

**ESTIMATES COMMITTEE
(1965-66)**

**EIGHTY-SIXTH REPORT
(THIRD LOK SABHA)**

MINISTRY OF FINANCE

Action taken by Government on the recommendations contained in the Fifty-Third Report of the Estimates Committee (Third Lok Sabha) on the Ministry of Finance erstwhile Department of Revenue and Company Law (Company Law Division).



**LOK SABHA SECRETARIAT
NEW DELHI**

September, 1965/Bhadra, 1887 (Saka)

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ESTIMATES COMMITTEE

(1965-66)

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Eighty-Sixth Report of the Estimates Committee on action taken by Government on the recommendations contained in the Fifty-Third Report of the Estimates Committee (Third Lok Sabha) on the Ministry of Finance—erstwhile Department of Revenue and Company Law (Company Law Division).

2. The Fifty-Third Report of the Estimates Committee was presented to the Lok Sabha on the 10th April, 1964. Government furnished replies indicating action taken on all the recommendations on the 7th December, 1964. Government's replies to all the recommendations were considered by the Study Group 'E' of the Estimates Committee (1964-65) on the 26th April, 1965 who desired that further information in respect of 13 recommendations might be called for. Further replies in respect of 13 recommendations were received on the 25th June, 1965 and were considered by Study Group 'F' of the Estimates Committee (1965-66) on the 25th August, 1965. The draft Report was adopted by the Committee on the 17th September, 1965.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations that have been accepted by Government.

III. Recommendations which the Committee do not want to pursue in view of Government's reply.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the Fifty-Third Report (Third Lok Sabha) of the Estimates Committee is given in Appendix V. It would be observed therefrom that out of 48 recommendations made in the Report, 45 recommendations ~~are~~ 94 per cent have been accepted by the Committee and the Committee do not desire to pursue two recommendations i.e. about 4 per cent in view of Government's reply. Of the rest, reply of Government in respect of one recommendation, i.e. about 2 per cent has not been accepted by the Committee.

NEW DELHI-1,
18th September, 1965.
Bhadra 27, 1887 (Saka).

ARUN CHANDRA GUHA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee are glad to observe that the recommendations contained in their Fifty-Third Report (Third Lok Sabha) on the Ministry of Finance—erstwhile Department of Revenue and Company Law (Company Law Division) have been generally accepted by Government. There is, however, one recommendation reply to which has not been accepted by the Committee and which has been reiterated in Chapter IV of this Report.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1) Para No. 5

The Government hope that early action would be taken in pursuance of the assurance given by the Finance Minister in Lok Sabha on the 28th November, 1963 to simplify the existing law relating to joint stock companies as much as possible.

REPLY OF THE GOVERNMENT

Government have included in the Companies (Second Amendment) Bill, 1964 which was introduced in Lok Sabha on 21st September, 1964, certain amendments with a view to simplify the Act to the extent possible, consistent with the felt need for retaining the restrictive provisions of the Act, which, though not invoked often, are necessary as a deterrent to undesirable trends in management. Government also propose to weed out some of the forms which are at present required to be filed by companies with the Registrars, but this can be implemented only after the Act is amended, as proposed.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 2) Para No. 9

The Committee would have thought it natural if in implementing the decision about the transfer back of the Department of Company Law Administration to the Ministry of Finance, it had been placed under the Department of Economic Affairs along with which it was functioning originally and which has continued to be in charge of other related subjects. The Committee, therefore, cannot resist the conclusion that the position needs to be reviewed.

REPLY OF THE GOVERNMENT

To provide for better Co-ordination Government have constituted the Department of Company Affairs and Insurance which will enable matters relating to Insurance Companies to be dealt with in the same Department as other Companies. The need to

Co-ordinate the activities of all the Departments of the Ministry of Finance in the shaping of the Economic policies of Government is always kept prominently in view.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 3) Para No. 16

The Committee note that there is heavy concentration of companies in Eastern Region. They would, therefore, suggest that a suitable yardstick for assessing the workload in the Regional Offices may be evolved so that the Regional Offices are adequately staffed.

REPLY OF THE GOVERNMENT

The Office of the Regional Director, Bombay, was work-studied by the S.R.U. of the Ministry of Finance last year (1963). It was found that the staff in that office was adequate. The nature of work in other offices is similar. No other Regional Director has made a demand for extra staff. It is presumed therefore that the staff provided to the other three offices is adequate.

Observations of the Committee will be kept in view. As soon as any demand is received for more staff, the office will be work-studied and adequate staff provided in that office.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

It may be stated whether suitable yardstick for assessing the workload in the Regional Offices for meeting the staff requirements, has been evolved.

[Lok Sabha Secretariat O.M. No. 5/8(1)EC/64, dated the 1st May, 1965].

FURTHER REPLY OF THE GOVERNMENT

A suitable yardstick for assessing the staff requirements in the Regional Offices has been evolved.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/65, dated the 25th June, 1965].

Recommendation (Serial No. 4) Para No. 18

The Committee feel that a suitable training programme for the staff in the offices of the Official Liquidators which is badly in arrears, should be devised and implemented early.

They would suggest that in the light of experience gained so far, a suitable training programme for the staff of the headquarters of the Company Law Division, may also be arranged.

REPLY OF THE GOVERNMENT

Steps are being taken to devise a suitable training programme for the staff of the whole-time Official Liquidators. The views of the Official Liquidators have been called for and training will be arranged for these offices before long. There are, however, certain official liquidators who work only part-time and whose staff is also employed on a part-time basis. There are of course, offices where the volume of liquidation work is comparatively small. Where the work justifies it is proposed to organise full-time offices. It would be difficult to provide training facilities for part-time offices.

So far as training programme of the staff of the headquarters of the Company Law Board is concerned, it is stated that training requirements of the staff differ from section to section. The best training is received by the staff while working on the jobs. We are, however, considering organizing training of the staff through lectures on important subjects common to various sections or those that are in the nature of basic policies.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

It may be stated whether training programme for the staff of the whole-time Official Liquidators, has been devised and training commenced.

It may be stated whether the training of staff at the headquarters has commenced as a result of consideration of the question of organisation training of staff through lectures on important subjects common to various sections etc.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY OF THE GOVERNMENT

Steps are being taken to devise a suitable training programme for the staff of the whole-time Official Liquidators. The Synopsis for training of the staff of the whole-time Official Liquidators are now under preparation. As soon as the Synopsis are prepared training will be commenced.

So far as training programme of Staff at Headquarters of the Company Law Board is concerned, reply has already been given. We shall arrange for training of the staff through formal lectures in due course.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965].*

Recommendation (Serial No. 5) Para No. 20

Though there is some improvement as seen from the table given in para 20, the Committee feel that the number of applications pending at the end of the year is still very high. The Committee would stress that action may be taken not only to ensure that the applications are disposed of within the target time fixed by the Department, but also to revise the time schedule itself in the light of experience gained so that applications which are received complete in all respects are finally disposed of within six weeks.

REPLY OF THE GOVERNMENT

The observations made by the Estimates Committee have been noted. Every effort would be made to dispose of the applications within the time suggested by the Estimates Committee. Experience has shown, however, that due to various reasons e.g. reference to the Company Law Advisory Commission as required by statute, failure of applicants to furnish complete and correct facts and details, and procedural requirements such as publication of notices in newspapers, it is not always possible to adhere to the target dates.

The Board will, however, endeavour to reduce the time in granting licences and according approvals under various Sections of the Act to the minimum, and will continue their efforts to dispose of the applications, which are received complete in all respects, well within the prescribed time target.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 6) Para No. 21

The Committee hope that no efforts would be spared by Government to fulfil in letter and spirit the assurances of "positive helpfulness" given by the then Finance Minister on the floor of Lok Sabha on the 12th September, 1955 at the time of piloting the Companies Bill, 1953.

The Committee are of the view that close contact should be maintained by the Regional Directors and Registrars of Companies with

representative chambers of commerce, trade organisations and other professional bodies connected with trade and industry so as to enlist enlightened opinion for adoption of sound standards in company formation and company management. The Company Law Division may also keep a watch from the Centre so as to ensure a coordinated approach.

The Committee feel that in the interest of promoting closer liaison, it may be worthwhile to constitute an Advisory Committee consisting of representatives of Chambers of commerce and industry and other leading bodies of the corporate sector to advise the Regional Directors on such matters as public relations, sound company practices, timely filing of returns etc.

REPLY OF THE GOVERNMENT

1. Government agree with the view of the Estimates Committee that close contact should be maintained by the Regional Directors and Registrars of Companies with Chambers of Commerce, trade organisations and other professional bodies connected with trade and industry. As a matter of fact, it has been the constant endeavour of the field officers of this Department to maintain as close liaison as possible with representative bodies of commerce and industry and with professional bodies such as Regional Council of the institution of Chartered Accountants and discuss with them the problems relating to company management and other matters arising out of the administration of the Companies Act.

2. With a view to achieving this object, Study Circles have been constituted in the Regions to stimulate informal discussions on problems relating to corporate management including *inter-alia* the impact of the provisions of the Law on the working of companies and to help in the growth of healthy management practices. Members of the Study Circles have been drawn from different sources such as managements, Accountancy Profession, Legal Profession and Company Secretaries. Regional Director, Registrar and other senior officers of the field offices participate in these discussions. Apart from holding discussions in these Study Circles, the Regional Directors and the Registrars very often meet the various chambers and the trade associations and discuss with them problems relating to corporate management. Besides, the Chairman and the Member of the Company Law Board also undertake frequent visits to important centres of commerce and industry and discuss such matters with representatives of chambers of commerce and professional bodies.

3. As the object underlying the suggestion of the Estimates Committee is already achieved by the existing arrangements as indicated

above, the formation of an additional body, viz. a Regional Advisory Committee is not considered necessary at this stage. In this connection it may also be pointed out that clause 53(b) of the Companies (Second Amendment) Bill, 1964 provides for the formation of an Advisory Committee at headquarters to advise Government and the Company Law Board on such matters arising out of the administration of the Companies Act, as may be referred to it by the Government or the Board.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964.*]

COMMENTS OF THE COMMITTEE

Serial No. 6 (Third sub-paragraph)

Clause 53(b) of the Companies (Second Amendment) Bill, 1964 provides for the formation of the Advisory Committee at the headquarters to advise Government and the Company Law Board on such matters arising out of the administration of the Companies Act. The Committee are glad to note that Government have accepted the principle of having an Advisory Committee which is proposed to be constituted at the Centre. The Committee have no doubt that in the light of experience gained in the working of the Advisory Committee, the Government would, in due course, constitute Regional Advisory Committees also for advising on such matters as public relations, sound company practices, timely filing of returns etc.

Recommendation (Serial No. 7) Para No. 22

The Committee observe that the progress made in setting up of Advisory Cells by the Chambers of Commerce so far, at the instance of the Registrars of Companies is not satisfactory. They would like to suggest that all efforts should be made by the Registrars of Companies to assist and encourage the setting up of such agencies by all important chambers of commerce in the country.

REPLY OF THE GOVERNMENT

According to the latest reports received from field officers, fifteen Chambers of Commerce and Trade Associations have so far set up Advisory Cells and ten Chambers have constituted sub-committees for dealing with company law and allied questions posed by their members. It has also been reported that some of the Chambers in Calcutta have separate legal departments which attend to the various queries raised by members on company law and other legal matters.

The Registrars and Regional Directors have again been instructed to make further efforts to persuade the remaining important Chambers in the country to take suitable measures for rendering advisory

service to their constituents in regard to matters pertaining to company law, and to extend all possible assistance in this direction. However, in the ultimate analysis, the action taken must depend on the Chambers themselves, and the Registrars' efforts can be of limited help only.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 8) Para No. 23

The Committee consider that provision of adequate and proper amenities in the Registrars' offices for the visiting public is absolutely essential. The waiting room should not only be properly furnished but good reading material and company literature should be placed there so that the visitors can usefully spend their time while waiting for interview etc.

REPLY OF THE GOVERNMENT

The Department has already undertaken to equip the visitors room in the Registrars' offices with the necessary furniture and has also issued instructions to the Registrars to make good reading material available to the visitors.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 9) Para No. 29

The Committee consider that as the country is divided into four regions for the purposes of administration of the Companies Act, it would be better if a sitting of the Advisory Commission is held at least once during the course of the year in each of these regions.

REPLY OF THE GOVERNMENT

The recommendation has been brought to the notice of the Company Law Advisory Commission and it is being followed.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 10) Para No. 30

30. Since the amount of fees realised from the joint stock companies during each of the last three years has far exceeded the

amount of expenditure on the Company Law Administration, the Committee suggest that the question of crediting the extra revenue to a special fund for the purpose of undertaking research in corporate matters and in imparting training to accountants, company secretaries etc. may be examined

While there may not be any objection to levy of fees commensurate with the services rendered, the Committee are doubtful whether such a levy should be treated as an additional source for raising General Revenues. The Committee, therefore, suggest that the entire question of rationalisation of fees may be carefully examined by an expert committee.

REPLY OF THE GOVERNMENT

The Government accept the principle that the fees levied by Company Law Board should be commensurate with the services rendered and should not be treated as an additional source for raising general revenues. The Government also accept in principle the suggestion of the Committee that the surplus funds available might be spent on undertaking research in corporate matters as well as in imparting training to Accountants and Company Secretaries.

2. The Company Law Board have recently taken certain steps to stimulate interest in corporate research in Universities and to co-ordinate such work. The view expressed by research workers was that, by and large, shortage of funds is not the main bottleneck in the matter of research, but the more serious obstacle is the dearth of really trained and competent research scholars. In this connection, suggestions were made that seminars or training centres might be organised for them. Government propose to examine these suggestions sympathetically, as they emerge in more concrete forms, and render all assistance they can to the research group in the Universities engaged on corporate problems. The question of expansion of the Research Cell in the Company Law Board would also be considered, provided suitable research workers are available.

3. Similarly, it is also proposed to consider sympathetically schemes for training Accountants and Company Secretaries as suggested by the Committee. In particular, it is felt that there would be considerable scope to provide scholarships or stipends to Cost Accountants whose number at present all over the country is extremely limited.

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**[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].**

Recommendation (Serial No. 12) Para No. 32

The Committee agree with the instructions issued by the Ministry of Finance in para 5 of their circular letter No. 2/1/56-PR (C.L.A.), dated the 20th January, 1956 addressed to the Registrars of Companies that "Government should not attempt to interpret the provisions of the Act for the public and they should get advice from their legal advisers".

The Committee need hardly say that legal interpretation of the provisions of the Act should be left to the Courts of Law. It has, however, to be recognised that the Companies Act is a complex piece of legislation and it may not be possible to deny elucidation of its provisions to companies which may seek clarification from the Company Law Division.

REPLY OF THE GOVERNMENT

While taking care not to engage in controversies on the interpretation of any provisions of the Act, or to assume what might appear to be the role of a judicial authority, the department has not denied elucidation of the provisions of the Act, to companies, chambers or individuals, when such elucidation has been sought or is considered necessary. While doing so, it is made clear that the views expressed are those which Government would take on the points raised and that the said views should not be treated as an authoritative interpretation of the law which only a Court of law is competent to give. Clarifications in regard to important provisions of the Act are also published from time to time in the "Company News & Notes", a fortnightly publication of the Company Law Board. Chairman and Member of the Company Law Board have also been meeting the representatives of the various Chambers of Commerce and other professional bodies interested in Company Law with a view to discussing matters of common interest and elucidating any important points relating to interpretation of the provisions of the Act. Regional Directors of the Company Law Board have also been keeping in touch with the Chambers of Commerce and professional bodies in their respective regions and elucidating the points raised with them to the extent possible.

Government and the Company Law Board propose to continue the policy outlined above.

**[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].**

Recommendation (Serial No. 13) Para No. 33

As the object of publishing the unsound practices in the Annual Report is to forewarn others so that they may refrain from resorting to such practices, there is obvious advantage in discussing such matters with representative bodies of the corporate sector.

A duty is also cast upon such representative bodies of the corporate sector to advise their constituent units to refrain from resorting to such unsound practices. The Committee would suggest that only important and serious instances of unsound practices may be included in the Annual Report. They would further suggest that the number of companies found to be resorting to an unsound practice, may be specified in the Annual Report so as to avoid any erroneous impression that the practice is widespread in the corporate sector.

REPLY OF THE GOVERNMENT

The Government generally agree with the recommendations of the Estimates Committee. When the Chairman or Member of the Company Law Board meets representative bodies of the corporate sector from time to time as a part of their normal practice, they propose to avail of suitable opportunities of mentioning cases of unsound company practices to these bodies.

Only important and serious instances of unsound practices would be included in the Annual Reports, making it clear that such practices are not general or widespread and that only a very few companies are indulging in those practices.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 14) Para No. 34

As the last survey of ownership of shares was conducted in December, 1959, the Committee would suggest that survey may again be undertaken towards the end of this year. In fact, it would be useful if such a survey is undertaken at intervals of five years so that Government have timely and reliable information of trends of ownership of shares!

REPLY OF THE GOVERNMENT

The previous survey of ownership of shares was conducted by the Reserve Bank for which purpose they had issued a special questionnaire to the selected companies. The Reserve Bank's attention is being drawn to the recommendations of the Estimates Committee to conduct such surveys at the end of each quinquennium. We do not wish to undertake the survey ourselves to avoid duplication.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The result of drawing the attention of the Reserve Bank of India to the recommendation of the Estimates Committee may please be indicated.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY FURNISHED BY THE GOVERNMENT

The Reserve Bank of India has decided to undertake another survey of ownership of shares this year.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1) BGT/65, dated the 25th June, 1965].*

Recommendation (Serial No. 15) Para No. 35

The Committee feel that the suggestions of the Stock Exchange Association about the operation of Section 73 referred to in para 35 merits detailed consideration by Government so that an equitable policy can be followed for admission of shares of companies by a Stock Exchange.

REPLY OF THE GOVERNMENT

Regulation 2 of the Bye-laws and Regulations of the Stock Exchanges, dealing with the conditions which a company desirous of listing its shares on a recognised stock exchange has to satisfy are uniform and are modelled on the rules framed by the Government under the Securities Contracts (Regulation) Act, 1956. Even where discretion has to be followed by all the Exchanges and a departure is allowed only with the prior approval of the Government. It is, therefore, very unlikely that in a particular case permission is granted by one stock exchange and refused by another. Besides, Section

22 of the Securities Contracts (Regulation) Act, 1956 provides for the right of appeal to a company whose securities have not been listed by a recognised Stock Exchange. Therefore, in a case of the type the Committee has in view, there are enough safeguards to ensure that an equitable policy is followed. It is, therefore, considered not advisable to make any changes in Section 73 of the Companies Act, 1956, to provide for suspension of the refund clause.

It may be added that the listing of securities by a company is purely voluntary and it is for the company to satisfy itself before making any statement in the prospectus about listing of its securities whether its application has fully met with the listing requirements laid down in the Statutory Rules and the relative Regulation 2 of the Bye-laws & Regulations of the Stock Exchange concerned.

In any case, unless the prospectus definitely refers to applications to certain specified Stock Exchanges or to their desire to have the shares listed in several Stock Exchanges we would not insist on the share money being refunded if atleast one recognised Stock Exchange enlists shares and such enlistment is not in relaxation of the rules on the subject.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

Relevant extracts from the following Bye-laws and Rules and Regulations referred to in the first paragraph of the reply may please be furnished:

- (1) Regulation 2 of the Bye-laws and Regulations of the Stock Exchanges.
- (2) Rules framed by Government under the Securities Contracts (Regulation) Act, 1956.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

A copy each of (1) Regulation 2 of the Bye-laws and Regulations of the Stock Exchanges and (2) Rule 19 of the Securities Contracts (Regulation) Rules, 1957 is enclosed (Appendices I and II).

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 25th June 1965].

Recommendation (Serial No. 16) Para No. 37

The Committee would suggest that the problem of "cornering" of shares should be investigated in all its aspects so that Government under the powers available to it may take action to prevent "cornering" of shares by unscrupulous elements.

REPLY OF THE GOVERNMENT

The Chairman of the Company Law Board has stated that no special study seems to be called for since the matter will presumably be studied by the Monopolies Commission.

The Secretary and Director of Investigations, Monopolies Inquiry Commission have been requested to study this aspect and they have accordingly made a note of this. It is not, therefore, proposed to study the problem of cornering of shares in the Board, at present.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964*].

Recommendation (Serial No. 17) Para No. 39

The Committee would stress that the Commission proposed to be set up under the Commission of Enquiries Act to enquire into Monopolies and the concentration of economic power in the Indian economy should be constituted and instructed to submit its report at an early date.

REPLY OF THE GOVERNMENT

The Central Government has already set up a Commission of Inquiry under Notification No. C.S.R. 634 dated 16th April, 1964. The Commission is required to submit its report by the 31st October, 1965.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964*].

Recommendation (Serial No. 18) Paras Nos. 40-41

The Committee consider it somewhat paradoxical that while other elements connected with the working of corporate enterprises, viz. the workers and the company managements possess well-organised unions or associations, the shareholders who are the kingpin of the corporate system, cannot be said to be even loosely organised.

The Committee are constrained to observe that the important issue of organising shareholders into effective organisation has not yet received the attention it deserves in spite of the assurance given by the Minister of Revenue and Civil Expenditure on the floor of the Rajya Sabha at the time of piloting of the Company Law, Bill, 1953.

The Committee are of the view that Government should undertake suitable studies of the practice obtaining in other countries and facilitate the formation of shareholders' associations by drawing the attention of public to the useful and wholesome role which can be played by such organisations!

Since the shareholders' associations can be developed into useful agencies for resolving conflicts and misunderstandings between the investors and the company managements, the Committee are of the view that Government may give due importance and recognition to such associations by actively associating their representatives in various Advisory Committee. The prerequisite conditions should, however, be that the shareholders' association are truly representative bodies and are well organised to serve the larger interests of the shareholders.

REPLY OF THE GOVERNMENT

Shortly after the Companies Act, 1956 came into force, it was officially made known to all those interested in the matter that the Department would be prepared to offer all such assistance and facilities as the existing associations or promoters of new associations might ask for. Also Senior Departmental Officers, in the course of their discussions with the Chambers of Commerce, Trade Associations, Stock Exchanges, and the existing shareholders associations, while emphasising the useful and wholesome role such associations could play in the corporate activities of the country, have been reiterating this assurance. The Directorate of Research & Statistics of the Department also brought out a brochure entitled "The Present and Future Role of Shareholders' Associations in India" which was another attempt to promote constructive thinking on the subject.

At present this Department is maintaining contact with such associations and is watchful of their activities.

Committee's observations regarding the desirability of giving due importance and recognition to shareholders' associations have been noted.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

It may please be stated whether the Ministry have undertaken suitable studies of the practices obtaining in other countries from the point of view of facilitating the formation of shareholders' Association in India and the latest position regarding shareholders' associations and the number of members on their rolls may please be indicated. (c. f. Appendix VI).

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY FURNISHED BY THE GOVERNMENT

A Study of the practices obtaining in other countries from the point of view of facilitating the formation of shareholders' association in India has been undertaken in the Department. Besides discussing the history and present role of shareholders' associations in India, U.K., and U.S.A., the study will cover the following aspects:—

1. Important provisions in the Companies Act, 1956 for protection of shareholders' interests.
2. Emergence of small shareholders and the need for protecting their interests through shareholders' associations.
3. Impact of the growth of institutional investors on the shareholders associations.
4. The financial position of these associations, whether they are getting any financial aid from Government, Semi-Government or private bodies.
5. Some suggestions for the future role of shareholders' associations.

The position regarding shareholders' associations and the number of members on their rolls upto the year 1963 was furnished to Lok Sabha Secretariat in Annexure XVI in reply to point 50 of the recommendations of the Estimates Committee. The position after 1963 will be mentioned in another study in hand.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 25th June, 1965].*

Recommendation (Serial No. 19) Para No. 43

The Committee are of the view that the Company Law Division should make an assessment of the number of companies which have provided for the appointment of not less than two-thirds of the total number of directors according to the principle of proportional representation. This would enable Government to judge to what extent this whole-some provision has been made use of by the shareholders and that further educative measures are necessary to bring this provision specifically to their notice.

REPLY OF THE GOVERNMENT

The Research and Statistics Division of the Board will undertake a study in the matter.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 20) Para No. 45

The term of office of a majority of the managing agents who were appointed before 15th August, 1960 would expire on the 15th August, 1965. Before renewals of these Managing agency contracts come up for consideration before the Advisory Commission and Government, the Committee would suggest that a careful assessment should be made of the impact of the various measures taken by Government to give effect to the regulatory measures introduced by the Companies (Amendment) Act, 1960 and evaluate services rendered by the managing agency system as compared with other forms of management.

REPLY OF THE GOVERNMENT

The question of formulating Government's attitude towards the Managing Agency system in time to consider the specific proposals for renewal of Managing Agency agreement which would expire in August, 1965 is at present actively under consideration.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The decision taken in the matter may please be intimated.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

After the last reply to these recommendations of the Estimates Committee, Government have appointed a committee to make an enquiry into the managing agency system. This Committee is headed by Dr. I. G. Patel and has for the present taken up 5 industries, namely:—

- (i) Cement;
- (ii) Cotton Textiles;
- (iii) Jute;
- (iv) Paper; and
- (v) Sugar.

for study. The Monopolies Inquiry Commission also will have an occasion to study the working of the managing agency system in India.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 25th June, 1965].*

Recommendation (Serial No. 21) Para No. 46

The Committee are generally in agreement with the policy laid down by Government for determining the term of office of Managing Agent under Section 328 of the Companies Act. The Committee have no doubt that in deciding the term of appointment as Managing Agents, Government would keep in mind the inherent nature of the enterprise so that those requiring heavy capital investment or long-term planning can be allowed a longer tenure within the ceiling limits laid down in Section 328 of the Companies Act.

REPLY OF THE GOVERNMENT

The observations of the Estimates Committee have been noted by the Government.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 22) Para No. 47

The Committee feel that as the Company Law Administration had admittedly not received replies from majority of the companies addressed and full information had also not been received from the remaining companies, it would be worthwhile to review the list of services, which should ordinarily be regarded as falling within the

scope of direct responsibility of the managing agents, in the light of experience and in the light of full information to be obtained from a representative number of companies.

The Committee would also stress that some effective check should be exercised by Government to ensure that the managing agents are in fact rendering services for which they receive remuneration as a percentage of net profits with the approval of Government.

REPLY OF THE GOVERNMENT

As indicated earlier, the entire question of Government's attitude towards the Managing Agency system is under consideration.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The decision taken in the matter may please be intimated.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

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[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)-BGT/65, dated the 25th June, 1965].

Recommendation (Serial No. 23) Para No. 48

The Committee hope that an early decision would be taken on the question of imposing restrictions on the number of companies

which a firm or body corporate acting as managing agents/secretaries and treasurers can manage in either capacity so that the ambiguity existing at present in this behalf is removed.

REPLY OF THE GOVERNMENT

The observations made by the Estimates Committee have been noted by the Government. In fact, the principle that a firm or body corporate should not manage more than 10 companies either as managing agents or as secretaries & treasurers is already being followed by the Company Law Board.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 25) Para 50

The Committee welcome the measure introduced by the Finance Minister in his Budget Speech 1964-65 limiting the amount of deduction admissible to companies for expenditure incurred by them in providing perquisites to their employees for the purpose of the Income-tax Act.

The Committee also note that some of the leading companies are already including information about the perquisites given to their Directors in the Profit and Loss Accounts which are enclosed with their Annual Reports. There should, therefore, be no objection by other companies to the inclusion of information about the perquisites given to Directors in their Profit and Loss Accounts. As this matter has been engaging considerable public attention, the Committee would suggest that the position may be reviewed by Government in consultation with the representative bodies of chambers of commerce and industry.

REPLY OF THE GOVERNMENT

Provision for disclosure of information relating perquisites enjoyed by the managerial personnel including Directors of Companies in their Profit and Loss accounts already exists in terms of para 4(vii) of Part II, Schedule VI to the Companies Act, 1956.

The field officers have been instructed to see that this provision is rigidly adhered to by the companies.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 27) Para No. 55

The Committee would like Government to pursue the question of introduction of Management Accountancy in public undertakings vigorously so that it can be used as an instrument for effecting economy and improving efficiency.

REPLY OF THE GOVERNMENT

The following lines of action are under active consideration of Government:

- (i) Incorporation of a provision in the Companies Act for cost audit conducted by competent Cost Accountants with a view to introduce in the companies concerned a regular system of cost control through management accountancy.
- (ii) Holding of Seminars of Financial and Cost Advisers of companies, both in the public and the private sectors, to discuss techniques on cost control and management accountancy and, in particular, to create a general consciousness for the introduction of such methods.

[Ministry of Finance, Department of Company Affairs and Insurance, O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The decision taken in the matter may please be intimated.

[Lok Sabha Secretariat O.M. No. 5/8(1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

- (i) We have provided in the Companies (Second Amendment) Bill for cost audit. The Bill was introduced in the Parliament on 21st September, 1964 and was placed before the Select Committee who have submitted their report to the Parliament. Select Committee have approved our proposal for cost audit. Now it is in its final stage of being considered by both the Houses.
- (ii) It is too early for us to arrange for any Seminar on financial and cost audit when our proposal for cost audit in respect of private and public sector companies has not yet been approved by the Parliament. Even then the two Institutes of accountants, namely the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India, which are functioning,

under our supervision, have held Seminars on management accounting and cost accounting during this year. The participants of these seminars who were both from public and private sector, discussed the various techniques on cost control and management accountancy and efficiency audit. The Institute of Chartered Accountants are holding an International Conference in November, 1965 under the joint auspices of the Institute of Chartered Accountants and the Institute of Cost and Works Accountants. Government has agreed to bear half of the deficit arising from the holding of the Conference. A conference of Financial Advisers of the Public Sector Corporations was also arranged last year by Finance Ministry. In 1962, Seminars in the nature of Workshop Discussions were arranged by Government at three regional headquarters in Calcutta, Bombay and Madras. These Seminars were attended by top executives of companies both from public and private sectors.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 25th June, 1965].

Recommendation (Serial No. 28) Para No. 56

The Committee are inclined to agree with the views expressed in the Seventh Annual Report of Company Law Administration that a Chartered Accountant who is a near relation of a Director of a Company or of a partner of a firm acting as a managing agent/secretary and a treasurer of a company should refrain from accepting appointment as auditor of that company, and hope that some effective action would be taken by Government in the matter.

REPLY OF THE GOVERNMENT

The Institute of Chartered Accountants of India have, on the suggestion of the Central Government, issued a note in its journal, issue of May, 1964, for the guidance of its members advising them to refrain from accepting audit of a company where their independence as an auditor is likely to be affected because of their special relation with those in management.

[Ministry of Finance, Departments of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 29) Para No. 58

The Committee hope that not only the "Statement of Auditing Practices" would be brought out early, but that the Council of the

Institute of Chartered Accountants of India would exercise continuous vigilance to see that both the "Code of Conduct" and "Statement of Auditing Practices" are followed in letter and spirit by the members of the profession.

REPLY OF THE GOVERNMENT

The "Statement of Auditing Practices" has since been issued by the Institute. The latter part of the recommendation has been brought to the notice of the Institute. The Companies (Second Amendment) Bill, 1964, since introduced in the Lok Sabha, (clauses 22 and 24) also seeks to modify the provisions of the law with a view to make company audits more purposeful.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 30) Para No. 61

The Committee have been informed that the number of investigations ordered during the period 1956-57 to 1962-63 was 25. The Committee observe that out of 25 cases of investigations instituted during the period 1956-57 to 1962-63, Inspectors' reports were received in 16 cases, while investigations were dropped in 3 cases.

The Committee are further informed that out of 6 cases pending investigation, 1 has been outstanding for more than 8 years, 3 for more than 3 years, 1 for more than 2 years, and 1 for more than one year.

The Committee are perturbed to note that inordinate delays are taking place in investigations ordered by Government under Sections 234 to 251 of the Companies Act. They are of the view that a concerted drive is necessary to expedite disposal of these long pending cases. Steps should also be taken to see that investigation in a case is completed, as far as possible, within one year.

They would like to lay stress on the desirability of appointing departmental officers, preferably, a team of inspectors consisting of an Accounts Officer and Solicitor who may be in a position to cover both the accounting and legal aspects of an investigation.

REPLY OF THE GOVERNMENT

As suggested by the Estimates Committee, the Company Law Board have already taken necessary steps to ensure more expeditious completion of investigations.

2. Out of the 6 then pending cases, one relates to the investigation into the affairs of Harinagar Sugar Mills Ltd., Bombay under Section 138(iv) of the Companies Act, 1913. During the course of investigation, on an application by the Inspector, the Central Government made an order under Section 239 (2) of the Act, authorizing the Inspector to investigate into the affairs of the managing agency firm also. Shri Narainlal Bansikal, Karta of the Managing Agency firm filed a writ petition in the High Court challenging the validity of the provisions of Sections 239 and 240 of the Companies Act, 1956. Pending the disposal, the investigation was stayed by the High Court. On the petition being dismissed by the High Court, Shri Narainlal Bansikal filed an appeal in the Supreme Court which was dismissed on 31st August, 1960. Since that time, the said Shri Narainlal Bansikal has been evading appearance before the Inspector for purposes of examination and production of records before him on one pretext or the other. Even action under Section 240A of the Act (Seizure of books) did not produce any result as no documents could be found at any of the three places which were got sealed in the course of search. The Inspector was thereafter advised to proceed under Section 240(3) for enforcing through court production of the required books and documents and appearance of Shri Narainlal Bansikal before the Inspector. An application was made to the Court under Section 240(3) of the Act. On 30th April, 1963, the Court directed him to appear in person before the Inspector and answer any question which may be put to him. But in spite of these clear instructions, Shri Narainlal Bansikal did not appear before the Inspector. The matter was again brought to the notice of the court and on 9th July, 1963 a consent order was taken pursuant to which Shri Narainlal Bansikal agreed to appear before the Inspector. But after one or two appearances, he again stopped appearing. Contempt of court proceedings were then taken against him. When the matter came up for hearing on 10th July 1964 before the court, the respondent Shri Narainlal Bansikal agreed to appear before the Inspector on dates fixed by the Inspector. But after making a few appearance, he again resorted to his usual tactics of evading his appearance before the Inspector. The information received from the Inspector indicates that the matter was again brought to the notice of the court and Shri Narainlal Bansikal has agreed to appear before the Inspector.

The above history would show that in spite of the Inspector's best efforts and having taken the matter several times to the court, this investigation has not so far been completed because of Shri Narainlal Bansikal evading his appearance before the Inspector.

3. The Inspectors have since submitted their reports on the affairs of the remaining 5 cases, viz., Alipurduar Tea Company Limited.

Kaleeswarar Mills Limited, Nadar Press limited, Sun Publishers and Advertisers Private Limited and India Sugars and Refineries Limited. In respect of Alipurduar Tea Company Limited and Sun Publishers and Advertisers Private Limited two F.I. Rs have been filed with the local police for further action. On the basis of interim report of the Inspector, a prosecution was also launched against the Managing Administrator of the Kaleeswarar Mills Limited. He has since been convicted. In case of Nadar Press Limited, the Regional Director has been advised to further process some cases. The report of the Inspectors on the India Sugars and Refineries Limited is under consideration.

4. It would be seen that the main reason for the delay in completion of investigations has been the lack of co-operation by the managements of companies with the Inspectors. Not only have the books of accounts and papers relevant to the investigation been withheld from the Inspectors' requisition to appear before them for examination. In a large number of cases, the companies started litigation with the Inspectors which in itself took considerable time to finalise.

5. Steps to expedite the Investigations

Since the completion of an investigation largely depends on the co-operation of the management of the company concerned, it is difficult to lay down any definite time limit for it. A number of steps are however, being taken to speed up the investigation proceedings. It has already been decided that as far as possible only officers of the Department would be appointed as Inspectors. The Regional Directors have been specially instructed to keep a close watch over the investigation in their respective regions and to render such assistance and guidance to the Inspectors as may be necessary. The powers of the Inspectors are also being enlarged by amendment of the Companies Act. Further, the establishment of the Companies Tribunal would also, it is hoped, in due course help in early completion of proceedings under Section 240 which at the moment take considerable time in the courts.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 31) Para No. 62

The Committee are concerned at the delay in the investigation into the affairs of the four companies of the Sahu-Jain Group which is being conducted by a Chartered Accountant, who has been engaged by Government at a very high rate of remuneration and allowances.

The Committee would stress the need for completing the investigation at an early date.

REPLY OF THE GOVERNMENT

The following five companies have been under investigation since April 1963 when Shri S. P. Chopra, Chartered Accountant, Delhi was appointed Inspector under the Companies Act:—

1. Ashoka Marketing Limited.
2. New Central Jute Mills Co., Ltd.
3. Sahu-Jain Limited.
4. Rohtas Industries Limited.
5. Bennett Coleman & Co. Ltd.

Throughout the period of investigation, Shri S. P. Chopra had been complaining of complete lack of co-operation with him on the part of the companies. In fact, Shri Chopra had, in the case of at least one of the companies, namely, Bennett Coleman & Co., Ltd., to apply to the Maharashtra High Court for certain specific orders to be passed on the company authorities. A single Bench of the High Court decided in favour of the Inspector and issued necessary directions to the company. This decision was, however, upset in appeal on procedural grounds. The question of appealing to the Supreme Court is under the consideration of the Government. In the case of another company, namely Rohtas Industries Limited, the company authorities filed a writ against the Government and the Inspector and obtained *ex-parte* injunction from the Patna High Court, restraining the investigations till the disposal of the case. The injunction matter is still to be heard by the High Court and steps are being taken to represent the point of view of the Company Law Board at this hearing. In regard to the other three companies also, the authorities, as recently at the end of June 1964, refused access to the Inspectors to their books and papers on the ground that a representation had been filed with the Government against the investigation itself. In these circumstances, it was felt that the work of investigation, at least in the first three companies referred to above, would be a long drawn affair, and as Shri Chopra was unwilling to continue indefinitely to the detriment of his own professional work, it was decided, at his request, to relieve him of his work in respect of those companies. In respect of the Ashoka Marketing Limited, the New Central Jute Mills Ltd. and the Sahu Jain Limited, therefore, departmental officers were appointed inspectors from the 1st July, 1964. Shri Chopra however continued as Inspector of Messrs Bennett Coleman & Co. Ltd. in which case the investigation has reached a ripe stage. He was also continued as Inspector of Rohtas Industries as it was felt that

no change should be made while the writ petition was still under consideration of the Patna High Court.

2. The present position with regard to investigation of these five companies is as follows:—

1. Ashoka Marketing Limited.
2. New Central Jute Mills Ltd.
3. Sahu Jain Limited.

The departmental officers who were appointed as Inspectors to complete investigation of these companies, were refused access to the books and papers thereof on the ground that the management was submitting a representation to the Government against their appointment. At the same time, the Company Law Board received information that management was removing and destroying papers relevant to the investigation. In the circumstances, the Inspectors decided to apply to the competent Magistrate in Calcutta for issue of search warrants to search the premises occupied by the offices and certain officers of these companies. Search warrants were issued by the Magistrate and the searches undertaken with effect from Monday, the 20th July 1964. On the 21st July, the companies moved writ petitions before the Calcutta High Court seeking injunction against the searches and the investigation order. The High Court allowed searches to be continued till the 2nd August 1964 but directed that the documents and papers seized as a result thereof should be packed in boxes and sealed on behalf of the Inspectors and the companies concerned. These boxes would not be opened until the writ petitions are finally disposed of. The hearing of the petitions is now scheduled for the 25th November, 1964.

Rohtas Industries Ltd.

As mentioned earlier, no progress could be made with the investigation of this company in view of the *ex-parte* interim stay order of the Patna High Court. Arrangements are being made for the Attorney-General to appear before the High Court to represent the Government case. The matter is expected to come up for hearing in October.

Bennett Coleman & Co. Ltd.

In regard to this company, the first stage of the investigation is almost complete. On the basis of the materials gathered, two cases, one under section 388B, C and D and the other under section 398 of the Companies Act have been filed before the Companies Tribunal

for action against the management. The matter is still pending disposal, though the Tribunal has passed some orders as to the interim management of the company.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)-BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 32) Para No. 65

The Committee observe that the number of pending prosecution cases which had gone down from 3,699 in 1960 to 1,506 in 1962 has risen again to 2,204 in 1963.

The Committee cannot help remarking that legislation can be effective only if the parties at fault are brought to book and put in the dock without avoidable delay. The Committee would, therefore, suggest that the Company Law Division should review the position and take such action as is necessary to streamline the prosecution machinery to secure expeditious filing and disposal of cases.

REPLY OF THE GOVERNMENT

(a) The principles governing the launching of prosecutions were recently reviewed in the Department. It was decided that prosecutions should be only resorted to where it was felt that some positive purpose would be served by such an action. In the case of minor lapses and defaults committed due to inadvertence or ignorance of law by generally law-abiding companies, the Field Officers have been instructed to take a lenient view.

(b) The time-lag between the issue of the first and second default notices to defaulting companies and their officers has been reduced from five months to two.

(c) The Field Officers have been instructed that instead of launching prosecutions against companies which have virtually become defunct, they should resort to action under section 560 of the Act to strike-off their names.

(d) The Field Officers have been advised to report cases of grossly mismanaged, dishonest and habitually defaulting companies to the Board, so that action may be considered against them under section 388B, of the Companies Act for change in their management.

As regards expeditious disposal of cases already filed in the courts, attention of the Committee is respectfully drawn to the submission made earlier that the rate of pendency bears a direct relationship to the rate of institution. In regions and places where the

rate of launching of prosecutions is high, the number of cases remaining undisposed at the end of the year is also bound to be high. Further, expeditious disposal of pending cases also depends upon the overall pending position in criminal Courts which deal not only with cases under the Company Law but also other criminal enactments. They are also not under the direct supervision of the Central Government but under the State Governments and the High Courts. The officers of the Board have nevertheless been taking all possible steps to prevent delay by holding periodical meetings with the appropriate State Government authorities for removing bottlenecks in the expeditious disposal of company law cases. They also call upon the Presiding Officers of the Courts personally whenever there is an undue accumulation of cases in any particular Court.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 33) Para No. 67

The Committee suggest that suitable measures such as close scrutiny of returns filed under Section 551 by liquidators may be taken to see that voluntary liquidations are completed expeditiously and without prejudice to the interests of the shareholders concerned.

REPLY OF THE GOVERNMENT

To ensure closer scrutiny of returns filed under section 551 of voluntary liquidators and to ensure that these returns are invariably filed within the specified date, suitable instructions had been issued to all the Registrars directing them to maintain Default Cards and conduct special examination of the returns filed under section 551. The Company Law Board has also issued further instructions to its Regional Directors and to the Registrars to make special studies of pending cases of voluntary liquidation where the proceedings are being unreasonably delayed and to take expeditious action in appropriate cases for removal of the liquidators under section 515. Instructions have also been issued to take suitable action against liquidators for defaults in filing returns under the penal provisions of section (5) of that section.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 34) Para No. 68

The Committee are surprised to note that the information about the progress made in winding up of the companies after the replace-
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ment of voluntary liquidators by Official Liquidators is not available centrally in the Company Law Division.

The Committee would stress that a close watch may be kept by the Company Law Division on the progress made after the appointment of Official Liquidators so that the purpose underlying such appointments is fulfilled.

REPLY OF THE GOVERNMENT

Detailed instructions have been issued to the Official Liquidators to furnish full data in respect of companies under voluntary liquidation for which they function as liquidators, by virtue of their appointment under section 515 in the same manner as they furnish information to the Company Law Board in respect of companies under compulsory liquidation. Regional Directors of the Board have also been requested to examine these cases during their periodical inspections.

[Ministry of Finance, Department of Company Affairs & Insurance O.M. No. F. 8(1)BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 35) Para No. 69.

The Committee would suggest that statistics relating to assets realised and disbursements made by voluntary liquidators may be suitably mentioned in the Annual Reports of the Company Law Division.

REPLY OF THE GOVERNMENT

Suitable instructions have been issued to the Registrars of Companies to collect information about the assets realised and disbursements made by voluntary liquidators from the Statements of accounts filed with the Registrars under section 497, 509 and 551 of the Act so that complete figures of assets realised and disbursement made in respect of all companies under liquidation may be made available in the annual report of the Company Law Administration. In cases where such statements are not filed and defaults are made by the liquidators it would be, however, difficult for the inclusion of particulars of assets realised and disbursements made. With the issue of the instructions referred to above, it would, however, be possible for inclusion in the report information to the extent available with the Company Law Board and its Officers.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 36) Para No. 71

The Committee are constrained to observe that the number of companies in liquidation for a period of 5 years or more constitute 73·4 per cent of the total number of cases and that there are as many as 71 companies in respect of whom liquidation proceedings have been pending for more than 15 years.

The Committee would stress that continuous efforts should be taken to rationalise and simplify the winding up of the Companies having due regard to the need for safeguarding the interest of the shareholders.

The Committee are glad to note that the Company Law Division have thought of getting compiled the history of companies under liquidation. The progress made in compiling the history sheets has however, been somewhat halting.

The Committee would suggest that priority should be given to the preparation of history sheets of companies which have been under liquidation for 5 years or more so that the history sheets can be studied centrally by the Company Law Division to provide guidance for expediting the winding up proceedings.

REPLY OF THE GOVERNMENT

The Company Law Board is continuously reviewing the progress of liquidation work in the offices of the Official liquidators and is also examining the measures that might be taken for improving the procedure generally and for issuing detailed instructions in specific cases with a view to complete the pending liquidations expeditiously. An Internal Work Study Team of the Company Law Board is undertaking a detailed study of all the offices of the official liquidators with a view to rationalise the staffing pattern in those offices and with a view to suggest improvements to the administrative procedure obtaining in these offices. Steps are also being considered to strengthen and widen the scope of inspection by the Regional Directors of the Company Law Board. The question of replacement of part-time official liquidators either by full-time liquidators or by full-time officers of Government functioning as liquidators in addition to their duties is being considered with a view to bringing the liquidators under greater administrative and disciplinary control of the Company Law Board. It is hoped that these measures would bring about significant improvements in the present state of affairs in regard to this branch of work of the Company Law Board.

Special instructions have been issued to the official liquidators and instructions have also been issued to the Regional Directors to

ensure that history sheets of companies under liquidation in the charge of official liquidators are compiled expeditiously and submitted to the Board in time. These history sheets are already being studied centrally and in suitable cases instructions are issued to the liquidators and where needed advice is being given to the Official Liquidators for expediting pending liquidations.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

Recommendation (Serial No. 37) Para No. 72

Since the exemptions under Sub-section (6) of Section 25 of the Companies Act, 1956 were last granted nearly three years ago, the Committee would suggest that Government may review the position in the light of experience and decide what further exemptions could be given to chambers of commerce, trade associations etc. to facilitate their functioning.

REPLY OF THE GOVERNMENT

Though no general orders granting further exemption to companies licensed under section 25 of the Companies Act, 1956 have been issued by Government after 1961, in individual cases where exemptions are required in the light of the circumstances of the case, the Department have been granting exemptions to such Companies. In so far as the particular case referred to in paragraph 72 of the Report is concerned, it may be pointed out that companies licensed under Section 25 already enjoy exemption from the provisions of Section 280 and therefore the question of exemption from Section 281 would not arise. The suggestion of the Chamber referred to in paragraph 72 in regard to Section 193 have been noted for suitable action at the appropriate stage.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

It may please be stated if a general order granting further exemptions under sub-section (6) of Section 25 of the Companies Act, 1956, is proposed to be issued in the same manner as was done earlier in July, 1961.

[Lok Sabha Secretariat O.M. No. 5/8(1)EC/64, dated the 1st May, 1965.]

FURTHER REPLY OF THE GOVERNMENT

Further exemptions to the companies licensed under section 25 of the Companies Act, 1956, from the provisions of Section 193, 250

and 292 of the said Act were given vide the then Department of Revenue and Company Law Board Notification No. S.O. 2767 dated 5th August, 1964. A copy of the said Notification is enclosed herewith for ready reference. (Appendix III).

No further exemption from the provisions of the Companies Act, 1956, is contemplated at present.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965].*

Recommendation (Serial No. 38) Para No. 73

The Committee suggest that the question whether the Registrars of Companies should receive notices of all general meetings of public companies and whether they should also be empowered to send some authorised persons to attend general meetings as visitors without any power of speaking or voting may be examined.

REPLY OF THE GOVERNMENT

The suggestion of the Committee has been carefully considered by the Government and they are of the view that the mere presence of the Registrars without any right to speak and vote at general meetings cannot influence the course of such meetings. It will be an advantage only to the extent that the Registrars may have a clear and a more precise idea of the views and feelings of the shareholders and thus be in a better position to deal with specific cases relating to such companies which may come up before them or before the Company Law Board. Moreover even if the Registrars are so empowered it will not be possible for them to attend the majority of the general meetings. Further, it is felt that the presence of the Registrars or even the fact of their right to be present might be regarded as undue interference by the Company Law Board or the Government in the internal affairs of the company and it might also encourage disgruntled shareholders to urge the interference of the Company Law Board and of the Registrars. The Government are, therefore, of the view that the balance of advantage would lie in not assuming such powers on behalf of the Government.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 39) Para No. 74

In view of the representations made before the Committee by a number of leading non-official organisations, the Committee would like the Company Law Division to examine the practical utility of various forms and returns which are at present required to be filed

with the Registrars of Companies so as to see if any of these could be dropped, simplified or abridged.

REPLY OF THE GOVERNMENT

After a careful scrutiny of the various forms and returns prescribed by or under the Companies Act, 1956 which are required to be filed with the Registrars of Companies, it has been decided to amalgamate and simplify some of the forms. This would result in the reduction of the total number of forms by five. In regard to the returns to be filed by foreign company's in terms of section 593(a), (b) and (c), it will in future have to be filed only once a year instead of filing within 2 months from the date on which the alteration referred to in the said section was made or occurred. The relevant Rules are being amended to give effect to the above decision.

It is also proposed to amend certain sections of the Companies Act so as to do away with the filing of some of the returns which are at present required to be filed by companies and/or their directors, proposals in this regard have been included in the Companies (Second Amendment) Bill, 1964 which was introduced in Lok Sabha on 21st September, 1964.

As regards the remaining forms, it is not considered possible to dispense with, amalgamate or simplify them any further because the information to be furnished therein would be necessary and useful to Government, members and creditors of the companies and also to the general public. It may also be stated that many of the forms have to be filed by companies only once in the life time of each company or very rarely, if at all.

**[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].**

Recommendation (Serial No. 40) Para No. 75

The Committee suggest that the Government may examine the feasibility of permitting an authorised representative of the signatory of the forms and returns to carry out the corrections which the Registrars consider necessary.

REPLY OF THE GOVERNMENT

The Government have accepted the suggestion of the Estimates Committee and necessary instructions have been issued to all the Registrars of Company.

**[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].**

Recommendation (Serial No. 41) Para No. 76

With a view to enabling shareholders to take intelligent interest in the affairs of the companies engaged in production, Government may consider the feasibility of persuading such companies to furnish to the Stock Exchanges and to shareholders, if possible quarterly statements containing inter alia the following information:—

- (i) *General Survey of Business development;*
- (ii) *Comparative figures relating to production and sales; and*
- (iii) *Current and future prospects.*

REPLY OF THE GOVERNMENT

Government agree with the suggestion that companies engaged in production should be pursued to acquaint their shareholders periodically about their working and earnings. As a matter of fact, this question had been under the consideration of Government for some time past, in so far as listed companies were concerned, and in January last the Stock Exchange Division of this Department had sent a communication to the various Stock Exchanges in the country requesting them to advise the listed companies to release to their shareholders and the general public periodical progress reports at the end of every quarter and half year giving information regarding their production, output, sales, labour relations, expansion programmes and the like, so as to create a closer relationship between the companies and the shareholders and also to provide a sound basis for making investment decisions and for evaluating investment results. It is hoped that this would produce the desired results.

2. The various Chambers of Commerce and Manufacturers' Organisations have also been addressed in the matter requesting them to use their good offices in persuading constituents to adopt the wholesome practice of issuing periodical statements relating to their working and earnings.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964.*]

Recommendation (Serial No. 42) Para No. 80

The Committee would suggest that legal interpretation of Section 592(1) (d) of the Companies Act may be obtained from the Ministry of Law so that the position in their behalf becomes clear.

REPLY OF THE GOVERNMENT

The point was referred to the Ministry of Law who have advised that the word "persons" in section 592(1) (d) of the Companies Act 1956 is wide enough to include juristic persons like companies.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964.*]

Recommendation (Serial No. 43) Para No. 81

The Committee would suggest that the question of setting up of an autonomous body composed of representatives drawn from the Central Ministries concerned and from leading non-official organisations of Commerce & Industry, for the purpose of regulating training of the profession of company secretaries and conducting examinations may be examined.

REPLY OF THE GOVERNMENT

Before the setting up of the Advisory Board for Profession of Company Secretaries, the affairs of Company Secretaries were managed by an Institute which was established at Calcutta in 1956. However, experience showed that the Institute did not work harmoniously due to differences in its two groups. It was, therefore, decided in 1959 to wind up the Institute and set up an Advisory Board instead, on which other Departments concerned, non-official organisations of Commerce & Industry and members from the Profession were represented, to assist the Government in conducting the examinations for awarding the Diploma in Company Secretaryship. It was thought that the Examinations conducted by the Government would by that very fact get greater recognition from companies and other employing agencies and those who passed these examinations would ultimately provide the nucleus around which a statutory Institute could be built up in course of time. So far only 21 candidates have passed the Final Examination and 129 have completed the Intermediate Examination. The Government feel that the suggestion of the Estimates Committee to set up an autonomous body for the purpose of conducting the Examinations cannot be given effect to in the immediate future. The profession is not developed yet and it is felt that Government should continue to shoulder the responsibility for some time to come. However, as a step in that direction, a suggestion received from the Advisory Board for Company Secretaries that a separate organization somewhat on the lines of the Indian Accountancy Board set up in 1932

be formed for the purpose and well-defined financial and administrative powers be conferred on it, is being examined by Government.

[Ministry of Finance, Department of Company Affairs and Insurance-
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

- (i) *The result of examination of the proposal for setting up a separate organisation on the lines of the Indian Accountancy Board, may please be intimated.*
- (ii) *The constitution and functions of the Indian Accountancy Board, may please be intimated.*

[Lok Sabha Secretariat O.M. No. 5/8(1)EC/64, dated the 1st May, 1965.]

FURTHER REPLY RECEIVED FROM GOVERNMENT

- (i) *The proposal for setting up a separate organisation is still engaging the attention of the Government.*
- (ii) *As regards the constitution and functions of the Indian Accountancy Board, attention is invited to paras 49 to 63 of Part III of the Auditor's Certificates Rules, 1932 and Restricted Certificates Rules, 1932.*

[Ministry of Finance, Department of Company Affairs and Insurance-
O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965].

Recommendation (Serial No. 44) Para No. 82

With a view to providing adequate coaching facilities to students preparing for examination of the Company Secretaries, the Committee suggest that Government should lay down criteria and accord formal recognition to institutions providing such facilities in the country after carrying out proper inspection. In this connection, they would also like to refer to the recommendation made in para 30..

REPLY OF THE GOVERNMENT

The matter is already under consideration.

As pointed out earlier, the Institutions which have already started training classes for the students appearing in Company Secretaries Examinations, have been requested to furnish detailed data to the Government about candidates coached by them, the type of courses run by them and the qualifications and experience of the teaching personnel engaged in these courses. Information from these institutions is still awaited and it will take some time for the Government

to carefully watch the performance of these institutions before recognition can be granted to them. In the meantime, the Institute of Chartered Accountants in India has been addressed with a view to explore the possibility of the Institute undertaking the work of coaching candidates desirous of taking the examination for Company Secretaryship.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964.*]

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The result of further consideration of the recommendation, may please be intimated.

[*Lok Sabha Secretariat O.M. No. 5/8(1)EC/64, dated the 1st May, 1965.*]

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

The Government is still seized of the matter and some of the existing institutions in the field have started furnishing detailed data to the Government about candidates coached by them, the type of courses run by them and the qualifications and experience of the technical personnel engaged in these courses. Information from some other such institutions is still awaited and as explained earlier, the performance of these institutions will have to be watched carefully before granting any recognition to them. Before granting formal recognition to any such institutions the matter will have to be placed before the Advisory Board for Company Secretaries. In the very nature of things the matter is likely to take some good time before any concrete results could be expected.

[*Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965.*]

Recommendation (Serial No. 45) Para No. 83

The Committee find that the composition and functions of the Research Programme Committee are being notified each time such a Committee is constituted. As the Research Programme Committee has now been functioning for more than five years, it is suggested that the constitution, functions and terms of appointment of the members of the Committee may be laid in general terms. This would endow the Research Programme Committee with the attributes of a Standing Advisory Committee.

REPLY OF THE GOVERNMENT

So far the Research Programme Committee was being constituted on an ad hoc basis every two years. Since the personnel of the Committee had been changing every two years, it was not possible to lay down in advance the constitution of the Committee very specifically. However, steps will now be taken to lay down the

constitution, functions and terms of appointment of the Committee on a regular basis.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 46) Para No. 84

The Committee agree with the recommendation made by the Third Research Programme Committee that there should be greater liaison between the Research Division and the Universities so that research on corporate matters might get a fillip.

REPLY OF THE GOVERNMENT

In order to have greater liaison between the Research Division and the Universities, we are sending copies of all the Staff Papers and "Company News—Notes" issued by us to all the Heads of the Departments of Economics of all the Universities. The Officers of the Research Division are also available for discussion with any research student on matters relating to the corporate sector. A conference was held in New Delhi with the representatives of the interested Universities/Research Institutions on the promotion of corporate sector research in India in August last. Various suggestions to promote research in the field of corporate sector have been made at the Conference and these are being examined in the Research and Statistics Directorate.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

Recommendation (Serial No. 47) Para. No. 85

The Committee would like to emphasise the need for timely publication of details of research work in progress in Universities including the names of the research workers and supervisors and the names of the sponsoring or aiding institutions so that it may help all those who are interested in the subject to get in touch with the research workers, supervisors etc. concerned.

REPLY OF THE GOVERNMENT

This is already being done in the Company News & Notices and there is no delay in its publication. In addition, cyclostyled copies

of the latest research projects in progress in the various Universities and Research Institutions are also circulated to Universities in time.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

A copy of Company News & Notes wherein a list of research projects in progress in 1964 was published, and copies of cyclostyled letters, together with the dates when they were issued to Universities in 1963 and 1964, about the latest research projects in progress, may please be furnished.

[Lok Sabha Secretariat O.M. No. 5/8(1)EC/64, dated the 1st May, 1965.]

FURTHER REPLY FURNISHED BY THE GOVERNMENT

The Department gets this information from the Universities only on request once a year and the same is published in the Company News & Notes also once a year after it is received. (Appendix IV). It will, however, be possible for the Department to make these requests to Universities every quarter and the information can be published as and when received from the Universities.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965].

Recommendation (Serial No. 48) Para No. 86

The Committee would like to stress that the Company Law is not an end in itself but a means; it is an instrument of policy for implementing the economic policy of the Government as laid down by Parliament and the success of the Company Law Administration would depend on its effectiveness in giving shape to this economic policy, particularly, the effective and proper guidance of the private sector and prevention of any unhealthy practices in that sector, leading to concentration of wealth.

REPLY OF THE GOVERNMENT

The observations of the Estimates Committee have been and will continue to be kept prominently in view by Government while administering the various provisions of the Companies Act. The attainment of the social and economic objectives of the country as laid down by Parliament from time to time has been the main consideration which has weighed with Government in bringing to

light various unsound company practices and unhealthy trends in corporate management and taking appropriate remedial measures within the limitations of the Company Law. It will, however, be appreciated that the Company Law is only one of the several instruments for implementing the economic and social policy of Government.

*[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].*

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Serial No. 11) Para No. 31

31. *The expert committee recommended by the Estimates Committee in para 30 may inter alia examine the question of prescribing a minimum initial registration fee and a single annual registration fee in place of the diverse fees which are being levied at present.*

REPLY OF THE GOVERNMENT

* * * * *

As regards the suggestion that an Expert Committee should be appointed to rationalise the fees payable by companies, and that the said Committee may also examine the question of prescribing a minimum initial registration fee and an annual registration fee in place of the diverse fees at present levied, it is felt that this is not necessary, at any rate, at the present stage. In this connection, it may be stated that apart from the registration fees, initial or annual, fees are at present payable in respect of applications made to the Company Law Board and to the Regional Directors for approval, consent etc., under various sections of the Act. It would not be entirely fair to abolish such application fees and spread out its incidence on all the companies irrespective of whether they submit applications or not. Government are aware of the criticism that the procedure for payment of fees, apart from its financial incidence, is irksome in nature. To meet this criticism, Government are considering whether a simple procedure could not be adopted by which the parties are allowed to affix stamps on the documents to be filed by companies and on their applications to be made to the Company Law Board/Regional Directors, instead of having to remit the fees by money order or cheque or to credit the application fees in a treasury or a branch of the State Bank.

[Ministry of Finance, Department of Company Affairs and Insurance O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

(i) *Since 'Government accept the principle that the fees levied by the Company Law Board should be commensurate with the services rendered and should not be treated as an additional source for raising general revenue', and since 'Government are aware of the criticism that the procedure for payment of fees apart from its*

financial incidence, is irksome in nature', it may please be indicated what concrete action is proposed to be taken in the matter.

(ii) *The reasons as to why the appointment of an Expert Committee, as suggested by the Estimates Committee, is not considered necessary, may also be indicated.*

[Lok Sabha Secretariat O.M. No. 5/8 (1)-EC/64, dated the 1st May, 1965].

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

(i) Government does not consider that any concrete action whether by way of revision of the scale of fees or otherwise, is immediately called for following its acceptance of the principle enunciated by the Committee viz: that "the fees levied by the Company Law Board should be commensurate with the services rendered and should not be as an additional source for raising general revenue". It (the Government) has already indicated in paras 2 and 3 of its earlier reply the steps that it proposes to take, in due course, for the employment of the surplus funds available, for the promotion of research in corporate matters and for imparting training to accountants and Company Secretaries. Besides, the existing wide gap between the Department's fee income and expenditure is unlikely to be a continuing phenomenon. The figures of income and expenditure for the year 1964-65, provisionally available, already indicate a rise in expenditure from Rs. 43·71 lakhs in 63-64 to Rs. 58·20 lakhs and a fall in income from Rs. 82·74 lakhs (in 63-64) to Rs. 77·87 lakhs. Moreover, the Department would soon have to consider measures for augmenting its staff both in number and in the matter of quality, in view of the increased duties and responsibilities likely to be placed on its officers, if the proposals contained in the Companies (Second Amendment) Bill, 1964 as reported on by a Joint Committee and now before Parliament, were to be accepted. Augmentation of its research and other technical staff, as indicated above, is bound to reduce further gap between the Department's existing levels of income and expenditure. In the circumstances, Government does not propose to take any steps other than those already indicated, for making the services rendered by the Department commensurate with the fees levied by it.

As regards the irksomeness of the procedure for the payment of fees by companies, a reference is invited to the concluding sentence of para 4 of Government's earlier reply which indicates already the steps Government are considering, to meet the criticism levelled in this behalf. It may, however be pointed out that the matter has been examined and it is tentatively found that the saving in time,

labour or expenses in the Registrar's office by the introduction of stamps will be at the expense of equivalent or perhaps more work and expenditure in other Government departments. It is, therefore, under consideration whether any change from the present system of payment of fees would really be of much advantage to the Government or to the public.

(ii) As both the points suggested for reference to the proposed Expert Committee viz.:

- (i) rationalisation of fees; and
- (ii) the feasibility of prescribing a minimum initial registration fee and a single annual registration fee,

were considered in detail in the Department itself and were found to be unacceptable, Government thought that no useful purpose would be served by the appointment of a Committee as proposed by the Estimates Committee. Para 4 of Government earlier reply already indicates briefly the practical difficulties in the acceptance of the suggestion for prescribing a minimum initial registration fee and a single annual registration fee.

[Ministry of Finance, Department of Company Affairs and Insurance
O.M. No. F. 8(1)/BGT/65, dated the 25th June, 1965].

Recommendation (Serial No. 24) Para No. 49

The Committee suggest that the question of suitably including the details of managerial personnel who are sanctioned remuneration exceeding Rs. 1,20,000 per annum in the Annual Report on the working and administration of the Companies Act may be examined.

REPLY OF THE GOVERNMENT

For the reasons given below it is not advisable to include the details of managerial personnel who are sanctioned remuneration exceeding Rs. 1,20,000 per annum in the Annual Report on the working and administration of the Companies Act:—

- (i) The information relates to the top executives of several business houses and its disclosure might unnecessarily tend to create friction between the employees of the company and the management. This principle was also recognised by the Technical Advisory Committee.
- (ii) Disclosure of such information might lead to request by members of the public for further information relating to remuneration of each and every person whose contract of

service or terms of remuneration is approved by Government/Company Law Board. Having given a part of the information, it may be subsequently difficult to resist such requests.

- (iii) Some of the persons to whom the remuneration in excess of Rs. 1,20,000 per annum has been approved are foreign nationals. Public disclosure of their private incomes may not be desirable.

[*Ministry of Finance, Department of Company Affairs and Insurance*
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

COMMENTS OF THE COMMITTEE

The Committee hope that the number of persons receiving remuneration exceeding Rs. 1,20,000 per annum will gradually go down till it is totally eliminated.

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 26) Para No. 54

The Committee consider that as the Institutes of the Chartered Accountants and the Cost and Works Accountants have now been functioning for a number of years, it is time that their work is reviewed by a Committee, consisting of leading non-officials and experts in the field. They should, in particular, assess the extent to which the Council have discharged their functions of regulating the engagement and training of article/audit clerks holding examinations, exercising disciplinary powers against members etc.

REPLY OF THE GOVERNMENT

A Committee consisting of leading Chartered Accountants with a senior officer of the then Department of Company Law Administration as its Secretary was appointed in 1958 to review the work of the Institute of Chartered Accountants. The recommendations of this Committee have been considered and largely accepted by the Institute. No such Reviewing Committee has so far been appointed for the Institute of Costs & Works Accountants, but this Institute came into existence only at the end of 1959. The two Institutes are autonomous in nature and are managed by leading members of the respective professions. The then Company Law Department and now the Company Law Board is in very close touch with the working of these Institutes. Government, therefore, do not consider the appointment of a Committee of the nature suggested, necessary at this stage.

[Ministry of Finance, Department of Company Affairs and Insurance.
O.M. No. F. 8(1)/BGT/64, dated the 7th December, 1964].

COMMENTS OF THE COMMITTEE

In view of the fact that the working of the Institute of Chartered Accountants of India was reviewed as far back as in 1958 and that the working of the Institute of Cost and Works Accountants has not been reviewed so far, the Committee reiterate their earlier recommendation.

NEW DELHI;

Dated the 18th September, 1965.

Bhadra 27, 1887 (Saka).

ARUN CHANDRA GUHA,

Chairman,

ESTIMATES COMMITTEE.

APPENDIX I

(Vide reply to recommendation Serial No. 15 in Chapter II)

REGULATION 2

(Byelaws 32 and 35)

DEALINGS IN SECURITIES

Conditions precedent to Dealings on the Exchange

2.1. The Board of Directors may not grant admission to dealings to the securities of a Company which is not listed on the Exchange unless—

Public Subscription

- (i) the subscription list inviting applications for the securities from the public shall have been kept open for at least three days;

Advertisement

- (ii) the Prospectus or announcement in respect of such public subscription shall have been advertised in newspapers;

Offer and Allotment

- (iii) at least forty-nine per cent of the issued capital whether such issue be the whole or part of the authorised capital shall have been offered to the public (excluding vendors) in equal proportion as to class or kind and allotted fairly and unconditionally;

Provided that where any part of the issued capital has been or is agreed to be taken up by the Central Government, a State Government or a Government Company or any other organisation that may be notified in this respect by the Central Government in the Official Gazette the reference to forty-nine per cent of the securities to be offered to the public shall be construed to mean forty-nine per cent. of the issue available after setting aside the portion of the issued capital so taken up or agreed to be taken up

Memorandum and Articles of Association

- (iv) the Memorandum and Articles of Association of the Company shall contain the provisions prescribed in Appendix A to this Regulation or such other provision as the Board of Directors may from time to time prescribe in addition thereto or in modification or substitution thereof and exclude provisions which in any way restrict free dealings or which in the opinion of the Board of Directors are undesirable or unreasonable;

Provided that the Board of Directors may provisionally admit to dealings securities of a Company which undertakes to amend its Memorandum and Articles of Association at its next General Meeting so as to fulfil the foregoing requirements and agrees to act in the meantime strictly in consonance with the said requirements.

Listing Agreement

- (v) The Company shall execute or undertake to execute under its seal a Listing Agreement in the form prescribed in Appendix B to this Regulation or in such other form as the Board of Directors may from time to time prescribe in modification or substitution thereof.

Listing Application

2.2. Companies which are not listed on the Exchange shall make application for admission of their securities to dealings on Exchange in the forms prescribed in Appendices C and E to this.

Listing of New Capital Issues

2.3. Companies which are listed on the Exchange shall apply for admission to dealings on the Exchange of any new (original or further) issue the forms prescribed in Appendices D and F to this Regulation or in such other form or forms as the Board of Directors may from time to time prescribe in addition thereto or in modification or substitution thereof.

Supporting Documents

2.4. Companies applying for admission of their securities to dealings on the Exchange shall submit to the Exchange the following:

Documents and Information

- (i) the documents and information prescribed in Appendix G or Appendix H (as the case may be) to this Regulation or such other documents and information as the Board of

Directors may from time to time prescribe in addition thereto or in modification or substitution thereof together with any other documents and information which the Board of Directors may require in any particular case; and

Distribution Schedules

- (ii) Distribution Schedules duly completed in respect of each class and kind of security in the form prescribed in Appendix I to this Regulation or in such other form or forms as the Board of Directors may from time to time prescribe in addition thereto or in modification or substitution thereof.

Listing Conditions and Requirements

2.5. All Companies which are listed on the Exchange shall comply with the listing conditions and requirements contained in the Agreement Form appearing in Appendix B to this Regulation or such other conditions and requirements as the Board of Directors may from time to time prescribe in addition thereto or in modification or substitution thereof.

Suspension or Withdrawal or Admission to Dealing

2.6. The Board of Directors may suspend or withdraw admission to dealings granted to the securities of a listed Company which acts in breach of the listing conditions and requirements prescribed in these provisions.

APPENDIX A TO REGULATION 2

[Regulation 2.1(iv)]

Listing Requirements relating to Articles of Association

The Articles of Association of a Company shall contain the following provisions namely:—

- (i) that a common form of transfer shall be used;
- (ii) that fully paid shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;
- (iii) that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;
- (iv) that any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits;
- (v) that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law; and
- (vi) that option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.

NOTE.—The Board of Directors may make exception to any provision contained in the Memorandum and Articles of Association of a Company which may be deemed undesirable or unreasonable in the case of a Public Company and may require inclusion of specific provisions deemed to be desirable and necessary.

APPENDIX II

(Vide reply to recommendation S. N. 15 in Chapter II)

Securities Contracts (Regulation) Rules, 1957

Rule 19.—Requirements with respect to the listing of securities on a recognised stock exchange.—(1) A public company as defined under the Companies Act, 1956, desirous of getting its securities listed on a recognised stock exchange, shall apply for the purpose to the stock exchange and forward along with its application the following documents and particulars:—

- (a) Memorandum and Articles of Association and, in the case of a debenture issue, a copy of the trust deed;
- (b) Copies of all prospectuses or statements in lieu of prospectuses issued by the company at any time;
- (c) Copies of offers for sale and circulars or advertisements offering any securities for subscription or sale during the last five years;
- (d) Copies of balance sheets and audited accounts for the last five years, or in the case of new companies, for such shorter period for which accounts have been made up;
- (e) A statement showing:—
 - (i) dividends and cash bonuses, if any, paid during the last ten years (or such shorter period as the company has been in existence, whether as a private or public company).
 - (ii) dividends or interest in arrears, if any.
- (f) Certified copies of agreements or other documents relating to arrangements with or between:—
 - (i) vendors and/or promoters.
 - (ii) underwriters and sub-underwriters.
 - (iii) brokers and sub-brokers.
- (g) Certified copies of agreements with:—
 - (i) managing agents and secretaries and treasurers.
 - (ii) selling agents.

- (iii) **managing directors and technical directors.**
- (iv) **general manager, sales manager, manager or secretary.**
- (h) **Certified copy of every letter, report, balance sheet, valuation, contract, court order or other document, part of which is reproduced or referred to in any prospectus, offer for sale, circular or advertisement offering securities for subscription or sale, during the last five years.**
- (i) **A statement containing particulars of the dates of and parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents (except those entered into in the ordinary course of business carried on or intended to be carried on by the company) together with a brief description of the terms, subject-matter and general nature of the documents.**
- (j) **A brief history of the company since its incorporation giving details of its activities including any reorganisation, reconstruction or amalgamation, changes in its capital structure (authorised, issued and subscribed) and debenture borrowings, if any.**
- (k) **Particulars of shares and debentures issued (i) for consideration other than cash, whether in whole or part (ii) at a premium or discount or (iii) in pursuance of an option.**
- (l) **A statement containing particulars of any commission, brokerage, discount or other special terms including an option for the issue of any kind of the securities granted to any person.**
- (m) **Certified copies of:—**
 - (i) **letters of consent of the Controller of Capital Issues.**
 - (ii) **agreements if any, with the Industrial Finance Corporation, Industrial Credit and Investment Corporation and similar bodies.**
- (n) **Particulars of shares forfeited.**
- (o) **A list of highest ten holders of each class or kind of securities of the company as on the date of application along with particulars as to the number of shares or debentures held by and the address of each such holder.**
- (p) **Particulars of shares or debentures for which permission to deal is applied for:**

Provided that a recognised stock exchange may either generally by its bye-laws or in any particular case call for such further particulars or documents as it deems proper.

(2) Apart from complying with such other terms and conditions as may be laid down by a recognised stock exchange, an applicant company shall satisfy the stock exchange that:

- (a) Its articles of association provide for the following among others:—**
- (i) that the company shall use a common form of transfer;**
 - (ii) that the fully paid shares will be free from all lien, while in the case of partly paid shares, the company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares;**
 - (iii) that any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof, in a dividend subsequently declared;**
 - (iv) there will be no forfeiture of unclaimed dividends before the claim becomes barred by law;**
 - (v) that option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting;**

Provided that a recognised stock exchange may provisionally admit to dealings the securities of a company which undertakes to amend its articles of association at its next general meeting so as to fulfil the foregoing requirements and agrees to act in the meantime strictly in accordance with the provisions of this clause.

- (b) At least forty-nine per cent of each class or kind of securities issued by the company was offered to the public for subscription through advertisement in newspapers for a period not less than three days and that applications received in pursuance of such offer were allotted fairly and unconditionally:**

Provided that a recognised stock exchange may relax this requirement with the previous approval of the Central Government on satisfactory evidence being produced by the company concerned that the securities sought to be listed are not unduly concentrated in a few hands.

Explanation.—Where any part of the securities sought to be listed have been or are agreed to be taken up by the Central Government, a State Government, or a Government Company or any other organisation that may be notified in this respect by the Central Government in the Official Gazette, the reference to forty-nine per cent. of the securities to be offered to the public shall be construed to mean forty-nine per cent. of the issue available after setting aside any securities so taken up or agreed to be taken up.

(3) A company applying for listing shall, as a condition precedent, undertake *inter alia*:

- (a) (i) that letters of allotment will be issued simultaneously and that, in the event of its being impossible to issue letters of regret at the same time, a notice to that effect will be inserted in the press so that it will appear on the morning after the letters of allotment have been posted;
- (ii) that letters of right will be issued simultaneously;
- (iii) that letters of allotment, acceptance or rights will be serially numbered, printed on good quality paper and examined and signed by a responsible officer of the company and that whenever possible, they will contain the distinctive numbers of the securities to which they relate;
- (iv) that letters of allotment and renounceable letters of right will contain a proviso for splitting and that, when so required by the Exchange, the form of renunciation will be printed on the back of or attached to the letters of allotment and letters of right;
- (v) that letters of allotment and letters of right will state how the next payment of interest or dividend on the securities will be calculated.
- (b) to issue, when so required, receipts for all securities deposited with it whether for registration, sub-division, exchange or for other purposes;
- (c) when documents are lodged for sub-division or consolidation through the Clearing House of the Exchange:
 - (i) to accept the discharge of an official of the stock exchange clearing house on the company's split receipts and consolidation receipts as good and sufficient discharge without insisting on the discharge of the registered holders; and

- (1) to verify when the company is unable to issue certificates or split receipt or consolidation receipts immediately on lodgement whether the discharge of the registered holders, on the documents lodged for sub-division or consolidation and their signatures on the relative transfers are in order;
- (d) on production of the necessary documents by shareholders or by members of the exchange, to make on transfers an endorsement to the effect that the power of attorney or probate or letters of administration or death certificate or certificate of the Controller of Estate Duty or similar other document has been duly exhibited to and registered by the company.
- (e) to issue certificates in respect of shares or debentures lodged for transfer within a period of one month of the date of lodgement of transfer and to issue balance certificates within the same period where the transfer is accompanied by a larger certificate;
- (f) to advise the stock exchange of the date of the Board Meeting at which the declaration or recommendation of a dividend will be considered;
- (g) to advise the stock exchange in writing of all dividends and/or cash bonuses recommended or declared immediately after a meeting of the Board of the company has been held to finalise the same;
- (h) to notify the stock exchange of any material change in the general character or nature of the company's business;
- (i) to notify the stock exchange of any change:
- (i) in the company's directorate by death, resignation, removal or otherwise.
 - (ii) of managing director, managing agent or secretaries and treasurers.
 - (iii) of auditors appointed to audit the books and accounts of the Company;
- (j) to forward to the stock exchange copies of statutory and annual reports and audited accounts as soon as issued, including Directors' report;
- (k) to forward to the stock exchange as soon as they are issued, copies of all other notices and circulars sent to the shareholders including proceedings of ordinary and extra-

ordinary general meetings of the company and to file with the stock exchange certified copies or resolutions of the company as soon as such resolutions become effective;

- (l) to notify the stock exchange prior to intimating the shareholders of any new issue of securities whether by way of right, privilege, bonus or otherwise and the manner in which it is proposed to offer or allot the same;
- (m) to notify the stock exchange in the event of re-issue of any forfeited securities or the issue of securities held in reserve for future issue;
- (n) to notify the stock exchange of any other alteration of capital including calls;
- (o) to give notice to the stock exchange as many days in advance as the exchange may from time to time reasonably prescribe, stating the dates of closure of its Transfer Books (or, when the Transfer Books are not to be closed, the date fixed for taking a record of its shareholders or debentureholders) and specifying the purpose or purposes for which the Transfer Books are to be closed (or the record is to be taken);
- (p) to forward to the stock exchange an annual return immediately after each annual general meeting of at least ten principal holders of each class of security of the company along with particulars as to the number of shares or debentures held by, and address of, each such holder;
- (q) to grant to shareholders the right of renunciation in all cases of issue of rights, privileges and benefits and to allow them reasonable time within which to record, exercise, or renounce such rights, privileges and benefits;
- (r) to promptly notify the stock exchange:
 - (i) of any action which will result in the redemption, cancellation or retirement in whole or in part of any securities listed on the exchange;
 - (ii) of the intention to make a drawing of such securities, intimating at the same time the date of the drawing and the period of the closing of the Transfer Books (or the date of the striking of the balance) for the drawing;
 - (iii) of the amount of securities outstanding after any drawing has been made;

- (s) to intimate the stock exchange any other information necessary to enable the shareholders to appraise the position of the company and to avoid the establishment of a false market in the shares of the company;
- (t) that in the event of the application for listing being granted, such listing shall be subject to the rules and bye-laws of the exchange in force from time to time and that the company will comply within a reasonable time, with such further listing requirements as may be promulgated by the exchange as a general condition for new listings.

(4) A fresh application for listing will be necessary in respect of all new issues desired to be dealt in, provided that, where such new securities are indetical in all respects with those already listed, admission to dealings will be granted on the company intimating to the stock exchange particulars of such new issues.

Explanation.—Shares are indetical in all respects only if:

- (a) they are of the same nominal value and the same amount per share has been called up;
- (b) they are entitled to dividend at the same rate and for the same period, so that at the next ensuing distribution, the dividend payable on each share will amount to exactly the same sum, net and gross; and
- (c) they carry the same rights in all other respects.

(5) A recognised stock exchange may suspend or withdraw admission to dealings in the securities of a company or body corporate either for a breach of or non-compliance with, any of the conditions of admission to dealings or for any other reason, to be recorded in writing, which in the opinion of the stock exchange justifies such action;

Provided, however, that no such action shall be taken by stock exchange without affording to the company or body corporate concerned a reasonable opportunity by a notice in writing, stating the reasons, to show cause against the proposed action:

Provided further that where a recognised stock exchange has withdrawn admission to dealings in any security, or where suspension of admission to dealings has continued for a period exceeding three months, the company or body corporate concerned may appeal to the Central Government and the Central Government may, after giving the stock exchange an opportunity of being heard, vary or set aside

the decision of the stock exchange and thereupon the orders of the Central Government shall be carried out by the Stock Exchange.

(6) A recognised stock exchange may, either at its own discretion or shall in accordance with the orders of the Central Government under sub-rule (5) restore or readmit to dealings any securities suspended or withdrawn from the list.

(7) The Central Government may, at its own discretion or on the recommendation of a recognised stock exchange, waive or relax the strict enforcement of any or all of the requirements with respect to listing prescribed by rules.

APPENDIX III

(Vide reply to recommendation Serial No. 37 in Chapter II)

MINISTRY OF FINANCE

(Department of Revenue & Company Law Board)

NOTIFICATION

New Delhi, the 5th August, 1964

S.O. 2767.—In exercise of the powers conferred by sub-section (6) of Section 25 of the Companies Act, 1956 (1 of 1956) read with the Notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G.S.R. 178 dated the 1st February, 1964, the Company Law Board hereby directs that a body to which a licence is granted under section 25 aforesaid shall be exempt from the provisions of the said Act specified in column 1 of the Table below to the extent specified in the corresponding entries in column 2 of the said Table.

TABLE

Provisions of the Act	Extent of Exemption
Section 193	Minutes may be recorded within 30 days of the conclusion of every meeting in case of companies where the Articles of Association provide for confirmation of minutes by circulation.
Section 259	The whole.
Section 292	Matters referred to in clause (e) (d) and (e) of sub-section ⁵ (1) may be decided by the Board by circulation instead of at a meeting.

[No. 26(2) CLIV/63.]

N. PARASURAMAN, Under Secy.

APPENDIX IV

(Vide reply to recommendation Serial No. 47 in Chapter II)

List of Research Projects in progress in the Universities and Research Institutions during 1964.

(Prepared in the Research & Statistics Directorate of the Company Law Board)

A Brochure on Promotion of Research on matters relating to the Corporate Sector in India was originally issued in December, 1961 by the Research & Statistics Directorate of the erstwhile Department of Company Law Administration with a view to bringing coordinated approach towards research activities of the Corporate Sector. This Brochure was reprinted in the year 1963 with upto date lists of research projects relating to corporate management, finances etc., in progress at the various research institutions and universities in India. The following is a list of research projects in progress in the Universities and Research Institutions during 1964. It supplements the information given in the above mentioned Brochure and upto dates the same up to the year 1964.

Research Projects relating to Management, Finance etc. of Joint Stock Companies initiated during 1964.

Sl. No.	Institution at which Research Project is being carried on and Titles of Research Projects.	Name of Research Worker	Name of Supervisor	Purpose of Research work	Expected date of completion
1	2	3	4	5	6
I. Administrative Staff College of India :					
(1)	Accountability of Public Companies.	Prof. M. S. Doraiswami.	..	For college course study.	1964
(2)	Merit-rating and Promotion Policies in Indian Companies.	Shri P. J. Banaji.	Dr. G. R. Dalvi.	Do.	1964
(3)	Pattern of Directorships in India.	Shri G. N. Murthy.	Do.	Do.	1964

1	2	3	4	5	6
2. Allahabad University:					
	Financing of New Companies.	Shri Nari Karan Nath Mishra.	Shri S. P.] Singh	D. Phil.	N.A.
3. Aligarh Muslim University:					
	Management Techniques of Indian Trade Unions.	Shri Javid Akhtar.	Prof. Q. H. Farooque.	Ph. D.	1966
4. Birla Institute of Technology and Science:					
(1)	A study of Industrial Finance in Rajasthan.	Shri B. R. Agarwal.	Dr. Dool Singh.	Ph. D.	1964
(2)	A study of Corporate Debt. Policy and the Determina- tion of Corporate Debt. Capacity.	Shri N. D. Sharma.	Dr. Dool Singh	Ph. D.]	1966
(3)	Evolution of Corporate Financing Reporting in India.	Shri R. K. Mahajan.	Do.	Ph. D.	1966
5. Bombay University:					
(1)	Foreign Collaboration	Shri K. K. Subrahmanian	Dr. D. T. Lakdawala.	Ph. D.	1966
(2)	Company Finances	Dr. R. K. Hazari	..	..	1965
(3)	Company Taxation	Shri V. D. Lall	Dr. R. K. Hazari	Ph. D.	1966
	Sydenham College of Com- merce and Economics, Bombay. (affiliated to Bombay Uni- versity).				
(4)	Wage and Earnings in En- gineering Industry in Bombay City and Suburbs.	Shri B. R. Rairikar	Principal, Merchant.	K.T. Ph. D.	1965
6. Bardwan University:					
	Corporate Taxation and Eco- nomic Development in India	Dr. D. S. Ganguly	Dr. S. N. Sen	D. Litt.	1966
7. Gorakhpur University. The working of the Indian Capital Market with special refer- ence to the first two Plans.					
		Shri R. K. Lele	Dr. R. L. Agrawal.	Ph. D.	June 1965

1	2	3	4	5	6
8. Indian School of Public Administration :					
(1)	A review of the machinery for consultation between Government and Private industry with special reference to the Development Councils.	Dr. M. J. K. Thavaraj	..	Under preparation for and Session of the Conference on Administrative Reforms organised by the Institute.	1964
(2)	A review of the machinery for the regulation of private industry.				
(3)	Organisation and structure of top management in public enterprises.				
(4)	The problem of management cadres in the public enterprises.				
9. Institute of Chartered Accountants of India :					
(1)	Opinion regarding certain provisions of the Companies Act, 1956.	Research Committee	..	..	..
(2)	Valuation of unquoted shares.	Post Graduate Course Committee of the Institute	..	..	..
(3)	Cost reduction cost analysis.				
(4)	Introduction of Management Accounting system in a medium-size Industrial Unit.				
(5)	Price Fixation	I. C. A. I. jointly I.M.C. Economic Research and Training Foundation, Bombay.	..	..	1965
(6)	Comparative study of Personal and Corporate taxes in various countries.	Research Committee of I.C.A.I. jointly with Association of Indian Trade and Industry, Bombay.	..	..	1965
10. Institute of Cost Works Accountants of India :					
	Fair Return on Capital	Shri K. S. Ramachandran.	..	..	1965
11. Karnatak University:					
(1)	Bank Profits in India	Shri H. B. Tontadarya	Dr. C. C. Patil Ph. D.		1966

1	2	3	4	5	6
(2.)	Foreign Collaboration in Indian Industries— A critical study.	Shri R. Balachandran Nair.	Dr. C. C. Pattanshetti	Ph. D.	1964
12. Lucknow University :					
(1)	Valuation of shares	Shri R. M. Lall	Dr. K. C. Sarkar	Ph. D.	1964
(2)	Public Corporation in India	Shri J. N. Shukla	Dr. R. L. Varshney	Do.	1965
(3)	Industrial Finance in India since Independence.	Shri K. N. Singh. ⁴	Do.	Do.	N.A.
(4)	Foreign Investment in India	Dr. K. C. Bhandari	Dr. K. C. Sarkar	D. Litt.	1966
(5)	Indian Industrial Finance Corporation	Shri R. M. Sakseena	Do.	Ph. D.	1964
(6)	Published Accounts in India	Shri H. C. Srivastava	Shri I. B. Sinha	Ph. D.	December, 1965
(7)	Dividend Policy with Special Reference to certain selected Industries.	Shri R. A. Sharma.	Dr. R. L. Varshney	Ph. D.	Do.
(8)	Financial Reporting in India	Shri N. Des Gupta.	Shri R. M. Lall	Ph. D.	Do.
(9)	New Capital Issue Market in India since Independence	Shri I. B. Sinha	Dr. K. C. Sarkar ⁵	Ph. D.	1965
(10)	Trends in Corporate Self-Financing in India.	Shri S. C. Mittal ⁶	Shri L. D. Joshi	Ph. D.	1966
(11)	Effects of Taxation on Corporate Financial Policy	Shri Anil Kumar	Shri L. D. Joshi	Ph. D.	Do.
(12)	Labour Participation in Management in India.	Shri R. C. Sakseena	Prof. L. D. Joshi.	Ph. D.	1965
(13)	Some Applications of Linear Programming to Indian Industries.	Shri Anant Pandey ⁷	Dr. O. P. Gupta.	Ph. D.	1965
(14)	Labour Management Co-operation in Public Sector in India.	Shri R. K. Yadava	Dr. K. S. Chaudhary	Ph. D.	1966
(15)	Madras Road Transport Undertaking (A case study in Public enterprises).	Shri R. Ramdas.	Prof. Anant Pandey.	Ph. D.	1965
(16)	Training in Indian Industries	Shri G. N. Gupta	Dr. K. S. Chaudhary	Ph. D.	1967
13. Mysore University :					
(1)	Capital Market and Planned Economic Development of India.	Shri R. V. Swamy	Prof. A. P. Srinivasa	N.A.	N.A.
(2)	Reserve Bank of India and the Institutional Financing of Industry.	Shri S. Bisallah	Dr. G. T. Huchappa	N.A.	1964

1	2	3	4	5	6
14. Nagpur University :					
	Financing of Public Joint Stock Companies in Maharashtra after Independence.	Shri K. G. Kulkarni.	Prof. M. R. Tokhi.	..	..
15. Poona University :					
	Employees Communication Consultation and Participation in the Private Sector.	Miss M. V. Athanale	Dr. M. R. Dhekney	Ph. D.	1966
16. Punjab University :					
(1)	Financial Organisation of Public Enterprises in India— a study of Industrial and Commercial under takings of the Central Government.	Shri B. L. Bansal.}	Dr. S. B. Chowdhry	Ph. D.	..
(2)	Monetary Policy and Capital Market.	Shri K. N. Mehrotra.	Prof. Manmohan Singh	Ph. D.	..
(3)	Business Concentration and Product Diversification in Indian Manufacturing Industries.	Shri H. L. Dhingra	Dr. T. N. Kapoor	Ph. D.	1967
(4)	Pattern of Industrialisation in Punjab since partition.	Shri B. S. Bhatia.	Dr. S. B. Chowdhry	Ph. D.	..
(5)	Personnel Management and Industrial Relation in Public Sector with special reference to Hindustan Steel Limited.	Shri Lallen Prasad	Dr. T. N. Kapoor	Ph. D.	..
(6)	The Theory and Practice of Depreciation Accounting with special reference to India.	Shri O. N. Kapoor	Prof. R. M. Lall.	Ph. D.	..
(7)	Case studies of Incentives Schemes in Selected Units in the Public and Private Sectors.	..	Dr. T. N. Kapoor.	..	..
17. Sardar Vallabhbhai Vidyapeeth :					
(1)	Problem of Industrial Management in Gujarat since Independence.}	Shri M. H. Patel	Prof. Manubhai Shah	Ph. D.	1966
(2)	Organisation and Working of Public Enterprise in Gujarat.}	Shri A. B. Chauhan	Do.	Ph. D.	1966
18. Vikram University :					
(1)	Development of Banking in India since 1949.	Shri K. L. Pandey }	Dr. G. P. Gupta	Ph. D.	..
(2)	Financial Institutions and Industrial growth in India since 1948.	Smt. Satya Singh.}	Do. }	Do.	..
(3)	A study of Financial Structure of the Corporate Sector in Madhya Pradesh since 1956	Shri G. L. Verma	Dr. K. C. Gupta	Do.	..
(4)	Management techniques in Cotton Mill Industry in Madhya Pradesh.	Shri S. P. Agarwal	Dr. G. P. Gupta	Do.	..

No. 9(10)-RS/63

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

(Department of Company Law Administration, Reserve Bank
Building Parliament Street)

New Delhi—1, the 26/27th July, 1963.

From

Dr. Raj K. Nigam, Ph.D. (London)
Director of Research & Statistics.

To

(As per list attached)

Subject:—Publication of a brochure on promotion of research on matters relating to corporate sector in India for the year 1963.

Dear Sir,

On the basis of the information received from the Universities and Research Institutions regarding research studies on corporate matters reported to be in progress, a brochure on the subject was published by this Department in the year 1961. A supplement to this brochure in cyclostyled form was also brought out in the year 1962, copies of which were made available to the concerned bodies. A list of such projects in progress during 1962 has been printed in the Company News and Notes (No. 20, dated 16-7-63).

As proposed earlier to bring out this pamphlet as an yearly issue, I would request you to send information as required under the enclosed proforma in regard to the subjects taken in hand during 1963.

I shall be glad therefore for your co-operation in preparation of this pamphlet particularly in compiling the list of research projects which are at present in progress in your institution. You will certainly appreciate the utility of this brochure on the part of research workers to their mutual benefit.

I shall be grateful if you could kindly fill in the enclosed proforma and send it to this Department as early as possible and in any case not later than 31st August, 1963.

Thanking you,

Yours faithfully,

Sd./- RAJ K. NIGAM,
Director of Research & Statistics.

List of Universities and Research Institutions

1. Agra University, Agra (U.P.)
2. Aligarh Muslim University, Aligarh, (U.P.)
3. Allahabad University, Allahabad.
4. Andhra University, Waltair (Andhra Pradesh).
5. Annamalai University, Annamalainagar, Madras.
6. Banaras Hindu University, Varanasi.
7. Baroda University, Baroda.
8. Bhagalpur University, Bhagalpur (Bihar).
9. Bihar University, Muzaffarpur.
10. Bombay University, Bombay.
11. Burdwan University, Burdwan, (West Bengal).
12. Calcutta University, Calcutta.
13. Delhi University, Delhi.
14. Gauhati University, Jalukbari (Assam).
15. Gorakhpur University, Gorakhpur.
16. Gujarat University, Ahmedabad.
17. Jabalpur University, Jabalpur.
18. Jadavpur University, Jadavpur, Calcutta-34.
19. Jammu & Kashmir University, Srinagar.
20. Karnatak University, Dharwar.
21. Kerala University, Trivandrum.
22. Kurukshetra University, Kurukshetra.
23. Lucknow University, Lucknow.
24. Madras University, Madras.
25. Marathwada University, Aurangapura, Aurangabad.
26. Mysore University, Mysore.
27. Nagpur University, Nagpur.
28. Osmania University, Hyderabad.
29. Panjab University, Chandigarh.
30. Patna University, Patna.
31. Poona University, Poona.
32. Rajasthan University, Jaipur.
33. Ranchi University, Ranchi (Bihar).
34. Sardar Vallabhbhai Vidyapeeth, Vallabh Vidyanagar, W. Rly. Distt. Kaira.
35. Saugar University, Saugar.
36. Sri Venkateswara University, Tirupati.
37. Utkal University, Cuttack.
38. Vikram University, Ujjain.
39. Visva Bharati, Santiniketan (West Bengal).
40. Dr. M. V. Namjoshi, Gokhale Institute of Politics & Economics, Poona-4.
41. Dr. M. C. Munshi, Prof-in-Charge, Economic & Social Sciences, Indian Institute of Science, Bangalore-12.
42. Shri Brij Narayan, Director of Research, Administrative Staff College of India, Bella Vista, Hyderabad.
43. Shri G. K. Nayar, Senior Economist, National Productivity Council, 38, Golf Links, New Delhi-3.
44. Prof. A. R. Wadia, Director, Tata Institute of Social Sciences, Seon-Trombay Road, Chembur, Bombay-71.

45. The President, Institute of Cost & Works Accountants of India, 12, Sudder Street, Calcutta-16.
46. Prof. P. N. Dhar, Director, Institute of Economic Growth, University Enclave, Delhi-6.
47. Dr. P. S. Lokanathan, Director General, National Council of Applied Economic Research, Parisila Bhavan, 11-Indraprastha Estate, New Delhi-1.
48. The Principal, Goenka College of Commerce & Business Administration, 210, Bowbazar Street, Calcutta.
49. Prof. V. K. N. Menon, Director, Indian Institute of Public Administration, Indraprastha Estates, New Delhi-1.
50. Dr. B. G. Shah, Dean, Faculty of Commerce, M. S. University of Baroda, Baroda.
51. Prof. A. Salim, Economics Department, Aligarh Muslim University, Aligarh.
52. Prof. P. C. Jain, Prof. of Economics, Deptt. of Economics, Allahabad University, Allahabad.

RESEARCH AND STATISTICS DIVISION, DEPARTMENT OF COMPANY LAW ADMINISTRATION

Research Projects relating to management, finance, etc., of joint stock companies in progress during 1963

Title of the Research project	Name of the Research worker	Name of the Supervisor	Institution at which pursued (if affiliated to any University, name thereof)	Name of the sponsors or aiding Institutions, if any	Purpose of research (state if for any degree)	Expected date of completion of the project	Short description of the project in fifty words
1	2	3	4	5	6	7	8

- Notes :—**
1. In the case of research projects pursued in a college or university only projects undertaken for Ph.D. Degree need be mentioned.
 2. Research projects started after the furnishing of information of this proforma may be intimated to the Director of Research and Statistics.
 3. It is proposed to do this coordination work every year.

No. 9(12)-RS/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF REVENUE AND COMPANY LAW

(COMPANY LAW BOARD)

Reserve Bank Building, Parliament Street.

New Delhi—1, the 24/25th September, 1964.

To

All Universities and Research Institutions.

Subject:—Publication of a brochure on promotion of research on matters relating to Corporate Sector in India.

Dear Sir,

A brochure on the subject was published early this year by the Board together with a list of research workers and their subjects reported to be in progress in the year 1963. The materials had however been supplied by the Universities and Research Institutions regarding the research studies on Corporate matters which were sponsored in their respective institutions.

It has been decided in view of present economy to print this brochure once in three years. But for the facility of research workers in this field, it is felt essential to maintain up-to-date information of different research projects on corporate matters which are being carried out in different institutions.

I shall, therefore, be glad if the information required under the enclosed proforma in regard to the subjects taken in hand during the year 1964 is supplied to this office as early as possible and in any case not later than 10th November, 1964.

Your co-operation in this regard will be highly appreciated.

Yours faithfully,

Sd./- (G. BALAKRISHNAN)

Senior Research Officer.

RESEARCH AND STATISTICS DIRECTORATE, COMPANY LAW BOARD

Research projects relating to management, finance, etc., of joint stock companies in progress during 1964

Title of the Research project	Name of the Research Worker	Name of the Supervisor	Institution at which pursued (if affiliated to any University, name thereof)	Name of the sponsors or aiding Institutions, if any	Purpose of research, (state if any degree)	Expected date of completion of the project	Short description of the project in fifty words
1	2	3	4	5	6	7	8

- NOTE—1.** In the case of research projects pursued in a college or university only projects undertaken for Ph.D. Degree need be mentioned.
- 2.** Research projects started after the furnishing of information of this proforma may be intimated to the Director of Research and Statistics.
- 3.** It is proposed to do this coordination work every year

APPENDIX V

Analysis of the action taken by Government on the recommendations contained in the Fifty-Third Report of the Estimates Committee (Third Lok Sabha).

1.	Total number of recommendations	48
2.	Recommendations that have been accepted by Government (<i>Vide</i> recommendations Nos. 1 to 10, 12 to 23, 25 and 27 to 48 referred to in Chapter II).	
	Number	45
	Percentage to total	94%
3.	Recommendations which the Committee do not desire to pursue in view of the Government's reply	
	(<i>Vide</i> recommendation Nos. 11 and 24 referred to in Chapter III)†	
	Number	2
	Percentage to total	4%
4.	Recommendations in respect of which replies of Government have not been accepted by the Committee.	
	(<i>Vide</i> recommendation No. 26 referred to in Chapter IV)	
	Number	1
	Percentage to total	2%

