

SOME HON. MEMBERS; Is it so?

MR. CHAIRMAN: Order, order. Mr. Gupta, please sit down. I am afraid I will not allow any further remarks on this subject. The Companies (Amendment) Bill, 1963.

REFERENCE TO ARREST OF SHRI B. P. MAURYA, M.P.

SHRI B. D. KHOBARAGADE (Maharashtra): With your kind permission may I draw the attention of the House to the arrest of Shri Maurya, M.P. because hon. Mr. Hajarnavis had promised to make a statement on this issue and now we have only two days? Our House will sit only for two days.

SHRI BHUPESH GUPTA (West Bengal): No.

MR. CHAIRMAN: He said that the notice has been given. The matter has been brought to the notice of the Government and you will get to know.

SHRI B. D. KHOBARAGADE: I have to request you, to request on our behalf the Minister to make a statement before we adjourn.

MR. CHAIRMAN: It depends on the Government to say what can be done.

SHRI B. D. KHOBARAGADE: About Mr. Maurya's arrest.

MR. CHAIRMAN: I am now proceeding to the next item on the agenda.

SHRI P. L. KUREEL URF TALIB (Uttar Pradesh): It has already been promised. I have given two motions.

SHRI A. M. TARIQ (Jammu and Kashmir): This is what Mr. Khoba-ragade had said.

MR. CHAIRMAN: I will not allow. I think I speak a language which some Members will not understand. When I say I will not allow, I mean I will not allow. Mr. Krishnamachari.

THE COMPANIES (AMENDMENT) BILL, 1963

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI): Sir, I move:

"That the Bill further to amend the Companies Act, 1956, as passed by the Lok Sabha, be taken into consideration."

Sir, the Bill contains roughly four propositions.

SHRI BHUPESH GUPTA (West Bengal): Before you start, we would like to know why you did not include us in the Select Committee.

MR. CHAIRMAN: You can say it when you are speaking.

SHRI BHUPESH GUPTA: That is not the point,

MR. CHAIRMAN: That is the point.

SHRI BHUPESH GUPTA: Thee; was a Select Committee. We do not even have the report of that. A Select Committee was appointed by that House.

MR. CHAIRMAN: Let the House proceed.

SHRI T. T. KRISHNAMACHARI: I see that some hon. Members have given notice of a motion for reference to a Select Committee and on that motion the hon. Member can speak.

So far as this particular measure before the House is concerned, as I said, it falls into four parts. One proposal is to set up a Tribunal for the purpose of advising the Government in regard to the conduct of people who manage the companies. Where such conduct is in question, the matter is brought before the Tribunal. The Tribunal, as it is conceived in this Bill as it has emerged from the Lok Sabha, will be composed of a chairman with a definite judicial bias. The second proposal is with regard to section 81 of the Companies Act where a change is sought to be made to enable the Government to convert loans into equity, notwithstanding the ordinary need of the Companies Act, to get a special resolution passed by the shareholders. A safeguard has been introduced in this particular regard so as to prevent any hasty action on the part of the executive, by making it incumbent that any proposal of this category must be put on the Table of the two Houses of Parliament and should remain there for thirty days when Parliament is in session. That, of course, is a procedure which gives an opportunity to hon. Members of Parliament to make their views fully known, and to compel the Government to take action or to desist from taking action.

The third amendment is with regard to section 153 and what follows thereafter, namely in regard to the position of trustees and the equity that they hold. I would like to underline this particular point. We are not interfering with all these trusts. All that we seek to do is to put a certain limit on the voting power in regard to equities held by trusts, beyond a certain amount.

The fourth proposition is somewhat of a domestic character, that is to say, the reorganising of the organisation which control the Company Law Department. Instead of being what is called a Department with a Secretary, it will be a Board with mem-

bers not exceeding five in number. The Government's intention in respect of this particular Board is also to add other functions to it like *per-haps*, the control over stock exchange.

These, Sir, are the four parts of this measure before the House.

[THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY) in the Chair.]

I would like to explain the need for a Tribunal. It arose from a report that the Government got from a committee called the Daphtary-Sastri Committee which reported on certain aspects of the recommendations or observations of the Vivian Bose Commission. Government felt that there was a need for a Tribunal to which the Government could refer cases of maladministration and all that follows, in respect of companies and obtain the findings of this Tribunal whether there has been maladministration, whether the officers and directors concerned with the companies have acted improperly. If the findings are in the affirmative, then the Government can take certain actions, namely, remove the directors, remove the managers, suspend them and make them ineffective for five years.

Sir, a provision has been incorporated that in the cases where the punishment is unduly heavy or too restrictive, or if they had not cognisance of factors which are subsequently known, then the Government may refer the question to the Tribunal, and if the Tribunal agrees, remit a portion of that prohibition, that is to say, if it is 5 years, it may be made less. I would request hon. Members to take note of the fact that the executive will not act on its own volition, that is to say, on its own initiative. The matter may be referred to the Tribunal, but the final verdict is in the hands of the Tribunal. The Tribunal can keep it as it is, unless it feels that concession is necessary in the interest of equity.

[Shri T. T. Krishnamachari.]

Coming to another question, as I have said before, the Tribunal will have a definite judicial bias. The chairman of the Tribunal will be a person who has been a Judge of a High Court or is a Judge of a High Court or is competent to be appointed a Judge of a High Court; that is to say, the Tribunal will have as chairman a person who has a judicial background. This should satisfy hon. Members with regard to the judicial character of the Tribunal. The Tribunal has been vested with a fair amount of power. It can not only deal with matters that I have already mentioned, but it can also deal with certain other matters mentioned in the Company Law in sections which have been enumerated in the Bill, and which are normally referred to a High Court. The Tribunal will have all the powers of a Court for the purposes of hearing evidence obtaining documents and so on.

The next proposition, as I have mentioned, is the conversion of loans to equity on which, I think, a certain amount of heat has been generated in the country. The idea is that if at any time such a change is necessary, there are inhibitions in regard to the necessity to obtain a majority vote of the shareholders by a special resolution. That would be all right if the management agrees. But in some cases the management may not agree. As I have said, various propositions have been made, whether it should be retrospective or only in respect of future loans. It was felt that it should be sufficiently comprehensive and also that this check ought to be put on the executive that I have mentioned before.

On the question of trusts, Sir, I have indicated that the intention is not to interfere with the freedom of the trustees with regard to the administration of the trusts, or with regard to the disposal of the funds. They

are also guided and controlled by the Trusts Acts which are enacted by the various State Governments in that regard. Here the problem has arisen from a different point of view. It is purely a Company Law problem. Equities in companies are held by trusts. The trustee is a person who is also a business manager or director or owner of concerns, with equities perhaps in the same company. Aggregation of the equities held by the trust or by the individual who is a trustee or his family which happens to be interested in the trust, gives them a certain amount of economic power with regard to these companies which makes them control those companies. That is what is sought to be avoided. We do not want to interfere at all with the administration of the trusts. As a matter of fact, this may be got over by reducing the holdings of trusts in companies to the margin mentioned in the Bill. By diversifying their investments, they can still have equities and get their dividends. But if they aggregate all that with what they themselves possess they get such voting power that the Government can do nothing about it. Therefore, this very limited objective is aimed at here.

As I have said, it can be got over by their spreading it over. Instead of having it in one firm, in which case the provisions of this particular measure will be attracted, if it is put in hundred companies, nobody is going to ask them anything. The manner in which the Government seeks to exercise its powers in this respect is this. Government do not know how many such companies there are, nor do they know how the voting rights are in the trusts, in private companies or in the hands of private individuals and how they can be aggregated. I am sorry I do not know how many trusts there are that hold equities and of what nature and the possibilities of aggregation. These are not known to us, nor will they be known to us by

examination. It is something stupendous and the amount of money and time that we have; to spend to get this information is such that it is completely out of the question. So what is now sought to be done is to put a limit so that these provisions would not be attracted. There will be a public trustee and automatically the voting rights above that limit would be vested in the public trustee. If any trustee feels that voting rights should be exercised in regard to any particular company in respect of the equity holdings of the trust She can write to the public trustee and say that a general meeting is to be held in which in the interests of the trust the voting right should be exercised giving the details of the proposition. Under ordinary circumstances if the public trustee has no information in regard to the *mala fides* or otherwise of the trustee himself, if he is satisfied with his *bono fides*, he can say, 'well, I will give you the proxy; you can represent the trust on my behalf, on behalf of the public trust.' But if there is any doubt he can ask any officer—probably one of the officers of the Company Law Department, the Regional Director or somebody else—to be present at the meeting and exercise the proxy in a particular manner so that the interests of the trust are safeguarded. It is not in the interest of anybody else and the public trustee cannot and I think would not ask for his voting rights to be exercised for any purpose other than safeguarding the rights of the trust. Or if he just keeps quiet, if he says, 'I do not think there is any need to do it' ordinarily the share-holders do not exercise any rights at all; most of them are interested in their dividends rather than anything else; excepting the group of managing agents, the managing directors and the families which control the companies the other shareholders are not interested—it might be the opinion of the public trustee.

So without interposition of a public trustee who can act if necessary either on the advice of the trust or because

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he gets other information himself or the company is notorious, I do not think that the purpose that the Government have in mind, namely, to break down this concentration of power by acting anonymously or pseudonymously as the case may be can be achieved by any other means, if hon. Members have any other suggestions, I am quite prepared to hear about them. But this is the thinking of the Government and that is why this provision is there.

The last thing, as I said, is merely a matter of administration. The question of one Secretary being there or a Board being there is a matter of convenience. The character of the Company Law Administration is not changed. In fact it is strengthened by the fact that three or four people would be looking into this matter, sitting as a Board. We are only delegating powers to them. The Secretary in the Board of Revenue under whom the Company Law Administration comes is still the person in-charge of the policy and ultimately the Minister is in-charge of the policy. Therefore, it is an administrative device which we think is more suitable where we can give them charge of analogous functions like that of controlling the stocks exchanges etc. That is why the change is proposed that there should be a Company Law Board with right* of its own to carry out such of those duties and functions as are from time to time delegated to it by the Secretary and the Government. It is always possible for the Secretary to assume those powers. This is only a matter of administrative convenience which I hope the hon. House will recognise as something which has to be decided by the people who would have to function there.

These are the four objectives of this measure and I commend this measure to the hon. House.

The question was proposed.

THE VICE-CHAIRMAN: (SHRI M. GOVINDA REDDY) : There are four amendments all to the same effect. Who will move?

SHRI DAHYABHAI V. PATEL (Gujarat): Sir, I move:

"That the Bill further to amend the Companies Act, 1956, as passed by the Lok Sabha, be referred to a Select Committee of the Rajya Sabha consisting of the following 10 members, namely:—

1. Shri Si tar am Jaipuria
2. Shri M. P. Bhargava
3. Shri M. Ruthnaswamy
4. Shri Bhupesh Gupta
5. Shri Vimalkumar M, Chordia
6. Shri Rohit M. Dave
7. Shri M. S. Gurupada Swamy
8. Shri Mohan Singh Oberoi
9. Shri Lokanath Misra
10. Shri Dahyabhai V. Patel (the mover).

with instructions to report by the first day of the next session."

The question was proposed.

SHRI BHUPESH GUPTA: Mr. Vice-Chairman, Sir, it goes without saying that I should be very much interested in having the Company Law amended and the amended measure expeditiously put into operation. As far as the suggestion for the Select Committee is concerned, I should like to protest against the attitude of the Government in the matter from the standpoint of this House. I know what will happen to the Select Committee.

SHRI K. SANTHANAM (Madras): Is he speaking or is he . . .

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY): ,—He is speaking on the motion and the amendment.

SHRI BHUPESH GUPTA: Everything I am speaking on, including what you may say.

I do not know why it was not possible for the Government to have a Joint Select Committee in this particular matter. What came in the way? It is a bad practice that even in such matters this House should be left out of count in this manner, although I am quite aware of what happened in the Select Committee. The Select Committee was subjected to all kinds of pressure and it seems for a while demonstratively the big business lobby in Parliament became very active and succeeded or nearly succeeded in scuttling whatever is proposed here with regard to the conversion of loans from the Government into equity shares. Therefore, the Select Committee as such does not satisfy me if the Select Committee is packed up with the gentlemen of the big business.

SHRI T. T. KRISHNAMACHARI: On a point of order, I do not think it is fair to cast any reflections on a Select Committee of the other House.

THE VICE-CHAIRMAN: (SHRI . M. GOVINDA REDDY) : No reflections on the Select Committee.

SHRI BHUPESH GUPTA: Not on the Select Committee; it is an august body. I said gentlemen of the big business. In the temple sinners should not enter. When I say this I am not talking about the temple; I am talking about the sinners. Mr. T. T. Krishna-machari is an intelligent person and he should not . . .

SHRI K. SANTHANAM: On a point of order, is the hon. Member saying that the Members of the Select Committee in the other House were guided by the big business? Is it his allegation?

SHRI BHUPESH GUPTA: How can I say such things? There was a member of the Communist Party also. He had nothing to do with the big business. I was saying that the big business was very active outside, the big business lobby. That is what I said. I knew, Mr. Santhanam, that there

would be an interruption from your side and I took care to see that the interruption was met.

Now, I am not saying anything—I make it clear—though some day I will have to speak about that also. Today I am not making any reflection on the Select Committee. I am drawing the attention of the country to the existence of a big business lobby somewhere not very far from this House. That is what I say; you may imagine where it is.

SHRI K. SANTHANAM; Like the Communist lobby also.

SHRI BHUPESH GUPTA; Well, the Communist Party is inside the House. I do not know why Mr. Santhanam who is supposed to fight corruption is getting touchy about it.

SHRI K. SANTHANAM; Corruption is common to both Communists and the big business.

SHRI BHUPESH GUPTA; Then I shall bring a motion to remove you from there.

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY) : Mr. Santhanam is not the subject for discussion, Mr. Bhupesh Gupta.

SHRI BHUPESH GUPTA; But Mr. Santhanam is talking

THE VICE-CHAIRMAN; (Saw M. GOVINDA REDDY) ; That is all right. You proceed.

SHRI BHUPESH GUPTA: . . . because he has an obsession about the Communist Party. Anti-communists can never fight corruption, I can tell you that much. Anyhow, I shall leave Mr. Santhanam alone. Mr. Krishna-machari might take note of what we have to say.

Now, the position is this. It should have been a Joint Select Committee and a Committee consisting of men not

of the big business. I am not reflecting on the Select Committee. There are many people opposite, Congressmen I know, who have no connection with the big business, who are not amenable to the pressures of the big business. I can see these gentlemen sitting on the Select Committee and functioning in the interests of the country. Therefore, not only I am making no reflection on the Select Committee but I am making no reflection on the Congress Benches as such either. Therefore, when I say that in principle there should have been a Joint Select Committee I have in mind the performance of the Select Committee in this matter. It is a good thing that the Government have rejected ultimately, if not wholly, at least substantially, the suggestion made by the Select Committee which was a retrograde and reactionary suggestion. I mean the suggestion with regard to the loans. I wish to express my satisfaction at the manner in which some Congressmen who took a stand against the concentration of wealth functioned because it is because of these Congressmen the Congress Party decided it, despite the pressure from very high quarters not to accept the recommendation of the Select Committee. I do not know whether Mr. Santhanam belongs to that category, but it does not seem so. But to those Congressmen who took a firm stand against the proposal of the Select Committee I certainly have some good words to say. That is why I express it here because today it is clear that the demarcation is taking place, inside Parliament always it has been taking place, but also in the Congress Party as between those who stand for big business reaction and those who stand for progress and attack against big business.

SHRI GURUDEV GUPTA (Madhya Pradesh): How are you concerned with the Congress Party?

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY) • Order, order.

SHRI BHUPESH GUPTA; It is in the papers. You do not invite me to your meetings. Therefore, I say it from the papers. Even when I give you tributes you seem to be angry or not very happy. I do not know which lobby you belong to.

Mr. Vice-Chairman, as far as this measure is concerned, we should have liked a comprehensive legislation for amending the Companies Act, 1956. After the revelations made by the Vivian Bose Enquiry Commission what we need is not a piecemeal measure of this kind. What we need is a thoroughly comprehensive legislation to strike at the concentration of wealth, to surround big business from all sides, to prevent their malpractices at all stages and to see that these elements who thrive on profiteering, high prices and swindling of public funds, do not any more thrive in the economic sphere to corrupt the economic life of the country to distort our economic growth and to pollute the political life of the country as well. That is what is needed. Unfortunately, we do not have such a measure before us as yet. I think the Government should some day, the sooner the better, formulate such a comprehensive Bill and come before the House with that

Seven years have passed since we enacted the Companies Act in this House and in the other House. Seven years have given us plenty of experience with regard to the administration of the Company Law and also with regard to the ways of big business in the country. In this connection, the Vivian Bose Commission's Report has been a forceful reminder to the nation that what we need today is an all-out offensive—fiscal, economic and otherwise, against concentration of wealth and against the operations of big business. I think Mr. Krishnamachari, who warned us before he left the Ministry, against the man-eater, should not merely be riding the tiger, but he should do something against the man-eater today. You have got the gun in your hand. Fix the target.

Shoot the tiger. That is what I expect of him and not to tell Parliament: "I am riding on a tiger. I cannot get down." It is not a question of riding on a tiger. The man-eater is just around us. That is what you warned us about. Today, once again, he is in the Ministry. What we expect of him is not to evade responsibility but to attack the tiger and the man-eater and be finished with it once and for all. That is what we need, but this measure does not serve that end at all.

Now, Mr. Vice-Chairman, I was a little distressed to read in the newspapers about Mr. Krishnamachari's speech when he said that he was not much worried about the concentration of wealth. After all, the Government could take over that. But who will take it over? Why should you leave it to your grandson to take it over? That way we shall never take it over. Why should he not take it over? The Constitution demands that he takes action. The Congress Party in its resolutions demands that he takes action. The Vivian Bose Commission has said that action is called for. Public opinion is in favour of action against big business including concentration of wealth. Why should he postpone it indefinitely? I do not know why. It is a fantastic thing to suggest. I allow the tiger to fatten, the tiger to grow stronger and leave it to somebody else to deal with it later. That is not statesmanship. That is not correct. And that is how the Minister of Finance should not function in the country.

Concentration of wealth has gone too far already and this is the time to strike against it. Already we are late and we would expect the Government to act now before it is too late. We will not take over if the concentration of wealth is allowed to grow in the manner in which it is growing in the country. It is big business which will take over the Government, rather than the Government taking over big business. That

has been the experience of almost all big capitalist countries in the world and it is not going to be an exception in the case of our country. This is the law. This is the objective law of social development. Either we beat big business and the concentration of wealth and the monopolist elements or they beat us. There is no third choice or alternative in this matter. To mark time today is to allow it to grow. That is what we are doing. Therefore, I cannot understand why Mr. Krishna-machari should not have acted according to what he had said when he left the Ministry some time back.

As far as the management is concerned, nothing has been done really to check corruption. The Company Law is very faulty and this amendment will not do. How many prosecutions have you launched against the management today? Even today we do not have a single person of the Sahu-Jain concerns prosecuted before a court of law. They say that opinion is being sought from legal quarters and so on. Yet we find the Defence of India Rules and other things being used at random against political opponents or Parties of the Opposition. When it comes to Sahu-Jain concerns we do not see any person being arrested or put in jail or being prosecuted. Therefore, we say that when the Vivian Bose Commission gave their Report, they said that they should not act in this manner. And you said that they were going to change it. I do not believe it. When the Punjab National Bank case came up, its Chairman was Mr. Shanti Prasad Jain. I think he was removed from the chairmanship or he was asked to resign. Good. But what happened? His son, Mr. Ashok Kumar Jain, who controls really the business, who is the next in command, was made the Director and Mr. Sital Prasad Jain, who works behind as a dummy of Mr. Shanti Prasad Jain is yet another man on the Board of Directors of the Punjab National Bank. Am I to believe that the mere disappearance of Mr. Shanti

Prasad Jain as the Chairman of the Board of Directors of the Punjab National Bank, has improved the situation? Materially it has not. That in how big business families behave in our country. And you will find that not only in this but even on the Board of Directors of the State Bank of India. Today you will find Mr. Goenka, you will find a Birla representative and you will find, I believe, Mafatlal. Why should these people be there against whom there are so many charges and allegations? The Government does not even keep them out of the Board which is supposed to run a public undertaking. Therefore, I say that no fundamental change is going to come out of this Bill. The management of big business concerns is in the hands of a few families. Ten or twelve families in the country have cornered a vast complex of industries with huge capital and other resources and it is not easy to eliminate them even in cases of corruption by this kind of measure. One person goes. Another in the family comes in and takes his position.

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That is how it happens. We demand that certain big business people should be black-listed, and there should be a law that not one of such people may be included; the rule should be that they should not be included in any company on any board of directors. For example, I would like it to be enacted that those black-listed people are out-lawed as far as the board of directors are concerned. There should be investigation into the affairs of all these concerns, and a running blacklist should be there, and it should be known to the country that by law it is prohibited to include any of them on the board of directors of any company. That is how we should go about it. We can make suggestions as to who are these people. Let this matter be debated. It gives no consolation to us that you just ask them to quit one company to become the director in another company. We **want** them to be kept out of the pale of

[Shri Bhupesh Gupta.] company finances altogether, and that is how we should deal with them. The management again is such that it is leading to the concentration of wealth.

Therefore, we need an integrated policy against the concentration of wealth. Interlocking is still going on in our country, and the Company Law has not prevented it very much. Outwardly it may seem that today we do not have much inter-locking but everybody knows that members of one family get together and make internal arrangements and accommodation in order to bring about interlocking by circumventing the existing Company Law. In this context the trusts are used. Am I to understand that the proposed legislation is going to strike hard against the mis-management or malpractice or misfeasance on the part of the charitable trusts or trusts that are created by these people? I do not think so. The trusts have become an instrument of concentration of wealth, economic power and malpractices in the country. What we need is a change in the trust law in the first place and also a change in the Company Law together with other fiscal measures in order to deal with these trusts which are another name for a kind of arrangement in order to carry on the concentration of wealth and malpractices on the part of businessmen. I should like to know what action has been taken against the various trusts of Mr. G. D. Birla or the Birla House. Yet it is known that these trusts are being used for all kinds of malpractices, and serious allegations are there. It is well known that the Nizam's Charitable Trust again is an institution for all kinds of manipulation, and the Secretary of that charitable trust together with the Financial Adviser of the Nizam, Mr. Taraporewala, have landed themselves in prosecution under section 420. This is known now. It was done after we had made allegations in this House and read out confi-

dential reports. Only then the Central Government took action in the matter and prosecution was launched in the middle of the year. Now I should like to know what steps are going to be taken in similar circumstances against such trusts. I tell Mr. Krishnamachari that we need a proper and thorough investigation by an investigation commission into the trust affairs. We cannot leave them as they are today.

Then I would like to know what you are doing about Bird and Company. An attempt was made to hide the facts. Bird and Company have landed themselves in foreign exchange violation, that was the allegation. What action have you taken against them? Have you removed any man from the Board of Directors? The Company Law gives you power to do something about it. Nothing has been done as yet. Yet Mr. Benthall has come from England. He is a very high-up in Bird and Company. He has come all the way from England to lobby here. Bird and Company is a one hundred per cent. British concern in our country. I do not think any Indian shareholder is there. Now having landed in a soup, they have sent their top man to lobby influential people in the Government and other places so that they can escape. There is a feeling in Calcutta that Bird and Company may escape the arms of law because of the very great influence it has in certain quarters. I should like to know what action is being taken.

SHRI LOKANATH MISRA (Orissa): Does the hon. Member know that many useless relations of Ministers have got accommodation in that particular company?

SHRI BHUPESH GUPTA: Well relations of Ministers may be useful or useless, I do not know. But certainly this is a matter which should be gone into, because public suspicion has been roused. Some Ministers' sons, not all, are very highly placed in certain private concern*.

This should be gone into. I should like to know what happens to them. But, then our I.C.S. officers, after retirement, our I.A.S. officers after retirement and our I.P.S. officers after retirement take up jobs in big business concerns, high-salaried jobs. Even the former Secretary-General, not the present one, nor Mr. Nehru, but Mr. Pillai immediately after retirement, took up a job in Martin Burn and Company, and he became a director. Am I to understand that there was no negotiation between him and Martin Burn and Company when he was in service for this job? Yes, certainly there was negotiation.

SHRI T. T. KRISHNAMACHARI: I would like to say that there was nothing there with which Mr. Pillai was concerned. He had nothing to do with Martin Burn and Company while he was in service.

SHRIMATI JAHANARA JAIPAL SINGH (Bihar): It was only his daughter-in-law.

SHRI BHUPESH GUPTA: Well, if I have many sons, I can get them married to important daughters. I know that. One should not get into a brother-in-law's firm in this manner. Am I concerned with daughters-in-law here?

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY): You are not concerned with anybody.

SHRI BHUPESH GUPTA: We are concerned with I.C.S. and other officials who take up jobs after retirement. Seventeen such people of the All-India Service have taken up jobs, and that was revealed in the House some time back by the Ministry itself. That should be stopped.

I would like the Minister to tell us something about Mr. Benthall and what he is doing in this country, since he has come, and for what purpose the visa was given. It may not require a visa but some permit or some such thing was given. What is

the purpose of his visit? How many Ministers and others has he seen? But I would like to tell you that we should be vigilant about Bird and Company, and I warn the Government that if any concession is given to them in this matter or if any laxity is shown, well, this will not only do damage to its own prestige but will demoralise even the business circles in Calcutta who think that Bird and Company, being very influential, might get away from these charges that are under consideration against them.

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY): Just a minute. There is a large list of speakers here. The House will have to sit through lunch.

SHRI BHUPESH GUPTA: Now, I am passing on to the next point, about the conversion of loans. As I said, we support the original provision. It was good. I have got the Bill as introduced in the other House and the Bill as passed. First of all, I would like the Minister to explain in his reply why certain provision has been brought in "in public interest". Government always acts in public interest. In the original Bill when they provided for the conversion of Government loans into equity shares, the words "public interest" were not there. But in the amended Bill you will find that they have used the words "public interest". My fear is this that they have done so partly under pressure, that is to say, to assuage the feelings of big business that these things will not be done as a matter of routine. Now, public interest demands the conversion of loans and it need not be mentioned at all, and the original provision was much better than the one they have finally passed in the other House. This is what I would like to mention in the beginning.

The second point that I would like to mention, in this connection, is this: Why are you not recovering the loans from Tata Iron and Steel Company

[Shri Bhupesh Gupta.] and from Indian Iron and Steel

Company? A sum of Rs. 10 1 P.M. crores was given to each of

them, under a contract in 1954 and at that time it was expected that after the expansion with the help of the loans, the money would be repaid together with the interest. Today, these Rs. 20 crores, not a small sum, are lying with them, and nearly ten years have passed. The other day, the Minister, Shri Subramaniam, told me in the House that they were not even paying the interest on these loans. I do not know if they have started paying the interest now. But these loans should be recovered immediately or turned into Government shares. Why can't they do it? Is it not in the public interest to do so, well, if you like that expression? These loans were given to them irrespective of their internal resources.

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) *in the Chair*]

Government did not go into their internal resources before advancing these loans. Secondly, these loans were given to them without the prior sanction of Parliament. Thirdly, having given these loans, Government did not take steps to recover the money even after they had made enormous profits by way of expansion with the help of these loans. And now they are leaving it in their hands for an indefinite period and yet, they impose economic burdens on the common man.

Mr. Vice-Chairman, therefore, I should like to impress upon this House that these loans should be recovered immediately or they should act under this law, treat it as a matter of public interest, convert these loans into shares of Government and have their say in the Tatas and Indian Iron and Steel Company. That is what I would like to say. It is a scandal that you are pampering the big business in this manner. We know that we need those companies for the expansion of steel and so on.

Well, but this is not to pamper them. They are being helped by the retention prices of steel; they are being helped by allowing them various other concessions, and why must we give them ready cash of the order of Rs. 20 crores and then not recover it? It is a scandal, I say. Well, here again, the Jayanti Shipping Corporation ;^iven, without the sanction of Parliament, Rs. 20 crores. Again, a person suddenly appeared on the scene and managed to get this loan. Why was the Jayanti Shipping Company given it when Mr. Teja was in a position to find that money within his own internal financial resources, and we are told that he is a man who is connected with all kinds of business concerns in the United States and so on. We would like the Government to take over some of the shares of the Jayanti Shipping Company and Government should not allow the money to lie in their hands.

Today the time has come for the Government to orient its policy in such a way as it becomes possible for them to buy, to transform or to convert these loans into shares. And well, mixed economy should be there also. They should not be allowed to run the companies with public loans from the Government's side without meeting the obligations which they should meet, and if that is so, in that case, we should certainly safeguard national interest by acquiring shares in these companies. It should be compulsorily done. That would enable the Government to have a better control over the companies also and at the same time it will promote the expansion of industries as well, as has happened in the case of the Tatas and the Indian Iron and Steel Company.

I must invite the attention of the House to another argument which the Indian Iron and Steel Company is now putting forward. They say that they have to develop their collieries, which would cost about Rs. 12 crores and that they have to develop certain other things which would cost them

about Rs. 10 crores, and that is why they are not in a position to repay the loan. Unless there is a probe into the finances of this company and of the companies controlled by it, we should not be misled into thinking that our accommodation is meant for the expansion of industries and so on. They are trying to grab money from the State Government, holding the country to ransom and blackmailing the Government into surrendering to them by saying that unless you give us loans of crores and crores of rupees, we will not be able to carry out the expansion. If they say so, let them say, but we have got our Industries (Development and Regulation) Act and, if necessary, we shall take over these concerns and can run them well with the same personnel, eliminating the management which is in the hands of big business. We can keep the same technical personnel. Why should we be upset by their threats and blackmailing tactics, so that we allow so much money to remain in their hands and not recover them? Therefore, I think that this provision is strengthening them and I am sorry that the Minister faltered in regard to this matter. In the other House, he should have stuck to his original provision, not only stuck to his original provision but should have acted in the spirit of that particular provision.

Then, finally coming to the point of the Company Law Administration, I need not say very much on the subject. We have expressed ourselves adequately on it. Now, you are forming a Board. It is quite clear from the provisions of the Bill that the Board is not going to be the same independent entity as the Company Law Administration was. The Company Law

SHRI T. T. KRISHNAMACHARI: The hon. Member might recognise that the Company Law Administration was never independent—it had its Secretary and others—and it had to carry out the directions of the Government. If the hon. Member has

any idea that the Company Law Administration formerly was independent and that its independence was being taken away, I think it is a mistake.

SHRI BHUPESH GUPTA: Well, if it was not so relevant, then why did you change it? Now, it will be a department. As you said in your memorandum today, there will be a Board and there will be some Secretary or some people who will be in-charge, Chairman of the Board and so on, some such thing. Now, I can understand the entity being shifted from one Ministry to another, if you like. But I should not like it to be a subsidiary to this Department. On the contrary we would like the Company Law Administration being given more powers and authority subject to the overall jurisdiction or superintendence and direction of the Ministry, naturally. But that is not the position today, and well, we had expressed in this House that the hon. Finance Minister, without even any reference to the authorities of the Company Law Administration, suddenly he got it done. We should like to have, now that he will be speaking on the subject, a better explanation as to why such a change became necessary for him to be made in this manner suddenly, when really the need was to augment its power and authority and make it function more effectively.

Mr. Vice-Chairman, these are the four points on which I have spoken but I would again urge upon the hon. Finance Minister to consider the advisability of bringing forward a comprehensive legislation to amend the Company Law and give up his theory of either riding on a tiger or allowing the concentration of wealth to go with a promise of something like a pie in the sky. Some day, somebody can take it over. I say, this is not the right approach. Our Constitution and the Government policies also sometimes are committed to the weakening of the concentration of economic power and here and now

[Shri Bhupesh Gupta.] the Government should act in the matter. And I hope that the Finance Ministry will play its due role in weakening the concentration of wealth. We are all with him if he wants to shoot the man-eater; we are against him if he allows the man-eater to run amuck. It does not matter whether he is riding it or not. That analogy is rather an unfortunate analogy, and I hope that the country will not be taken in by this analogy. We have got ample powers and authority to act, and here is the time when we must act against big business and strike hard at the concentration of wealth and economic powers.

SHRI T. CHENGALVAROYAN (Madras): I am grateful and beholden to the Chair for giving me an opportunity to participate in the debate on the Companies (Amendment) Bill. Not long ago, Sir, this House had the occasion and the opportunity to consider the most illuminating document in the form of the Vivian Bose Commission's Report and at that time, this House was considering the imperfections, the inadequacies and the inarticulateness of the provisions of the existing Company Law, and the searchlight was turned on some of the diabolical designs of certain corporate sectors so that this House was convinced beyond any measure of doubt that there must be a very revolutionary urge for the purpose of revising the provisions of the Company Law to deal with such offenders. Our hon. Finance Minister has come forward with this Bill which contains, Mr. Vice-Chairman, six notable provisions which are in a sense a departure from the conventional concepts of the Company Law.

In the first place, Mr. Vice-Chairman I am very much attracted by the creation of what is now known as the "Company Law Board". Time was when the company law administration was entrusted to a Department, and it is now right and proper, in my respectful submission, that what was

entrusted to the Department is now sublimated to a Board under a statute. We know, Sir, there are ever so many parallels for such constitution of Boards under a statute, and this Company Law Board will be one such, and the powers and functions and duties that are entrusted to this Company Law Board are all pertaining to the day-to-day problems and affairs that would normally arise in the working of the corporate sector. I have very great pleasure therefore in most respectfully commending to this House the acceptance of this very important provision.

Secondly, Sir, there is the constitution of a Tribunal for the purpose of dealing with certain delinquencies, with certain designs for which the corporate sector may come within the offending provisions of the company law. Time was when these matters were dealt with under the provisions of the company law, having recourse to what we know as misfeasance proceedings under the Company Law, in a High Court. But now, Sir, this constitution of a Tribunal functioning under the Companies Act itself is a very welcome sign for the purpose of seeing that there is a Tribunal inside the Act and is working under the provisions of the Act for the purpose of dealing with such affairs. Mr. Vice-Chairman, it is not a surprise innovation. We have ever so many such tribunals created under special enactments. For example, we have, under the Sales-tax Act, the Sales-tax Appellate Tribunal. We are having similar tribunals under ever so many other Acts, and therefore, I submit, that this House will be pleased to consider that the constitution of this Tribunal with all these enumerated functions, with all these defined duties is certainly a very great provision that has to be introduced in this amending Bill.

Sir, the third point that rather makes a certain amount of controversial ground is the question of the amendment of section 81. I am sure

Mr. Vice-Chairman, that when we consider this provision relating to the amendment of section 81 three important factors have to be taken into account by the hon. Members of this House. In the first place, it is not unusual that in the exercise of the supremacy of the Parliament, we always enact provisions which are having retrospective effect. It is a well known principle of legal criticism that no Act can have retrospective effect unless a specific provision is made in the Act itself and therefore, Mr. Vice-Chairman, in this amending provision of section 81 it is stated that notwithstanding anything contained in the previous provision, the clause will have a retroactive operation. I would submit therefore that this provision of a retrospective effect for a certain aspect of the amending provision of section 81 is certainly welcome, and it is in coasomance with the exercise of parliamentary supremacy.

Mr. Vice-Chairman, there is the other criticism that emanates purely from certain sanctimonious critics, who feel that the sanctity of contracts should not be violated. I am very glad Sir, that sanctimonious critics are so sanctimonious so far as the contracts are concerned though not in other respects. But the one question, Mr. Vice-Chairman, that I beg of this House to take note of is that in the modern concept of a welfare State and in a developing economy for this specific purpose we have now embarked upon, what we now call, the doctrine of eminent domain. Even in trans-continental jurisprudence—not to exclude America—this is the doctrine of eminent domain, for the purpose of public interest and for the purpose of realising some of the laudable objects of a welfare State we always go into the question of interference with a contract. It is not a new thing, Mr. Vice-Chairman. We have similar provisions; we have in other enactments notwithstanding a contract to the contrary.

For example, we know that there is a very important Act known as the Essential Articles and Commodities Control and Regulation Act, and it enacts that notwithstanding any contract to the contrary the provisions of that Act would be given effect to. Now what does that mean, Mr. Vice-Chairman? It is for a social purpose, and it is for a national interest and if therefore we should have such a doctrine, though with a certain amount of modification, applied to a corporate sector, I am not in a position to appreciate the apprehension on the part of those critics.

Moreover, Sir, there is another important aspect of this question of the amending provision of section 81, namely, with reference to interference with, what they call, their repayment capacity. Mr. Vice-Chairman, if we just understand what has been the policy and the purpose for which the loans were given to certain corporate sectors, surely the Government is not a magnificent moneylender bent upon repayment of loans, intent upon getting interest. In a developing economy, Sir, the principle and the policy of the Government has been and will ever be to associate itself in the formation of certain industrial potential. Government gives loan not merely for the purpose of loan; it is intent on participating in the developing corporate sector. And what is it that we give? We do not stop with merely giving loans. We get thorn the machinery; we acquire for them the land in other words, Mr. Vice-Chairman, if I may bring to your notice and to the notice of this House, what the Government give is, if I may say so, a functional finance; the loan that the Government gives is in the nature and order of a functional finance and therefore, Sir, there cannot be any objection whatsoever to the object of converting into or trying to get shares in return for the repayment.

There is another aspect with regard to this; it is said that this power is so naked, so arbitrary and so un-

[Shri T. Chengalvarowan.] bridled. Mr. Vice-Chairman, it is not naked, because it is clothed with certain conditions. It is not arbitrary because it is in the interest of the public and it is not unbridled because there are certain criteria for which due regard shall be had before action can be taken under this amending provision. We know, Mr. Vice-Chairman, that whenever any power is conferred upon the Government or, as a matter of fact, on the authority concerned, the conferment of such power would not be considered to be arbitrary or unbridled or naked, if the very provision conferring that power carries with it a certain amount of criteria. Now, Sir, this provision relating to the amendment carries with it an important provision that due regard shall be had to the financial position of the company and, in particular, to the terms of the issue of debentures or to the terms of the loans, as the case may be, and the rate of interest payable on such debentures or loans, the subscribed capital of the company, its loan liabilities, its reserves, its profits during the preceding five years and the current market price of the shares of the company. These are the criteria and the relevant considerations germane to the exercise of this power—the statute itself provides for this. If that is so, Sir, I am sure there can be no criticism whatsoever on the ground that this provision is naked, arbitrary and unbridled.

Moreover, Mr. Vice-Chairman, this House will appreciate that this decision of the Government acting now under this proviso—our hon. Finance Minister was pleased to say on the floor of the other House, and he has also reiterated here—that any such action taken in exercise of this power will certainly be placed before both the Houses. Can there be, Sir, a greater guarantee and a greater assurance for a bona fide exercise of that power? And this House no less than the other House is always given

the opportunity to scrutinise, evaluate and even interfere with such action that the Government may take in exercise of the conferment of that power on them.

Mr. Vice-Chairman, I may have your permission to deal with another important innovation in this amending Bill, and that is with reference to the appointment of the public trustee, and here I may most respectfully submit to my esteemed comrade, Mr. Gupta, that the question of the trusts is certainly now sought to be achieved in two ways. First, this amending Bill demands a disclosure of the nature of the trust. Now that will be the first step, and that will be a very bold step, so that the Government will be in a position to assess what is the nature of that particular trust-holding, what are the concomitants of that trust and how that trust has been managing so far. And if as a result of such evaluation, if it comes to the appreciation of the Central Government that such a public trustee should be appointed, then the provision gives that power also—to appoint a public trustee—and it has been very clearly pointed out, Mr. Vice-Chairman, by the hon. Finance Minister that the appointment of the public trustee has a limited purpose. It is not to supplant the trustee. It is only to supplement wherever he is delinquent, wherever he is not active, wherever he is suspected to be collusive, wherever he is not acting in the high interest of the trust itself. It is, therefore, submitted, Mr. Vice-Chairman, that this provision relating to the appointment of a public trustee is not at all to be objected to.

I have heard the criticism elsewhere why cannot the provisions of the Indian Trust Act be availed of for this purpose? And what is this provision in the amending Bill if it is not regrafting the very provisions of the Trust Act? I, therefore, submit with very great respect that those provision regarding the

appointment of a public trustee is not a negation of the trust law. It is not contrary to the provisions of the Trust Act. As a matter of fact, Mr. Vice-Chairman, if I can just submit, it is the fulfilment of certain provisions of the Trust Act which are practically incorporated into the provisions of this amending Bill. I, therefore, submit on this question that the appointment of a public trustee need not create any scare.

Here I am reminded of what Lord Maitland, an eminent scholar and a *Professor* in the Oxford University, said after delivering 18 lectures on the Law of Trust. He asked an earnest student as to what he had learnt. That student replied, "Never to trust a trustee". I do not want to say that. But the question is that when the corporate sector is having such a trust functioning, in a colourable exercise for certain persona) benefits, the Government must have, am inkling into the management of the trust and this provision is nothing but a fulfilment of that object.

One word more, Mr. Vice-Chairman, and I have done. I do not want to deal with the other provisions of the Bill particularly the removal of the managerial staff. That is nothing but implementing the recommendations of the Vivian Bose Commission. I will only answer one remark from my esteemed friend, Shri Bhupesh Gupta that this Bill is not comprehensive enough. May I tell Win—and I tell him with great respect—that I will only conclude in the language of Cardinal Newman, "One step is enough for me". And that step we have taken, and ^{any} more steps we may be obliged to take, will be taken. That step will not be found wanting to be taken at any rate by our most gallant Finance Minister.

With these words, Mr. Vice-Chairman, I have very great pleasure in supporting this Bill whole-heartedly and appealing to this House to support it fully.

SHRI BHUPESH GUPTA: I have some assurance on hearing a Congressman like him.

SHRI DAHYABHAI V. PATEL: Mr. Vice-Chairman, Sir, it is said he who is firmly seated in authority soon learns to think of security and progress. This is the biggest lesson in statecraft. This is a saying by a very well-known person. I need not repeat his name.

SHRI BHUPESH GUPTA: Who is that well-known person?

SHRI DAHYABHAI V. PATEL: We heard just now the last speaker saying, "Never trust a trustee". Sir, I commend these words to the people of this country, the voters of this country who have voted the Members of Parliament and this Government.

SHRI GOPIKRISHNA VUAIVAR-GIYA (Madhya Pradesh): Including yourself.

SHRI DAHYABHAI V. PATEL: When I say Members of Parliament, it does not exclude myself, if you understand English.

SHRI N. M. ANWAR (Madras): He is insulting the common sense of our electorate.

SHRI DAHYABHAI V. PATEL: Sir, when the new Finance Minister took over and soon after he brought forward two measures, or amended certain measures which were considered coercive—I mean the Gold Control Rules and the Compulsory Deposit—I thought as a practical man, with experience of business, we were going to get a new deal, that industry in this country would be able to live, to thrive. I was mistaken. If you read through what happened in the Lok Sabha, you will know, as everybody does know, that the Finance Minister in this case does not seem to be a free agent.

[Shri Dahyabhai V. Patel.] Sir, we talk of high democratic principles. Where are the democratic principles? When a Select Committee was formed for amending the Company Law a few years ago, this House was included. What is the reason for excluding this House now? Does the presence of this House or the Members of this House become too troublesome to Government? On another occasion during the last session, this House asserted its right to be upon a Select Committee and I would have expected my friends on the opposite side to respond and join in a motion for a Select Committee for this Bill also. But things as they are, they have to look to where they will stand next time. So, I am sorry that I have to move a motion for a Select Committee of this type. I would have liked to include many eminent friends on the opposite side, lawyers, experienced people. We have also a block of ex-Governors here. I would like to include some of them though they may be reluctant because the motion is moved by me, not on the merits or demerits of the case. Mr. Vice-Chairman, this is one more nail in the coffin of democracy.

On an occasion, not many months ago, a Member of the Congress Party, sent out invitations. I do not know what happened but subsequently he wrote to them calling them "Members of the 'Break-your-promise' party". This is not a question of invitation. I say the Congress Party, since it has assumed power, has become a 'break-your-promise' party right at the beginning. And it is in this session and in the last session that the Congress Party has brought forward two measures. That is going to make the Congress Party virtually a totalitarian dictatorship in our country. The first measure is the Constitution (Seventeenth Amendment) Bill, 1963 and the second measure is this Company Law amendment. By that freedom of any two will be virtually taken away. We will have a regi-

mented government and, of course, the close acquaintances of Mr. Bhupesh Gupta and his friends and the so many visits to the Soviet Union that they make will make the Congress Members speak in the Soviet language.

SHRI BHUPESH GUPTA: On a point of order. It is a reflection. May I know how many times Mr. T. T. Krishnamachari has been to the United States of America?

SHRI DAHYABHAI V. PATEL: Sir, my time is being consumed, [it is the practice of the Soviet people to tell something while the meaning of that is something different. They say there is the German Democratic Republic. Have we not heard of it? Similarly, when the Law Minister moved this Constitution (Seventeenth Amendment) Bill, 1963 he said that that was to protect the small farmer and his land. I have not found anywhere nor has any one else found how it protects him. So many representatives of farmers and agriculturists who have come to Delhi to make their representation have met me. They have been looking for it. They asked me, "You have been in Parliament. Do you find anywhere any protection?" I say, "Ask the Law Minister." Similar is the case with this Bill.

When the Finance Minister introduces his Budget, one of my criticisms of the Budget is: Who is going to give aid when you want too much foreign aid? Who is going to come to invest in this country when you produce a Budget of this type, when your measures are oppressive? I will re-ask the Question to the Finance Minister. Who is going to come and give you money to help you when you have such expropriatory measures on your statute book? There is not even the right of appeal. That is to my mind a very objectionable feature about this. As far as the Communist theory is concerned, it is

all right, it falls in line with them. How much money was taken over by Lenin when he established the Soviet regime? How much money was taken over by Chou en-lai when he took over China? How much money was taken over by Castro when he came to power, not to forget Hitler? It is known to the world. This is a step in that direction. Perhaps I am not sure about it myself yet, without full knowledge about the way, the steps taken in the other instances I have mentioned—I do not feel quite sure about it yet.

The Finance Minister wants power to scrap contracts. How can any business function if somebody else has got the power to scrap the contract that has been entered into by two parties in business? The Finance Minister has been in business for a long time. Will he tell me or assure the House or assure the country that business can ever be carried on if a third party can intervene and scrap contracts entered into? When a provision exists, who is going to come and give you aid? Whether the aid is given in that case will be an aid sugar-coated by their ideology with the intent of forcing their ideology on you or not is a matter that would be of serious consideration for this House.

I am sorry, there was another nail, big blow, to the coffin of democracy in what happened in the other House as regards the report of the Select Committee. Perhaps fearing that experience, the Government, while they did on a previous occasion agree to a motion for a Select Committee, on another motion where the House wanted a Select Committee, -the Finance Minister has thought twice and not only not agreed but I do not find people from the opposite Benches willing even to come on to the Select Committee. Therefore, we have now a democracy established where we have started breaking promises, where we have started breaking the established principles of

democratic parliamentary practice. Where is the guarantee that we will not go on breaking all the laws, we will not go on expropriating everything? This Bill is nothing but a measure of that type. I have a certain amount of experience of some business. I am not in any business just now. I have no personal interest in any business of that type. It is true, that there may be people in this country who do not observe the law. My friend next is always in the habit of mentioning many names. We have heard them so often. I say that the law of this land as it is has sufficient provision if the officers of the Government take courage to enforce the law. We heard so much of insurance companies. Why was the Controller of Insurance sitting in Simla instead of sitting in Delhi or Bombay or Calcutta where there are insurance companies and use the powers that were given to him? If that position was tiere, the nationalisation of insurance would not have been necessary.

Similarly, we have a Company Law Administration. I have no quarrel about its change or its personnel on which my friend, Shri Gupta, has to say something. I am not against a healthy regulation of industries. Let me make myself sufficiently clear. I do not like industrialists to play with the money of the people, to misuse it, but I am equally against the misuse of public funds, concentration of wealth and power by a Government which is going the way of totalitarianism. Every step that we see here in the last two years is a step towards establishing a totalitarian Government and this Government gave an opportunity to Mr. Gupta and his friends to stage a demonstration sometime during the last Session when the Government was paralysed. There was nobody in Delhi, there was no law and order and it was only the large number of Communists that had gathered from all over the country who had taken possession of

[Shri Dahyabhai V. Patel.] Dehi. We know what happened in Czechoslovakia and some other countries. So this Government is being driven by what Mr. Gupta is saying— by Mr. Gupta I mean the Party and the ideology that he stands for, I have nothing against him personally, personally he is a good friend— but that ideology is the driving force behind the present Government. They ask for votes from the people in the name of Gandhiji but they have completely given a go-by to the principles of Gandhiji. They have adopted Marxist principles without having the courage to say openly that we are now following the Marxist principles, that we are converting our State, our Government for which we asked the vote of the people in the name of Gandhiji and the Congress, into a complete Marxist type or Soviet type.

That is one more step in that direction and therefore I am opposed to it. This is a major step in that direction and I would appeal to thinking people in this House to use their thinking and not to be simply saying 'yes' as they seem to be doing on most matters. If a large number of Members of the Select Committee were of a certain view and the Select Committee made its report according to all parliamentary practice, that should have been the view that should have prevailed and this House should have to, if it so desired under the Constitution, form a Select Committee of its own. To consider this measure, particularly when there is so much controversy about it, when there are so many points of view, when the issues involved are so complicated, we are given a few hours to consider this measure. It is very unfair to this House, it is very unfair to Parliament, it is very unfair to the country that a measure of this type is being rushed through in this manner. I was amazed when a suggestion was made that we should have considered it yesterday. Even 'overnight time' we were not given.

For a measure like this Parliament should be given weeks to consider, if not a Select Committee. If you do not form a Select Committee, you must give Members time to consult among themselves, which is not possible when the House sits every day from day to day, when we have got important measures coming one after another and when the Government refuses a Select Committee, it means that this Government does not believe in a type of democracy that really exists in all parliamentary forms of Governments. This is getting more and more into a dictatorship and if I may say so, a one-man dictatorship. The Members of the Select Committee have one view, they are told overnight that the Badshah has said this and so overnight everything changes. This is a very sorry state of affairs. I am sorry this does not help our country.

SHRI BHUPESH GUPTA: Who is that Badshah?

SHRI DAHYABHAI V. PATEL: Everybody knows, you know him better than I do.

SHRI BHUPESH GUPTA: I do not know. Who is he?

SHRI DAHYABHAI V. PATEL: You want his name? He is a well-known man, Pandit Jawaharlal Nehru, and you know him. I am not shy of mentioning his name.

SHRI BHUPESH GUPTA: I did know that he was a Badshah.

SHRI DAHYABHAI V. PATEL: He is the Grand Moghul in Delhi.

Among the other subterfuges or misrepresentations of this Government is this one, that they want both the public sector and the private sector to function. They want both these sectors to exist simultaneously. But this is what they do. How can any private sector exist under such conditions? This is nothing but converting the existing private sector into a public sector. I may

repeat here that my hon. friends should not misunderstand me. I am not speaking for the corrupt businessman. But there are large numbers of honest businessmen, big and small, in this country, who observe the law, who are not greedy and who take only their legitimate profit according to the law. They donate money for charities, for specified purposes, according to the law. But the government's avaricious eye has fallen on these charitable trusts also, and that is a very objectionable feature of this Bill.

In this country, philanthropy has not to be taught. It is there in the people from time immemorial and people have been taught to earn and to give substantial portions of their earnings to charity, for public purposes, for the good of the public. Apart from the squeezing out of the charities and charitable trusts, particularly the educational field suffers most. Because there is not much to give, people are not able to collect donations for them and this interference into the affairs of trusts by the Government is very objectionable. When a person makes a donation or trust, he makes it for a specific purpose and that is allowed by the Government. Having agreed to that, it is not right to interfere with them. The Government have appointed their officers. There are the administrators. There are the controllers and so on. to go into the accounts of these trusts. If their officers do not go into these matters properly why should they punish the people for that? It seems this has been the policy of the Government, whether it be the insurance law, whether it be the Company Law or whether it be this law that is going to be enacted, in connection with public trusts. The Government's officers fail to take action, and instead of punishing the officer concerned, or making the provisions of the law tighter, the Government seeks to take more powers to itself. Where is the guarantee that the

powers taken in this way will not be abused? What has been our experience in the past? The Finance Minister, unfortunately, is not here now.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI TAHKESHWARI SINHA) : I am here from the Finance Ministry.

SHRI DAHYABHAI V. PATEL: But you are not the same Finance Minister who was concerned in another case to which I was going to refer, a case of misuse of power.

SHRI ARJUN ARORA (Uttar Pradesh): She has never misused her powers.

SHRI DAHYABHAI V. PATEL: There are human failures. I am not like Mr. Bhupesh Gupta who wants to be very ungenerous about human failures. There are human failures. But this is not the remedy and that is what I want the Finance Minister or his representative here to note.

SHRI BHUPESH GUPTA: I draw a distinction between human failures and human crimes.

SHRI DAHYABHAI V. PATEL: I am with you there in your campaign against crimes and against guilty people even in the public sector and in the private sector. They should be punished. I have never pleaded that those who do not observe the law should not be punished. I have never pleaded for that. But I have also stated that those responsible government officers who failed to do their duty, who failed to apprehend the guilty people, should also be punished. I want every hon. Member to tell me whether there are not sitting on the benches opposite, I mean the front benches, those who go out of their way to save such people? Therefore, we have brought this country to this stage.

AN HON. MEMBER: There is nobody on the front bench.

SHRI DAHYABHAI V. PATEL: They know what I mean and you know what I mean. You should tighten the Company Law if necessary. Action under that law was not taken. Where action was sought to be taken, there were god-fathers pulling wires. The people who were guilty and who should have received very severe punishments were not punished because they had friends on the benches opposite. The remedy, surely, is not what is proposed before the House. We are going the wrong way. My friend here would be naturally very happy, because that is what he wants and that is what his party wants. But I am not happy and I do not think the country will be benefited by this measure. I hope that even at this late stage, the Finance Minister and the Government will take stock of the situation and reconsider the matter.

SHRI ARJUN ARORA: Mr. Vice-Chairman, as has been correctly pointed out, this amending Bill is the outcome of what was revealed by the Vivian Bose Commission, and some of the steps indicated by that Commission and also by the Daph-tary-Sastri Report are being sought to be enacted under this amending Bill. It is a matter of some satisfaction that some of the recommendations of that devastating Vivian Bose Commission's Report are being implemented. It is, however, a matter of great regret that in spite of the fact that that Report was submitted to the Government in 1962, at the end of 1963, the Government has brought a Bill to put into effect only some of the recommendations of the Vivian Bose Commission and not the others. A number of recommendations of that Commission concerning the Companies Act have still not been looked after. Anyhow, the little that is being done under this amending Bill is specially welcome and I lend my wholehearted support to this Bill.

The learned Member who preceded me was very anxious about

what he described as charitable trusts. But I am afraid there is nothing in this amending Bill to cause concern to anybody concerned with charitable trusts. The Bill only aims at ensuring that charity which begins at home does not end there. The fact is well-known that a number of trusts hold large amounts of equity capital in certain important industries. It is also known that in their wisdom, these trusts choose to invest their money only in the corporations or companies or undertakings, which the trustees or some of those trustees control, in their other capacities. If the trusts are charitable trusts, we are entitled to make sure that the charity is not showered merely on the trustees, and that is what this Bill seems to aim at. The Bill does not provide for any interference in the affairs of the trusts. These charitable trusts may run as they like. This Bill's only aim is to put an end to the unfair interference of some of the trustees where the trustees act in their own favour. As a matter of fact, the trusts should be thankful and those like my hon. friend who sat down just now, who are admirers of the good work done by charitable trusts, should be thankful to the Finance Minister that he has brought forward a Bill which ensures that these charitable trusts will not become pawns in the game of managing agencies.

There is a provision in this Bill which deals with Government loans. I must say Mr. Vice-Chairman, that that provision is extremely inadequate and halfhearted. Somehow, there has been mixed economy in the country and the votaries of the private sector are never tired of praising its achievements. Now, I find little in the state of our economy to substantiate any praise for the private sector. An industry has to be run efficiently and it has to be managed properly. Proper and efficient management means that the industry should so conserve its resources that it can rehabilitate itself, that it can

meet the need of replacements of its depreciated and worn out machinery and equipment. What we find in this country today is ithait though the private sector is very loud in praise of its own efficiency and louder still in condemning the public sector . . .

SHRI LOKANATH MISRA: YOU are loudest in speaking in favour of the public sector.

SHRI ARJUN ARORA: I am; and I am proud of that. Only you should be ashamed of praising the private sector which deserves all possible condemnation.

What we find, Mr. Vice-Chairman, is that the private sector is not conserving its resources properly; what we find is that the private sector is not able to finance itself and this generous Government has set up a number of agencies to advance generous loans to the private sector. Now the private sector is supposed to be very honest. What we find is that the private sector does not pay back the loans. It does not even pay the interest regularly and even the tallest in the private sector are the biggest among the defaulters. Now, Mr. Vice-Chairman, is the Government to sit silently and see this waste and tolerate this state of affairs in which the Government has gone out of its way to help the private sector to rehabilitate itself to expand its plant and make profits and the very honest, very efficient private sector refuses to pay back the loans, does not even pay the interest regularly? Sir, this so-called efficiency and honesty of the private sector is a hoax and it is only proper that the Government takes steps to ensure the safety and the safe return of the money invested in the private sector as Government loans. In so far as this Bill makes provision to meet that situation it deserves our wholehearted support and Mr. Vice-Chairman, I lend it but I do feel that the enactment is half-hearted and it does not fully

meet the needs of the situation because the loans given to the private sector are not given only by the Central Government as such in whose case this amending Bill makes adequate provision. The loans are also given by the State Governments; the loans are also given by a number of agencies created by the Central Government and financed by the Government of India.

SHRI K. SANTHANAM: The State Governments are covered in this.

SHRI N. M. LINGAM (Madras): No; they are not.

SHRI ARJUN ARORA: Mr. Santhanam will, I hope, speak and enlighten the House.

Then there are agencies created by the State Governments. I feel that all these agencies, whether created and financed by the State Governments or created and financed by the Central Government, should have been included in that provision of this Bill which empowers the lender to acquire equity capital where the private sector persists in defaulting. If the votaries of the private sector like my friend who just now interrupted me think that this is wrong, they should rest assured that the Government is not keen on acquiring equity shares in private companies. It is open to the private sector, it is open to the defaulting companies, to pay back the money and thus defeat the provisions of this amending Bill. As a matter of fact, this provision of converting loans into equity capital is nothing revolutionary, nothing socialistic. It only facilitates the Government in ensuring the safety of public money lent to the various corporations. As a matter of fact, there are other provisions in law which a lender may resort to. We in Uttar Pradesh are aware of the ease in which the biggest industrial group of U.P., the British India Corporation, fell into the foul hands of Mr. Mundhra who

[Shri Arjun Arora.] squandered its resources. Then the State Bank of India which had lent that concern Rs. 5 crores went to the court and asked for the appointment of a Receiver. That provision ended the effectiveness of the Board of Directors and the management of the concern passed into the hands of the Receiver. This provision which is being described as revolutionary—I do not know why—falls much short of that. Here only equity shares equal in value of the amount lent are to be acquired. So there is no risk of the Government becoming a major shareholder or a major partner in the management of those concerns. The private sector should thank Mr. T. T. Krishnamachari for letting it off very lightly. I feel more stringent measures are necessary in order to ensure the safety of public funds.

There has been some criticism from some quarters, particularly some very respectable and praiseworthy legal giants, that the contractual obligations of the parties are not such that equity capital may be acquired in lieu of loans and that argument is trotted out to oppose or criticise the provision which gives this statute retrospective effect. Contracts, Mr. Vice-Chairman, are entered in good faith and good faith, I should suppose, involves that the parties enter them honestly and that they will carry out their obligations. If one

party, the party which is at 2 P.M. the receiving end, does not

act in good faith, does not carry out its part of the obligation, the sanctity of the contract is broken by that party. The loan, which is in this case advanced, is public money of which Parliament is the guardian. It has some rights and some duties to the public and we should thank the Finance Minister for being conscious of those duties. As a matter of fact, something more should have been done. The civil law, the law of contracts, is based on the concept that both parties will carry out their obligations honestly. When the party at

the receiving end has failed to do so, something more has to be done, and if the law of contracts stands in the way, that will also have to be amended. Thank you.

SHRI M. S. GURUPADA SWAMY (Mysore): Mr. Vice-Chairman, from the very inception this Bill has passed through very tragic and unfortunate circumstances. The Bill, which on the face of it is very simple, healthy and progressive, was projected, at various stages, as a Frankenstein monster and it had never had a safe handling at any level.

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair].

I say this with a sense of regret. I expected that when the Bill was first sponsored, the mover of the Bill—a person who knows his own mind and who knows what he is doing—should have taken steps to give proper guidance in the matter of the Bill. Unfortunately, this was not done. The Bill, after a debate, was passed on to a Select Committee constituted only of Lok Sabha Members. There the prominent role of certain Members of the ruling party was responsible for a change in one of the provisions of the Bill. Later on, the Report of the Select Committee was endorsed by the executive of the Congress Parliamentary Party. Later, some Members woke up and then after a state of hibernation found that something wrong had happened. The Bill has been tossed to and fro at various stages and ultimately today how do we find the Bill? We find the Bill in the same original position as it was when it was introduced in the Lok Sabha.

SHRI K. SANTHANAM: No. There are a few changes.

SHRI M. S. GURUPADA SWAMY: Yes, but not significant. I am talking of that particular point to which I refer.

SHRI K. SANTHANAM: Even there is a change, 'in the public interest'.

SHRI M. S. GURUPADA SWAMY: Yes. There is a change which is not significant. But what I mean is the manner in which it was done, not the substance of the changes that were brought about. I think Mr. Sanfchanam, who is a great parliamentarian, would appreciate when I say that this is not the way how Bills are discussed, piloted or brought forward.

SHRI K. SANTHANAM: I have no quarrel with that.

SHRI M. S. GURUPADA SWAMY: I would only pose this question. Why was there this state of hibernation on the part of Members of the ruling party who did not think it fit to express their opinion in time? It was not done. It was a great omission. It is a great reflection on the way in which parliamentary democracy is functioning.

Secondly, there was another blunder. My friends have already drawn the attention of the House to it. I do not know why the Finance Minister or his colleagues or Members of the Lok Sabha in their wisdom did not think it proper that Members of the Rajya Sabha also should be given an opportunity in the Select Committee to participate in the deliberations and to influence the deliberations of the Select Committee. This is not the first time that Rajya Sabha has been overlooked. Let me tell you that I am a unicameral man. I believe that Rajya Sabha is an unnecessary appendage. But so long as this body exists enjoying equal powers, legislative powers, I do not know why people should be devoid of this elementary common sense to appreciate that Rajya Sabha should also be associated with the deliberations. It is a very sad omission. It is not a simple omission, but a grave omission in the functioning of the parliamentary system itself. Maybe I am making a very general point in a debate which

is not very relevant, but this point has to be borne in mind. What are we doing? There seems to be a growing erosion of the powers of one wing of the parliamentary system, namely, Rajya Sabha. Is it desirable? Is it healthy, so long as the powers of Rajya Sabha remains as they are?

Coming to the Bill, I would like to make one remark. Why should my friends make a Frankenstein monster of a small thing? One of the provisions of the Bill, which has attracted the attention of all rival sections in Lok Sabha and perhaps here also, is the question of conversion of Government loans given to companies into equity capital. What is the present position in law today? First of all you must understand this, so that it may enable you to appreciate the changes that have been brought about. According to the present position it has not prevented conversion of Government loan into equity capital provided, firstly, there is such a term in the agreement; secondly, it is approved by a special meeting of the general body; and thirdly, it gets the approval of Government itself. That position stands, and it is limited only to Government loans and not to loans given by Government institutions.

Sir, the House is aware that three types of credit are there; private credit, that is, loans borrowed by companies outside Government institutions and Government, secondly, credit given by Government institutions like the Life Insurance Corporation and the Industrial Finance Corporation and the like; and thirdly, Government loan itself. Now the Bill only deals with that aspect of the loan provided by Government, and what is the philosophy behind it? What is the policy behind it? Let us understand it. Till now I tried to understand the policy of the Finance Minister, but neither here nor there in the other House has he been able to propound his policy behind this move. I feel it is necessary to know the policy the purpose of this change.

[Shri M. S. Gurupada Swamy.] Sir, the main purpose is to participate in certain cases of companies in equity capital. It is just to introduce a sort of healthy element of participation of Government, and this will enable to prevent the mismanagement of companies and to prevent concentration of economic power, and secondly, it will act as a sort of check over those companies if Government itself participates as shareholder. Actually what is the position now? I learn that the total paid-up capital of companies where Government has advanced money is Rs. 1200 crores, and the Government loan is only Rs. 80 crores. These advances refer to not many companies. There are quite a number of companies in the country and the Government has not given loan to all the companies. It is restricted only to a few companies. In this case only two or three companies are the beneficiaries of Government loans. They are the steel mills and shipping companies. And why is such an arrangement necessary in the case of shipping companies and steel mills? We all know that the Plan has accepted the development of basic industries like steel, heavy electricals and the like in the public sector. That is the policy of the Government. But the Government have to take into account some of the enterprises in the field already in existence. But the Government policy or plan of promoting heavy industries in the public sector will be in a way vitiated if there is no proper control over the heavy basic industries operating in the private sector. So how do you solve the problem?

It can be solved straightway, as my friend put it, you take over all these steel industries and shipping companies operating in the private sector. That is one solution. I do not think that the country is in a position now to undertake that responsibility however much it is desirable. But the minimum can be achieved. The minimum is that the Government loans which are given to these companies may be converted into shares, and Government can change its position from that of a creditor to one of equity share-holder

and really participate in the development of these industries, and I am sure this step cannot be interpreted as an outright takeover bid. It is no takeover bid at all. So I do not know why this simple truth was not realised by some of our friends opposite. Sir, it was argued in the other House by some protagonists of the Swatantra Party that it would be a breach of faith or that it would even amount to cheating if contractual arrangements are changed unilaterally. Let us see whether it will be a breach of faith, whether it will be an unethical step taken. Sir to ordinary people, to people of ordinary common-sense it will appear that contracts once entered into should not be violated to the detriment of the other party without the consent of the other party. But what is being done in this measure? Here the contract is not violated to the detriment of the shareholders, that is what I want to put forward. If the loan of Government is changed to equity capital, what is the damage that will be caused to the other party, to the shareholders, to the management? I want to know that. If there is a danger or threat to the existence of private shareholders, to the continuation of the companies in the form in which they have been in existence, certainly it is unethical and it is a violation of the contract. But in the existing circumstances if we accept the provisions of the Bill, nothing is changed. Their rights remain their rights, they are not violated. Their position is not changed. On the contrary there will be a significant accretion of capital to those bodies. Instead of having the burden of loan and paying interest from time to time and getting the periodic interference of the officers who more often than not do not know the commercial side of the companies, they will have in future the Government itself participating in the capital as shareholder. And they will be sharing and they will be having the same experience, as other shareholders, in the difficulties and in the benefits, and ultimately, the companies themselves are the beneficiaries. Therefore, from any point of view, it cannot be called unethical.

And my friend, Shri Masani, in the other House was eloquent and said that the credit of India in the world would be lost because we were doing a most dangerous thing for the first time in our country. I do not know how this can discredit India in the outside world. On the contrary, any progressive world will appreciate the steps taken here to streamline the development of industries and the lively interest taken by the Government in the development of these industries without damaging the complexion and the character of those industries. Therefore these specious arguments need not deter us but the only thing is that the Government must have one mind. My friend, Shri Krishna-machari, as I said earlier in his absence, has got a clear mind but I do not know why he succumbed to the various views or shades of opinion and did not give a dynamic lead in the matter when it was in the Select Committee. That, I think, is very regrettable. But I am glad that he woke up; though he fumbled and faltered, he tried to assert himself. Really I am glad that he has asserted himself. Here in this country when we are passing through this crucial stage of economic development, many difficulties will arise, many troubles will come. We have got to face them. This very simple Bill without any very elaborate philosophy—though there is a little bit of philosophy in it—has got to be welcomed.

Certain doubts arose in me why a similar pattern is not being followed in the case of loans by the Government institutions. It stands to reason that Government institutions stand more or less on the same footing in regard to the loan operations. It is the intention of Government or Governmental institutions to give adequate loans to private companies to help them in their development. The same objective prevails, and the same procedure more or less is followed. The funds of the Government institutions are the funds of the Government in a way, though they are in different compartments, and why is the same

process not being adopted then, why is the same pattern not brought in in the case of loans as are given by Governmental institutions like the LIC and the IFC? Shri Santhanam is a good student of finance; perhaps, he will appreciate that what is being achieved in this Bill is very little. Only Rs. 80 crores are Government loans and the paid-up equity capital is Rs. 1,200 crores, and that affects only two or three companies. I would like to say that this operation should continue on a broader canvass . . .

SHRI K. SANTHANAM: Where do I come in?

SHRI M. S. GURUPADA SWAMY: You might appreciate, I said. I am careful in my words. I hope that you will not mind it.

SHRI K. SANTHANAM: No, no.

SHRI M. S. GURUPADA SWAMY: I would like the Finance Minister to enlighten us on this point.

Lastly, may I plead with him that the Company Law requires drastic changes in many other respects and that it will be good if these changes are brought about in time? As it is, my friend, Shri Bhupesh Gupta, always harps upon the concentration of wealth. I, as a socialist, have got to associate myself with any constructive step which prevents the concentration of economic power. In this Bill, I am glad that there is a feeble attempt made to solve the problems that relate to the concentration of economic power. But the Company Law, as a whole, has got to be reviewed and reconsidered. When this law was passed some years ago, in 1956 or in 1957 as a comprehensive law, the one argument given by the then Finance Minister was that one of the purposes intended by such a marathon law was to prevent malpractices and to prevent the concentration of wealth. And we have adopted and approved the philosophy of socialism. I do not want to go about saying much about this but I would like concrete steps being taken to solve this concentration. One of the ways of solving it is

[Shri M. S. Gurupada Swamy.] that certain provisions of the Company Law should be amended so that we may prevent the unhealthy concentration of wealth and power in the hands of a few people.

SHRI G. S. PATHAK (Uttar Pradesh): This Bill, to my thinking, is of very great importance. And I also wish to protest against the non-inclusion of the Members of this House in the Select Committee. The Select Committee has got a certain function to perform and in order to perform that function, Select Committees are appointed and this is so very important a Bill—I submit with all respect to those who were concerned with the appointment of the Select Committee—that some Members, representative Members, who were conversant with the subject or who had some knowledge or authoritative knowledge of the subject, should have been included.

As I have said, this Bill is of great importance. It is of great importance not only to the companies in the country, not only to those who are concerned with the administration of the companies, not only to the general public, but also to those who deal with aspects of law on the juridical side. This Bill in one aspect marks a departure from the philosophy—to adopt the language of the hon. friend who has just finished his speech—adopted so far in the Indian jurisprudence in relation to the Company Law.

So far we were merely concerned with the rights of the shareholders and the rights of the companies, and the rights of those who deal with the company. Now this Bill introduces another element and that is a new element. This Bill, while amending sections 397 and 401, requires that the affairs of the companies should be conducted in a manner not prejudicial to public interest. This, in my submission, is a departure of very great importance, and I welcome the departure from the ordinary philosophy of the company law. We have so far understood that law to be that a

person is not entitled to use his pro-party in a manner which may affect the rights of other persons with regard to their properties. Here the matter that has been introduced is that a company is not entitled to conduct its affairs in a manner which may affect public interest. I submit, Sir, that this is a very important departure, and if the argument is, "What is 'public interest'? Is it not vague?", the answer is that 'public interest', and 'in the interests of the general public', are expressions used in the Constitution itself, and they vary with the change in the conditions in the country. There is a well-known constitutional content of this expression and therefore, Sir any objection on that score is not tenable, and we are now proceeding from the domestic sphere into 'public interest' sphere—so far as the Company Law is concerned. This is a growing concept.

One would have expected, in a matter of this importance, either some remarks made by way of explanation* or in the objects and reasons with regard to 'public interest'. If the affairs are not conducted in a manner prejudicial to the members or prejudicial to the interests of the company, and the business of the company is being run in a normal manner, in what class of cases can it be predicated that the business is being run in a manner prejudicial to 'public interest'? But this is a matter which may be examined later either by the Tribunal or by the courts. I welcome this part of the Bill more than any other part.

So far as the Tribunal itself is concerned, I am in agreement with the scheme of this Bill. This Bill prevents concentration of power in the hands of the Government. It constitutes three bodies, one, the judicial body, the other, the Board to which may be delegated the functions of the Government and certain powers of the Government, and, three, the public trustee. And so far as the Tribunal is concerned, it has been given all the trappings of a court; it has got vast

powers; it has been invested with very important functions; it has been given the power to rectify registers, not only the mere process of rectification, but also to decide the questions of titles; in the matter of discovery of documents or recovery of documents, it has got vast powers. The Tribunal is entitled itself to issue a warrant of search in order to secure the documents which it may consider necessary for the purpose of a case. It has got vast powers, which belonged to the companies, under sections 397 to 401.

Now therefore, in this situation, although the creation of the Tribunal is a very wise and beneficent measure, there is one caution which I have to suggest and that caution must be observed. We have got the experience of many tribunals in the country, notably the Income-tax Tribunal. Experience shows that Income-tax Tribunals have deteriorated, either because their remuneration has been reduced and therefore efficient persons, more efficient persons, could not be appointed. I remember that, when the Income-tax Tribunals were first brought into existence, there were people who, later, filled the offices of High Court Judges; one of them became a Chief Justice in a foreign country.

But we cannot say that the personnel of the Income-tax Tribunals satisfy the public in the same way today as they satisfied before. Before this Tribunal, it may be the Government itself, in some cases, appearing as a party, and in view of the fact that the powers are very wide, the powers are even drastic in some cases. The principle being that everyone's house is his castle, a provision to search a house is drastic. This Tribunal has got the power to issue a search warrant to a police officer to search houses. In view of this fact it is important for the Government, at the time of selection of the personnel to be very careful. It is important for the Government to fix adequate remuneration so that suitable people

may be attracted, to fix suitable conditions of service and to man this Tribunal in a manner which may result not only in efficient judgements, but also impartial and independent judgements.

Now, Sir, I again welcome the provision that on matters of law there will be an appeal to the High Court. Such a provision is better than the reference provision in the Income-tax Act.

Sir, on the question of conversion of loans into capital the defect which, according to some Members, appeared before, has been removed; the defect which I heard being stated mostly was that even in the case of honest companies, which have not defaulted, which have faithfully carried out the contract, the power could be exercised. That was the defect.

SHRI AKBAR ALI KHAN (Andhra Pradesh): Well, that is not so.

SHRI G. S. PATHAK: No, now this defect has been removed by an addition to the provisions to the effect that before an order is passed the draft order shall be placed in both the Houses of Parliament. The result will be that the order will be subject to the scrutiny of both the Houses of Parliament and in case the Houses are of the opinion that the order is not just

SHRI K. SANTHANAM: Not the draft order but the actual order.

SHRI G. S. PATHAK: No, Sir. Please read. I will read again. You may also read again.

SHRI K. SANTHANAM: That is all right.

SHRI G. S. PATHAK: It reads;

"A copy of every order proposed to be issued by the Central Government shall be laid in draft before each House of Parliament."

Now, therefore, the reason why this provision was made emerges from the nature of the consideration which the Government had to give. We know, Sir, that in other provisions the public

[Shri G. S. Pathak.] interest' is justiciable and it is open to the Tribunal to examine the question of public interest as a Justiciable issue. If the tribunal goes wrong, it might be corrected otherwise. But in this matter of conversion of Joans into equity capital, the Government has to decide the question in its subjective discretion. And, therefore, if a matter is in the Government's subjective discretion, it is not examinable by courts. And, therefore, this amending provision has placed the matter for examination before Parliament. Parliament can go into this question. And I submit, Sir, that this is a provision, it is a corrective provision, and it would satisfy and should satisfy the demands of those who were critical of the provision as it stood unamended.

Sir, there are one or two minor matters which I may refer to. They seem to me not of any importance on principle but of importance so far as the language is concerned.

Now section IOC (2) reads thus:

"Where the Tribunal has reason to believe that any place is used for the deposit or custody of any document or thing which may be material for the purposes of any proceeding before it, the Tribunal may by its warrant authorise and direct any police officer not below the rank of a sub-inspector, etc. etc."

to enter that place and search. Ordinarily, the practice has been, as we find in the Customs Bill, to say that 'where documents are secreted in a place'—the emphasis is on the documents; the emphasis is not on the place—a search warrant may be issued. But here emphasis is laid on the place. It is not a law relating to place. The real subject-matter is the document and it is the requirement of the document which has been provided for and search has been provided for. But it is not a matter of any principle.

At one more place, in section 10A there is this provision—

"The Central Government may by notification in the Official Gazette, constitute a Tribunal consisting of as many members as it thinks fit, to exercise and discharge . . .

among others

"all or any of the powers and functions conferred on the court by or under section 155, section 203 in so far as it relates to the granting of leave under that section . . .

Now, as it reads, the power is limited to the granting of leave under that section. I will read section 203:—

"The court may make an order that that person shall not, without the leave of the court, be a director, etc., etc."

Now two matters are mentioned in section 203, (i) the order to be made by the court, and (ii) leave to be granted by the court. Now the section, as framed here, deals with only one, namely with the power under section 203, in so far as it relates to the granting of leave under that section. Now, as it stands, it is open to the interpretation that the leave shall be granted by the Tribunal, otherwise the order could be made by the court and this requires clarification.

I hope that the hon. Minister in his speech will clarify this provision otherwise it might lead to some unnecessary controversy in courts. Thank you, Sir.

SHRI A. D. MANI (Madhya Pradesh) : Mr. Vice-Chairman, Sir, the Companies (Amendment) Bill, 1963, would have been a completely welcome piece of legislation but for the unfortunate and controversial clause 5 of this Bill. This Bill has been assailed on various grounds by its critics and one of them is that it seeks to give a shock to India's credit abroad. I do not subscribe to the view because in respect of clause 5

and controversial clause 5 of this Bill. This Bill has been assailed on various grounds by its critics and one of them is that it seeks to give a shock to India's credit abroad. I do not subscribe to the view because in respect of clause 5 certain safeguards have been inserted in the Bill as passed by the other House which, in my opinion, will go a long way to dispel popular impression abroad that the Government of India has now started expropriatory measures in effect by bringing forward legislation of this character.

Sir, I should like to say this much in regard to clause 5. Two steel concerns are involved in the matter of application of clause 5 in future. One of them is TISCO, the Tata Iron and Steel Co., which has taken a loan of Rs. 10 crores from the Government. The other one is the Indian Iron, and Steel Co., which has also taken a loan of Rs. 10 crores. These two institutions have also received financial assistance from the World Bank. Sir, when the World Bank gave financial assistance to these two companies, it perhaps did so on account of the record of work of these two concerns and on account of the fact that these two concerns were in the private sector. Though the official policy of the Government is to set up a socialist State in India, we need not expect every organisation in the world to share our general objectives. The fact is that TISCO and IISCO received assistance of the World Bank even though the World Bank knew that Rs. 10 crores had been advanced by the Government. In the terms attached to the loan there is no provision so far that these loans could be converted by Government into equity shares. If there was a default in the repayment of the loan or in the payment of interest to that extent it does violate seriously a contractual understanding between the Government and the parties which have taken the loans. Sir, in an assessment of this matter it is necessary to bear in mind that these

two concerns have not been able to pay back the loan or pay its interest on account of the policy of the Government in regard to steel retention prices. The steel industry all over the world has always operated on a certain margin of profit which will enable it to fund it back to repay the loans or fulfil other financial obligations. The steel retention policy of the Government does not permit steel firms in this Country to get more than what is called a marginal profit on their trading. So the House will, therefore, see that while these two concerns have taken the loan, they have been prevented by the policy of the Government from taking those measures which will lead to the repayment of the loans. I am not interested in pleading on behalf of any concerns but the fact remains that these two concerns or the private sector has done remarkably well. They have set up a better standard of performance than the Bhilai steel plant.

SHRI ARJUN ARORA: If they have done so well, why not they repay the loans?

SHRI A. D. MANI: I do not say about that. The steel retention policy of the Government does not permit. If the Member wants he can study the structure of the steel output in other parts of the world. A certain proportion of the profits is ploughed back by the concern to repay loans and fulfil other obligations. The steel retention policy does not permit these concerns to repay. I am only mentioning it. The loan has been given on the understanding . . .

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair]

SHRI B. D. KHOBARAGADE (Maharashtra): What is the difference between the cost of production and retention price?

SHRI A. D. MANI: Tha retention price has been devised to see that the concerns do not get any sizable profit ..

SHRI B. D. KHOBARAGADE: What is the difference between those two prices?

SHRI A. D. MANI: That is a matter of detail but the margin that is left is inadequate for enabling it to repay the loans.

SHRI ARJUN ARORA: If they are honest businessmen, they should first pay back the loans and then declare dividends to the shareholders.

SHRI A. D. MANI: If these concerns have not been in a position to repay and the State cannot allow Rs. 10 crores to remain there for a long time without refund or without repayment or interest, I would have liked an amendment to the clause which provides that the Government can acquire, can convert the loan capital into equity capital on a notice of three months. For the repayment of Rs. 100 or Rs. 500 or Rs. 5,000 some time is given. At the time these loans were entered into, there was no such stipulation that the loans should be repaid within three months. I feel that in regard to the amendment to section 5, we should seek an amendment of that part of the Bill which seeks to ask for the repayment of these loans on a notice of three months.

I am glad to say that clause 5 does not deal with the loans and debentures insured by the L.I.C. or institutions which are functioning as autonomous corporations. In regard to loans and debentures, of these institutions, a provision has been laid down that any such conversion must be approved by a special resolution of the shareholders and must also be a part of the terms and conditions on which the loan has been taken. That, to a certain extent, is a safeguard. I Wish the Finance Minister, in the

c'ourse of his reply, would make it more clear than he has done in the other House that it is not the intention* of the Government to introduce what is called nationalisation by sleight-of-hand. That is the impression, unfortunately, that has gone abroad and it is necessary that this impression should be corrected. I feel that if clause 5 had taken note of only future transactions and not taken into account the loans given to the two steel companies—TISCO and IISCO—it would have been an unobjectionable piece of legislation. I have heard the history of this matter. In view of the fact that the World Bank has given assistance on certain premises, it seems* to be thoroughly unfair and a breach of contract for the Government to seek to alter it.

SHRI T. T. KRISHNA MACHARI: Ma, I tell the hon. Member that the World Bank has given loans on the Government's guarantee.

SHRI A. D. MANI: I quite agree that the Government guarantee is there for the World Bank but if the World Bank had known that ultimately this Concern might go into the public sector by the conversion of the loan capital into equity capital, there might have been a change of opinion on the part of the World Bank. The Finance Minister knows that the Bokaro Project is foundering on the allegation which has been broadcast in the U.S. that this public sector enterprise will not work.

SHRI ARJUN ARORA: The hon. Member is wrong in saying that the Bokaro Project is not proceeding. It is proceeding.

SHRI A. D. MANI: Foundering in America, I said. It is proceeding in a different direction, not in the American direction.

SHRI ARJUN ARORA: A healthier direction, being built from our own resources.

SHRI BHUPESH GUPTA: Even after the American sabotage, it is proceeding, we are told.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Do not interrupt please.

SHRI BHUPESH GUPTA: He does not know the facts.

SHRI A. D. MANI: Regarding the clause relating to the setting up of a Tribunal, I am generally in favour of the clause which seeks to strengthen the hands of the Government and enables them to appoint a Tribunal to enquire into cases of mismanagement of companies or management of companies in a manner which is prejudicial to the public interests. I quite agree with the preceding speaker, Mr. Pathak, that public interest should be one of those conditions on which the Government should intervene if it finds that a company is acting in a manner prejudicial to public interest but in regard to the Tribunal which may be set up under this amending legislation, I would like to say that I am not happy with the provision relating to the constitution of the Tribunal. I would invite the attention of the House to clause 3 which seeks to amend section 10A of the Companies Act. Clause 3(3) says:

"The Central Government shall appoint one of the members of the Tribunal having knowledge of and experience in law, who—

(a) is or has been a Judge of a High Court ..."

I personally would have liked to put in this stipulation that there shall be a Judge of the High Court to preside over the Tribunal because the Tribunal would go into many matters of facts and it is necessary that a functioning Judge of the High Court is appointed to such Tribunals.

SHRI K. SANTHANAM: He will have to resign before being appointed.

SHRI A. D. MANI: Yes, I am coming to that.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You have very little time.

SHRI A. D. MANI: Please give me five minutes more. I know that the Chief Justice of India and the Chief Justices of the High Courts are notorious—are reluctant—I am sorry it is contempt of court, I saw the disapproval on the part of the Vice-Chairman and so I withdrew the word 'notorious'—to allow any of the Judges to function on these Tribunals but in view of the importance of Company Law, it may be necessary for us to make a request to the Chief Justice to allow always a High Court Judge to be lent to a Tribunal for determination of cases which may be preferred before him. I would like to mention also that the Government should not have restricted appeals from the decisions of the Tribunals to higher courts to questions of law only. When the Tribunal seeks to punish a body of persons by debarring them from positions of management, it is only for those cases of facts also that go before the High Courts. As a distinguished lawyer yourself, you know that even in respect of industrial dispute matters, the Supreme Court has reversed the decisions of the High Courts on many matters of facts. It is likely that an error may be committed and I would have liked personally a provision which enabled an appeal to be lodged before the High Courts on matters of law as well as matters of fact.

I would like to go on to the clause relating to the setting up of the Company Law Administration Board. I wish the Government had denned the powers and functions of the Board in broad categories in this Bill itself. We know that under this Bill the Company Law Administration Board will be under the control of the Government. I would personally like the Board to be invested with one

[Shri A. D. Mani.] more function which I mentioned earlier in a debate on the public sector enterprises, that we should have some sort of Estimates Committee on the working of private enterprises.

The public sector enterprises 3 P.M. are subjected to constant

scrutiny and criticism by the public and by the Estimates Committee. But we do not have a similar apparatus for the private sector. If the Company Law Administration is authorised under the law that they should conduct an enquiry into the general management of these companies to see if prudent commercial practices are being followed, then the country will have a picture of how the private sector enterprises function. I think that it is unfair for the private enterprises to function in secrecy.

SHRI ARJUN ARORA: Does not the Vivian Bose Commission show us how the private sector is functioning?

SHRI A. D. MANI: I am very glad that I seem to agree. Though I cannot raise my voice as my hon. friend does, and proclaim my socialism, I am in general agreement with what he said.

(Interruption)

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Let him go on, Mr. Lingam. He has only two or three more minutes.

SHRI A. D. MANI: I feel that the Government should have defined the powers of this Company Law Board, but it has been left to the rule-making power of the Government to define the powers of the Board. I would like to ask specifically whether the Company Law Board would have the same status and functions as the present Company Law Department has. At least there should be no derogation of powers.

AN HON. MEMBER: You mean ex-department.

SHRI A. D. MANI: Yes, it will be an ex-department when this Bill is passed. One final point about the power taken to appoint the public trustee. I do not know whether newspapers come within the operation of this clause. I believe there are one or two newspapers which have the trustee form of administration under the Companies Act, and I am sure that the Finance Minister and his colleagues do not want to be saddled with the responsibility of conducting newspapers.

SHRI ARJUN ARORA: Rest assured, "The Hitavada" will not be affected.

SHRI A. D. MANI: "The Hitavada" is not under the Company Law Administration. It is under a charitable trust.

With regard to the powers given under this Bill to the public trustee to deprive a trustee of his voting power, I feel that such action should be taken only on the public trustee recording in writing the reasons for his action. He should not be allowed to arbitrarily deprive the trustee of his voting right. My suggestion for the reasons being recording in writing is that if for any reason the act of the public trustee is based on incorrect understanding of the situation, the affected party may have the right of appeal to a court of law. But as the Bill stands, the public trustee has the power to say that he need not exercise his voting right. He may exercise the voting right himself or allow the voting right to go by default. After all, trusts are being formed for some purposes and it is necessary that the trustees concerned should have a full statement of the facts on which the public trustee is acting. I think it will lead to an improvement of the situation which will exist after the passing of this Bill.

As I said, this Bill would have been unexceptionable and would have received the warm welcome of all sections of the House but for the serious doubts that some of us have about the propriety of clause 5 of the Bill. I hope the Finance Minister will make it clear in his reply that this has nothing to do with what the Congress is going to do at Bhubanes-war, and that what is being done is to tighten up the Company Law Administration so that there may not be malpractices in the management of public companies which have been disclosed by the Vivian Bose Commission.

SHRI M. P. BHARGAVA (Uttar Pradesh): Mr. Vice-Chairman, Sir, I would be failing in my duty if I did not stand up to protest against the non-inclusion of Rajya Sabha Members in this Select Committee.

AN HON. MEMBER: Only protest?

SHRI M. P. BHARGAVA: And I want to assert the rights of this august House. This is not the first time that this has been done, and I do not want that this should be repeated in any case in the future. In the case of the Major Port Trusts Bill, the Lok Sabha had appointed its own Select Committee, and when the Bill came for consideration before this House, I had the honour of moving for its reference to another Select Committee of this House and the Government accepted that motion. And so a Select Committee of this House was appointed and it went into that Bill and made its recommendations.

Now, let me give a little history of this case. It is not for the first time that the Companies Bill is being considered by the two Houses. The original Bill was considered in both the Houses and it was referred to a Joint Select Committee, not to a Select Committee of the Lok Sabha alone.

Again, in 1960, another amendment to the Company Law came before the two Houses and this time also it was referred to a Joint Select Committee, not to a Select Committee of the Lok Sabha only. Therefore, no precedent can be quoted for the non-inclusion of the Rajya Sabha Members in the Select Committee on this Bill. I would respectfully urge the Finance Minister to tell us why such a grave mistake has been made by not including the Members of the Rajya Sabha in this Select Committee. Either he has to say that this is a mistake and give us an assurance that this will not be repeated, or even at this late hour, he has to rectify the mistake and accept the motion for reference of this Bill to a Select Committee of this House. That is all I demand. The rights of the Rajya Sabha Members cannot be ignored and that is the only reason why I have stood up, to protest against this unwanted non-inclusion of Rajya Sabha Members in the Select Committee.

This Bill was introduced in the other House on the 26th November and both the Houses were sitting. The Lok Sabha was sitting as well as the Rajya Sabha. On the 28th November, one of the Members, my hon. friend Shri Morarka, moved a motion for reference of this Bill to a Select Committee of the Lok Sabha. May I ask the Finance Minister what prompted him to accept that motion, and not taken into consideration the point that instead of a Select Committee, a Joint Select Committee be appointed? He owes an explanation to this House why this has been done and I would like to know if he would rectify this mistake.

That is all I have to say. I will not go to the provisions of this Bill at this stage. I want to assert my right and as a protest I will not say a word about the provisions of this Bill.

श्री विमलकुमार मन्नालालजी चौरड़िया
(मध्य प्रदेश) : उपसभाध्यक्ष महोदय, जो बिल प्रस्तुत हुआ है और अखबारों में चर्चा हुई थी सब से पहले कि कम्पनी ला में में अमेन्डमेंट होने वाला है तो हमने अपेक्षा की थी कि शास्त्री और दफ्तरी साहब ने मेहनत करके जो कुछ सुझाव सुझाए थे उनका भी इसमें उल्लेख होगा, उनको भी इसमें इन्कारपोर्ट किया जायेगा, मगर उनके जो बहुत से सुझाव थे जैसे मेमोरेण्डम आफ एरोमिग्रेशन में आब्जेक्ट्स क्लॉज को कम्पनी वाले बहुत व्यापक बना लेते थे, उसको सीमित करना, तथा लॉन्स और एडवांसेज देने का जो अधिकार हमारी कम्पनीज को था उसको सीमित करना, इसके बारे में कुछ इसमें संशोधन आये नहीं और कुछ नहीं नई बातें देखने को मिलीं।

जहाँ तक इस बिल का सवाल है, सब से पहले इसमें चाहा गया है कि एक ट्रिब्युनल बनाया जाय जो कैसेज का निर्णय शीघ्र कर दे। दूसरे एक बोर्ड आफ कम्पनी ला एडमिनिस्ट्रेशन बनाया जाय जो कि इसकी व्यवस्था में सहायक हो। तीसरे, हमारे शासन ने जो जर्ज डिबेंचर के रूप में या लोन के रूप में दे रखा है उसको शेयर्स में परिणत करने का अधिकार दिया जाय। चौथे, ट्रस्टीज जो हैं वे अभी गड़बड़ी करते हैं, तो सरकार द्वारा नियुक्त व्यक्ति को कम्पनीज में वोट देने के अधिकार दिए जायें। इस तरह के संशोधन चाहे गये हैं।

जहाँ तक ट्रिब्युनल का सवाल है, यह जरूर है कि जो हमने दास बमेटी की रिपोर्ट देखी और जो जो शिकायतें सुनते हैं, उसके हिसाब से उनपर कुछ नियंत्रण आवश्यक था और उस नियंत्रण के लिये यदि हम आडिनरी सटीन के हिसाब से चलते रहते तो संभवतः उसमें बहुत समय लगता। इसलिये किसी ट्रिब्युनल की आवश्यकता थी। मगर जैसा कि माननीय पाठक साहब ने बताया

कि इस ट्रिब्युनल को जितने व्यापक अधिकार दिए गये हैं उनका दुरुपयोग भी हो सकता है। दूसरे ट्रिब्युनल के कार्य हम देखते हैं और उनके हिसाब से उन्होंने कई उदाहरण दिये जिनको मैं दोहराना नहीं चाहता। ट्रिब्युनल के कामों में कई प्रकार की त्रुटियाँ हैं। तो इस हिसाब से हमको भी उसमें हो-शियार होने की आवश्यकता है। ट्रिब्युनल में अच्छे आदमी रहेंगे और रखे जाने चाहिये। हम लॉग शॉक करते रहते हैं कि नेपेटिज्म चलता है, फेवरेटिज्म चलता है, सब कुछ चलता है, मगर हमको जो भय होता है उस वजह से और कुछ घटनाएँ आबकल देखने का आती हैं, उनके आधार पर ऐसा लगता है कि इन ट्रिब्युनल में हम इस तरह की गड़बड़ियाँ न आने दें। जो व्यापक अधिकार इनको दिये गये हैं कि चाहे जिसका मकान सर्व कर सकते हैं, जो चाहें देय सकते हैं, जिसका चाहें उसको अधिकार देकर मकान सर्व करवा सकते हैं और सर्व करवाने के बाद जो माल आवश्यक हो वह पकड़ करके और जप्त करके सीधे ले जा सकते हैं। यह जरूर अच्छा किया कि इसमें "इमिडिएटली" शब्द का उपयोग कर दिया और ज्योंही माय मिले उसको इमिडिएटली ट्रिब्युनल के सामने रख देंगे। नहीं तो ऐसी स्थिति आती है जैसा कि हम देखते हैं कि नई कैसेज में अगर डीजेल पकड़ा तो वह बालेड बन जाता है, फसलेड पकड़ा तो वह डीजेल बन जाता है, अफीम पकड़ी गई तो वह कंकड़ और भिट्टी बन जाती है, और कई पुलिस के अन्तर्गत जो गड़बड़ियाँ होती हैं वे स्पष्ट हैं, और इसमें जो "इमिडिएटली" शब्द रखा गया है, यह उसको थोड़ा काउंटर बैलेंस करने के लिये ठीक है। पर मेरी प्रार्थना है कि यह जो शब्दावली हमने रखी है इसका ठीक तरह से उपयोग हो और जो व्यापक अधिकार हमने ट्रिब्युनल को दिए हैं उनका हम थोड़ा ध्यान रखें कि ऐसे लोगों के हाथ में ये अधिकार जाय जो नका सदुपयोग कर सकें और ऐसा नहीं हो कि वे उनका

दुरुपयोग करें। दूसरे हम उनके कार्य पर, उनके कार्यक्रमों पर ध्यान रखें। जैसा कि हमने देखा कि और ट्रिब्यूनल्स का काम डि-रियॉरेट होता जा रहा है वैसा ही उनका नहीं हो, इस बारे में भी हम ध्यान रखें तो अधिक अच्छा होगा।

इसमें आगे बताया है कि हमारे यहां पर कम्पनीज जो हैं और उन कम्पनीज में जो शेयर्स हैं और वह हमारा जो रुपया उन कम्पनीज को उधार दे रखा है डिबेंचर के रूप में, कर्ज के रूप में उसको सरकार चाहे तो शेयर्स में ट्रांसफर कर सकती है। कम से कम इस व्यवस्था में यह अच्छा किया कि कम से कम सदन को विश्वास में लेने की दृष्टि से जो कुछ भी उसका ड्राफ्ट होगा उसको सदन के सामने रखा जाएगा और यदि किसी सदस्य को या किसी सदस्यों को उसमें कुछ शंका या कुशंका पैदा हो तो वे उसका स्पष्टीकरण चर्चा के रूप में करावेंगे या उसका स्पष्टीकरण मांग के कराया जा सकता है मगर साधारण रूप से यह देखा गया है कि सब चीजें हमारे सदन की पटल पर रखी जाती हैं, पर उससे बावजूद भी कुछ विशेष ध्यान इस प्रकार दिया जा सके और उसका विशेष ध्यान रखा जा सके, यह कुछ संभव लगता नहीं। फिर भी जो इसमें शिथिलता लगाया है, यह अत्यन्त आवश्यक है।

अब यह कर्ज को शेयर के रूप में बदलेंगे, इसके कई अर्थ हो सकते हैं। हमारे कई भाई यह कहते हैं कि यह हमारी सरकार जो कई व्यापारी हैं उनको लाभ देने की दृष्टि से भी यह कर रही है। कई कम्पनीज ऐसी हैं जितनी रुपया उधार दे रखा है मगर उनके शेयर की मार्केट वैल्यू कम हो चुकी है और वे आज रुपया चुकाने में सक्षम नहीं, तो चूंकि वे रुपया चुका नहीं सकतीं, इसलिए उनको जितना कर्जा लेना है उसको शेयर के रूप में ट्रांसफर करके, फिर जैसा कि प्रतिबन्ध यहां

लगा है, एक ड्राफ्ट के रूप में यहां पेश किया जायेगा और उस पर चर्चा होगी। मगर इसके बावजूद एक विकल्प यह हो सकता है कि ऐसी कम्पनीज को भी ओवलाइज किया जा सकता है जैसे उदाहरण के लिये मैं बता सकता हूं कि इस कानून के अन्तर्गत नहीं किया, मगर हमारे यहां पर जो नेपा मिल शुरू किया गया जो कि कागज का सबसे बड़ा कारखाना है, उसके लिये जब शेयर्स इश्यू किये तो जितने शेयर्स सब्सक्राइब होने चाहियें, वह हुये नहीं, फिर हमारी गवर्नमेंट ने उसको लोन दिया, लोन का ब्याज वे दे नहीं सके, कर्ज चुका नहीं सके, फिर कहा कि अच्छा, जाओ, तुम को जितना भी रुपया दिया है, वह शेयर में ट्रांसफर कर देते हैं। आपके हाथ में सत्ता है, आप जो चाहें, कर सकते हैं। आप चाहें तो उसको शेयर में ट्रांसफर कर दें और आप चाहें तो उसको कर्ज के रूप में रखें। मगर इसके लाभ और हानि दोनों हैं। अगर हम यह अपेक्षा करके चलते हैं कि केवल लाभ ही लाभ होगा, तो वह भी सम्भव नहीं, और केवल हानि ही हानि होगी तो यह भी सम्भव नहीं। यह सब जो काम करने वाला है, उस पर निर्भर करता है। इस कानून के अन्तर्गत काम करने वाले की इच्छा हो तो यदि कोई कम्पनी डूबने वाली हो और जिसको कि कर्ज हमने दे रखा है उसको जीवित रखना हो तो उसके शेयर कैपिटल में ट्रांसफर करके, उसके शेयर की मार्केट वैल्यू कुछ भी हो, मगर थोड़ा अण्डर क्लाय डीलिंग करके और उसको ठीक ठाक ऐडजस्ट करके काम चला सकते हैं। एक दूसरी कम्पनी को अगर खत्म करना है या उसके शेयर होल्डर्स को नुकसान पहुंचाना है तो हमारी सरकार यह कर सकती है कि अगर किसी कम्पनी के शेयर्स की कीमत ज्यादा है, उसके डिविडेंड ज्यादा होते हैं बजाय ब्याज के, तो हमारी सरकार जो कि अभी केवल सीमित मात्रा में ब्याज पाने की अधिकारी है, वह उसके बदले में शेयर में ट्रांसफर होने के बाद उसके जो डिविडेंड्स हैं उनमें हिस्सा

[श्री विमलकमार मन्नालालजी चौरड़िया]
 लगायेगी और उसका परिणाम यह होगा कि जो व्याज कम मात्रा में मिलता था वह डिबि-डेंड्स के रूप में ज्यादा मिलेगा और इस तरह से जो उसके शेयर होल्डर्स हैं उनके हिस्से में वह बंटवारा करेगी। यदि आप अपना निर्माण करना चाहते हैं तो किसी का निर्वाण जरूर करेंगे। यदि आप अपना लाभ करना चाहते हैं तो किसी का नुकसान जरूर होगा। उसका दूसरा पक्ष जरूर है और ऐसी स्थिति में यह जो कर्ज को शेयर्स में ट्रांसफर करने का हमारा प्रावधान है यह दोनों पक्षों की तरफ जाता है। अब यह तो इसको इम्प्लीमेंट करने वाले पर निर्भर करता है कि वह किस तरह से करे।

एक और बात है जैसा कि माननीय भरोड़ा साहब ने कहा कि वे बड़े ईमानदार हैं प्राइवेट सैक्टर वाले तो क्यों नहीं उसका कर्ज चुका देते, अब मैं क्या कहूँ, मेरी कुछ समझ में नहीं आता कि एक तरफ तो हम विकास की बात करते हैं और एक तरफ यह कहते हैं कि उसका कर्ज क्यों नहीं चुका देते जो शर्त है, उसके अनुसार लिया जाना चाहिये और उनको मौका दिया जाना चाहिये। वैसे देखा जाय तो यह वही स्थिति हो गई कि जैसे एक गांव का साहूकार किसी को कर्ज देता है और धीरे धीरे जिस जमीन पर कर्ज देता है, उस जमीन का मालिक भी बन जाता है और उसको समाप्त कर देता है। तो हम भी उसी स्थिति का निर्माण कर रहे हैं और यह बात कुछ ठीक सी लगती नहीं। आज हम कानून बनाने की स्थिति में नहीं होते और हम बाहर खड़े हो करके कहते कि यह जो हमारा कांटेक्ट है, इसको तोड़ करके हम ऐसा ऐसा करना चाहते हैं, तो क्या हम ऐसा कर सकते थे ?

हमने पब्लिक इन्ट्रेस्ट का शब्द ऐसा ले रखा है कि जैसे द्रौपदी की साड़ी लम्बी होती गई, उसका कोई अन्त नहीं आया, वैसे ही पब्लिक इन्ट्रेस्ट की परिभाषा में कितनी सामग्री

दे सकते हैं, क्या क्या दे सकते हैं, उसकी कोई सीमा नहीं। अब तो पब्लिक इन्ट्रेस्ट यहां तक हो गया है कि हमारे मंत्री जी भोजन करते हैं तो पब्लिक इन्ट्रेस्ट में करते हैं, हवाई जहाज में उड़ करके जाते हैं तो पब्लिक इन्ट्रेस्ट में जाते हैं और सिनेमा देखते हैं तो पब्लिक इन्ट्रेस्ट में देखते हैं क्योंकि सिनेमा देखने से दिमाग ठीक हो जायेगा और दिमाग अच्छा काम करेगा। तो यह पब्लिक इन्ट्रेस्ट जितना बढ़ता जा रहा है, उसकी कोई परिधि नहीं है। इसलिये हम जो ठीक समझे वह पब्लिक इन्ट्रेस्ट और जो दूसरा ठीक समझे वह पब्लिक इन्ट्रेस्ट नहीं, यह ठीक लगता नहीं।

आजकल जो हमारे समाज का ट्रेंड चल रहा है वह यही चल रहा है कि वे समझते हैं कि प्राइवेट सैक्टर में कई बेईमान लोग हो गये हैं, इसकी वजह से सारे प्राइवेट सैक्टर को बेईमान मान करके उसके प्रति हमारा अविश्वास हो गया है। अब दूसरा पक्ष यह आता है कि अगर प्राइवेट सैक्टर में हमारा अविश्वास हो गया है तो जिसको हम काम सम्भलवाने वाले हैं, ब्यूरोक्रेट्स जिसको कहा जाता है, या वह कुर्सी पर बैठ कर लिखने वाले आफिसर शाही वाले, उन पर हमको कितना विश्वास है। इन दोनों में हमको तोलना होगा कि कौन ठीक हो सकता है। हमारे समाज की स्थिति न किसी सदन के सदस्य से छिपी है और न हमसे छिपी हुई है। हम जानते हैं कि यह नौकर शाही के लोग किस तरह से अपव्यय करने को तैयार रहते हैं, किस तरह से भ्रष्टाचार करते हैं और किस तरह से सत्ता का दुरुपयोग करते हैं। हमारे सामने यह भी चित्र है कि हमारे व्यापारी लोग जो कि प्राइवेट सैक्टर वाले हैं, वे किस तरह से धन का अपव्यय करते हैं और किस तरह से क्या करते हैं। वह घड़ी का पेंडुलम जो इस किनारे से उस किनारे और उस किनारे से इस किनारे जाता है, उसी तरह से यह सब हो रहा है कि प्राइवेट सैक्टर के कुछ लोगों ने बेईमानी की, तो उसकी वजह से यह शिपट

करके हम इधर जो नौकरशाही है उसके जिम्मे सारा प्रशासन करते जायें और उस दिशा में हमारी सरकार बढ़ती जा रही है। अब मेरा एक निवेदन है कि जिस ह्यमैन बीकनेस की वजह से हमारे यहां पर जो एक सिद्धान्त यनिवर्सल ट्रूथ के रूप में हो गया है अपना लाभ और स्वार्थ, उसके कारण प्राइवेट सेक्टर की बेईमानी को तूल ही लेगे तो फिर हम वही ट्रूमेन एलिमेंट, जिसको हमारे होम मिनिस्टर साहब कहते हैं “ एर इज ह्यमैन ” उसी के अन्तर्गत जो हमारी यह नौकरशाही चलती करती है, उसके लिये भी प्रोटेक्शन नहीं रहना चाहिये और उसको भी एट-पार खड़ा करके अगर चलती करता है तो सजा देनी चाहिये मगर हमारे यहां ट्रेंड उल्टा चलता है, ट्रेंड यह चलता है कि *any thing done in good faith*, अच्छे विश्वास में कुछ पाप भी कर दिया गया हो तो उस पर पुण्य की सील लगा दी जाती है। कानून की जो धारा हमारे श्री टी० टी० कृष्णमाचारी लाये हैं उसके द्वारा पाप पर पुण्य की सील लगाई जा सकती है, वह धारा यह है :—

"No suit, prosecution or other legal proceeding shall lie against officers of Government for anything which is in good faith done or intended to be done in pursuance of this Act or any rules made thereunder."

एक तरफ तो उनको बेईमान मान कर चलते हैं और हम भी इसका अनुभव कर रहे हैं कि किस तरह से मूंदड़ा काण्ड हुआ, सिराजुद्दीन काण्ड हुआ और कई होते जा रहे हैं और दूसरी तरफ यह चीज है। एक तो आपका लक्ष्य है कि सारा स्टेट कंट्रोल में हो जाय—मैं तो इस लक्ष्य को ठीक नहीं मस्रता—यह लक्ष्य तो बहुत भयानक है कि नौकरशाही के द्वारा समाज की व्यवस्था हो, इसलिये यह अत्यन्त आवश्यक है कि इस तरह के बचाव के प्रावधान विधेयकों में नहीं करें।

आप ट्रस्टीज के पावर्स भी कम करते हैं, ट्रस्टी खराब हो जायें, ट्रस्ट को पर्सनल इंटरेस्ट में काम में लायें, उनको भी हटा रहे हैं ताकि वह उस इंटरेस्ट का दुरुपयोग न करे लेकिन जो सरकारी नौकर रहेगा उसका भी इंटरेस्ट रहेगा और वह अपने इंटरेस्ट के लिये काम करेगा तो इसको गार्ड करने के लिये जब तक हम इसमें व्यवस्था नहीं करते तब तक जो लक्ष्य आप प्राप्त करना चाहते हैं वह प्राप्त नहीं होगा और इसका परिणाम यही होगा कि घड़ी का पेन्डुलम इधर से उधर धूमता रहेगा कि यह पब्लिक सेक्टर भी खराब है इसलिये प्राइवेट सेक्टर होना चाहिये और वह भी खराब है तो यह होना चाहिये।

इन शब्दों के साथ मैं खत्म करता हूं, मैंने जो संशोधन दिये हैं उस समय और कटुंगा और हमारे माननीय डा. ह्याभाई ने सेलेक्ट कमेटी में भेजने का जो संशोधन दिया है उसका समर्थन करता हूं। फ्रेजियोलोजी ठीक करने की दृष्टि से भी मांग है और जो दूसरी मांग है उनको दूर करने के लिये, पूरा करने के लिये यह अत्यन्त आवश्यक है कि इस विधेयक को प्रवर समिति के पास भेजें।

SHRI AWADHESHWAR PRASAD SINHA (Bihar): Sir, before I speak on this Bill, I would like to pay my tribute to the Finance Minister for coming forward with a statement on the economic situation. This is an innovation which he has introduced and in that statement he has indicated what he is going to do in the Budget. The statement gives certain concessions already and it implicitly says what the next Budget is going to be. This is a very democratic procedure that he has adopted. Newspapers, which usually take a conservative line, have also realised it. I was reading the editorial of the "Times of India" the other day in which it says that it has taken the economic direction of the country on the path of wisdom. So, I congratulate him on this. Besides, by means of the Unit

[Shri Awadheshwar Prasad Sinha.]
Trust Bill the poor man will be able to invest his money and get a good return on that.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : But we are dealing with Company Law.

SHRI AWADHESHWAR PRASAD SINHA: I am coming to the Companies (Amendment) Bill. On this Companies Bill I have nothing to say about the other clauses, but there is a controversial clause about which there has been much uninformed criticism made in that House, perhaps in this House also, in the country and even in newspapers. That is about the conversion of old and new loans into shares. It has been said by people who should know better about the functioning of the Congress Party in Parliament that it has been done in a very arbitrary manner by the leader of the Party. They say that they can even prove it that there was a decision of the executive, then the Prime Minister was authorised by the general body and he reversed the decision of the executive. I have been a Member of the Congress Party in Parliament for the last fourteen years. I have been its Secretary also.

SHRI DAHYABHAI V. PATEL:
Therefore, this tragedy that there are people like you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Please do not Interrupt.

SHRI AWADHESHWAR PRASAD SINHA: I am coming to you, my dear friend. Do not worry. Very few people voted in the executive this way or that way. Many of them, I should say most of them, were neutral.

SHRI DAHYABHAI V. PATEL:
Because they did not understand.

SHRI AWADHESHWAR PRASAD SINHA: Let there be no running commentary.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Let him carry on.

SHRI AWADHESHWAR PRASAD SINHA: When he spoke, I never interrupted him. So, most of the Members were neutral. Then a number of Members of the Congress Party sent a requisition for a general body meeting to the leader. The leader of the Party, who is an uncompromising democrat, called a meeting of the general body of the Party. In that general body meeting, my esteemed friend, Shri B. K. P. Sinha, who is not here now, moved a resolution, which was seconded and passed unanimously, saying that the leader would decide about it. This is a democratic procedure. Even then, I say that the leader consulted almost all his colleagues and unanimously all his colleagues advised him to do what has been done. So, where is the undemocratic way of the leader functioning and what is wrong about it?

SHRI B. D. KHOBARAGADE: On a point of clarification. Then, why was the proposal of the Select Committee not accepted?

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You will have your turn and you can speak then. Otherwise, it will be reduced from your time.

SHRI AWADHESHWAR PRASAD SINHA: He is taking my time by his interruptions.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Let him go on. You can speak later. You will have your turn. If it is a Minister, you might interrupt, but not in the case of Members.

SHRI AWADHESHWAR PRASAD SINHA: Now, what is wrong about this clause? Old or new loans may be converted. The first criterion is that it should be in the public interest. Secondly, it will be placed on the Table of both Houses while Parliament is in session for thirty days which may be comprised of one session or in two or more successive sessions. We have a right to move a motion annulling the order of the Government. Thirdly, about the terms offered by the Government for conversion, the companies have a right to go to a court and the decision of the Government about the conversion will become final only after the decision of the court. So, there are three checks, not one, not two. What is wrong about it? I would like to tell those who criticise it that the parties which are concerned are only two and I dare say that they are not so much perturbed over it as their friends are perturbed over it. They have faith in our Prime Minister. They have faith in our Government and they have faith in our Finance Minister. But in the course of debate, not in this House but elsewhere and outside in the country also, a distinguished leader of my esteemed friend, Mr. Dahyabhai Patel's Party, came out with a remark which has pained us beyond measure. He said: It is unfortunate that the Government of the country is in the hands of a gentleman who is a half-baked Marxist. He did not stop there. I would like Mr. Dahyabhai Patel to listen to me.

SHRI DAHYABHAI V. PATEL: I agree with everything that he said on the Bill.

SHRI AWADHESHWAR PRASAD SINHA: And then he said that in the Congress Party there are loudmouthed fellow-travellers . . .

SHRI DAHYABHAI V. PATEL: Which is quite true.

SHRI AWADHESHWAR PRASAD SINHA: . . . who are being led by Pandit Nehru and others. If Pandit Nehru is leading the fellow-travellers, it means he is worse than a fellow-traveller or he is himself a fellow-traveller. Is it the way of dealing in politics in our country? The Prime Minister in his Party and in the Congress organisation is the supreme leader. He is loved and respected by all. Does that gentleman who has said so mean to say that Congressmen are fools and they have allowed themselves to be led by a gentleman who is a fellow-traveller? And when they say so, is it not a reflection on the integrity of the Prime Minister, that he is a fellow-traveller?

Is he within his rights, within democratic rights? Is he within decency? Ig it for a decent man to say like that of one about whom Mahatma Gandhi said: "Jawaharlal's sincerity is transparent"? He has lived a life which everybody knows; everything is known to the country, how his entire family sacrificed for the country, even the children of his family, his mother, his sister, his father, and so on, and what a pitched non-violent battle he waged against the British.

In 1927 I was attracted towards him when I was a boy of 20. I was attracted towards Pandit Nehru in 1927 when in the Madras Congress he moved a resolution for independence as against Dominion Status. In Bihar we had the good fortune of getting into politics and learning politics at the feet of the great late Dr. Rajendra Prasad. He opposed that resolution in Madras. He spoke in favour of Dominion Status. When he came back to Patna, I met him. I was just like a child of his. I fought in an impulsive manner against the view that he had expressed in the A.I.C.C. on that resolution and I fought very hard against him. He smiled. He treated me like a child and told me: I "My dear boy, you go ahead, but I

[Shri Awadheshwar Prasad Sinha.] feel that way." But I did not agree with him. I agreed with Pandit Nehru. Since then came the Simon Commission boycott. Nehru was beaten. Then came the youth movement and he started propagating socialism, and since 1928-29 «p till now because of his preachings I have been a Congress socialist. I have been a Congress socialist, I am a Congress socialist and I shall die a Congress socialist because of the inspiration which Pandit Nehru has given us.

After independence, what about the Constituent Assembly? He moved an objective resolution which contained both democracy and socialism. I would like Shri Dahyabhai Patel to read that resolution. Pandit Nehru moved that resolution when his great father, the late Sardar Patel, was sitting by his side.

SHRI DAHYABHAI V. PATEL: And amended how many times?

SHRI AWADHESHWAR PRASAD SINHA: That is allowed by the Constitution. I am telling this to Shri Dahyabhai Patel because there is a certain bond between him and myself. He is the son of a great man, Sardar Patel, and I had the good fortune of fighting the great battle of freedom under his captaincy and banner. However much he is opposed to us, I always feel that he is a brother of ours, and so I have a certain right, moral right, to address him and tell him. Had there been somebody else of the Swatantra Party sitting there, I would not have said these words, and I would like him to bear in mind, whenever he makes a remark or speech, that he is the son of that great man and he has to carry that heritage. A broad based democratic constitution was built up and amendments were introduced one after another. I am proud of those amendments. But for those amendments the zamindari system would not have been abolished. Those amendments enlarged the frontiers of democracy, enlarged the fron-

tiers of the social and economic content of the Constitution. Further amendments were made because the Constitution itself provides for that.

So, Sir, I am very sorry that such things are said in public life. I protest against it and I would like to tell that gentleman one word. If the Congress Party meets and if this Bill is brought before it, let the gentleman come and see, it will be passed unanimously by the Congress Party, though it has been suggested in certain quarters that it has been imposed arbitrarily on the Congress Party,

In this House we function in a particular manner, as if we are functioning in a family. Here is sitting before me Mr. Bhupesh Gupta. He is the leader of the Communist Party. I differ from the Communist Party on so many things. But I know, before joining the Communist Party, what he was doing, what sacrifices he had made in the revolutionary movements of Calcutta and Bengal. You know our Shri Surendra Mohan Ghose who is the Deputy Leader of the Congress Party. He looks upon him as his younger brother. Even though Shri Bhupesh Gupta is in the Communist Party, he looks upon Shri Surendra Mohan Ghose as more or less his father or elder brother. So we function in that way. There is Shri Ganga Sharan Sinha sitting there. I worked with him for more than twenty years. When in 1948 he decided to leave the Congress, when the Congress Socialist Party unwisely decided to leave the Congress, I said "no". I said: "I cannot leave the Congress. I will stand by the Congress like the rock of Gibralt-er, I will be there." And he believed in my *bona fides*. I believed in the *bona fides* of Ganga Babu but I must appreciate the sacrifices he made. Had he been in the Congress, he would have been in the top post in Bihar, and he would have decorated any post that would have been given to him by the Congress. But he has his own conviction. I have my own. Even the Jan Sangh gentleman who sits here,

Shri Vajpayee—we differ from him on many points. I do not believe that Jan Sangh is a secular party. But even then he is a patriot. He is as good a patriot as myself. On this basis howsoever Shri Dahyabhai Patel may shout at me, I know that within his heart there is as much love for the country as I have. But if we go *on* in this way of imputing motives and calling names, that is a bad thing. There is a saying in Hindi which when translated in English means, if you throw dust on the sun, it will recoil on you. If you throw dust on Pandit Jawaharlal, it will recoil on you. On behalf of the Congress Party and on behalf of all my friends, I protest against that remark and I condemn it.

SHRI B. D. KHOBARAGADE: Mr. Vice-Chairman, before I refer to the provisions of this Bill under consideration, I would like to record my protest for not having referred this Bill to a Joint Select Committee of both the Houses. As pointed out by the hon. friend, Shri Bhargava, this is not the first time when the Rajya Sabha has been ignored in this way. In the past also attempts have been made to ignore the Rajya Sabha, and protests were recorded even then against the attitude of the Government in this respect. Now my friend, Shri Dahyabhai Patel, has moved an amendment to the motion, and I hope that all those Members who consider the privileges of this House as supreme would vote in favour of the amendment for referring this Bill to a Select Committee. Shri Bhargava has recorded a strong protest and refused to express his views on the Bill. But mere protesting will not help. I hope Mr. Bhargava and all his friends will vote along with us and try to refer this Bill to the Select Committee.

Regarding the provisions of the Bill I have to say that I expected that the recommendations of the Vivian Bose Commission and the Shastri and Daphtary Committees would be implemented by bringing before this House a comprehensive Bill. But un-

i fortunately we have got only this Bill before us. I do not think we will be able to achieve socialism or to abolish the concentration of wealth and economic power by bringing before Parliament such piecemeal legislation. For that purpose it is very essential that we at the earliest possible opportunity bring before Parliament a comprehensive legislation to check the malpractices of the big business.

A great controversy has been raised regarding the particular clause which enables the Government to convert its loan into equity shares. Just now the hon. friend, Mr. Sinha, said that the Prime Minister has done this after consulting all his colleagues. It is not a question of consulting his colleagues. The Prime Minister was presiding over the meeting of the Executive Committee of the Congress Parliamentary Party and even though he was presiding over that meeting, the Executive Committee ignored him and in his presence passed a resolution that the *status quo* should be maintained. Even in the Congress Parliamentary Party meeting, it could not take any vote on that resolution whether the *status quo* should be maintained or whether that provision should be amended or not, whether the recommendation of the Select Committee should be accepted or it should be rejected. Nobody could dare to take any vote in the Congress Parliamentary Committee and ultimately, they had to refer this question to Pandit Jawaharlal Nehru. This only means that the Congress Party is today being influenced by big business. There is a big lobby working of the big business people, trying to influence the opinion of the Congress Party. Six, my humble opinion

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You speak *on* the Bill because we have got very short time.

SHRI B. D. KHOBARAGADE: Surely Sir, the Bill is for the purpose of destroying the concentration of economic power which, we are noticing, is in a few hands. If the Congress

[Shri B. D. Khobaragade.] wants to establish the socialist pattern of society, it becomes essential that the lobby of big business is not allowed to influence the Congress members and if there is any such lobby of the Swatantra Party or of big business functioning in Congress, it is desirable that such people should be removed immediately from the Congress Party, so that the Prime Minister and those progressive people will be able to achieve their objective of bringing about socialism in this country.

About this conversion business, I do not understand how some hon. Members can raise objections to this thing. What harm is there? This is not a new provision. May I draw the attention of hon. Members to the evidence given by Shri Soxnani, the great industrialist, who came as a witness before the Select Committee of the Lok Sabha? This is what he had to say about the conversion of loans into equity shares:

"Not that this is something new; this practice is already being followed by international agencies like the International Finance Corporation."

Further, Shri Somani says in his evidence:

"There is also a system of convertible debentures under which debentures issued can be converted into equity capital under certain terms and conditions."

Shri Somani has admitted here that this is not a new system, that in international corporations also it is being followed. So, I do not understand as to why people should object and say that the Government wants to take over the companies in indirect ways. That is not the case. In future, if anybody wants to get a loan from the Government, he will be aware that this provision is there in the Act and he will consider whether he will accept the loan from the Government or not. If he accepts, he must be prepared—
if by chance it comes to that—to allow

the Government to change the loan into equity shares.

Objection is being raised that it is harmful to give retrospective effect to this clause. I do not know why there should be any objection to that. The other day, while speaking in the Lok Sabha, Shri Krishnamachari referred to the five companies to whom loans had been given by the Government. There are only two companies which are likely to be affected. Out of five, one is Oil India which is almost a Government concern; 50 per cent of the equity shares of Oil India are held by the Government. Then there are two other companies where the loan given by the Government is very little—There is one small company which has been given loan of Rs. 5 lakhs and it has already been almost repaid. Then the other one has got a loan of Rs. 3 crores out of which Rs. 50 lakhs have been paid. So, there remain two companies only, the Tatas and the Indian Iron and Steel Company. If these two companies are taken over by the Government, I do not know what harm would be there. My own personal opinion is that if Government can afford it, it should immediately take over these two big projects into the public sector. If we do not want that there should be any concentration of wealth and economic power, we should see that all these big projects which cost more than Rs. 50 crores should not be in the private sector but they should be in the public sector. Otherwise, we will not be able to achieve socialism and we will allow these individuals, these private sector people, to get more and more wealth and more and more economic power. Therefore, my own submission is that we should make such a provision so that the private sector will not be able to get more concentration of wealth in a few hands.

I would like to refer to the provision regarding the Tribunal. It has been mentioned in this Bill that it will be at the discretion of the Central Gov-

ernment prefer such cases about the management by certain managerial personnel to this Tribunal. I do not know why it should be at the discretion of the Government. The particular clause says:

"the Central Government may state a case against the person aforesaid and refer the same to the Tribunal with a request that the Tribunal may inquire into the case and record a finding . . ."

The ultimate discretion is given to the Government. But we have seen in the past that the Government has not been using this discretion properly. We have seen that the cases of the Dalmia-Jain Group of companies have been investigated and those people have been punished. But when the same kind of allegations are being made against the Birlas, against the Ruby and Asiatic Assurance Companies, no action is being taken against them. They have also indulged in the same sort of corrupt, malpractices. When the Government appointed a Commission to enquire into the Dalmia-Jain Group companies, they did not take any step to investigate these allegations against the Birla concerns. Therefore, if we give the discretion to the Government, we do not think that this discretion will be used properly. Therefore, my submission, so far as this clause is concerned, is that instead of giving the discretion to the Government, it should be given to an individual, and if he thinks that the functioning of the managerial personnel is not proper, is detrimental to the corporation or to the company itself, is not in the public interest, let that individual file the case before the Tribunal, and it will give its own opinion, its own verdict, about the conduct of the managerial personnel.

Sir, the last point is that there is provision in the Bill for appeal against the decision of the Tribunal. This will be regarding the point of law involved in the case. When we have given such wide powers to the Tribunal about the defaulting managerial personnel and

when we have made a provision for appeal, it should not be restricted only to the points of law, but points of fact also should be allowed to be brought before the Appellate Court..

SHRI SURESH J. DESAI (Gujarat): Sir, the Companies (Amendment) Bill which is before the House seems to be a part of a well-thought-out general, scheme of the hon. Finance Minister to stimulate the growth of our economy. The Companies (Amendment) Bill has to be read along with the Banking Companies (Amendment) Bill, the Unit Trust of India Bill and the recent proposal of the Government of India to permit the LIC to take up general insurance business. All these are parts of a very well thought-out scheme of the hon. Finance Minister, and the recent statement which he made is also a very welcome statement. The purpose of that recent statement also was the same, to stimulate the growth of our economy, to stimulate investment and to regulate the operation of the private sector so that whatever loopholes are found in its operation may be remedied and more and more investments may be stimulated and protected. It is a general scheme of the hon. Finance Minister and the Companies (Amending) Bill is one of that.

The present Bill has five main provisions and I will go through them one by one. Firstly, about the Tribunal; the Tribunal is aimed at merely speeding up the process of law, the operation of the law. What happens? Whenever irregularities are found in companies and the company law authorities take certain legal action, the cases are taken to the High Court and there they remain pending for two years and three years before any remedy can be sought. So, in order to remedy this, in order to correct this position, the whole administration has to be speeded up, whereby cases of misfeasance, fraud or malpractices can be immediately taken cognizance of and these irregularities remedied. That is what this Tribunal is aiming

[Shri Suresh J. Dasai.] at, and the Select Committee of the other House has made two very welcome amendments in the provisions about the Tribunal firstly that the Tribunal will have as its chairman a person of judicial experience, a person who is or has been or is qualified to be a Judge of a High Court. Secondly, whenever a Bench is appointed by the Tribunal, the bench will consist of two persons at least and one of them will be a person of judicial experience. These are the two changes which have been made by the Select Committee of the other House, and they are very welcome provisions. I will just refer to one minor point and say that the original Bill, which was presented to the other House, provided that the Government would delegate authority to the Tribunal from time to time as they thought fit. Now, this provision has been changed and powers under sections 155 and 140 which provide for rectification of the register of members, and production of books to an inspector enabling him to examine a person on oath; have been delegated under the present Bill to the Tribunal. Then the second main feature of the Bill is about the Board of the Company Law Administration; the Board of Company Law Administration is also aimed at strengthening of the administration of the company law, tightening it, centralising the powers in one authority and making it function in an autonomous manner so that the Company Law is properly administered. That is a non-controversial point.

The third point is about the converting of loans into equity capital. Now that is a point which has generated a lot of heat, and it has been said that the Members of the Select Committee or the members of the executive succumbed to this lobby or that lobby. It is absolutely incorrect. There are in fact two different sets of values involved in this point. Firstly, referring to clause 5 which

amends section 81 of the company law, let me say that section 81 of the present Act provides for issue of fresh capital. Fresh capital can be issued ordinarily to the existing shareholders, and if the existing shareholders are not willing to take up the capital, or in case the directors of the company want to issue the capital to some other persons, then a special resolution of the shareholders is necessary in order to offer fresh capital to persons other than the existing shareholders. Then there is another provision also in the existing law, that loans and debentures can be converted into equity capital. But there are three conditions attaching to that. Firstly, there must be a provision in the existing contract or the agreement about the convertibility of the loans or debentures into equity capital. Secondly, a special resolution of the shareholders will be necessary. Thirdly, permission of the Government has to be obtained. These three conditions are there for converting loans or debentures into equity capital even under the present law. Now what is the position contemplated by this Bill? The position is that debentures and loans are divided into three categories: debentures and loans taken or given by the public or even by the scheduled banks—for them the existing law remains the same; then debentures and loans issued to or taken from certain Government agencies, like the Industrial Finance Corporation, or the National Shipping Board, or the Life Insurance Corporation—they come under the second category; for them there will be only two conditions operating; firstly, that there must be a provision in the agreement that these loans can be converted; secondly, that the permission of the Government should be obtained. Now a third category of loans or debentures is the loans or debentures given or taken directly by the Government of India. Now what is provided in the present Bill is that it will be at the pleasure of the Government to convert the existing loans or

debentures, as also future loans or debentures, into equity capital, if it so wishes. Now that is the provision about which so much controversy has been raised. Here actually there are two sets of values. I will first mention one side. One side is that, firstly, the shareholders' right to pass a special resolution is now waived—that goes away now; that is number one. Number two is that there must be some sanctity of contractual obligations. That is, when the company took the loans or issued the debentures, the condition that they will be converted into equity shares was not there. Now, when that condition was not there, how can those, contractual obligations be now overridden, and the loans and debentures be converted into equity capital? That is number two. Number three, it is also said that this will apply to two companies only and that this will be a sort of invidious distinction. That is one side of the picture. But there is another side of the picture also, that this is nothing else but an enlargement of the executive authority, that the executive authority "has got to be enlarged if we want to achieve certain socialistic objectives. There are certain social and economic objectives of the State policy which have been accepted by the ruling party, and when the ruling party wants to achieve those socialistic objectives, the executive authority has to be enlarged for the purposes of planning and for the purposes of achieving those objectives. Secondly, the companies which have been given these loans are prospering; they are doing very well, and if they are doing well, why should the Government merely confine itself to receiving some interest but not sharing that prosperity of the companies by converting the loans or the debentures into equity capital? So there are two sets of values. Some people believe in one set of values and some people believe in the other set of values. Some people also say that there is a constitutional objection but I do not attach much importance to that. After all, the Constitution is not something

unchangeable; the Constitution can be amended for the good of the country, and the Constitution can be amended by the Parliament whenever necessary. If we wish, if we believe that certain objectives should be achieved, we can amend the Constitution also. So, whether it is constitutionally valid or not is to my mind, not a very sound objection. So these are the two values.

Now actually, Sir, there will be about five companies which will be affected. One is the Oil India, and in Oil India 50 per cent holding is with the Government; so there is no objection in that, because that is a sort of semi-Government concern. There is another company which has taken five lakhs of rupees as loan, and four lakhs of rupees have already been paid. So that company will hardly be affected. Then there is a third company, Atul Products, which has taken a loan of three crores of rupees. It has a paid-up capital of three crores or three and a half crores of rupees. And the two main companies which will be affected are the Tata Iron and Steel Company and the Indian Iron and Steel Company. These are the two companies which will be mainly affected. It is not that the Government is going to nationalise or the Government is going to take over these two companies or the other companies to which the loans are given. Nothing like that. It is only a matter of these two companies, and even for them the Finance Minister has made it clear that it is not the purpose of this amending Bill to take over this company or that company, or to convert all loans into equity capital.

The last point is about the voting powers of trusts. Now in the matter of the voting powers of trusts, the original provision in the Bill was that the Government may direct that the voting powers of any trust can be vested in one officer, that the Government can appoint an officer and that officer can exercise the voting powers of any trust. Now, after the

[Shri Suresh J. Desai.] Bill has come out of the Select Committee, it is provided that the voting powers of all the trusts will vest in the public trustee. And the public trustee can exempt some trusts, or can allow the original trustees, in some cases, to exercise the voting powers. Actually, these trusts in our country have helped a great deal in concentrating wealth and power in a few hands. In America also it is so—there is the case of the Ford company; a number of other trusts are also there. As my time is short I need not give the details of them, but the trusts are often utilised by some person to escape tax liability on the one hand, and to concentrate on capturing more and more - companies, with the help of the voting powers

of the trust, on the other. It 4 P.M. is happening in America also.

They have got more stringent laws than we have got to remedy this position. In our country we are just beginning this law. So this is nothing else but with a view to remedying this, position of concentration of power and abuse of the voting powers of trustees, a public trustee will be appointed. And, after all, what have the trustees actually to do? In any trust a trustee has to exercise his power in the interest of the beneficiaries, not for himself. What happens? A trustee exercises powers for his own benefit with a view to capturing one company after another. That is why the position has got to be remedied. There is nothing objectionable in this provision. This is a part of the general scheme of the Finance Minister to stimulate the growth of our economy, and I welcome this Bill.

SHRI SIT ARAM JAIPURIA (Uttar Pradesh): Mr. Vice-Chairman, Sir, the number of fiscal measures introduced during this session itself is, I think, unprecedented in the history of Parliament and the Finance Minister deserves all laurels. It only shows his imagination and capacity in seeing them through in such a short time.

Sir, the Minister of industry, Mr. Kanungo, said some time ago in Parliament:

"Since the Companies Act of 1956 very few cases of a serious nature had been reported to Government against the working of companies, though there were several provisions in the Act under which shareholders and others could bring in complaints."

The Minister further stated:

"Since 1956 a great deal of discipline in the corporate sector has been noticed."

With this background, Sir, I feel—and I am sure that will be the feeling of every one concerned—that drastic provisions of a substantial nature are not called for. So far as the provisions which are of an adjectival nature are concerned, they are understandable and I am all for it. When we take the case, for example, of the Tribunals, we find that the idea of a tribunal is mainly to expedite the cases, and I am sure every one of us will agree that expedition of such cases is very essential. But I would humbly suggest that if the same thing could be done through the introduction of a special Bench in the High Courts, this question of a Tribunal, probably, would not have arisen. And where is the guarantee that these Tribunals will be able to have more expeditious decisions than that of the High Court Benches? Not only that, it has been also said that the Government may refer cases if in its opinion their business is not conducted in accordance with sound business principles or good commercial practice or it is against public interest.

This, I feel, Mr. Vice-Chairman, is a very vague term on which there is bound to be even an honest difference of opinion. And in these circumstances to entrust such vast powers in the hands of the executive to refer to a Tribunal may not always bring justice to all concerned. I would humbly suggest that instead of that we could have a further provision

to have it scrutinised by the advisory Commission. The Finance Minister, I am sure, will kindly consider the suggestion. If the matter is referred, in the first instance, to the . Advisory Commission and if the Advisory Commission, which is already there, is convinced that there is a *prima facie* and a positive case, that the fellow concerned has not acted in the public interest, let it refer it to the Tribunal for some positive decision.

Sir, a number of provisions are already there in the Companies Act. Section 408 allows to have two directors nominated by the Central Government. Then there is section 265 under which minorities can be represented. If all these provisions are not found sufficient, then only the Advisory Commission recommends a reference to the Tribunal which deals with the matter. Then I feel that more justice will be guaranteed.

One point more, Mr. Vice-Chairman, in this respect. It has been said that in a company where a person has been found guilty, action can be taken against the entire company. My humble submission in this connection is that unless and until the particular firm or the corporation directors or **the** members are made a party, they should not be proceeded against. For the fault of one person if the entire board of a firm is penalised that would be against the basic principles of democracy. Let us make them also a party for this purpose if thought necessary.

Then, Sir, if a person has to **vacate** his seat by the judgment of the Tribunal because the person has not acted in propriety, it would be advisable that that seat is filled up by the remaining members of the board and not by nomination by the Government. That will ensure more lair play in this respect.

Then, Sir, appeal against the decision of the Tribunal is also a very

important matter. It is true that the appeal has been allowed on facts of law. But I will humbly suggest that it is a very important matter and so long as we have High Court judges we are certainly more assured. But they must sit on every Bench and not just be a member of the Tribunal. And if appeal is allowed in such a case to the High Court and if the High Court has a special Bench to deal with it, I do feel it will create more certainty and more surety in the minds of all concerned.

Sir, a lot has been said about the question of shares being converted. Since the time at my disposal is very little, I crave the indulgence of the Finance Minister who is going to speak after this to give me one more minute. Mr. Vice-Chairman, this particular position of the voting rights of the trustees is a very important one. After all, the trustees are being selected by the particular trusts and donors. They enjoy confidence. And unless and until it is proved to the contrary that the trustees have acted in a manner which is prejudicial to the trust or to the body concerned, there is no justification in having a public trustee who should be asked to vote. After all, a public trustee cannot be taken for granted to be more interested in the institution than the trustee himself. The Finance Minister himself said while introducing this Bill in the other House that he intended to exempt genuine trusts created for safeguarding family interests or charitable or education trusts. I do feel that this is yet to be incorporated in the Bill.

Since the Vice-Chairman is getting very anxious, I think I should sit down and, therefore, I take *my* seat.

SHRI K. SANTHANAM: Mr. Vice-Chairman, I do not at all agree with Mr. Jaipuria that the Company Law, as it stands, is quite satisfactory and does not need a major revision. If I did not think that the present amendment is only a small and minor instalment of a major revision, then I

[Shri K. Santhanam.] should have to find fault with the Finance Minister.

I think, Sir, the present Company Law is fatally defective in one major respect namely that it clubs all companies into one category. A company with five lakhs of rupees is treated in the same way as a company with fifty crores of rupees. In the banking companies we have made difference between the scheduled banks and the non-scheduled smaller banks. I think it is time that a distinction is made in companies, say, big companies with a capital of Rs. 50 lakhs or more and smaller companies. All the bigger companies should be put on the basis of a public corporation or a public undertaking. They should function as public undertakings, because all the big capital is contributed by the people, and directors are merely managers of public capital. It is not like small companies where promoters put a large part of their own capital and take only small assistance from others.

Again, I have no doubt whatsoever that the expense accounts of these big companies constitute the major sources of corruption of all public officials and public authorities in this country.

SHRI A. D. MANI: Is it not so in America?

SHRI K. SANTHANAM: We need not copy American corruption. Let us copy whatever is good in America. Here we cannot afford this corruption. America can afford it. Therefore, I think in that respect also stringent revisions are needed to ensure the integrity of our own public services. It is no use insisting on rooting out corruption from the services while leaving the sources of corruption in tact. And so for that purpose also we want a major revision of the company Law. I hope the Finance Minister will lose no time in bringing about a major amendment or a major revision of the Companies Act.

Coming to the present Bill, I consider it most unfortunate that a com-

paratively minor provision should have had concentrated public attention both in the Parliament and outside. I do not think that the Finance Minister attached so much importance to this wretched conversion of shares as to the other major provisions—the setting up of the Tribunal and the Board of the Company Law Administration and the curbing of the power of the trustees. So far as the conversion of company shares is concerned, I want to point out, as has been pointed out by many others, that the main means of assisting private enterprise by the Government is not through direct loans but through the I.F.C., Central and State, and the ICICI and other financial institutions. I think the Government must make it a policy not to give direct loans whatsoever. Therefore this question will not be a real question at all.

Then one other point has been missed by all and in the other House also. The clause, as I read, it does not refer only to loans by the Central Government. I have tried to check up. According to the definition 'Government' means that which is defined in section 617 of the Companies Act. There it says:

"Held by the Central Government or any State Government or Governments or partly by the Central Government and partly by one or more State Governments."

I do not know and I wish the Finance Minister will tell the House what is the amount of loans given by the State Governments to the companies. I am not at all enamoured that these State Governments should convert their loans into shares because whether the company is solvent or not is a matter of importance. I think there is an attempt by the capitalists to go to the State Governments, first get loans and then get them converted into shares in insolvent companies. Therefore, this conversion of loans into shares is a double-edged weapon about which we have to be very careful and I do not think it is

such a blessing as my friend, Mr. Gupta, thinks. It may be a means by which the Government authorities are made partners in all the mistakes of these companies. The Government should be the guardian of the public interests and should not become partners in the private enterprise at all. If it wants to become partner there are the financial institutions. Therefore the particular point is not of much importance.

There are only two or three small matters which I would point out. They are rather more of drafting than of substance. For instance, in page 3 in regard to the Tribunal it is said:

"If during the course of any proceedings, any member of the Tribunal is for any reason unable to perform his functions or relinquishes his membership of the Tribunal, the Central Government may appoint another member in his place ..."

If a member has been there throughout the evidence and then disappears for some reason or the other at the time of the finding, you should not appoint any new man. I do not see why the rest of the Tribunal should not function as the whole Tribunal. There is no justification for any substitution. If it is a two-man Tribunal, the one man left must become a one-man Tribunal. If there is a three-man Tribunal, then the two people left must continue as the Tribunal and their findings must be treated as the findings of the Tribunal.

Then I would like to ask whether the Company Law Board is expected to function as an autonomous Board or as a mere departmental agency of the Government because it is said that it shall be under the control of the Central Government. The usual form is that the Central Government shall be empowered to give directives to the Board but if it is said that it is to be under the control, that means

all the decisions are finally the decisions of the Government, not of the Board. I do not know if that is the intention, of the hon. Minister to make it a mere branch agency and not more or less largely an autonomous administration.

About the trustees also, I do not see why the Finance Minister has taken the trouble of making the provision so complicated. I do not object to the principle but if he had only said that whatever the amount of trust, the voting power will not be more than either Rs. 5 lakhs or 25 per cent, of the total voting power^ then it would have served without all these complications of going to the public trustee and then the public trustee being present or not being present or asking the old trustee to be present and all that. You must put a limitation. If even he could have put a limitation to the voting power of the trustee saying that it will be treated as if the capital is equal to Rs. 5 lakhs even though it may be Rs. 5 crores and the voting power will not be more than one-fourth of the total, that would have been a simpler way. He has made it much more complicated.

Once more I would like to urge upon him to bring in a proper comprehensive revision of the Company Law as early as possible and not be content with the minor change* made in this Bill.

श्री गोडे मुराहरि (उत्तर प्रदेश) : उप-सभाध्यक्ष जी, कम्पनी ला अमेंडमेंट बिल पर बोलते हुए मुझे कुछ अजीब सा लग रहा है क्योंकि कम्पनी ऐक्ट पास होने के बाद भी हमने यह देखा है कि पूंजीपतियों की जितनी भी गड़बड़ियाँ कम्पनियों में चलती हैं वे सब जैसी की तैसी चालू हैं। मिसाल के तौर पर, दो तीन साल पहले एक तो विवियन बोस कमीशन की रिपोर्ट भी पढ़ी थी। कुछ जेनरल इन्फोर्सेस कम्पनियों में कितनी गड़बड़ियाँ

[श्री गोडे मुराहरि]

हुई उनकी रिपोर्ट आई, और पता नहीं कितनी रिपोर्टें आईं और अभी भी कुछ कंपनियों के बारे में जांच हो रही है। तो इन सारी चीजों को देखते हुए, यह पता लगता है कि कंपनी एक्ट के रहते हुए भी चाहे जितने अमेंडमेंट हम पास करें, उसके बावजूद भी इन कंपनियों में जो गड़बड़ चलती है वह चलती रहेगी क्योंकि आप ही इस कंपनी एक्ट को इस्तेमाल करने वाले हैं, जो इसको लागू करने वाले हैं।

सलिये उनमें जो गड़बड़ी है वह तो गड़बड़ी चलती रहेगी क्योंकि सरकार इस ऐक्ट को लागू करते वक्त भी फर्क बरतती है।

मुझे यह मालूम है कि हिन्दुस्तान में पूंजीपतियों का एक ऐसा गुट है जो अपना काम सरकार के जरिये से चलाता है और उनके मुकाबले दूसरे पूंजीपति अगर सर उठाना चाहते हैं तो उनका सर कुचल दिया जाता है, इस एक्ट के मुताबिक। इस प्रकार जो बड़ा गुट है पूंजीपतियों का हमारे हिन्दुस्तान में, उस गुट में जब धांधली है तब इस एक्ट का इस्तेमाल नहीं होता है और सारे मामले दबा दिये जाते हैं। तो इस देश में इस एक्ट को चालू करने वाली जो सरकार है उसमें इस तरह की गड़बड़ी होती है। इसका एक ही इलाज है कि सारी कंपनियों का राष्ट्रीयकरण और समाजीकरण हो और कोई समाजवादी सरकार इस काम को चलाए तभी जाकर उनमें सुधार हो सकता है, वरना कोई सुधार नहीं हो सकता। लेकिन फिर भी मैं चाहूंगा कि जब अमेंडमेंट लाया गया है, तो ज्यादा से ज्यादा कण्ट्रोल हो यद्यपि मैं समझता हूँ कि जो भी अमेंडमेंट लाया गया है वह काफी नहीं है, यह तो खाली एक लीपापोती है, इसको आप पास करा लेंगे लेकिन कंपनियों के अन्दर जो गड़बड़ी होती है वह चालू रहेगी।

इसमें ट्रस्टियों के बारे में जो बात कही गई है उसके सम्बन्ध में मैं एक बात यह कहना चाहूंगा कि हमने देखा है कि इस देश में कुछ चैरिटेबल ट्रस्ट्स ऐसे हैं जो कम्पनियों में

अपने शेयर्स खरीदते हैं। तो इन चैरिटेबल ट्रस्ट्स का क्या व्यवहार है, कहां से इन के पास पैसा आता है, इनके ट्रस्टीज कौन हैं, इसकी भी जांच होनी चाहिये। मैं बिल मन्त्री जी को एक सुझाव दूंगा कि कम्पनी ला के अन्दर एक ऐसा ट्रस्टी अपाइन्ट कर दें कि जो इन सारे चैरिटेबल ट्रस्ट्स के अन्दर जाकर देखे कि उनके पास पैसा कहां से आता है, उनके कौन कौन ट्रस्टीज हैं, और 'से' का कैसे इस्तेमाल किया जाता है और किन कम्पनीज के शेयर खरीदे जाते हैं तो बहुत अच्छा होगा।

मैं एक उदाहरण देना चाहता हूँ कि एक जनहित निधि है जिसके चेयरमैन हैं मिसिज इंदिरा गांधी, जो हमारे प्रधान मन्त्री की बेटी हैं, और उस जनहित निधि ने जो यहां पर एक चैम्बर आफ कामर्स है उससे डोनेशन लिया है। और डोनेशन किस बात का लिया जाता है? एक चिट्ठी लिखी जाती है—श्रीमती इंदिरा गांधी लिखती हैं चेयरमैन, चैम्बर आफ कामर्स को कि आपको पता होगा कि हमने आपको इण्डियन इण्डस्ट्रीज फेयर में ठेका दिलवाया और उस वक्त आपने कहा था कि हमको एक डोनेशन आप देंगे और अभी तक वह डोनेशन नहीं मिला है तो आप जल्दी कृपा करके वह डोनेशन हमको भेज दीजिए। यह चिट्ठी लिखी जाती है मेरे कहने का मतलब यह है कि बड़ी जगहों में भी, हमारे देश में जो पूंजीपति हैं उसका और यहां के जो राजनैतिक नेता हैं उनका सम्बन्ध इतना गहरा हो गया है और इतना उसमें गोलमाल है कि जितने भी अमेंडमेंट पास करें, कोई सुधार होने वाला नहीं है। यहां पर जो राजनैतिक नेता हैं उनके रिश्तेदार कम्पनियों में बैठे हुए हैं और उनके लड़के, दामाद, बेटे, बेटा बड़ी कम्पनियों में आफिसर बने हुए हैं, तो क्या चीज हो सकती है इस देश में। जब तक इन सारी चीजों का खात्मा नहीं होगा तब तक कोई चीज होने वाली नहीं है। मैं यह कहना चाहता हूँ कि

आप जो अमेंडमेंट ला रहे हैं उससे देश में कोई नज़ीज़ा निकलने वाला नहीं है। इस समय देश में जो गड़बड़ी और बूझ-बुझ है वह चल रही है। इस समय देश में जो बूझ-बुझ है उसमें जीतावादी करने के लिए आप यह अमेंडमेंट और यह एक्ट पास करने जा रहे हैं। मगर बुनियादी तौर पर...

श्री गोपीकृष्ण विजयवर्गीय : मैं एक सवाल पूछना चाहता हूँ कि क्या समाजवादी पार्टी एक भी पैसा चन्दा नहीं लेती है?

श्री गोडे मुराहरि : हमने इस तरह से नहीं लिया है और न दिया है। जैसा कि आप लोग करते हैं। आपने यह प्रश्न किया बहुत अच्छा किया।

THE VICE-CHAIRMAN (SHRI AKBAR Ahi KHAN) : Mr. Murahari, you address me and carry on your speech. Don't be interrupted.

श्री गोडे मुराहरि : यह अच्छा हुआ कि आपने यह प्रश्न किया। अभी एक्ट दो महीने पहले एक रिपोर्ट निकली थी जिसको मेम्बरों ने पढ़ा होगा : उस रिपोर्ट में लिखा था कि किस किस कंपनी ने किस किस पार्टी को कितना रक़्क़ा दिया। समाजवादी पार्टी का सबसे आगे नाम था और उसको २ हजार से ५ हजार तक रक़्क़ा सारे देश में मिला। तो आप लोग अच्छी तरह से समझ सकते हैं कि समाजवादी पार्टी को कंपनियों से कितना फायदा हुआ है। आप लोगों को इस तरह का प्रश्न नहीं करना चाहिये, अगर आप करते हैं तो सारी चीज़ें आपके सामने आयेंगी। लेकिन मैं जो कह रहा था वह यह है कि अगर हिन्दुस्तान में कोई चीज़ करनी है तो आपको पहले उस चीज़ की बुनियाद देखनी पड़ेगी, जब तक हम बुनियाद में तबदीली नहीं करेंगे तब तक कोई चीज़ होने वाली नहीं है। तो मैं सिर्फ़ यह कहना चाहता हूँ कि हिन्दुस्तान में जो यह रोग है वह इस देश की राजनीति में

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है। जब तक राजनीतिक पार्टियाँ और सबसे पहले शासक पार्टी अपने में सुधार नहीं करेगी तब तक इस रोग को रोकना नहीं जा सकता है। जब तक आप बड़ी बड़ी कंपनियों में भाई, बहीबे, लड़के, लड़कियों को रोकरी देते रहेंगे तब तक इस देश में कोई चीज़ होने वाली नहीं है। मैं चाहता कि इस एक्ट के मातहत जो भी बंड बने, जो भी ट्रस्ट बने उसमें किसी भी अफसर को ज़िन्दागी भर कोई रोकरी नहीं मिलनी चाहिये। अगर आप इस रोग को रोकना चाहते हैं तो किसी भी अफसरों को इन कंपनियों में रोकरी नहीं मिलनी चाहिये। अगर आप इस तरह की बात करते हैं तो उम्मीद है कि कुछ काम हो सकता है।

شہری عبدالغنی (یڈھا) : وائس

چیئرمین صاحب - مجھے فکر ہے کہ ہمارے بہرے کے چائنڈ پر موڈرا کانتھ کریمن بن کر یا اور اس خاند کو کچھ دیر کے لئے چیکنا ہوا یا اور آج پور وہ چائنڈ موڈار ہوا ہے اور وہ ٹی - ٹی کرشنما چاری ہیں - میں خوش ہوا تھا کہ جب پہلے پہل انہوں نے ایک . . .

وائس چیئرمین (شہری) اکبر علی

خان) : آپ پل پر بات کریں تو زیادہ اچھا ہوگا -

شہری - عبدالغنی : یہاں پر دس

ملٹ نہرو کے بارے میں تعریف ہوئی لیکن آپ نہیں بولے اور اب میں ٹی - ٹی کرشنما چاری کے بارے میں ایک سکند ہیں تعریف نہیں

[شری عبدالغلی]

کر سکا تو آپ بول پڑے یہ بات مہربی
سمجھ میں نہیں آئی -

وائس چیرمین (شری اکبر علی

خان) : میں چاہتا ہوں کہ آپ
بل پر بولیں -

شری عبدالغلی : میں کچھ کہتا

چاہتا ہوں اور آپ کے دواڑا انہیں
کچھ سمجھانا چاہتا ہوں اگر وہ سمجھ
پائیں کہ انہوں نے پہلے جو دو قدم
اٹھائے تھے اس سے ملک میں جان
قَالَ دی تھی ایک قدم گولڈ کنٹرول
کے بارے میں تھا اور دوسرا کمپنسی
تہیزت اسکیم کے بارے میں تھا - آج
سمجھ کر ہے کہ جو وہ قدم اٹھائے جا
رہے ہیں اور جو پوزیشن اس وقت
ان کی قائم ہوئی ہے کہوں کہ آج
آپ کی حکومت ہے آپ جو کچھ
چاہیں کر سکتے ہیں لیکن اگلے
الیکشن میں جہاں آپ بیٹھتے ہیں
وہاں ہم ہوں گے اور پ ہماری جگہ
ہوں گے اس لئے آپ جو بھی قدم
اٹھاتے ہیں اس کو سوچ سمجھ کر
اٹھائیں - آپ کا کریڈٹ آپ کا کریڈٹ
نہ ہو - دیس کا کریڈٹ اور سنٹرل
گورنمنٹ کا کریڈٹ ہو اس لئے آپ کو
سوچ سمجھ کر ایمینڈمنٹ لانا چاہیئے -
اگر آپ کریڈٹ لینا چاہتے ہیں تو
یہ کریڈٹ بگڑنے والا ہے - جس چھڑ
کے ذریعہ ٹی - ٹی کرشنا چاری ملک

میں بھروسہ پیدا کرنے کی کوشش کر
رہے ہیں اس طرح سے پھر سے ملک
میں پریشانی ہو جائے گی - ایک
مرض کے بارے میں کہا گیا ہے کہ وہ
مرض موذی ہوتا ہے جس کا پیت
بھرتا نہیں - یہاں سرکار انکا ادھیکار
لے لینے کے بعد بھی پھر کہتی ہے کہ
کوئی ایک نکلے اور ہم اس کو ناسز
کہیں گے - اگر ہم نے غلطی سے یا سرور کہتا
ہے کوئی رویہ دے دیا قرض دے دیا
یا یا جان بوجھ کر انکھیں ہوتے ہوئے
بھی قرض دے دیا اور اب ہم اس کو
شہر میں بدلنا چاہتے ہیں تو میں
سمجھتا ہوں کہ یہ سب بغیر سوچے
سمجھے باتیں ہیں کیونکہ آج آپ ایک
ایسٹ اٹھائیے تو دس کمپنیاں نکلتی
ہیں - سرکار کی جو اچھا ہوتی ہے
اس کے مطابق وہ ان کمپنیوں کو
امداد دیتی ہے جن کا کہ نہ کوئی نشان
ہوتا ہے نہ ان کی کوئی زمین ہوتی
ہے اور نہ ہی ان کی کوئی عمارت
کھڑی ہوتی ہے - سرکار اس طرح کی
کمپنیوں کو کروڑوں روپیہ سہولتیں کر
دیتی ہے اور جس طرح سے چاہے وہ
طرح طرح کے پرمٹ اور لائسنس
دیتی ہے - وائس چیرمین صاحب -
آپ کہیں گے کہ میں یہ کہوں کہتا
ہوں کہ واقعی کنٹرول ہونا چاہیئے
اور کہوں نہ کنٹرول کریں آپ لیکن
کنٹرول کرنے کا یہ ذہنگ نہیں ہے -

جیسا کہ گودے مزاہری صاحب نے کہا کہ اگر ایک یوننجی یعنی حرکت کرتا ہے تو سرکار اس کو ہی پکڑتی ہے لیکن اس کے مقابلہ میں آپ چاہتے ہیں کہ جس طرح کے ہمارے یہاں مخالف پارٹیاں ہیں، روروہی دل ہیں اور دوسری طرف کانگریس ہے اسی طرح سرمایہ داروں کا گروپ ہے تو کوئی وجہ نہیں کہ ایک گروپ کے آدمی پکڑے جائیں اور دوسرے کے نہ پکڑے جائیں۔ میں دیابھائی پتیل صاحب کی جو کہ ہمارے ایڈیٹر ہیں ان کی تائید کرنے کے لئے اٹھ کھڑا ہوا ہوں اور میں چاہتا ہوں کہ یہ بل سلیکٹ کمیٹی میں بھیجا جائے تاکہ اس کام کو جو صرف پبلک انٹرسٹ کے نام پر کیا جاتا ہے اس کا غلط فائدہ نہ اٹھایا جا سکے اور پبلک انٹرسٹ خطرہ میں نہ پڑے۔ میں چیلنج کر سکتا ہوں اور ایسی چیزیں لا سکتا ہوں اور بتا سکتا ہوں کہ جیسے نیشنل ہیئرلڈ نندھی ٹرسٹ ہے جس میں کہ لاکھوں روپیہ عین ہو جاتا ہے اور لاکھوں روپیہ کی انکوائری چلتی ہے۔ بارہ لاکھ روپیہ تو چیف منسٹر آکر دے جاتے ہیں تو یہ جو باتیں ہیں نا قابل برداشت ہیں۔

تو میں عرض کرنا چاہتا ہوں کہ سرکار جو ایمفڈمنٹ لا رہی ہے وہ نہ لائے کیوں کہ سرکار کو ادھیکار ہے اور وہ ادھیکار کے بنا چلے گی بھی نہیں

لیکن وائس چیئرمین صاحب - میں یہ کہتا ہوں کہ جس طرح سے باز کھیتی کو کھانے لگتا ہے اسی طرح سے ہماری سرکار خود اس میں حصہ دار ہے۔ تو پھر وہ کیا کرے گی جہاں اس کو حصہ کم ملتا ہے۔ جو حصہ کم دیتے ہیں ان کی گردن توڑے گی تاکہ وہ بھی ضرور حصہ دیں۔ تو اس سے حقہ در ہے۔ جو میں نے شروع شروع میں ہی - تہی کرشنا ماسچاری کو چاند کہا ہے وہ اس لئے کہا ہے کہ میں ایمانداری سے ان کی عزت کرتا ہوں اور وہ ایک بڑے امتحان سے نکلے ہیں۔ انہوں نے پورا امتحان لیبلے کے بعد ایک دفعہ پر اپنی قابلیت کا چمتکار دکھایا ہے۔ اس لئے میں چاہتا ہوں کہ وہ کوئی ایسی بات نہ کریں جس سے اس سرکار کی طاقت کم ہو۔ اگر سرکار کی طاقت کم ہوتی ہے تو ہماری طاقت کم ہوتی ہے اور میں ان پولیٹیشینس میں سے نہیں ہوں اور نہ میں یہ چاہتا ہوں کہ ہماری پارٹی کو فائدہ ہوگا آپ کو بدنام کرنے سے۔ میں تو چاہتا ہوں کہ سرکار مضبوط بنے۔ جب ہم جھکا دیں گے تو وہ خود گرجائیں گی لیکن جب تک وہ دھتی ہے تو مضبوط رہے کیونکہ اس سے دیہیں مضبوط رہتا ہے۔ میں سمجھتا ہوں کہ یہ جو سنسورڈ ہن لایا گیا ہے کمپنی ایکٹ میں اس سے دیہیں کا بہلا نہیں ہوگا۔ اس سے آپ کا کچھ بڑے گا نہیں کیوں کہ کئی دیوالیہ کمپنیاں ہیں اور کئی کمپنیاں ہیں جو موجود ہی نہیں۔ وائس چیئرمین صاحب - میں کس

[شری عبدالغنی]

کس کا شکوہ کروں اور کس کس کا
کٹہ کروں یہاں اس ہاؤس میں میں
نے تین بار ایک سوال کیا اور جواب
دیا گیا کہ نیکو والوں کی جو مشینری
ہے جو ۱۹۱۸ء میں بنی تھی جس
کو چالیس لاکھ روپے میں خریدا
گیا تھا اس کو ہماری سرکار نے ایک
کروڑ تین لاکھ میں خریدنے کی
اجازت دے دی - کیوں کہ بارہا کا
مال ہے اور وہ طاقت میں بیٹھی
ہے جو من میں آئے کرے -

وائس چیئر مین (شری اکبر علی

خان) : آپ کا وقت ہو گیا -

شری عبدالغنی : میرا وقت خدا
نہ کرے - آپ کی سرکار کا وقت ہو
گیا ہے - میرا وقت ہونے والا نہیں
ہے -

وائس چیئر مین (شری اکبر علی

خان) : میں کہتا ہوں کہ آپ کی
عمر کافی بڑی ہو لیکن آپ کی تقریر کا
وقت ہو گیا ہے -

شری عبدالغنی : یہ تو میں مان

گیا کہ آپ میرے انٹے بدخواہ نہیں
ہیں کہ آپ میرا آخری وقت چاہتے
ہوں اور اگر آپ یہ چاہیں گے یہی
تو ایسا نہیں ہو سکتا - بہر حال
میں یہ عرض کر رہا تھا کہ میں
آپ کے درآرا تھی - تھی - کرشمہ چاری
کے نوٹس میں یہ بات لانا چاہتا

ہوں کہ بہت سی کمپنیاں رجسٹرڈ
نہیں ہوئیں لیکن انہیں لائسنس
چاری ہو گیا - ایک کمپنی ایسی
بھی ہے کہ وہ رجسٹرڈ نہیں ہوئی
لیکن اس کے نام کوئلہ کی ۸۰ ویکن
الٹ ہو گئیں - سرکار نے اس مشینری
جو کہ جام پڑی ہوئی تھی اور رسی
لرعا بنا ہوا تھا اس کے لئے ہماری
سرکار نے ایک کروڑ پچھتر لاکھ کی
گارنٹی بھی دے دی - سہیلول سرکار نے
بہن دی - ان کی چھوٹی سرکار نے
دی -

श्री अजुत अरोड़ा : कहां की
सरकार ?

شری عبدالغنی : اورزا صاحب

آپ تو سب - جانے دن کہ
ہمارے محبوب نہتا کی پیاری
سرکار نے جس کو وہ پلاہ دینا چاہتے
ہوں لیکن میں یہ عرض کر رہا تھا
کہ اس سے آپ حکومت میں بیٹھے
ہوں اور جو چاہیں کر سکتے ہیں
لیکن اگلی بار آپ مسکیت سے
چینٹیں گے مگر ہم وہاں ہوں گے اور
آپ یہاں ہوں گے - اس لئے مجھے
کوئی خوف نہیں ہے - آپ دو برس
تک اپنا شوق پورا کر لیں - لیکن آپ
کے دل میں وہی بات ہے جو میں
کہتا ہوں - خدا آپ کی سرکار کو مضبوط
رکھے تو پھر جلد سے جلد تھی - تھی
کرشمہ چاری صاحب ایسی بات نہ
لائیں جو ان کے سفدر چہرہ پر پھر
سے گردن کا نقشہ چمکائے - آپ ایسا نہ

[श्री अब्दुल गनी]

दिया, या जानबूझ कर आंखें होते हुए भी कर्ज दे दिया और अब हम उसको शेयर में बदलना चाहते हैं तो मैं समझता हूं कि ये सब वगैरह सोचे समझे बातें हैं। क्योंकि आज आप एक ईंट उठाइये तो दस कम्पनियां निकलती हैं। सरकार की जो इच्छा होती है उस के मृता-बिक वह इन कम्पनियों को इमदाद देती है जिनका कि न कोई निशान होता है न उनकी कोई जमीन होती है और न ही उनकी कोई इमारत खड़ी होती है। सरकार इस तरह की कम्पनियों को करोड़ों रुपया सेंवशन कर देती है और जिस तरह से चाहे वह तरह तरह के परमिट और लाइसेंस देती है।

वाइस चैयरमैन साहब, आप कहेंगे कि मैं ये क्यों कहता हूं कि बाकई कन्ट्रोल होना चाहिये और क्यों न कन्ट्रोल करें आप, लेकिन कन्ट्रोल करने का यह ढंग नहीं है जैसा कि गोडे मुराहरि साहब ने कहा कि अगर एक पूंजीपति हरकत करता है तो सरकार उसको ही पकड़ती है लेकिन उसके मुकाबिले में आप जानते हैं कि जिस तरह की हमारे यहां मुखालिफ पार्टियां हैं, विरोधी दल हैं और दूसरी तरफ कांग्रेस है उसी तरह सरमायादारों का ग्रुप है तो कोई वजह नहीं कि एक ग्रुप के आदमी पकड़े जायें और दूसरे के न पकड़े जायें। मैं डाहया-भाई पटेल साहब की जो कि हमारे लीडर हैं उनकी तारीफ करने के लिये उठ खड़ा हुआ हूं और मैं चाहता हूं कि ये बिल सेलेक्ट कमेटी में भेजा जाये ताकि इस काम को जो सिर्फ पब्लिक इन्टरेस्ट के नाम पर किया जाता है उसका गलत फायदा न उठाया जा सके और पब्लिक इन्टरेस्ट खतरे में न पड़े।

मैं चैलेन्ज कर सकता हूं और ऐसी चीजें ला सकता हूं और बतला सकता हूं कि जेसे नेशनल हैरल्ड निधि ट्रस्ट है, जिस में कि लाखों रुपया गबन हो जाता है और लाखों रुपये की ईक्वायरी चलती है।

बारह लाख रुपया तो चीफ मिनिस्टर आ कर दे जाते हैं तो ये जो बातें हैं नाकाबिले बरदाश्त हैं।

तो मैं अर्ज करना चाहता हूं कि सरकार जो अमेन्डमेंट ला रही है वह न लाये क्योंकि सरकार को अधिकार है और वह अधिकार के बिना चलेगी भी नहीं लेकिन वाइस चैयरमैन साहब, मैं यह कहता हूं कि जिस तरह से बाज खेती को खाने लगता है उसी तरह से हमारी सरकार खुद इस में हिस्सेदार है तो फिर वह क्या करेगी जहां उसको हिस्सा कम मिलता है। जो हिस्सा कम देते हैं उनकी गर्दन तोड़ेगी ताकि वह भी जरूर हिस्सा दें। तो इस से मुझे डर है जो मैंने शुरू शुरू में टी० टी० कृष्णमाचारी को चंद कहा है वह इसलिये कहा है कि मैं इमानदारी से उनकी इज्जत करता हूं और वह एक बड़े इम्तहान से निकले हैं। उन्होंने पूरा इम्तहान देने के बाद एक दफा फिर अपनी काबलियत का चमत्कार दिखाया है। इसलिये मैं चाहता हूं कि वह कोई ऐसी बात न करें जिस से इस सरकार की ताकत कम हो। अगर सरकार की ताकत कम होती है तो हमारी ताकत कम होती है। और मैं उन पोलीटी-शियन्स में से नहीं हूं और न मैं यह चाहता हूं कि हमारी पार्टी को फायदा होगा आपको बदनाम करने से। मैं तो चाहता हूं कि सरकार मजबूत बने। जब हम शुका देंगे तो वह खूद गिर जायेगी लेकिन जब तक वह रहती है तो मजबूत रहे क्योंकि इस से देश मजबूत रहता है। मैं समझता हूं कि यह जो संशोधन लाया गया है कम्पनी एक्ट में इस से देश का भला नहीं होगा। इस से आपका कुछ बनेगा नहीं क्योंकि कई दीवालिया कम्पनियां हैं और कई कम्पनियां हैं जो मौजूद ही नहीं। वाइस चैयरमैन साहब, मैं किस किस का शिकवा करूँ और किस किस का गिला करूँ यहां इस हाऊस में मैंने तीन बार एक सवाल किया और जवाब दिया गया कि नेफ्को वालों की जो मशीनरी है

जो १९१८ ईस्वी में बनी थी, जिसको चालीस लाख रुपये में खरीदा गया था उसको हमारी सरकार ने एक करोड़ तैंतीस लाख में खरीदने की इजाजत दे दी क्योंकि बाबा का माल है और वह ताकत में बैठे हैं जो मन में आये करे।

उपसभाध्यक्ष (श्री अकबर अली खान) :
आपका वक्त हो गया।

श्री अब्दुल गनी : मेरा वक्त खुदा न करे आपकी सरकार का वक्त हो गया है। मेरा वक्त होने वाला नहीं है।

उपसभाध्यक्ष (श्री अकबर अली खान) :
मैं कहता हूँ कि आपकी उम्र काफी बड़ी हो लेकिन आपकी तकरीर का वक्त हो गया है।

श्री अब्दुल गनी : यह तो मैं मान गया कि आप मेरे इतने बड़वाह नहीं हैं कि आप मेरा आखिरी वक्त चाहते हों और अगर आप यह चाहेंगे भी तो ऐसा नहीं हो सकता। बहरहाल मैं यह अर्ज कर रहा था कि मैं आपके पारा टी० टी० कृष्णमाचारी के नोटिस में यह बात लाना चाहता हूँ कि बहुत सी कम्पनियाँ रजिस्टर्ड नहीं हुईं लेकिन उन्हें लाइसेंस जारी हो गया। एक कम्पनी ऐसी भी है कि वह रजिस्टर्ड नहीं हुई लेकिन उसके नाम कोयले की ८० बैगों एलाट हो गई। सरकार ने स मशीनरी जो कि जाम पड़ी हुई थी और रद्दी लोहा बना हुआ था उसके लिये हमारी सरकार ने एक करोड़ पचहत्तर लाख की गारंटी भी दे दी। सेंट्रल सरकार ने नहीं दी उनकी छोटी सरकार ने दी।

श्री अर्जुन अरोड़ा : कहां की सरकार ?

श्री अब्दुल गनी : अरोड़ा साहब आप तो सब जानते हैं कि हमारे महबूब नेता की प्यारी सरकार ने जिसको वह पनाह देना चाहते हैं लेकिन मैं यह अर्ज

कर रहा था कि इस समय आप हुकूमत में बैठे हैं और जो चाहें कर सकते हैं लेकिन अगली बार आप मुहब्बत से चीखेंगे मगर हम वहां होंगे और आप यहां होंगे इसलिये मुझे कोई खोफ नहीं है। आप दो वर्ष तक अपना शोक पूरा कर लें। लेकिन आप के दिल में भी वही बात है जो मैं कहता हूँ। खुदा आपकी सरकार को मजबूत रखे तो फिर जल्द से जल्द टी० टी० कृष्णमाचारी साहब ऐसी बात न लायें जो उन के सुन्दर चेहरे पर फिर से ग्रहण का नक्शा चमकाये। आप ऐसा न रंग जमवायें बल्कि मैं समझता कि डाह्या भाई जी जो कह रहे हैं उसको आप मान लीजिये, उसको आप स्वीकार कर लीजिये। अगर कोई छोटा भाई भी कुछ कहे तो उसकी सुननी चाहिये और दुश्मन भी अगर सही बात का मुझाव दे तो उस पर विचार करना चाहिये।

इसलिये मैं उम्मीद करता हूँ कि मिस्टर टी० टी० कृष्णमाचारी मिस्टर डाह्याभाई की दरख्वास्त पर ठंडे दिल से गौर करेंगे। अगर बिल्कुल एक नए सिरे से वह ईकलाब करना चाहते हैं और पूंजीवादी और समाजवादी का निकाह चाहते हैं तो वह भाई अर्जुन अरोड़ा जैसों को अपना एडवाइजर बनायें और कैबिनेट की सीट पर बैठायें जो उनको रास्ता दिखायें कि सही रास्ता क्या है। मैं उम्मीद करता हूँ कि वह डाह्याभा जी की बात को जरूर कबूल करेंगे।]

SHRI T. T. KRISHNAMACHARI: Mr. Vice-Chairman, Sir, at the outset I would like to refer, if I may, to some feelings that have been voiced by hon. Members of this House that I have contributed materially to neglecting the interests and the honour and dignity of this House.

SHRI K. SANTHANAM: He can come to the mike.

SHRI T. T. KRISHNAMACHARI: If it were so . . . ,

SHRI A. D. MANI: He can come to the front bench, Sir.

SHRI T. T. KRISHNAMACHARI: No, I can raise my voice.

If it were so I can only say it was done unwittingly. My hon. friend, Mr. Bhargava, is very angry and he wanted an explanation from me as to why there was not a Joint Select Committee. Sir, it was not my intention to refer this Bill to a Select Committee even in the Lok Sabha. My motion was merely a motion for consideration. The Bill was not a big one and it did not have many clauses. It was comparatively simple in the sense that it clearly indicated the objectives and we wanted this measure to be passed into law in this session and therefore I had proposed that the Lok Sabha should take it into consideration. It was a private Member's motion that suggested a Select Committee.

Another factor which I would ask the House to take into account is my comparative ignorance of procedures that have developed during my absence from Delhi. I was a Member here and I was a Minister for six years and over. Sometimes we had a Select Committee in that House, sometimes we had a Joint Select Committee on the basis of the importance of the Bill. If we thought that the Bill, was very important then we should get the two Houses together. If we thought that the Bill was not important and if somebody asked for a Select Committee we gave it. That was the procedure that I was accustomed to. I was not aware of the innovations—good ones undoubtedly—that have been introduced in the procedures during my rather infrequent

visits to Delhi. Therefore I beg of the hon. Members to accept my apology as being the chief architect of the mistake, if a mistake has been perpetrated, unwittingly. And I have no intention, nor do the Government have any intention, of making any differentiation between the two Houses. The two Houses of Parliament are equal and sovereign excepting in the case of Money Bills in the case of which for the purpose of definitely fixing the responsibility of Government some power has been given to the Lok Sabha because the Government cannot be responsible to two Houses. It can only be responsible to one and therefore in the case of Money Bills which throw out the Government if they are not sanctioned, the responsibility is given to the other House. Otherwise there is no difference in the dignity and powers of the two Houses. I am deeply conscious of it and once again I ask the hon. House to accept my apology.

SHRI B. D. KHABARAGADE: What about a Select Committee here?

SHRI T. T. KRISHNAMACHARI: I would have very willingly agreed to referring this to a Select Committee of this House and moved a motion myself to that effect had it not been for the fact that we have barely three days and the Government are very keen that this Bill should be passed into law in this session. It may be right, it may be wrong, hon. Members opposite may think it is wrong and they might think that there is no necessity for it but that, I might humbly submit, you must leave to the discretion of the Government. Whether it is urgent or not is a matter in the discretion of the Government of the day and therefore I would ask hon. Members once again to accept the apology and forget about it. I can tell hon. Members that if ever I agree to a Select Committee in the other House I shall also agree to a Select Committee in this House in the future but of course Money Bills are totally different and it is subject to that

Coming to the Bill itself, if I may be somewhat simple, I would refer to me story of the miller, his son and the ass. The miller and his son started taking advice from all and sundry in regard to who should ride the ass and nobody could ride the ass. Ass is not a tiger, Mr. Bhupesh Gupta might remember, and it need not be shot. And ultimately the ass went overboard into the river. If I accepted all the advice that was given to me today I would be in the same position and the Bill should be thrown overboard. And I have no intention of doing anything of that sort.

By and large hon. Members have been very kind to me and I am grateful to the hon. Member opposite for the few kind words he said. Even at this age—though I am not handsome—I am susceptible to praise. I should say. Even God is susceptible to praise and why should not I? I am very grateful to hon. Members, both on the opposite side and on this side, who had a few good words to say about me. After all in our stage of life the only reward that we can get is a few words of praise from our fellow-countrymen and nothing more. I do not expect to have any other position in life than that of a Finance Minister nor do I think a decoration would satisfy me very much. Therefore I shall live on praise because sometimes I do without food.

The objections to the Bill coming from my friend, Mr. Bhupesh Gupta, go to the root causes. Mr. Bhupesh Gupta has a mind which takes a very broad view of things. He is, like myself, suffering from what you might call long sight. If I look ahead and see the faces of people I cannot look into the typewritten script before me because it takes me time to readjust my eyes. Mr. Bhupesh Gupta has no difficulty like that because he never takes an immediate view of the situation and that is why he always goes back to the fundamentals and the fundamentals take us really to

1849. I have no doubt in my mind, even at the risk of my friend, Mr. Dahyabhai Patel calling me a fellow-traveller, that the Communist document of 1849 is a historical document. But 1849 has gone, 1949 has gone and we are now in 1964. The Communist manifesto has been amended by Mr. Lenin; it has been amended by Mr. Stalin and it has been further amended by Mr. Khrushchev. And there is a new version of it by Chairman Mao.

SHRI BHUPESH GUPTA: I may tell you that nobody has amended the Communist manifesto. The Communist manifesto did not go to any Select Committee.

SHRI T. T. KRISHNAMACHARI: The amendment of the document is this. The *sutra* remains but you may make a *bhashya*. The hon. Mr. Bhupesh Gupta might become the *bhashyakar* of the Communist document sometime later; not yet, because he is not ripe enough. Therefore we proceed; we go on and my hon. friend remains where he is. Of course I hear his advice but I do not accept it because it is not acceptable. He should wait for some time and progress a little further so that I can accept his advice.

So far as this particular measure is concerned, I take it, Sir, that by and large he approves of anything that puts the noose tight. From that point of view the noose is not tight, the noose is slightly tight. That is where Mr. Santhanam and Mr. Bhupesh Gupta both agree. Mr. Santhanam is a person who I think believes that the good is the enemy of the better. I consider the Bill a good one; Mr. Santhanam wants a better one. I do not think that the good is the enemy of the better. But he thinks so and says, 'bring a better Bill. Why do you bother about this? You might consider this to be good'.

SHRI K. SANTHANAM: But, Sir .

SHRI T. T. KRISHNAMACHARI: Please, I do not want an explanation. I never interrupted the hon. Member.

SHRI K. SANTHANAM: But you have misunderstood me I approved of the Bill to the extent it went but I wanted much more.

SOME HON. MEMBERS: That is what he said.

SHRI T. T. KRISHNAMACHARI: I agree, that is exactly the point. My trouble about it is my comparative ignorance of the English language. What I said was that this Bill in my opinion is good. It is only from a good that there can be a better. Mr. Santhanam thinks that there is a better one. Please go to the better one. I can tell you if I am an authority here whose advice is generally accepted, I would try to simplify this book because much of what it contains is meaningless. It has no teeth. There is no point in producing a Company Law without teeth, asking people to furnish figures, facts which a body looks into and nobody checks the veracity of those facts and they cannot be checked. If the hon. Member had suggested to me, please do a process of slimming, let there be slimming so far as Company Law is concerned, I would agree with him. Income-tax law is another thing that needs slimming. It goes on from one mistake to another, one set of propositions further multiplied by another amendment which is even more obscure than the one it seeks to amend. I agree that everything can be bettered, but I cannot as a person who I suppose speaks the truth, truthfully tell the hon. Member that I am bringing forward a better one. I may bring another amendment, probably a larger one, with more clauses than this one, but I am positive that I would not be able to promise Mr. Santhanam or Members of this House that it will be a better one.

So, we are caught in this process from time to time of amending it. For having a comprehensive Bill we should get to a stage when things are peaceful, when even the Communists will join the Congress Party. Then, I think we can all sit down, and as we did in the case of the Constitution, go on peacefully doing the job. Now, there is the job of governing, answering questions, justifying yourself all the time, and then putting down corruption which is the latest hobby-horse of my hon. friends. These are all very big jobs which we have to handle from time to time. Therefore, I cannot promise that I will bring forward a comprehensive Bill. I will bring forward another Bill, probably with a few more clauses in it, trying to rectify things, trying to put a little more teeth into the measure.

One point was raised by, I think, Mr. Arjun Arora and I think it was also raised by Mr. Santhanam. Of course, the General Clauses Act is there and section 3 of the General Clauses Act does include a State Government when the word 'Government' is mentioned. I do not know and I have not asked for statistics about what the State Governments have done, to whom they have lent money. But if they have lent money and if they want to use the provisions of this particular Bill, they will have to write to the Central Government and we will have to place before Parliament any such proposal. Therefore, there is a double check on that. They cannot act hastily. An amendment which one hon. friend has approved of—I think Mr. Gurupada Swamy—seeks to qualify even the State Government's action. The same thing can be said about this. Mr. Santhanam and some other Members spoke about the provision with regard to trusts. I explained the position at length originally. I said this was the only way in which it could be managed. I am not abolishing trusts because all these matters are dealt with by the States. We leave it to the State Legislatures for enactment.

ing trust laws. I am not concerned at the moment with trusts. What I am really concerned with is the narrow issue in regard to certain properties that are likely to be possessed by trusts. If it is a trust, which has really no commercial bearing like a newspaper trust and which has no intention of controlling any company, obviously the public trustee will say: Well, you can manage your own affairs, if h_e is asked. I do feel that this particular provision in regard to a public trustee and the powers that have been given to him solves an administrative problem of a magnitude which it would otherwise be practically impossible for us to deal with. And hon. Members will forgive me if I say that as I read and re-read it over and over, I find that it is a perfect draft. It cannot be bettered.

With regard to other matters that have been dealt with by hon. Members, I think Mr. Pathak raised this question of section 203. Well, Mr. Pathak is a very eminent lawyer and I cannot question his interpretation. In fact, it would be unwise to do so. Of course, we make laws and he interprets them. But people who make laws tell me that it is all right, that the qualification that he pointed out is intended. It is not intended to be extended beyond that qualification. Anyway, of course, he will be given an opportunity to interpret it and I have no doubt that lawyers in this country benefit by the mistakes that w_e made while enacting the Constitution. I remember very well and I think my hon. friend, Mr. Santha-nam, *wtiO* was my comrade in those days, would bear me out when I say that article 13 as it then was, article 19 as it is today, is a paradise for lawyers. So, it has proved. I do not think anybody has even thought of putting a rupee in a box for the members of the Drafting Committee who happen to be alive and I claim that privilege. I might have had a tiny pension in m_v old age, when I have no work to do and I lose my job.

SHRI BHUPESH GUPTA: You can ask for some refund from Mr. Pathak.

SHRI T. T. KRISHNAMACHARI: I think I should claim a percentage from lawyers who interpret the Constitution and often they say that this is the intention of the framers. And I can tell the hon. Member that the intention of the framers is far from what they are interpreted to be. Anyway, the world is made of lawyers and judges and we can only make laws. Therefore, section 203, as I understand it, as I am advised, is all right. I am a layman not in touch with what is called customary law. I can go into fundamental law a bit and probably speak about it, but not into customary law. But I am advised the position is correct.

I think Mr. Pathak raised another point about the status of the Tribunal and he mentioned denigration. I am trying to describe what he said, namely, the denigration of the status of the Income-tax Tribunal. Am I correct?

SHRI G. S. PATHAK: That is all right.

SHRI T. T. KRISHNAMACHARI: I think he is right. I agree with him. I think we should take steps to see that their status is restored to the old position. You cannot have a Tribunal which is going to deal with crores of rupees without proper status. Of course, the members of the Tribunal do their work now competently, according to the best of their ability. I have nothing to say against them but I think its status has to be raised. After all, in this world of ours which is yet governed by a mixed economy, status seekers abound and w_e have to pamper their inclinations and proclivities.

One point was raised by Mr. Gurupada Swamy, *viz.*, why not include other financial institutions? They were left out advisedly, *viz.*, the

[Shri T. T. Krishnamachari] Industrial Finance Corporation, the State Finance Corporation and the State Bank for that matter. Imagine what the reaction of hon. Members would be if I say that any loan given by the State Bank can be converted into equity. It would be what is called *reductio ad absurdum* and ridiculous as some of our acts are. I do not propose to go to that extent of making the law and the Legislature matters of ridicule. His advice no doubt is well meant and has been spelt out intelligently, but I think it has no application in the present context of things. And in any event once you do that, Government will have no institutions. But there is one possibility. The International Finance Corporation, which is an adjunct of the World Bank, when it lends money, has a provision to say that it can convert some part of the loan into equity, and hon. Members also know that institutions like the Life Insurance Corporation and others lend money on debentures. They sometimes ask for what is called convertible stock and then they accept a lower rate of interest. The interest is paid during the time when the company does not earn. When the company earns, these people exercise their option and convert it into equity. That is a possibility. It can be done at the time of lending. That is the source by which they can get equity participation in companies which borrow from them and not by the use of a legislative measure like this.

One matter was mentioned by Mr. Bhupesh Gupta and I think Mr. Bhupesh Gupta has been showing interest in regard to the Company Law Department, which to me is rather surprising considering that he is very objective in every other thing. I know quite a lot of other people who seem to think that something has happened in regard to the Company Law Department, in regard to the change-over.

One fine day one Secretary was removed? So what? Suppose a Secretary was removed, there is no Secretary there. So what? Do you mean to say that the Government of India has come down? I suggest to the hon. Member that I think he has wasted far more midnight oil on this kind of thing than he does on many other good causes which he sponsors.

SHRI BHUPESH GUPTA: That is not the point at all. I am not concerned with that.

SHRI T. T. KRISHNAMACHARI: The point as I put it is, I have listened to the hon. Member for thirty-five minutes, and he will listen to me for fifteen minutes. The point is, it is a matter of administrative convenience which is decided by the Government of the day. If anybody says that a particular Secretary should be there, we are not going to keep him. I know what hon. Members have been saying, there have been articles in the papers, there has been lobbying done by one particular Secretary because he has not had a job, and he has been there for eight years.

SHRI BHUPESH GUPTA: Sir, I object to this thing. He cannot say this.

SHRI T. T. KRISHNAMACHARI: The hon. Member may object or not, but sometimes we have to say . . .

SHRI BHUPESH GUPTA: No, you cannot say that. Why are you changing? You sit down.

SHRI T. T. KRISHNAMACHARI: I do not propose to sit down.

SHRI BHUPESH GUPTA: I did not mention it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The Finance Minister is not yielding.

SHRI BHUPESH GUPTA: He should interpret it rightly. I am not concerned with the Secretary.

شری عبدالغنی : پوائنٹ آف

آؤر - دیا کوئی ممبر چاہے وہ منسٹر
ہو، دوسرے کو سٹ ڈائرن کہہ سکتا
ہے یہ تو جناب ہی کہہ سکتے ہیں۔
تو انہوں نے کیوں کہا سٹ ڈائرن ؟

*شری عبدالغنی : پوائنٹ آف آرڈر،
کچھ کہہ رہے ہیں۔ وہ منسٹر ہیں،
دوسرے کو سٹ ڈائرن کہہ سکتا ہے یہ تو
جناب ہی کہہ سکتے ہیں۔ تو انہوں نے کہا
سٹ ڈائرن []

وائس چیئرمین - (شری اکبر)

علیحدہ : نہیں، میں کہہ رہا ہوں -
انہوں نے میری معرفت ریپوزیشن
کی تھی -

[ب.س.ب. (شری اکبر علی خان)
نہیں، میں کہہ رہا ہوں۔ انہوں نے میری
ریپوزیشن کی تھی []

SHRI BHUPESH GUPTA: Sir, on a point of
order. Is it the right of the Minister to put
something in the mouth of a person and then
start speaking? Please look up the pro-
ceedings. I said that it is a separate entity. It
should not be diminished even under the
Ministry of Finance. I do not think I uttered
"Secretary" in the course of the discussion at
all today. Now the hon. Minister said that I am
speaking for the Secretary. You take it from
me that I am not concerned with your
Secretaries. If you think that is good, explain
it to the House.

SHRI T. T. KRISHNAMACHARI: In any
case it was a matter mentioned again by Mr.
Santhanam. I think the Board is not a statutory
Board. I may make it very clear. It

[] Hindi trans'iteration.

is an organisation, administrative organisation
that will be used by government to administer
the provisions of the Companies Act. The
man who will be ultimately responsible for
the good working of the Board is the
Secretary in-charges, the Secretary of the
Revenue Department. Therefore, I do not
think there is anything more for me to say.

SHRI A. D. MANI: I should like to ask the
Minister this. When he says that it will not
have a statutory status, the Company Law
Administration, will its reports be available
to both the Houses of Parliament? At all if
a Board functions, we have a right to know
what advice it has tendered to Government
from time to time, the Company Law
Administration Board. Will its reports be
available to both the House, of Parliament?

SHRI T. T. KRISHNAMACHARI: It is an
administration native body. Its reports are
confidential. It cannot be given to anybody.

SHRI BHUPESH GUPTA: I should like to
know whether under the new arrangement all
the functions that are assigned now to the
Company Law Administration will also be
discharged. That is number one. Secondly, I
want to know whether we are going to have
regular reports, annual reports, on the subject
where we can discuss in this House.

THE VICE-CHAIRMAN (SHRI AKBAR ALI
KHW): He has answered about the second. We
would like to have answer about the first.

SHRI T. T. KRISHNAMACHARI: The
Board is just like the Ceifal Board of
Revenue. It does not furnish any report to
Government excepting its administration
report, and here is nothing more that will be
done.

SHRI BHUPESH GUPTA: It is a
matter. Certain rights of the House have
been taken away.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : That is a different matter.

SHRI BHUPESH GUPTA: You will kindly understand that this is the point that we raised here and Mr. Krish-namachari should not have brought in other things. All that we say is that certain things existed that worked to the detriment of control by the public. That is all that we said. Now he has told us that it will be a secret department of the Government. We shall not come into the picture.

SHRI M. P. BHARGAVA: Sir, before you put the amendment of Mr. Patel to vote, I would like to request Mr. Patel that in view of the assurances given by the Minister and this is the House of elders, we should keep in view the motto. "To err is human and to forgive is divine"—I would request him not to press his amendment.

SHRI BHUPESH GUPTA: Mr. Vice-Chairman, I would also like to make a request. Despite the provocation the hon. Finance Minister has given to me, I take his assurance with regard to the Select Committee seriously, and I think, that the amendment should be withdrawn. Even if he presses it, I should like the report to be made tomorrow or the day after, because I would like this Bill to be passed this very session and I would not like to oblige the big business by deferring it till the next session. Therefore, you see, Mr. Krishnama-chari, I agree with you.

SHRI DAHYABHAI V. PATEL: Mr. Vice-Chairman, since that is the mood of the House, I would not stand in the way. I am particularly glad to see that on the other side there are people who are willing to admit that to err is human, and people sitting on the other benches are also human-beings. So, I beg leave to withdraw my amendment.

**The amendment was, by leave, withdrawn.*

**For text of amendment, vide col. 4217 supra).*

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That the Bill further to amend the Companies Act, 1955 as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : We shall now take up the clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

Clause 3—Insertion of new sections after section 10 in Part f

SHRI V. M. CHORDIA; Sir, I move:

1. "That at page 3, line 36, for the words 'on the Tribunal*' the words 'a member of the Tribunal' be substituted."

2. "That at page 6, line 2, the words 'communication to the appellant of be deleted."

SHRI DAHYABHAI V. PATEL; Sir, I move:

9. "That at page 5, line 28 the word 'only' be deleted."

10. "That at page 5, line 31, for the words 'out of any finding' the words 'out of any decision, finding or order*' be substituted."

11. "That at page 5, line 32, after the word and figure 'section 388D' the words 'and on any other question with the leave of the High Court' be inserted."

The questions were proposed.

श्री विसलकुमार मन्नालालजी चौर-
डिया : मैंने जो पहला संशोधन दिया है वह
वाक्य रचना को, फ्रेजियालाजी को, ठीक करने
के लिये है। मेरे मत से, जो संशोधन मैंने दिया
है वह फ्रेजियोलाजी को ठीक करेगा, सुन्दर
बनाएगा और इससे उसके सेंस में कोई फर्क
नहीं पड़ता है और इसी आशय से मैंने जो यह
संशोधन रखा है आशा है, मन्त्री महोदय
उसको स्वीकार करेंगे।

मेरा दूसरा संशोधन करने अपील की जो अवधि दी है, उसके बारे में है। विधान में जो व्यवस्था दी हुई है वह इस प्रकार है :

"Every such appeal shall be filed within a period of sixty days from the date of communication to the appellant of the decision, finding or order of the Tribunal"

मेरी ऐसी मान्यता है कि कोई आदमी जब तक अपील नहीं करता तब तक वह अपील की कटेगरी में नहीं आएगा। इसी आशय से मैंने संशोधन दिया है और आशा है मन्त्री सहृदय उसको भी स्वीकार करेंगे।

SHRI T. T. KRISHNAMACHARI: The first amendment is a pure verbal amendment. So far as Mr. Patel's amendment goes, I am afraid it is a matter which makes a serious alteration—Therefore I would not like to accept it. I thought that the second amendment of Mr. Chordia really referred to a different clause altogether because his second amendment goes into another page, page 6.

5 P.M.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Mr. Chordia, would you like to withdraw your amendments?

SHRI V. M. CHORDIA: I do not mind. I beg leave to withdraw them.

* Amendment Nos. 1 and 2 were, by leave, withdrawn.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Mr. Patel, would you like to say something?

SHRI DAHYABHAI V. PATEL: Mr. Vice-Chairman, I would say that since it is admitted from the other side that to err is human, it follows consequentially, as a corollary, that the right of appeal should be given. If an error is made the right of appeal should be there. I do not see why I should withdraw my amendment.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

♦For texts of amendments, vide col. 4338 *supra*.

9. "That at page 5, line 28, the word 'only' be deleted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

10. "That at page 5, line 31, for the words 'out of any finding' the words 'out of any decision, finding or order' be substituted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

11. "That at page 5, line 32, after the word and figure 'section 388D' the words 'and on any other question with the leave of the High Court' be inserted.

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4—Insertion of new Part IA after Part I

SHRI BHUPESH GUPTA: Sir, I want to speak on clause 4.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): There are no amendments.

SHRI BHUPESH GUPTA: It does not matter. I want to speak on clause 4 which brings in the Board.

SHRI T. T. KRISHNAMACHARI: The hon. Member wanted to know if there would be a Report under section 638 of the Companies Act. There will be a Report on the working and the administration of the Companies Act

[Shri T. T. Krishnamachari.] and that will be placed before the House. It was coming before the House and that will come before it again.

SHRI BHUPESH GUPTA: Thank you very much. To err is human, I gain. But one good thing about Shri Krishnamachari is that he corrects himself much more quickly than others.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): So, you can also learn something.

SHRI BHUPESH GUPTA: Why should I learn? I have not committed any error in this. But here, Sir, I have got up to speak partly under a provocation which I least expected from the hon. Finance Minister, because you will remember, Sir, that our objection to this thing was on the ground that we were under the impression—and still we are under the impression—that probably the functions that are discharged by the Company Law Administration, irrespective of the Ministry under which it may be placed, will be abridged. That was our apprehension. In the course of the debate in this House and in the other House on the Report of the Working of the Company Law we had pointed out time and again that we wanted to arm the Government with much more effective powers—and this administration—so that it could deal with the malpractices of the various companies. Here it was a question—and it is a question of principle for us, and I can assure you that we, Members of the Communist Party, are not liable to be easily lobbied, certainly by any Minister or any Secretary. I can tell you that much. And I mentioned in the course the speech that even if it were to be transferred to the Ministry of Finance, we should like its power to be strengthened, no matter who the Secretary is or whoever may be put in-charge; we are not concerned for a moment with that proposition at all. Therefore, it is most unfortunate that Shri Krishnamachari

brought in the question of the Secretary. I think he has done not much damage to me, because I am known to some extent in the country, that we are not liable to this kind of pressure. But certainly he is not being fair it seems, to his own Secretary. Well, it is for him and the Secretary to decide. If the Secretary lobbies, then take him to task but for that we should not be accused.

Mr. Vice-Chairman, I am very glad that Shri Krishnamachari has now said that the Report will be placed before us and that we shall continue to discuss it as before. But that comes from the Companies Act itself.

Here again, I should like to make a suggestion with regard to this Board. Please note that I am not suggesting any individual, I do not have in mind any individual at all because it is, > ou _____ the Government—who will be picking up persons. It should be a very strong institution. The personnel of this Board should be people who have nothing to do with big business. The personnel of this Board—whether it is under the Ministry or it is a separate Board or whatever it is—should be such as they are absolutely above board. They should be entrusted with the task by the hon. Minister of 'coking much more effectively into the affairs of the big business concerns. I expressed my dissatisfaction here about the manner in which the Company Law Administration functioned in so far as it did not detect many of the malpractices. I quoted from the reports to show it. Therefore, you know our position in this matter. Whoever comes to occupy such a position should be invested with effective powers to deal with the corrupt business in the country, and the Ministry should not grudge powers being given to such people. I think it will be a good thing if it were really to be a separate entity with fuller powers as if it were an autonomous body may-be, subject to the superintendence and control of the Ministry, because sometimes we find that various extraneous

influences come in the way of the functioning of such Boards or the Company Law Administration. For example, political influence and other things should not be allowed to come, in, lobbying and so on. I can tell the hon. Finance Minister that permits are given not by the Opposition but by the Government! And you know how sometimes these things can be got. Capital issues are given not by the Opposition but by the Government and you know how sometimes these things are wangled. Therefore, Mr. Vice-Chairman, since the arrangement is being made, I would like to have the clearest assurance from the hon. Minister that this body will have at least the same functions and the authority as the Company Law Administration and it will be better if you tell us today that you would go into this question and give it much more powers than the present Company Law Administration is enjoying.

As far as the personnel is concerned, well, all I say is, choose anybody you like but do not choose anybody who has got any connection with big business directly or indirectly. That is the only condition that I wish to lay down here, and I hope that Shri Krishna-machari will accept that suggestion while choosing the personnel and the head of this Board; well, I do not call it a Department. This is all I have to say with regard to this matter.

SHRI T. T. KRISHNAMACHARI: I can assure the hon. Member and the House that this Board will be a well-knit, strong, efficient administrative unit. And it is my intention, if it is possible, subject to availability to have also a judicial member in it, so that there can be a judicial bias while dealing with the matter. We are also thinking in terms of certain other ancillaries which will be helpful for this and other bodies we have in the Revenue Department.

I can assure him that the question of interfering with its normal work is something which is not possible

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because every Ministry is so heavily overloaded that it has necessarily to leave these bodies to do their work, and I can assure him that this Company Law Board will be a strong administrative unit.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5—Amendment of section 81

SHRI K. V. RAGHUNATHA REDDY
(Andhra Pradesh): Sir, I move:

3. "That at page 7, lines 22-23, for the word 'Government' the words 'Central Government or the State Government or any corporation set up by the Central or State Government, as the case may be,' be inserted."

4. "That at page 7, line 26 after the words 'Central Government' the words "or the State Government or any corporation set up by the Central or State Government, as the case may be," be inserted."

5. "That at page 8, line 8, after the words 'Central Government' the words 'or any corporation set up by the Central Government' be inserted."

6. "That at page 8, after line 11, the following be inserted, namely: —

'(6A) A copy of every order proposed to be issued by the State Government or any corporation set up by the State Government under sub-section (4) shall be laid in draft before each House of Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions.'"

The questions were proposed.

SHRI K. TR. RAGHUNATHA REDDY: Sir in regard to clause 5 (b), it has been said by Shri Santhanam that the word 'Government' used in this clause would cover also the State Governments. It would be my humble submission that the word 'Government' in clause 4 is used in the subordinate clause and not in the principal clause. If once the word is used in the subordinate clause, the meaning that has to be given to the word in the principal clause must be given to the word used in the subordinate clause must be given to the word used in the subordinate clause also. Here, as it is, the clause reads:

"Notwithstanding anything contained in the foregoing provisions of this section where any debentures have been issued to, or loans have been obtained from, the Government by a company, whether such debentures have been issued or loans have been obtained before or after the commencement of the Companies (Amendment)* Act, 1963," . . .

Ibat is bttr subordinate clause.

".... the Central Government may, if in its opinion it is necessary in the public interest so to do, by order, direct" etc.

That is the principal clause. When that is the case, notwithstanding the provisions of the General Clauses Act, notwithstanding the definitions given about 'Government' in the constitution of the Board, I do not think, Sir, that this word 'Government' can be interpreted to mean the State Governments. Next Sir, the clause contemplates loans given or to be given only by the Government, not by other financial corporations. If the Central Government has given certain loans, those loans alone can be converted if, in the opinion of the Parliament, or the Government, it is considered expedient in the public interest to convert the loans into shares. But as a matter of practice, Sir, the loans that are given directly by the Government are very few.

On the contrary, by the various financial institutions, like the Industrial Finance Corporation, the Refinance Corporation, and other developmental corporations like the Shipbuilding Developmental Corporation; huge loans have been given to the various private organisations. To give one instance, the total amount of loans sanctioned by the Indian Finance Corporation, during the last thirteen years of its existence, up to 1-7-1961, was Rs. 105.82 crores. I can quite understand the argument advanced by the hon. Finance Minister that the purpose of this clause is only limited, and as the purpose is limited, it is not necessary to extend the scope of this clause at once. But, Sir though the Finance Minister had given the example that, good is not the enemy of better, when we have to deal with an evil the evil cannot be dealt with by homoeopathic medicines in homeopathic doses. When we want to deal with that evil we must have an adequate measure of provisions of law as we have to treat a disease. That is a major disease and mere homoeopathic medicines will not cure a major disease, like cancer or tuberculosis. You will have to treat it with the proper type of medicines in sufficient quantities. And if that is the object, Sir, then this provision, in spite of all its revolutionary language, in spite of the fact that it has got a killing tongue, it has got only a quiet sword, and that sword is ineffective.

Then the next object, to my mind, is that the loans given are not merely limited to the Central Government's and also the loans" given by the organisations of the Central Government, like the Finance Corporation, but the loans are also given by the various State Governments and the various financial institutions started by the State Governments. If, in the wisdom of the State Government, if the State Government is of the opinion—as the Central Government is feeling now—if they want, in certain cases, to convert the loans given by them into shares, they must have the freedom of power

to act, and I have qualified this freedom of power to act as it is qualified in this very clause, namely, that any order or any suggestion to be made by the State Governments should be placed before their respective State Assemblies and the State Governments should obtain the consent of the State Assemblies on the question, whether the proposed order would be in public interest or not. And if that is the intention, Sir, I do not see any reason why the State Governments should not enjoy the same benefit or the same privilege as the Central Government enjoys in respect of the loans given by them.

I share the apprehension expressed by Shri Santhanam that this clause is a double-edged weapon. It may prove to be a good weapon for the purpose of renovating the unfortunate structure in which certain industries or private companies are, and also, if the men who are put in charge of this are not efficient, if they do not realise the responsibility or the social purpose involved in this matter, the mere fact that the loans are converted into shares does not solve any problem at all. If we do not have sufficient control over the industries in which loans are converted into shares, there can be manipulation of balance-sheets and always a company can go to court for the purpose of reduction of share value, and the very purpose for which you are converting these loans into shares may be lost. This is one factor regarding which these people who are in charge of the administration will have to be careful and vigilant about.

So, Sir, for these reasons, to put the State Governments also on an equal footing in relation to the Central Government, in relation to the loans given by them, and also to include the various Financial Corporations, whether under the auspices of the State Governments or under the auspices of the Central Government, I consider that these amendments are necessary. If the hon. Finance Minis-

ter thinks that "Central Government" would include State Governments also, even then there is no harm in accepting this amendment by way of clarification.

SHRI BHUPESH GUPTA: I want to speak on this. Here I would invite your attention to sub-clause (b) of clause 5. Now, I raised that point in the course of the general discussion, but the hon. Minister perhaps forgot to answer it. Again, to err is human. Now here, in the original Bill, which I have got before me as introduced by the Government in the other House, it read as follows:

"... the Central Government may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case . . ."

Now, this is how the original Bill provision was worded. Then, in the Select Committee, changes were made, and finally it has come to us in this form, and I should like to know from the hon. Minister as to what exactly is the difference, and what he has in mind in altering the wording of this particular thing. It says now, in the Bill as passed by the Lok Sabha:

"... the Central Government may, if in its opinion it is necessary in the public interest so to do, by order, direct that such debentures or loans ..."

etc. etc , Now here it is quite clear to see that the Government is abridging its powers as contemplated originally in the Bill that was introduced in the other House. Here, when they introduced the words 'public interest', I should like to know whether in the other Bill, the original Bill, it was intended by the Government that they would act otherwise than in 'public interest'. We assume, when the Government acts,

we assume, at least the Government assume that they act in 'public interest'. Therefore, why these terms have been introduced here except it be for reducing the powers of the Government? If I had a chance, I would have given an amendment for the deletion of this 'public interest' business and kept it as it was in the original Bill, as it was introduced. This point should be clarified, because it is very subtle, at the same time, it seems to be meaningful also, which is why the Government has thought fit to make this change. The significance and the connotation of this change should be explained to this House.

And secondly, in this connection, we raised a point about conversion of Government loans into equity shares. The hon. Finance Minister should tell us now—as the Finance Minister—as to why the loans that are due from the Tata Iron and Steel Company and the Indian Iron and Steel Company are not being recovered. And what is the plan of the Government with regard to these loans? The loans were given in 1954, as I said, without any maturity date. Then it was decided that from 1958 onwards they should be starting paying interest. Then Mr. Subramaniam said here, only during the last Session, or the Session before, that up to that time, the time when he was answering the question, not even interest had been paid, although it seems there was some talk or agreement that interest at least should be paid. Where do we stand with regard to these particular two loans? Now, this is agitating the minds of the country, of the workers, of the employees and the public. These two companies are not companies which are not making profits. They are making enormous profits. They are in a financial position to pay the whole amount or to allow the Government to turn these loans into equity share. I should, therefore, impress upon the Government that they should fix a definite date, soon-

er the better. Shall we say, within three months or so the loans should be recovered from them or, otherwise, compulsorily the Government should operate under* this Act in order to convert this loan into equity shares of the order of Rs. 20 crores and so on. Now, here please do not tell me that I am having a longterm view. I am having a very short-term view of this matter and it is necessary for the Government to do so because the companies default in payment or find one excuse or another to avoid their own responsibility. I think it is good also from the point of view of the Government now having invested so much money, to have some say in the equity capital by participating in these two important vital concerns of this country.

Sir, we feel that these two companies are being unduly favoured by the Government of India. That is what we feel, and an impression has gained ground that they are being favoured. As you know, in the case of other small loans, to collect it from small businessmen and people, they are taking the matter to courts, getting summons issued and so on. We know how other loans are being collected. But why are these two loans not being recovered by the Government when they are in a position to pay, when so much time has passed? The Government should give a proper explanation to the country so that the country may judge whether the Government's position is right or wrong. In our view, Sir, the Government's position is absolutely wrong in regard to these two particular loans and they smack of certain malpractices in some way.

Therefore, we should like the hon. Finance Minister to clarify the position and tell us when the public exchequer is going to get back the money which was given in 1954 under an agreement, and which has been fully taken advantage of by the private sector, these two big tycoons in the steel industry to make enormous profits.

SHRI T. T. KRISHNAMACHARI: In regard to Mr. Raghunatha Reddy's amendment, Sir, the Government do not contemplate to extend the scope of this particular clause to loans given by the Government to corporations. So far as the position of the State Governments is concerned, I have indicated that there is a definition clause in the General Clauses Act. Government means also the State Government. If a State Government has given a loan of this nature and they want to take action, they have to tell the Central Government and we have to place it before Parliament before we accord sanction.

So far as what Mr. Bhupesh Gupta has said, he has said it before. It is not something new. He wants to know why the words "in the public interest" were put. I think it is good for the Government to act on its own and not on the whims and fancies of a particular Minister. There must be justification for every act that the Government does, and there is always justification in "public interest"¹. After all, everybody in this country has to have some safeguard against any arbitrary action, and in putting that check on the Government, I think, Sir, I have followed only the best democratic principles.

SHRI BHUPESH GUPTA: What about the two loans?

SHRI T. T. KRISHNAMACHARI: I think that question may be addressed to the hon. Minister of Steel.

SHRI K. V. RAGHUNATHA REDDY: Sir, before you put this amendment to vote, I would only like to clarify one matter. The words used in the clause are, "If the Central Government is of the opinion" . . .

SHRI T. T. KRISHNAMACHARI: There is no point in clarifying, I do not agree ■A. with your interpretation; Sir, he cannot make a second speech.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): He does not agree with your interpretation. If you want, I will give you a minute or two.

SHRI K. V. RAGHUNATHA REDDY: I am only clarifying the position,

SHRI T. T. KRISHNAMACHARI: There is no point in clarification.

THE VICE-CHAIRMAN: (SHRI AKBAR ALI KHAN): That you have done.

SHRI K. V. RAGHUNATHA REDDY: But by no stretch of imagination the word can be interpreted to mean as "State Government".

SHRI T. T. KRISHNAMACHARI: Sir, the word "government" is defined in the General Clauses Act, sub-clause 23 of section 3. That definition will hold good wherever the word comes. There is no point in my friend's clarification. If that is so, let it be so.

SHRI BHUPESH GUPTA: The hon. Minister has not still answered my point about the two loans to the Tata Iron and Steel Co. and Indian Steel Co. I take it that it is a bad case which he cannot defend here.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You have repeated it many times. Mr. Raghunatha Reddy, would you like to press your amendment?

SHRI K. V. RAGHUNATHA REDDY: Yes, Sir.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

3. "That at page 7, lines 22-23, for the word 'Government' the words 'Central Government or the State Government or any corporation setup by the Central or State Government, as the case may be, inserted.'"

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): * Amendment Nos. 4, 5 and 6 are consequential. They get barred.

*For text of amendments, vide col. 4344 *supra*.

The question is:

"That clause 5 stand part of the Bill."

The motion was adopted. Clause 5 was added to the Bill. Clauses 6 and 7 were added to the Bill.

Clause 8—Insertion of new section after section 187A in respect.

SHRI V. M. CHORDIA: Sir, I move:

7. "That at page 10, line 10, after the words "have been" the words 'so entitled' be inserted."

SHRI DAHYABHAI V. PATEL: Sir, I move:

12. "That at pages 9 and 10, for the existing clause 8, the following be substituted, namely: —

'8. After section 187A of the principal Act, the following section shall be inserted, namely: —

'187B. (1) The Central Government may, by notification in the Official Gazette, appoint a person as public trustee to exercise the rights and powers conferred on him by this section.

(2) Notwithstanding anything contained in this Act or any other law or any contract, memorandum or articles, where any shares in, or debentures of, a company are held in trust by any person (hereinafter referred to as the trustee), the Central Government may subject to the provisions hereinafter contained, direct the public trustee to exercise at any meeting of the company or at any meeting of any class of members of the company or at any meeting of the debenture holders of the company, as the case may be, the same 'rights and powers (including the right to vote by proxy) as the trustee

would exercise as a member or debenture holder at such meeting and thereupon the public trustee shall, and the trustee shall not, exercise any such rights and powers as aforesaid:

Provided that—

(a) the power under this subsection shall not be exercised except in a case where the Central Government is satisfied that the trustee has in breach of his duties as a trustee exercised his voting right for the advancement of the personal interest of himself or of the settler or to the detriment of the interests of the trust;

(b) this power shall be exercised only after the trustee has been given an opportunity of showing cause against the action proposed or to be taken; and

(c) any trustee against whom this power has been exercised shall have the right of appeal to the High Court having jurisdiction in relation to the place at which the registered office of the company concerned is situated.' "

The questions were proposed.

"Provided that where the trustee is appointed by the public trustee as his proxy, the trustee shall be entitled,

श्री विमलकुमार मन्नालालजी चौर-
झिया : उपसभाध्यक्ष महोदय, जो इसमें
लिखा है वह यह है :

notwithstanding anything contained in any other provisions of this Act, to exercise such rights and powers in the same manner as he would have been but for the provisions of this section."

as he would have been"

जो है वह कुछ बेग सा लगता है और अगर हम
 "as he would have been so entitled"
 उसकी जगह पर रखते हैं तो इस
 वाक्य का इसके द्वारा स्पष्टीकरण हो
 जाता है। इस स्पष्टीकरण की दृष्टि से ही
 मैंने यह छोटा सा संशोधन दिया है और आशा
 करता हूँ कि इसे स्वीकार किया जायगा,
 अगर मन्त्री महोदय को यह ज़बे तो स्वीकार
 नहीं करें तो मुझे तो कोई आपत्ति नहीं है,
 वह जसा समझे वसा रखें।

SHRI DAHYABHAI V. PATEL: Sir, I have
 already given my reasons for it. I have
 nothing to add.

SHRI T. T. KRISHNAMACHARI: So far as
 this amendment is concerned, this is a drafting
 amendment. I think the words "so entitled"
 need not be there. By the words, "as he would
 have been" the idea is carried out; an
 amplification is not necessary.

So far as Mr. Dahyabhai Patel's amendment
 is concerned, it is fundamental. It changes
 drastically the shape of the particular clause. I
 regret, Sir, I am unable to agree.

THE VICE-CHAIRMAN (SHRI AKBAR ALI
 KHAN): In view of the Finance Minister's
 clarification do you still press it?

SHRI V. M. CHORDIA: Yes, Sir.

SHRI DAHYABHAI V. PATEL: I -also
 press it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI
 KHAN): The question is:

7. "That at page 10, line 10, after the
 words 'have been' the words 'so entitled' be
 inserted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI
 KHAN): The question is:

12. "That at pages 9 and 10, for the
 existing clause 8, the following be
 substituted, namely: —

'8. After section 187A, of the
 principal Act, the following section shall
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'187B. (1) The Central Government
 may, by notification in the official
 Gazette, appoint a person as public
 trustee to exercise the rights and
 powers conferred on him by this sec-
 tion.

(2) Notwithstanding anything
 contained in this Act or any other law
 or any contract, memorandum or
 articles, where any shares in, or
 debentures of, a company are held in
 trust by any person thereafter refer-
 red to as the trustee), the Central
 Government may subject to the
 provisions hereinafter contained,
 direct the public trustee to exercise at
 any meeting of the company or at any
 meeting of any class of members of
 the company or at any meeting of the
 debenture holders of the company, as
 the case may be, the same rights and
 powers (including the right to vote by
 proxy) as the trustee would exercise as
 a member or debenture holder at such
 meeting and thereupon the public
 trustee shall, and the trustee shall not,
 exercise any such rights and powers as
 aforesaid:

Provided that—

(a) the power under this subsection
 shall not be exercised except in a case
 where the Central Government is
 satisfied that the trustee has in breach
 of his duties as a trustee exercised his
 voting right for the advancement of
 the personal interest of himself or of
 the settler or to the detriment of the
 interests of the trust;

[The Vice-Chairman]

(b) this power shall be exercised only after the trustee has been given an opportunity of showing cause against the action proposed or to be taken; and

(c) any trustee against whom this power has been exercised shall have the right of appeal to the High Court having jurisdiction in relation to the place at which the registered office of the company concerned is situated,"

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9—Insertion of new Chapter and sections in Part VI

SHRI V. M. CHORDIA; Sir, I move:

8."That at page 13, line 16, after the word 'Tribunal' the words 'for reasons to be recorded in writing and notified in the Official Gazette,' be inserted."

SHRI DAHYABHAI V. PATEL: Sir, I move:

13."That at page 11, lines 1-2, for the words 'Where in the opinion of the Central Government there are circumstances suggesting' the words 'Where it is the opinion of the Central Government' be substituted."

14. "That at page 11, line 6, the words 'negligence or' be deleted."

15. "That at page 11, lines 8 to 16 be deleted."

16. "That at pages 12 and 13, lines 36 to 41 and 1 to 3, respectively, be deleted."

The questions were proposed.

श्री विमलकुमार मन्नालालजी चौर-

झिया : उपसभाध्यक्ष महोदय, यह जो कम्पनी विधान की धारा 355 ई बनाई है और उसमें जो अधिकारों को निकालने की शक्ति सेंट्रल गवर्नमेंट ने ली है उसमें यह संशोधन चाहा गया है। इसमें जो उपधारा 3 है उसके अन्तर्गत यह लिखा है :

"The person against whom an order of removal from office is made under this section shall not hold the office of a director or any other office connected with the conduct and management of the affairs of any company during a period of five years from the date of the order of removal."

तो पांच साल तक उन पदों पर वे नहीं रह सकते हैं लेकिन फिर इसमें प्राविजो डाल करके अपनी डिस्क्रिशन की बात हमारी सरकार ने इसमें रखी है, वह इस प्रकार है :—

"Provided that the Central Government may, with the previous concurrence of the Tribunal, permit such person to hold any such office before the expiry of the said period of five years."

पांच साल पूरे न हों और वह किसी तरह से खुशामद बरामद करके फिर आ जाय और आप उसको नियुक्त कर दें क्योंकि आप यह मान कर चलते चलते हैं कि हमने म को उसे रखना ही है, तो फिर जब आप नियत बना ही रहे हैं तो उनमें आपको यह रखना भी जरूरी है कि गजट में नोटिफाई कर दें कि इन कारणों से पांच साल की अवधि से कम में हमने इस आदमी को नियुक्त किया है, नहीं तो लोगों के मन में शंका का कारण हो सकता है कि किन कारणों से पहले उसको हटा दिया और फिर क्यों लाया जा रहा है। यह शंका की जा सकती है कि उसने चुनाव में मदद की होगी इसलिये रखा जा रहा है। हम चाहते हैं कि शासन किसी तरह से शंका का कारण न

इन्ने इमलिये हमारे यन्त्री जी अगर किसी के ऊपर कृपावन्त होकर उसको नियुक्त करना चाहें तो गजेट में इसको भी साफ-साफ नोटिफाई कर दें कि इन इन कार्यों में, जैसे कि इन सखीबा आदमी हिन्दुस्तान भर में नहीं मिलने का इसलिये इस वजह से यह प्रोटेशन उठाते हैं कि जो लोग बहुत बड़े काम-काज में नोटिफाई कर देंगे तो आप लोगों को भी समझा सकेंगे कि हमारा कैसे कितना क्लियर है बरना मण्डर क्लास डीलिंग करने एंड जस्ट है। तो उससे मुझे मनाही नहीं।

SHRI DAHYABHAI V. PATEL: Sir, I feel that to entrust the judgment of how the business should be conducted with the officials, whether they have experience of business or not is not quite fair. There should be a proper form in which this should be done. The powers given, I feel, are too arbitrary. I am entirely in agreement with **Shri Chordia** and the experience of the past does not indicate that the powers that will be used by the Government will give everything desired. We had the Mundhra deal and we had the reverse Mundhra deal also. We had discussed it in the House before and, therefore, I feel that these powers are too arbitrary; that the Government should decide who should be the managerial personnel, how to change it, when to change it, etc. This is too arbitrary and no business will be able to function normally. The Government's function should be to keep the business straight but to go so far as to interfere with the day-to-day affairs, and to change the managerial personnel, I think, is going too far and whom is the Government going to put? Look at the experience of the State undertakings. What is the interest that the Government is getting from the State undertakings? Are these favourites of the Government being put on undertakings which the Government do not like or perhaps whom the Government disapproved? I have no objection to the Government taking action against people who do not behave properly who misap-

propriate money. Let me make myself clear and I think there is sufficient power in the Companies Act, as it exists to-day, to take it. These are too drastic powers. Why not say that you want to take over all business?

SHRI BHUPESH GUPTA: Sir, I oppose his amendment and I would like the Government to create such authorities with much greater power than he has actually given. Here I would like to make constructive suggestions. These are as follows. First of all, all these people who have been named in the Vivian Bose Report—the ten persons—should not be allowed to sit on any Board of Directors.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Do you think that it is relevant at this stage?

SHRI BHUPESH GUPTA: It is relevant because he has said what kind of people should be there.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The Government is not accepting it.

SHRI BHUPESH GUPTA: How do I know? He has not spoken yet.

SHRI T. T. KRISHNAMACHARI: I beg of the hon. Member to let this be passed. I know his views. Let us pass this Bill. There is no point in going into the past. I request the hon. Member, let us finish this thing. There is no point in going into something extraneous.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): He knows about Vivian Bose and all that.

SHRI BHUPESH GUPTA: All that I say is, there should be a rule by which the officer should go and the rules should be that any person against whom there is suspicion should not be allowed to sit on a Board of Directors and if they happen to be managerial personnel, they should be removed by the Government. This is all that I wish to tell him.

SHRI T. T. KRISHNAMACHARI: In regard to what the hon. Member, Shri Chordia said, we have already provided that if there is going to be any remission, it can only be with the concurrence of the Tribunal and the Government must state its case in writing to the Tribunal why it wants a revision, and this question of putting in the Official Gazette is needless in a matter like this. So far as the series of amendments of Mr. Patel are concerned, they follow the pattern of bringing down the powers, practically making it or nullifying it. Therefore, I am not able to accept the amendments. We are following a path in-between Mr. Gupta and Mr. Patel and as always people who walk in-between, we are apt to fall now and again. It may be that we might err but I hope we will reach the goal ultimately. I am unable to accept the amendments.

SHRI BHUPESH GUPTA: Lean towards Mr. Gupta, it is safer.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

8. "That at page 13, line 16, after the word 'Tribunal,' the words 'for reasons to be recorded in writing and notified in the Official Gazette,' be inserted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR

ALI KHAN): The question is:

13. "That at page 11, lines 1-2, for the words 'Where in the opinion of the Central Government there are circumstances suggesting' the words 'Where it is the opinion of the Central Government,' be substituted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

14. "That at page 11, line 6, the words 'negligence or' be deleted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is-

15. "That at page 11, lines 8 to 10 be deleted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

16. "That at pages 12 and 13, line* 36 to 41 and 1 to 3, respectively, be deleted."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That clause 9 stand part of the Bill."

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The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 to 14 were added to the Bill.

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

SHRI T. T. KRISHNAMACHARI: Sir, I move:

"That the Bill be passed."

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): There is a Message from the Lok Sabha.

MESSAGE FROM THE LOK SABHA **THE PREVENTIVE DETENTION (CONSTITUTIONANCE) BILL, 1963**

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 20 of the Rules of Procedure and Conduct of Business in Lok