LShri C. M. Poonacha.J

want to introduce diesel locos there but that sector is served mor$_e$ by metre gauge and. we are currently importing some M. G. locomotives and we have a plan to dieselise some sectors in the Gujarat area. That point I was trying i0 meet. As for the accident, the accident has happened and in the Railways, whether here ar in Japan or elsewhe:e, accidents are not completely ruled out. Alter all we depend upon machines, we depend upon. human beings, we depend depend upon various other factors which do at times cause accidents. Now to say that there shall be no accidents hereafter would be only a miracle or a magic-wand performance of which I am not capable of.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): He means as less as possible.

SHRI C. M. POONACHA: That of course I agree.

Coming to the various suggestions, I was mentioning that we will certainly go into all these separately and try to do whatever is possible. As it is we have a programme for new lines in the Fourth Plan piogramme which list we have furnished in one of the papers we have given to the Members. According to that, there is i committed expenditure this year; probably, about Rs. 24 crores are going to be spent on new line construction, according to the phased programme. We will look into the other suggestions that have been made by Members and take them up as and when the finances of the Railways BTmi* and the general e"onomy of the country would be also in a position to provide sufficient funds, But in the- meantime I commend my recommendations and proposals to the Houso f$_{or}$ it$_s$ acceptance. Th«»se in-crp?s°s are not goiner to weish very h^aviiv on the favellihtr public or the Railway customers arid wUh the su-Fr^ctions $^+$hat.have be?n ma^ by Members, the Railways. I hone, will be aVe -to give a better account of themselves in the coming years as has been their >radition so tar.

inank you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The House stands adjourned till 2.30 P.M.

House then adjourned for lunch at twentyseven minutes past one of the clock.

The House reassembled after lunch at half-past two of the clock THE VICE-CHAIRMAN, (SHRI M. P. BHAR-CAVA) in the Chair.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): The Minister.

THE COMPANIES TRIBUNAL (ABOLITION) BILL, 1967

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI K. V. RAGHUNATHA REDDY): Mr. Vice-Chair-man, Sir, on behalf of Shri Fakhrud-din Ali Ahmed I beg to move:

> 'That the Bill to provide for abolition of the Companies Tribunal and for matters connected therewith be taken into consideration."

Sir, this Bill that is before the House deals mainly with the abolition of +he Companies Tribunal which had come into existence by the 1963 amending Act (53 of 1963). I will briefly indicate the reasons which led to its origin and also the subsequent reasons which had compelled us to come before this hon. House with the Bill that is presen$^+$ly being discussed.

Mr. Vice-Chairman. Sir, you will remember the recommendations made by Shri Vivian Bose in his voluminous report. He had pointed out a number of malpractices, misfeasance and other violations of law in relation to corporate management. With regard to certain specific instances also, the report, at that time, struck headlines. When the Government considered all these recommendations at that time. Government found that there wpre inadequacies in law

so they could not effectively deal with *the* situations that would from ime to time develop and present hemselves in public life in relation to corporate management. In order to remove the directors who were found o have committed malpractices, Mr. Vice-Chairman, on the initiative tak^n >y the Government, one of the most mportant sections incorporated in the amending Act of 1963 was Section 388B. Under section 388BU) clause di, the Government can fila statement of the case before the Tribunal ind await their finding, and they can, under other sections of the Act, take measures to remove the directors who ire found guilty, or otherwise unfit, by the Tribunal. When this law was to be made it was felt that, in order to satisfy the principles of natural justice, a kind of quasi-judi-dal tribunal was necessary, so that parties, against whom statement of case may be filed, would have an adequate opportunity to go before the Tribunal and place their matters, *and* the Tribunal, by recording evidence and following all the principles jf natural justice, could arrive at a rinding. And if the finding is adverse "o the parties concerned, then the Government could take action under :he law provided.

Now. Sir, one might ^sk what the reasons are which compelled the Government to come forward with this Bill when the ma had been dealt with by the amending Act of 1963. Sir, in order to appreciate this question I would only like to place before this hon. House one or two salient features of legal procedures. 3ir. before any tribunal if a miscellaneous petition is filed, an interim order can be obtained, and against every interim order, Mr. Vice-Chairman, a person can go to the High Court and invoke the writ jurisdiction of the High Court under article 226, or he can also make use of the provisions in article 227 which provided for supervisory jurisdiction over the tribunals by the High Courts, and under article 227 one can file a petition, what we call, Civil Revision Petition. Therefore, against every interim order that had been passed by the Tribunal one can prolong this litigation by way of a writ of *mandamus,* or a writ of *certiorari* or a writ of prohibition under article 226, or a civil revision petition undei article 227. Now this practice, Mr. Vice-Chainnan, had beon widely resbrted to by those who had been placed before the Tribunal for the purposs of proper adjudication, to fini out whether they were fit persons to be put in charge of management of the corporate sector. I *vji*\\ illustrate it by only one example. A case had been filed under section 388B before the Tribunal in 1964, and now, Sir, in June, 1967, the case is still pending before the Cal-utta High Court, because a writ petition had been filed; a single Judge had given the judgment and under tl ; rules of that High Court. Sir, a writ appeal can be filed even against the judgment of a single Judge. Therefore, a plethora of litigation, continuous, torturing and, if I may say so, an unending stream of litigation goes on, and 4he very purpose for which the Companies Act was amended in 1963, the very objectives for which the Tribunal had been established and the very purpose of speedy adjudication so that the people who are found guilty may be removed even before the term of their directorshio exnireS, we'll, had been completely defeated. And in a case, Sir, in a fairly important case, only one witness had been examined, in examination-in-chief his cross-examination has been going on for th5 last more than one year. This is how the cases are prolonged. With all the great respect I have got for the Tribunal—I don't blame the Tribunal for what had happened—'the parties have resorted to the legal machinery and availed of the remedies available under the law, both under the Constitution and othcrwi0©, and the entire purpose, the objectives and the procedures meant for speedy action have become stultified, If I may very respectfully say

[Shri C. M. Poonacha.]

so, litigation is one of the major industries in the private sector, and this had been resorted to very carefully and cleverly so as 10 defeat tne very purpose and objectives for which the amending Act of 1983 was meant. That is one reason why we have come forward before this House; we h&ve come forward with this BUI for the purpose of abolition of the. Tribunal.

Next, Sir, the headquarters 1 of the Tribunal are located at Delhi, and parti s, who have to litigate before them, coining from various parts, are finding it very difficult to meet the expenses for such litigation.

Sir, probably a question can be raised: Why can't you constitute more Benches in order to avoid this situation? If we have to constitute more tribunals, we will have to spend about more than six to seven lakhs of rupees. We have already spent about Rs. 2,80,000 over this and with all that, if really the Tribunal had proved to, be effective, Government would not feel hesitant about spending money on more such tribunals, and suppose we create more tribunals, even then we would not be able to solve the inherent problems that are intrinsic in the very organic structure of the law that is available in the country, *i.e.,* either the constitutional processes or the legal jurisdictions that are available to the private citizens for purposes of litigation and also for prolonging the litigation. That is why. Sir, we thought that once we transfer the jurisdiction and all the pending proceedings to the High Court, at least we will be cutting off two stages of litigation. There cannot be any writ against an order of the High Court, Sir, and if a single Judge or a Division Bench passes an order in relation to any matter, there is no writ jurisdic'ion provided for under article 226 under which a person aggrieved can file a writ against the order of the High Court. To that extent, Sir, all the interim orders that have I&een passed by the Tribunal, which would ag^n become the subject-matter of jurisdiction under article 226, or of a civil revision petition under article 227, would be avoided. To that extent litigation would be stopped.

With regard to the Bill that wt have brought forward the questio: might be asked: What exactly to happen to the amending provision-that were introduced in 1963? I may at once state that all the powers have been given under sections 388E and other sections that have been provided for in the amending Ad : 1963 have been kept intact and they have not been touched. What sought to be done is that except for a few sections here and there which are not very complicated and which ar$_e$ not of a very important chara in respect of all those sections which really matter in relation to jurisdiction and in relation to pending proceedings, jurisdiction and power? have been vested in the High Court. All the pending proceedings will bu transferred to the High Court aac the High Court will deal with the matter from the stage where the proceedings had stopped. For this purpose also we have provided in the Bill for taking evidence, for continuing the case, for taking further evidence from the stage at which the recording of evidence had stopped. From that stage the High Court itself can record evidence. The Bill also provides safeguards. Suppose for any reason the trial judge in the High Court thinks it fit to decide that there is necessity for further examination of a particular witness, or that there is some point which has U> cleared tor which a particular witnes-should be further examined or cross-examined or re-examined, or the Court itself might like to put certain questions to the witness concerned the purvwe of testing *he demean of the witness. Even in such a case the'-'* is ample provision in the Bill conferring on the High Court the necessary jurisdiction. So I would only appeal to hon. Members to remember one thing. Nothing lias been changed in relation to the power?-

What is proposed to be done by this amending measure is to see that the process of law takes a speedier course and justice is done with greater speed to persons who had committed default. Where there were cases of malpractices, the persons concerned could be removed as soon as possible. This Bill is being brought forward with the same purpose and I hope lion. Members will give very sympathetic consideration to this Bill and I commend this Bill for their acceptance. Sir, I move that the Bill akon into consideration.

Th$_e$ *question* u>as *proposed.*

SHRI MULKA GOVINDA REDDY (Mysore): Mr. Vice-Chairman, Sir, I would like to make some observations with reference to this Companies Tribunal (Abolition) Bill, 1967. I was expecting that the young Minister would bring forward a comprehensive Bill dealing with companies. All along we have made the demand

the present Company Law is not adequate to deal with the new situation that has arisen. Reports have come in about monopolies, that these monopolies are there, that there

icentration of wealth, that interlocking of directors is there and that some big concerns, big business houses have tried to monopolise so many companies, sometimes in their own names and sometimes through *benami.* Therefore we expected that the progressive Minister would bring forward a Bill to abolish monopolies. We also expected that the managing agency system would be done away with. The committee which was appointed to go into the question of managing agencies had made certain recommendations. We had demanded that its report should be discussed. We expected' that the Minister would bring forward a Bill abolishing the managing agency system forthwith. Mr. Vice-Chairman, I am sorry to see that he has no', thought it fit to do so. I hope that within a short time he will bestow some thought on this matter and then bring forward a comprehensive Bill abolishing the -laging agency system and for ting down the monopolies that are now existing in India.

Mr. Vice-chairman, we have all along pleaded that the contributions made 10 political parties by these companies should be done away with and amending measure, banning the contribution,[1], oy these companies to political parties, should, be brought forward. It is high time that the Government brought forward such a Bill banning such contributions to political parties by these companies. We are a democratic country and the people should exercise iheir free will and these companies should not try to influence anyone, they sftould not exercise any influence on the free will of the people. Otherwise democracy would be a mockery and the people would lose faith in democratic institutions, if big money plays its dirty game in the affairs of the coun-Yesterday a report has appeared that the C.I.A. appears to have contributed funds to some political parties. And tiie C.B.I. Report which should have been published in India appears to have found its way to New York and the New York Times says that money from both the btocs, which means the American bloc and the Soviet bloc, had flowed into political parties in India. Most of it may not be true. But a damaging report has been published and I demand Sir. that the report should immediately be placed on the Table of the House and a proper Investigation should take place into these allegations.

SHRI ARJUN ARORA (Uttar Pradesh) : The C.B.I, is not a company.

SHRI MULKA GOVINDA REDDY: I know that, but this is with reference to contributions made by companies to political parties. I repudiate the report that has been published in some sections of the press that the Praja Socialist Party had received money from foreign countries. It is not correct. It is malicious on the nart of those who state that the Praja Socialist Party received money. With regard to the other parties I

have no information and it is for them to say whether they received money or not.

SHRI ARJUN ARORA: File a suit against the New York Times.

SHRI MULKA GOVINDA REDDY: The demand has also been made that the activities of the C.I.A. should also be enquired in'o. It is better that the C.B.I, which was entrusted with this task should place its report before this House.

Mr. Vice-Chairman, the hon. Minister was very eloquent in saying that the Government wants to put down corruption, to put down malpractices and al! that, which are now prevalent in companies. In the Statement of Objects and Reasons attached to the Bill i[4] is st 'ted:

> "At th.3 time of the se'ting up of the Companies Tribunal, it was intended, that the finings of the Tribunal quickly given, would enable the Central Government to remove from office, even before the expiry of their terms, persons who have committed acts of fraud, misfeasance or indulged in malpractices and irregularities in the management of companies."

As far as the objects and reasons go, it is very welcome but I would like to ask the Minister in how many cases the Compnny Law Board has taken action. It looks as though it is an ornament on the Statute Book. The Company Law Board has not exercised its jurisdiction at the proper time and in the quickest manner possible.

For your information I may quote one instance where the Company Law Administration has failed to discharge its duties. There is one Company in Mysore State known as Bagalkot Cement Co. Ltd. This was incorporated in Bombay in 1948 when Bijapur was in Bombay State. Now it is in Mysore. In 1962 the Auditors made a report saying that nearly Rs. 2,80,000 were misappropriated by the Managing Director, Dr. Tendul-kar, and so far the Company Law Administration does not seem to have taken any action in this matter.

On the complaint of some shareholders the Mysore Government requested the police to investigate into this. Thirtyone cases were filed against this Managing Director, Dr. Tendul-kar, in the First Class Magistrate's Court and two cases were committed to the Sessions. When a question was asked the Minister at that time said that they had requested the Regional Director of Company Law to assist in the investigation of these charges against Dr. Tendulkar. Very serious charges were there; misappropriation of funds was there. Certain irregularities in the affairs of the Company were committed. The Company's equipment, stores, etc. were misused. They were misused for some other construction concerns with which this Company had nothing to do. And then money was misappropriated for buying a car for the personal use of the Managing Direc-[1] tor which was not authorised. There are so many other irregularities but strangely enough the Chief Minister of Mysore decided to withdraw the cases.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Mr. Mulke Govinda Reddy, sorry to interrupt you but it would be better if you confine yourself to the provisions of ' the Bill rather than deal with company law as a whole.

SHRI MULKA GOVINDA RUDDY: This is perfectly in order, Mr. Vice-Chairman. The Minister said that the Companies Tribunal had not been able to cope with this. This is no speedier remedy and so much time Ken in disposing of cases of this nature, and that is why they want to abolish the Tribunal. We would like to give these powers the High Courts and the cases can he disposed of quickly. But I would like to bring to the notice of this House through you, Mr. Vice-Chairman, that here k a case which has been there since 1962. The Managing Director has misappropriated money? but action has been taken by the Company Law Department, and for that purpose . . .

JMUU K. V. EAGHUNATHA REDDY (Andhra Pradesh): I do not liko to interrupt the hon. Member but as far as the statement of case and facts of the case are concerned the hon. Member can very well state them but I understand that the matter is pending .before the Tribunal and if he is to deal with the merits of the case 1 have no doubt that he will appreciate the delicate situation in which we are placed. He may refrain from referring to the merits of the case.

SHRI MULKA GOVINDA REDDY: Sir, I am not saying anything out of my imagination. I had tabled some questiong in this House and answers were given by the Minister. I would like to read out the reply given. This was Question No. 774 put on 22nd September 1965:

> "(a) whether it has come to the notice of the Government of India that prosecutions launched against Mr. Tendulkar, Managing Director of Bagalkot Cement Co. Ltd., have been withdrawn by the Mysore Government;
>
> (b) what were the charges against him; and
>
> (c) whether the Company Law Administration has investigated into this case, if so, with what result?"

and the reply was:

> "(a) Yes, Sir. Our attention was irawn to a newspaper report in the Deccan Herald', dated 8th July 1965. On enquiry, the Government of Mysore have informed us that they have moved the Court for permission to withdraw the cases. The orders of the Court are awaited.
>
> (b) The Mysore Police Authorities are reported to have filed 31 charge sheets before the Court of Judicial Magistrate I Class. Bagalkot against Dr. A. G. Tendulkar for having misappropriated the Company's funds and properties involving an amount of Rs. 2,82,240, under sections 409 and 420 of the Indian Penal Code. One of these cases was subsequently reported to have been committed to Sessions for trial. 898 RS—5.
>
> (c) In view of the investigatio* by the State Government, the Company Law Administration did not initiate a parallel investigation under the Companies Act."

Again, Sir, I tabled another question on 16th May 1966 asking whether they had asked the Government of Mysore to furnish the reasons why they were thinking of withdrawing the cases against this gentleman. At that time I also asked:

> "May I know, Sir, if it is a facx that a Central Minister intervened in this case and requested the Chief Minister to" withdraw the cases against this gentleman on the assurance that the Central Minister would see that the Chief Minister is absolved of all the charges that are made against him by 36 legislators and that he would fight for Goa's *status quo* and whether on the assurance the Chief Minister ordered the withdrawal of the cases?"

The Law Minister stated at that time.

> "I may state, Sir, that the view taken then was that it was not necessary to have a parallel investigation by the Department. When this was going on the two Ministers here in charge of Industry and of Commerce, they only stated, that because investigation was going on, that parallel investigation should not go on."

What I would like to impress on you, Mr. Vice-Chairman, is that this gentleman was involved in criminal breach of trust cases. The police had spent about Rs. 80,000 to investigate into it and in two cases he was committed to the Sessions. Why did the Government of Mysore withdraw these cases against this gentleman? The Minister may say. "we have nothing to do with it" but the fact is that this has arisen on account of the Company Law. He was involved in an infringement of the Company Law regulations. It was under the Company Law that the audit took place and it was found out that he had misappropriated these funds. Was it not the duty of the Central Government, which is charged with

[Shri Mulka Govinda Reddy.] the administration of company Law to investigate these charges and take appropriate action? When he says that he would like to expedite these cases, we will have no confidence in the statement that he makes when the Central Government has not moved its little finger. He would say that the matter now has been referred to the Tribunal. But" when was it referred to the Tribunal? In 1962 these irregularities, these misappropriations and misuse of the company's property were found and the auditor had made his report and the shareholders had complained to the Registrar of Companies, to the Central Government, making these charges. Why did not the Central Government, I ask, investigate these charges and take appropriate and speedy action in this case? It looks as though there is some complicity in the whole affair. The Company Law Administration appears to have taken a very lenient attitude towards this. I, therefore, plead that it is no use talking tall about the Company Law Administration. If the Government is really serious about putting down these unsocial elements if the Government wants to implement company law in the proper perspective, they should take quick action. In that sense I would ask the Company Law Administration to be more vigilant. There are so many companies against whom complaints have been lodged and! they should take appropriate and quick action. It is no use delaying matters. If matters are delayed whatever commissions and omissions the managing director or the managing agents would have done would be rectified. So, approriate and speedy action is the need of the hour, if we want to implement the company law. This I have cited as an instance where the Company Law Administration has woefully failed in its duty. I charge that there is dereliction of duty on the part of the Company Law Administration . I do not want this to be repeated. I want the Company Law Administration to be alerted and they should take appropriate action against the culprits. Not only they violate the company law, but they are also unsocial elements. They are criminals. They commit crimes against the society. In this capitalist society these companies are there. If all imporfant industries a're taken over by the State and if there is the public sector, we may not have occasion to complain against these companies. As long as the present system continues, there should be a proper application of this law and quick disposal of cases. In that way I am prepared to support this Bill, hoping that cases hereafter, when brought to light, are properly examined, cases filed against erring managing directors or managing agents or companies in the High Court end speedy disposal is sought.

SHRI K. CHANDRASEKHARAN (Kerala): Mr. Vice-Chairman, I strike a different note from the one that has just now been struck by the hon. Member and probably by the Minister too. It has been contended in support of this Bill that speedier action is likely to be achieved ' and delay eradicated, if the provsions of this new Bill are implemented and the Companies Tribunal is abolished. 1 have got a feeling that the Companies Tribunal, which has been set up as a result of a fairly objective report, has not been given a fair trial for a reasonable length of time. I would submit that the main reason that has given in the Statement of Objects and Reasons and commended to this House also very strongly by the hon. Minister-in-charge is the eradication of delay. It has been stated by the hon. Minister that the Tribunal's orders are subject to petitions by way of articles 226 and 227 of the Constitution and there is a writ appeal provided in most of the High Courts where writ petitions are heard by single Judges. But I would immediately answer it by stating that in most of the High Courts in the country today, the position is rather one of great congestion. I am, therefore, opposed to the idea of giving work of an original nature to the High Courts, because that would cause delay. You know how the Representation of the People Act was amende*

and the work of election Tribunals has been entrusted to the High Courts. The High Courts are now entrusted with this work and in many of the High Courts *ad hoc* Judges or Additional Judges o$_r$ temporary Judges would have to be appointed for the speedy disposal of these election cases for which a time-limit of six months has been set.

Again, it is not at all correct on the part of the ho<n. Minister to say that the cycle of appeals would be reduced if the Tribunal was abolished. For example, powers under section 111 are proposed to be conferred on the Central Government, powers under section 156 on the civil Courts and the powers under "sections 234A and 240A on the Magistrate Courts. The Magistrate Courts are heavily worked. The civil Courts are congested and we do not know what is the form in which the Central Government may ultimately finalise it by way of rules or notifications for the disposal and finalisa-tion of action under section 111. Whatever that be, so far as the civil Courts and Magistrate Courts are concerned, there are appeals and there are revisions available under the normal law. Whether they are available or not, in view of the special nature of the cases, I have absolutely no doubt that in so far as petitions by way of article 226 of the Constitution are concerned, orders passed by civil Courts and Magistrate Courts certainly would be maintainable. In regard to petitions which are normally heard by a single Judge in some High Courts in this country, writ appeals would be there. Again, in so far as action of the Central Government under section 111 is concerned, there is absolutely no doubt that a petition by way of article 226 would lie and in High Courts where writ petitions are not heard by Division Benches, there would also be a writ appeal to a Division Bench. Then, again, the hon. Minister stated before this House that there are some cases pending in appeal where interim orders have been passed by the High Courts. The hon. Minister told us of only one cas$_e$ of delay. I do not know whether it is the only case or it is only an example. The provision now contained in section 10D can be suitably modified. Section 10D provides for appeals and it can be suitably amended to see that no interim orders are passed unless and until the appeals themselves are disposed of. No such action again is taken.

Then it is stated that action by the Central Government to remove from office even before the expiry of their terms persons who have committed acts of fraud, misfeasance or indulged in malpractices and irregularities in the management of companies is not being expedited on account of the working of this Tribunal, and that it could be expedited if the Tribunal is abolished and this work is entrusted to some other agency. It is not as if, Sir, that this work could be turned out by the Central Government direct. Section 388B of the Companies Act provides for Centra[1] Government action, and 388C, D and E provide for the procedural formalities. So far as section 388B is concerned, the amendment that is now proposed as consequential to the Bill that is before this hon. House is to removs the Tribunal so far as its advisory capacity to the Central Government is concerned, and instead of that the High Court is introduced into the picture so that action against companies under section 388B could be expedited by the Central Government. The Central Government nave got to depend either on the finding of the Tribunal or the decision of the High Court. Instead of the finding of the Tribunal the decision of the High Court is to be substituted by way of this amendment. I do not know; I am not accusing any of the High Courts; I am not saying that there is inordinate delay in any of the High Courts. I am only suggesting to the hon. Minister as to how he expects that delay before the Tribunal, before an administrative Tribunal, a quasi-judicial authority, a

[Shri K. Chandrasekharan]

quasi-executive authority probably in that sense, would be there but there wi.l be no delay so far as the High Court is concerned.

Then again it has been stated in the course oi the Statement of the Objects and Reasons—I very strongly resent that proposition the very basis of that proposition is, if I may say so, incorrect—that these Tribunals are judicial bodies, they are governed by the judicial process, and if the work is entrusted in the case of section 111 to the Central Government and in the case of the provisions contained in the othor section to the Civil Courts or Magistrates or to the High Court, as the case may be, there will be a sort of non-judicial process. First of all except in the case of the Central Government, the Civil Courts, the Magistrates, the High Court are all judicial authorities, are undoubtedly better judicial organs than a qu. injudicial Tribunal. It is not known as to how, therefore, the judicial process can be avoided so far as actions under Sections 156, 234A. 240A and 388B of the Companies Act are concerned. Sir, it is on'y just now that we have received a copy of the Second Report on the working of the Companies Tribunal for the period from **1st** July 1965 to 31 December 1966. As all administrative reports of governmental Departments and organisations are, this report also is a good report. This highlights the better side of the working of the Companies Tribunal, and on going through this report which has been circulated to us 'oday I respectfully submit that practically everything that has been stated in the Statement of Objects and Reasons is belied by the Government's own report on the working of this Tribunal The Statement of Objects ard Reasons says that the Tribunal is working at Delhi, that it is not able to '.we about as quickly as a Hijrh Court functioning in a particular State *yr* a Magistrate working in a particular locality. But the report says that the Tribunal held its sittings outside headquarters as in previous years in several places like Bangalore, Bombay, Calcutta, Kanpur and Madras. Then again it says that press notes were issued notifying the dates of sittings outside headquarters and litigants desirous of filing petitions and moving urgent applications during such sittings outside headquarters were allowed to do so. This is the statement here. After all the Companies Tribunal came into existence in July 1964, and from the statement 'hat nas been given considering the filings and tailing into account the disposals and the pendancy of the balance of cases, I have absolutely no doubt that the functioning of this Tribunal as stated in this statement annexed to this report is very good, very satisfactory, and for aught I know, of the one or two or three High Courts that I know personally, conditions in this regard are much better in this Tribunal. For example, let us take this crucial point of action by the Central Government under section 388B which has been highlighted by the hon. Minister. I submit that this statement goes to show that for the period from 1st July 1965 to 31st December 1966 there was only one application under section 388B pending. There is no other application at all. Where is the question of delay when the application that is pending is one application? Then again, during that period the total institutions are 379 and the total disposal is 353. For the earlier years the total institutions for 1964-65 are 67: disposal 46; for the second year institutions 184; disposal 173; for the third year institutions 254; disposal 237. I am amazed at how these facts contained in this Government eoort could be contradicted? If these could not be contradicted, certainly, Sir. there are some other reasons—I am not able to envisage them because this Bill has been^circulated to us only one or two days back—than those contained in the Statement of Objects and Reasons as to why this Amendment Bill should be moved now.

The$_n$ again there is another aspect. Here is a specialised branch of law

with which not only advocates are concerned but also Chartered Accountants. As you know, in the case of companies, income-tax, sales tax ana other commercial taxes, not only advocates are concerned but particularly before departmental officers, quasi-judicial tribunals and appellate tribunals the Chartered Accountant has got as much a place as the practising advocate. So far as this Companies Tribunal is concerned, besides advocates. Chartered Accountants holding a proper power of attorney to act On behalf of their clients can appear before the Tribunal not only for the limited purpose of explaining the accounts but also for pleading the case of their clients before the Tribunal Let us not assume, Sir, that every company that is being dr. in is a bad company or every director is a bad director. So long as the Court gives the right of defence, certainly that right of defence available before the Companies Tribunal is going to be certainly limited, because no Chartered Accountant can appear on behalf of a client either before the Civil Court or in the Magistrate's Court $_0$r in the High Court. Then again the hon. Minister has stated that in addition to what has been spent that is, Rs. 2 lakhs, Rs. 6-7 lakhs more, if I heard the figure correctly, would be necessary for the purpose of strengthening this Tribunal and making it more efficient. 1 do not know how this much figure is necessary. But anyway, it has been stated again in this Report that the Tribunal has been able to set up, during this period, a very pood library, and the details of that library are also there. I am on'y suggesting to vou. Sir. as to how a hasty legislation has made the Government to spend for all these purposes. It is not possible to know as to how this ex-uenditure which has already been diverted so far as this Companies Tribunal is concerned could be usefully deployed for some other purpose I would therefore submit that this legislation appears to be rather not very fair as far as the working of the Companies Tribunal i$_s$ concern

Then, Sir, I would iike 10 make out two serious points in so rar as me body of the Bill is concerned. One is that under the old section *10L>,* a right of appeal was available in so far as any action taken under any of the provisions now coming under the ambit of the Bill is concerned. I hav-> already submitted that powers under the various sections are being given to the magistrates' courts, to the ci\.. courts, and to the High Courts, i am not worried about those powers. They are judicial bodies, $_a$nd we have faith in those judicial bodies. But then the power under secton 111 now vested in the Tribunal is going to be vested in the Central Government. As to what is the nature of the authority that would be ultimately employed by the Central Government for the purpose of deciding actions under the Central Government, we do not know. I thought that an inkling would be given by the hon. Minister in the course of his speech while presenting this Bill to us. That also has not been given. I wou'd therefore submit in all earnestness that section 111 certainly, in so far as it now gives power to the Central Government by way of the amendment proposed, must be subjected to one appeal at least to the High Court concerned having jurisdiction over the area in which the company is situated particularly because the entire section 10D is now sought to be deleted by virtue of the amending Bill.

Then, the second thing that I would like to point out is this. Probably, it is an omission. The scheme of section 388B, C. D and E. in so far as the amendments proposed are concerned, is—instead of 'the Tribunal'. 'the High Court'; instead of 'the finding of the Tribunal', .the decision of the High Court'. The third thing is this. Previously, Sir, the finding of the Tribunal had no probative valus a» such:

> "The Central Government mav consider the findir — *id* the Tribu-

[Shri K. Chandrasekharan.]

nal and take such decisions \s it. may take."

But now that the High Court is coming in, with due respect to the High Courts in this country and the Constitution, they have thought that the decision of the High Courts would be binding on the Government and therefore, instead of 'may' the peremptory 'shall' has been introduced in the provisions—"the Government shall act", "shall accept", "shall act in consonance with the decision of the High Court." In that way, Section 388E (1) has been amended. Section 388E (1) says:

> "Notwithstanding any other provision contained in this Act, the Central Goverment may, by order, remove from office any director, or any other person concerned in the conduct and management of the affairs, of a company, against whom there is a finding of the Tribunal under this Chapter or a decision of a High Court thereon:".

Now, Sir, thi$_s$ 'finding' is being taken away and therefore it is:

> "Notwithstanding any other provision contained in this Act, the Central Government shall, by order, remove from office ny director . . . against whom there is a decision of a High Court."

THE VICE-CHAIRMAN (SHRI M P. BHARGAVA): Mr. Chandrasekharan, I may tell you that you have taken about 20 minutes. How long more would you take?

SHRI K. CHANDRASEKHARAN: *1* am finishing.

It will be seen therefore that the amendment is correctly proposed. |

Coming to the proviso to that section, the proviso reads thus:

> "Provided that where a firm or a body corporate is concerned in the conduct and management of the affairs of a company as its managing agent or secretaries and treasurers, and the finding of the Tribunal or the decision of $_a$ High Court is against any partner in such firm, or any director of, or any person holding a general power of attorney from, such body corporate, the Central Government may also remove from the office of managing agent or secretaries and treasurers such firm or body corporate."

I would respectfully put it to the Government that that word 'may' should be changed into 'shall' in which case, whe$_n$ there is a decision of the High Court concerning the office of the managing agent or secretaries and treasurers that decision also, accepting the scheme of what is contained in section 388E (1) amendment should be binding on the Central Government and the Central Government must accept the decision of the High Court and act thereon. Otherwise certainly it would be a very very embarassing position, so far as the High Court is concerned, that the High Court itself is turned into a quasi-judicial tribunal or an administrative tribunal and the High Courts have got on'y something like a recommendatory capacity.

Just one or two sentences more and I am finishing.

Sir, this Bill and the Statement of Objects and Reasons contained therein would go to show that this is indeed a piece of hasty legislation, does the Statement of Objects Reasons say? It is an admission tjn the part of the Government that the 1963 Act was a hasty legislation, W*8 an ill-thought of legislation, was a nisconceived legislation.

THE VICE-CHAIRMAN (SHRI M. P. BHAGAVA). Not necessarily. Experience has shown otherwise.

SHRI K. CHANDRASEKHARAN: May be Sir. I am not saying that at the time when it was introduced it

was misconceived Or ill-conceived. I am only saying that the experience, according to the Central Government, according to the hon. Minister, has shown that it is not very necessary; not only not necessary, but that its working has not been conducive :o the working of the com;.. according to the Government.

Now, Sir, what is this Bill going to do? Within the next few minutes, we are going to pass it. The Bill is noi being circulated for public opinion; the Bill is not proposed to be sent to a Select Commttee. I submit, Sir, that this is going to be a hasty legis-lation and the provisions contained in this amending Bill and the consequential amendments now pro to be incorporated in the Companies Act would have to be amended by the Government. I am not a prophet. I am not saying anything of the kind. But the speed with which this is being done would show that it is hasty.

One more point and I am concluding. In 1960, the then Union Lav Minister addressing the State Law Ministers' Conference at Srinagar had stated that in the interests of the sound working of the judiciary m this country, more and more popular association of administrative tribunals should be there, more and more speedy disposal of cases should be there. If I remember aright, ne quoted profuse[1]y from the system prevailing in Soviet Russia and had stated that we must see that the work of our judicial courts, the magistrates' courts, the civil courts and the High Courts is, in a greater and pnafer measure, transferred to the administrative tribunals. I do nut know whether there is any change of policy on the part of thf> Central Government and the Administrative Tribunals set up under the Companies Tribunal Act are now bein<? abolished and three-fourth of the work is going to be given to the highest judicial body in the State and to the subordinate criminal and civil judicial courts in the State, one-fourth of the work being taken up by the executive wing of the Central Government. From that view also. I do not think that the legislation proposed is quite healthy because whatever be the defects particularly in the working of this Tribunal, I am of the view that more and more of Admin-trative Tribunals should function in this country and take the role of the judiciary in this country.

SHRI ARJUN ARORA: Mr. Vice-Chairman, Sir, I rise to support this Bill. The Statement of Objects and Reasons mentions the hope which the establishment of the Companies Tribunal had aroused. It also mentions the manner in which those hopes have been belied. One of the expectations was that the Tribunal will give findings quickly. I find that though the workload of the Tribunal has been very light, the Tribunal has done many things but it has not given quick findings.

Sir, I know of a case pertaining to a small company whose authorised capital is only Rs. 1,20,000. The case went to the Tribunal in 1964, soon after the Tribunal came into being. It is still with the Tribunal. The Tribunal has not found it possible to give a decision though in this case there have been no writs and no references to the High Court. The proceedings of the Tribunal have been prolonged and in about three years the Tribunal has not decided that case.

The Tribunal is located at Delhi. Sometimes it move$_s$ to Bombay. People from all over the country have to come to Delhi or Bombay for the hearing, and in the case of smaller companies their entire capital may be spent on the travel expenses of the Directors, Managing Director, their lawyers, the witnesses, their Accountants, etc. The mere fact, that in this huge country the Tribunal is located in one place, is in itself a denial ot justice. Delayed justice is of course not justice.

Lsnn Armn Arora.]

The Tribunal's process has really been an expensive one. It has baen a process which, in its very nature, is dilatory because the Tribunal is expected to mete out justice to companies scattered all over the country.

The abolition of this Tribunal will be a good thing because this expensive process will go. But I am not /ery happy about what will follow. The Minister said that all the files vvould go to the respective High Courts. He said that there can be no writs against the orders of the High Court. That is true. But in the High Court if the matter goes before a single Judge, there can be an appeal before a Division Bench. This Bill or some other Bill should make a provision that company law matters will be heard by a Bench of the High Court and not by a single Judge in which case there will be no appeals before the High Court. Of course, there can, in suitable cases where a question of law is involved, be an appeal to the Supreme Court which nobody should be anxious to bar. I feel an amendment to ensure that matters pertaining to company law are not heard by a single Judge but by a Division Bench of the High Court is necessary.

There are many aspects of company law and its administration which need the attention of this House and the Government. We find that thsre are a number of inspections of various companies. These inspections reveal many defects, even fraud in the working of the companies. But inspection reports are kept a close secret by the Company Law Administration. Why are the reports of inspection of the company by the Company Law Administration not made available to all the snare-holder is like the goat which is to be holder is ilke the goat which is to be slaughtered. He has got no right. The management, the managing director, the people who corner the majority of shares are able to do whatever they like. When certain glaring defects in the working of a company are brought to the notice of the Government, the Government orders inspection. But the inspection reports are not made available to tnc shareholders. Sir, it is time that the progressive Minister of State *ior* Company Law Affairs did something to safeguard tlie interest of the shareholders. Many a time the Chambers of Coramercu mourned the fact that capital formation *is* not mere. But the fact remains that he contributes to the capital of a company lives to learn and be iorry for the day when he bought a share. Shareholders should be brought to their own and an amendment to the Companies Act be brought in the near future so that all reoprts of inspection will be supplied free of cost by the Government to all the shareholders who care to apply for a copy.

Then, there are various investigations and their reports also come. These reports of investigations are also not made available to the shareholders even where shareholders want them. The shareholders should be able to play a pftrt in the affairs of the company.

Many companies find many ways of benefiting their Directors *as* their executives and their favourites. There is in the Companies Act now a provi sion for sanctioning or not sanction ing the emoluments of the Directors. But the wives of the directors, wives of the executives are not taken care of by the Company Law Administra tion. It has become a common corrupt practice for the companies to appoint the wives of executives, the wives of Directors as designers, adviser, etc. The only design is to pay them a few thousand rupees per month which they cannot do to the Director or the executive himself. These defects in the company law should be more thoroughly investigated and greater control exercised.

When the Companies Tribunal wu established we were told that it was being established as a follow-up measure on the Vivian Bose Commission's report. The follow-up measures which were taken have apparently failed and the Minister has come forward with the proposaf that the Companies Tribunal be abo bed. In

the recommendations of the Vivian Bose Commission there were many exposures which came to the notice *of* Parliament and the country as a result of the Vivian Bose Commission. Nothing appears to have been done. I 'hope in the Ministry of Industrial Development and Company Affairs there is a new light and we expect that follow-up measures on the Vivian Bose Commission, on the Monopolies Commission and on the famous Hazari Report will come before this Parliament sooner rather than later. Thank you.

SHRI A. P. CHATTERJEE (West Bengal): Mr. Vice-Chairman, Sir, now as far as this Bill is concerned, I must say, and echo also what the preceding speaker just now said, that it is a thoughtless Bill once again. Now, the rate-payers and ihe taxpayers and' the persons from whose coffers really money is brought in to finance the different projects of the Central Government, are really entitled to know why some years earlier a tribunal was set Up and why again some years later the tribunal is being sought to be abolished after, as the hon. Minister just now said, spending about Rs. 2 lakhs on it, or even more, if I may say so. And the objects and reasons which are given in the Bill as a justification for the introduction of the Bill are not convincing at all. If it is said that it is a question of merely preventing delay in the disposal of cases, then— 1 am not casting any reflection on anything or on anybody—does the Minister really think that by abolishing the tribunal and getting the cases into the High Courts, the same delay will be removed? We know there are different High Courts in India where arrears run into several thousands. There is one High Court where the arrears of cases are in the region of 32,000. There is another High Court where the arrears are in the region of 35,000. Now, as a matter of fact, I am coming from Bengal and I can say that the Calcutta High Court is already overburdened. We know what a great number of arrears are there; perhaps a little above 30,000 cases remain as arrears in the Calcutta High Court. And you know that *roost* of the registered offices of the companies are in Calcutta. Now, therefore, if he tribunal is removed and these things are taken to the High Courts concerned, it will mean more congestion. As far as my State is concerned, [can tell you it wilj be more than a congestion in the Calcutta High Court. The question is not really one of moving like a shuttle-cock from the tribunal to the High Court and irom the High Court to the tribunal, it is a question of appointing a greater number of judges, a greater number of tribunaLs. The hon. Minister has said that he was experiencing delay in the disposal of the casto. iVo.v', jf he was experiencing delay in the disposal of the cases, why did the Minister not think 0f setting up permanent benches of the tribunal—some High Courts have kept permanent benches—in different seats of commercial enterprise, say, for example, one in Calcutta, one in Bombay and so on? That would have obviated the necessity of again coming back to the High Court and trying to remove from the statute book the provision for the tribunal. The arguments that have been given in the Statement of Objects and Keasons, that the tribunal was not being able to dispose of the cases expeditiously and so on, very thin in the face of the figures that have been given to us in the Second Report on the working of the Companies Tribunal for the period from 1st July, 1965 to 31st December, 1966. From this report we find that there is not much of backlog in the work of the tribunal. Look at the statement of institutions and disposals from 1st July, 1965 to 31st December, 1966, We find that the number of institu* tions was 379. The final disposal was 353. The backlog, alongwith the balance handed down from the earlier year, is only 49. Now, Mr. Vice-Chairman, I will say that such an amount of work will do credit to any tribunal. It is more than 80 per cent if I am not incorrect. If you can dispose of 353 cases out *oi* 379,

[Shri A. P. Chatterjee.] then I will say that it is a good show for a tribunal and there is no reason this tribunal is being wound up. When this tribunal was really doing some good work, I do not know why this tribunal is being wound up. Now it is true that as far as the standard of justice is concerned, we know from our experience that it might be better available in the High Courts. But you know, Mr. Viee-Chairman, that the question is not mainly of greater or better stan dard of justice. You know that justice delayed is often justice denied. So in making a provision for the hearing of cases, we really have to see which tribunal or which forum is able to dispose of cases promptly. Now as I have just pointed out and as has been shown in that official report, in the tribunal which was set up, there was not much delay. Of course, we shall welcome cases being tried by a High Court and not by an administrative tribunal. In that res pect, I shall differ from my preceding speaker, Mr. Chandra Shekhar. Cer tainly I shall prefer cases being heard by a High Court rather than by an administrative tribunal. But then, at the same time, will the Minis ter assure the House that by send ing the cases back to the High Court, by abolishing the tribunal, he will be in a position really to prevent the delay which has been shown to be one of the objects and reasons for introducing this Bill? Knowing the different High Courts as I do, know ing that thousands of cases are in arrears there and knowing that the Central Government is not willing to increase the number of judges in the High Courts, I will say that this is not the way of doing the thing properly. Really, I have a suspicion, Mr. Vice-Chairman, that there is something more than what the clause show. There is much behind this Bill. Is it a fact that the magnates of different industries who find it more convenient and easier for them to conduct their cases very near their registered offices, are really behind this measure? I am not sure, but something like that was passing across my mind. It looks as if some influence had been at work as far as the drafting of this Bill is concerned, as far as the enacting of this legislation is concerned. Mr. Vice-Chairman, Sir, really it is not quite understandable as to why a tribunal which was provided with a library and which had just started work, is now being sought to be wound up for certain reasons which really do not bear a moment's scrutiny. I do not understand what kind of reason is this which has been given in the Objects and Reasons. It says that the tribunal is being wound up because it could not build up "a wealth of case law which could lay down standards and norms for the corporate sector of our economy as was hoped for whom it was created." Now the whole point is this: Do you want a wealth of case law or do you want a tribunal or a machinery by which you can really tackle the various malpractices and bad practices that are current in the corporate sector? As a matter of fact, there are those all important sections 397 and 398 of the Companies Act. By virtue of those sections, one can send a petition to a High Court or to the tribunal. Under these provisions, the minority shareholders, for example, can come and say that they are being oppressed by the majority of shareholders. Now where is the question of building up a wealth of case law there? If, for example, a minority shareholder can go to the tribunal with an allegation of oppression or corruption by the majority of shareholders and if he can be assured that he will get justice, then that is the only thing that should have been the criterion behind the setting up of this tribunal.

[THE DEPUTY CHAIRMAN in the Chair]

That should have been the only consideration for any amendment of the Companies Act but I fail to see any provision to that effect whatsoever. As far as minority shareholders are concerned, I know, they find it often difficult to ah- their views or gievan-

ce$_s$ before the proper tribunals and before the proper courts because of the varous difficulties in procedure, be cause of the various difficulties in the machinery and in the methods adopted, by the machi nery for the purpose of disposal of the cases. What provision has been made in this Bill for obviating those difficulties which the minority share holders experienced in the manage ment of the companies in which they hold minority of shares. Nothing, as far as this Bill is concerned, and yet We are told that the reason for mov ing this Bill, the reason why the Tribunal is being abolished is because the Tribunal ha$_s$ not been able to build up a wealth of case laws. I will also submit that one reason why *J* find this Bill has been hastily drafted and really that there was not much consideration and thought be hind the drafting of this Bill would appear from the proviso to clause 3(4) of this Bill. Look at the proviso therein which says: ,

> "Provided that nothing herein contained shall take away or otherwise affect the right of appeal conferred by any provisions of the said Act ..."

You know that section 10 of the orignal Act that is going to be omitted —sub-section (D) says:

> "An appeal shall lie to the High Court having jurisdiction in relation to the place at which the registered Office of the company concerned is situate, only on question of law ..."

It is said that the right of appeal is maintained. It is also stated in clause 3 that the decisions of the Tribunal which is being wound up will be deemed to be the decisions of the High Courts, which are now vested with the jurisdiction. That is to say, if Section 10 D goes away, it means that the decision of the Tribunal should be taken to be the decision of the High Court, but if the right of appeal again is maintained, then is it not going to be an anomaly that there will b$_e$ an aPPeal to the High Court from th$_e$ decision of the High Court because according to the liciion created by this Bill the decision of the Tribunal is the decision of the High Court but if the right of appeal is maintained, then according to the proviso, it means that we are going to have an appeal to the High Court against the decision of the High Court? Therefore that should have been made clear in this proviso actually as o what is meant by the right of appeal that is being maintained for the persons who have got a decision against them by the Tribunal and what is going actually to be done in regard to the forum. That should have been made clear. I have given an amendment. Therefore that clearly shows that really when the Bill was drafted there was not much thought given. It was a hastily drafted Bill for winding up the Tribunal on which a great amount of money was spent and it is clear that this Bill is being brought by virtue of some influences which have worked in some way for winding up the Tribunal and bringing this Bill.

I may refer to Sections 397 and 398 of the Companies Act. According to those sections it appears that, for example minority shareholders come against oppression by the majority. If the jurisdiction to take the application under sections 397 and 398 goes to the High Court, say to the Calcutta High Court, we know that in Calcutta ther$_e$ is a^n Original Side and there if a person goes there, he has to engage two sets of lawyers. Now something should have been provided for here. A parson may be so poor as to have only one share in a big company but he may feel that he is being oppressed by the majority of the shareholders. There should have been a provision that he may not be compelled to engage two sets of lawyers in a court where the dual system prevails. There should have been a provision that if these cases are transferred to the High Courts, there will be a separate Division, an additional provision to this effect that they may not be compelled to engage costly sets of lawyers or double-sets of lawyers or may not be compelled to

[Shri.A.P. chatterjee.]

follow a procedure which will be a drain on their purses. On this question I have given an amendment. I do not know whether that can be tabled tomorrow. If this Bill is held over for tomorrow. I will move that but I am only pointing out these in order to show that before it was introduced in this House it was not well thought-out or well-considered. I only request, through you, the Minister to give a seocnd thought to it and if on giving a second thought to the Bill he feels that it should be better drafted, he should not press for a division on this Bill. He may refer it to a Select Committee.

SHRI K. V. RAGHUNATHA REDDY: While I am thankful to ail the hon. Members who have participated in the debate on this Bill, at the very outset, I wish to submit that there is no ulterior motive for the purpose of which this Bill has been brought about. Such a type of allegation perhaps might have some substance if there is any change in this Bill in relation to any power or any provision that had been already in existence on the Statute Book. All that we have dong in this Bill is only to transfer the jurisdiction to the High Court in material matters which really matter in relation to corporate management. Section 111 and sections 240 and 234 deal with very small matters. Under section 111 for registration of shares, we have given power to the Central Government and rest of the matters have been given to the properly constituted Judicial bodies like First Class Magistrates or Presidency Magistrates, as the case may be. In relation to major matters like company mismanagement in the corporate sector, when we will have to deal with big mattens and very powerful, influential persons, these matters will be dealt by the High Court. I do not think there is any cause or reason for anyone to attribute motives. I wish to dispel any such impression that is sought to be created that there is something behind which is not seen or a mystery at the back.

Shri Mulka Govinda Reddy made very many suggestions and I can assure this House that as far as Company Law Administration is concerned, we are doing our best to bring forward the Monopolies Bill. Before the end of the Session of the Lok Sabha we hope we will be able to introduce the Monopolies and the Restriction of Trade Practices Bill and there would be ample scope for Members to deal with the monopolies question when the matter comes up. 4 P.M.

Next, Madam Deputy Chairman, the arrears in High Courts have been referred to. Well, I quite sympathise with the hon. Members who have given an account of the arrears in the various High Courts; I am also aware of it but, by increasing the number of tribunals, by further creating complications by way of writ petitions against interin orders, etc., we will be only adding to the already piled up cases in the High Courts; we will not be reducing the cases even by one. This is the very reason why we wanted to reduce the cases not only before the tribunals but also before the High Courts.

Then I may give the answer, one and the same answer, to Mr. Chatterjee and to Mr. Chandrasekharan, who seem to be very experienced lawyers both in Company Law matters, and in the other Civil and Criminal Procedure Codes. I may only incidentally tell them that even the Franks Committee in England had considered the question of tribunals. They had gone into the question of tribunals and submitted a report, and in pursuance of their recommendations, in fact, what we call, the Tribunals and Inquiries Act, had been passed in England. Even that committee had come to this conclusion, If I may quote one sentence, Madam.

> "As a matter of general principle we are firmly of the opinion that a decision should be entrusted to a court rattier than to a tribunal."

Even the Franks Committee, which had investigated into the entire matter, had come to the conclusion that the proper forum for adjudication of I rights between parties, must b«

court of law. And that is what we are doing, and in this purpose one cannot attribute motives to the Governments.

Next, Madam Deputy Chairman----------

THE DEPUTY CHAIRMAN: How long would you take, Mr. Reddy?

SHRI K. V. RAGHUNATHA REDDY: I am finishing, Madam.

THE DEPUTY CHAIRMAN: I would request the House to spare a few 'minutes more for this. We will finish with this and then go to the o.her matter.

SHRI K. V. RAGHUNATHA REDDY: One effective argument that has been advanced by some of the hon. Members is that the Tribunal had done good work. I am not for a moment saying that it had not done good work. But most of the matters were miscellaneous Petitions filed under various sections, and the woik that had been entrusted to the Tribunal under section 388B, had been obstructed by various interim applications, by various writ petitions. Still, as I said, a matter is pending before the Calcutta High Court on a writ petition. So, Madam, this is the very puipose for which we have brought this Bill; there is no mystery behind it, and I think hon. Members would accept the Bill.

THE DEPUTY CHAIRMAN: 'The question is:

"That the Bill to provide for the abolition of the Companies Tribunal and for matters conneted therewith be taken into consideration."

The motion was adopted.

THE DEPUTY CRAIRMAN: We shall now take up the clause by clause consideration of the Bin.

Clauses 2 to 4 *and the Schedule were add.ed to the Bill.*

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

SHRI K. V. RAGHUNATHA REDDY: Madam. I move:

"That -the Bill be passed."

The question was put and the motion wis adopted.

SHORT DURATION DISCUSSION UNDER RULE 176 RE. ASHOKA HOTELS LTD.

THE DEPUTY CHAIRMAN: Now we come to the Short Duration Discussion. Mr. M. P. Bhargava. May I, before you begin, Bay that you will get ten minutes, and ail o hers whose names appear here, and if there is a little more time, some others, five minutes each; very strictly live minutes each.

SHRI BHUPESH GUPTA (Weil Bengal): We cannot have the discussion like that.

SHRI M. P. BHARGAVA (Uttar Piadesh): Madam Deputy Chairman, I rise to raise a discussion on the proposed construction of an annexe ana a revovling tower to Ashoka Hotels Limited, New Delhi, the grant of contract to a particular firm therefore, and matters connected therewith.

I would like to take up this subject in three parts. The first part would be whether aditional accommodation is required to justify the construction of an annexe to the Ashoka, Hotel, and a hall. The second part would be whether a revolving tower is neessary, what purpose does it serve and what would be its approximate cost. And the third part would he the grant of contract to a particular contractor. The first report of the Ashoka Hotels Limited was discussed in this House on the 30th August. 1957. Many hon. Members of this House expressed doubts at that time that the expenditure on this Ashoka Hotel was an expenditure which would not bear fruit, that it was wasteful expenditure and, in fact, they wanted the Government to stop the nroject at whatever stape it was. At that time I had said that the Ashoka Hotel was going to prove thst it would earn foreign exchange fo- the countrv and that it would be a eood place for tourists from all over the world fo come and stay the^e. And T am hawov to *ell the Hoi'sp that m" pronhew nf 1957 has come true, and *hat is borne *oni* bv the fact that the oooiroancv of the Ashoka Hotel is very high all the year round, and the Ashoka Hotel