

SURRENDERING OF VOTING RIGHTS BY COMPANIES AND INDIVIDUALS

1668. SHRI K. L. N. PRASAD : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Union Government have recently decided that companies or individual share-holders who pledge their shares above the value of Rs. 50,000 in banks, would have to surrender their voting rights ; and

(b) if so, how far this decision will help the Central Government in achieving the desired results ?

THE MINISTER OF REVENUE AND EXPENDITURE (SHRI VIDYA CHARAN SHUKLA) : (a) and (b) With a view to discouraging the use of bank finance for cornering of shares and acquisition of control over well established companies, Government have decided that heretofore public sector banks will get shares pledged with them transferred to their names and will keep or exercise voting rights in respect of shares so registered in their names keeping the public interest in view. Moreover, no public sector bank shall grant advances against shares to a borrower hedged in by any condition on the exercise of voting rights or containing an obligation to issue proxies. The decision will not apply to cases where the overdraft limit against pledge of shares by a borrower from a particular bank does not exceed Rs. 50,000. It will also not apply in the case of advances to share-brokers unless the advance against any particular share runs beyond a period of three months. The Reserve Bank of India has on the 28th August, 1970 issued a directive to commercial banks asking all of them to follow a similar policy in this regard. Government, in consultation with the Reserve Bank, are examining the question of evolving a proper machinery to ensure that the exercise of voting powers by banks as a result of this decision, and by public financial institutions, viz., Life Insurance Corporation of India and Unit Trust of India which hold shares in their investment portfolios, follows a uniform and consistent pattern based on principles of sound public policy.

Government are of the view that this decision will be conducive to the healthy growth of the corporate sector and increase confidence and general investment interest in it.

PUBLIC CONTROL OVER PRIVATE FIRMS

1669. SHRI INDER SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether Government have finalised any plan for public control over private firms which have received funds from public financial institutions ; and

(b) if so, the details thereof ?

THE MINISTER OF REVENUE AND EXPENDITURE (SHRI VIDYA CHARAN SHUKLA) : (a) and (b) Arising out of the recommendation of the Industrial Licensing Policy Inquiry Committee, Government have accepted the 'joint sector' concept in principle and also decided that it would be ensured in future that there is a greater degree of participation in management, particularly at policy levels, in the case of major projects promoted in the private sector involving substantial assistance from public financial institutions.

To secure a greater degree of participation in management the public financial institutions would also, as part of their financial assistance arrangements, stipulate exercise of option for converting loans given and debentures issued in future into equity within a specified period of time. As for loans given and debentures issued in the past, the financial institutions concerned would have discretion to negotiate conversion in cases of default.

VIEWS EXPRESSED IN THE "LOK UDYOG" JOURNAL ABOUT CENTRAL PUBLIC SECTOR UNDERTAKINGS

1670. SRI INDER SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to the views expressed in the latest issue of the "Lok Udyog", the official mouthpiece of the Bureau of Public Enterprises about the shocking state of performance in the top and middle sector of management in the Central public sector undertakings ; and

(b) what are the reactions of Government to the views expressed in the journal ; and the steps proposed to be taken by Government to remedy the situation ?

THE MINISTER OF REVENUE AND EXPENDITURE (SHRI VIDYA CHARAN SHUKLA) : (a) Presumably, the Hon. Member is referring to the signed article written by the outgoing editor of the Lok Udyog in the June, 1970 issue of the magazine. As acknowledged therein, the editorial reflects the personal views of the retiring editor and not necessarily those of the Government.

(b) Government are aware of the problems facing Public Enterprises as also their shortcomings and have taken the following measures to improve their working :

- (i) diversification of production,
- (ii) promotion of exports, and
- (iii) improvements in managerial and operational efficiencies.

FREEZE-DRIED VACCINE

1671. SHRI K. P. SUBRAMANIA MENON : Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state :

(a) whether the Government of India has turned down a proposal of the West Bengal Government for the manufacture of freeze-dried vaccine and other allied medicines at the Government Institute in West Bengal ; and

(b) if so, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS (SHRI D. R. CHAVAN) : (a) and (b) The Government of West Bengal submitted a proposal to undertake the production of Freeze-Dried Smallpox Vaccine and to convert the West Bengal Vaccine Institute into a Freeze Dried Vaccine Production Centre. The proposal was not agreed to as highly specialised equipments, techniques as well as chemicals are required for the scheme which are not available in the country. The State Government was, however, assured that the demand of their State for the vaccine would be met as production was being increased from 60 million doses to 156 million doses during the IVth Plan period in the four vaccine institutes at Patwadnagar (U.P.), Belgaum (Mysore), Hyderabad (Andhra Pradesh) and Guindy (Tamilnadu) with the assistance of W.H.O./U.N.I.C.E.F.

SUSPENSION OF UNION LEADERS OF INDIAN OIL CORPORATION

1672. SHRI NIREN GHOSH : Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state :

(a) whether six employees Union leaders of Indian Oil Corporation (Marketing division, Eastern Branch) have been suspended since the 15th November, 1969 ;

(b) whether it is a fact that he directed the Indian Oil Corporation management to revoke these suspension orders ;

(c) whether it is also a fact that the informed some M.Ps. in writing about his directions ;

(d) whether the IOC management is refusing to carry out his instructions ; and

(e) if so, what steps Government propose to take against the management of the Indian Oil Corporation.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS (SHRI D. R. CHAVAN) : (a) Yes. 6 employees have been suspended and charge-sheeted for misconduct.

(b) and (c) No.

(d) and (e). Do not arise.

FUNDAMENTAL RULES AND SUPPLEMENTARY RULES

1673. SHRI BALACHANDRA MENON : Will the Minister of FINANCE be pleased to state :

(a) the names of the officials who are responsible for keeping the Fundamental Rules and Supplementary Rules up-to-date ;

(b) whether it is a fact that the current editions of these Rules still contain references to the Governor-General-in-Council and mention the Bishops of Lahore and Rangoon as Government servants ; and

(c) if so, whether any action is proposed to be taken by Government against those who are found guilty of neglect in this matter ?