the hon. Finance Minister has been pursuing it knowingly and deliberately.

Again, I find that between 1916-17 and 1954-55, there has been twelve-fold increase in the total number of companies. But public companies have increased only four-fold and private companies have increase ninety-five-fold. There has been eleven-fold increase in the paid-up capital. But the paid-up capital of public companies increased only by 7·7-fold. The paid-up capital of private companies has increased fifty-four-fold and there has been a marked, significant and decisive shift from private companies to public companies. Is it a part of our national investment programme, I would like the hon. Finance Minister to tell us?

The last point that I would like to make is that I find the share of the engineering industry in the total paid-up capital was 2·1 in 1920-21; it was 1·8 in 1938-39 and 2.6 in 1947-48 and it was 2:8 in 1954-55. Why is it that the engineering industry in India is not developing? We are happy, we are proud that we are going to fabricate so much of steel in our country. But, as I raised the question last time during the Budget discussion, it is no use setting up steel plants in the country if adequate efforts are not made to develop engineering industries and fabricating factories in our country.

I find that right from 1920-21 to 1954-55, for a period of about 35 years, the share of the engineering industries in the total paid-up capital in the country continued to be the same. It fluctuates between two per cent. and less than thre per cent. There must be something wrong. I do not know how we can say that we have a national investment policy when some of these points are not even touched and are not even considered. I had hope that the Finance Minister would not give us merely the statistical data that anyone of us can get by looking up the relevant publications but would come to grips with some of these problems that are agitating us, problems that are agitating him as much as me. We have raised this question over and over again on the floor of the Lok Sabha and I must say that occasionally they have been sympathetically responded to by the Finance Minister. But I believe that in spite of all the ballyhoo about the Second Plan, some of these deep-seated sociological difficulties and ills of our life are not being attended to with the seriousness that it deserves. And I would request the Finance Minister through you to take advantage of this opportunity to tell us fully what is the national investment policy that he has before him how far does he reconcile the conservation of available resources with the pervention of diversion of resources to non-essential purposes with the permission that is given to this kind of film companies in the country, how far this evolution of a national investment policy and regulation is soundly being carried out when we find only a few giants coming up in the country with a big capital, when we find that nothing has been done during the last 55 years,—I do not blame him for the period before the attainment of our freedom—to change the industrial enterprise or industrial entrepreneurship in the different regions of this country? These, to my mind, are basic questions which we may ignore only at our period. I hope and trust that whole we endorse the Finance Minister's demand that the powers that he has, be continued, his power will be used in a manner as will overcome some of the inadequacies from which the use has suffered in the past. I hope the Finance Minister will take advantage of this opportunity to tell us what these mistakes

[Shri Asoka Mehta]

are, if he accepts them as mistakes at all, and what steps will be taken to correct them in the future.

Shri C. D. Deshmukh: May I put one question through you to the hon. Member who has in mind, of course, very very valid arguments? To what extent does he think that this can be secured by this negative kind of control that we have over capital issues?

Shri Asoka Mehta: Under planning I thought that we are not dealing with negative controls; we are dealing with positive controls. We are willing and I should be happy to give powers which would make the negative control into a positive control. But what is the national investment policy? He will not come and tell us that. Once we agree to a common national investment policy, I am sure the Lok Sabha would only be too glad to endow the Finance Minister with any further powers that he wants. He has been using the ordinances so freely that he need not ask for our permission!

Shri C. D. Deshmukh: We are dealing with only one instrument here. The national investment policy of the kind the hon. Member wants has to be implemented through various other instruments also. They are a part certainly of national planning, but I am only wondering whether they are part of a measure like this. In other words, one should discuss it; but why does he expect me, piloting this Bill, to discussall that?

Shri Asoka Mehta: As the Finance Minister himself in his opening observations stated, this power to control capital issues is required for a variety of reasons and he listed those reasons in a manner which I can never rival. Having done that, he is asking us for these powers because they are needed for the objectives that he has outlined before us. Those objectives are very comprehensive. Whatever has been done, how has been the working of the capital issue control for the last 7 or 8 years? My contention is that the Act has not operated in a manner which would be consistent with the larger national interest, with the larger national investment policy that we are pursuing —may be through other measures. I am not saying that through this measure alone everything can be done. I hope the Finance Minister will not think that I am so stupid. But I am trying to point out that the working of this particular measure should be in conformity with the wider aims. He made certain general observations; he said that we should have a national investment policy. I should like to know how far he accepts some of the ingredients of the national investment policy that I have placed before him. If he accepts them, then it is up to him to show how far the working of the Act in the past has been in conformity with that policy. If it has not been in conformity, what steps does he propose to take now? It may be that this particular instrument is one of the minor controls, but the minor control has got to work in harmony and has got to work in proper co-ordination with the general policy.

Mr. Chairman: That is what the Finance Minister says.

Shri Asoka Mehta: Does he accept then that in the last seven years it has not worked in conformity?

Shri C. D. Deshmukh: That is exactly my quarrel with him. It could not have been worked through this Act alone. Let us for the sake of argument say that many other things should have been done to give a proper form and shape to the national investment policy. But I am still puzzled as to how all these desirable ends could have been secured through a negative piece of control like the capital issue control. For instance, I might just mention that we have the Industries Development and Regulation Act, under which licences are given in regard to expansion or establishment of new industries through Development Councils and so on and so forth. That is quite an independent domain, if I may say so, which belongs to my colleague, the Commerce and Industry Minister. Certainly there is coordination between the Commerce and Industry Ministry and the Finance Ministry in regard to this matter at ministerial and other levels. I am sorry I am making a speech, but I am very anxious to make this point clear because I am anxious to know how this particular Act either could be amended or could be worked by itself so as to secure the ends which the hon. Member has in view. That is why I am emphasising these matters. There is the Small-scale Industries Board, for instance, I am quite certain that with the Plans that we have formulated and the monies that have been placed at their disposal, it would be possible for them to do something in the matter, a very desirable matter which the hon. Member has mentioned. But I would like to know for my guidance how this particular Act could have been changed and how, after getting the Act amended, this itself could be operated so as to secure some of the results.

Shri Bansal (Jhajjar-Rewari): Will you allow this dialogue to continue between two hon. Members?

Mr. Chairman: This an important question.

Shri C. D. Deshmukh: I am not indulging in a dialogue. I am addressing my arguments through you. Does the hon. Member object to my addressing my arguments through you even if you call it as a dialogue between a Member and the Chair?

Shri Bansal: I am not objecting to it at all. I was only saying that other hon. Members....

Mr. Chairman: The hon. Member, Shri Asoka Mehta, may kindly send his concrete suggestions to the Finance Minister. The Finance Minister has said that he would welcome them. I am sure the Finance Minister will consider them.

Shri Asoka Mehta: I thought I have been very concrete and precise. My contention has been that this particular Act should be operated in a manner that would be in conformity with the larger national investment policy. Nothing is gained by saying that as far as the development and control of industries is concerned, it is with the Ministry of Commerce. I am not concerned with that. The Government is one that the requisite co-ordination is to be brought about. We had full five years when we had planned economy or economic planning in our country. During this period of five years, surely the working of the Capital Issues (Control) Act should have been such as would have furthered the general interest or the general policy that we have in view. I am not saying that this can be done by this particular Act alone.

The powers of the Minister of Commerce and Industry and the powers of the Minister of Production can all be brought together. What should be the nature of the co-ordination in the Government—it is more than I can say. But I am sure a machinery can be devised whereby this piece of legislation does not remain purely formal as I find it to have been. Some applications are made and except where the applications themselves are of an erratic character, the rest are automatically accepted. It does not lead to those fourfold objectives that the Finance Minister mentioned during his initial observations.

Shri Bansal: I must at the outset explain that I was not objecting to the dialogue or speeches that were being made. I was just saying that there are other Members also anxious to speak. If there was any misunderstanding about that, I want the Lok Sabha to take it in that light.

The dilemma, unfortunately, of the Finance Minister has been that, while my friend Shri Asoka Mehta has been singing his tune at the wrong window, the Finance Minister is responsible for it because he was coaxing him to do that when he stated that the object which he had in view in implementing this Act, the life of which we are extending was to have three of four ancillary policies, the national investment policy being one of them. My contention is that this Act has really nothing to do with the wider national investment policy. It is a very small Act and it mostly lays down as to the manner in which it has to be implemented. In my opinion it does not lay down anywhere at all as to what the broader policies are going to be. There is no mention here of the national investment policy or controlling the issue of bonus shares or keeping a particular proportion between the capital structure of the companies. Its purpose was—it even now remains—very limited and that is to conserve our capital resources and see that they are diverted only to such ventures which are necessary—in 1943—for the conduct of war &—after that—for the purpose of our national development. I do not know how far it has served this policy. Perhaps in the war time it might have done it. But even from what the Finance Minister has said, I do not think it is such a very important piece of legislation because he said that during the last three or four years capital issues to the extent of Rs. 50 crores—he may correct me if I am wrong—had been checked by this Act. This amount is not the correct index because Rs. 50 crores are just the capital for which permission was asked for. I do not know what percentage of the capital for which permission is asked for would actually fructify. Perhaps it may be forty or fifty per cent. There are no figures. From the figures which are issued, perhaps it would appear that the percentage is not over forty or fifty. But even if it is

[Shri Bansal]

fifty per cent, all that this Act has been able to do is to eliminate investment to the extent of about Rs. 25 crores over a period of three or four years. Frankly, I do not think that is a great achievement on the part of this particular Act. We should not forget that a very large sphere of the work which is supposed to be done by this particular Act is done by various other pieces of legislation. The hon. Finance Minister himself referred to the Industries Development and Regulation Act. The main instrument for controlling industrial development and therefore directing investment in certain desirable channels is there and not in this Capital Issues Control Act. That Act covers a very wide field. There are very few industries of any significance which are really outside the scope of that Act. Therefore, I should imagine that all the national investment policy which Shri Asoka Mehta had in mind is taken care of by the Industries (Development and Regulation) Act.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

I should imagine that under that Act this particular aspect is being looked after quite satisfactorily. My complaint is that even when some of the applicants are given licences under that Act, the Conrtoller of Capital Issues sits down and takes unnecessarily long time in sanctioning the issue of capital. I do not like to mention particular cases but I would like the Finance Minister go into that and see as to what are the reasons which weigh sanctioning applications which come through the Industries (Development and Regulations) Act and which are passed by the licensing committee. Why should those applications take so much time in his department. We heard some time back that there was some sort of a joint committee which was sitting where officers of this department as well as of the various other licensing departments were sitting together to see that the time-lag between the sanction of the application by one department and the other department was reduced. I have no doubt that it must be happening in a large number of cases but still there are some cases where this delay occurs and I would like the Finance Minister to look into such cases.

Shri C. D. Deshmukh: I am sorry to open another dialogue but I would like to ask whether the hon. Member believes that the field covered by both these Acts is exactly the same in that that a licence must automatically be followed by the grant of permission for capital issue. That is not the case.

There are certain powers. I give an instance. I licence is given to a certain company. Now, if they want to issue shares or to make some kind of special issues, that becomes a matter of capital issues and not a matter of licensing under the Industries Development and Regulation Act.

Shri Bansal: I fully agree and I am thankful to the Finance Minister. But the type of case which I have in view, as far as I know, is a straightway case and therefore, there was no such complication of the type involved. There are a few such cases and I think it will be worth the Finance Minister's while to look into them.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Will you kindly send them ? I would request the hon. Member to send his cases to us so that we may be in a position to find out whether there has been any unnecessary or undue delay.

Shri Bansal: I will be glad to forward to the Finance Minister such cases as I have in my possession. All that I was trying to point out was that within a certain field both the Industries (Development and Regulation) Act and the Control of Capital Issues Act overlapped each other and within that field there should not be a great wastage of time.

Mr. Chairman: Now, the hon. Member may resume his seat. It is time for private Members' business.

Shri Bansal: I have got a lot more to say on this. Will I be allowed to continue my speech ?

Mr. Chairman: Certainly.

3 P.M.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

FORTY-FOURTH REPORT

Shri Altekar (North Satara): I beg to move:

> "That this House agrees with the Forty-fourth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 22nd February, 1956."

This is a report in connection with the categorisation of four Bills and they are all categorised in clause (b) of the report. There is also another item in