

more detailed information about it. As a matter of fact, in the last three years, I had invited the representatives of the trade unions both the award staff and the officers two times. The latest discussion that I had with them was on the 17th and 18th of January this year when I had invited representatives of employees on the Boards of-Directors of the banks. I think it was a discussion particularly about three matters. One was about the quality of service to the customers, which is a more important thing because I have heard many complaints from the customers' organizations and even from the Members of Parliament here. So, this was the major point that I had tried to discuss. I must say that in this discussion they were very constructive. They offered co-operation but they also insisted that there must be a much greater co-operation at different levels of the bank management between officers and award staff. That was the main point that they stated and I think we have to keep working towards this end.

MR. CHAIRMAN: Next question.

Permission accorded to companies to raise funds through public subscription

*470. SHRI P. N. BISI:†

SHRI SARDAR AMJAD ALI:

DR. R. K. CHAKRABARTI:

SHRI K. B. CHETTRI:

SHRI N. R. CHAUDHRY:

SHRI SHOWALESS K. SHIL-LA:

Will the Minister of FINANCE be pleased to state:

(a) what are the names of the companies which were given permission by Government to raise funds through public subscription during the year 1973;

(b) whether Government are aware of the fact that these companies utilise the amount of public subscription

†The question was actually asked on the floor of the House by Shri P. N. Bisi.

for a certain period, earn profits and then on technical pleas reject a large number of share applications and refund the money after a long period: and

(c) if so, what, steps Government propose to take to curb this malpractice?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): (a) A statement giving the information for the period January-September, 1973 is laic on the Table of the House. [Sec Appendix LXXXVT, Annexure No. 48].

(b) & (c) The Companies Act. 1956 stipulate that public companies issuing share capital for public subscription through prospectus are required to keep the application moneys in a separate bank account in a Scheduled Bank, on which interest is earned. The period for despatch of allotment letters/share certificates as also refund of application money where no allotment is made or where partial allotment is made, is invariably indicated in the prospectus. Where issues are over-subscribed, the basis of allotment of shares is settled in consultation with the Stock Exchange concerned keeping in view the 'guidelines' issued by Government from time to time. However in some cases the allotment of shares and the refund of application money were reported to be delayed; and inquiries reveal that in many cases such delays were due to various factors over which the companies did not have full control-

SHRI P. N. BISI: Sir, the statement contains a formidable list of 61 names to frighten any average man. I want to know how much money by way of interest these companies have earned and what the Government is going to do about it. The answer of the Finance Minister was also formidable and I could not follow it. Will he speak plainly as to how much money these companies have earned and what the Government is going to do about it?

SHRI Y. B. CHAVAN: Sir, I do not have the information about the interest earned by each company. I have only general information about it. As

this question was raised, I wanted to educate myself generally about it. The interest earned on these amounts is 3 per cent or 3½ per cent per annum. I tried to get information about some typical cases and I found that the expenditure by the companies on processing some of these applications is somewhat more than the interest earned by them. Of course, there may be some cases where they have gone beyond the limits which are indicated in the prospectus. I cannot deny that. But, there is a provision in the Companies Act that if they delay the refund, then they are bound to pay interest to the persons concerned at 5 per cent. This is all that I can say. If you ask me specific questions about specific companies, it may be possible for me to get the information. But, if you ask a general question about all the companies, I can only say that I will try to get the information.

SHRI K. B. CHETTRI: Sir, it seems from the statement of the hon. Minister that delay cannot be eliminated by such process. In view of this, will the hon. Minister, or the Government, see that the existing law is amended to make it obligatory on the Board of Directors to complete the scrutiny of applications within a fortnight or so after the closure of receipt of subscriptions or acceptance date and return the public subscription within a fixed time?

SHRI Y. B. CHAVAN: Sir, I really do not know in what respect the Act can be amended. But, if the hon. Member has any specific suggestions they can certainly be considered. I can forward his suggestions to the Company Law Department who can examine this matter.

I tried to find out whether there were any specific complaints about any such issue. Out of the 61 cases, only in two or three cases there were some complaints. There is no serious complaints about this matter. In some cases, the delays which were brought to my notice were not more than two or three weeks or so.

SHRI N. K. SHEJWALKAR: Sir, may I know from the hon. Minister if it is not possible to fix some time-limit within which this amount should be refunded? Secondly, is it not possible to lay down a specific procedure for the allocation of these shares? Many times it has been found that there are various kinds of difficulties in the allocation of these shares. Different companies follow different procedures. Sometimes they do it by draw of lots and sometimes they follow some other methods. Is it not possible to fix up a specific procedure regarding these two matters, namely, time-limit and the manner of allocation?

SHRI Y. B. CHAVAN: Sir, normally the companies which receive public subscriptions have to enlist themselves with the stock exchanges concerned and then they have to issue the prospectus. Generally, the condition is that the refund of application money in full or part should be made within two months. Normally, that is the period that is stipulated.

Now, recently Government have issued guidelines to stock exchanges in regard to the manner in which these allotments should be made and in these guidelines certain principles have been laid down. I do not think there is any statutory arrangement for this matter and I think it will be very difficult to have a statutory arrangement because its administration will pose difficulties. These principles and policies which have been indicated in the guidelines are generally being observed by the stock exchanges.

SHRI N. K. SHEJWALKAR: Sir, I want a clarification. The subscription collected is many times more; it is sometimes 35 times. Therefore some statutory provision is required.

MR. CHAIRMAN: If you have put a question and if it has not been answered I will allow you. Since you are putting a new question I cannot allow.

SHRI HARSH DEO MALAVIYA: Sir, if I understood right, the hon. Minister has said that in many cases

the subscriptions were returned late because of circumstances beyond control and that there have been cases where beyond a certain period interest was paid to the subscribers.

SHBI Y. B. CHAVAN: Can be paid I said.

SHRI HARSH DEO MALAVIYA: What I would like to know is what were the 'circumstances beyond control' because generally what happens is they keep the money in a bank for some time and return it after earning interest. So what are the 'circumstances beyond control' when the subscriber's money cannot be returned? In the same connection—not a second question—how many cases are there if any when interest was paid—he said it can be paid- to the subscriber.

SHRI Y. B. CHAVAN: The first question is what are the factors which normally come in the way. As I have said I tried to find out and certain factors were brought to our notice. I found for example when certain cheques are sent along with the applications sometimes they are not cashed in time. Applications are made from up country and sometimes the encashment of cheques are delayed. For allotment of shares sometimes they have to send registered letters in thousands to the various applicants and sometimes the Post Office refuses to accept so many registered letters on one day. These are some of the administrative difficulties and that delays the process. As far as interest payment is concerned there is a legal provision for it; I think it is section 73 of the Act or so. I do not know in which cases it was paid or not but if he wants any specific information—he need not put a question—he can write to me and I will try to get the information for him.

Development of Tourist Centres and Hotels

*471. SHRI K. B. CHETTRI:

MISS SAROJ PURUSHOTTAM
KHAPARDE:

†The question was actually asked on the floor of the House by Shri K. B. Chettri.

DR. R. K. CHAKRABARTI:
SHRI SARDAR AMJAD ALI:
SHRIMATI AZIZA IMAM:
SHRI HARSH DEO MALAVIYA:

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) the names of tourist centres along with hotels which are proposed to be developed during the year 1974; and

(b) the steps so far taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (DR. (SMT.) SAROJINI MAHISHI): (a) and (b) A statement listing the places of tourist interest where the India Tourism Development Corporation proposes to take up the construction of hotels and motels during 1974 is laid on the table of the House. [See Appendix LXXXVT, Annexure No. 49]. Air-India's hotel at Santa Cruz, Bombay, which is under construction is expected to be completed in 1974. Several hotel projects in the private sector all over the country have also been approved by the Department of Tourism in their planning stage. A number of these are expected to be taken up for construction during 1974.

In its own programme of development, the Department of Tourism will be completing during 1974 the construction of tourist bungalows at about 9 places and forest lodges in 5 wild life sanctuaries. A statement listing the places where this type of supplementary accommodation is under construction is also laid on the table of the Sabha. As regards new projects, these have yet to be formulated.

SHRI K. B. CHETTRI: I know that the Government is very much concerned about the development of tourist centres all over the country. In West Bengal also Darjeeling is one of the best hill stations and is a centre of attraction for the tourists but I am very sorry to say that many of the schemes are still pending with the Government for clearance. EBpe-