

the Prime Minister himself. Similarly, the festival of India will be held for the whole year in France as well.

It is stated that plans and programmes are so designed as to reflect the ancient and contemporary cultural glory of this country by arranging programmes of famous performing artistes in the field of dance, drama and music. It was reported that 200 artistes from India are selected to participate in the festival which is estimated to cost 8 million dollars. It is, however, learnt that not a single artiste from Andhra Pradesh is included in the large contingent of 200 artistes. Andhra Pradesh which can rightly feel proud of the great musical trinity like Thyagaraja Swamy, Shyama Shastri, M. Huswamy Dikshitar, is not represented in this programme. Andhra Pradesh which is the cradle of the fine arts and which is the birth-place of Kuchipudi Dance does not find place in the large band of artistes selected to represent this country.

I would, therefore, urge that due place, importance and representation should be given to the eminent artistes from Andhra Pradesh in the ensuing Festival of India.

[Translation]

(XXIV) **Need to Increase the remunerative price of Wheat and Mustard Seeds**

SHRI KAMMODILAL JATAN (Morena): In the northern parts of the country, the prices of wheat and mustard are coming down. The support prices of wheat has been fixed at Rs. 156 per quintal but in the grain markets the wheat is selling at Rs. 150. Mustard is being selling at Rs. 365 and Rs. 800 per quintal. This is putting the farmers in difficulty. Keeping in view the hardship caused to the farmers, Governments are requested to see that, the prices of mustard and wheat are increased and Government should also make arrangements to purchase these commodities themselves.

13.16 hrs.

**COMPANIES (AMENDMENT) BILL
CONTD.**

[English]

MR. DEPUTY-SPEAKER : The House will now take up further consideration of the Companies (Amendment) Bill. Prof. Ranga was on his legs. I request him to be very brief. There are a few more Members who want to speak.

PROF. N. G. RANGA (Guntur) : Mr. Deputy-Speaker, Sir, I wish to assert, in continuation of what I have already said, that it is a progressive move and it ought to be welcomed. This move to allow the joint stock companies and other public enterprises to make donations to political parties is a progressive move. But this move alone may not be adequate to meet the challenge that we are faced with now in regard to the manner in which the political parties have collected funds and are using the funds. I have already referred to the two suggestions which were made by our friends in the Opposition, Prof. Madhu Dandavate and Shrimati Geeta Mukherjee, and expressed my own approval of them; I have at the same time suggested that they should have patience and take steps to ensure that a consensus comes to be achieved between all political parties in regard to their adoption. But having said that, I would like my hon. friends also to be equally constructive and cooperative and agree to let this Bill be passed, and this clause also to be passed, without any oppositional comments of suspicion or fears or doubts. I do not want to say any more in regard to other arguments...

PROF. MADHU DANDAVATE : (Rajapur) : If we do not oppose, the discussion will be boring.

PROF. N. G. RANGA : There is a way of making points. The manner in which you have chosen to criticise this very useful and progressive proposal which has come from the Government is not very constructive, to say the least. I would only like to add one word. This is in continuation of the move that

has already been made by this Parliament and through the leadership of our Prime Minister regard to banning defections. Therefore, let the Opposition be constructive and try to cooperate with the Government in order to make further progress towards increasing the degree of purity in our political life.

SHRI E. AYYAPU REDDY (Kurnool) : Mr. Deputy Speaker, Sir, I have already tabled some Amendments to the Clauses. I may not take time at the time of clause-by-clause consideration. Therefore, I may be permitted to speak once and for all...

MR. DEPUTY-SPEAKER : That is why I am allowing five minutes.

SHRI E. AYYAPU REDDY : I may not be able to do justice in five minutes.

A famous jurist has very recently said that, when law is in conflict with basic human forces, law is engaged in a losing battle. If the law is in the Utopian state, it will be very difficult to implement it. Law has to be very much nearer reality and must command implicit obedience by the majority of the people : then only, it will be able to command respect. Funding of political parties by the companies has been the subject-matter of discussion in this House on previous occasions also. We have now come to the third phase. In the first phase there was no ban whatsoever. Then that matter came to be reviewed judicially by some High Courts. Then in 1969 there was a total ban and there was also a penal clause. Though in 1969 the penal clause came into force, from 1969 till 1985 not a single company was prosecuted though everybody knows that there was a flagrant violation of that penal clause. The simple reason is and was that the party who abetted the commission of this offence invariably used to be the ruling party and other political parties. When the lawmaker himself is the law-breaker, how can the law be implemented ? If the salt of the earth loses its flavour, from where shall be salted ? If the fence itself begins to eat the crop, who will safeguard the

crop ? If the security man himself shoots the VIP, where is the security for the VIP ? Unfortunately, the companies are made liable to be prosecuted for violation but the abetment always comes by the political parties. But there is no provision in the Act to prosecute political parties. Of course, they can be prosecuted as abettors by the application of the Indian Penal Code. I want the hon Minister also to make it very clear that the abettors, that is the political parties, can also be prosecuted as abettors. It would have been better if the provisions enable the prosecution of the political parties also, that means the seducer. Now we are trying to prosecute the seduced. The seducer also must be made equally liable. This is also a process in the reverse. In bribery cases the person who takes the bribe is prosecuted, the person who gives the bribe is not prosecuted, unless he is to be prosecuted as an abettor. The reverse is the case here. Here the person who pays the amount is prosecuted, the person who induces and takes the amount is not prosecuted. That is the anomaly that has to be removed. But there is a lot of difficulty in that. I know practical difficulty there. The persons who are to be prosecuted and who abet the offences are high-placed people.

With regard to political funding, in 1957 the idealistic objection has been taken by the courts. In 1957 in that very famous case of the Indian Iron and Steel Company Ltd—I will quote the Calcutta High Court—this is what the Calcutta High Court says :

“To induce the Government of the day by contributing money to the political funds of the parties, is to adopt the most sinister principle fraught with danger to commercial as well as public standard of administration. To convert conviction and conscience by money is to pervert both democracy and administration. The individual citizens, though in name equal, will be gravely handicapped in their voice, because the length of their contribution, cannot

hope to equal the length of the contribution of the big companies. The man who pays the piper, will call the tune. The level of political life, in the long run is liable to become the tune of the big trading companies and concerns."

That is the best indictment, a forcible indictment of the principle of contribution. But the very same learned judge in the end came to the conclusion and he said as follows :

"Such payments and contributions must in my view be made in the full light of the Day so that the shareholders in particular and commerce in general, Parliament and Legislatures all over the country may know what these contributions are and from what source they come.

So long as these contributions remain honest within the limits of business prudence the companies have nothing to lose by the wholesome publicity."

I think the present Bill is near approach to the view expressed by the learned judge, that is, the third phase. I come to the third phase, that is, prohibiting in a limited sense. But in my humble opinion, the provisions relating to prohibition and penal clause can only be enforced so long as the ruling party makes a strong resolve not to touch a single pie of the black money. The total responsibility to see that these provisions of the Act remain inviolative, remain effective is on the ruling party. I had recently very bitter experience because in the recent election, I faced the ex-Minister for Industries and Company Affairs. I had to face him in the elections. A journalist from Calcutta, all the way from there came to see me. I asked him why he had taken so much pains to come and see me. He said "I want to see the person who face the industrial might of India". I asked him 'what do you mean by' industrial might? He explained to me that the then Minister for Industries and Company

Affairs had at his command the services of big industrial houses of India. The journalist also told me that according to him the estimate of the cut-outs and other advertisements exhibited by the then Minister was valued at about Rs. 20 lakhs. According to my information, he had 250 vehicles at his disposal for election campaign and there were 50 vehicles laying idle at his office. The cut-out which he had displayed was taller than the tallest Church in my constituency, namely, Kumool. It was 72' high. The minute he lifted his phone, money was flowing into his treasury. So, this type of will adversely affect our faith in the democracy.

The anxiety of every citizen is to see that this money does not contaminate and corrupt the base of Indian Constitution, that is, democracy. For that, the responsibility is on all the political parties. Now, I do not want to say that there is no bona fide reason for bringing forward this Bill. I take it for granted that the ruling party is actuated by noble idea to keep politics free from political corruption and corruption of money bags and of industrialists. I give all credit that they have come forward with a realistic approach. But the responsibility of implementing this realistic approach is squarely on the ruling party as things stand today.

I will only make one suggestion and complete my speech. Now, in order to see that money does not play the part of corrupting influence in the democratic polity of our nation, we have to bring forward corresponding amendments to the Representation of the people Act. There must be separate chapter dealing with the political parties. The political parties must be registered under the Representation of the People Act. Their Constitution must also be registered and the Constitution must provide for inner democracy. The Constitutions must provide for election of office bearers of the party at least once in two years and the funds and assets of the parties must be a matter of record with the Election Commissioner and there must be an Election Commissioner

(Judicial) who will go into the field at the time of election and who will scrutinise and who will be umpiring at the time of election. We do require an umpire who will blow the whistle when one candidate or a party is playing foul. It is no use asking the party to go and file an election petition after the election is over and the other man had committed corrupt practices. That way we would not be able to save elections from the corrupting influence of money. The only way is to have an Election Commissioner (Judicial), who will do the umpiring just as when a game is going on, there is an umpire between the two teams, and he blows the whistle whenever a player commits foul. Similarly, we must have Election Commissioner (Judicial). With these observations, I conclude.

THE MINISTER OF CHEMICALS AND FERTILIZERS AND INDUSTRY AND COMPANY AFFAIRS (SHRI VERENDRA PATIL) : Sir, I am grateful to all the hon. Members who participated in the debate irrespective of the fact that many hon. Member sitting on that side opposed particularly one provision of this Bill.

So far as the provisions with regard to the dues of the workers and the provisions with regard to providing appellate authority for amalgamation and assessment of the shares are concerned, every hon. Member has welcomed them. The only controversial provision is with regard to enabling the Companies to make donations to political parties.

I am grateful to Shri C. Madhav Reddi and Shri E Ayyapu Reddy who have given their qualified support to this piece of legislation while expressing their apprehensions and doubts. Similarly Members from this side, particularly our seniormost hon. Member of this House, Shri Ranga, have given whole-hearted support to this measure. I am sorry that some of the hon. Members tried to paint a picture that by allowing the companies to make donations to political parties, the Government and the ruling party are corrupting the political atmosphere in the country. Some hon. Members

went to the extent of saying that it is nothing but legalising the black money.

First of all, I want to deal with the objections taken by hon. Member Shri Madhu Dandavate. Unfortunately, he is not here. Yesterday, he was reading out some portions of the letter that one hon. Member of British Parliament had received from an electorate of his constituency and the reply given by the Member representing that constituency. He was also saying that British Parliament is the mother Parliament. I agree that our Parliament or democracy is 35 years old, and so far United Kingdom is concerned, that is the eldest democracy, may be more than 600 years old. After I heard his views yesterday, I tried to collect information as to what is going on in their country with regard to company donations to political parties. He was talking of the 18th century. We are now in the twentieth century and going to cross it within a short period. Now, company donations are not barred in United Kingdom; no company is prohibited from making political donations. In 1967, the Companies Act in the United Kingdom was modified to provide that any contribution in excess of fifty pounds to political parties or political persons should be depicted in the balance sheet. That is all the condition. Again, it was further modified in 1981 to provide that donations exceeding two hundred pounds should be depicted in the accounts or balance sheet of the company.

So far as donations to the political parties are concerned, of course, in our Bill, we have put a ceiling it cannot be more than five per cent, but today in United Kingdom there is no ceiling at all. The companies are at liberty to donate whatever they want. It is not only the companies which are making profit. We have said in this Bill that the companies can donate only if they are making profit, and this right is not available to the companies which are incurring losses. But there in the United Kingdom, even if the companies are incurring losses, and if they want to make political donations, they are at liberty to do that and it is not prohibited

or banned Sir, you know that sometimes ruling party becomes an opposition party and an opposition party may become the ruling party. This goes on. I want to know whether any political party in UK has been able to corrupt the political system of their country. I want to know it because they have these provisions. I will come to that. What is going to be the donation to political parties—I will come to that and I will give figures also for that at a later stage.

We find that there are democracies nearly 350 years. 400 years or even 600 years old in other countries. Although our democracy is only 32 years old, the maturity that is demonstrated by our voters in our country is something exemplary and everyone of us, sitting on this side or the other, should be proud of our electorate. Just now Shri Ayyapu Reddy quoted his experience that he would not have been here in his seat in this House, if money power had any influence on the electorate.

SHRI E. AYYAPU REDDY : I said that I was nearly losing.

SHRI VEERENDRA PATIL : It is easy for you to say it now that because of the money power your margin was less and otherwise the margin would have been much more and all that. But we must give due recognition to the wisdom of our electorate. Nobody can say that the electorate has been corrupted. That means the electorate in our country are getting something and they are not voting without any consideration. That amounts to a wholesale condemnation of the entire country and I think it is below our dignity and we should not talk on those terms.

SHRI SAIFUDDIN CHOUDHRY (Katwa) : No one says that.

SHRI VEERENDRA PATIL : Sir, so far as donations to political parties are concerned, it is not something new. It is not new to this country. We are not introducing something which is completely new to this country. As Shri

Ayyapu Reddy said, it was there earlier. An amendment was thought if only in 1960 and that too at the instance of the High Court ruling. He has quoted the ruling of the Calcutta High Court. I will quote the ruling of the Bombay High Court,—I think that was in the case of Tata Iron and Steel Company. The Bombay High Court was approving the alteration of the memorandum, because earlier to 1960, to alter the memorandum making a provision to make political donations, they have to get the approval. After the approval, they used to approach the High Court and with their approval, they used to make political donations. The Bombay High Court said that it is desirable for Parliament to consider under what circumstances and under what limitations; a company should be permitted to make these contributions. Similarly, Calcutta High Court also made these observations. In the light of these observations, the Government and the Parliament thought that it was better to regulate or regularise it by making a provision in the Company Act. That is why in 1960, the Company Act was amended. In 1969, there was a feeling very much current in the minds of the members of the ruling party as well as the members of the opposition parties that these donations to political parties were corrupting the atmosphere. So, they thought that they should ban donations to political parties to eliminate corruption from public life. And whatever amendment was made in 1969, banning donations to political parties, that was done in good faith. I have nothing to say against. It was a laudable object. And in 1969, for the first time, donations to political parties were banned in the country by amending the Company Act. But what happened? In 1974, Government realised that the purpose for which the company donations were banned to political parties, that was not served. It did not serve the purpose. So, in 1979 thinking started again. I am giving these details only because I want to say that it is not the latest thinking, it is not fresh thinking, it is not something which we are thinking now itself. In 1974, they started thinking again and it took shape in 1976. I think in 1976 a Bill

was introduced in the Parliament, in this very House on 24 August 1976 to enable the companies to make political donations. But unfortunately, the time was very short and before the Bill could be taken up for consideration the period of Parliament was expired and naturally the Bill lapsed.

SHRI E. AYYAPU REDDY : Somebody invented a method by which a souvenir can be published and money can be collected by taking advertisements.

SHRI VEERENDRA PATIL : I am coming to that also. There was no question of pursuing that matter because the Bill lapsed. Now this Bill is there. Every hon. Member is aware of the provisions of this Bill. There are rigid conditions which have been laid down for donations to political parties. The condition is that it is voluntary. There is no compulsion. Although the maximum is 5%, nobody can say that 5% should be, or shall be paid to political parties. They may pay, they may not pay. Even if they want to pay, they may only pay 1%; they may pay 0.5%, or 2% or 4%. But they cannot exceed 5%.

Then, it is only for profit-making companies. No other company can make political donations. Then, whatever donations are made, the details have to be disclosed in their balance-sheet. Not only should it be brought to the notice of the shareholders, but the entire nation can get that information as to how much amount has gone to different political parties, how much has gone to ruling party, to the Opposition, to different political parties, and also to individuals.

Then, Government companies are completely prohibited. There is no question of Government companies making any political donations at all. Only the companies; even if they are profit-making companies, unless they are in existence for three years, they cannot make any political donations at all. So, sufficient safeguards have been provided, even in making political donations.

The impression that is created is this : I heard the views of several Members,

that this exercise is being done for funding the elections. We have made it very clear, viz. what is donation to political parties. Issuing advertisements is included in that 5%; advertisements in souvenirs and advertisements in pamphlets are included. If the political parties want to hold political conferences, they want to raise subscriptions or donations—everything is included, not only donations at the time of elections. Unfortunately, several Members are under the impression that these donations are meant only to finance the elections. If any political party wants to hold political conferences, naturally a lot of people will go there. They will attend the conference, and the political party has to take the responsibility of providing boardidg, lodging, and a lot of arrangements have to be made for that. Naturally, they entail expenditure. For such purposes also, the company can make donations. It is not necessary that what ever donation goes, every pie of it is going to be spent only on elections.

Again, the feeling is that whatever donation is given, is for funding the elections, financing the elections. I do not wish to quote the figures, because I have yet to get the figures. But figures have been quoted in the other House, because the other day it was discussed in the other House; it was passed by the other House. That is how it has come to this House for consideration and passing.

Mr. L.K. Advani, Leader of the BJP group said that after 1960, by amending the Act when political donations were allowed political donations have been given to different political parties. What is the total amount given? He has given, the figures. This is the statement made by hon. Member Shri Advani in the Upper House.

SHRI SURESH KURUP (Kottayam) : Is it correct to make statements here regarding the discussions in the Rajya Sabha?

(Interruptions)

He is reading a statement.

SHRI VEERENDRA PATIL : It is in the proceedings. I think every hon. Member will have access...

MR. DEPUTY SPEAKER : He cannot quote the speech.

SHRI SURESH KURUP : He is quoting.

MR. DEPUTY SPEAKER : I think he is not quoting. He is only referring to that.

SHRI VEERENDRA PATIL : All right. I will not refer to that. I do not want to read the statement. What Mr. Advani said in the other House was that from August 1962 to March 1966. According to one of the published reports, the total donation to political parties from the companies' amounts to Rs. 126 lakhs; and naturally, he went on saying that out of Rs. 126 lakhs, the major share went to ruling party. Now why I am quoting this one is because I want to know whether any political party receiving a donation of Rs. 1 crore or you may say that at that time Rs. 1 crore was nothing and today that Rs. 1 crore is equal to Rs. 5 crores or Rs. 10 crores. I agree that also taking into consideration the inflation. I want to know whether any donation to any political party getting Rs. 1 crore or Rs. 2 crores or Rs. 4 crores or Rs. 5 crores, is it going to influence the political set up of this country; and whether that is going to corrupt the entire atmosphere and corrupt the voter? We have to consider this one. I have already made it clear that this is a step we have taken to clean public life because once a company gives political donation, then everybody will come to know what is the donation given by them; and there is a feeling that by allowing companies to give political donation, it is only the ruling party who are going to be benefited. I can only say that now-a-days the donor has also become very wise. If you want to give political donation, he will arrange it in such a way that all political parties, he will be able to keep in good humour because he knows that in the political system, in the democratic system, every political party has got

an opportunity to become ruling party one day or the other. If the ruling party is getting the advantage of this, I can say that today in our country there are several States where other than Congress Party is in power. So, it is equally applicable to them also. If we are here in the Centre and in different States similarly, in Karnataka Janata Party is in power.

SHRI E AYYAPU REDDY : The management of company affairs is with the Centre.

SHRI VEERENDRA PATIL : No, not necessarily; they can give to any political party; they can give to individuals.

SHRI E AYYAPU REDDY : The management of companies' affairs is completely within the jurisdiction of the Centre.

SHRI VEERENDRA PATIL : There is no question of Company affairs and all that. They can give it to everybody they want. Where is the question that they cannot give to Companies' Affairs Department and seek their approval?

Another point that I want the hon. members to consider is that everybody knows that the companies make the donation. The donor also knows that he is not paying from his pocket; he is paying from the profit of the company. The receiver also knows that this donor or the so-called officer-bearer of the company is not paying from his pocket and the shareholders' money he is paying. And the impression is that because that officer-bearer comes and pays that money to the political party, he will be able to extract some favour from that political party. What is the equity? What is the interest of that individual in that company? If we have a survey, I can tell you that there are a number of companies where Managing Directors or the Chairman of the Companies they do not have more than 10 per cent, 15 per cent, 20 per cent, at the most 25 per cent. The remaining amount belongs to the shareholders or to the financial institutions. If any particular individual being an office bearer of a particular

company makes any political donation, how can anybody come to the conclusion that he is doing some favour to a particular political party? There is no question of doing any favour at all. And hon. Member Shri Madhav Reddy wanted to know, that is why I said that and he gave his qualified support. So, instead of the Directors taking a decision why not we allow the shareholders to take the decision about donations to political parties? What happens? The shareholders meet once in a year. Whenever the political party comes and the company feels that they should oblige the political party and then, they cannot hold a general body meeting and call a meeting for that purpose. Whatever political donation is given, it would be with the knowledge of the shareholders. That is why we have made it a condition that whatever donation is given to political parties, it should be disclosed in the balance sheet and that balance sheet has to be adopted by the shareholders. Not that the balance sheet will remain in cold storage and it will be kept in the dark from the shareholders' knowledge. There is nothing like that. It has to be placed before the general body and it has to be adopted by the general body.

SHRI C. MADHAV REDDY (Adilabad) : There are several acts on the part of the company which require ratification by the extraordinary general body meeting. You cannot say that the general body meets only once in a year. The extraordinary General body meets every two months. There are several resolutions which are to be ratified. Why can you not accept this?

SHRI VEERENDRA PATIL : I think it is redundant exercise because the balance sheet will mention to which party and how much amount has been given. All that will be mentioned. That balance sheet will go before the shareholders' committee and the shareholders' committee will have to adopt that balance sheet. And moreover, if I agree for argument's sake that the Directors of the Board are making donations to political parties, against the wishes of the shareholders, then after all who are the Directors? They are the represen-

tatives, and they are the elected factors, of the shareholders. They are their representatives. They can be thrown out at any time.

I want to know if hon. Member Shri Madhav Reddy means that the Directors can go against the wishes of the shareholders and still continue to be the Directors. They will be thrown out by the shareholders at any time. So all those safeguards are already there. But we think that the Board of Directors, or the Directors who are on the Board they are the representatives of the shareholders. Today we are here. We are passing so many pieces of legislation. Are we going to ask the people what they want us to do with regard to these legislations?

MR. DEPUTY-SPEAKER : No referendum business.

SHRI VEERENDRA PATIL : That is why I mentioned that the balance sheet has to come before the general body. The general body has to adopt the balance sheet. All those safeguards are there.

I do not think that there is anything more for me to say in the matter. I would again appeal to all the hon. Members that this is not new to our country because I have yet to find out whether there are any democratic countries—may be one or two or a few, I do not know—whether there are any democratic countries where donations from the companies to political parties are banned. Because, I am told that it is allowed in some Federal States of the United States of America. It is allowed in Canada, it is allowed in other countries also. So this is not new and it is not fair on anybody's part to say that this political donation given by the companies, it will be under the table, it will be some times over the table and all that, because everything is recorded, everything is accounted, therefore we feel honestly that by allowing the companies to make donations to political parties to a great extent, I do not challenge, I do not claim that it is going to

eliminate hundred per cent the menace of black money, to a great extent it will be possible to eliminate the menace of black money by this and as hon. Member Mr. Ayyapu Reddy said, the political parties cannot suppress this information. But I must say that I am in politics for a long time. What has been happening particularly at the time of elections, after we banned political donations? So many unscrupulous leaders are collecting funds in the name of the party. Everybody goes and collect the money. When the money is collected in black then where is the question of rendering accounts and telling anybody that he has collected so much black money? This is a step in the right direction. This is why, I wanted to be very guarded in making the statement that our purpose is to see that the black money menace particularly in elections and also in the political system should be eliminated. Towards that end this is the step we are taking. I feel that this step which has been taken in the right direction, will be welcomed by all the hon. Members without any opposition.

MR. DEPUTY-SPEAKER : The question is :

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

The Motion was adopted

MR. DEPUTY-SPEAKER : Now, we take up clause by clause consideration. Clause 2.

SHRI E. AYYAPU REDDY : Are you moving your amendment ?

SHRI E. AYYAPU REDDY : No.

MR. DEPUTY-SPEAKER : The question is :

"The clause 2 stand part of the Bill"

The Motion was adopted

Clause 2 was added to the Bill

Clause 3 to 6 were added to the Bill

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

SHRI VEERENDRA PATIL : I beg to move :

' That the Bill be passed.'

MR. DEPUTY-SPEAKER : Motion moved :

"That the Bill be passed."

SHRI E. AYYAPU REDDY : Only the companies are made liable to punitive action for violating the principles of giving donation unaccounted. The persons or the political parties or leaders or their agents, who induce these persons to make payment in black, cannot be prosecuted under the existing provisions as principal accused or co-accused, but they can be prosecuted as abettor. I want to know from the minister whether they can be prosecuted as abettors.

SHRI VEERENDRA PATIL : I do not think it is possible because whatever action has to be taken under this Company Law it is only when the information is received by the Registrar and he has to make a complaint. It is not that any Police Officer or anybody can take any action. It is very difficult to find out who is the abettor. If it is a political party, who is that in that party? There are so many practical difficulties. So, it cannot be accepted.

[Translation]

SHRI ABDUL RASHID KABULI (Srinagar) : Mr. Deputy Speaker, Sir, I would like to submit to the hon. Minister that he would be taking away more than five per cent from the profits of the industrialists in the private sector.....(Interruptions) They will give donations. They will give advertisements in the souvenirs, They will give all

facilities to him.... (*Interruptions*) They will help the political parties. We have a complaint against the industrialist that he is suppressing the worker, he is harming the interest of the worker. Government too have the same complaint that the number of sick units is increasing today, it is not decreasing. It was on this ground that Government had recently taken over four units of tea plantations on which matter I had brought forward a statutory resolution. In the reply given by Government at that time, it was explained that in the private sector, bungling, corruption and corrupt practices were rampant on such a large scale that the industrialists were cornering the assets. In fact this law is not tenable. I am at a loss to understand how a state, which claims to be a socialist state and is committed to give the country a socialistic set-up, can enact such a legislation. Through you, Sir, I want to ask the hon. Minister that when there is no participation of the workers in management and when Government have not taken any decision in this regard, who would decide whether the profit being shown by them is correct or not? Now the question arises whether when there is no participation of workers, this legislation will not prove to be a Cart before the horse; As long as government do not give an assurance that these will be participation of the workers in the management, to being forward this Bill will not be justified.

(*Interruptions*)

[*English*]

MR. DEPUTY SPEAKER: We are now discussing about the donations and you are bringing in the workers and the profits and the participation of workers in the management and all that. What is the connection of all these that you are bringing in?

SHRI ABDUL RASHID KABULI: Why not, Sir.

MR. DEPUTY SPEAKER: If that is the stand I cannot allow. If there is any clarification regarding this, of course, you can seek, but not a speech like

this. Any other things will not go on record. If you want a clarification, you can ask, but if you are making a speech, I cannot allow it.

SHRI ABDUL RASHID KABULI: Secondly, Sir..... (*Interruptions*).

MR. DEPUTY SPEAKER: No, you leave aside the first one and ask the fresh question now.

[*Translation*]

SHRI ABDUL RASHID KABULI: The second question which I want to ask is that if a company giving financial assistance to a political party seeks loan and subsidy from Government seeks a licence, then what would be the attitude of the political parties in such a situation? What measures do Government propose to take to tackle such a situation? Wherever such a demand is made, would those political parties defend those demands or would they only exercise silence in this regard? How do you propose to have control over that?

[*English*]

SHRI VEERENDRA PATIL: Sir, the hon. Member has raised two doubts. One is that he is under the impression that these donations will be made at the cost of the workers. In the Bill itself we have made it very clear that these will be only five per cent of the net profit, after paying all the dues of the workers.

SHRI ABDUL RASHID KABULI: My relevant question is whether there is any guarantee of the participation of workers so that they can protect their interests.

SHRI VEERENDRA PATIL: I am coming to that. I said that the question of participation and all that does not arise because nothing is being paid out of the share of the worker. Whatever is being paid, it is only out of the share in the profit of the shareholder. There is nothing like the workers sacrificing it. But he is raising a larger question about participation of workers in the manage-

ment of the private sector. That is a different matter.

Another point that he is raising is that where is the guarantee that the company which is making donation to a political party, will not extract favours from the ruling party. I made it very clear that the fellow who is making the donation is not making it from his pocket. After all, his interest is only 10 per cent or 15 per cent or 20 per cent, the remaining is all the money belonging to the shareholders and the financial institutions. Even supposing he wants to extract a favour, I think it cannot be without the knowledge of the people, it cannot be without the knowledge of the hon. Members. If it is brought to the notice of the hon. Members, certainly they can raise it here, they can discuss it here and it can be discussed in other forums also. So, the hon. Members are discussing so many things, although there is no political donation today and there is a ban. Still they bring in so many things. According to them there are so many scandals which are going on in the Government. Are they not being discussed here? Supposing there is any favour done to a particular company because of the donations that the Company has made to the Government, certainly I think, it cannot be any secret and it can be discussed in Parliament and we will be answerable to them.

MR. DEPUTY SPEAKER : The question is :

"That the Bill be passed."

The Motion was adopted

SHRI ABDUL RASHID KABULI : This is a black law and I walk out on this.

14.4 hrs.

(Shri Abdul Rashid Kabuli then left the House)

MR. DEPUTY SPEAKER : Mr. Basudeb Acharia, do you want a division on this?

SHRI BASUDEB ACHARIA : No division.

14.12 hrs.

ARMS (AMENDMENT) BILL

[English]

THE MINISTER OF HOME AFFAIRS (SHRI S. B. CHAVAN): I beg to move :

"That the Bill further to amend the Arms Act, 1959, be taken into consideration."

We had the other day discussed the issue of terrorist activities which has entered a new phase with the terrorists indulging in want on acts of violence with the help of fire-arms and ammunition, resulting in the loss of a number of innocent lives. Most of the fire-arms and ammunition used have been acquired through unauthorised means.

In the context of the increase in extremist activity and more frequent use of arms in committing acts of violence directed against innocent people it has become necessary to make the punishment for violation of certain provisions of the Arms Act more stringent so that it may have a deterrent effect. The Government have, therefore, brought up an amending Bill under which the minimum punishment for violations of provisions of certain sections of the Act is proposed to be raised from six months to one year. It will cover most of the offences under the law in normal conditions. Some parts of the country, such as Punjab and Union Territory of Chandigarh have been declared as 'disturbed areas'. To deal with offenders operating in those areas it is proposed to provide for a minimum punishment of three years for such offences and to raise the maximum period of imprisonment from three years to seven years and fine. Similarly, in areas which have been notified under Section 24-A or 24-B of the Act, the punishment for violation of the notifications issued under the section is proposed to be increased from one year to three years with a maximum punishment of 7 years imprisonment instead of five years as provided hitherto.