

[Shri Chandra Shekhar.] not within the purview of this Committee, and the only pretext again is that security matters are involved. I do not understand, if only administrative questions are to be looked after by this Committee, how security matters come in these defence undertakings. Not only the defence undertakings, a commission like the Khadi' Commission, the Employees' State Insurance, etc., these public undertakings are not within the purview of this Committee. I fail to understand the whole logic behind this category-making of the Government of India.

Madam, I shall like to say a word again and it is that this Committee should not function as a fault-finding body of the public undertakings. I totally agree with this recommendation of the Krishna Menon Committee and I shall request my hon. friend, Mr. Bhupesh Gupta, not to press this point though it is good. I know that people are suffering there, workers are being penalised, are being harassed, but if Parliament takes cognizance of every case, then we will be playing into the hands of those who say that Parliament should have no control over these public undertakings. Not only that, these officers, who do not want to take any initiative, who do not want to have any responsibility on their shoulders, well, they will have a lame excuse and they will begin to say that because Parliament is interfering too much, they are not going to do anything in these public undertakings, and this will give a handle to men like my friend, Shri Mishra, who will say that these public undertakings are devoid of all initiative, that they cannot be run on proper lines. So, Madam, I request that all the bickerings of the past should go. I am happy that after all the Lok Sabha has come to the conclusion, and friends in the Rajya Sabha have also agreed, to work together in one committee. Let us consider all those constitutional complications on a future day, but now we must try to see that this Committee constituted by Parliament becomes a

guiding star for the public undertakings and it formulates certain traditions that Parliament may have control over these public undertakings without killing any one's initiative and without killing its proper functioning in the field of industry and trade.

Thank you, Madam.

**MOTION RE. REPORT ON
WORKING AND
ADMINISTRATION OF THE
COMPANIES ACT, 1956**

SHRI BHUPESH GUPTA (West Bengal): Madam Deputy Chairman, I move:

"That the Sixth Annual Report on the working and administration of the Companies Act, 1956, for the year ended the 31st March, 1962, laid on the Table of the Rajya Sabha on the 5th March, 1963, be taken into consideration."

I am very sorry that our esteemed friend, Mr. Bhargava, is not here to move this particular motion and the task has fallen on me because I am a co-signatory to the notice that was given.

Right at the beginning I should like to say something about the Company Law Administration and its future because today we are discussing it when we do not know exactly what is going to happen to the functions of the Company Law Administration. Recently you will have noted in the papers that the Government has decided to abolish the Company Law Administration as a separate entity and to remove some of its functions to the Ministry of Finance and set up a kind of Board, I believe, under the Revenue Department or some other department. This decision, after six years, was taken—I say this thing with full responsibility—without the slightest reference either to the Minister in charge of the Company Law Administration or to the Company Law Administration, the person in

charge of it, I believe, Shri D., L. Mazumdar. In fact, those who have been running this thing for all these years were suddenly told by the Cabinet Secretary that the decision had been taken and the Company Law Administration, as it is constituted or is functioning, would be abolished and some of its functions would now be transferred to the Ministry of Finance. The report is that our Finance Minister came to the conclusion that this arrangement was not good and he approached the Prime Minister and the Prime Minister okayed the scheme presented to him by the Finance Minister. I do not know whether it was done on an after-dinner occasion, as the Economic Weekly says, or before lunch or at some other time. But the fact remains that it was done in this manner. This raises certain important questions.

Madam, we have been discussing such reports in this House for the last five years or so and we have been advancing certain suggestions with regard to the improvement of the work of the Company Law Administration. In fact, we have been pleading for more powers being given to the Company Law Administration and for strengthening the department so that it can, within the limitations of the Companies Act, fulfil its function in a better way. Now without the slightest reference to Parliament or raising it in Parliament, suddenly the Government takes an arbitrary decision in this manner to abolish the department as a whole. Now as an entity all its functions will be gone. We should like to know why it was done in this manner. Are we not entitled to know from the Government what led the Government to think that a new arrangement has to be made and that this department has to be abolished? Now you will be surprised to hear that the Secretary of this Company Law Administration, Mr. D. L. Mazumdar, was asked to take up the Secretaryship of the Ministry of Works, Housing- and Rehabilitation suddenly by the Cabinet

Secretary. Mr. Mazumdar happens to be one of the senior most I.C.S. men. *Weil*, they are very fond of I.C.S. men —I am not so fond of them—to have them for this kind of thing. But is this the way you are going to run the administration? I ask. I do not have any brief for anybody. In fact, I have some criticisms to make about the functioning of the Company Law Administration. But is this how we are going to treat heads of departments when they have been entrusted by Parliament and by law with certain very important responsibilities? I hope the Prime Minister will not come and say that he endorsed the scheme of the Finance Minister due to certain inadvertence or he was complacent to some suggestions. I hope he will not say such a thing. I hope he had gone into this question properly before taking the decision because I would not like any Minister to be all in all in the administration and the Prime Minister suffering from certain inferiority complex. In matters of finance I must say that whenever the Finance Minister, Mr. Krishnamachari, approaches him, he thinks that is the last law in finance and, therefore, it is to be supported. I hope in this particular case it was not that kind of thing on the part of the Prime Minister of our country. Madam Deputy Chairman, we should like to know something about it.

I understand a Bill, Companies Law (Amendment) Bill, where certain powers and so on are assigned, is coming. We shall discuss it on that occasion also. But tell us frankly what led you to abolish this department as an entity. Is it because big business has been demanding that such a department was not necessary because its functioning was more irritating to them than being useful, or is it because of some economic or some other considerations that this decision has been taken? We would like to know from the Government the exact position.

[Shri Bhupesh Gupta.] Madam Deputy Chairman, having said that, let me come to another rather important aspect before I go on to criticising some features of the report. You know that under the Companies Act there is provision for the appointment of Inspectors. Here if you see in this review, only in two cases Inspectors have been appointed. Everybody knows that there are many more cases in regard to which Inspectors should be appointed. The Government considered, I am told, in this period of administration 24 cases out of which 8 were brought forward from the last year. The current year under review had only 16 cases before the Government, and out of them only in two cases Inspectors under the Companies Act have been appointed. Now I should like to know how these things are done.

Madam, recently after a lot of influence in Parliament, pressure and expression of public opinion outside in the country, an Inspector was appointed to investigate into the affairs of the five Dalmia-Jain concerns under the Companies Act. The Inspector in question to be appointed was Mr. S. P. Chopra, the well-known Chartered Accountant or Accountant, I am told, here in Delhi but even more influential in other ways. Now we do not know when the report will be coming. We are told next year it will come. But I should like to know from the Government a few things. In the case of Mr. S. P. Chopra the usual practice of giving fees was abandoned and he was appointed on a salary of Rs. 3,500 per month. That is question No. 1. Secondly, why in the case of Mr. Chopra has a daily allowance of Rs. 180 per day has been sanctioned whereas in the case of gazetted officers in the highest rank this is not done? Is it because Mr. Chopra said that unless he gets a big suite and all that in the Regent Hotel in Bombay he would not be able to discharge his functions, air-conditioning facilities and all that? Is it not just to satisfy

his extravagant needs that the Government has waived the existing rules and sanctioned Rs. 180 per day as daily allowance? Why in the case of Mr. Chopra again, I ask, an Inspector, an appointee of the Government under the Company Law, the Government allowed him, while he was in this job, to go abroad on private business, and whether it is not a fact that some Minister asked the Reserve Bank and other authorities to give him foreign exchange for private business? If so, how much foreign exchange had been sanctioned? And did the Government consider, before they sanctioned Mr. Chopra's private tour abroad, that his absence from the country at this moment would be prejudicial to the investigation—assuming that he does it well—especially when Parliament demanded that the investigation

should be quickened and the report should be placed before them? Why Mr. Chopra is being meted out this favoured treatment, I should like to know from the Government here. Madam Deputy Chairman, I have got a document consisting of five pages containing a whole number of charges involving Mr. Chopra and a copy of this has been sent to the Prime Minister, the Finance Minister and other important authorities. May I know whether this has been examined by the Special Police Establishment or other investigating departments. In order to find out whether a person like Mr. Chopra should be appointed as an Inspector? Whole numbers of companies are given, details are given here, involving him in all kinds of transactions and dealings with all kinds of companies and so on. All particulars are given, I do not wish to read it because it will take time but I have full knowledge that the document is in the possession of the Prime Minister and the Finance Minister and other Ministers and it also went to the Ministry of Commerce and Industry. I would like to know what has happened or must we publish it or place it on the Table of the House after quoting? You can demand the placing of it under the

Rules but I will read something of it.

AN HON. MEMBER: Place it.

SHRI BHUPESH GUPTA: I will come to that later. Therefore these are important questions. It is no use trying to get out of these things. Come and tell us what happened, what you think 'of this document which was supplied to important Ministers, including the Prime Minister. Therefore this is how the Company Law authorities function. When the Inspector is under shadow, when he behaves in this manner, am I to understand that such an Inspector will be discharging his responsibilities which have been entrusted to him in connection with the powerful Sahu-Jain concerns or am I to suspect that something may be done, not in a proper way?

THE MINISTER OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF FINANCE IN THE DEPARTMENT OF COORDINATION (SHRI B. R. BHAGAT): Is this a charge by you, this document you are mentioning?

SHRI BHUPESH GUPTA: This is a letter which your Ministers, the Prime Minister and your Minister received. It is said that Mr. S. P. Chopra has made several defalcations—there are charges—of amounts belonging to the Companies listed below, in the capacity of liquidator and official receiver. Nine companies are mentioned.

SHRI RAJENDRA PRATAP SINHA (Bihar): Who has written the letter?

SHRI BHUPESH GUPTA: Somebody.

SHRI RAJENDRA PRATAP SINHA: You place it on the Table. Let us know.

THE DEPUTY CHAIRMAN: We must know who has written.

SHRI BHUPESH GUPTA: Nobody has written this letter. Some gentleman . . .

THE DEPUTY CHAIRMAN: Then give the name, or tell us that it is an anonymous one . . .

SHRI BHUPESH GUPTA: Name I do not want to divulge. (*I-ntewup-tions*).

SHRI RAJENDRA PRATAP SINHA: You place it on the Table. If you are not placing it, give the name.

SHRI BHUPESH GUPTA: The man does not want to divulge his name. I have forgotten the name. (*Interruptions*) .

THE DEPUTY CHAIRMAN: It is not yours?

SHRI BHUPESH GUPTA: Of course not. I have not written but whether the Prime Minister has received the document containing the words Contained in this particular document. That is all that I ask. Examine it on the face of it. Do not bother as to who has written.

SHRI RAJENDRA PRATAP SINHA: If it is an anonymous complaint, how can we look into it?

SHRI BHUPESH GUPTA: It is not anonymous but many anonymous complaints are also looked into. I do not divulge any more of it, because you are keen on laying it on the Table.

SHRI RAJENDRA PRATAP SINHA: It is your document . . .

SHRI BHUPESH GUPTA: I did not want but you wanted it. Mr. Sinha, do not bother about it any more. Let me proceed. Therefore we would like to know this. I will be very happy if these complaints anonymous or otherwise, are found to be false but since they have been made to at least three important persons, they should be gone into and seen and many things come out through complaints sometimes, even if you take them as anonymous complaints. But a registered letter went.

[Shri Bhupesh Gupta.]

Then if you read this report, it has hardly any relation to what is happening in the business world of this country. I do not know what exactly we get from such reports. Our idea is entirely different. We expect something different from the report but I do realise that the Company Law Administration functions under the limitations of the Companies Act and the powers delegated to the authorities under that Act. We are interested in weakening the concentration of economic power by preventing interlocking, subsidiary managing agencies, managing directorships forming in a particular way and also putting curbs on the offices of the Secretary and Treasurer—these two institutions have come in now. We would like to know to what extent the Company Law Administration have discharged their responsibility for weakening the concentration of economic power. We would also like to know how far the Administration has succeeded in encouraging the promotion of small and medium-scale industries rather than, what they call, giant industrial undertakings. It is necessary for us also to be assured of how the Company Law Administration had looked into the question of regional disparities and tried to remove regional disparities in the matter of location of industries. Then of course we would like to know, how the malpractices of all types are being fought or eliminated by the intervention of the Company Law Administration. I regret to say that we do not get much light from the report in any of these respects. That is partly due to the very law under which they function. Yet I would expect of them to go a little deep into the question and reorientate their methods of functioning because we, as laymen here, not as shareholders, are interested in protecting the interests of the shareholders—I do not know how many shares Mr. Sinha holds but I have none, I can tell you and I do not propose to hold any share at all. Now we are interested

not only in what is happening to the shareholders but also in the public. The public interest is uppermost in our minds here. Let us see some aspect of it. The Companies at work are 24,757 taking into account the public limited and private limited companies out of which 5,999 are public limited companies and the rest, 18,658 are private limited companies respectively accounting for a paid-up capital of Rs. 933 crores in the case of public limited and Rs. 945-7 crores in the case of private limited companies but we get only some indication of the grouping. The tendency seems to be that private limited companies are still having an upper hand. Concentration takes place through this and there you find big business houses and others trying to concentrate their economic power through the mechanism of promoting private limited companies. I am not taking into account here the private limited companies owned by the Government. In this period, we find that only there has been an increase between 1957-58 and the year under review, 1961-62 in the paid-up capital of the order of Rs. 855 crores taking all these companies into account. I would like to know how this increase has been made up. That is very important for us in order to understand the trends in our company development, in the development of our company finances. In the year under review, only 199 companies with an authorised capital of Rs. 179-20 crores were set up as public limited companies and 1,415 companies with a paid-up authorised capital of Rs. 145-67 crores came in the category of private limited companies. We have got a total authorised capital of Rs. 324-87 crores. Now these are mere statistics. We should like to know the break-up of the different

trends. Who are coming actually in the category of private limited companies and who are actually in the lead, apart from the Government, in the setting up of giant public limited

companies or taking a greater share in the public limited companies? It seems that in the year under review, 74 giant companies registered themselves with an authorised capital of Rs. 1 crore and above out of which only 17 were Government companies, although their authorised capital accounted for 36 per cent, of the total. But we should like to know what has happened and who are these other people who own these 67 companies which are privately owned. If their authorised capital is not big proportionately to that of the Government-owned companies, that is understandable. But who are they and why are they being allowed to own these companies in this manner? That is another point to be known.

Then again, Madam Deputy Chairman, I find that the old malpractices are still going on. As many as 1,055 special resolutions were passed in 505 companies for regularising the appointment of the Directors and their relatives to offices of profit and 32 per cent of those appointed as directors were in the category of those who receive a salary of Rs. 1,000/-and more. It seems that the authorities have not been able to check this sort of thing. You will be surprised to hear that in the year under review, 661 directors employed 513 of their relatives to such managerial and other posts. Therefore, it seems that interlinking is taking place by bringing in relatives and what was done freely in broad daylight in the old days is now being done through the subterfuge of bringing in relatives and so on. And then, the director's pay is not checked. It seems that in a number of cases monthly salary is paid to the director, flouting the laws and the decisions of the Government And still the Government is maintaining this managing agency system and they have sanctioned managing agency in a number of cases. In the year under review they have sanctioned the managing agency to 63 out of a total applications of 75. This is

liberal treatment given to managing agents and one would expect that this would be checked. In fact, now the system of managing directors has also been coming up. As regards prosecutions, if you take into account their number, only 4,579 cases resulted in conviction, and surprisingly enough, the aggregate fine realised is , Rs. 3,13,245/- and I must say with shame that West Bengal leads in this matter and out of a total number of prosecutions of 2,663 West Bengal has the highest. We have there such a great Ministry with such a law and order position. They can arrest Communists in hundreds, but they cannot stop this kind of thing. Out of the total for all India as many as 661 prosecutions took place in West Bengal for Company Law violation. But then the average fine collected is only Rs. 47.

SHRI RAJENDRA PRATAP SINHA: Were those prosecutions launched by the West Bengal Government or by the Company Law Administration?

SHRI BHUPESH GUPTA: Well, I don't know, perhaps by both. It is immaterial to me, but the averbge fine collected is only Rs. 471- which is nothing. What is Rs. 47/- to Mr. Mundhra and other such people who flout the law and get away by paying fine of Rs. 501-?

Then again, in the matter of regional disparities I must point out a serious lacuna. In the Eastern Region as they call it *i.e.* West Bengal, Bihar, Orissa and Assam, 428 companies were started, but most of them were in West Bengal. Therefore, if you leave West Bengal, only 34 companies were there in the rest of the region, that is to say 34 companies in Orissa, Assam and Bihar. The concentration took place in West Bengal. Similarly in the Southern Region also. Therefore, this kind of a categorisation of the regions will do no good. We want to know how the various parts of the country are coming up,

[Shri Bhupesh Gupta.]

how states that are relatively backward in the matter of industries are coming up, and here again we do not get any satisfactory light from the Company Law Adminisiration Report. In the Report we find lots of pleas, full of helplessness, and page after page you read through this Report, you can find nothing else. It seems we can do nothing when the laws are being violated. We have drawn their attention to these violations of the law and to those who have violated the law. What prevented them from prosecuting them and getting them punished or from making suggestions for amending the law so that imprisonment can be provided for in cases where it is not so provided now? We do not get any such information from this Report.

Then, Madam Deputy Chairman, I would like in this connection to mention certain other things. You will remember that some time back, to be exact, on the 19th March, 1963, I brought in the question of the Tara-porewala case with regard to defamation of the Telco shares. That was what I did. After that, what happened you know? It is good news. The Central Government intervened and prosecution has been started against Mr. Taraporewala and Mr. Damodara Reddy and others. It is all reported in the newspapers, in the Daily News. These are there very interesting things in these capers. I think this hon. House should know that we do good work. Now charges were framed against Mr. Damodara Reddy and Taraporewala. It has been done and we are told that it has been done on the initiative of Shri Lai Bahadur Shastri. It is a good thing. Let him do it and let these people be tried. For seven years this thing was pending and nothing was done till I produced copies from the original files and this shook the Government and the Government of Andhra Pradesh and the Chief Secretary and the Advocate General could not escape the arm of the law. But I should like to know what steps the Company Law Administration took in such matters.

Here again I am back to the files. I have got plenty of papers. Here is the report of Fergusson and Co., Chartered Accountants, Bombay and Deihi, sent to the ComptmLer and Audi tor-General of India, dated tne 29th October, 1960. This report, points out another case of defalcation by Mr. Taraporewala, Secretary of the Nizam's Charitable Funds, wnich amount to Rs. 5 crores and the alleged misappropriation is to the tune of Rs. 7 lakhs, Rs. 6 lakhs from the National Engineering Company and Rs. 1 lakh from the Jagjit Cotton Mills Ltd. The complete information is there, everything is there, the whole thing is there. Now, will the Government study it? Now, don't ask me to lay it on the Table of the House, because it is an entire file and a big document with all the details, the correspondence between the officers, the report of the accountants, I mean the chartered accountants who were appointed by the Supreme Court. Under orders of the Supreme Court, chartered accountants were appointed and under orders the matters were examined and they came to the conclusion that defalcation had taken place, involving Rs. 7 lakhs of a charity trust. They had been cheated and therefore the beneficiaries of this Trust have been cheated whoever they be. We would like to know what the Company Law Administration Department has been doing in this matter when there is cheating in connection with a charitable fund. I would like to know whether another prosecution is going to be started against the person. On some other occasion I will have to read out the interesting material which I have got here.

SHRI MULKA GOVINDA REDDY (Mysore): Why does not the hon. Member lay it on the table of the House?

SHRI BHUPESH GUPTA: Now, don't take away all the papers from me.

DIWAN CHAMAN LALL (Punjab): Madam, is it not the custom in this House, and of the other House that

whenever a particular document is referred to, it should be and must be placed on the Table of the House? I request my hon. friend to do this now and follow the rule of the House.

SHRI BHUPESH GUPTA: I would request my hon. friend Diwan Chaman Lall to remember that I have not read out anything from it.

THE DEPUTY CHAIRMAN: He has not read out anything from it.

SHRI BHUPESH GUPTA: I shall give it to my hon. friend, but I have not read out anything.

DIWAN CHAMAN LALL: Madam, it is not necessary that he should have read out anything. If the hon. Member refers to any document . . .

SHRI BHUPESH GUPTA: No, no. That is not the rule. I only referred to it.

DIWAN CHAMAN LALL: Will you please give way to me for one minute? I once referred to a document in the Central Legislature and I was called upon by the President of the Central Legislature at that time to place that document on the Table of the House which I did.

SHRI BHUPESH GUPTA: Yes, Madam Deputy Chairman, I want to place it, and not only read out from it. If you will kindly give me a little more time I shall read out the whole thing, and also place it on the Table of the House and make cyclo-sty'ed copies for hon. Members. But for the present I have not read anything from it. Only I wanted to bring to the attention of the Government the existence of this document, rather to refresh the memory of Government, because they probably know it.

DIWAN CHAMAN LALL: The Government Minister is not the only person involved. Every Member of this House is involved.

SHRI BHUPESH GUPTA: I entirely agree, but since I have got only one copy of the document, please do not try to take it away.

DIWAN CHAMAN LALL: The hon. Member can refer to it and then place it on the Table of the House.

SHRI BHUPESH GUPTA: That is all right. So far as that aspect of the matter is concerned, Diwan Chaman Lall is quite right. But I have not read anything from it. I knew my hon. friend was sitting here and he would demand it. I only wanted to refresh the memory of the Government.

SHRI P. L. KUREEL URF TALIB: (Uttar Pradesh) j He cannot decline to place it on the Table just because he has got only one copy.

THE DEPUTY CHAIRMAN: He has only referred to it, he has not read from it.

SHRI BHUPESH GUPTA: Madam, if I am told; "you bring the Denning Report," I will not be in a position to do so.

SHRI P. L. KUREEL URF TALIB: It will be of interest to many hon. Members in the House and so it should be placed on the Table of the House. Merely because the hon. Member has only one copy, he cannot refuse to do so.

SHRI BHUPESH GUPTA: I am grateful to the hon. Members for the great interest being shown because I want Mr. Taraporewala to be hauled up on a separate charge also.

For the present I have only refreshed the memory of the hon. Minister, assuming that he is in possession . . .

4 P.M.

SHRI P. L. KUREEL URF TALIB: Madam, I wish to point that, the document should be placed on the Table.

THE DEPUTY CHAIRMAN: He has not read from the document and it is not necessary to place it. Mr. Gupta, please wind up. (*Interruption*). You have taken more than half an hour are there are four or five more speakers. The time is very limited.

SHRI BHUPESH GUPTA: But the hon. Members are very fond of the document.

SHRI P. L. KUREEL URF TALIB: But the hon. Member is very ungenerous. It should not be so.

SHRI BHUPESH GUPTA: Certainly, ■ will show the document to him privately. Madam, as I said, after reading this Report, you do not get any idea as to what exactly is happening and we are discussing this after the monumental exposure of big business corruption which is contained in the Vivian Bose Commission's Report. After that Report, what we expected from the Company Law Administration was something more because our eyes had been opened. Mr. Vivian Bose went into the question and unfolded and exposed so many things. Are we to understand that such things are not taking place? Are we to understand that Sahu Jain concern was the only concern which was indulging in such malpractices and that others are not doing any such thing? I am surprised that even names were not mentioned. Why don't you mention the names of the companies? In Bengal, Madam Deputy Chairman, the daughter-in-law does not take the name of the elder brother of the husband. We call it *bhasur* in Bengali. Do I understand that some such practice is being followed that they cannot name those persons against whom they have to say something without naming them? The country is entitled to know which are the companies which are violating the provisions of the company law, which are cheating the public, defying Government. We are entitled to know the names and names should be given here. There is no justification for names not being mentioned.

As far as profits are concerned, there is no control. I am finishing and towards the end, Would like to say that Hindustan Lever has been declaring a profit, after taxation, of 26 per cent. Dunlop Rubber gave 20 per cent. Philips India Ltd. gave 21 per cent. These are all 1962 figures. The Metal Box Company of India gave 25 per cent and so this whole thing is going on. Different arrangements are being made through perquisites and other arrangements in order to take away the 'funds and enrich these people who run big business and so on. Here, they sanction foreign private participation in Government-owned concerns. That also should be stopped and I agree with Mr. Kasliwal when he made the point that no private participation should be allowed in the case of companies owned by the Government.

Madam Deputy Chairman, I do not wish to say much. I feel a little confused and I must confess, disappointed by reading this Report. Although I say that the Department should be strengthened. I think the line of approach has to be entirely different. I think they are surrounded on all sides by people who know how to sabotage things but who do not know how to improve matters. That is why we find the particular treatment being given to a particular Inspector. Can't you find another Inspector from this whole country to be appointed as Inspector to go into the question of the Dalmia-Jain concerns? I should like to know what study the Company Law Administration has made of the Vivian Bose Commission's Report and what recommendations it proposes to make. We would have liked to know something about these.

SHRI P. L. KUREEL URF TALIB: The hon. Member always repeats the same thing. It is a waste of time of the House. I would like to say that something should be done. All these are being repeated from beginning to end.

THE DEPUTY CHAIRMAN: He is winding up.

SHRI BHUPESH GUPTA: Madam 1 Deputy Chairman, I say that they 'have net shed any light on what action they propose—it is no repetition—in the light of the findings of the Vivian Bose Commission's Report.

SHRI P. L. KUREEL *URF* TALIB: It is all the same thing.

SHRI BHUPESH GUPTA: Same thing for him because of narrow mind. This is the first time I am saying. On the whole, it is unsatisfactory. I say that the Report is unsatisfactory. We do not know what will happen . . .

SHRI LOKANATH MISRA (Orissa): If they straighten it up, the Congress treasury would be empty.

SHRI BHUPESH GUPTA: We do not know what will happen to this Administration in the future. Let us wait for the Government to come out with its policy with regard to how it is going to manage and look after the companies. As matters stand, they are unsatisfactory. What was needed was improvement but we have been put into uncertainty again by the decision of the Finance Ministry, and * can tell Mr. Kureel that I have not repeated.

The question was proposed.

श्री बंशीलाल (पंजाब) : उपसभापति महोदया, जो एनुअल रिपोर्ट हमारे सामने है उस से पता चलता है कि कम्पनीज के इंतजामात और व्यापार को सुचारू रूप से चलाने का प्रबन्ध अभी पूरे तौर से नहीं हो पाया है। इस का सब से बड़ा कारण कम्पनीज एक्ट में प्राइवेट और पब्लिक लिमिटेड कम्पनीज में जो डिस्टिक् न रखा गया है वह है। यदि प्राइवेट और पब्लिक लिमिटेड कम्पनीज में डिस्टिक्शन हटा दिया जाय तो मैं समझता हूँ कि कम्पनीज के व्यापार और इंतजाम को ठीक ढंग से चलाया जा सकता है।

आज देश में २४,७५७ कम्पनीज १,८७६ करोड़ रुपये के पेड-अप कैपिटल की हैं और इन में से ५,६६६ कम्पनीज ही पब्लिक लिमिटेड कम्पनीज हैं बाकी सब की सब प्राइ-

वेट लिमिटेड कम्पनीज हैं और जो प्राइवेट लिमिटेड कम्पनीज हैं उन की पेड-अप कैपिटल ५० परसेंट से भी ज्यादा है, पब्लिक लिमिटेड कम्पनीज सिर्फ ६३३ करोड़ रुपये की लागत से काम कर रही हैं।

रिपोर्ट में लिखा गया है कि १९६१-६२ में ५०५ कम्पनीज ने १,०५० स्पेशल रेजोल्यूशंस पास किये जिन की रूह से डाइरेक्टरों के ५१३ रिश्तेदारों को नौकरियां मिलीं या आफिस आफ प्राफिट दिये गये। ये ५१३ आदमी ६६१ डाइरेक्टर्स के रिश्तेदार हैं। इस से मालूम होता है कि चन्द-एक रिश्तेदार मिलते हैं और प्राइवेट लिमिटेड कम्पनी बना लेते हैं, खुद ही नौकरी करते हैं, खुद ही आफिस आफ प्राफिट लेते हैं और जैसा दिल चहे वैसा करने में इन को इनकरेजमेंट मिलता है। इस से इंकमटैक्स की चोरी होती है, सेल्सटैक्स की चोरी होती है और दूसरे टैक्सों की चोरी के इमकानात भी बढ़ते हैं।

१९५६-६० में ६१० रेजोल्यूशंस पास किये गये और १९६०-६१ में ४७६ स्पेशल रेजोल्यूशंस पास किये गये जिन की रूह से ७५३ और ६१६ दूसरे रिश्तेदारों को भी आफिस आफ प्राफिट होल्ड करने की इजाजत दी गई या उन को नये सिरे से काम पर लगाया गया।

तो मैं समझता हूँ कि यह प्राइवेट और पब्लिक लिमिटेड कम्पनीज की डिस्टिक्शन जितने असें तक चलती रहेगी उतने असें तक उस किस्म का कंट्रोल सरकार नहीं कर सकेगी जैसाकि पब्लिक लिमिटेड कम्पनीज पर होता है।

कम्पनीज एक्ट की इस रिपोर्ट में लिखा है कि सैकशंस ३६७, ३६८ और ३६९ में चन्द एप्लीकेशंस आई जो हाई कोर्ट में गईं और हाई कोर्ट में जाने से दो, चार का फैसला हुआ बाकी को विड़ा कर लिया गया या कोई पेंडिंग रही क्योंकि माइनारिटी ग्रुप वाले किसी तरह का सबूत उसमें दे नहीं पाए। कम्पनीज एक्ट में ओरिजिनल कोर्ट हाई कोर्ट

[श्री बंशीलाल]

है और हाई कोर्ट में जाना माइनारिटी ग्रुप वालों के लिये बड़ा मुश्किल होता है क्योंकि सारा रिकार्ड मेजारिटी ग्रुप के पास होता है और जब तक माइनारिटी वालों को रिकार्ड तक एक्सेस नहीं होगा और मेजारिटी ग्रुप रिकार्ड को नहीं देगा उस वक्त तक हाई कोर्ट में कोई चीज साबित नहीं हो सकेगी। १९५६ में कम्पनीज एक्ट में सेक्शन ४०८ और ४०९ भी बनाये गये जिनकी रूढ़ि से सरकार को भी एप्लीकेशन दी जा सकती है और सरकार इन्स्पेक्टर्स मुकर्रर कर सकती है, इन्वेस्टिगेशन भी करा सकती है मगर अफसोस की बात है कि १९६१-६२ में कुल २३ दरखास्तों पर गौर किया गया जिनमें से दो कम्पनीज के बारे में इन्स्पेक्टर मुकर्रर किये गये, १७ को खारिज कर दिया गया और ४ को पेंडिंग रखा गया। इसके लिये मैं समझता हूँ कि सरकार को स्पेशल विजिलेंस स्टाफ रखना चाहिये जिसका एक बड़े ओहदे का आफिसर इनचार्ज हो, और वह ईमानदार हो। हर स्टेट में विजिलेंस स्टाफ रखा जाय और उनको वह अधिकार हो कि जिस कम्पनी के बारे में शिकायतें मिलें उसके दफ्तर पर छापा मारें, जांच पड़ताल करें और जहाँ कहीं खामियाँ हों उनको तलाश करें।

दूसरी बात यह है कि प्राइवेट लिमिटेड कम्पनीज में यह जरूरी नहीं होता कि कोई क्वालिफाइड आडिटर हो, किसी आदमी को उठाया और आडिटर लगा दिया, सालहा साल वही आडिटर चलता रहता है। उस आडिटर से मेजारिटी ग्रुप वाले मिल जाते हैं और मिलने से यह होता है कि जो वे लिख देते हैं उसको वह साइन कर देता है और प्राइमर आडिट नहीं होता। मैं समझता हूँ आडिटर्स के इन्स्टीट्यूशन को खत्म कर दिया जाय, सरकार एक महकमा बनाए और उस महकमे में आडिटर्स ही भर्ती किये जायें और एक अलग इसका कैडर बना दिया जाय। जो कोई भी प्राइवेट या पब्लिक लिमिटेड

कम्पनियाँ हों उनका सारा आडिट उस सरकारी महकमे के द्वारा किया जाय।

श्री गुरुदेव गुप्त (मध्य प्रदेश): क्या चार्टर्ड एकाउन्टेन्ट्स खत्म कर दिये जायें ?

श्री बंशीलाल : चार्टर्ड एकाउन्टेन्ट्स को खत्म कर दिया जाय और एक सरकारी महकमा बनाया जाय और सरकारी महकमे के आफिसर ही आडिट किया करें।

दूसरी चीज यह है कि डाइरेक्टर्स का जो इलेक्शन होता है, लिमिटेड कम्पनी के केस में यदि ७ डाइरेक्टर्स चुने जाने हैं तो हर वोटर के ७ वोट होंगे और मेजारिटी ग्रुप जिसके ५१ परसेंट शेयर हैं वे सारी कम्पनी पर हावी हो जायेंगे।

SHRI GURUDEV GUPTA: This would breed more corruption.

श्री बंशीलाल : यदि सिंगल ट्रांसफरेबल बोट से इलेक्शन किया जाय तो माइनारिटी ग्रुप का भी रिप्रेजेंटेशन होगा और माइनारिटी ग्रुप का रिप्रेजेंटेशन होने से दूसरी तरफ की आवाज जो बोर्ड आफ डाइरेक्टर्स में निकलेगी तो मैं समझता हूँ मिसएप्रोप्रिएशन, मालएडमिनिस्ट्रेशन और दूसरी शिकायतों में कमी आ जायेगी।

जहाँ तक जॉइन्ट स्टाक कम्पनी के रजिस्ट्रार्स का सम्बन्ध है, उनको इतने अधिकार नहीं हैं कि वे कम्पनी के खिलाफ ऐक्शन ले सकें, इमीजिएटली कोई कागजात मंगा सकें। उसने एक कागज मंगाया तो उसका हिसाब यह होता है कि सालहा साल वही कागज चलता रहता है और कोई हाई कोर्ट में जाय, सेन्ट्रल गवर्नमेंट में जाय, बात कुछ बन नहीं पाती। तो मैं समझता हूँ रजिस्ट्रार्स को जब तक अच्छे अधिकार नहीं दिये जायें जिससे कि वह जिस किसी कम्पनी से चाहे कागजात इमीजिएटली मंगा सके, छापा मार सके और जांच पड़ताल कर सके उस वक्त तक इस किस्म की शिकायतें कम नहीं हो पायेंगी। धन्यवाद।

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the *Companies Act*, 1956

SHRI DAHYABHAI V. PATEL (Gujarat): Madam Deputy Chairman, the Annual Report on the working of the Companies Act for this year is before us. I do not know whether this is the type of Report that is expected. We have a lot of figures, some of them no doubt useful, but some of them idle statistics, as I would like to call them. This type of Report is perhaps necessitated because of the increase in the number of curbs on industry on joint stock companies instead of something that could be very much simpler. I would say that after the last war the feeling of the people in this country generally and of those engaged in trade, commerce and industry shifted a little. The background, the tradition, the religious tradition of this country vanished from their mind and greed for more and more money took control of them. Whether this greed could be curbed only by legislation of this type is a matter on which there could be two opinions. The working of joint stock companies has come into prominence particularly after the investigation into the case of certain insurance companies and industrial undertakings controlled by a certain group which my friend, Mr. Gupta, is so much in the habit of naming that I will restrain myself and not name them. But is it right that for the fault of one or two people the whole industrial or mercantile community should be branded and subjected to law and restrictions of the type that we have been seeing in the last few years? Granted, Madam, that in so many cases they have been justified, I do not know whether anybody would make bold to say that by far a large majority of industrialists and businessmen of this country are *not* honest and they could be made to behave only by regimentation and restrictions of the type that have been increasing. This Report reveals that industrial progress is stagnant at 8.5 per cent during the last decade as against the estimate of 14 per cent. Is it not something about which Parliament and the country should think? We make big plans and we increase taxation in justification of fulfilling our objects as planned. Here is a major

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failure; the industrial production is stagnant at 8.5 per cent as against estimated 14 per cent. Similarly we have failure in agricultural production but that is not the subject for discussion today. I fail to see anything in this Report—and that is what I would have expected from the Company Law Administration—to guide Parliament instead of giving these idle figures. It is my view, very often contended by my friends on this side, that the necessity of giving more power for restriction and curbs on insurance and other businesses has not been justified and whatever has happened is because of the neglect of people like the Controller of Insurance, perhaps in this case it may be the Registrar of Companies, who did not use the powers that he already had. Brought out by the large amount of propaganda that the insurance companies are not managed well, the good and the bad were all nationalised at one stroke. I am not feeling happy with the situation; there are some people who may be. With the useful functions that life insurance companies performed when they functioned as private companies with due restrictions that the Government imposed on them under the Insurance Act, they could have continued. Those that were not working properly could have been pulled up if we had a Superintendent of Insurance who was alive to the situation, if he was a person who was sitting where the Head Offices of these companies were—a major lot of them were in Bombay or Calcutta and some of them in Delhi—instead of sitting in the heights of Simla all through the year. That was our major failure. I am wondering whether the restrictions that have come to be imposed on the working of companies have not been in the same spirit; my feeling is that they are. We received no statistics in the last few years that so many companies had to be pulled up, that there were irregularities in so many companies, that so many companies were not properly managed. If the machinery of Government is such that one single case of maladministration or whatever you call it, misappw-

[Shri Dahyabhai V. Patel] priation or interlocking of funds took six years to investigate, if this is the way the Government functions, then it is rather that the Government needs to be corrected than the people who are in trade and industry who perform a very useful function in this country. They provide employment to a large section of the society... They increase production at a much faster rate than what Government can do. But they are out-beaten by the new leaders, the leaders of the labour unions, whether they be sitting on that side or on this side. It is their greed for more and more power which needs to be curbed as much as the greed of people who have wealth that is leading us to this.

SHRI AKBAR ALI KHAN: (Andhra Pradesh): The Life Insurance Corporation is working satisfactorily. Facts and figures are there.

SHRI DAHYABHAI V. PATEL: That is according to what you say. I say if the insurance business was working in the free spirit in which it was with punishment to those who were not working properly, things would have been better than what they are today. It is working as a monopoly. There are go many things inside that we do not know. They are excluded from the purview of the House and we cannot even ask questions about it because it is supposed to be a separate organisation. It is an independent corporation. That is the reply that I received when I tried to raise questions. Therefore, Madam, I can assure Mr. Akbar Ali Khan through you that there are many questions which are not satisfactory about that. I will not take up more time on that because that is not the subject before us today.

I referred to the views of the labour unions. I should not be misunderstood. I am not against giving a fair deal to labour. Do give them a fair deal. I am not in favour of sweated labour. But I am also in favour of labour giving a d^v's honest work, for what they are paid. Are the employers of all companies by general standards in ihis country doing so? That is a matter

of grave doubt. Administrative reports of this type should be able to tell us something on that subject also. We have had strikes not only in public undertakings and utility services, but in companies also—banks and insurance companies—whether they were justified or not. Why?

There are certain provisions which act as a disincentive t? increased in dustrial production. Why is the Re port silent on that? We have heard something about the *new* set-up that is proposed to be introduced with the integration of the Company Law De partment in the Finance Ministry. I do not know, I am hesitant to say it, but I do feel that it can be useful. For one thing, if a person who wants to start a new industry, if a new entre preneur who wants to start a business has to go before one God, one Minist • or Secretary to the Ministry, for this licence, for his capital issue and all these things and perform "Arti" once instead of going to half a dozen places in Delhi and perform "Arti" and all that follows, along with it, perhaps it would help him in a large measure. Today it is not *so*. Even with the change that is there, it is not going to be quite *so* simple. There remains more than one department yet that existing companies have to deal with.

I am glad lor once that the Finance Ministry is going to look into the question of capital issues. I hope that includes the issue of new shares and bonus shares, so that being familiar with companies, subjects would be dealt with quickly..

Then, there is the question of registration fees which are too high in this country. This Report itself, I think., has referred to what it is in England The Jenkins Committee Report says that in England it is £25. In this country for a company of Rs. 1 crore, which, is usual for a large industry, if not more, it is Rs. 9,000 only as registration fees. The other ancillaries that go along with it are very much more. Of course, how many times he

has to *ciane* to Delhi to get his sanction, how many departments he has to go to, al¹ that is a different matter. Is this going to help the growth of industries? It is because of this that the industrial progress expected is not coming about. Levies of this type should be in proportion to the service that is rendered to these companies.

I am glad that the Report shows and I understand from people also that a certain type of service is being given to persons in industry. Guidance is being given about the rules, what compliance is required, what they should do, etc. But is it enough? Is the cost of this not too high? If people who want to start industries at places where industries have to be developed, have to come all the way to Delhi to get this information and get guidance, is it not far too expensive?

Within the last few years there is a considerable decrease in the number of private companies as against public companies. I am not quite sure whether this helps the industrial growth of the country. Private companies used to be, till the last Companies Act was passed, a sort of family concern managed by a few people on their own. It was given the shape of a limited company for proper accounting. With the passing of the new Companies Act a few years ago, the proportion of these companies has gone down. In 1945 45 per cent of the total public companies and 5 per cent of the total private companies, excluding banking and Government companies, were managed by managing agencies. In 1962-63, it is noticed that only 22 per cent of public companies and 12 per cent of private companies were under the managerial control of managing agents. So, it is very clear that the managing agency system is declining. I am not very much enamoured of the managing agency system. It has certain evils. I do not shut my eyes to them. But there is a certain amount of return that a person expects for the initiative that he takes, for the risk that he takes in starting an industry and it is but natural that he should

think that the benefit of all that he does would continue to be in his group or in his family as long as they manage the system properly. That being the position, is this not a disincentive to the progress of industry? I look at it from that point of view only. If the managing agency system is bad, I do not want to defend it. But there are certain advantages—the drive, the initiative that is there because of the reward that the managing agency system brings to the people who start the industry. There is a greater incentive which is absent in the case of other companies. I would have liked a report of this type to give us some information on such matters. I feel that the Company Law Administration Department should have the guidance of an independent non-official Committee who understand business. Today all these are dominated only by officials. Some of our I.C.S. officers are very able officers, but they have been trained to be administrators. They have not got the background of commerce and industry, and that is why perhaps some of them have been too hard on these companies. If there are people who are not intrinsically honest and if they want to take advantage of the law, it should be the function of Government to find them out and deal with them. But to make laws which are too hard for the formation and growth of companies is not doing a service to the country and it is therefore that the progress of new companies is slow in this country. I would invite the attention of Government to the parallel in this case of what is done in the United Kingdom, the Company Insurance Division in the Board of Trade. Perhaps it is time that Government gave some thought to this matter on these lines. The Department of Company Law Administration should not only administer the Company Law, but it should be an integrated department which looks into the stock market activities, capital market, new issues, etc., and that would be helpful to the growth of industries, and I am hoping that with the background of industry that the new Finance Minister has, when this

[Shri Dahyabhai V. Patel] Department has been integrated, the outlook of the Department will be on these lines.

There is a need for expert and expeditious handling of matters instead of heavy Government routine and the official hierarchy that have been built up in the last few years in this Department. From that point of view I would consider this step to be in the right direction. For preventing malpractices I would suggest that an attempt should be made to apportion the blame for failures on two sides both on the side of the person who commits the offence and also on the type of the officials or officers who are paid by the Government and whose duty it is to look after this. It has become more and more the tendency to overlook that side completely.

I have expressed myself very much against the type of regimentation that is going on. I do not know whether the Company Law Administration has been used for that purpose or not. I would not make an accusation straightaway, but the general trend of the Government is moving in that direction, and from that point of view I should like to point out how even industries in the public sector are treated differently. We have the steel plants. In the case of the Bhilai Steel Plant, for instance, the machinery was allowed to be cleared on a novel, new procedure. There were no delays in the Customs at the Port of Bombay. It was something which was called the "note pass" procedure, and the customs duty was assessed very much later after the goods had reached their destination and paid. It was not so in the case of the other two steel plants, also in the public sector and managed by Government, because the deal was not Government to Government as in the case of Bhilai. It was a deal between Government and private companies, the suppliers from abroad. With this great advantage that Bhilai started with, no wonder that Bhilai had been able to show a better performance. But is that a true and accurate comparison or is it an

effort to show that the way in which things are done in Russia under Stat* management is the better way of doing things? My feeling is that the present attitude of the Government is all in that direction. I hope the Finance Minister is not doing this also with that same objective in view. I shall wait patiently for a few months, perhaps a year or two, to see whether it is so or not, because it would not be wise right now to pronounce anything on this until we have experience. But the fact remains that the general policy of Government has been in that direction. At least the Finance Minister with a business outlook and a business background should understand this, and he should exert himself to remove the curbs that come in the way of people who want to start business, the delays that are irritating, that need costly journeys to Delhi and staying at the Asoka Hotel and entertaining officers and explaining to them their difficulties. These should be eliminated if more people are to start industries. Madam, we have heard so much about concentration of wealth, but wealth would be concentrated if persons who can only do all these things are only in a position to start industries. If a person has not got the means or cannot afford to come so often to Delhi and entertain the gods of Delhi, whether at the ministerial level or at the secretarial level, what hope has a man who wants to start a small industry? If we want a more rapid industrialisation, it is necessary to encourage the smaller businessmen much more, but I do not mean thereby that such curbs should be increased. I would expect the Company Law Administration to give us more information on this. And that can only come if the Company Law Administration is in the hands of persons who are familiar with trade, commerce and industry like the Board of Trade in the U.K. and not in Government service.

Sr. MULKA GOVTNDA REDDY:
Madam Deputy Chairman. I rise to offer some observations on the Sixt*

Annual Report on the working and management of these big industrial companies. It is therefore absolutely clear that the power of these industrial giants should be immobilised firstly by nationalising these commercial banks so that the deposits that are utilised now by these directors for enriching and for furthering their own ends are ^{cut} short. The other day it was said that some of the general insurance companies were not properly functioning and that Committees were set up to examine the working of these general insurance companies. Here also, the premiums that are received by these general insurance companies are utilised for furthering the ends of the private industrialists. It is therefore absolutely necessary that the Government should take steps to undertake the nationalisation of general insurance also. These steps are absolutely necessary so that the large funds of the public that flow into these commercial banks and the general insurance companies are not utilised for the furthering of the industrial concerns of these big businessmen. On the other hand, those funds should be utilised for the development of industries under the public sector.

[THE VICK-CHAIRMAN (SHRI AKBAL ALI KHAN) in the Chair]

This Report does not give a complete picture of the conditions prevailing in the industrial empires of big businessmen in our country. It does not disclose the names of concerns against whom prosecutions have been launched. I do not mean to say that the Company Law Administration should always think of prosecuting the erring managements of companies. But at the same time they should also see that the managements are given proper directions and training in adhering to the provisions of the Company Law. It would have been better if the Company Law Administration, which publishes views and notes, journal, supplies them to us also, and if the Reserve Bank bulletins are also supplied to us, it would facilitate Members of Parliament to appreciate the working of the Department as well as the functioning of the industrial concerns in our country.

There are 24,757 companies with a total paid-up capital of Rs. 1,879 crores of which there are 5,999 public companies and 18,758 private companies. There are 154 Government companies whose paid-up capital totals Rs. 62T crores. And the total paid-up capital of the non-Governmental companies is about Rs. 1,252 crores. These companies play a very important role in the economy of our country. It is therefore absolutely necessary that we should have proper control over the functioning of these industrial concerns. The other day, Shri Raghunatha Reddy, while moving his Resolution for the nationalisation of commercial banks told us how interlocking of directorships takes place, how nearly 180 directors have about 1,600 directorships in different industrial concerns and how the moneys or the deposits in these commercial banks are being utilised to further the private ends of these directors who control the

Mr. Vice-Chairman, it is true that some of the public undertakings have not shown proper profits and a proper scrutiny and proper control over these undertakings are absolutely necessary. But all the same, the private industries which control a big chunk of the industrial concerns in our country should be properly administered and there should be proper control over the functioning of these concerns. They resort to all sorts of malpractices. It was pointed out by Shri Biju Patnaik at the Jaipur Session, while speaking on the resolution on democracy and socialism, that nearly Rs. 3,000 crores of unaccounted for money is there in the country which is mainly responsible for the rise in prices and for the other illeffects that the country is passing through. And most of these industrial concerns are responsible for indulging in such malpractices. They indulge in the

I Shri Mulka Govinda Ready]

evasion of taxes and some of them do maintain double or triple accounts just to dupe the tax authorities and to evade taxes which otherwise they have to pay. The Vivian Bose Commission's Report has given us a clear picture of the working of the concerns that were under the control of the Dalmia-Jain Group. It clearly shows that most of these big industrial empires do resort to all sorts of malpractices and the poor shareholders are denied the benefit of the profits that they would naturally get if these concerns were properly managed and controlled. It is therefore essential that the Government should go into the working of every one of the big business concerns in the country, not because I am telling that they indulge in such things but it is quite possible that most of these concerns which have a big control over the industries of the country do resort to such malpractices, and also to allay any fears that they are doing such things, it is better that a Commission or a Committee or some inspectors are appointed to go into the working of these concerns. Why I am saying so is for this. We have accepted a socialist society as the goal and recently the Congress Party, at its Jaipur session, has accepted that concrete meaning should be given to the objectives of democracy and socialism and that people should realise the objectives of that society by 1976. If that is the goal and objective, and if we are sincere that that should be realised, then proper control and stricter control over the functioning of the industries is absolutely necessary. Mr Vice-Chairman, time has come when *some* of the basic industries and key industries, that are now being controlled by the private sector, will have to be nationalised if you want to realise the objective that we have all placed before ourselves. The Company Law Administration deserves to be strengthened so that it can give a proper account of itself and also have a proper check and control over these indus-

tries. As we all know, most of these industrial concerns work for more profit and still more profit, and social good is secondary consideration wth them. It is not that they do not love their country. Yes, they do love their country; they do love their God; they do love their flag and symbol; but they love profit more than the country, more than the people with whom they have to live. I therefore feel that a curb is absolutely necessary on the profits those industrial concerns make, and if we want to realise the socialist objective that we have placed before ourselves, we have got to place a ceiling on the incomes of big business men who control these big industrial concerns. Another point I would like to add is that these industrial concerns, these big businessmen have control over most of the industries; the shareholders will not have much say in the administration of these concerns, and most of the managing directors and managing agents h^{dd} bulk shares in these concerns. At present a director or a shareholder who holds some • shares will h^{ve} as many votes as the number of shares he holds in a particular concern, and the director or managing d^{Jrcc}.or who holds bulk shares in a particular concern should be immobilised, so that he will not have the controll'ng authority, which he uses to have because he has got a good number of • shares in a particular concern. The company law should be amended to see that such power that he is now exercising is not there. The Company Law Administration, in their report, have given some useful suggestions, which are to be implemented in the proper spirit. Now we read in the papers that the Company Law Administration, which was all long under the Ministry of Industry, is being transferred to the Finance Ministry. Whether by this new set-up they are going to strengthen the Company Law Administration, or not, I do not know. But I would ve^y murt welcome that this Company Law Administration should be properly

strengthened and particularly the research section in the Company Law Administration should be given all encouragement, so that all the malpractices that are now prevailing in most of the industrial concerns is not there. They have given certain suggestions which I would like to read for the benefit of the Members of this House and for the Government to implement them.

"This is not to say that the operative efficiency of the present administrative set-up cannot be further increased; on the contrary, there is much room, and indeed urgent need, for considerable improvement in this direction. But that will call for substantial investment in the high grade administrative and technical man-power of this Department, when the administrative and financial climate for such investment becomes more favourable."

They have also stated:

"The major task of the Administration will be to bring home to the management of companies not only the essentially fiduciary nature of their responsibilities, but also to develop in them an active operational awareness of the central position which joint stock companies will increasingly occupy in a society, which is slowly but steadily becoming more and more urbanized and industrialized.**" There will be need for a much closer adjustment of the private ends of business with the legitimate purposes of society than has so far been achieved."

And they have given some more suggestions which need to be implemented.

"In this situation, the role of company law as an instrument for regularising and rationalising the use of this power, in a manner which subserves the legitimate private ends of business and at the same time fulfils the essential social purposes of trade and industry, will become increasingly important.***

At this stage, it is too early to say if any further measurable administrative gain was registered during the year under report. It cannot, however, be overemphasized that in this, more than in any other field of administration, ceaseless vigilance". ...

These words "ceaseless vigilance" should be marked.

....."and firm but continuous discriminating efforts can alone ensure steady progress—progress alike in raising the standards of corporate behaviour and in bringing about a much-needed adjustment between the private ends of business and the rapidly growing and increasingly compelling social obligations of trade and industry. These qualities in administration are not easily invoked; their nurture and development offer a challenge to administration, which can be successfully taken up only if the high purpose of the task entrusted to the administration in this field is widely recognized and appreciated and an adequate and competent organisation is built up."

श्री बिनलकुमार मन्नालालजी
चौरङ्गिया (मध्य प्रदेश) : उपसभा यक्ष मोंदय, कम्पनी ला एडमिनिस्ट्रेशन की छठी वार्षिक रिपोर्ट पर चर्चा चल रही है और कानून में जो व्यवस्था की है कि एक वर्ष के अन्दर ही रिपोर्ट करेंगे तो एक वर्ष में केवल २५ दिन ही पड़ते थे, उसके पहले ही कम्पनी ला एडमिनिस्ट्रेशन ने रिपोर्ट पेश कर दी तो ऐसा लगता है कि कानून का बिल्कुल तबखील हो यह उनका लक्ष्य दीखता है। मैं प्रार्थना करूंगा कि इससे पहले ही वे रिपोर्ट प्रस्तुत कर सकें तो अधिक अच्छा होगा और लाभ भी होंगे।

रिपोर्ट का पृष्ठ १८ पढ़ने पर ऐसा मालूम पड़ता है कि हमारे यहाँ १९५६ में २६,८७४ कम्पनियाँ थीं और १९६२ में वे केवल २४,७५७ रह गईं। इस तरह से जो प्रगतिशील अपनाने का भारत वर्ष कहा जाता

[श्री विमलकुमार मन्नालालजी चौरड़िया
हैं और बड़ी योजना का कार्यक्रम चल रहा है, वहाँ इस ६ वर्ष की अवधि में ५,११७ बट गई। दो विकल्प होते हैं उसके। कुछ तो कम्पनियाँ अमलगमेट हो गईं और नई कम्पनियाँ-कम-कर्म होती नहीं, कई कम्पनियाँ लिक्विडेट हो जाती हैं, वाइन्ड अप हो जाती हैं, तमाम सारी बातें हैं। तो यह जो संख्या बटती है, यह कुछ प्रीकलगतानहीं। हमारे माननीय मंत्री जी कहेंगे कि कैपिटल बहुत बढ़ गया है अगर जब पूरी पिव्चर देखी जाय और हम जो प्रगति देखते हैं उसके मुकाबले में जितनी कैपिटल बढ़नी चाहिये थी और जितनी कम्पनियाँ बढ़नी चाहिए थी, वह हुआ नहीं है। जहाँ तक कैपिटल बढ़ने का सवाल है, वह कम्पनियों के अमलगमेशन से तथा इन्फ्रेशनरी कन्डीशन हमारी जो है उसकी वजह से हो सकता है। इसका दुष्परिणाम यह निकलता है कि कान्सेन्ट्रेशन आफ कैपिटल कुछ लोगों के हाथ में ही, कुछ कम्पनीज के हाथ में ही होता जा रहा है। वह भी हमारी जो समाजवादी नीति लगाने वाली सरकार है उसके सिद्धांत के अनुकूल नहीं है, प्रतिकूल है और इस दृष्टि से विचार करने की आवश्यकता है।

5 P.M.

दूसरी बात यह है कि जो प्रगति हम करना चाहते हैं वह नहीं हो पा रही है, कम्पनीज बटती जा रही हैं, जो हमारी प्रगति के लिये एक अच्छा साइन नहीं है। इंग्लैंड के जो आंकड़े हमें प्राप्त हुए हैं उनसे मालूम होता है कि सन् १९५६-६० में वहाँ पर ३,५६,१८२ कम्पनियाँ थीं और एक साल के अन्दर उनके वहाँ ३४,३१२ कम्पनीज का रजिस्ट्रेशन हुआ। इस तरह से १९६० में कुल ३,६३,४९४ कम्पनियाँ हो गईं। तो वहाँ पर एक साल के अन्दर ही इतनी नई कम्पनियाँ रजिस्टर हुईं। अगर हम अपने यहाँ १९६२ तक की संख्या को भी लें, तो हमारी रिपोर्ट के अनुसार सब कम्पनियों की संख्या को अगर जोड़

भी लिया जाय तो २४,७५७ कम्पनियाँ इस समय हैं। जब कि इंग्लैंड में एक वर्ष में ३४,३१२ कम्पनियाँ रजिस्टर हुईं तो हमारे यहाँ की जो कम्पनियों की संख्या है उसको देखकर ऐसा मालूम होता है कि इस मामले में कुछ न कुछ गड़बड़ है। क्या इसका मतलब यह हुआ कि लोग रुपया कम्पनीज खोलने में इन्वेस्ट करना नहीं चाहते हैं क्योंकि हमारे यहाँ अधिक कम्पनीज नहीं बढ़ रही हैं? अवश्य हमारे यहाँ कुछ न कुछ गड़बड़ी है और जब तक हम इस स्थिति को अच्छी तरह से नहीं देख लेते उस पर शांतिपूर्ण ढंग से विचार नहीं कर लेते तब तक हम यह सोचें कि हम अपने यहाँ विकास कर सकेंगे कुछ उचित मालूम नहीं देता है। मेरा यह भी कहना है कि केवल पब्लिक सेक्टर, पब्लिक सेक्टर कहने से ही हमारे देश का भला होने वाला नहीं है। मेरी तो ऐसी मान्यता है कि हमारे देश के लिये पब्लिक सेक्टर भी आवश्यक है और प्राइवेट सेक्टर भी आवश्यक है और एक का काम दूसरे के बिना नहीं चल सकता है। मैं यह बात भी नहीं मानता कि सब काम पब्लिक सेक्टर के जिम्मे होने चाहियें, हमें प्राइवेट सेक्टर के जिम्मे भी कुछ काम देने चाहिये। तो ऐसी स्थिति में हम केवल पब्लिक सेक्टर का भूल अपने दिमागों में चढ़ा लें और इस बात का दुर्लक्ष कर लें कि नई कम्पनियों का हमारे यहाँ निर्माण नहीं हो रहा है तो इसके बारे में कुछ न कुछ विचार करना होगा। ऐसा लगता है कि नई कम्पनियों के निर्माण में हमारे शासन की पालिसी बाधक है और किसी हद तक कम्पनी लां एडमिनिस्ट्रेशन का जो विभाग है वह भी कुछ न कुछ इसमें रुकावट डालता है। हमारे यहाँ कम्पनी ला भी कुछ ऐसा हो गया है जिसकी वजह से लोग नहीं चाहते कि नई कम्पनीज का निर्माण किया जाय। व्यवसायी नहीं चाहते कि नई कम्पनीज को प्रोत्साहित किया जाय, फालतू झगड़े में पड़ें और एक्सप्लेनेशन देते रहें। कम्पनी ला एडमिनिस्ट्रेशन का जो हिस्सा है उसके बारे

में जो रिमार्क निकला है उसको मैं पढ़कर आप के सामने सुना देना चाहता हूँ। यह रिमार्क "लिमिटेड कम्पनी" नाम की जो पत्रिका निकलती है उसमें निकला है। उसमें यह दिया हुआ है :

"We have received several complaints, some justified, more unjustified, that the administration of Company Law Department and their Viceroys in different regions namely, the Registrars of Companies, are interfering too much and at too many important and unimportant points thus, apart from anything else, causing serious diversion of the management, from the day to day business of the Companies."

इसमें आगे कहा गया है :

"Nobody, much less ourselves, even remotely suggest to them not to carry out their duties and obligations strictly and impartially, but to carry them with tact, understanding and sympathy is the need of the hour. Sitting in crystal towers and dispensing law in the right Mughal fashion, irrespective of what the judicial pronouncements have been or what the canons of equity demand, is an attitude not in conformity with the Constitution and the Rule of Law to which our country is dedicated."

उनके "टैक्ट" शब्द से मुझे मतभेद है, बाकी "सिम्पैथी" आदि के जो शब्द प्रयोग किये गये हैं, उनका उपयोग किया जाना चाहिये और मैं इसके पक्ष में हूँ। लेकिन हमारे यहां जो कम्पनी ला की एडमिनिस्ट्रेशन करने वाले लोग हैं वे उसका ठीक तरह से उपयोग नहीं करते हैं। इतना ही नहीं, विभाग के उच्चाधिकारी यह भी प्रकट करते हैं कि चाहे अटार्नी जनरल की राय भी मिलती हो तो भी हम अपना ही इन्टरप्रिटेशन लगावेंगे। यदि कोई अपना अर्थ लगाता है तो उसे कहते हैं कि इसमें यह डिफेक्ट रह गया है, वह रह गया है और

परेशान करते हैं। अगर कोई आदमी उनकी बात का विरोध करता है तो उसे कोई के चक्कर लगाने पड़ते हैं। इतना ही नहीं अगर उनके इन्टरप्रिटेशन को कोई कम्पनी नहीं मानती तो उसे अप्रत्यक्ष रूप से इस बात की धोंस दी जाती है कि वे सावधान रहें, हम देख लेंगे। तो इस तरह का होना ठीक नहीं है। मैं आपके सामने एक और उदाहरण रखना चाहता हूँ। कम्पनी ला की धारा ६१ के अनुसार अगर किसी कम्पनी के शेयर केपिटल में बढ़ोतरी होती है तो उसका नोटिस कम्पनी को रजिस्ट्रार के पास देना चाहिये और नोटिस के साथ साथ जितना पूंजी में अन्तर हो, उस अन्तर की फीस का रुपया भी जमा कर देना चाहिये। एक कम्पनी ने नोटिस देने के पहले रुपया जमा कर दिया और बाद में नोटिस दिया। उससे कहा गया कि तुम दुबारा रुपया भरो, पहिले जो रुपया भरा गया था उससे काम नहीं चलेगा। इस तरह से कम्पनी ला एडमिनिस्ट्रेशन विभाग वाले छोटी छोटी बातों में लोगों को परेशान करते रहते हैं जिससे किसी को कोई लाभ नहीं होता, ठीक नहीं लगता है। तो इन सब बातों को सामने रखकर हमारे कम्पनी ला विभाग को विचार करना चाहिये। दूसरा उनका जो व्यवहार है, काम करने का तरीका है वह ठीक मालूम नहीं देता है। अगर कम्पनी ला विभाग वाले किसी कम्पनी की जांच करना चाहते हैं तो उसे वे पीस मील चलाते हैं और वर्षों तक उस चीज को चलाते रहते हैं। कम्पनी वाले एक साथ सब एतराजों को नोट करके नहीं देते हैं। अगर एक आव्जेशन कम्पलीट हो गया तो वे दूसरा दे देते हैं। अगर दूसरा आव्जेशन पूरा हो गया तो तीसरा दे देते हैं। अगर इस तरह से हमारे कम्पनी ला का प्रशासन चलेगा तो ठीक नहीं रहेगा। हमें मानवीय भावना को लेकर काम करना चाहिये। अगर हम यह भावना लेकर काम नहीं करेंगे तो कम्पनी ला का जो उद्देश्य है वह पूरा नहीं होगा। हम यह मानते हैं कि कम्पनी ला विभाग को कुछ सख्ती के साथ

[श्री विमलकुमार मन्नालालजी चौरडिया] काम करना होता है, मगर इसके साथ ही साथ उनका एक्टिविटी एक फंड की तरह होना चाहिये ताकि वे लोगों को गाइड कर सकें। उन्हें दुश्मन की भाँति हर मामले को विचार नहीं करना चाहिये बल्कि लोगों के साथ मानवीय दृष्टिकोण अपनाना चाहिये।

एक और बात हमें देखनी है और जैसा कि अभी हमारे मित्र श्री डा. भाई पटेल ने बताया कि फीस बहुत ज्यादा है तो उस फीस के बारे में हमें विचार करना चाहिये।

एक बात मैं और यह कहना चाहता हूँ कि हम तो हिन्दी को प्रोत्साहन देते जा रहे हैं लेकिन हमारे कम्पनी ला में खास तौर से इस बात को कहा जाता है कि सारे रिटर्न्स अंग्रेजी में होने चाहिये। अगर वे हिन्दी या रोजनल लैंग्वेज में हों तो उस का अंग्रेजी ट्रान्सलेशन उस के साथ नक्की होना चाहिये। सारा पत्र व्यवहार और कार्यवाही केवल अंग्रेजी भाषा में ही होती है और इस तरह से हिन्दी के प्रति जो हमारा लक्ष्य है उसको हम उपेक्षा करते जा रहे हैं। कम्पनी ला विभाग को भी जमाने के साथ बदलना होगा और जितने भी कानून हैं उन में परिवर्तन करना होगा।

एक और बात की ओर हमें ध्यान देना है। इस रिपोर्ट के पेज १२ के टेबुल नं० २ में दिया हुआ है कि अन्य प्रान्तों एवं क्षेत्रों में कम्पनीज का नया रजिस्ट्रेशन घटता जा रहा है लेकिन दिल्ली में बढ़ता जा रहा है। वैसे तो कहीं भी बढ़ना चाहिये क्योंकि भारतवर्ष पूरा एक है लेकिन दिल्ली राजधानी होने की वजह से यहाँ पहले ही आवास के सम्बन्ध में कई कठिनाइयाँ हैं। अगर हम यहाँ पर ज्यादा कम्पनियों का रजिस्ट्रेशन करते जायेंगे तो यहाँ पर रहने की समस्या ज्यादा गंभीर हो जायेगी। हमारे मेहरचन्द खन्ना जी कहते रहते हैं कि मैं क्या करूँ, यहाँ पर तो रोजाना हजारों लाखों लोग आते रहते हैं, मैं किस तरह से व्यवस्था कर सकता हूँ? इस स्थिति

को दृष्टि में रख कर हमारे लिए अत्यन्त आवश्यक है कि हम दिल्ली में कम्पनीज के रजिस्ट्रेशन को रोकें क्योंकि सत्ता का केन्द्रीयकरण दिल्ली में हो रहा है, उद्योगों का भी केन्द्रीयकरण दिल्ली में ही हो रहा है जो कि कई नवीन समस्याओं को जन्म दे सकता है।

(Time bell rings.)

घंटी पर मुझे यह कहना है मेरे साथ जस्टीफिकेशन नहीं हो रहा है क्योंकि कुछ लोगों को तो ३५, ३५ मिनट दिया जाता है और मैं केवल १० मिनट हो बोला हूँ।

وائس چورمین (شری اکبر علیخان) - بارہ منٹ ہو گئے ہیں -

†[बायस चोरमन (श्री अकबर अली खान) : बारह मिनट हो गये हैं।]

श्री विमलकुमार मन्नालालजी चौरडिया : कहीं तो आप ३५ मिनट देते हैं और कहीं १२ मिनट। यह तो आप का डिस्क्रिशन है और इस के बारे में मैं कुछ नहीं कहना चाहता हूँ क्योंकि यह आप की दृष्टि में जस्टीफाइड है लेकिन मैं तो प्रोटेस्ट नोट करा देता हूँ।

وائس چورمین (شری اکبر علیخان) : پانچ بج گئے ہیں ایک

اسپیکر اور ہے - اگر آپ اپنی اسپیچ کو تھم کر سکیں تو اچھا ہے ورنہ میں آپ کو روک نہیں رہا ہوں -

†[बायस चोरमन (श्री अकबर अली खान) : पाँच बज गये हैं एक स्पीकर और हैं। अगर आप अपनी स्पीच कंट्रोल कर सकें तो अच्छा है वरना मैं आप को रोक नहीं रहा हूँ।]

श्री विमलकुमार मन्नालालजी चौरडिया : इन्सान के लिए इशारा काफी है और मैं थोड़ी ठीक नहीं समझता।

† [] Hindi transliteration.

شری پیارے لال کرپل : طالب :

جذاب والا - میں نے جو کچھ کہنا تھا اس کی بہت سی باتیں ہمارے چوریا صاحب نے آپ کے سامنے کہی ہیں اور اب میں آپ کا زیادہ وقت نہیں لوں گا کیونکہ کافی وقت ہو گیا ہے - جیسا کہ ہمارے دوست نے ابھی کہا کہ کمپنیز کے معاملہ میں ذرا ذرا سی باتوں پر جرمانہ کر دیا جاتا ہے - اگر قانونیکٹر کی رپورٹ تائم پر نہیں پہنچتی یا تائم پر فارم نہیں پہنچتا تو اس پر جرمانہ کر دیا جاتا ہے - ہمارے یہاں دو طرح کی کمپنیز ہیں ایک پرائیویٹ کمپنیز ہیں اور دوسری پبلک کمپنیز ہیں - میں پبلک کمپنیز کے بارے میں کہنا چاہتا ہوں - جنہیں بڑے بڑے لوگ چلاتے ہیں اور فلوٹ کرتے ہیں جن کے پاس کافی کھینچل ہوتی ہے اور روپیہ ہوتا ہے - یہ لوگ اپنے یہاں سیکورٹیز رکھ سکتے ہیں چارٹرڈ اکاؤنٹنٹ رکھ سکتے ہیں - کئی پیڈ آفیس رکھ سکتے ہیں دو دن یہ دن اس بات کا خیال رکھتے ہیں کہ کوئی فارم وقت پر پہنچتا یا نہیں ڈائریکٹر شپ میں کرنی تہدیلی ہوئی یا نہیں تاکہ قانون کے مطابق وہ دن ان کاغذات کو رجسٹرار کے پاس پہنچا دیں - مگر بعض غریب آدمی کسی ایک خاص مقصد کو اے کر چلتے ہیں اور کمپنی فلوٹ کرتے ہیں - کچھ آدمی مل کر کسی کام کو کرنا چاہتے ہیں اور ان کے اندر

ایک سسٹم ایک آنسٹ ڈیزائن ہوتی ہے کہ وہ اس کام کو کریں - اب اگر ان کی کمپنیوں کے ساتھ بھی یہی رویہ کارہائے تو وہ کمپنیاں کبھی چل نہیں سکیں گی - مجھے تو ذاتی تجربہ ہے - چار پانچ کمپنی کے کمسیز کو میں خود کانپور میں کھنڈ کر رہا ہوں اور میں جانتا ہوں کہ جنہوں نے ابھی بزنس کمپنس نہیں کیا اور جو ابھی کمپنی کو صحیح راستہ پر لانا چاہتے ہیں یا جنہوں نے چاہا کہ کمپنی کا نام بدل جائے اور اس کے بعد ہم بزنس کریں گے تو اگر اس دوران میں ہیملس شیت میں یا کسی اور چیز میں فرا دیں ہو جاتی ہے تو چار چار سو پانچ پانچ سو اور چھ چھ سو روپیہ ان پر جرمانہ کر دیا جاتا ہے - ان دو نوٹس دیا جاتا ہے اور نوٹس دینے کے بعد ان پر کمسیز دائر کر دیئے جاتے ہیں - اس سلسلہ میں میں ذرا یہ کمپنی لائیڈ ماسٹریشن سے درخواست کروں گا کہ آپ ذرا اس میں فرق کھجئے - وہ کمپنیاں جو بڑے بڑے آدمی چلاتے ہیں جن کے پاس کافی کھینچل ہے اور جو پیسہ خرچ کر کے آفیس بیزنس رکھتے ہیں ملازم رکھتے ہیں ان پر آپ چاہے کتنی نگرانی رکھیں وہ کوئی بے جا بہت نہیں ہے - مگر جہاں پر آپ دیکھتے ہیں کہ کچھ چھوٹے لوگ کمپنیاں فلوٹ کرتے ہیں اور چاہتے ہیں کہ ہم کسی کام کو کریں تو ذرا

[شری پھارے لال کرہل دہمطلبہ]

سا آپ ان کو لیٹیمیچر دیجئے۔ میں یہ نہیں کہتا کہ اگر وہ قانون کے خلاف کوئی کام کریں تب بھی آپ ان کو چھوڑ دیجئے۔ اگر وہ قانونی طور پر ضابطہ کام کرتی ہیں تو آپ ان کے خلاف کارروائی کریں اور ضروری قدم اٹھائیں لیکن معمولی فارم داخل کرنے میں جو ذرا سی دیر ہو جاتی ہے اور اس کے لئے ان پر جو جرمانہ ہوتا ہے اس پر ذرا سا فور کرنے کی ضرورت ہے۔ اس کو معاف کرنے کی ضرورت ہے اور ان کو زیادہ سے زیادہ ٹائم دیئے کی ضرورت ہے تاکہ ایسی آرگنائزیشنز جو ہوتی ہیں ان کو وہ دور کر سکیں۔

اس وقت پرائیویٹ لمیٹڈ کمپنیز کو آپ نے بہت زیادہ لیٹیمیچر دے رکھا ہے۔ میں چاہتا ہوں کہ ان کو آپ لیٹیمیچر دیجئے مگر اتنا نہیں جتنا کہ آپ نے دے رکھا ہے۔ پرائیویٹ کمپنی میں ایک یہ پابندی ہے کہ ۵۰ سے زیادہ اس کے شہر ہولڈر نہیں ہو سکتے اور پبلک لمیٹڈ کمپنی میں وہ جتنے شہر ہولڈر بنانا چاہیں اتنے بنا سکتے ہیں۔ اس میں ایک بات اور ہے کہ اگر دو آدمی تیار ہو جائیں اور انہوں نے پرائیویٹ لمیٹڈ کمپنی قائم کر دیا تو اس کمپنی کو بہت سے ناچائز قسم کی دہائیوں دی جاتی ہیں مثلاً بیلنس شیٹ کے داخل کرنے میں ان کو بزنس کا کمپنس میٹنگ سارٹیفیکٹ کے لئے

کی ضرورت نہیں ہے اور ان کو سارٹیفیکٹ آفیکٹس کے سارٹیفیکٹ کی بھی ضرورت نہیں ہے۔ اس طرح اس میں ہر من مانی باتیں ہوتی ہیں اور بہت سا روپیہ جو کچھ آدمیوں کا ہوتا ہے وہ ایک آدمی کے پاکٹ میں رہ جاتا ہے۔ اس کے علاوہ ان کا الیکشن اس طرح ہوتا ہے کہ گھر پر بیٹھ ہوئے ہیں گھر پر ہی رجسٹر رکھ ہوئے ہیں اور وہیں پر جنرل میٹنگ ہو گئی اور سالا ہی گھا قانونیکٹر اور بھلوئی بن گھا چھوڑیں یا ملہجنگ قانونیکٹر۔ اس طرح سے وہ گھر کے اندر بالکل ایک سرکل کی طرح سے کام چلتا رہتا ہے اور دوسرے شہر ہولڈر اس کا جو روپیہ ہے وہ برباد ہوتا ہے اور چلند آدمی اس سے فائدہ اٹھاتے ہیں۔ یہی بہت سی کمپنیاں ہیں۔ میں تو کہوں کے نام بتا سکتا ہوں جو کہ ایسا کر رہی ہیں اس لئے پرائیویٹ لمیٹڈ کمپنیز پر کچھ تھوڑی سی زیادہ نگرانی رکھنے کی ضرورت ہے تاکہ ان کا سے ایک دو آدمیوں کے پاس آ جلا جائے۔ وہ پرائیویٹ لمیٹڈ کمپنی کہوں بلاتے ہیں؟ وہ پارٹنر شپ بھی بنا سکتے ہیں۔ ایک دو آدمی ویسے ہی کمپنی چلا سکتے ہیں مگر وہ اس کو پرائیویٹ لمیٹڈ بلاتے اس لئے ہیں کہ کچھ سہولتیں گورنمنٹ سے مل جاتی ہیں۔ اور ان کو پیسہ بھی مل جاتا ہے۔ پرائیویٹ لمیٹڈ کمپنی کچھ

انڈیویڈوزلس کی ہوتی ہے اور وہ فائدہ
اٹھانے کے لئے ناجائز طور پر اس کو
پرائیویٹ لمیٹڈ بناتے ہیں۔ تو اس
پر تھوڑی سی نگرانی کرنے کی ضرورت
ہے۔ میں حال ہی کی ایک بات
بتا رہا ہوں۔ ایک لہارو موٹر سروس
پرائیویٹ لمیٹڈ ہے حصار میں وہ
کھلی ۱۹۵۷ء کی مہرہ خہال میں
بلدی ہوئی ہے۔ کافی عرصہ سے وہ
کھلی قائم ہے اور لاپرواہی اس نے
میں کیا ہے۔ اس کا بلک اکاؤنٹ
نہیں ہے۔ انہوں نے موٹریں بیچی
ہوں اور پمپ دیمو کیا ہے۔ مہرہ
پاس اس کی فوٹو اسٹیٹ کاپی موجود
ہے۔ اگر مجھے اجازت ہو تو میں
اس کو ٹھیل پر بیوی دکھ سکتا ہوں۔

وائس چیرمین (غریب اندر علی

خال)۔ ان انڈیویڈوزل کوسٹو پر مہر
جائے۔ اس رپورٹ کے بارے میں
فرمائے۔

غریب پمارے لال کرال دد طالبہ۔

اس کی ایگریمنٹ کاپی بھی
داخل ہے اور اس ایگریمنٹ کاپی سے
یہ پتہ چلتا ہے کہ ۳۲ ہزار روپیہ
جمع کیا گیا مگر کہیں بلک میں
کوئی اکاؤنٹ نہیں ملے گا۔ یہ تھوڑا
ہزار روپیہ کی رسید ہے انہوں نے
تھوڑا ہزار روپیہ وصول کیا ایک پارٹی
سے جو کہ دو تین آدمیوں پر مشتمل
تھی اور وہ تھوڑا ہزار روپیہ مہرہ خہال

میں کسی بلک میں داخل نہیں
ہے۔ عام طور پر ایسی کمپنیوں میں
کچھ ایسے شہر ہولڈر بنائے جاتے ہیں
جن کو سلوپنگ پارٹنر کہا جا سکتا
ہے اور جو کمپنی کی ورکنگ کو نہیں
چاہتے ہیں ایک دو آدمی جو کمپنی
کی ورکنگ کو چاہتے ہیں وہ مہرہ
پمپ لگائے رکھتے ہیں اور تمام
ایگریمنٹس کو گیمٹ کرتے رہتے
ہیں۔ اس لئے ایسی کمپنیاں
اگر کوئی غلط کام کرتی ہیں تو
ان کے خلاف کارروائی کی جائے اور ان
کے خلاف مقدمات دائر کیے جائیں اس
وقت اس کی بہت سخت ضرورت ہے۔

میں زیادہ نہ کہتے ہوئے اس بات
کو پھر ضرور کہوں گا کہ چوتھی چوتھی
کمپنیاں جو غریب آدمی چلاتے ہیں
ان کو تھوڑا سا مٹھچوڑ دیجئے ان
کو کچھ دھاتیں دیجئے اور ان پر
بے جا دباؤ نہ ڈالا جائے۔ کمپنی
لاہور سٹریٹن کا میں مقصد یہ ہونا
چاہئے کہ زیادہ سے زیادہ کمپنیاں فلوٹ
ہوں۔ ایسا نہیں ہونا چاہئے کہ ان
کے مٹھچوڑ کی وجہ سے بہت سے لوگ
جو کمپنیاں فلوٹ کرنا چاہتے ہیں وہ
بھی نہ کریں۔ اگر زیادہ سے زیادہ
کمپنیاں فلوٹ ہوں گی تو زیادہ سے
زیادہ پیسے رکار کے پاس آئیں گے۔

ایک آخری چیز میں یہ کہنا
چاہتا ہوں کہ یہ جو زیادہ فیس لی
جاتی ہے اس فیس میں بھی کمی

[شری پھارے لال کریل دھڑالہ]
کی جائے تاکہ شریب آدمی اپنے کام کو
آسانی کے ساتھ چلا سکیں اور وہ زیادہ
سے زیادہ کمپنیاں فلوٹ کر سکیں۔

آخر میں میں آپ کا شکریہ ادا
کرتا ہوں کہ آپ نے مجھے انڈا ڈیم
دیا۔

†[श्री पारेलाल कुल्लि : 'ताल्लिब'
(उत्तर प्रदेश) : जनाबे वाला, मैं ने जो कुछ
कहना था उसकी बहुत सी बातें हमारे
चौड़ीया साहब ने आप के सामने रख दी हैं
और अब मैं आपका ज्यादा वक्त नहीं लूंगा
क्योंकि बहुत काफी वक्त हो गया है। जैसा
कि हमारे दोस्त ने अभी कहा कि कम्पनीस
के मुआमले में जरा जरा सी बातों पर जुमाना
कर दिया जाता है। अगर डायरेक्टर की
रिपोर्ट टाइम पर नहीं पहुंची या टाइम पर
फार्म नहीं पहुंचा तो उस पर जुमाना कर
दिया जाता है। हमारे यहां दो तरह की
कम्पनीस हैं एक प्राइवेट कम्पनीस और
दूसरी पब्लिक कम्पनीस हैं। मैं पब्लिक
कम्पनीस के बारे में कहना चाहता हूं।
जिन्हें बड़े बड़े अमीर लोग चलाते हैं और
फ्लोट करते हैं जिन के पास काफी कैपिटल
होता है और रुपया होता है। ये लोग
अपने यहां सेक्रेटरीज रख सकते हैं।
चारटर्ड एकाउंटेंट रख सकते हैं। कई पेड
आदमी रख सकते हैं जो दिन ब दिन
इस बात का खयाल रखते हैं कि कोई
फार्म वक्त पर पहुंचा या नहीं।
डायरेक्टर शिप में कोई तब्दिल हुई
या नहीं तबत कानून के मुताबिक वह
वहां उन कागजात को रजिस्ट्रार के
पस पहुंचा दें। मगर बाज गरीब आदमी
किसी एक खास मकसद को लेकर चलते हैं
और कम्पनी फ्लोट करते हैं। कुछ
आदमी मिलकर किसी काम को करना

चाहते हैं और उनके अन्दर एक सिन्सीयर
एक ओनेस्ट डिजायर होती है कि वो
इस काम को करें। अब अगर उनकी
कम्पनियों के साथ भी यही व्यवहार
करेंगे तो वो कम्पनियां कभी चल नहीं
सकेंगी। मुझे तो जाती तजुर्बा है। चार
पांच कम्पनी के केसिस को मैं खुद
कानपुर में कन्वेंट कर रहा हूं और
मैं जानता हूं कि जिन्होंने अभी बिजनेस
कर्मन्स नहीं किया और जो अभी
कम्पनी को सही रास्ते पर लाना
चाहते हैं या जिन्होंने चाहा कि कम्पनी
का नाम बदल जाये और उसके बाद
हम बिजनेस करेंगे तो अगर इस दौरान में
बलेन्स शीट में या किसी और चीज में जरा
देर हो जाती है तो चार चार सौ पांच पांच सौ
और छैं छैं सौ रुपया उन पर जुमाना कर
दिया जाता है। उनको नोटिस दिया जाता
है और नोटिस देने के बाद उन पर केसिस
दायर कर दिये जाते हैं। इस सिलसिले में
मैं जरा कम्पनी ला एडमिनिस्ट्रेशन से यह
दरखवास्त करूंगा कि आप जरा इसमें फर्क
कीजिये। वो कम्पनियां जो बड़े बड़े आदमी
चलाते हैं जिनके पास काफी कैपिटल है
और जो पैसा खर्च करके ओफिस बेररस
रखते हैं, मुलाजिम रखते हैं उन पर आप
चाहे कितना निगरानी रखें वो कोई बेजा
बात नहीं है। मगर जहां पर आप देखते हैं
कि कुछ छोटे लोग कम्पनियां फरोकत करते हैं
और चाहते हैं कि हम किसी काम को करें
तो जरा सा आप उनको लैटीच्यूट दीजिये।
मैं यह नहीं कहता कि अगर वो कानून के
खिलाफ कोई काम करें तो तब भी आप उनको
छोड़ दीजिये। अगर वे कानूनी तौर पर
गलत काम करती हैं तो आप उनके खिलाफ
कार्रवाई करें और जरूरी कदम उठायें लेकिन
मामूली फार्म दाखिल करने में जो जरा सी
देर हो जाती है और उसके लिए उन पर
जुमाना होता है उन पर जरा सा गौर
करने की जरूरत है। उ को मुआफ करने
की जरूरत है और इनको ज्यादा से ज्यादा

दाइम देने की जरूरत है ताकि ऐसी इर्रेगुलैरिटीज जो होती हैं उनको वो दूर कर सकें।

इस वक्त प्राइवेट लिमिटेड कम्पनीस को आपने बहुत ज्यादा लैचीट्यूट दे रखा है। मैं चाहता हूँ कि उनको आप लैच्युइटी दीजिये मगर इतना नहीं कि जितना कि आपने दे रखा है। प्राइवेट कम्पनी में एक ये पाबन्दी है कि पचास से ज्यादा उसके शेयर होल्डर नहीं बन सकते और पब्लिक लिमिटेड कम्पनी में जितने वो शेयर होल्डर बनाना चाहें उतने बना सकते हैं। उसमें एक बात और है कि अगर दो आदमी तैयार हो जायें और उन्होंने प्राइवेट लिमिटेड कम्पनी कायम कर दिया तो उस कम्पनी को बहुत से नाजाइज किस्म की रियायतें दी जाती हैं मसलन बैलेन्स शीट के दाखिल करने में उनको बिजनेस का कमेन्समेंट सार्टीफिकेट के लेने की जरूरत नहीं है और उनको सार्टीफाइड आडीटर्स के सार्टीफिकेट की भी जरूरत नहीं है। इस तरह उसमें बड़ी मन मानी बातें होती हैं और बहुत सा रुपया जो कुछ आदमियों का होता है वो एक आदमी की पौकेट में रह जाता है। इसके इलावा इनका इलेक्शन इस तरह होता है कि घर पर बैठे हुए ही घर पर ही रजिस्टर रखे हुए हैं और वहीं पर जनरल मीटिंग हो गयी और साला बन गया डाइरेक्टर और बहनोई बन गया चेयरमैन या मैनेजिंग डाइरेक्टर। इस तरह से वो घर के अन्दर बिल्कुल एक सरकल की तरह से काम चलता रहता है और दूसरे शेयर होल्डर्स का जो रुपया है वह बरबाद होता है और चन्द आदमी उससे फायदा उठाते हैं और ऐसी बहुत सी कम्पनियाँ हैं। मैं तो कइयों के नाम बता सकता हूँ जो कि ऐसा कर रही हैं। इसलिए प्राइवेट लिमिटेड कम्पनी पर कुछ थोड़ी सी ज्यादा निगरानी रखने की जरूरत है ताकि उनका पैसा एक दो आदमियों के पास न चला जाये। वो प्राइवेट लिमिटेड कम्पनी क्यों बनाते हैं वो पार्टनरशिप भी बना सकते हैं। एक दो आदमी वैसे ही

कम्पनी चला सकते हैं मगर वो उसको प्राइवेट लिमिटेड बनाते इसलिए हैं कि कुछ सहूलियतें गवर्नमेंट से मिल जाती हैं। उनको पैसा भी मिल जाता है। प्राइवेट लिमिटेड कम्पनी कुछ इन्डविजुअल्स भी होती हैं और वो फायदा उठाने के लिए नाजाइज तौर पर उसको प्राइवेट लिमिटेड बनाते हैं। तो उस पर थोड़ी सी निगरानी करने की जरूरत है। मैं हाल ही की एक बात बतलाता हूँ। एक लुहार मोटर सर्विस प्राइवेट लिमिटेड है हिसार में। वो कम्पनी १६५७ ई० की मेरे ख्याल में बनी हुई है। काफ़ी अर्से से वो कम्पनी कायम है और लाखों रुपया उसने खर्च किया है। उसका बैंक एकाउंट नहीं है। उन्होंने मोटरे बेची हैं और पैसा रितीव किया है। मेरे पास उनकी फोटो स्टैंड कापी मौजूद है अगर मुझे इजाजत हो तो मैं उसको टेबल पर भी रख सकता हूँ।

वाइस चेंसलर (श्री अकबर अब्दुल्लाह) :
इन इन्डविजुअल्स केसिस के बारे में न जाइये इस रिपोर्ट के बारे में फरमाइये।

श्री प्यारेलाल कुरील 'त.लि.ब.' : इसकी एग्रीमेंट कापी भी दाखिल है और इस एग्रीमेंट कापी से यह पता चलता है कि ४२ हजार रुपया जमा किया गया। मगर कहीं बैंक में कोई एकाउंट नहीं मिलेगा। यह १३ हजार रुपये की रसीद है और उन्होंने १३ हजार रुपया वसूल किया एक पार्टी से जो कि दो तीन आदमियों पर मुश्तमल थी और वो १३ हजार रुपया मेरे ख्याल में किसी बैंक में दाखिल नहीं है। आम तौर पर ऐसी कम्पनियों में कुछ ऐसे शेयर होल्डर बनाये जाते हैं जिनको स्लीपिंग पार्टनर कहा जा सकता है और जो कम्पनी की बकिंग को नहीं जानते हैं। एक दो आदमी जो कम्पनी की बकिंग को जानते हैं वो हेरा-फेरी लगाये रखते हैं और तमाम इर्रेगुलैरिटीज को कमिट करते रहते हैं। इसलिए ऐसी कम्पनियाँ अगर कोई गलत काम करती हैं तो उनके खिलाफ

[श्री प्यारेलाल कुरील 'तालिब']

कार्रवाई की जाये और उनके खिलाफ मुकदमा त दायर किये जायें । इस वक्त इसकी बहुत सख्त जरूरत है ।

मैं ज्यादा न कहते हुए इस बात को फिर ज़रूर कहूँगा कि छोटी छोटी कम्पनियाँ जो गरीब आदमी चलाते हैं उनको थोड़ा सा लैटीच्यूट दीजिये उनको कुछ रियायतें दीजिये। और उन पर बेजा दबाव न डाला जाये । कम्पनी ला एडमिनिस्ट्रेशन का मेन मकसद यह होना चाहिये कि ज्यादा से ज्यादा कम्पनियाँ फ्लोट हों । ऐसा नहीं होना चाहिये कि उनके एटीव्यूड की वजह से बहुत से लोग जो कम्पनियाँ फ्लोट करना चाहते हैं वो भी न करे । अगर ज्यादा से ज्यादा कम्पनियाँ फ्लोट होंगी तो ज्यादा से ज्यादा पैसा सरकार के पास आयेगा ।

एक आखिरी चीज़ मैं यह कहना चाहता हूँ कि ये जो ज्यादा फीस ली जाती है उस फीस में भी कमी की जाये ताकि गरीब आदमी अपने काम को आसानी के साथ चला सकें और वो ज्यादा से ज्यादा कम्पनियाँ फ्लोट कर सकें ।

आखिर में मैं आपका शुक्रिया अदा करता हूँ कि आपने मुझे इतना टाइम दिया ।]

SHRI B. R. BHAGAT: Mr. Vice-Chairman, Sir, I am grateful to the hon. House and the Members who have participated in this debate. The hon. Member who initiated this debate has referred to a number of points. Even from the questions this morning I anticipated what matters he would be raising in this debate. I thought that hon. Members would utilise this opportunity for highlighting some of the important issues connected with this important Department but I was rather disappointed because although some of the Members raised some important points—and I would like to deal with **thwm**—a disproportionately greater

amount of time was spent by the hon. Member who is usually very knowledgeable and eloquent on matter* which are rather small, though he may think that they are big enough matters; he spent more time over them. I wish he had spent a little more time on other important issues. Anyway, since he has raised them I would deal with them.

Let me begin with his favourite theme of today, that is, Mr. Chopra. I do not know. He is not in the dock; there is allegation. He has been appointed an Inspector to enquire into the affairs of companies of a group about which hon. Members are all concerned and I think the appointment of an Inspector is not questioned as such but the Inspector is being questioned. I do not know; the hon. Member may have some special fascination for him. I do not know him personally and I do not know much about him. Whatever he may be saying is right or wrong, I do not know but the facts that I have tried to gather do not show that the charges are so serious that they should be referred to here. For example, my friend has taken objection to his going abroad and **sadd**^ that the Government is rather solici-

¹ tous about his going out. Well, that is not a fact that way, although it is true ; that he did ask the Company Law Department that he wanted to go. And what he needed was only a T' Form and not foreign exchange. He had certain clients for whom he wanted to go and it was permissible. So what was done by the Department was—since he was connected with the Department as Adviser—only to forward his application. He was given a *P form and no foreign exchange was given and he has been granted clearance for, I think, about 25 or 26 days.

; That is the information that I have tried to gather hurriedly from the Reserve Bank. So I do not see why any hon. Member should take exception to his going when he is going in a perfectly legitimate way and **for** matters which are permissible even under the present strict law.

Then he said he is charging a fee of Bs. 3,500/- and Rs. 180/- daily allowance. The hon. Member perhaps does not know that comparatively the fees charged by auditors of his experience and repute are much more. Just for refreshing his memory I can say that Mr. Modi who was a Member of the Vivian Bose Commission and who worked for such a long time was charging Rs. 600/- a day for attendance.

Mr. Chopra, when he was working as auditor in the DVC, was given much more than what he is getting here. This is a Government appointment, but if you go into the private big companies and others, the charges of these auditors are very high. So, to say that the fee is very high . . .

SHRI BHUPESH GUPTA: Not fee, but salary.

SHRI B. R. BHAGAT: It is a compromise. The change was more in our favour. He wanted Rs. 250 per hour. As a compromise he has been persuaded to agree to Rs. 3,500/-.

SHRI BHUPESH GUPTA: Wonderful concession.

SHRI DAHYABHAI V. PATEL: Socialistic pattern of society.

SHRI BHUPESH GUPTA: If he had asked Rs. 1,000/ per hour, it would have been given.

SHRI B. R. BHAGAT: You can see that money is not thrown at him, but efforts had been made to see that the fees were brought down to as reasonable a level as possible. I am stating a fact—that it is true that the fees in the private sector, whether they be auditors or others connected with the private sector, are high. As compared to that the remuneration given to Mr. Chopra is not very high.

SHRI BHUPESH GUPTA: How many other Inspectors get that fee?

SHRI B. R. BHAGAT: I do not have that figure just now.

SHRI BHUPESH GUPTA: He is the only one to receive such a high fee.

771 RS—7.

SHRI B. R. BHAGAT: The other Inspectors also get it. I do not know. I cannot compare them with the others. I do not have the details. Then he asked: "Why only two Inspectors were appointed out of so many others?"

SHRI BHUPESH GUPTA: In two cases. *

SHRI B. R. BHAGAT: In two cases. I think he is familiar with the law, particularly with sections 235 and 237 of the Act. I presume he is usually a knowledgeable person, but Inspectors are not appointed as a matter of course. The requirements of law according to the two sections have got to be 'fulfilled strictly. There should be a *prima facie* case before an Inspector could be appointed. Merely because there are some allegations or some suspicions or some anonymous complaints made, we cannot appoint an Inspector. Then, the companies cannot work and cannot run well. I think the hon. Member will agree with me in this matter at least. The appointment of an Inspector is rather a serious matter and only where there are *prima facie* cases they can be appointed. That is the reason why such cases are few. There cannot be a general rule interfering in the affairs of company management.

Then, he referred to private and public companies. He asked: "Which are these private companies?" He gave the impression that because there is a larger number of private companies being floated, probably the concentration of capital is more. I think that is what he meant. I could not follow him very clearly and I do not know, but he said some such thing. Well, I entirely agree with him on this matter. In spite of everything, concentration of wealth is there. We do not have any statistics and we have still to wait for the report of the Mahalanobis Committee which will give the general pattern of income distribution in this country. Like the hon. Member, I am also eagerly awaiting it, the Government is also eagerly awaiting it. Let us see, in a matter like this when everybody talks in his own way. The

[Shri B. R. Bhagat.] hon. Member talks about it in his own way and another hon. Member talks about it in a different way.

SHRI BHUPESH GUPTA: What is it?

SHRI B. R. BHAGAT: What I am saying is that we have appointed this Committee and we are awaiting their report, but generally I agree with the hon. Member that there is a tendency for concentration of capital in fewer and fewer hands. The malady is there, but the remedies are different. But here, I think, the hon. Member is not correct when he is linking it with the formation of a large number of private companies. In the very Report itself, very generally I am saying, if he sees that, he will find that although the private companies—as the amount increases, viz., companies above Rs. 10 lakhs, companies above Rs. 20 lakhs, companies above 40 lakhs, etc.—are only described, for the purpose of this Report a big company or a large-sized company is that which has a capital of Rs. 50 lakhs and above. We call the other companies as small companies.

SHRI BHUPESH GUPTA: Out of the 74 companies even among the public limited companies, 7 are Government companies, with a larger percentage of capital holding by Government, but 67 are privately owned companies in the category of 'authorised capital one crore and more'. You can understand who are connected with them.

SHRI B. R. BHAGAT: Not 7, say 70. I concede that. It is not so. It is more. What I am saying is that the number of private companies is the largest in the smaller group. For example, it is the largest in the one lakh group, companies with a capital of Rs. 1 lakh. Then come companies between Rs. 1 lakh and Rs. 5 lakhs. Below Rs. 10 lakhs capital 70 to 75 per cent, of the private companies come.

SHRI BHUPESH GUPTA: How much of the authorised capital do they account for?

SHRI B. R. BHAGAT: I am talking about the smaller companies. Even with their larger number, they will not account for as much capital as the few big companies.

SHRI BHUPESH GUPTA: That is the point.

SHRI B. R. BHAGAT: I am only saying that the very fact that there is a large number of private companies does not mean that concentration of capital is there. Of course, from the private companies you should exclude the Government companies. They are giant companies in themselves. They are private companies because the President is the only shareholder. Do not include them. Although they are private companies, they are giant companies. For example, the Hindustan Steel Limited are equal to many large-sized public companies in the private sector. But the fact remains that the bigger companies are there because of the very nature of things. There are certain enterprises. Even according to our present policy, we have left certain enterprises open to the private sector. The basic industries or intermediate industries are in the public sector which call for a very large capital. This goes to show that certain industries even in the private sector, which call for an investment of Rs. 10 crores or Rs. 15 crores or Rs. 20 crores, like aluminium, rayon, special steel, pig iron and other things,—which requires something like Rs. 5 to Rs. 10 crores for any company which goes in for such products in the private sector—have got to be large companies. It cannot be a small company. Therefore, in the very forces that are generating the economy, there is a certain tendency inherent in the economy that tends towards the formation of larger capital and to that extent there is concentration of capital in fewer hands. That problem is there. But that is not the purpose of the debate just now. We are debating certainly a different issue.

Then, the hon. Member said something regarding the appointment of

relatives and probably he said that this was the way in which interlocking of companies took place. The Report gives a fairly exhaustive summary about that and it draws the attention of the House to this. The fact remains that the law calls for a special resolution in this respect. It goes to show that as it is, as you know, because somebody is related to a director or to a managing agent or the managing director, he cannot be appointed in any company. That is the intention of the law. The law is that, firstly incompetent people, just because they are related to directors or managing agents or managing directors, should not *ipso facto* be appointed on the board or on salaries which are proportionately very high. Therefore, for any remuneration more than Rs. 500, there has got to be a special resolution, so that the shareholder knows whom he is appointing, what sort of person he is. If he is a relation of the directors, much more so they can scrutinise it, and if he is paid more than Rs. 500/-, they can go into it much more carefully. If that is done and if the shareholders are alert to their needs, their interests and their rights, I think the purpose of the law as it is fulfilled and I think the hon. Member should be satisfied with it. The very fact that a large number of special resolutions—he has given a number of resolutions—have been passed by these companies goes to show that both in spirit and in law this provision is being adhered to.

SHRI BHUPESH GUPTA: So you are satisfied.

SHRI B. R. BHAGAT: Then he said that the report has said about many things, many unsound practices listed. At the end of the report in Chapter XII it gives a number of unsound practices. They are typical cases illustrated to show what are the practices that are being indulged in company management. But the hon. Member is confusing that they are necessarily illegal practices. If they are indulging in certain illegal practices, well, the law will have to

take its course. In such cases names I may be given. But these are tendencies which are unhealthy, unsound tendencies. Wherever it comes to the notice of the Company Law Department in certain matters they try to curb it. But as it is, they are not empowered under the law to take action and much less to give names.

SHRI BHUPESH GUPTA: In this report it is stated that certain investments were made without seeking the prior sanction of the Government, and sanction was sought only after the investments had been made. This was a clear violation of the provisions of the Companies Act.

SHRI B. R. BHAGAT: It is said there also. I think the hon. Member reads one portion and does not read the other. It is said that he did it in a manner that did not attract the law. It is said in the report itself. Therefore, although it was considered unsound or unhealthy, it was not illegal. That is the reason why the Company Law Department tried to point out such cases and listed them in a particular Chapter, so that Parliament, the public and everybody concerned . . .

SHRI BHUPESH GUPTA: Please see page 40. It is said there: "A public company belonging to a well-known management group advanced a large sum free of interest to one of its directors and his relative without obtaining the approval of the Central Government under section 295."

SHRI B. R. BHAGAT: I am sorry. That was Chapter XII giving some of the unsound practices. He is quoting something else. He has just left his point and gone over to somewhere else. I am talking about the point he has raised in Chapter Xn wherein are listed unsound practices, and we are not giving names. I am explaining this so that an informed public opinion should be created, and the House and the public should know some of the unhealthy tendencies that are coming up. The Department itself is trying to check them by indirect pressure, by

[Shri B. R. Bhagat.] advice or some other method, because it has not got the power under the law, and it is not an illegal practice so that it is satisfied by merely bringing out the unhealthy and unsound trends in company management. That is the explanation I am giving. The hon. Member has jumped to some other Chapter.

Then I come to the question which he has raised about the Department itself, the recent transfer of the Department from the Ministry of Commerce and Industry to the Ministry of Finance in the Department of Revenue. I think the hon. Member forgets that this Department was originally in the Finance Ministry itself, and I had something to do with it right from its inception. For some reason it was transferred and as the Finance Minister said in the morning this question was before the Government, and nothing is static and no arrangement is fixed for all time to come. There are regroupings and re-arrangements, and it is the prerogative of the Prime Minister who does it. So, to say that it has been done suddenly or the Cabinet Secretary did it without consulting this gentleman or the other is to draw too much of a conclusion from this. What he should be concerned with is not A, B or C, he is not concerned with personalities. Let us judge it on merits. An arrangement has been made, and he says you have abolished this Department.

SHRI BHUPESH GUPTA: As an entity.

SHRI B. R. BHAGAT: As an entity there is no Department now. It is in the Department of Revenue. He thinks that it is absolutely at variance with the wishes of the House which wanted this Department to be strengthened, and therefore he has come to the conclusion that there must be some influence of big business on the Government which has persuaded it to do so. I would plead with the hon. Member that all these inferences are not correct. The actions we have taken in these matters, the Vivian

Bose Report and the action we have taken on it, all these go to show that wherever an infringement of the law takes place, we try to do our best. The point is, he may question the judgment that it should have been there and not in the Finance Ministry, but I say that the present arrangement will not weaken the Department. The Department as a whole has come here, and it is the intention of Government to create a Board of Company Law Administration.

SHRI BHUPESH GUPTA: Then why did you ask Mr. D. L. Majumdar to leave it?

SHRI B. R. BHAGAT: The Bill has been introduced in the House, and the hon. Member knows that it is provided in the Bill that there will be a Board of Company Law Administration as we have the Central Board of Revenue and so on. The idea is that this Department should be strengthened instead of being weakened, so that it should be functioning as an active executive department. Even the Vivian Bose Commission said that allied matters should be transferred to this Department so that the Department must run in an integrated way. The Bill also gives power to the Government to transfer some subjects if the Government think that in the interests of better administration and in the interests of better company management this Department should be given the responsibility of administering allied subjects. That power has been taken in the Bill which has been introduced yesterday, and the intention is, by the creation of a Board, by creating an integrated Department and by transferring to it allied subjects, the Department will be strengthened and the administration will be more and more streamlined.

SHRI BHUPESH GUPTA: Who will be in charge of it?

SHRI B. R. BHAGAT: There will be a Board under the Department. There will be a Chairman of the Board and it will be suitably strengthened.

SHRI BHUPESH GUPTA: Who will be in charge:

SHRI B. R. BHAGAT: The m-charge will be the Finance Minister. It will be in the Department of Revenue.

Then the hon. Member said that there should be greater association of non-official bodies. I am surprised that the hon. Member should say about this because it is exactly what has been done in this matter. There have been not at one level but at various levels non-officials advising on policy and other matters. For example, there is the Company Law Advisory Commission with a Chairman under the law itself. Certain matters are referred to it. Then there is a Advisory Committee on Company Secretaries. Then there is another Committee called the Technical Advisory Committee. Then there is the Advisory Committee on Company Secretaries in which non-officials are there. Then various other Committees are there. I can say that there are four or five such Committees. The Company Law Advisory Commission is one which under the law is a statutory Commission. It consists of non-officials. There is the Technical Advisory Committee with industrialists, lawyers, chartered accountants and others, and the hon Member will agree that there are non-officials on it. Then there is the Research Programme Committee connected with Company matters. All are non-officials. There is the Advisory Committee on Company Secretaries; the majority are non-officials. There is the Advisory Committee on Management and Accountancy; all are non-officials. I think there is a plethora of non-officials. In this matter the hon Member should not complain about this.

SHRI DAHYABHAT V. PATEL: Is it so to be a body like the Board of Trade in England? I pointed out that there is a Board of Trade in England which absolutely consists of non-officials who look after these things. Is it going to be like that?

SHRI B. R. BHAGAT: We have also a Board of Trade here.

SHRI DAHYABHAT V. PATEL: Is the Board of Trade in charge of those things?

SHRI B. R. BHAGAT: It functions in different spheres. It is not necessarily we should evolve the same pattern. He wanted the association of non-official people. We have here the association of non-official people at various levels; technical people, chartered accountants, lawyers, company secretaries, and others.

Then the hon. Member said about the low fines in West Bengal.

SHRI BHUPESH GUPTA: Everywhere.

SHRI B. R. BHAGAT: But he said about West Bengal also. He is sorry for it.

I think it is true. Some time back, as you know, the courts took the view that the offences were technical offences and they imposed very nominal fines but due to a vigorous drive by the department for the proper and adequate prosecution and for presentation of its case, there has been a visible improvement in this regard in the past two or three years and most of the courts are now imposing adequate fines. Some courts are now imposing fines on a daily basis. This Report concerns 1961-62 but I am saying that the tendency is now reversed, and the courts are also alive to the seriousness

SHRI BHUPESH GUPTA: The all-India average is five rupees. It seems that in 1956 it was Rs. 68.

SHRI B. R. BHAGAT: I am speaking of the tendency after this Report.

SHRI BHUPESH GUPTA: In 1959, it was Rs. 112; earlier it was Rs. 70.

SHRI B. R. BHAGAT: Then he said that the Department should be adequately staffed by legal and other people. I think the Department is

[Shri B. R. Bhagat]. adequately staffed at the various State headquarters. And they take action if there is any lapse on the part of the companies in either submitting the annual report or in calling the annual general meeting or in preparing the balance sheets or the profit and loss accounts and various other matters. The Department takes quick actions and launches prosecutions as provided for in the law.

I think, Sir, these are some of the points that were raised, and I have tried . . .

SHRI BHUPESH GUPTA: What about the Nizam's Charitable Trust?

SHRI B. R. BHAGAT: I am sorry I do not have the details and I cannot touch that question here about the Taraporewala case.

Then one Member said that there should be only Government auditors. This matter has been dealt with in the Vivian Bose Commission's Report also. They have pointed out the lapses on the part of the auditors. "We have now tried to take this matter up with the Institute of Chartered Accountants, who are trying to evolve a code of conduct for them. And this question whether this thing should be nationalised, whether there should be only auditors of the Government and no other, that was also gone into but it is the advice of the Institute of Chartered Accountants that on the balance of all considerations, it would not be wise to nationalise them and therefore for the present we are trying to create a better sense of discipline and for a code to be evolved for the auditors.

The point was made that the auditors should be changed. I think it is just the reverse—they should not be changed too often. The law provides for it. If they are changed too often their independence is impaired. But there is a provision for changing them. They have the right to go to

the meeting and explain things to the shareholders because it is in the interests of the management. If the auditor is not convenient to them, they might like to change him too often and that is why this tendency has to be curbed. The auditors have been given the right to go to the general meeting and to put their point of view before the shareholders but generally it is the practice not only here but all over the world that the auditors are not generally changed.

Sir, these were some of the points that were raised. But I must end with one general point that it is not as if it is an unrealistic Report, we have tried to present a realistic Report. The hon. Member may find it unsatisfactory but from time to time we are trying to improve it. As he would see, even in six years, the law itself has undergone many changes and we have already come forward with another Bill for changing the Company Law. The Vivian Bose Commission has recommended a large number of changes in the Companies Act, and the Government is considering them. So, it is very much before our mind that the *company* managements should not only be sound and enlightened but also should serve the country's interests and not the interests of a few undesirable or unsocial-minded people. This is the policy of the Government and we will do everything. If a change in the law is necessary, we will come to the House with it. If toning up of the administration is necessary, we will come before the House. We are trying to do everything. As for improving the Report, if the hon. Member gives some constructive suggestions, we will do it. The law provides that we should give a realistic picture of the administration every year, and it is a realistic picture. We have tried to give as realistic a picture as possible but if there is any suggestion to improve it so that it could be satisfactory from the hon. Member's point

of view, we shall certainly consider that also.

With these words, I conclude.

THE VICE-CH AIRMAN (SHRI AKBAR ALI KHAN): Mr. Bhupesh Gupta. Please be brief.

SHRI BHUPESH GUPTA: Yes, Sir. What is the use of discussing this Report very much? The Company Law Administrator is on leave, he had been asked to quit. Shri D. L. Mazumdar was given some alternative

SHRI B. R. BHAGAT: He will not come here.

SHRI BHUPESH GUPTA: . . . job in the Ministry of Works, Housing and Rehabilitation.

SHRI B. R. BHAGAT: In any case, he is not coming here to reply to you.

SHRI BHUPESH GUPTA: I am saying that you have disposed of the whole thing. We are in the midst of an obituary of an institution. Therefore, let us have that thing in mind. But some of the points need to be answered. That is all that I will do.

Certainly we shall make suggestions after finding out exactly what you propose to do and what the new arrangement is. But one thing I should like to say that the Company Law Administration Department or rather the institution—whatever it is called—should be strengthened, should be armed with ample powers so that it can deal with malpractices and corruption. How this should be done is a matter of details into which I need not go at the present moment.

SHRI B. R. BHAGAT: I agree.

SHRI BHUPESH GUPTA: You say that the picture here in this Report is a realistic one. I cannot think of a more unrealistic picture of a company affairs than the one that is given here. Compare it with the Report of the Vivian Bose Commission and you will find a word of difference between

the two. One gives the picture of how companies under the control of big money are working or are run, and here is another picture which says very little about the real state of affairs in big business. Therefore, it is an unrealistic picture. Make it realistic if you can.

* Now, I did not refer to any Chapter 12 or so. I asked whether any violation according to this Report had taken place. I wanted to know why the names of those people were not given or what steps had been taken. If you take the fines that are being imposed, the average all-India figure is declining. Compared to five years ago, it is Rs. 67 or so now. Previously it was Rs. 70 or Rs. 112. Therefore, here also there is no improvement.

As far as the appointment of relatives is concerned, yes, we know this thing, they are not shut out. But are we not suspect when five hundred people appoint six hundred relatives to offices of profit that something is wrong. And that should be dealt with by the Company Law Administration or by whoever steps into the shoes at a later time.

I forgot to mention here one thing. I find that the number of ICS, IAS and IPS officers are more and more going into the big business concerns. In 1957, it was five, in 1961, it was 11; now it is more. We fear that these are the go-between to negotiate on behalf of the people there with the people here in New Delhi. Therefore, the Company Law Administration perhaps is not in a position to take vigorous action when the Secretary-General of the External Affairs Ministry or some Secretaries leave the Government to become company directors and they frequently visit Delhi to meet the old friends in the administration.

As far as inspectors are concerned, you said that two inspectors had been appointed. You tell me points about certain provisions in the Company Law of which I am aware. But the trouble is that you could not get to

[Shri Bhupesh Gupta.] the stage of investigation probe and vigilance whereby you could have found out cases meriting the appointment of a large number of inspectors, that is to say, more cases which would call for the appointment of inspectors. This only shows you are doing nothing, you are not reaching to that stage. Yet the fact remains that there are many businessmen in the higher business circles, who are indulging in malpractices, and if you investigate properly into their affairs, you should come to the conclusion that inspectors have got to be appointed. Unfortunately this particular position remains a dead letter—that is my complaint—and that does not speak well of the proper management of the affairs by the Administration or the other authorities concerned. This is symptomatic of the negligence on the part of the Government, symptomatic of the connivance at malpractices, which has become a habit with the present Administration. That is why I mentioned it.

As far as the concentration of wealth is concerned, I agree that from this thing we cannot come to any conclusion, but whatever indication is there points to the fact that the concentration of wealth is taking place in private hands despite the rapid growth of the public sector, relatively speaking. *One* should have liked to know how the Company Law Administration was going to check it, or was trying to check it. We did not get any light even in this respect. Therefore, I had a complaint to make on this score.

With regard to the point that you had made I will come now. The Finance Department, yes, I know that it was under the Ministry of Finance when Mr. Krishnamachari, I believe, was there, and it was thought, after a good deal of deliberation, that there should be a separate entity like the Company Law Administration and that it should be under the Ministry of Commerce and Industry. Now you

are reverting to that old position abolishing it as a separate entity. Do i understand that this rises and falls with Mr. Krishnamachari? Do we . . .

SHRI B. R. BHAGAT: It would be a tsoard instead of a Department.

SHRI BHUPESH GUPTA: Weil, but its location snail be the same place, ^anic as tnat ox Mr. Krishnamachari. i can understand that.

OHRI B. R. BHAGAT: Your fears are uxuounaed. it will be a Board, a very powerful Board, instead of a De-pax tment. What is there in form?

SHRI BHUPESH GUPTA: I have read your Bili which you have introduced in the other House. It is not so powerful as you would like to make out. We shall discuss it when it comes before this House. I wish it were something like that, but even then why not, even if you take the Company Law Administration under your Ministry, the Ministry of Finance, why not take it bodily as a separate entity and invest it with more power instead of dissolving it as such and then taking some of its functions and constituting a Board? That question we shall discuss when your Company Law (Amendment) Bill comes, which you have introduced in the other House. Therefore, Mr. Vice-Chairman, we have not yet got a satisfactory answer as to why this should have, been suddenly done. And here I raised certain questions of principle also, why the authorities concerned were not consulted? But this you have not yet answered. I put it to you that it was news to the Secretary in-charge or the Administrator, as much as it was news to us in the newspapers . . .

SHRI B. R. BHAGAT: How does the hon. Member know?

SHRI BHUPESH GUPTA: . . . that this Company Law Administration was going to be abolished, and as such some satisfactory answer should be givea Things should not be done in a huff.

There was no hurry, when the Parliament was Meeting, to push through your scheme *si* things. Anyhow I do not know what you propose to do. But I do say that we need a powerful administrative agency in order to bridle the monopolistic concerns in our country, and make them behave in public interest. That expression you have taken in the new Bill, I find—the Company Law (Amendment) Bill.

Then, Mr. Vice-Chairman, the hon. Member was upset, why I should have mentioned Mr. Chopra. I am supposed to be a knowledgeable person and, therefore, should I not mention Mr. Chopra? It is precisely because I get some information, acquire some knowledge, that I brought in Mr. Chopra, the blue-eyed boy of the company of the present Ministry in the world of chartered accountants. We should like to know, when it is necessary to expedite this thing, why did you sanction that leave? And how is work going on? And here why did you waive the rules, the normal rules, in order to pay him a salary? I put it to the Government that no other chartered accountant had been favoured in the manner in which Mr. Chopra had been favoured. I should have liked it to be straightway denied. But that has not been done. It is no use telling me how much Mr. Chopra was demanding I know he must be demanding a lot of money. But that does not mean that whatever we are giving is justified; a sum of Rs. 180 per day as allowance is not something which this Parliament could sanction. And if Mr. Modi was taking Rs. 600 per day, let us discuss it, but that was in connection with the Vivian Bose Enquiry Commission, and he was not getting a salary also, I believe. That was all the money he was getting. Anyhow we are not satisfied with all that. But what is more important today in this context is to see that public morality is maintained, that people have confidence in what you do, that people feel that justice is being done and that things are being settled in the proper way. That is why I mentioned Mr. Chopra.

As for the Nizam's trust you have chosen silence—silence undoubtedly is going on. But I have mentioned two crucial cases backed by documents in my possession, copies of originals, where it is shown now the Nizam's trust—you know, Mr. Vice-Chairman, that part of the world—where it is shown how the Nizam had been cheated by the secretary and the principal economic adviser, Mr. Taraporewala. I hope prosecution would also be launched in regard to that, but I leave it at that.

Finally, Mr. Vice-Chairman, I should only like to say here that as far as our company affairs are concerned, much that we should know, we do not know at all, and that is the greatest lacuna from which we suffer. I plead here ignorance in certain matters. Mr. L. K. Jhaveri certainly knows better than I do. But the Government should inform the Members of Parliament as to the ways and methods of the companies in a much more intimate and detailed manner than has been done, so that we can reflect over them and make our suggestions. Much is mysterious and secretive in that world of the big business, and this does not find any kind of proper treatment in a report of this kind. As far as the companies are concerned, the line is clear; the private sector has an important part to play. But today the private sector must be adjusted to the basic needs of our economy, must be made to subscribe to the social objectives that we have put before ourselves must be brought in a proper way in the context of planned economic development, and hence regulations in all directions would be called for. It is most important, enforcement of such regulations. But we regret to say that we notice the absence of this thing, and much more should be done.

This is all that I say. This debate does not really prove very useful—I know—from one angle, that we suffer from lack of information, and those authorities who are responsible for administering such laws

[Shri Bhupesh Gupta.] should, in future, make it a point to inform us better on the subject, take us into the details of the working of the companies, point out where the wrongs are, so that we can follow their track and make suggestions in order to make improvements. This is all that I have to say. Let us see how your new department or board—whatever you call it—shapes. I hope that it will not lead to any relaxation of the efforts but on the contrary, well, as you have suggested, will lead to an improvement in the situation. This is what we

expect from the Government. But I wish the Matter were deferred till Parliament met and we had all been consulted in making the change from one system to another system or arrangement. Thank you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at fifty-nine minutes past five of the clock till eleven of the clock on Thursday, the 28th November 1963.