

Shri Nana Patil (Satara): My button has not worked. I want to vote for 'Noes'.

Shri Pocker Sahib (Manjeri): The button on my table has not worked. I want to vote for 'Noes'.

Shri Sampath (Namakkal): My vote has not been registered.

Mr. Deputy-Speaker: If it was by mistake, then I would not correct.

Shri Sampath: It is not by mistake. It has not been recorded.

Shri B. C. Prodhan: (Kalahandi-Reserved-Sch. Tribes): My button has not worked. I want to vote for 'Noes'.

Shri J. R. Mehta (Jodhpur): My button has not worked. I want to vote for 'Ayes'.

Shri Hanmanth Rao (Madak): My button has not worked. I want to vote for 'Ayes'.

Mr. Deputy Speaker: The result of the division* is as follow:

Ayes: 175; Noes: 58

So, the 'Ayes' have it. The motion is adopted.

The motion was adopted.

Shri G. B. Pant: I introduce the Bill.

12.26 hrs.

FORWARD CONTRACTS (REGULATION) AMENDMENT BILL†

The Minister of Commerce (Shri Kanungo): I beg to move for leave to introduce a Bill further to amend

the Forward Contracts (Regulation) Act, 1952.

Mr. Deputy Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the Forward Contracts (Regulation) Act, 1952."

The motion was adopted.

Shri Kanungo: I introduce the Bill.

COMPANIES (AMENDMENT) BILL

Mr. Deputy-Speaker: The House will now proceed with the further consideration of the following motion moved by Shri Kanungo on the 15th November, 1960, namely:—

"That the Bill further to amend the Companies Act, 1956, as reported by the Joint Committee, be taken into consideration."

Shri Prabhat Kar was in possession of the House. He has taken two minutes already. He may continue his speech now.

Hon. Members are aware that we have to conclude the general discussion and the reply thereto by 2.30 P.M. because at 2.30 P.M. we have to take up Private Members' Resolutions. How long will the hon. Minister take?

Shri Kanungo: Shri Lal Bahadur Shastri will reply to the debate. He would take about an hour.

Mr. Deputy-Speaker: I shall call him at 1-30 P.M.

Shri Prabhat Kar (Hoogly): Yesterday, I was pointing out that it was not only Shri M. R. Masani who had suggested that all the provisions that

*Names of Members who had recorded votes have not been included under the direction of the Speaker as the photo copy of Division result did not clearly show the names of all members.

†Published in the Gazette of India Extraordinary Part II—Section 2, dated 18th November, 1960.

have been included in this amending Bill would create complications in the working of joint-stock companies and retard their progress and, therefore, they should be left alone without any impediments being put on their progress, but three Members of the ruling party, namely Shri Somani, Shri Babubhai M. Chinai and Shri P. D. Himatsingka have also expressed similar apprehensions in their minute of dissent.

The point is that those who represent the big money interests feel that they should be allowed to run their companies in their own way, and any legislation to regulate their working will create complications in the working of joint-stock companies. When the Companies Act was passed in 1956, there was widespread apprehension raised by these persons that it would retard the progress of the joint-stock companies. But we find that during the period 1956 to 1960, more than three complete years, it has not done anything of that kind. Far from being hampered, the corporate sector has made tremendous strides from the point of view of the fulfilment of the Second Five Year Plan. Their profits have increased, and their dividends have increased. So far as the capital is concerned, during this period, it has increased by leaps and bounds. Now, when these amendments have been put in, it is said that it will create complications in the working of the companies.

Another point raised was that the joint stock companies are formed with a view to earn profit. Production is for the community. I do not know how in the year 1960 when we are talking of a Third Five Year Plan and discussing it after two successive Plans which we have passed through, I do not know how in a planned economy such as ours, such a concept can still be advocated that production is meant for profit, and there must not be any hindrance put on the working of joint stock companies whereby their profit is to be regulated. It is admitted on all hands that the economic

life of the country is dependent on the success of the Plan and planning means proper guidance and proper control over production and distribution. If some people think that production should be meant only for profit and not for the community, I would say that they will have to go out of joint stock company business because their ideas are not only suited but will not be accepted by anybody in this country.

I will not deal with the details of all the provisions of the Bill. I would only draw attention to two or three specific points which have already been discussed here. First, I turn to clause 43A dealing with public companies and private companies. The new clause which has been incorporated has really created such a complication that I feel it will be difficult for the administration to operate it in practice; there are so many provisions and other things put in here that I do not know how it will be possible for the Company Law Administration to detect the mischiefs that might be committed through all these provisions by the companies intent on doing so. We know that so far as these matters are concerned, the big money interests employ the best brains in the country to circumvent the provisions of the law.

I would only draw attention to one point. I would ask why it is necessary to give private companies relief from the provisions of the Companies Act. So far as the private companies are concerned, the restriction is that the number of shareholders should not exceed 50, but so far as their working and their domain are concerned, they can enter into any sort of business. In that case, if they deal with large amounts, they deal with production which affects the community. So there is no reason why the provisions of the Companies Act which puts some control over the working of public companies should not also be made applicable to the private companies. I

[Shri Prabhat Kar]

would request the hon. Minister to consider doing away with this distinction between private limited and public limited companies.

Coming to new clause 70 regarding special audit, much has been said about it. It has been argued that once Government order a special audit, the company concerned will be humiliated and the auditors who had first audited the balance sheet would also find it difficult to carry on in their professional world. Shri M. R. Masani says that we should leave the matter to the shareholders and directors, and if they do something wrong, they will suffer and the company will go into liquidation, but we should not interfere. I want to draw the attention of the House to two or three points. Today joint stock companies get loans from banks—huge loans—to run those institutions. If a particular company goes into liquidation, it is not simply the shareholders who will be hit; it will hit the bank and the depositors' money, for which Government are also responsible. Today, the Industrial Finance Corporation, the State Financial Corporations and other financial corporations give loans to companies for their operations. If any of these companies indulges in malpractices and goes out of existence who is going to suffer? It is not only the shareholders, but the community at large which will suffer. Government have got a direct responsibility to look into the working of these companies.

Apart from that, today as a result of the closure of companies, we have seen huge numbers of workers being thrown out of work. They are being retrenched or dismissed. Often, we have found in industrial dispute that it has been held by courts, and advocated by those persons whose cause Shri M. R. Masani is advocating here, that in the distribution of the profits the matter should not be left only to the shareholders and the workers, but the community should also be considered. Now at the time of depriving

the workers, the community should be approached, but at the time of indulging in malpractices, the community should not come into the picture; it should be decided by the board of directors and Government should not interfere. This is their logic. They say Government should not come in because a special audit will create complications in their work. The special audit will reveal how they have been manipulating the business to the detriment of the shareholders and the community. That is why this new clause 70 has been put in. It is very very important. I welcome it and I congratulate the Joint Committee on having put it in the Bill.

One good thing is that under clause 181, in respect of retrenchment compensation preferential payment has been provided for. But it has been restricted only to Rs. 1,000. You know that very recently there have been closures of many textile mills because of malpractices and mismanagement. The first person to be hit by these malpractices of the board of directors is the poor worker. Even then, the compensation to which the workers are entitled under law could not be secured. It has now been provided that they should be given preferential payment, but it has been restricted to only Rs. 1,000. I would request the hon. Minister to consider increasing the limit to Rs. 2,500, because when a worker goes out of job, it will not be possible for him to maintain himself on the amount of Rs. 1,000.

As regards clause 99 which deals with sole selling agency, the point has been raised that there should not be a restriction on sole selling agency. Today it is not restricted in that way. According to the amendment, the Government will consider the terms and conditions of the sole selling agency and if they are not in the national interest, they will step in. I want to ask why there should

not be a restriction on the sole selling agency system. Today the price of every commodity is rising as a result of which the common people are suffering. The prices that are prevailing in the market have no relation whatsoever with the cost of production. Over and above the cost of production, the agency commission is there which is fixed in such a way that they will earn more profit. So naturally the commodities that are coming in the market will be more costly than they should be. Under the circumstances, it is necessary for Government to have a check on the terms and conditions of the sole selling agency.

Shri M. R. Masani in his Minute of Dissent has hinted that it may be that the Government are thinking of bringing the State Trading Corporation into the picture. I do not think that Government are thinking on those lines. I would welcome it if they are. I would suggest that it is necessary that so far as the distribution is concerned, it should not be left in the hands of the private entrepreneur whose only aim is to earn profit and not equal distribution; it should be handled by the State Trading Corporation, although I know that the STC is not thinking on those lines. In these matters, we should be rather clear about the working of the joint stock companies. We are today thinking of distributing the industries to the backward areas so that industries may not be concentrated in one particular place. What has the private sector done about it till now? It will not go to any region where it is not sure of any profit. There are so many backward places and still they have not opened their industries there. They are after profit and not interested in the service of the community. If things are left in the hands of the private sector, without proper control and guidance, the country will not develop.

Much has been said about the contribution to the political parties. Shri

Morarka spoke as if we were thinking of it just now. It is not a new thing. Perhaps it may be the first time that it is brought under the Companies Act as a charity. The feelings of all Members—Both the Congress and the Opposition—had been expressed. But it is not so simple as is sought to be explained. The question was asked whether the Government or the ruling Party was influenced as a result of the contributions or not. When there is every possibility of its being misunderstood, it is only fair that this clause should have been deleted. Even the Judges did not like this. They are not politicians belonging to this party or that party. I do not want to quote what Justice Chagla had said. The Government should reconsider this particular issue.

The Companies Act of 1956 was expected to see that there was no concentration. It is yet to be fulfilled. From the report of the Company Law Administration, we find that various lacunae still exist. Three companies of Birla Brothers control 50 companies with a share capital of Rs. 18 crores. 10 or 12 big concerns control 85 per cent of the business in India. Having agreed on a socialist pattern, it is necessary to break this concentration of companies in one or the other group. The Companies (Amendment) Bill has not yet been able to make a determined effort in this direction. So far as the other good provisions are concerned, I would strongly support them and I would urge reconsideration of the particular clauses on which I have commented.

Mr. Deputy-Speaker Shri Muniswamy. Shri Surendranath Dwivedy. Shri Jadhav. Shri S. M. Banerjee.

Shri Sinhasan Singh (Gorakhpur): Nobody is here.

Mr. Deputy-Speaker: Shri S. M. Banerjee is here.

Shri S. M. Banerjee: (Kanpur): Mr. Deputy-Speaker, Much has been said about the various clauses of this amending Bill and I listened with patience to the eloquent speech of Shri Masani, pleading for the private sector in the name of safeguarding free enterprise. He asked why Government should interfere in the affairs of businessmen who are grown-up people and who knew their interests or advantages. But it is not they alone who are interested in the companies; the community as a whole is interested in the working of a particular company. Perhaps you know that in a particular case where an ordinary worker was dismissed and there was an industrial dispute, the Supreme Court held that the particular dispute affected the industry and thus affected the community as a whole. So, the capitalists of the country cannot feel that they can manage or mismanage their affairs without the intervention of the community through the Government. The provisions through which the Government wants to interfere should be welcome, if we are interested in moving towards socialist pattern. If it were a socialist society it will be welcome and everything in this country, including Shri Masani, will be nationalised. So, he will have nothing to say at that time. Since people remain and think in a non-nationalised way, these things occur in their minds. I do not blame them for this compartmental thinking.

My hon. friend Shri Achar is not here now and he asked as to why a group of persons or company should not pay to the funds of a political party when an individual can pay. I know that certain political leaders are capable of confusing political opinion. Will these industrialists who pay contribution to the political party which is the ruling party, will they pay contributions for nothing? Shri Morarka threw up a challenge and asked how those people who contributed to the Congress election fund were rewarded. I would like to

quote from the famous report on the Life Insurance Corporation Enquiry which the Government did not like. It is the finding of the Vivian Bose Commission. On page 155 the report says:

"Then there are two important facts. Mr. Mundhra is proved to have obliged the Congress Party and two Congress Governments (the Central and the U.P.) in a large way on two occasions for political reasons. He paid the U.P. Congress Party a lakh and a half of rupees and the Central Congress Party a lakh on the eve of the elections; at any rate, if the payment was not made then the promises to pay were: Mr. Mundhra was not quite sure of the dates but he was definite that the moneys were promised shortly before the elections, and it is proved that they were paid either before or shortly after. It is also proved that he obliged the Central and the State Governments by inducing the B.I.C. Board of Directors to recall their closure notices relating to the Kanpur Mills in spite of the fact that he knew the B.I.C. would suffer anything from 20 to 25 lakhs of rupees as a consequence. This, again, was for a political purpose. Now, Mr. Mundhra is not the sort of person who would do those things unless he was reasonably certain of obtaining a *quo pro quo*. In the case of the donations, he said he gave them because he had 'faith'. . . ."

The word has been put within inverted commas because probably the hon. Justice wanted to put in 'faith in what, either in the integrity or dishonesty of certain parties'. Then he says:

"... in the case of the Mills he says that he was promised monetary assistance. We have no doubt that these seemingly generous gestures were not gratuitous.

Then, we have the fact that he did receive over a crore and a quarter of rupees not long after. These facts also fit into the picture that we are now scrutinising. We have no doubt that Mr. Mundhra expected to be 'rewarded' for his generosity and that his expectations were grounded on assurances given to him of pecuniary assistance on a large scale. After all, it was a sound business proposition to invest Rs. 27½ lakhs (2½ plus 25) with reasonable prospects of getting a crore and a quarter,...."

Sir, what else is required to prove it? Shri Morarka said that Mundhra was convicted, cases were brought against him by Government and, therefore, Shri Morarka said, he was not rewarded. I interrupted him immediately and said "Because he paid less". He said before the Commission, I believe, that there were many people who paid more. So I personally feel that this particular clause should not have been there. It will pollute the politics of the nation. It will not give any good name to the Congress Party in power. After all, they have a glorious tradition. The people respect them, the people love them. How is it that they have lost all confidence of the masses and they have more confidence on a few, handful of people who are exploiting this country for their personal ends.

Another question was put by Shri Morarka and I interrupted him and said that the Tatas also paid. I would read a portion from the speech of Shri Mahanty delivered in 1958 when a non-official Bill—the Companies (Amendment) Bill 1958—was being discussed in this House. Shri Mahanty said:

"I shall read out a relevant extract from the application of the Indian Iron and Steel Co., which came up before the Calcutta High Court. You will kindly bear me out, Sir, that our people and peasantry have to pay interest at the rate of 6½ per cent for

taccavi loans. But this Indian Iron and Steel Co., has granted a loan of Rs. 10 crores without interest. Similarly, Tatas have got another instalment of Rs. 10 crores loan without any interest, from the steel equalisation pool, which is, after all, consumers' money."

So, Sir, it is clear that these capitalists who pay to the election funds derive some benefits. I have no doubt about the integrity and honesty of the hon. Minister, Shri Lal Bahadur Shastri. I have the highest respect for him. Had I been a member of the ruling party I would have even suggested that he should be made the Chief Minister of our Uttar Pradesh to solve its problem. I have so much respect for Shri Shastri. But, unfortunately, there are certain things, and Shri Shastri with all his honesty will not be able to check that corruption, that degeneration which is coming into his organisation. What is the root cause of this evil? Why is it that actually the entire foundation of the Congress ruling party is shaking in this country? How is it that our beloved Prime Minister, Pandit Nehru, has to move in the country with a bag of cement to patch up the differences? It is only because a few capitalists of this country are trying to influence the ruling party and they want to project their politics in the Government.

So, I feel that this clause should be looked at from a different standard, and I hope the hon. Minister will kindly consider the opinion of this House and try to bring certain amendments which will eliminate this fear of corruption being injected in either the ruling party or any other political party.

As regards retrenchment compensation, I fully agree with Shri Tangamani and I feel that the views expressed in the note of dissent attached to the report of the Joint Committee by Shri Tangamani and Shri P. Ramamurthi should be taken note of.

[Shri S. M. Banerjee]

Then I come to the question of special audit. Why should we feel shaky about it? Why should there be any objection to the question of special audit. I know how the companies are working. I have experience of some companies in my own constituency. Some textile units were closed because of sheer mismanagement. One was the Kanpur Cotton Mills and the other was Atherton West Mills. Thanks to the hon. Minister and to the State Government, because they came to the rescue of the workers and saved them from starvation. An investigation was conducted. It was found that the Kanpur Cotton Mills were in the hands of the British India Corporation. It was the white people who looted our country because it was in their hands. So here actually it was a combination of loot by white people and Shri Mundhra and they converted the entire factory into a scrap. When the governmental machinery started working these mills they are working on profits. It is a clear example in Kanpur, and it is a lesson to Shri Masani or his party that these mills started making profits after the intervention of the Government.

After all, Sir, every money whether it is in the private sector or in the public sector is the money of this country, is the wealth of this nation. Therefore, the community as such should not suffer because some people wanted to commit suicide on their own or some people wanted to loot the country of its value.

I have another small advice to my hon. friend Shri Masani. He is very well opposed to political contributions. I would only request him to follow the spirit of his speech. Recently, Sir, his party chief, the most respected leader, visited Kanpur. I was surprised to learn that he was given a *thaili* of one lakh of rupees. Who gave it? It was given to him by the brother of a big capitalist. Sir, I do not want to mention the name of that gentleman. But he gave that *thaili* containing Rs. 1 lakh. Shri Masani objects to political

contributions. But what about the *thaili* which his leader got? He might say that that Rs. 1 lakh was paid by the ordinary people of Kanpur. But let me assure Shri Masani that I have the privilege to represent the ordinary people there and not Shri Masani. I feel that these donations also amount to the same thing.

So, there are persons who pay Rs. 1 lakh to the Swatantra Party. Sir, here I may tell you that the Swatantra Party has created one difficulty. All the independent candidates, they say, have joined the Swatantra Party. It has become difficult. They say that they are *swatantra ummidwars*. Even the name should be changed because it affects the independents in this country.

So, I say that Shri Masani's opinion should not be taken into account. Shri Masani has been singled out. I agree with what he said about political donations. But later on he has said that the private sector should be allowed to flourish at the cost of the nation. I say that should not be allowed.

With these words, Sir, I again request the hon. Minister to kindly consider this matter, whether companies should be allowed or should not be allowed to contribute to political parties. I again say, Sir, that public opinion can be confused by saying that an individual had a right to pay whereas a group of persons should not have that right. With due apologies to politicians, I say that the politicians can confuse public opinion to some extent.

Sir, I will finish in a minute with a nice story in this connection. There was a hot discussion among three persons: an engineer, a doctor and a politician. The discussion was to decide whose profession was the oldest. The engineer said that the entire universe was in a state of confusion and he removed that confusion with his brain. The doctor said, "I operated on Adam and Eve, and thus creation came." The politician laughed at them and said

merrily, "You both are wrong. You say that the universe was in a state of confusion. But do you know who created that confusion? It was I, the politician." So, the same politicians are capable of confusing public opinion. But I would only request him to consider this matter, namely, individuals do pay to political parties out of their faith and conviction. Therefore, let there be good name to the Congress organisation, the organisation of Gandhiji and Tilak, and let them not bring it down to the mud. That is the lesson not to the Congressmen alone but to all those people who believe in honest and clean politics.

13 hrs.

Mr. Deputy-Speaker: Shri Sinhasan Singh. There are three hon. Members who are still to be accommodated. So, I request the hon. Member to be brief.

श्री सिंहासन सिंह : उपाध्यक्ष महोदय, कल इस के कि मैं इस बिल के विषय में और बातें कहूँ, मैं निवेदन करना चाहता हूँ कि मेरे पूर्ववक्ताओं ने इस विषय में ज्यादा जोर पोलिटिकल पार्लियामेंट को कान्ट्रीव्यूशन देने पर दे रखा है और यह प्रकट करने की कोशिश की है कि मानों सारा दारोमदार इसी पर है। मैं कुछ अच्छा नहीं समझता कि पोलिटिकल पार्टीज किसी कपिटलिस्ट से चन्दा लें, लेकिन यह तथ्य है कि वे लेती हैं। कल घोष साहब ने यह कहा कि लोगों को मालूम हो या न हो, वे चन्दा देंगे और ये लेंगे। इस नये संशोधन से सब की कलाई खुल जायगी कि किस पार्टी को कितना मिला अभी तक कोई भेद नहीं था, पांच परसेंट दे दिया, पच्चीस हजार दे दिया और कोई देखने वाला नहीं था। इस सम्बन्ध में छागला साहब का नाम लिया गया है। उन्होंने कहा था कि जो रुपया दिया जाये, उस का प्रकटीकरण हो। मुझे यह देख कर आश्चर्य हो रहा था कि मसानी साहब इस बात का विरोध कर रहे थे और कह रहे थे कि चन्दा न लिया जाये और न दिया जाये।

वे इस सम्बन्ध में किसानों का नाम से रहे थे। मैं यह कहना चाहता हूँ कि किसानों को सब गुमराह करते हैं और चन्दा मिलता है कॅपिटलिस्ट्स से। जैसा कि श्री बनर्जी ने अभी कहा है, उन को एक लाख रुपए की थली मिली। वह थली कहां से आई? इस कानून के पास होने के बाद प्राफिट एंड लास एकाउंट में यह लिखा जायगा कि यह कहां से आई। तब मालूम हो जायगा कि किस को क्या मिला। जो कुछ कमजोरी या बुराई थी, जो कुछ छिपी बात थी, वह इस कानून के द्वारा साफ हो रही है। आईन्दा कम्पनी वाले भी चन्दा देते समय इस बात का ख्याल करेंगे कि चन्दा किस को देना है और किस को नहीं देना है। पहले बहुत से आदमी छिपे छिपे चन्दा ले लिया करते थे और उस का प्रयोग भी तैसे कर लेते थे। अब वह भी खत्म हो जायगा। इस लिए यह संशोधन का स्वागत होना चाहिए। हां, अगर मूल धारा का—चन्दा देने का ही विरोध हो, तो ठीक है, लेकिन मूल धारा में परिवर्तन नहीं हो रहा है। उस धारा में यह संशोधन हो रहा है कि आईन्दा दिया जाने वाला चन्दा प्राफिट एंड लास एकाउंट में लिखा जाये।

कुछ भाइयों ने कहा कि पहले क्यों न शायी कर दिया जाये। देने वाले को लिखना ही है। उस को अख्तियार है कि जब चाहे वह शायी कर दे। उस पर कोई रोक नहीं है। जो कल शायी होने वाला है, वह आज शायी हो सकता है। कुछ भाइयों को इस से घबराहट है कि शायी होने पर सब की कलाई खुल जायगी और यह कहने को नहीं रह जायेगा कि केवल कांग्रेस वाले ही चन्दा लेते हैं और बनर्जी भाई चन्दा नहीं लेते हैं। सब का मालूम हो जायगा। इस लिए कु लोगों को घबराहट हो रही है कि अब कलाई खल जायगी।

चूँकि समय भी कम है और गला भी खराब हो गया है इस लिए अधिक न कह कर जल्दी समाप्त कर दूंगा। १९५६ में जो बिल

[श्री सिंहासन सिंह]

आया, तो बड़ तूमार बंधा था कि इस बिल को इस उद्देश्य से लाया जा रहा है कि देश में जो पूंजीपतियों के हाथ में अधिक धन-संग्रह हो रहा है, वह कम किया जाये। इस लिए दफा ३२५ के मुताबिक यह निर्णय हुआ कि कोई दस से अधिक कम्पनियों का मैनेजिंग एजेंट कोई न हो और १५ अगस्त के बाद सब की मैनेजिंग एजेंटी खत्म हो जाये। श्री देशमुख ने उस समय कहा था कि अगर १५ अगस्त के बाद किसी की मैनेजिंग एजेंटी रिवाइव होनी हो, तो उस के ये कारण होने चाहिए कि उस के कारनामे अच्छे रहे हों, देखभाल अच्छी रही हो, उस के बिना काम न चलता हो, तब रिवाइवल हो। दुर्भाग्य से आज हमारे पास आंकड़े नहीं हैं कि १५ अगस्त को कितनी मैनेजिंग एजेंसीज खत्म हो गईं, उन में से कितनों को रिवाइवल मिला और कितनों को रेपयूज किया गया, ताकि इस बात का पता चले कि किन लोगों ने देश के हित में काम किया और इस लिए उन की मैनेजिंग एजेंटीस रह गई और किस लोगों ने अपने पद का दुरुपयोग किया और इस लिए उन को हटा दिया गया। ये आंकड़े हमारे सामने नहीं हैं।

बहुत से मैनेजिंग एजेंट इसी दौरान में सोल सैलिंग एजेंट बन गए। अभी कल ही एक भाई से बात हो रही थी, जो अपने साथी है और कंपिटलिस्ट हैं। उन्होंने कहा कि मैनेजिंग एजेंसी में रह ही क्या गया है, अब तो इस में इतना कंट्रोल है कि ज्यादा लाभ नहीं है। हम ने कहा कि अब सोल सैलिंग एजेंट ही सब कुछ है। इस को भी देखना चाहिए। जो मैनेजिंग एजेंट १९५६ और १९६० के बीच में मैनेजिंग एजेंसी छोड़ कर सोल सैलिंग एजेंट बन गए, वे सोल सैलिंग एजेंट रहें, तो कैसे रहें, क्योंकि रहें। मेरा तो सोल सैलिंग एजेंट पर ही आघात है। क्यों एक आदमी एक कम्पनी का सोल सैलिंग एजेंट बना दिया जाये, जिस का कुछ

काम नहीं है सिवाये यह कि बीच में पड़ कर इस के नाम या उसके नाम करे और कमीशन ले? वह और कुछ नहीं करता है। अगर सोल सैलिंग एजेंट होना है, तो गवर्नमेंट के स्टेट ट्रेडिंग कॉर्पोरेशन क्यों न सोल सैलिंग एजेंट हो जायें, ताकि जो कमीशन मिलने वाला है, वह सरकार को और राष्ट्र को मिले, किसी व्यक्ति को न मिले। लेकिन फिर भी सोल सैलिंग एजेंट रखे जाते हैं। न सिर्फ कायम रखे जाते हैं, बल्कि उस में बहोतरी भी हो रही है। पहली दफा में यह था कि छः महीने तक सोल सैलिंग एजेंसी का कन्फर्मेशन कम्पनी नहीं करती है, तो फिर वह खत्म हो जायगा, लेकिन अब छः महीने की बात निकाल दी गई है। अब वह एक बरस में कन्फर्मेशन करे, दो बरस में करे, कम्पनी की जेनेरल मीटिंग में करे और जनरल मीटिंग साल के बाद भी हो सकती है और नहीं भी हो सकती है। यह छः महीने की अवधि क्यों बढ़ाई गई? फिर उस के बाद ऐसी व्यवस्थायें की गई कि सोल सैलिंग एजेंट को काफी प्रोत्साहन मिला। मैं मंत्री महोदय से अनुरोध करूंगा कि अपने भाषण में वह बतायें कि सोल सैलिंग एजेंट की क्या जरूरत है, बीच में माल खाने वाले की क्या जरूरत है? अलग अलग सूबों और जिलों में सोल एजेंट क्यों न हों। एक आदमी को बिठा दिया गया है इस काम पर। और वह कौन होगा? वही जो किसी कारण-वश मैनेजिंग एजेंट नहीं हो सका। वह अपने भाई भतीजों को सोल सैलिंग एजेंट बना देगा और कम्पनी की सब क्रीम ले लेगा।

फिर यह सवाल है कि रुपया कहाँ गया, यह हम देखेंगे। अभी कुछ नहीं हुआ है। अभी अभी कुछ एनाउंसमेंट हुआ था कि हमारे देश का ४२ परसेंट धन बढ़ा है, लेकिन वह कहाँ गया, उस का पता नहीं है। आज देश में गरीबों की अवस्था ज्यों की त्यों है, उन की भख ज्यों की त्यों है। गवर्नमेंट ने यह पता

लगाने के लिए एक कमेटी बना रखी है कि वह ४२ परसेंट कहां गया। लेकिन महत्वपूर्ण बात यह है कि घन को इकट्ठा होने से रोकने के लिए कोई रुकावट नहीं की गई है। सोल सैलिंग एजेंट सब घन इकट्ठा कर लेगा। उस के लिए कोई रुकावट नहीं है, सिवाये इस के कि गवर्नमेंट इनकम टैक्स के जरियों कुछ ले ले। जहां तक इनकम टैक्स का सम्बन्ध है, एक भाई ने कहा कि तीन अरब रुपया बकाया पड़ा है। ऊपरी क्षेत्रों में रुपया इकट्ठा होने से रोकने के लिए कोई रुकावट नहीं है। हमारा लक्ष्य सोशलिस्टिक पैटर्न आफ सोसायटी स्थापित करना है। हमारा समाज बदलने वाला है। उस के बदलने का कब समय आयगा। देहात के कृषकों की जमीन की सीमा बांधने का कानून बनाना शुरू किया गया है। अभी वह लागू नहीं किया गया है। शहरों में रहने वाले धनी लोगों की आमदनियों पर जिन में हमारे मसानी साहब भी शामिल हैं, रोक लगाने का कोई सुझाव नहीं है और न ही कहीं पर इस बिल में इस दिशा में पग बढ़ाने का कोई निर्देश है। इस तरफ हम कदम नहीं बढ़ा रहे हैं। कब समय आएगा जब आप इस ओर भी ध्यान देंगे।

एक आखिरी बात कह कर मैं समाप्त करता हूं। हमारा प्रयत्न यह है कि पब्लिक सैक्टर और प्राइवेट सैक्टर दोनों तरक्की करें। अभी कल परसों की बात है हमारे मंत्री महोदय कह रहे थे कि प्राइवेट सैक्टर को कोयले का उत्पादन बढ़ाने के लिए वे प्रोत्साहन दे रहे हैं जिस पर हमारे विरोधी सदस्यों ने आपत्ति उठाई थी। माननीय मंत्री जी का कहना यह था कि देश की कोयले की जरूरतों को पूरा करने के लिए जो भी उपाय किया जा सकता है, किया जाना चाहिये। मुझे एक बात का दुःख जरूर है। हम पिछले दस बरसों में प्राइवेट सैक्टर और पब्लिक सैक्टर, दोनों को मिला कर ५० मिलियन

टन से अधिक कोयला पैदा नहीं कर सके हैं। राउरकेला और मिलाई में कोयले के कमी के कारण लोहे के उत्पादन पर प्रतिकूल असर पड़ रहा है। जब कुछ पूछा जाता है कि कोयला क्यों नहीं पहुंचता है तो कहा जाता है कि रेलवे से डिब्बे नहीं मिलते हैं और जब रेलवे वालों से पूछा जाता है तो वे कहते हैं कि कोयला उनको ढोने को नहीं मिलता। कोयला एक ऐसी चीज है जो अगर नहीं मिलता है तो सभी को शिकायत रहती है। सरकार करोड़ों रुपया खर्च कर रही है, पब्लिक सैक्टर भी है और प्राइवेट सैक्टर भी, लेकिन कोयला अपनी जगह पर रुका पड़ा है। मैंने देखा है कि इसी बीच चीन ने ३५० मिलियन टन तक कोयले का उत्पादन किया है, कैसे कर लिया है, यह मैं नहीं जानता हूं। लेकिन क्या वजह है कि हमारे लिए ऐसा करना सम्भव नहीं हो सकता है? हम ५० मिलियन टन पर ही रुके पड़े हैं। हमारे यहां प्राइवेट सैक्टर और पब्लिक सैक्टर है, मिक्सड इकोनोमी है और एक खिचड़ी सी बनी हुई है। खींचतान में हमारी गाड़ी आगे नहीं बढ़ पा रही है। मैं चाहता हूं कि मंत्री महोदय इस पर भी विचार करें और देखें कि हमें देश को किधर ले जाना है और किधर ले जा रहे हैं और देश की आवश्यकताओं क्या हैं, और विचार करने के बाद जिस निष्कर्ष पर पहुंचें, उसी के अनुसार अमल करें।

Shri N. R. Muniswamy (Vellore): I shall not take much time of the House. I shall briefly mention the few points I have got. My first point is about the contribution to political parties. Many friends have spoken both for and against this clause. I have got my own view regarding certain reactions which may follow. Originally companies have been giving funds whether knowingly or unknowingly, stealthily or openly. Now it has been legalised, because such funds can certainly be given under section 293 towards charitable purposes or purposes akin to that.

[Shri N. R. Muniswamy]

My only anxiety is whether Government companies also would be required to contribute to political parties. The section says, all companies can contribute and according to the tenor of the section, there is nothing objectionable on the part of Government companies also to grant huge sums or sums that might be possible or feasible to contribute to political funds. The opposition might possibly ask, since Government companies have come into existence from out of the Consolidated Fund of India and there being no shareholders excepting the taxpayers' money being there, whether it would be right on the part of Government to take away a chunk of the money to the extent of 5 per cent. or Rs. 25,000 whichever is greater. Even there instead of saying "whichever is less", they have said, "whichever is greater".

Even though the ruling party would not receive any money from the Government companies, I am afraid when the section says all companies can do it, it would mean even though the ruling party are not prepared to take money from Government companies, still the opposition would be saying something against this. So, I do not want to give a handle to the opposition. So, I would suggest that there should be a provision here that Government companies should not be allowed to do it, because the Auditor General is there. There are also other checks and it would lead to some confusion and trouble later on in the political field. So, I want a provision that excepting Government companies, other companies can offer such donations to political funds.

13.16 hrs.

[MR. SPEAKER in the Chair]

The other aspect is at the time of giving donations to any political party, in the Board of Directors, there may be some members who may want funds to be given to one party and some other members who may want funds

to be given to some other party. So, this dissension or disharmony can be created in the management of companies at the time of election or in any other situation. So, these two aspects might be borne in mind by the House so far as this matter is concerned.

The P.S.P. leader referred to judicial leniency in regard to punishment. I understand the courts have been somewhat lenient because the scheme and the structure of the Act are of such a nature that nobody can understand the sections. The Act was passed in 1956 and not even the company law administration department are able to make out what is really meant by a particular section. They referred some very conspicuous cases to the court and the courts have been somewhat lenient. For that, Shri Mehta suggested that instead of having a separate department for that, it is better to have an administrative tribunal to which any dispute between companies and Government can be referred. According to me, the decision of the tribunal would not be final. It is open to the Government to go against the tribunal's decision. I can only say instead of administrative tribunal, administrative court could have been suggested, because then the decision will be final. But all the same, since we are not advanced to the extent of having a clear conception of the whole structure of the Act, since we are still running slowly behind the schedule of other countries, I would suggest that the present company law administration is doing its best and so no administrative tribunal or court need be set up at this stage.

Then, I find in every fourth clause there is a penal provision. The penal provisions are so many in number and I am sure even the company law administration department will not be able to exercise all these rights. It looks as if they are wanting so many powers, but they may not be able to use them. That is the reason why I find they have incorporated clause 202

in this Bill seeking to add a new section 629A providing for penalty where no specific penalty is provided elsewhere in the Act. So, they are keener on seeing that commissions and omissions are punished than seeing that timely corrections are made and the companies which come into existence take proper heed or advice from the administration. Therefore, I would suggest that clause 202, which deals in an omnibus way asking for punishment for any act of omission or commission by the companies need not be there.

Then I come to the other aspect, and that is giving wide publicity to the Chairman's speech. Initially, before the Bill was amended by the Joint Committee it was in the minds of the hon. Members that not only the speech of the Chairman but also the minutes of the entire proceedings of the general body meeting should be given wide publicity. I do not know why they came to a different conclusion. The chairman's speech is only a one-sided picture. Instead of giving publicity only to that, if the entire minutes of the meeting are given wide publicity in the papers people will study the position and find out for themselves the position of the company. If we publish only the speech of the Chairman, that will be a one-sided picture and people will not be able to know the real financial and other position of the company.

With regard to the payment of dividend certain schemes have been tabulated in the Act. The companies must take into consideration several aspects before declaring a dividend. Before the payment of dividend, they have to see that the other charges on the company have been paid for.

Then it was stated that this Bill was rushed through without giving proper time for digestion of certain aspects. I would submit that this amending Bill, which has about 200 and odd clauses, has been pursued by the members of the Joint Committee for a period of 15 months. There were 27 to 30 sittings of that Committee and

not less than 16 to 20 leading witnesses of business houses, press, banking associations and others gave evidence before the Committee. We have carefully gone through the entire evidence and studied it closely. Since we have taken so much time on this Bill, to say that we have rushed it through is not charitable from my point of view. I feel that enough time has been given for members to consider all the aspects of the various clauses. Of course, we cannot say that we have done enough justice to all the clauses. But, then, as we gain experience about the working of the Act, we can bring in amending Bills as time passes. There is nothing wrong in bringing amending Bills. When our country is developing and progressing the statutes also have to keep pace with them and so amending Bills are bound to be there for some time to come. My feeling is that the Joint Committee has taken inordinately long time but then it had to face so many handicaps like considering a voluminous Bill, calling a large number of witnesses, considering their evidence and so on and giving opportunities to all members to participate in the deliberations.

I would say that the work entrusted to them has been very well done by the members of the Joint Committee and the Bill, as it has emerged out of the Joint Committee, is a great improvement over what it was when it was introduced here. So, I support the Bill for the reason that it is really an improvement over the original Bill.

श्री रा० स० तिवारी (खजुराहो) :
अध्यक्ष महोदय, कम्पनी विधेयक जो प्रवर समिति से संशोधित हो कर सभा में पेश किया गया है और जिसे वाणिज्य मंत्री जी ने पेश किया, उस के विषय में आज दो दिनों से विचार चल रहा है और उस पर खंडवार काफी विचार किया जाने वाला है। मैं इस विधेयक का समर्थन करने के लिये खड़ा हुआ हूँ। इस विधेयक में मैंने चार धारायें देखीं जो सारे विधेयक में मौलिक महत्व की हैं। धारा ७० में जो विशेष लेखा परीक्षक

[श्री रा० स० तिवारी]

की नियुक्ति की गई है वह कम्पनियों के काम के लिये सब से उपयुक्त हैं। वैसे तो वह कम्पनी ऐक्ट हमारे देश में १०० वर्षों से लागू है परन्तु वह अंग्रेजों के द्वारा बनाया गया था और उस से हमारी कम्पनियों का काम नहीं चल सका। स्वतंत्रता के बाद सन् १९५६ में उस में परिवर्तन किया गया, और उस परिवर्तन के आधार पर भी कुछ काम चला। लेकिन जब सरकार को पता चला कि उस परिवर्तन से भी काम नहीं चल सकता तो उन्होंने बहुत सी धाराओं को फिर बदला, बहुत सी धाराओं को जोड़ा और बहुत ही धाराओं को हटाया। इस प्रकार से विधेयक को सुन्दर रूप में यहां पर लाया गया है।

लेख: परीक्षक की जो नियुक्ति हुई है वह सारे कम्पनियों के काम के सुधार के लिये बहुत अच्छा काम किया गया है। अभी तक कम्पनियों के ही लेखा परीक्षक होते थे, उन्हीं के हिसाब किताब करने वाले होते थे। सरकार की ओर से उस की कोई देख रेख नहीं होती थी। अब इस नियुक्ति के हो जाने से सरकार का एक आदमी उस की अच्छी तरह से जांच करेगा और कम्पनी के हानि लाभ, उस की त्रुटियां और कमियां जो होंगी उन को हमारे सामने लायेगा। यह परिवर्तन सब से बड़ा और सब से सुन्दर हुआ है जिस का सब को स्वागत करना चाहिये था, लेकिन इसका हमारे बहुत से साथियों ने विरोध किया है।

धारा ४४८ में कर्तव्य पालन न करने की स्थिति में मालिक को दंड देने की व्यवस्था की गई है। अभी तक यह होता था कि जो मैनेजिंग डाइरेक्टर होता था एक प्रकार से सारी कम्पनी के पूरे का पूरा हिसाब किताब की देख बाल करने वाल होता था, उस की आमदनी को हड़प करने में मालिक की मदद करता था। मान लीजिये की किसी कम्पनी का २ लाख

रु० हड़प कर लिया और बाद में वह पकड़ा गया। ऐसी अवस्था में केवल ५०० रु० तक का जुर्माना करने का क्लाज था। ५०० रु० जुर्माना दे कर उस का २ लाख रु० का लाभ हो गया। आज हमारी सरकार ने इस क्लाज में ५०० के बजाय १००० रु० जुर्माना रक्खा है और सजा का भी क्लाज साथ में है। जब सजा और जुर्माना दोनों होने लगेंगे तब मैं समझता हूं कि इस तरह की चोरी नहीं हो सकेगी।

खंड ६० के द्वारा धारा २१० में यह व्यवस्था की गई है कि वित्तीय वर्ष का हिसाब करने के छः महीने पूर्व कम्पनी की जनरल मीटिंग बुलवाई जाय और जितने कम्पनी के शेयरहोल्डर्स हों, कम्पनी के अधिकारी हों, जो कि उस में हक लेने वाले हों, उन सब को साथ बुला कर सारा हिसाब किताब मंजूर कराया जाय। जो प्रजातंत्र का उसूल है उसी ढंग का उसूल इस में भी रक्खा गया है।

मैं समझता हूं कि यह चार पांच बातें जो हैं वे इस विधेयक की जान हैं और उनके अन्तर्गत जितने मामले आते हैं उन को देखते हुए हम को इस विधेयक का स्वागत करना चाहिये था। आम तौर से लोगों ने स्वागत किया भी है, केवल दो चार आदमियों ने नहीं किया।

इस विधेयक में एक और क्लाज है जो महत्वपूर्ण है और वह यह कि लाभांश बांटने से पूर्व बोनस या मजदूरों की मजदूरी अदा कर दी जाय। यह सब से अच्छी चीज है इस लिये मैं इसका समर्थन करता हूं।

कुछ माननीय सदस्यों ने इस में यह उलझन डाली है और इस का विरोध किया है कि राजनीतिक पार्टियां कम्पनियों से चन्दा लें। उन्होंने कहा है कि राजनीतिक पार्टियां कम्पनियों

से चन्दा न लें। यह बात उन्होंने विशेषकर कांग्रेस पार्टी को ले कर कहा है हालांकि सभी पार्टियां चन्दा लिया करती हैं। मैं उन लोगों से निवेदन करना चाहता हूं कि उन्होंने उस क्लज को नहीं देखा है जिस में यह कहा गया है कि जिस दिन वित्तीय वर्ष का अन्त हो उस के छः महीने के अन्दर सब खर्चा पास करा लेना चाहिये। उन लोगों ने यह भी कहा है कि कोई भी व्यक्तिगत चन्दा दे सकता है। मैं समझता हूं कि व्यक्तिगत चन्दा लेने में और कम्पनियों से चन्दा लेने में कोई अन्तर नहीं है जब कि कम्पनी का सारा खर्च छः महीने के अन्दर पास करा लिया जाना है। उस में वे खर्च भी पास हो जायेंगे जो कि चन्दे में दिये गये हैं। इस लिये चन्दा देने का विशेष रूप से कांग्रेस के प्रति विरोध करना उचित नहीं है। जब राजनीतिक पार्टियां उन से वोट मांगने जाती हैं जिस वोट से शासन पद्धति बदल जाती है, शासन की कुर्सी बदल जाती है तो उन से चन्दा मांग कर लेना कोई पाप नहीं है या बड़ा दोष नहीं है। इस लिये इस का जो विरोध किया जाता है वह ठीक नहीं है। वास्तव में चन्दा कांग्रेस पार्टी ही नहीं, सभी पार्टियां लेती हैं। पहले पाबन्दी उस चन्दे पर लगाई जानी चाहिये जो राजनीतिक पार्टियों विदेशों से लेती हैं और विदेशों में फंड जमा करती हैं तथा विदेशी राजनीति हमारे देश में चलती है। इस जुर्म के लिये कोई नहीं कहता पर मैं कहता हूं कि सख्त सजा होनी चाहिये।

हमें इस बात को भी देखना है कि हमारे यहां तीन प्रकार के कारखाने हैं। एक कारखाने तो हैं, निजी, जो कि व्यक्तिगत आदमियों के हैं, दूसरे कारखाने हैं पब्लिक सेक्टर के और तीसरे हैं सरकारी यानी तीन प्रकार के कारखाने आपको चलाने हैं और वह लोगों की पूंजी है निजी सम्पत्ति है। उन पर सरकार यकायक हमला नहीं कर सकती। अगर सरकार उन पर

हमला करती है तो फिर भारा का सारा अपने हाथ में ले ले। अगर ऐसा नहीं करना है और व्यक्तिगत कारखानों को चलने देना है तो सरकार उनमें केवल यही देख सकती है कि किसी गरीब को नहीं सताया जाता, या किसी आदमी को नुकसान तो नहीं होता, इससे ज्यादा हस्तक्षेप सरकार नहीं कर सकती।

तो यह जो बिल मंत्री जी ने पेश किया है इसका मैं समर्थन करता हूं और स्वागत करता हूं। और जो खामियां हैं वे भविष्य में दूर की जा सकती हैं। इतना कह कर मैं समाप्त करता हूं और धन्यवाद देता हूं।

श्री यादव नारायण जाधव (मालेगांव): अध्यक्ष महोदय, कम्पनी ला अमेंडमेंट बिल की संयुक्त समिति का मैं भी एक सदस्य था। यह बात मैं मानने के लिये तैयार हूं कि संयुक्त समिति ने इस पर काफी विचार किया है और जो कुछ भी इसमें गलतियां थीं उनको दूर करने की कोशिश की है। लेकिन जिस बारे में सदन में काफी चर्चा हुई है मैं समझता हूं कि हर एक सदस्य ने इस पर रोशनी डाली है वह पोलिटिकल पार्टियों को चन्दा देने का सबाल है। मैंने और कई सदस्यों ने संयुक्त समिति में इस के बारे में कहा था। दुर्भाग्य से हम ज्यादातर सदस्यों पर असर नहीं डाल सके लेकिन मैंने जो समिति के सामने कहा था उन्हीं बातों को यह सदन के सामने रखना जरूरी समझता हूं।

हमारी पार्टी के नेता श्री अशोक मेहता जी ने, जो कांग्रेस के अच्छे नेता माने जाते हैं और कमर्स और इंडस्ट्री के मिनिस्टर श्री लाल बहादुर शास्त्री जी हैं, उनके सामने एक बहुत अच्छी अपील रखी है। मैं भी अदब से उसी बारे में कुछ बातें अर्ज करना चाहता हूं। आज जो प्राइवेट कम्पनियां या कारपोरेट बाडीज हैं इनसे कंटीव्यूशन

[श्री यादव नारायण जाधव]

लेने का भारत में क्या असर होता है, इसके बारे में मैं कहने की कोशिश करूंगा। मैं कहना चाहता हूँ कि कांग्रेस अवाम से दूर जा रही है। उसको अपनी फिलासफी को लोगों के सामने रखने में डर लगता है। गांधी जी ने कहा था कि आजादी के बाद कांग्रेस के नेता अवाम तक पहुँचें अपनी पार्टी की जो पालिसी है उसको लोगों तक पहुँचायें। इतना ही नहीं कांग्रेस के आरगेनाइजेशन के लिये जितना भी साजो सामान लगता है, पैसा लगता है, वह कांग्रेस की मेम्बरशिप बढ़ा कर हासिल करें। लेकिन आज कांग्रेस के ऊपर हिन्दुस्तान में जो मालदार हैं, जो कैपिटलिस्ट हैं, उनका असर हो रहा है, इस बारे में अवाम को शक नहीं है। आजादी मिलने के पहले जब हमारे सामने हिन्दुस्तान से विदेशी लोगों के चले जाने की चर्चा होती थी उस समय गांधी जी के सामने बाहर के कुछ लोगों ने यही बात रखी थी। मैं एक किताब की तरफ आपका ध्यान खींचना चाहता हूँ, उसका नाम है—ए वीक विद गांधी जी—लुई फिशर ने इस किताब को लिखा था। लुई फिशर सेवाग्राम में आठ दिन तक रहे और उन्होंने गांधी जी के साथ चर्चा की कि आप जो कहते हैं कि अंग्रेजों को हिन्दुस्तान से चला जाना चाहिये यह बात तो मैं मानता हूँ, लेकिन बाहर के लोग यह कहते हैं कि कांग्रेस के इर्द गिर्द जो लोग आज बैठे हैं वे मालदार लोग हैं, कैपिटलिस्ट हैं। हिन्दुस्तान के बड़े बड़े सरमाएदार हैं। उनका गुट हमेशा कांग्रेस के इर्द गिर्द बैठा होता है। और उन्होंने कहा कि—मुझे शक है कि आजादी मिलने के बाद इन्हीं लोगों का कांग्रेस पर ज्यादा असर रहेगा।

असर हो रहा है या नहीं यह तो आप जानते हैं। बैकुंठनाथ मेहता ने अम्बर चरखा के बारे में एक किताब लिखी है,

उसके ऊपर मैं आपका ध्यान खींचना चाहता हूँ। उन्होंने कहा है कि देश में कैपिटलिस्ट लोग यह प्रचार कर रहे हैं कि औद्योगीकरण बढ़ाओ नहीं तो खत्म हो जाओगे। और जब उनकी तरफ से ऐसी आवाज उठती है तो कांग्रेस के सामने जो डिसेंट्रलाइजेशन आफ इंडस्ट्री का प्रोग्राम है, खादी को बढ़ाने का प्रोग्राम है, उनके पीछे वह नहीं लग सकती है। कैपिटलिस्टों को मालूम है कि कांग्रेस उनके तरफ आती है और आएगी। जब इलेक्शन सामने आता है तो वह कांग्रेस को पैसा देते हैं और कांग्रेस को उनकी तरफ जाना पड़ता है। वह समझते हैं कि हम कांग्रेस को पैसा देते हैं और हम जो पालिसी चाहें कांग्रेस की तरफ से चलवा सकते हैं। इसका असर बहुत बुरा हो रहा है यह हमने देखा है।

शुगर इंडस्ट्री को जो संरक्षण मिला, टैक्सटाइल इंडस्ट्री को जो संरक्षण मिला, स्टील की प्राइवेट इंडस्ट्री को जो संरक्षण मिला, उसको देखते हुये हम कह सकते हैं कि यकीनन आज भी कांग्रेस के ऊपर ज्यादातर असर कैपिटलिस्ट लोगों का है और यह असर हमारे देश को नुकसान देह होने वाला है। मैं तो इसको खुले तौर से करप्शन कहता हूँ। आज इस करप्शन का असर हिन्दुस्तान के एडमिनिस्ट्रेशन पर और एग्जीक्यूटिव मैशिनरी के ऊपर है नीचे देहातों के अफसरों तक पर इसका असर है क्योंकि वह जानते हैं कि यथा राजा तथा प्रजा। अगर राजा करप्ट रहेगा तो उसकी मैशिनरी करप्ट रहेगी। आज सब तरफ बहुत करप्शन बढ़ चुका है। मैं मानता हूँ कि जैसा कांग्रेस कहती है, वह डिमाक्रेटिक जमात है और नेशनलिस्ट जमात है। अगर इस जमात को करप्शन दूर करना है, तो उसे ऊपर से करप्शन को खत्म करना पड़ेगा। अगर यह लीगलाइज्ड करप्शन कांग्रेस बन्द नहीं करेगी तो इसका

असर एडमिनिस्ट्रेशन पर और एग्जीक्यूटिव मैशिनरी पर पड़ेगा। अगर मैं कांग्रेस का अच्छा कारकून् हूँ तो मेरा असर मैशिनरी पर वैसा ही होगा। और अगर मैं करप्ट लीडर हूँ किसी भी जमात का तो मैं अधिकारी के पास जाकर उससे अच्छा काम नहीं करवा सकता। आज देश के सामने एक बड़ी मुसीबत है, और अगर इस लीगलाइज्ड करप्शन को दूर नहीं किया गया तो देश का हित नहीं हो सकता। गांधी जी ने कहा था कि कांग्रेस के ज्यादा से ज्यादा सदस्य बनाए जाएं और जो मालदार हैं वह ट्रस्टी के रूप में रहेंगे। यह उनकी खास इच्छा थी। लेकिन गांधी जी चले गए, उनकी फिलासफी चली गई और उनके विचार भी चले गए। आजादी मिलने के पहले पंडित जी ने कहा था कि आजादी मिलने के बाद पहला काम वह यह करेंगे कि हिन्दुस्तान में जो लोग काला बाजार करने वाले हैं, उनको कोड़े लगवायेंगे। लेकिन यह कहाँ हो रहा है? आज वे लोग तो समाज के कोढ़ हो रहे हैं। उनके खिलाफ क्या किया जा रहा है?

आज हमारे ऊपर एग्रेसशन हुआ है, और उसका क्या असर होने वाला है, यह मैं आपको बताना चाहता हूँ। हमारी पार्टी के जो जनरल सैक्रेटरी हैं उन्होंने बम्बई में पार्टी के सालाना इजलास में कहा था कि हिन्दुस्तान में जो दूसरी सियासी जमाअत है, जो डिमाक्रेटिक नहीं है, नेशनलिस्ट नहीं है, उनमें आज एक चर्चा चल रही है। उनमें से एक हिस्सा तो यह कहता है कि हम नेशनलिस्ट हैं और दूसरा हिस्सा कहता है कि हम चीनवादी हैं। उन्होंने इस पर अच्छी रोशनी डाली थी। उन्होंने कहा कि आज उस जमाअत में यह बहस चल रही है कि कौन नेशनलिस्ट है और कौन चीनवादी है। ऐसा दिखाई देता है कि जो नेशनलिस्ट हैं वह तो हिन्दुस्तान के साउथ में हैं और जो चीनवादी हैं वह सब बारडर के पास

हैं, बंगाल में हैं, आसाम में हैं। जहाँ हमें खतरा है ऐसी जगह पर वे लोग हैं और इससे खतरा है कि नहीं वह इसको बखूबी जानते हैं। हम ऊपर ही ऊपर कितना भी कहें कि हमारे देश के ऊपर खतरा नहीं है और हम किसी भी खतरे का सामना करने को बिल्कुल तैयार हैं लेकिन वास्तव में हमारी तैयारी है कितनी यह वह भी जानते हैं और हम भी जानते हैं। अन्दरूनी शत्रु हमारे देश में पैदा हो गये हैं। ऐसे वक्त में कांग्रेस जैसी जमाअत को जो कि खुद को डेमोक्रेटिक कहती है, नेशनलिस्ट कहती है, उसको अपने अमल से भी इस चीज को सिद्ध करना चाहिए और अच्छे ढंग से हिन्दुस्तान में राज्य करने की कोशिश करनी चाहिये

कांग्रेस शासन को यदि जनता का सह-योग उपेक्षित है तो उसको जनता के पास, मासेज के पास जा कर एप्रोच करना होगा। चंदा मांगना है तो उसे लोगों के पास जाना होगा और आज हकीकत यह हो गई है कि कांग्रेस शासन जनता के पास जाने में और चंदा मांगने में हिचकता है क्योंकि उसको डर है कि अगर वह गये तो जनता उनसे कैफियत तलब करेगी कि इस १३ साल की आजादी के जमाने में तुमने हमारे वास्ते क्या काम किया है? वे हमसे सवाल करेंगे कि क्या करप्शन मिटा है? आज भी स्थिति यही है कि जनता को रोज की आवश्यक चीजों के लिए रोना पड़ता है और उसको कठिनाई अनुभव होती है। कोई भी छोटी सी छोटी चीज को प्राप्त करने के लिए लोगों को दफ्तरों के ५०, ५० दफे चक्कर लगाने पड़ते हैं। ऐसी हालत के रहते वे आम जनता के पास छोटे लोगों, मिडिल क्लास के लोगों और कर्मचारियों से चंदा मांगने से कतराते हैं क्योंकि वहाँ से चंदा नहीं मिल पायेगा, उल्टे उनकी लानत मलामत ही की जायगी। इसके अतिरिक्त

[श्री यादव नारायण जाधव]

उनको तो पैसा एकदम से चाहिये और मोटो-मोटी रकम उनको कारपोरेट बौडीज से मिल जाती है और अगर एक कम्पनी से दो लाख रुपया मिलता है तो दूसरी कम्पनी से ५ लाख मिल जाता है और काफी मोटर्स हो जाती हैं। लेकिन जो कांग्रेस के अतिरिक्त दूसरी सियासी जमातें हैं उनको यह नसीब नहीं है। काफी लोगों ने कहने की कोशिश की क्योंकि अपने ऊपर का जो इल्जाम है उसको हटाने के लिये कह देना चाहिये कि कांग्रेस को ही क्यों दूसरी सियासी जमातों को भी पूंजीपतियों से और कम्पनियों से पैसा मिलता है। कांग्रेस के एक प्रमुख मेम्बर साहब ने कहा कि हमें ही नहीं दूसरे लोगों को भी पैसा मिलता है, डोनेशन मिलता है। Can you quote any such instance? तो उन्होंने एक पिछला जो जातिवाद का झगड़ा था उस के बारे में कह दिया। मैं तो यह ऐलान करना चाहता हूँ कि कांग्रेस का कोई भी सदस्य यहां पर खड़े हो कर यह कहे कि कम्पनीज या तो कारपोरेट बौडीज हैं उन की तरफ से दूसरी सियासी जमातों को चंदा या डोनेशन मिला है, उनको मिल ही नहीं सकता है क्योंकि यह पूंजीपति लोग जानते हैं कि पैसा कहां लगाना चाहिये और विरोधी पार्टियों को पैसा दे कर उनके पैसे का क्या उपयोग हो सता है। उनकी जो इंडस्ट्रीज हैं उनकी हिफाजत करने के लिये अपोजीशन पार्टी के लोग क्या कर सकते हैं? वे कुछ नहीं कर सकते हैं।

यह जो लीगलाइज्ड करप्शन है इस करप्शन को मिटाने के लिये मैं स्पीकर साहब, आपकी मार्फत श्री लाल बहादुर शास्त्री से पुरजोर अपील करना चाहता हूँ। आज हमारे पास एक बहुत बड़ा नेता है, कांग्रेस उनके ऊपर नाज करती है और भारत क्या दुनिया को उनके ऊपर नाज है लेकिन मैं शास्त्री जी से पूछना चाहता हूँ

कि उनके हट जाने के बाद हिन्दुस्तान में क्या होगा? हिन्दुस्तान में नेशनलिज्म जिन्दा रखना है, सोशलिज्म जिन्दा रखना है, डेमोक्रेसी जिन्दा रखनी है और सोशलिज्म लाना है तो क्या इसी तरीके हम सोशलिज्म लायेंगे? आप देश में इंडस्ट्रीज का डिसेंट्रलाइजेशन नहीं करेंगे, छोटी-छोटी इंडस्ट्रीज को बढ़ायेंगे नहीं तो आप कैसे इस देश में सोशलिज्म ला सकेंगे? अभी कल ही पार्लियमेंट में एक सवाल आया था कि लोगों को काम देने के लिये हमारे पास पायलेट प्रोजेक्ट्स हैं। जब मैंने उस स्टेटमेंट को पढ़ा तो मुझे हंसी आई और मैं समझता हूँ कि उसको पढ़ कर हर एक आदमी को हंसी आ सकती है। एक-एक स्टेट में पायलेट प्रोजेक्ट निकलेगा, २-२ लाख उसके ऊपर खर्च होंगे और कितने लोगों को काम मिलेगा? आज लोगों को काम मिलता नहीं है इसलिये उसका असर यह होता है कि वह नाजायज कामों को करके पैसा कमाना शुरू कर देते हैं। आपकी प्राहिमिशन पालिसी की बलिहारी है कि लेबर ने आज काम ढूँढ लिया है और घड़लले से गांवों में दारू बनाते हैं और पैसा कमाते हैं। वे कष्ट का काम करने को तैयार नहीं होते हैं। मैं आपसे अर्ज करना चाहता हूँ कि इस बात के ऊपर एक पार्टी के नजरिये से मत देखिये बल्कि हिन्दुस्तान में अच्छा राज्य हमें बनाना है, सोशलिज्म हमें लाना है, नेशनलिज्म हमें कायम करना है और डेमोक्रेसी हमें कायम रखनी है तो इसके लिए आपको यह बात जरूर करनी पड़ेगी कि यह जो लीगलाइज्ड करप्शन है इसको खत्म करना पड़ेगा।

मैं और अधिक न कहते हुये और जो नोट आफ डिसेंट मैंने दिया है उसकी ओर पुनः ध्यान दिलाते हुए मुझे यही अर्ज करना है कि इस करप्शन को हमें जल्दी मिटा देना चाहिये और चुनाव लड़ने के लिये

हम अवाम के पास बंदा मांगने जाय जैसे कि अन्य जाते हैं। हम भी चुनाव लड़ने के हेतु अवाम के पास जाते हैं और हमको रुपया, दो-दो रुपया और पांच-पांच रुपया उनसे बंदा मिलता है लेकिन आप तो जनता के पास जाने को तैयार नहीं हैं और उनके पास जाने से आप डरते हैं। अगर आप उनके पास जायेंगे तो सारी पिक्चर आपके उमने साफ तौर से आजायेगी। चुनाव में उनका परसेंट देखें तो हिन्दुस्तान की पूरी तस्वीर आपके सामने आ जायगी। बस इतना कह कर मैं अपना भाषण समाप्त करता हूँ।

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):

Mr. Speaker, it is obvious to me that the Bill as it has emerged from the Joint Committee has got almost general approval of every section of this House. It is a satisfying experience that such a big and controversial Bill should be received in this manner even by Members of the Opposition.

Shri Asoka Mehta said that we should have given more time to study and closely examine the various aspects of this Bill. He is correct in saying that and he is also right when he says that lacunae are found later on when Bills have been approved by this House. I do not think that that is a thing which happens only in this country. I think laws are amended in other countries also when lacunae are found either by the courts or by Members of Parliament. Still, as we are speedily going ahead with different kinds of legislation, it is just possible that we might be making more mistakes. Even then, in so far as this particular Bill is concerned, I might inform Shri Asoka Mehta that this Bill was introduced on the 1st of May, 1959. It was referred to the Joint Committee after about a week or ten days. The Bill remained with the Joint Committee for about 1 year and 4 months. We met a number of times.

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Besides these meetings, I might inform the House that we have had several discussions with individual Members or groups of Members of the Joint Committee. When I say so, I am not merely referring to the Members of the Congress party, but I have, along with the officers of our departments, discussed the different provisions of the Bill and tried to understand their viewpoint. This Bill has come up to this House after great deliberation.

As was mentioned, a number of witnesses came up before the Joint Committee. If I am not wrong, the different representations and memoranda received consisted at least of 1000 pages. The Members of the Joint Committee have had the benefit of their advice and as far as I remember, there were several Members who very closely cross-examined the witnesses who appeared before the Joint Committee. In the light of their observations as well as of their own independent consideration and discussion, held by the Members of the Joint Committee, the Bill has emerged in this form. In so far as the drafting of the Bill is concerned, I am not responsible in any way. Of course, if I move a Bill, I am responsible for everything. The drafting of the Bill, I cannot guarantee that it is perfect. But, in so far as the Bill is concerned, I do feel that we have given very careful thought to every provision and we have tried to incorporate in the Bill as reasonably as it, was possible the different points of view expressed in the Joint Committee.

Shri M. R. Masani laid emphasis on the fact that this Bill might come in the way of the economic development of the country, and it might prove as a disincentive to the industrialists, and, it was, therefore, that he did not welcome some of the provisions of this Bill. I need not add that his wish and desire that the country should be industrialised, and every entrepreneur should get enough incentive is fully shared by me and by the Government as a whole. But one thing that has to be remembered is that development

[Shri Lal Behadur Shastri]

without any kind of regulation or check may sometimes lead to disaster, and I am, therefore, not quite able to appreciate what Shri M. R. Masani has said about the Company Law Administration and also about some of the provisions contained in this Bill.

It is true that a large number of companies will come up during the course of the next few years. It is only but natural that in a developmental economy, it should so happen. May I ask Shri M. R. Masani whether it would be possible for thousands of these companies to voluntarily regulate all their activities or at least the important part of their activities? I do not think there is any country in the world which has got no law or no rules or regulations for controlling the companies which exist there.

Shri M. R. Masani (Ranchi): That is nobody's case. I argued for minimal control, not for no control.

Shri Lal Bahadur Shastri: That is true. But my hon. friend referred to trusteeship. I am not questioning the merits of trusteeship itself. That is a different subject on which views can be expressed at some other time. But trusteeship itself does not visualise any kind of check or regulation. As Shri M. R. Masani mentioned that word once or twice, and some one else did mention about that, therefore, I felt that it was necessary to realise the fact that some kind of check and regulation is absolutely essential. I am glad that Shri M. R. Masani agrees with it.

Shri M. R. Masani: Surely.

Shri Lal Bahadur Shastri: He has said that he does not want that there should be too much intervention by Government. I might tell him and the House that the conditions as they prevail in our country are entirely different with compared with those prevailing in other countries, and, therefore, we have to evolve formulas in

accordance with the needs and requirements of our country, and what the position is today.

So far as this Bill is concerned, naturally, our objects are: firstly, to prevent misconduct and malpractices on the part of management, and the abuse of powers vested in them by the general body of shareholders; secondly, to adjust the rights of the managements *vis-a-vis* the shareholders and others concerned; thirdly, to protect the joint-stock companies from the inroads of undesirable persons, and lastly to ensure that the activities of joint-stock enterprises are carried on not only in the interests of those directly concerned with them, but also in furtherance of the ultimate ends of our economic and social policy, which the country has accepted, and the Parliament has endorsed on more than one occasion. For such regulation, there can be only one agency, and in this case, it can only be the Government.

Shri M. R. Masani referred to the examples of some of the advanced countries of the world. As I said just now, he has not tried to compare likes with likes. The environments in which joint-stock enterprises carry on their business in our country are very different from those in which companies carry on their business in the USA, the UK or even in Japan or West Germany. What are the differences? I shall mention them briefly:—(i) a somewhat narrow and limited acceptance of the principles of social responsibility or social obligations—I am referring to our own country; (ii) a tardy growth of the sense of trusteeship and of responsibility in the average company management of this country; (iii) the absence in this country of strong and well-organised financial institutions with long traditions of public service to their credit and with the reputation to lose, similar to those operating in the capital markets of the United Kingdom, and the USA; (iv) the

absence in this country, if I might mention, of a strong and reasonably unbiassed financial and economic press served by competent commentators of independence and integrity; (v) the absence in this country of a strong and well-developed public opinion in regard to company matters; and (vi) the very slow progress made so far towards the professionalisation of management of joint-stock companies.

Shri M. R. Masani: It has been very fast during the last five years.

Shri Lal Bahadur Shastri: It has been very fast, but still, if my hon. friend will merely see the efficiency and the capacity of the secretaries functioning in different companies, I am sure he will feel amazed; even he will not find competent and efficient secretaries in charge of the administrative side of a large number of companies. In fact, we propose to train a very large number of secretaries, in order to help the industries, whether in the public or the private sector.

14 hrs.

I have mentioned already about the difference that exists between us and the other countries. I have not visited any country, but recently, the Commerce and Industry Ministry sent a delegation to the USA, UK, Germany and Japan. One of the members of the delegation was Shri Mazumdar, Secretary of our Company Law Department. He has not submitted a full report, but I did ask him as to what is the position in those countries in so far as their laws are concerned and also what is the main difference between us and them. He gave me a note and if the Speaker will permit me, I shall take a few minutes and read out some of the important portions.

"The amount of control exercised on corporate management and in particular on corporate practice is quite considerable in the United States. Although the nature and scope of

this control are somewhat different, a host of regulatory commissions, several basic enactments relating to the corporate sector including the well-known anti-trust measures, not to speak of the basic legislation of the New Deal of the Roosevelt era controlling company methods and practice, exercises in their totality a degree of influence on corporate practice and corporate conduct in the United States which is not adequately known in this country.

"For example, the requirement regarding the filing of registration statements under the Securities Act, the requirement about reporting insider trading, that is, dealings by directors and others in the share capital of companies, the voluminous rules and regulations issued by the Securities Exchange Commission of the United States, all of which conform to the pattern laid down by the Commission, the provisions of the Investment Companies Act and the Investment Advisers Act regulating the business of investment in companies, the reporting requirements of the Stock Exchanges in the United States, the activities of the Federal Trade Commission based on several enactments, the work of the anti-trust division of the Justice Department, the provisions of the anti-trust measures themselves, some of which indirectly control company investments beyond certain limits—all these regulatory measures and the activities of the aforesaid regulatory Commission exercise an amount of control over company practices and company management which, it seems to me is in the aggregate not much less onerous than the burden which our own regulatory laws in this country are said to impose on our trade and industry".

[Shri Lal Bahadur Shastri].

I shall mention a few words on the United Kingdom practice also.

"It is true that in the United Kingdom there is much less regulation. But the influence of the voluntary institutions, to which I have referred earlier, particularly those in the City of London imposes a measure of discipline on company methods and practices which it is difficult to duplicate in other countries, and certainly it will take some time for us to adopt them."

I am sure Shri M. R. Masani must have read the questionnaire issued by Lord Jenkins Committee on the reform of the English Companies Act, and he will notice that there are several items of unregulatory company practice in several areas of the English Companies Act of 1948 which are apparently causing concern in informed circles in that country and it is likely that many of these areas may be brought under control in future.

"I need only mention the problems in the UK regarding the private companies, the inter-relations between private and public companies, the problems connected with the protection of minorities, the protection of special classes of shareholders, the Board of Trade, power to appoint inspectors, the problems connected with the disclosure of ownership and control, the problems connected with the taking over of big concerns. Besides company conduct as distinct from company practice, the organisation is subject to types of control which are different from those types known in this country. For example, inter-company agreements to sell or market goods. The terms and conditions of such agreements, dealers' margins etc. are matters under considerable regulation in the UK, some of

which have distinct resemblances to the problem of selling agents in this country".

That Committee is still sitting and there some of the problems with which we are faced and which we have tried to tackle in this Bill are under consideration.

I shall not mention about West Germany, although Shri M. R. Masani referred to Dr. Erhard. But there also, under the West German company law, they have their own structure of board of management and supervisory board.

Therefore, it will not be correct to say, as Shri Masani did, that our laws are outmoded and there is almost no parallel in other countries. I have always been laying stress on voluntary activities and voluntary regulations being adopted by trade and commerce. There has been some response, but it has not been satisfactory—it is not full at all. If there is no voluntary regulation on the part of trade and industry, there is no way out for us but to protect the interests of the shareholders, minority shareholders, as well as of the people at large, because these companies have a great impact on the general economy of the country—how they are run, how they function and so on.

Shri H. N. Mukerjee said he felt somewhat disappointed at what he regarded as the failure of this amending Bill to cope with the problems of concentration of wealth and economic power. I cannot quite clearly comprehend why he should feel so disappointed. Of course, he has to realise that the Company Law Administration alone or company law alone cannot lay down the policy, the final policy, or take every action in so far as control of economic power is concerned; the Company Law Administration is part of the big Government which has to tackle this matter as a whole.

Shri Tyagi (Dehra Dun): The Ministry of Commerce and Industry is there.

Shri Lal Bahadur Shastri: The Ministry of Commerce and Industry is certainly there. But Tyagiji has been a Minister of Finance and he should know better than myself that the Finance Ministry has in no way less say in this matter. The Stock Exchange, capital issues—all these are controlled by the Finance Ministry. But I say it is our responsibility collectively as Government to see that there is co-ordination between the Finance Ministry, the Commerce and Industry Ministry and other Ministries concerned, and evolve a set policy and act accordingly.

May I mention only two instances for Shri H. N. Mukerjee? There is section 322 which lays down that after 15th August, 1960 no managing agent shall manage more than 10 companies each. The section contains provisions as to who are to be deemed to hold office as managing agents within the meaning of this provision. He will see that we have brought forward an amendment of the section by our clause 120 with a view to ensure that a number of managing agency companies who may really be regarded as belonging to the same group are not allowed to manage 10 companies each. Then there is an amendment for section 372 by clause 136 in this Bill. A public or private company which is a subsidiary of a public company will not be allowed, subject to certain specific exceptions, to invest more than a certain proportion of its paid-up capital in the shares or debentures of another body corporate without the prior sanction of the Government. This amendment is intended not only to ensure that company funds are soundly invested but also to prevent the use of such funds by the management of one company with a view to acquire control of another and thus bringing about undue concentration of financial and managerial powers. As I said, the Companies Act cannot be

regarded as the sole or the chief instrument of economic policy in this respect.

Shri Mukerjee said that we had not taken effective steps against the managing agents. It is true that we have not abolished the system of managing agents. I do not consider it necessary. But Shri Mukerjee knows what we have done many things during the last few years in so far as the managing agency system is concerned. The checks and regulations that we have imposed on them have proved very effective; they have improved the system and they have not encouraged the setting up of new agencies. We have introduced a slab system in so far as the remuneration of the managing agent, director or the managing director is concerned. We have also set a period of five years, at the end of which the renewal of the managing agencies is to be considered. Formerly, they were given a period of ten years. Now, we get an opportunity after every five years to review the position. In certain cases we have extended the period to ten years because big factories and companies are expanding. For instance, take the IISCO or the TISCO. They are going in for large expansions and they are making heavy commitments. In such circumstances, it is advisable to give them a longer period so that they can go ahead with their work with a steady mind. In very few cases we have framed certain principles on the basis of which we extend this period but generally our policy is to restrict it to five years. As I said the remuneration has also been prescribed. Any changes in the constitution of the managing agency also require the approval of the Government unless the managing agent is a public company quoted on the stock exchange. I personally feel that if we would take these steps which may lead to a gradual elimination of the managing agents. Now, may I give the figures. They speak for themselves. Out of 4356 companies formed newly, about 71 per cent. of 3105 are proposed to be managed dir-

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ectly by the board of directors and about 1182 preferred management by managing directors. Only 50 companies out of these opted for managing agents. It is a good and happy trend and is in accordance with our policy. This system should not continue for ever. Where it is needed in order to develop a special skill or technique or a special industry we should not unnecessarily or on any ideological basis strike at the root or go against it, especially when we want new industries to come up with the help of our own technicians and others who are versed in business management.

Shri Asoka Mehta referred to the remuneration part and I shall say a few words about it later on. But I may here mention that every application for remuneration of the managing agent or director or managing director is considered by the company law advisory commission, which is a statutory body. Barring a few cases—Government has the authority to alter the recommendations—our practice has been mostly to accept the commission's recommendations. They consider the matter objectively. The commission consists of five members—the Chairman happens to be one of the ex-Judges of the High Court. There is a professor of economic from Madras as a member. There are two representatives—one from the labour and the other from the industry. The labour representative happens to be a Member of Parliament also. There is also a very senior chartered accountant. My impression is that the commission has been functioning in an independent and objective way. Of course we have been advising them as to what our policies are. For instance, the slab system that we wanted to introduce was communicated to them and they fixed the remuneration accordingly. Generally, the basic principle is that no individual should be paid a remuneration exceeding Rs. 1·20 lakhs per annum or Rs. 10,000 per month. In the general context of our country, this would be considered fairly high. But you have to consider

what they have been getting before. Even today the offers made by the companies in so far as salary, etc. are concerned are fairly high.

Shri Prabhat Kar: Perquisites?

Shri Lal Bahadur Shastri: It will not include perquisites. The fixed salary, dearness allowance and other allowances should not go above Rs. 1·20 lakhs per annum. It will not include perquisites. In certain cases.....

Mr. Speaker: Is there a graded remuneration or is it the same for all companies?

Shri Lal Bahadur Shastri: There is a scale with a ceiling. If they do not accept the slab which we have prescribed, then a ceiling is fixed and above that no managing director or managing agent can be paid.

Mr. Speaker: What percentage does it work out?

Shri Lal Bahadur Shastri: It is 10 per cent. of the net profits.

Mr. Speaker: Not exceeding that?

Shri Lal Bahadur Shastri: Yes, not exceeding that.

As regards the guarantee commission to the managing agents, this is to be included in the maximum remuneration. This is also a new thing which we have done. They had asked for separate commission being given to them on loans etc. that are got with the help of the managing agents. But we have said that this is to be included in the maximum remuneration of 10 per cent. of the net profits of the company specified in section 348 of the Companies Act. Further, the actual amount of guarantee commission payable in any year shall not ordinarily exceed one-tenth of the remuneration otherwise payable under the managing agency agreement.

Mr. Speaker: Does it include expenditure on their staff etc.?

Shri Lal Bahadur Shastri: This, Sir, is the guarantee commission. The managing agents obtain loans for the industry or for the concern, and because they are able to arrange loans for that company, they stand guarantee for them and take some risk, therefore they want some commission. They wanted it to be paid excluding the 10 per cent. of the net profits about which I just now mentioned. They wanted that that commission should be given over and above this 10 per cent. We have decided that it will have to be included in the 10 per cent. already prescribed.

Shri Asoka Mehta mentioned about the setting up of a statutory body and an administrative tribunal. Perhaps, Sir, this matter was discussed in the Parliament before when the original Bill was being considered in 1956. I do not know whether it would be wholly advisable to set up a statutory body of that kind. The management of the companies and the running of the companies is so closely related with the broad economic policy of the Government that I do not know if it would really be advisable for the Government to vest its powers in some separate or independent body. There are statutory bodies for other things. But in so far as company matters are concerned, as I said, they concern vital matters, vital policies and, therefore, it may not be advisable. I do not want to rule it out, but I do not think it would be advisable to set up a statutory body. Once Mr. Cohen, who is a great expert on Company Law in the United Kingdom, had also expressed his views. I shall read out later a few lines from what he said. I hope Shri Asoka Mehta also will like to give further thought to it. But at present, as I said, I do not feel like accepting his views in this matter.

As regards the administrative tribunal, well, there is Shri Masani and his other friends who object to it. Even when Shri Asoka Mehta was speaking Shri Masani was springing on his seat and somewhat protesting. I can quite appreciate his objection to the setting up of an administrative

tribunal. In the circumstances, there is no way out but to leave this matter to be handled by a department of the Government—the Company Law Administration Department. It was in this connection that I mentioned what Mr. Cohen had said. Shri Deshmukh while replying to the debate on this Bill last time quoted what Mr. Cohen of the United Kingdom once said. He had said:

“No modern system of Company Law can be satisfactorily administered except through a strong and competent civil service, for it was of the essence of any such system that effective powers must be given to the Executive and large measures of discretionary authority must of necessity be vested in the organisation responsible for the administration of the Companies Act.”

Well, if Shri Masani will not mind I might say that this observation was made not by a State monopolist or one who holds socialistic views.

Shri Mukerjee referred to private and public companies.

Mr. Speaker: Is there a proposal to fix any minimum qualification for managers of joint stock companies as in the case of auditors etc.?

Shri Lal Bahadur Shastri: For auditors it is there.

Mr. Speaker: Large public funds are in their hands. Is there a proposal to insist upon a minimum qualification to avoid relations and others without qualifications being appointed as managers?

An Hon. Member: Only the number of shares held is there.

Shri Lal Bahadur Shastri: As far as auditors are concerned, of course, they are qualified chartered accountants.

Mr. Speaker: What about the managers? Auditors come in after the event.

Shri Lal Bahadur Shastri: Well, it has to be left to the discretion of the companies. If they want to eliminate themselves let them do so. Some of them have done so. Then they will have to face the consequences. But so far we have not prescribed any qualifications for the managers. The truth of the matter is, supposing there are 1000 workers in the factory and about 50 or 60 officers, it is possible that one or two relations of the director or the managing agent might be appointed.

Mr. Speaker: I am not making any accusation. In public joint-stock companies where the shares are thrown open, where the shares are available in the market, large funds of the public are involved. Restrictions are imposed regarding scrutiny by qualified and competent auditors etc. Is it not necessary that a person who is able to follow the 600 different sections of the Act with all the ramifications is put at the top? Would there not be persons who are competent? Is it desirable to leave it in the hands of the shareholders or persons who have subscribed the most and who hold large number of shares? Is not the Government interested in seeing that the management is in proper hands so as to avoid wastage of public funds? Has the Government thought about it?

Shri Lal Bahadur Shastri: Well, Sir, some of the provisions which have been included in this Bill will help in that regard. Various factors have to be taken into consideration when managers etc. are appointed. Sometimes a highly technical person is not able to manage a company. He may do the technical part of the work very well. But my own experience in regard to public sector projects, is that to being with, I have found the civil officers doing much better. If we take the management as a whole every aspect has to be seen, the technical side, the administrative side, the marketing part of it and everything else.

Mr. Speaker: Therefore no qualification is necessary? If a technical person is not competent to manage, a person with no qualification is much better than him?

Shri Lal Bahadur Shastri: I cannot say that of every manager. But generally it is in the interest of the companies themselves to appoint good and efficient managers and I know of a large number of managers of companies who are indeed very competent. In fact, some of them have come to the public sector projects and they have done exceedingly well. Whereas Mr. Masani wants that there should be complete autonomy given to the companies you are suggesting that we should prescribe qualifications and perhaps later on we might also appoint managers and managing directors of companies!

Mr. Speaker: The hon. Minister is certainly aware that a number of retired government servants, even before they retire, enter into agreements with various companies and as soon as they retire are made general managers. Then, why do you not prescribe qualifications instead of allowing these persons to go in?

Shri Lal Bahadur Shastri: There also, if you will permit me to point out, there are General Managers of Railways. The General Managers are technical people in general. The railway organisation is such that a technical person has to look after and supervise a big administrative organisation. The General Managers have to look after workshops as well as manage thousands of workers who are working in that zone. We have found the railway officers to be very good, in so far as management of our big public sector projects is concerned. I have taken half a dozen such railway officers who are technically qualified and yet they are also administratively very capable. As I said, there are various factors which have to be taken into consideration while making these appointments.

In regard to public and private companies, I would like to give certain figures. Shri Hiren Mukerjee and some other friends gave certain figures about investments in private companies during the last one or two years which are not quite correct.

Mr. Speaker: The Private Members Business will start as soon as the hon. Minister concludes.

Shri Raghunath Singh (Varanasi): The time should be extended.

Mr. Speaker: Certainly.

Shri Lal Bahadur Shastri: I was mentioning about investment in private companies. This is the paid capital in crores of rupees. The investment in Government companies in 1956-57 was Rs. 53.7 crores; in 1957-58 it was Rs. 238.8 crores.

Shri Tangamani (Madurai): What is the number of non-government private companies?

Shri Lal Bahadur Shastri: I am coming to that. The investment in Government companies in 1958-59 was Rs. 405.1 crores. A large number of government companies, Central and State, have entered into the field.

In order to save the time of the House I shall only give the figures relating to non-government companies in 1958-59. Investment in non-government companies in 1958-59 was Rs. 320.6 crores, as against Rs. 405.1 crores invested in Government companies. I may also add that when we say 'private companies', Government companies are also registered under 'private limited companies'. Therefore, there is some confusion. I wanted to give these figures in order to show that all that is said about private companies in some papers are really not private sector companies, but public sector companies also.

Mr. Speaker: Why don't you say 'Private Company (Government) Limited' in order to avoid this confusion?

Shri Lal Bahadur Shastri: Formerly we used to say 'Government private limited company'. But that again created further confusion. So, we have placed a notification on the Table of the House by which we have decided to drop the word 'private' from every Government company.

I shall not take time for dealing with the sole selling agents; this will be discussed again when the consideration of clauses is taken up. So, I shall leave that out.

Of course, Mr. Masani is very angry with the special audit provided in the Bill. He said that Government had run amuck. I am at least in my senses; I hope the officers of the department who are sitting in the galleries are also in their senses. Anyhow there is the special audit. This, as, Mr. Masani knows, is a new provision and it was introduced in the Joint Committee itself. I have given fairly careful thought to this amendment and I feel that it is absolutely necessary if we really want to build up new companies and if we really want to have solvent companies working in our country. I may in this connection refer to some of the Bills which have closed during the last two years. Investigations have been made, not by government officers alone, but by Committees, of which one was a government officer, the other an independent person and the third a representative from the industry, and I have got a unanimous report of these committees, where they have said that the mills closed down because of gross mismanagement and sometimes fraud and all that. So, it is not only in one case, but in a number of cases that we have found that the companies have been mismanaged and therefore closed down, resulting in lower production as well as depriving a large number of workers of their employment. So, what are we to do in these circumstances?

We know that there is deterioration in the working of a company and yet

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we have to sit quiet and cannot intervene. We can only intervene under section 18 of the Industries (Development and Regulation) Act when the mill or factory is closed down. I felt that in order to bring about a reform in the existing situation it was essential that some kind of special audit should be provided. I personally feel that it is in the interest of the concern or the industry itself, because while things are going wrong if we can intervene and bring about improvement, it will help the industry, it will help the concern itself, and also protect the interests of the workers as well as shareholders. So, I feel that this kind of provision is necessary.

Shri Masani said that we should provide some safeguards. He said that one of the safeguards should be to give them prior notice or give them advance notice or give them the charges before an enquiry is actually held. I think it will not be convenient or easy to do so, because, sometimes the charges are of a serious nature and if they are given to them, the documents might be destroyed or they may be removed, and an enquiry may become fruitless. In the circumstances, it would not always be advisable to take that step, but generally, our policy is to ask the parties to explain after we give them the charges and if they are able to give satisfactory explanation to the department, the department does not proceed further. But if the explanations are not satisfactory, naturally even today an enquiry is held by the inspectors. This kind of special audit will be more effective and more useful than the inspectors' audit. Of course, we cannot go in for investigation into a large number of companies. That is not correct. The best course would be to select two or three companies, the conditions in which are really bad, and the company law department has some definite material on the basis of which it thinks an enquiry is needed. So, with that material, and in the case of a few companies, as I said, where we consider it essential to make a special

audit, we will do that. I think that will have a general toning effect on other concerns.

In so far as the submission of the report of the auditor to the parties is concerned, there again the same risk has to be faced. If there are minor mistakes or minor irregularities, the company or the party can certainly be informed. But where there are major allegations and those charges seem to be *prima facie* correct, it would not be advisable to give a copy of the report to that company. The matter will be sent to court and the party will be entitled to fight the case in court. We have, of course, provided that in case the department does not take any action during the course of four months after the submission of the report, the copy of the report will be given to the industry or the mills or to the concerns, and they will be given every opportunity to rectify their mistakes. I do not think we can go beyond this.

Shri Harish Chandra Mathur (Pali): I have made a suggestion. May I know your reaction to that? I said there should be a sort of second check. You must have a special team which will go and check various companies in turn without giving any adverse report against them so that the difficulty about the reputation of the company being jeopardised because of your team being sent will be avoided and the objection to that effect will be done away with.

Shri Lal Bahadur Shastri: I think Shri Harish Chandra Mathur will be creating further complications. If we accept his proposal, really it might create difficulties because there are companies which are running very well today and they are being managed well. If the auditors go or if a special audit is held regularly, if a team goes from one company to another, I do not think it will be of much help; it will be resented by many of the companies which are being managed well. I do not think that would be feasible.

Shri Masani said that we have withdrawn certain complaints which were considered by the company law advisory commission under sections 408 and 409. He said that it was not fair that those powers should have been withdrawn from the companies.

Shri M. R. Masani: I said, 'limited'.

Shri Lal Bahadur Shastri: Yes; limited. I do not think that criticism is quite fair as it comes from Shri Masani who happened to be a member of the Joint Committee. He will also remember that this matter was fully discussed in the Joint Committee and we agreed that only cases of minor and trivial nature will be considered by the department, because there are hundreds of complaints received by the department and if each and every complaint is referred without scrutiny by the department to the company law advisory commission, their work will expand considerably and it will not be able to attend to important work. So, we decided that complaints of minor nature will be considered by the department itself without being referred to the Company Law Advisory Commission. And then we went ahead further and provided that even in those cases interim orders will be passed by the department but the final order will be issued only after the company law advisory commission has been consulted and their advice obtained. So, we have made that provision, and I do not think we can go any further.

Shri Ramsingh Bhai Verma and some other hon. Members have suggested that section 530 should be amended to increase the limit of preferential claims for workmen. I shall not take much time of the House but I would only like to mention that there are about seven preferential claims in that sub-section. Out of these seven claims, five are intended for the benefit of workmen and the remaining two are the claims of the States. So, I doubt if it is necessary to accept Shri Ramsingh Bhai Verma's suggestion.

Shri Tangamani: But the original ceiling was Rs. 1,000; it could have been included for the preferential payment; but it has not been increased; the ceiling is there.

Shri Lal Bahadur Shastri: Shri Tangamani was in the Joint Committee, and he forcefully put his point of view. But it was not agreed to. If the hon. Member so desires, he can raise this issue again when the particular clause is considered.

Shri Naushir Bharucha said that under section 250 powers to be conferred on Government to freeze voting rights or to prohibit the transfer of such shares in certain cases should be confined to a period of one year only in the first instance, and that it may extend to three years with the approval of the court. I do not know why Shri Naushir Bharucha should make that suggestion, because in the Joint Committee, we decided that when the Government passes orders in so far as the freezing of shares etc., is concerned, the party concerned can go to a court of law. We have made provision to that effect and we have merely said that only the court should give an opportunity to hear representatives of the company law department, and whatever the court decides will of course be acceptable to Government. So, in the circumstances, to fix a small period of one year will not be advisable. In regard to the activities of some concerns and some of the industrialists who transfer the shares and who make wrong type of inter-company investments we must deal with them effectively, and in the circumstances, I do not think it will be advisable to restrict the period to one year.

Shri Bharucha also felt greatly perturbed over payments to promoters. I do not know to which he was referring, but it is true that recently in the case of certain companies there has been heavy over-subscription.

Shri Naushir Bharucha (East Khadesh): 60 times.

Shri Lal Bahadur Shastri: The particular point which we have to consider just now is that they have been asking for promotional fee or commission for the promotional work of the particular company. This matter was considered in this department and we have decided that certain principles should be followed and they should be kept in view while deciding these applications. They are: We have to see whether the promoters or their relatives or other associates are being appointed as managing agents or managing directors or managers within the meaning of the Companies Act. In the case of companies managed by managing agents, the total promotional expense should not exceed 1.5 per cent of the estimated cost based on carefully prepared reports of the project. In the case of companies managed by Board of Directors, the promotional expense should not exceed 2 per cent of the estimated cost of the project. Even when the promotional expenses are within these limits, Government would have the right to ask for detailed information when they consider that such information is necessary. In no case should the percentage of ceilings be exceeded unless the promoters could justify with facts and figures that the expenditure in excess of the ceilings was essential for the promotion of the company.

So, the beginning is undoubtedly good. Let us see how we are able to implement it. I might also add that it was also decided that the controller of capital issues should be apprised of the above view and asked to consult the department in future in all such cases.

We also referred this matter to the Finance Ministry and it has almost been decided that when any new company has to be floated with a capital of Rs. 10 lakhs and more, the sanction of the C.C.I. to the issue of the capital is necessary. By arrangement with the C.C.I., the practice has been further established whereby prospectuses of such companies are referred to the Company Law Department for comments before sanction for the issue of

capital is awarded. This check over proposals for unconscionably high promotional charges can be exercised by the co-ordinated action of the different departments of the Government. We have to arrange for better co-ordination between the Commerce and Industry Ministry, the Finance Ministry and other Ministries. There is no doubt about it.

Shri Khadilkar said some companies were floated in his area and there was excessive over-subscription of shares. Generally it has happened in those cases where there has been foreign collaboration and the people felt that the company will run well and will be a very profitable concern. Hence there has been over-subscription. But there also we feel that some action is called for. I have been in touch with the Finance Ministry and we have taken some decisions. **Shri Khadilkar** said that the promoters of certain companies have taken a very long time in returning the application money to the unsuccessful applicants and further the companies had utilised the amount for their own financial requirements. As I said, when I consulted the Finance Ministry, we have been informed that the stock exchange division proposes to amend the listing requirements of the stock exchanges and also the statutory rules relating thereto by making it compulsory for every company which seeks listing on the stock exchange to complete its allotment within a period of 3 months, unless, of course, in the case of exceptional over-subscription, the company concerned takes the prior consent of the Government for extension of the period. Generally it will be for a period of 3 months and not more than that. The amendments to the Securities Contracts Regulation Rules, 1957 are being considered by the department of economic affairs.

Shri Khadilkar (Ahmednagar): It is good so far as it goes. When the prospectus is issued and subscriptions are called for, speculative activity begins. Would it not be possible to put some check on the transfer of

shares for a couple of years? After the purchase of the shares, for a couple of years no transfer should be allowed.

Shri Lal Bahadur Shastri: I cannot express any opinion on this point; the suggestion made by the hon. Member has other implications also. So, it will have to be examined; I cannot say off-hand.

There are some very revealing figures about managing agents and the number of companies they manage. The House will be interested to know that the number of managing agents who manage 10 companies is not more than 7; the number managing 9 companies is 6; the number managing 8 companies is 2 and the number managing 2 companies is 65. The number of managing agents who manage one company is 776 or 84.3 per cent of the total number. This reveals the way in which the concentration of wealth and concentration of power is being decentralised.

15 hrs.

Then, I should like to say a few words on the subject which has been referred to by almost every Member, viz., the question of political contribution by companies. I do not know why they should raise such controversies so far as this provision is concerned. It is not a new section and I hope hon. Members will remember this fact that this is a legacy of the past, and if we have done anything we have provided something which will certainly be more acceptable to this House, that is, disclosure of the contribution made by the companies. So, we have not done anything new. Yet, there is considerable opposition and a number of speeches have been made on this matter. A non-official Bill was moved on this as also some resolution and still it goes on.

Then there are one or two other matters. Shri Asoka Mehta said that the companies have no conscience and they are not living organisms and all that. I do not know whether we can

really consider companies as having no conscience. I personally think that they are quite alive and kicking. The companies deal with many vital and big matters. They not only run the concerns but invest money in other companies, arrange for the expansion of their own plant, take up new highly technical industries and so on. All that is done either by the board of directors or by the managing agent. So, in these matters it is quite alive and it is not considered that it has no emotions or feelings. It can do everything else, but when the board of directors of the company decides, in consultation with the shareholders of course, to contribute some funds to any political party, it is said that the industry or company has no conscience or it is not a living body. I do not know how it can be said so. I think the industrialists are very much political minded, perhaps no less political minded than the hon. Members here in Parliament. They hold political views and if they decide, in consultation with their shareholders and their general body meeting—it is not merely a meeting of the board of directors but it is a general body meeting—to contribute something to some political parties, I do not know why it should perturb us so much. In fact, I felt that Shri Masani has almost conceded it in principle.

Shri M. R. Masani: No, Sir.

Shri Lal Bahadur Shastri: In a way he has. When I asked him the other day he said that when you alter the memorandum or the article the shareholders do not fully realise its significance, and so it should not be altered in the midstream. When I put a question to him that suppose it is originally provided in the articles or memorandum then he said that it will entirely be the responsibility of the shareholders.

Shri M. R. Masani: If I may elucidate what I said at that time, I said

[Shri M. R. Masani]

that the shareholders then have no grievance because when they joined the company they knew they are joining a company whose articles provided for it. But I went on to say that there are many reasons why it is not right to allow them to corrupt the political life of the country.

Shri Lal Bahadur Shastri: I am dealing with a part of what Shri Masani has said. He has other grounds also.

Shri M. R. Masani: I never conceded the principle.

Shri Lal Bahadur Shastri: He has conceded the principle, so far as . . .

Shri M. R. Masani: So far as the shareholders are concerned, that is right.

Shri Lal Bahadur Shastri: I want to restrict myself to that. I am glad that he said if it is originally provided in the articles or in the memorandum then the shareholders can have no objection. As the time at my disposal is short, I will conclude in 10 or 12 minutes time, and I will reserve my comments till the clause is actually considered. Because, I know, when the clause comes up it might take one full day or even more. Also, every hon. Member might like to express his views or repeat his points. So, it would perhaps be better for me to reserve my comments till then.

Shri Tyagi: But keep your mind open.

Shri Lal Bahadur Shastri: Of course, my mind is quite open, and I said so in the Joint Committee itself. I said in the Committee that I will leave it to the members of the Joint Committee to take their decision. If the proceedings of the Committee are not secret, I did not vote for it. My

Colleague, Shri Kanungo, also did not vote for it. Because, I am a political worker of a particular political party. Therefore, I can be considered an interested party. I would, therefore, not like to express my view, although I have clear views on the matter. But, if you will permit me, Sir, I shall quote what Justice Tendulkar has said in regard to a case which was argued before him.

Mr. Speaker: The hon. Minister said he will reserve his comments for the consideration of the clauses.

Shri Lal Bahadur Shastri: If you will permit me, I will finish in two minutes. I am going to quote this because Justice Chagla's observations were often referred to in this House. So, it will be better if the opinion of another Judge is also heard by the hon. Members of this House. After referring to many other points, Justice Tendulkar says:

"Prima facie, the shareholders are the best judges of their own interests and it is only in a case where the court is satisfied that a minority is being coerced that the court may possibly be justified in intervening."

It was, perhaps, the case of Tata's and the special resolution sanctioning the alternation of the memorandum, the Judge said, was admittedly passed without dissent. Then, expressing his opinion on the basic principles, he said:

"In a democratic State, such as India is today, with the adult franchise the requirements of publicity for funds contributed to a political party appears to me to be such a regulation and Mr. Seervai, appearing for the Company not only concedes that it will be wholesome to have such publicity but the petitioners have

undertaken that they shall separately show in their profit and loss account every year every single contribution, directly or indirectly made, to a political party in the event of the alternation of the memorandum being confirmed. If this obligation of publicity had not been voluntarily undertaken by the Company, I would have felt disposed to impose it as a condition of confirmation, if I ultimately found that there was no other valid ground for not confirming the alternation. But, apart from this consideration "(mark these words)" I am not prepared to hold that the mere power to give a donation or a contribution to a political party has such a tendency to corrupt political life as to be considered against public policy for the harm to the public by permitting such contributions cannot be, to use the words of Lord Atkins again, be stated to be substantially incontestable."

He has made further remarks and, with your permission, I shall read them out. Referring to other countries, particularly the United States, he said:

"Other contributions were by law subject to compulsory publicity presumably on the excellent ground that the people must know who is paying their political bills so that they may be able to judge for themselves whether they are paying any prices for such dependence. By the Act II of 1940 a limit of \$500 was placed on individual contributions. A subsequent investigation by a Select Committee of the House of Representatives in 1949, commonly known as the Buchanan Committee, has found as a fact that there has been a widespread evasion of this particular regulation. In England one of the attempts that was made to regulate contributions to political parties

was a resolution passed by Parliament in 1949 sponsored by the Labour Party recommending that all political parties should publish annual accounts, but the resolution has so far, at any rate, as the Conservatives are concerned remained a dead letter."

This is what he has said about the USA and UK. This is the opinion of a judge sitting on the Bench. He has expressed a categorical opinion. I was surprised at a suggestion having been made by one of the judges that these contributions should come up before the High Court and the High Court should decide what amount of contribution should be made and to which party. This is a suggestion, which, if I might say the least, is amazing. I do not think the House as a whole will ever like that the High Court, a judicial body of such high standing, should be involved in these matters.

Shri Naushir Bharucha: The High Court did not say that.

Shri Lal Bahadur Shas'tri: I have read it. One of the judges has said it. It has two sides of the question. There are different views. As I said, I do not propose to express my views today. Certain other suggestions have been made and we can consider all these suggestions when the clause is being considered.

Mr. Speaker: The question is:

"That the Bill further to amend the Companies Act, 1956, as reported by the Joint Committee, be taken into consideration."

The motion was adopted.

Mr. Speaker: Clause-by-clause consideration will be deferred. The House will now take up Private Members' business.
