

(d) Does not arise.

(e) No, Sir.

(f) Does not arise.

### **Sole Selling Agency System**

\*170. SHRI BHUPESH GUPTA :

SHRI SANAT KUMAR RAHA :

SHRI INDRADEEP SINHA :

SHRI YOGENDRA SHARMA :

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state :

(a) whether Government have formulated any policy regarding sole selling agency system *vis-a-vis* interests of consumers;

(b) if so, what are the details thereof and how it is being implemented; and

(c) if not, whether Government propose to lay down their policy in this regard in order to protect the interests of consumers from the malpractices indulged in by the sole selling agents ?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. GOKHALE): (a) to (c) A statement is laid on the Table of the House.

### **Statement**

The policy pursued by the Company Law Board with regard to appointment of Sole Selling Agents by the Companies is governed by the provisions of Sections 294 and 294AA of the Companies Act, 1956. Pursuant to Sub-section (1) of Section 294AA of the Companies Act, 1956, the Company Law Board has prohibited the future appointment of Sole Selling Agents in Companies engaged in Sugar, Vanaspati, Cement and Paper.

Under Sub-sections (2), (3) and (6) of Section 294AA of the Companies Act, 1956, the appointments of Sole Selling Agents by the Companies either having a

paid-up capital of Rs. 50 lakhs or more, or in which the Sole Selling Agents are substantially interested have to be made with the approval of the Company Law Board. While administering these provisions and regulating such appointments, the Company Law Board ensures that the terms of Sole Selling Agency contracts are not prejudicial to the interests of the Company. Where such agreements, on scrutiny and hearing have been found to be so prejudicial, the Company Law Board has either modified the terms so that they are no more prejudicial to the interests of the company or in suitable cases abrogated the agreements.

### **Reduction in Profit Margin on Imported Drugs**

\*171. DR. Z. A. AHMAD :

SHRI BIR CHANDRA DEB  
BURMAN :

SHRI S. KUMARAN :

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) whether the State Trading Corporation proposes to reduce its margin of profit on some of the imported drugs;

(b) whether this reduction will be reflected in retail prices also; and

(c) if so, what are the details thereof ?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI PRAKASH CHAND B. SETHI): (a) and (b) Yes, Sir.

(c) The details are not available at present as the reduction will have prospective application.

### **Investigations against Companies**

\*172. SHRI DHARAMCHAND JAIN:

SHRI KALYAN ROY :

SHRI BHOLA PRASAD :

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased