

### **Diversion of modernisation funds to profits by companies**

374. SHRIMATI SAVITA BEHEN: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether since the relaxation of the limit on dividends Government have noticed a tendency on the part of the managements of the companies running various industries to divert funds meant for modernisation and maintenance of the industry, towards profits and dividends; and

(b) if so, what steps Government have taken to curb such a tendency?

THE DEPUTY MINISTER IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI BEDA-BRATA BARUA): (a) and (b) In terms of the provisions of sub-section (1) of section 205 of the Companies Act, 1956, no dividend shall be declared or paid by a company except out of its profits after providing for depreciation. Sub-section (2A) inserted in the said section by the Companies (Amendment) Act, 1974, which came into force on 1st February, 1975 provides that no dividends shall be declared or paid for any financial year without transferring to reserves a specified percentage of profits for that year. Further sub-section (3) of section 205 A inserted by the said Amendment Act requires a company to adhere to a set of rules or obtain the approval of the Central Government before drawing on its accumulated reserves for the purpose of declaring a dividend. The repeal of the Companies (Temporary Restrictions on Dividends) Act on 6th July, 1976 could not by itself alter the situation in this regard.

### **Cancellation of trains**

375. SHRI JANARDHANA REDDY: Will the Minister of RAILWAYS be pleased to state:

(a) the number of trains that have been cancelled during this rainy season due to floods; and

(b) the estimated loss in revenue on account of cancellation of these trains?

THE DEPUTY MINISTER IN THE MINISTRY OF RAILWAYS (SARDAR BUTA SINGH): (a) and (b) Information is being collected and will be laid on the Table of the Sabha.

### **Wani-Chanaka new Railway line**

376. SHRI DEORAO PATIL: Will the Minister of RAILWAYS be pleased to refer to the answer to Starred Question 135 given in the Rajya Sabha on the 17th May, 1976 and state:

(a) what progress has so far been made in the construction of new broad gauge railway line from Wani to Chanaka in Maharashtra;

(b) what was the amount allocated for 1975-76 for the construction of this line; and

(c) by when the work is likely to be completed?

THE DEPUTY MINISTER IN THE MINISTRY OF RAILWAYS (SARDAR BUTA SINGH): (a) Overall physical progress achieved on the project is about 6 per cent.

(b) Rs. 50 lakhs.

(c) No target date can be given at present in view of the non-availability of adequate funds.

### **Running of suburban trains**

377. PROF. RAMLAL PARIKH: Will the Minister of RAILWAYS be pleased to state:

(a) whether there is any proposal under Government's consideration to run suburban trains between Baroda-Ahmedabad, Baroda-Surat and Surat-Valsad sections of the Western Railway; and