

MR. DEPUTY CHAIRMAN: Now we take up clause by clause consideration of the Bill.

*Clauses 2 to 11 were added to the bill.*

*Clause 1, the Enacting Formula, the Preamble, and the Title were added to the Bill.*

SHRI K. D. MALAVIYA: Sir, I move:

"That the Bill be passed."

*The question was proposed.*

DR. R. K. CHAKRABARTI (West Bengal): The hon. Minister has not clarified three points. First is about the number 4 to 14 and it is not convincing. He has not clarified whether the number will be fixed at 9 or 10. The second point he has not clarified is about the difference between the Chairman and the Administrator because the Administrator may be the Secretary on the Board of Management but what will be the relation between Chairman and the Administrator. That is not clarified. The third point is, how many times will they meet. That provision is not there in the Bill.

SHRI K. D. MALAVIYA: The relationship will grow by tradition.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*

THE ALCOCK ASHDOWN COMPANY LIMITED (ACQUISITION OF UNDERTAKINGS) AMENDMENT BILL, 1974

THE DEPUTY MINISTER IN THE MINISTRY OF HEAVY INDUSTRY (SHRI DALBIR SINGH). Sir, I move:

"That the Bill to amend the Alcock Ashdown Company Limited (Acquisition of Undertakings) Act, 1973, be taken into consideration."

The House is aware that the Bill to acquire the undertakings of The Alcock

Ashdown Company Limited was passed in December 1973 and the House is also aware in what conditions the Bill was passed. Now, Sir, one Turner Morrison and Company, the major shareholder in this Company, have filed a writ petition

They have gone to the High Court with a writ petition and they have taken the plea that the amount which is deposited by us in accordance with the law passed here, the amount of Rs. 1 crore for various purposes specified in the Act, is illusory.

[The Vice-Chairman (Shrimati Purabi Mukhopadhyay) in the Chair]

They have said that the Government has included book debts, etc., while arriving at the amount, whereas our intention is not to include all these things. We examined this point again in the Department. We have also on this point taken the advice of the Legal Department. We have consulted the learned Additional Solicitor-General and the Additional Solicitor-General has given the definite opinion that the intention of the Government about not including all these things in the Act should be made explicit for removal of doubts. So, we have come here with this Explanation to be added to section 4(1) of the main Act. With this Explanation we hope that we have taken abundant caution to clarify our intentions. The case is before the High Court and we have to contest it. Our case is very strong and on the basis of legal position we may win the case in the High Court. With these few remarks I move.

*The question was proposed.*

SHRI D. D. PURI (Haryana): Madam, on the face of it, the Bill looks to be harmless, innocuous, innocent and a one-line remover of doubt, but I do suspect that there is a great deal more to the Bill than meets the eye. For instance, the Government got the Bill passed for taking over the undertaking known as the Alcock Ashdown Company Limited (Acquisition of Undertakings) Bill. Now, I would like to make one thing very clear. I do not know the Alcock Ashdown Company Limited, who are the people connected with it. I am not even remotely connected with this Company or any business that they are

[Shri D. D. Puri.]

carrying on, but the point I am making is this. At the time of taking over the undertaking, the Bill defined thus:—

"The undertakings of the company shall be deemed to include all assets, rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, investments and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the company, whether within or outside India, and all books of account, registers and all other documents of whatever nature relating thereto."

Now, this Bill seeks to remove a doubt as to whether 'assets' include book debts or not. With due deference to such opinion as they may have obtained I do not think any doubt should arise reasonable or unreasonable. Undoubtedly without any question of ambiguity book debts are part of the assets of a company. In any statement of accounts and balance-sheet, we have assets and liabilities. Is it seriously suggested that loans and advances and moneys recoverable by the company are not an asset of the Company, are they liability of the Company then? The Company advances money to somebody and the amount is recoverable by it. Is the amount not an asset of the Company? It is like bringing a Bill to this House to say that cash shall include coins because somebody has expressed a doubt that cash may not include coins or cash may not include currency. I would like the hon. Minister to state whether there is any balance-sheet of any public limited company, private limited company or partnership, in India or outside India, where book debts are treated otherwise than as assets of the company. What are they? Are they liabilities? In some financial institutions, the book debts constitute more than 90 per cent of the assets of the company. What are the assets of a bank? What about the money that the banks advance? More than 90 or 95 per cent of their assets are book debts. Whether book debts are assets or not, there is no doubt, if I may respectfully submit; never has a doubt arisen and there is no scope for doubt so far as that is concerned

And then what is the attitude of the Government? If there is any doubt, give up. For clause 2 says, "For the avoidance of doubts, it is hereby declared that the expression 'undertakings of the company' . . . I may remind that undertaking includes all assets, powers, rights, etc.—. . . does not include—(a) any debts due to the company, and (b) any amounts recoverable by the company from its shareholders or directors." What is happening actually is that the Government has given second thought to the whole scheme of things. They are giving up certain assets that they have taken over previously. And is there a corresponding reduction in the amount payable to the company? Therefore, you fix a crore of rupees to take over the entire undertaking of the company, which undertaking includes the items that you are excluding now. Are you reducing the amount of Rs. 1 crore or is it a give-away? Or is this a new way that the Government is showing us that whenever anybody files a writ petition the Government will give away what it has taken over without reducing the amount that has been fixed? I would ask the Minister: Is it reducing the amount that was determined to be paid to the company, this amount of Rs. 1 crore? This simple giving up under the pretext of 'removal of doubts' is unbelievable. Obviously some kind of a defect has been found in the basis on which they determined the amount of Rs. 1 crore. It is obvious, and they are unable to face the court, that amount having been fixed at Rs. 1 crore.

Madam, I would like to point out one more point arising out of this very small, innocuous Bill. We have taken away the power of the courts to go into the amount of compensation and we have banished the word 'compensation'—the amount paid for the acquisition of any assets is no more justiciable. That, to my mind, increases the responsibility of the Legislature because formerly, we could be complacent about the matter that if in any matter the Government made a mistake the court would set it right. Now, the courts have not got the power to set it right. Now, the responsibility solely rests on the shoulders of the Legislature. 'The removal of doubt' is a camouflage. What they feel now is that the basis on which they fixed the original amount, it is vulnerable and it is full of loopholes. Therefore, they must give up

a substantial part of what they have taken over originally so as to be able to stand up and put forth any justification. Is it a question of somebody filing a writ petition or the giving up? I would say that this defect would not have arisen if they had stated the basis on which this amount had been worked out. It is not a question of giving more or giving less. It is a question of suggesting a basis so as to convince the House that the amount is not arbitrary. It is not as if they have drawn the amount out of hat. One hat with the name of the undertakings, the other hat is with amounts, and they just connected the two. The basis must be given. I would appeal to the Minister, the 'avoidance of doubt' which is the purported purpose of this Bill, is not the truth. They should come clean and they should reveal everything to Parliament that we made a mistake in working out that amount, we are unable to defend that amount against an attack on the basis of it being illusory. We change the basis, this is the new basis. Therefore, they should have come with cleaner hands to Parliament. Otherwise, I would say that 'avoidance of doubt' is not the truth, it is certainly not the whole truth. On that I would only say that *suppressio veri* is *suggestio falsi*.

SHRI SANAT KUMAR RAHA (West Bengal): Madam, at this moment I cannot support this Bill because this Bill is full of mysteries. First, Madam, this Bill tries only to define the undertaking so as to avoid court rulings. The Minister should clarify my charge. My charge is this. The Britishers transferred the company to Mundhras as it was defined then. Now you are changing the definition of the word "undertaking" by defining it in some other way in a negative manner. It is the negative definition of the word "undertaking". What is your positive definition? What does "undertaking" mean? The previous speaker raised this point. I also support those views. Now, Madam, the Department of Company Affairs is there. The Company Administration is there. Nationalised banks are there. These institutions are functioning without having any power to check this loot in time; they cannot even stop this loot. Alcock is the victim

The British Government started this institution, perhaps, more than eighty years

ago. Since that time the Britishers have been looting our national resources and wealth through the help of Indian manufacturers. The Britishers got sufficient money repatriated to their own land. When ultimately after independence they found that it was not possible like in the olden days to loot the country they transferred their shares to Indian collaborator, the Mundhras. Mundhras also cornered lot of money from this company. I want to know what the Government is doing regarding Mundhras cornering lot of money from this company by way of loan. I find from the previous proceedings that a sum of Rs. 1,65,000 has been cornered by them as loan from Alcock Ashdown Company. And it has been cornered in order to cheat the country and the industrial concerns with which the company is concerned. It is a crime, an economic crime, against the nation and for this, may I know, Madam, whether Mundhras should be taken to task or not? This is my charge.

Then, Madam, I want to know what the company's real assets are. What does the company mean by "undertaking"? What is the real estate? An estimate has been given that its value will be such and such. We will pay one crore of rupees to the court. May I know whether the asset's value is greater than this amount? A sum of Rs. 37 lakhs will be paid to the workers by way of arrears, provident funds, etc. This is simple arithmetic. We want the details of the assets of this Alcock Ashdown Company. I should like further to know whether its assets can be utilised for the growth and production of industry, whether it can be further utilised for development of strategic defence materials and engineering goods. The country needs such engineering concerns. Defence materials are very essential for the needs of the country. I want to know whether after the take over of this company it will be nationalised or not. I do not know when it will be taken over and by what time the Government will utilise these assets for production. And what are the assets of this company? If all these mysteries are not cleared how can I give my consent to this Bill?

Again, Madam, the performance of the banks has been very bad. The State Bank of India and the Bank of Maharashtra have given a loan of Rs. 170 lakhs to this company.

[Shri Sanat Kumar Raha.]

The State Bank has spent more than Rs. 170 lakhs for the Alcock and Ashdown Company. Bank is our national asset. Bank money is people's money, public money. It has been spent for the British concern, it has been spent for the Mundhra concern and Mundhra has cornered the money. Is this the business of the bank to feed the shark? Now you come before the House with this Bill saying that it is a simple Bill. My fundamental question is this: What is the policy of the Government to realise all these national assets, national property, public money, from those persons and concerns, whether it is industrial concern or any other concern, from those people who have committed economic crimes in our country by having some shady deals with some other companies? So I want to know whether the Government will take some action regarding such performance of the banks, regarding the performance of the Company Affairs Department and whether the Company Affairs Department and the Banking Department will be also given sufficient powers to check these things in time. These institutions cannot grab public money or corner money for their petty interests. So, I want to know what actually are the assets and what is the positive definition of "undertakings" like Alcock Ashdown which you are going to have.

SHRI H. M. TRIVEDI (Gujarat): Madam, like my hon. friend, Mr. Puri, I also thought initially that it was an innocuous Bill which would merely replace the Ordinance. However, looking through the statement which was already circulated to the Members—I was, in fact, looking for a little further explanation from the hon. Minister as to why this Ordinance became necessary and why this Bill became necessary—we find that a writ petition challenging the validity of the Act itself has been filed and in this writ petition two major grounds have been taken: (1) the amount is illusory and (2) the expression "undertakings of the company" includes book debts, loans, etc. As I said, it is not an innocuous Bill. It raises two or three very fundamental issues which go to the very root of governmental policy in terms of legislation to effect take-over of undertakings.

Madam, you are aware that in our original Constitution, the right to property was

regarded as a fundamental right. After a titanic struggle extending for over 20 years, it was possible for us to proceed to implement the Directive Principles of State Policy by amending the Constitution so as to remove the word "compensation" and substitute the word "amount". The Supreme Court in several previous cases had held that it had the jurisdiction and it fell within its purview to determine whether the compensation was fair and reasonable. We replaced those words by the word "amount". It would seem to me, Madam, that after the Constitutional amendment, the Government has gone to sleep. It would appear as if the Government is taking shelter under this and imagines that in subsequent legislation for acquisition of undertakings, it is completely protected by the Constitutional amendment which has been carried out. This, I suggest, Madam, is a very dangerous psychology that has crept in. Madam, you will recall that that titanic struggle culminated in the bank nationalisation case. You will recall that in the General Insurance nationalisation, we had to amend the schedule of amounts which was put in the original Act. In the case of the Indian Copper Corporation and in the case of the coal mines nationalisation, it was good that the hon. Minister at that time went to the length of explaining to Parliament the manner in which the assets were calculated and the liabilities were calculated and how the amount was arrived at. What I am really driving at is that this is not only an amendment which has to be carried out by way of abundant caution. Firstly, with a vast army of legal talent which is available with the Government, cost accountants and what not, how is it that it did not precisely define in the Act what exactly it was taking over. It would almost appear as if they are unable to read a balance-sheet. Madam, for a person like me, who is used to balance-sheets and what not, it seems obvious that if you are passing a legislation for taking over an undertaking, you must be absolutely clear in your own mind, after a complete analysis, of what you are, in fact, taking over.

Now I would go to the other aspect. It is not necessary that you proceed only on the balance-sheet of the Company as it is. The constitutional provision protects you only to the extent that the amount which

you pay for the assets which you take over will not be subject to review or purview in relation to its adequacy or fairness. But as it has been stated and challenged in this writ petition, it will still be necessary for the Government in all proceedings of this character to prove the negative fact that it is not illusory and that it is not arbitrary. And for this purpose I suggest that henceforth the Government should be extremely careful. I suggest this for the simple reason that in legislations which we have passed so far for acquisition of undertakings a challenge of this character has not arisen. This is the first challenge, the first Act, in which a petitioner has gone to the Supreme Court to call the amount illusory. Now, if tangentially or otherwise, at any time a decision should arise—and the Supreme Court is an independent judiciary—which would probably strike down a legislation of this character, then I suggest we are going to get into the same kind of vicious circle that we got into with the Golaknath case in relation to Parliament's powers regarding fundamental rights. We are going to get into a decade of interminable litigation relating to acquisition of undertakings.

I suggest that it is high time that the Government started taking care defining its own policy, making up its mind precisely on the manner in which they wish to arrive at the amount which they will pay in relation to each acquisition. There, as I said, the constitutional provision does protect you to a certain extent. But I suggest that there are several accepted accounting methods available. The first accounting method available is assets less liabilities. I am suggesting that it is open to the Government to determine the assets. It is open to the Government even to evaluate the assets. It is not necessary to proceed on the balance-sheet. It is open to the Government to exercise its own discretion on the liabilities. After even having arrived at assets minus liabilities, it is open to the Government to say, if it is a hundred rupees, I will pay only Rs. 75. It is open in relation to single undertaking or a group of undertakings to adopt diverse methods of arriving at what the amount would be, as we did in the case of General Insurance Nationalisation—past dividends may be a basis. Paid up capital and reserves may be a basis. But the Government must make up its mind, must be clear, and it must precisely

state in the legislation for the acquisition of the undertaking as to what in fact it is taking over after its own examination and evaluation as to what it is doing.

Then I suggest that this kind of slipshod legislation, this kind of bad legal drafting, must be avoided. As I said, as my honourable friend, Mr. Puri said, to anyone who is conversant with a balance-sheet, on the face of it, it will appear as if assets do include book-debts. Now the honourable Minister gets up in proposing the Bill and says "the intention of the Government" was to exclude. How is the intention of the Government disclosed except to Parliament and in terms of a specific legislation? How are we to read something which is in the mind of somebody in the Ministry as to what is intended when they are putting through an important legislation of this character acquiring an undertaking, proceeding on the basis of a constitutional protection which, as I said, we have taken after a Titanic struggle extending over fifteen years? How are we to imagine all these things? Therefore, Madam, I would suggest, firstly, bad drafting must be avoided; secondly, there must be a precise determination as to what we are taking over; thirdly, it must be precisely stated in the statute; and fourthly, we must take care to see that we are not challenged on the ground that the compensation or the amount is illusory or arbitrary. Thank you.

DR. RAMKRIPAL SINHA (Bihar): Madam, introduction of this Bill in this House is yet another example of the gross neglect of drafting officials in the Government. Yesterday and today we were discussing the IISCO and there we found that the assessment of the officers misled the Government and the production came almost just to half after the take-over. This is another example of gross neglect of drafting the Bill. We have a Law Ministry and we have experts there. But without going into the pros and cons of the things, they introduced the Bill here. It is not that the Government knew about trouble only today. Going through the proceedings of 1973 in the Lok Sabha when the Bill was introduced there, certain Members expressed their apprehension that the compensation might be declared illusory and somebody might go to the court on that basis. That apprehension has now come true and the Government has to come with an

[Dr. Ram Kripal Sinha.]

amendment to the Bill within six months or so. This is a sad reflection on our Ministry of Law and the drafters of the Bill. Without going into the details of assets and liabilities of the company, in the name of socialism and slogan mongering, the Government nationalised the company and landed into difficulties. We have to spend a lot of money and we cannot get anything out of it. When the factory becomes old and decrepit, certain trade union leaders in league with the factory owners make a hue and cry in favour of nationalisation of that factory or company. Government is rather hoodwinked into nationalisation of that particular company. This Alcock Ashdown Company has two units, one in Bhavnagar and another in Bombay. It has a liability of Rs. 340 lakhs. It has taken loans from the Bank of Maharashtra and the State Bank of India as was stated by hon. Member Shri Raha. Still we did not have the correct picture of its assets and liabilities even though Government was warned in advance. Several hon. Members in both Houses had drawn their attention to this fact. But the Government did not care. When the State Bank and Bank of Maharashtra advanced loans to this company, there must be on the Board of Directors some representatives of these banks to check the accounts and see their assets and liabilities and see whether these loans could be advanced or not.

Now that the banks are nationalised, these persons must be somewhere in the Government and the nationalised banks including the State Bank of India are not private Banks. Therefore, is the Minister going to penalise such persons for neglect of duty? This is one thing. The second thing is this: Right from the beginning, madam, we can be very cautious and apply the Companies Act. According to the Companies Act, under Section 237(B), we can make inquiries into the affairs of companies. Was any such inquiry made? Then, according to Section 408 of the Companies Act, two Directors might be appointed on the Board by the Government. Who are these two Directors on the Board of Directors of this Company? They must be located and their names must be before this House. What steps has the Government taken against these faulty persons who have landed us in this difficulty? There is the Labour De-

partment and it gets representation from the labourers in the particular concern. Did the Labour Department go into these things and inquire into the state of affairs with regard to its assets and liabilities? A sum of about Rs. 40 lakhs as wages and bonus of the labourers is still due from the Company. Who is going to pay this? Is the Government going to pay this or the old shareholders? Then, madam Mundhra took loans and who will pay the liabilities? Who will pay the dues of the labourers? Without taking into account all these things, the Government goes on taking over one concern after another. I am surprised to see the state of affairs. Things are in a very bad state of affairs. "Something is rotten in the State of Denmark". This is the state of affairs in all the public undertakings. Madam there is the Heavy Engineering Corporation in Ranchi and it has incurred a loss of about Rs. 110 crores and in the year 1972-73 alone it has incurred a loss of Rs. 16 crores. Then, there is the Instrumentation Ltd. Then, there are such undertakings like the Mines & Allied Machinery Corporation, the Ophthalmic Glass Corporation, etc. and they are in Calcutta and other places. All these public sector undertakings have taken huge amounts of loan and the Government of India has been squandering the money from the public exchequer on these undertakings. They have been granted loans interest-free for five years, ten years and so on. IISCO has been advanced loans interest-free for several years. Then, there are overdrafts. What is happening in this country? Why are we squandering the public money in the name of socialism? This is something very sad. I would like to draw the attention of the House to these things and would like to request the House to put a brake on this wayward Government which is just toying with the assets of the country. I am reminded of a small story:

A lady had a daughter and the daughter was married to somebody in some other village. But the lady had a cow also. Every year, when the daughter used to visit her mother, she used to ask her mother to give her the cow since the cow used to give good milk. Years passed by and the cow became old and useless. The daughter came one day and asked for the cow. The mother was gracious and said, "All right. Take the cow." This is the case with the present Government also. When the private

sector milks the cow to the last drop and when there is nothing left, suddenly some labour leaders start howling.

Some political leaders start howling. And then it also justifies the slogan of socialism. And then the Government steps in and says: We nationalize it. It should not be called nationalization, it should be called "governmentalisation". So I oppose this Bill. The Government must formulate a policy in what conditions they are going to take over a particular industry or a factory. Bad management should be punished. Bad management should not be rewarded by nationalising it.

The second thing is that nationalization should have some bearing with production. The moment a factory is nationalized, in the public mind it gives a picture as if the factory was in a bad condition; so the Government has admitted it into the *goshala*. When a cow becomes sick or old it is admitted into a *Goshala*. So the Government has opened *goshalas* for six sugar factories, sick jute factories, the Alcock Ashdown Co., Burnput, this and that. There is a great conspiracy in the country to loot the public exchequer in the name of nationalizing all sick industries. The Government must be warned. It is better to open new industries. It must formulate a basic policy in what conditions a particular industry will be taken over.

That's all.

**SHRI MONORANJAN ROY** (West Bengal): Madam, Vice-Chairman, I will not take much time of the House. All the points have already been covered by the hon. Members who preceded me.

My point is this: Is the Government sure that after this amendment there will be no chance that another writ petition will be before the High Court, or will the Government again come with an Ordinance and then a small Bill or a small amendment? Who was the officer in charge who drafted the Bill? Mr. T. A. Pai piloted this Bill. The Bill was drafted by high officials, getting three thousand rupees a month and all the perquisites. What action has been taken against these officers? It is surprising that after their experience of

so many years, they drafted a Bill for take-over, and they just cannot define 'assets'. Then they do not know how to define what the Government wants to take over. Is it pardonable. If it goes on in such a way, I do not know where the Government will lead the country. Madam, that's why I demand punishment to that officer. That should have been given. And before the Minister had tried to pilot it, he should have told that he has taken some officers to task. At least some punishment should have been given to the officers. . .

**SHRI MAHAVIR TYAGI** (Uttar Pradesh): Why not to the Minister himself?

**SHRI MONORANJAN ROY**: Minister does not know anything. . .

**SHRI MAHAVIR TYAGI**: He is an advocate . .

**SHRI MONORANJAN ROY**: He may be. But he is not practising. He has to pilot the Bill and he has to seen to the administration. Certain other people had to do this job. M. T. A. Pai piloted this Bill. He had not drafted it. It is not expected of him. . .

**SHRI MAHAVIR TYAGI**: Law Minister .

**SHRI MONORANJAN ROY**: But they do not draft themselves. Anyway, Madam, I do not want to go into any controversy on this. What steps were taken or is it that you did not go through the Bill after the draft and that is why you are not taking any steps against that officer?

My second point is that Mundhra has been successful in cheating the Government of India in many ways. He has his nails in so many industries and he has cheated mostly the Life Insurance Corporation of India who were very much eager to oblige him. I do not know whether the Life Insurance Corporation had any man in the Board of Directors or the Bank from where he got 170 crores of rupees according to your own statement when the Bill was originally presented.

Madam, my friend who preceded me—I do not know from where he gets all these

[Shri Monoranjan Roy.]

things says that there are some labour leaders who howl. I do not know what he means by howling. I am not very much conversant with the English language. It is not our mother tongue. But the word 'howling' is not suited for this occasion. May be that he had some grievance against a particular labour leader. This word 'howling' is not suited to qualify the labour leaders at large. I am myself a labour leader. On behalf of the working classes, I can say that workers are not responsible for the bad state of affairs of any undertaking. It is the administration in the public sector and the private owners in the private sector who are responsible. The workers have to see that their jobs don't go and they do not become beggars on the street. They may have to starve to death. That is why they want that the Government should take over. But the workers never say that you give compensation to the management. Did any labour leader say that the Government should give any compensation to the employers who have squandered the public money at the cost of the workers and the people? No. They will never say that. If they had said that, then only they could have been accused of howling.

Madam, the Government has got the responsibility for every industry in this country, whether it is in the private sector or the public sector. The Government cannot absolve themselves of this responsibility. They should have looked into that long before when the Bank and the Life Insurance Corporation advanced loans. Are not the Nationalised Banks and the Life Insurance Corporation Government undertakings? Why should they give loans and not keep any vigilance? So, it is entirely the responsibility of the Government and the crooks who do these things. That is why the workers want that their services should not go. I do not oppose this Bill because I want that the taking over should be as speedy as possible and the workers should get their jobs. I very plainly ask the Minister to give us an assurance that immediately after the take-over, the first thing that they will do is to pay arrears to the workers and that the workers who are out of service will get back their jobs and their conditions of

service will remain as they were before. I want that assurance again from the employer. Madam, here is a letter from one of the labour leaders received by my friend, Mr. Subramania Menon in March. He was a Member of this House but his term has expired. In that letter, he narrated how they approached Mr. V. C. Shukla and others, who are supposed to have been in charge of this and the Mazgaon Docks, under which undertaking this will continue. They narrated their pitiable condition. So, I want an assurance from the Minister that the conditions of the workers will be looked into and that all of them will be reinstated. At least some money should be advanced to these workers out of their provident fund and gratuity dues—all these are in arrears—so that they can survive for some months till it is formally taken over and is released from the High Court. Thank you, Madam.

**SHRI DALBIR SINGH:** Madam Vice-Chairman, as I have stated earlier, this is a very simple Explanation with which we have come before the House to add to Section 4(b) of the main Act. And with this Explanation, we want to make the intention of the Government quite clear.

Mr. D. D. Puri has raised serious objection to this amendment, not only to this amendment, but to the whole enactment. He has read out the provision. He said that all book-debts, loans, etc. will have to be within the purview of the definition of assets. I may say, Madam, it was not the intention of the Government at all, as I have stated earlier. And even after that, we had consulted the legal authorities and we sought the definite opinion of the learned Additional Solicitor General on the interpretation of the definition clause. He has given an opinion that even though the definition does not specifically include book-debts, etc. but for abundant caution, we should make it clear through this Explanation to be added to Section 4(b). The exclusion was deliberate and the explanation now added only makes it explicit. Wherever the intention of the Government is to include all these items, it has been made clear specifically in the enactment as in the case of various enactments which have been so made. In the case of Air Corporations Act, 1953 the



inclusion of book-debts was made very clear. And in the case of the Metal Corporation of India (Acquisition of the Undertaking) Act, 1966, the Indian Iron and Steel Company (Taking Over of Management) Act, 1972, and various other enactments, the intention of the Government was specifically made clear. So, that is why we did not mention book-debts etc. in this Act. But, even after that, we have inserted the explanation as a precaution because the case is pending before the High Court and all these points are coming up. The main plea that they have taken is that this amount of Rs. 1 crore which we have provided in the enactment and which we have deposited also under the court order, is illusory. They have arrived at this conclusion by including all these loans, book-debts, etc. in the computation of assets. So, to make the things clear we have brought this amendment before the House.

Madam, we have not acquired the Company. We have acquired the undertaking of the Company. There is a difference between the two. The Company still exist. The Official Liquidator and the Court Receiver are still there for winding up the Company and recovering book-debts, loans, advances, misfeasance etc. That process is going on. So under the enactment governing this, they are there and will be there. They are to dispose of everything.

Madam, Mr. Raha said that it is a negative definition which we are adding. It is not our intention. It is not a negative definition, as he says.

Mr. Trivedi is very harsh and is feeling very touchy about this amendment which we are bringing before the House. He has also said that it is a bad piece of drafting. Madam, so far as drafting is concerned, it is all right. As the House is aware, the process of drafting has to pass through several stages and only after that it is finalised in consultation with the Legal Department. Mr. Monoranjan Roy was also saying this. So, he was also saying that it was a bad drafting. The drafting was all right.

But, now, because of these compelling reasons and all these things we had to

issue the Ordinance. All these points are coming up and all these questions are coming before the High Court and to take abundant caution and to make it very clear and explicit we have brought this Bill. In addition to that it was felt that no ambiguity should remain in the definition of the enactment.

Madam, Mr. Ram Kripal Singh was also very critical about the nationalisation and various other points also. He was giving his own philosophy against nationalisation. Certain Members were for nationalisation. But, whatever we do is for the ultimate public interest and in public interest. We have acquired these assets to put them to public use and to put them to productive use. The assets which we are acquiring can be so put only after we have acquired them. So, Madam, with that objective only we have acquired the undertakings of this Company.

SHRI MONORANJAN ROY: Madam, what about labour.

SHRI DALBIR SINGH: He is very sympathetic towards the labour. I appreciate the idea of anybody who comes forward for such sympathies for labour. We are also very sympathetic towards labour. Our policy is also towards labour. So, whatever is done would be in accordance with our policy for labour. There are nearly 1,111 employees in this Company. And we have taken some steps also. We have been holding discussions to find out the best possible method of absorbing these people and we are finding out ways and means of protecting the interests of these workers. So I can assure the House that we are very sympathetic and steps would be taken in the interest of the labour.

SHRI MAHAVIR TYAGI: Your Government is suffering from labour pains.

SHRI DALBIR SINGH: Madam, these are all the points I have to submit.

(Interruptions)

SHRI MONORANJAN ROY: Madam, you know the sympathy is not coming out of the belly. My question is whether all

[Shri Monoranjan Roy.]

of them will be absorbed and whether their service conditions will be maintained. They have 15 years' service.

**SHRI DALBIR SINGH:** It is a question of protection for labour also, as I told you. Service maintenance is a general question. It is everywhere.

**THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY):** Please finish.

**SHRI DALBIR SINGH:** We are considering all these points while solving this question.

In the end, Madam, I request that the Bill be passed.

**THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY):** The question is:

"That the Bill to amend the Alcock Ashdown Company Limited (Acquisition of Undertakings) Act, 1973, be taken into consideration."

*The motion was adopted.*

**THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY):** We shall now take up clause by clause consideration of the Bill.

**SHRI D. D. PURI:** Madam, the objection I raise is, in the original Act acquiring the Undertakings, "Undertakings" has been defined as follows: "The undertakings of the company shall be deemed to include all assets, rights, powers, etc." Now Explanation under clause 2 says:—

"For the avoidance of doubts, it is hereby declared that the expression 'undertakings of the company' does not include—

(a) any debts due to the company; and

(b) any amounts recoverable by the company from its shareholders or directors.

Is there any real doubt at all that assets of a company include book debts? Is that doubtful? What they have taken over is

the undertakings and "undertakings" has been defined as assets. Assets have been taken over. Is there any doubt at all that any debts due to the company are assets of the company or any money recoverable by the company from its directors or shareholders? They are assets of the company and assets have been taken over under the definition of "undertakings". I do not know how this doubt should have come at all or whether they want to curtail the scope of what they are acquiring from the original scope.

**THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY):** Do you want to say anything, Mr. Minister?

**SHRI DALBIR SINGH:** Madam, there is no question of curtailing the scope. That is the true intention of the Government. As I have made it clear earlier, we have got these undertakings for public purpose whereas book debts, etc. cannot be construed as for public purpose. So Mr. Puri should have no doubt about it. I again say that it has never been the intention of the Government to include these in the definition as we have made it clear.

*Clauses 2 and 3 were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**SHRI DALBIR SINGH:** Madam, I move:

"That the Bill be passed."

*The question was put and the motion was adopted.*

### THE DIRECT TAXES (AMENDMENT) BILL, 1974

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH):** Madam, I beg to move:

"That the Bill further to amend the Income tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958, and the Companies (Profits) Surtax Act, 1964 and to provide for certain related matters, as passed by the Lok Sabha, be taken into consideration."

श्री राजनारायण (उत्तर प्रदेश):  
माननीय सदस्य में कोरम नहीं है।