

Mizoram where even now there are very few roads and communications are very scanty and where for the opening up of the area and its development, development of roads is a condition precedent. Similarly the development of industries in that area. I assure the House that we shall pay attention to these problems.

In this context, I would like to refer to the what Shri Sequeira said. He pointed out, though he did not mean it, that the Centre comes too much in the picture in regard to the Union territories. The bulk of the grants and loans to Union Territories comes directly from the Centre in the development of these regions. In the case of Union Territories, the Centre can make a bigger provision for their development where as in the case of the States, the distribution of resources to them is governed by certain laws and conventions with which the House is familiar and it is very difficult to give preferential treatment to one State without meeting a protest from other States. But in the case of Union Territories, the Centre is empowered and does make provision which help in the development of these Union Territories. Himachal Pradesh is a case in point.

Even in regard to other Union Territories, the Centre has done a lot to develop these regions. I am sure when my hon. friend, Shri Sequeira talked about too many references to the Centre, he realised that the responsibility for financing the schemes that of the Centre and hence a certain amount of extra interest has to be evinced by the Centre in seeing that the funds are well-spent. It is very difficult to have the cake and eat it too.

On the question of iron ore and the income going to the Centre, I would like to remind him that this is a situation common to many areas. Many areas export certain products but the export earning cannot be diverted to those regions. Otherwise, it will make nonsense of our centralised policy of exports and imports and the whole basis of the financial arrangements we have made.

I am sure all sections of the House join me in once again extending our warmest good wishes and congratulations to the people of Mizoram. I move.

MR. CHAIRMAN : The question is :

“That the Bill further to amend the Government of Union Territories Act, 1963 and also further to amend the Sixth Schedule to the Constitution and the Representation of the People Act, 1950, be taken into consideration.”

The motion was adopted.

MR. CHAIRMAN : The question is :

“That clauses 2 to 15, clause 1, the Enacting Formula and the Title stand part of the Bill.”

The motion was adopted.

Clauses 2 to 15, Clause 1, the Enacting Formula and the Title were added to the Bill

SHRI K. G. PANT : I move :

“That the Bill be passed.”

MR. CHAIRMAN : The question is :

“That the Bill be passed.”

The motion was adopted.

14.00 hrs.

COMPANIES (AMENDMENT) BILL

THE MINISTER OF COMPANY AFFAIRS (SHRI RAGHUNATHA REDDY) : I beg to move :

“That the Bill further to amend the Companies Act, 1956, be taken into consideration.”

This is a very non-controversial Bill. It only enables companies to contribute to the National Defence Fund or any other Fund connected with defence, approved by the Central Government. There are certain restrictions in the Companies Act. I may tell the House that there was a similar provision during the last emergency. The distinction between this Bill and the previous one is that the present Bill makes it permanent on the Statute-Book and it also extends the scope of the provisions to the extent that it empowers any person who is exercising the power of the directors, in case the directors are not existing, to donate liberally to the National Defence Fund,

[Shri Raghunatha Reddy]

not withstanding any of the provisions of the Companies Act or the articles or the Memorandum of Association in respect of a company or any other type of organisation that comes within the purview of the Companies Act.

This is a very commendable Bill and I do not think I need make an elaborate speech.

I commend this Bill for the acceptance of the House.

MR. CHAIRMAN : Motion moved :

"That the Bill further to amend the Companies Act, 1956, be taken into consideration."

DR. RANEN SEN (Barasat) : Mr Chairman, Sir, on the face of it, the Bill looks to be non-controversial, but there are a few points which I want to be made clear by the Minister.

For example, in the Statement of objects and Reasons, it is stated that the Bill seeks to introduce a similar amending provision to enable the companies to make contribution to the National Defence Fund and other similar funds. What is the meaning of "other similar funds" ?

SHRI RAGHUNATHA REDDY : May I clarify it ? In the main clause which seeks to amend section 293, that is "in section 293B, it is stated, "...to the National Defence Fund or any other Fund approved by the Central Government for the purpose of National Defence." It may not be called a National Defence Fund. It may be any other fund.

DR. RANEN SEN : So, that point is clear. Now, secondly, I want to know another thing. Is it going to affect the demands of the workers for a bonus ? That is a very pertinent point. We have seen in the past that several companies, not one but several, in order to cheat the workers of their due share of the bonus, used to have recourse to certain contributions to the funds of political parties. This was a universally known factor in these days. Later on, that right to contribute to the funds of political parties was removed. It was a good thing. Still, knowing attitude of the employers in regard to the

payment of the workers, particularly bonus, we find even now that they are trying to circumvent the bonus question by making all sorts of contribution to all sorts of funds. For example, there are the perquisites that used to be given to the officers ; certain amenities to be given to the officers, or certain rearrangement of the offices such as the introduction of the air-conditioning system and all that. The whole office is being air-conditioned with a view to improve productivity. Mr. Kothari of the Tatas had said that with air-conditioning, productivity increase because the energy of the workers, the employees, increases. That is true, but in regard to air-conditioning of the workers' quarters—not to speak of air-conditioning the office—they do not ever consider that question. They are even opposed to give any good accommodation or make any better arrangement for the living of the workers. That is known. But that is by the way.

The point is : how would it effect the workers' share of the bonus ? That is a very important point. Unless that is clear, I think all the companies that may be against of the community, the American companies, the British companies, even the monopolies of our country who want to cheat the worker will take advantage of this particular Bill and create havoc. That will create a lot of discontent among the workers. Why ? Naturally in time of war the workers may not object to that ; they will even support such a thing. Workers are prepared to pay one day's wage ; even seven days' wages as it was announced a few days back. But if in peace time also this provision is kept in tact workers will be resentful and they will start agitations and other things which will hamper the very cause for which the Bill is being brought forward. So, I want the hon. Minister to clarify this point. That is the moot point in regard to this Bill.

श्री मोहम्मद इल्हाइल (बैरकपुर) :
 बेयरसन साहब, इस बिल के बारे में मुझे कुछ ज्यादा नहीं बोलना है। श्री रानेन सेन ने यहाँ पर जो प्वाइन्ट रखा है उसी का डाउट मुझे भी है। इसमें बह रखा गया है कि कम्पनीज से उनके नेट प्रॉफिट का पाँच परसेन्ट नेशनल डिफेन्स फंड में लिया जायेगा। लेकिन कहीं ऐसा न हो कि इसका असर मजदूरों के बीच

पर जाकर पड़े। इसलिए मैं समझता हूँ इसके बजाय अगर यह होता कि बोनस देने के बाद बाकी जो इनकम होगी उसका पांच परसेन्ट नेशनल डिफेन्स फंड में लिया जायेगा तब बोनस पर उसका कोई असर नहीं पड़ सकता था। इस ऐक्ट के लागू होने के बाद हो सकता है कि एम्प्लायर्स यह प्नी नें कि हमको गवर्न-मेंट को नेशनल डिफेन्स फंड में देना होना है इसलिए बोनस 8 परसेन्ट या 5 परसेन्ट ही मिलेगा। इस तरह की बातें एम्प्लायर्स पहले से ही करते आ रहे हैं। इसलिए मैं चाहूंगा कि मंत्री महोदय इसकी सफाई करें।

दूसरी बात मैं यह कहना चाहता हूँ कि इमर्जेंसी के समय में ही यह किया जा सकता है, इमको जो परमानेंट नेचर देने की बात है वह नहीं होना चाहिए। इस सिलविले में मैंने एक केमेन्डमेंट भी दे रखा है :

“during the period of operation of the proclamation of emergency”

इसका मकसद यही है कि इसको परमानेंट न बनाया जाये, सिर्फ इमर्जेंसी के टाइम में ही यह कायम रहे। जैसे ही इमर्जेंसी खत्म हो इसको भी हटा लेना चाहिए। इसके बारे में भी मैं मंत्री जी से जबाब चाहता हूँ।

*SHRI E. R. KRISHNAN (Salem) : Hon. Mr. Chairman, Sir, I am thankful to you for giving me an opportunity to say a few words on The Companies (Amendment) Bill introduced by Shri Raghunatha Reddy, the Minister of Company Affairs.

At the outset, I would like to say that several companies used to indulge in manifold ways in the misuse of funds of the companies. They were donating large chunks of the funds of the companies to some fund or the other. When this became a sort of epidemic, the Government amended the Companies Act stipulating that such a donation should be approved by the General Body in the form of a resolution. This acted as a constraint on the companies from donating huge sums of money. Similarly, restrictions were also imposed on the contribution of funds to political parties.

In the year 1962 when Chinese aggression took place, the Government amended the Companies Act empowering the Board of Directors of companies to make contributions to the National Defence Fund or any other Fund meant for the defence of the country without the limitations contained in the existing provision of Section 293.

This provision remained during the period of operation of the Emergency and it lapsed when the Emergency expired. Now, during the current Emergency in order to enable the Board of Directors or in their absence any other authorised person to make contributions in excess of Rs. 25,000 or 5% of the net profits without going through the formalities of resolution of the general body of the company to the National Defence Fund or any other Fund approved by the Central Government for the purpose of national defence, the Government have re-introduced a similar amendment. As this arrangement is meant for the defence of the country, this amending Bill has to be welcomed by one and all in this House.

The Government have introduced another welcome feature in this Bill. This facility is being made permanent. As I pointed out just now, I would like to congratulate the hon. Minister for making this permanent and the funds will be used for the noble objective of defending the country.

I would like to take this opportunity to mention that the companies in the private sector are without any compunction depriving the shareholders of their legitimate dues. You are aware, Sir, that the top management spends enormous amounts on perquisites and other unseemly luxuries with the result that it is not possible to declare even 2% dividend a year. There are many loopholes in the Companies Act which facilitate the management in such misappropriations and in consequence the poor shareholders are unable to get their legitimate share in the profits of the companies. I would appeal to the hon. Minister that he should bring forward a comprehensive amending Bill to the Companies Act at the earliest putting an end to the irregular use of funds of the Company by the top management. If I have to say frankly, the shareholders do not have any protection at all for the funds invested by them, leave alone the question of getting some dividend.

*The original speech was delivered in Tamil.

[Shri E. R. Krishnan]

While commending the present amending Bill for the approval of the House, I would like to stress that the Government should formulate a comprehensive amending Bill to the Companies Act plugging all loopholes and it should be done quickly if the Government are keen to accelerate the economic progress of the country

श्री आर० बी० बड़ें (खरगोन) : सभापति महोदय, शासन ने जो कम्पनीज (अमेडमेट) बिल प्रस्तुत किया है मैं उसका समर्थन करता हूँ। वैसे तो ऐसा लगता है कि यह बिल बहुत छोटा सा है, लेकिन उसमें लिखा है कि :

"The Bill seeks to introduce a similar amending provision to enable the companies to make contributions to the National Defence Fund and other similar Funds in excess of Rs 25,000 or 5 per cent the net profits."

यानी नेट प्राफिट का परसेंट देना चाहिये। अभी जो माननीय सदस्य बोले उन्होंने कहा कि इससे बोनस पर असर पड़ सकता है। मैं समझता हूँ कि यह ठीक न होगा। मैं चाहता हूँ कि मन्त्री महोदय इसको खुलासा करे। यदि बोनस पर इसका असर पड़ेगा तो मैं इस प्वाइंट पर इसका विरोध करता हूँ।

1962 में जब यह बिल लाया गया तो इसलिये लाया गया था कि नेशनल डिफेन्स फंड में कंट्रिब्यूशन देने में बॉर्ड आफ डायरेक्टर्स को सुविधा हो। लेकिन उस वक्त यह कहा गया था कि इमर्जेंसी खत्म होने के बाद यह समाप्त हो जायेगा। लेकिन इस विधेयक के स्टेटमेन्ट आफ आब्जेक्ट्स एंड रीजन्स में लिखा है :

"Opportunity is being taken to make this provision a permanent one....."

आपने इसको परमानेंट क्यों किया है। इसको इमर्जेंसी तक ही रहना चाहिये। मैं चाहता हूँ कि मंत्री महोदय इस पर भी प्रकाश डालें। साथ ही वह यह बतलायें कि बोनस पर इसका असर हीयां या नहीं। अगर होया तो वह थिंटा की बात होगी। बाकी 25,000 रु० से ऊपर के नेट प्राफिट्स पर 5 परसेंट देने की

जो व्यवस्था है उसका मैं समर्थन करता हूँ, लेकिन यह देखना चाहिये कि शेअरहोल्डर्स का इंटरेस्ट तो नहीं मारा जाता है। अभी मेरे पीछे बैठे हुए माननीय सदस्य ने कहा कि शेअरहोल्डर्स पर इसका असर होगा। मैं समझता हूँ कि उन पर असर नहीं पड़ना चाहिये। मंत्री महोदय को आश्वासन देना चाहिये कि बोनस और शेअरहोल्डर्स पर इसका असर नहीं पड़ेगा। ऐसा हो जाय तो मैं इस बिल का पूरा पूरा समर्थन करूंगा।

SHRI RAGHUNATHA REDDY : Contribution to the National Defence Fund is distinct from other types of contribution contemplated by the Companies Act. It is a very unique fund, it is for a very noble cause, and it is in the national interests that the company makes a contribution. Only in respect of other contributions certain restrictions have been placed by the law.

The only question that has been raised by Dr. Ranen Sen and other hon friends is whether it would have any effect on bonus and other allied problems if it becomes a permanent measure. My humble reply is that the Government would naturally try to have contributions to a National Defence Fund only when it considers it necessary to have such contributions. Otherwise, if there is no national emergency and if the Government does not need funds for national defence, such contributions will not be encouraged. Therefore, the Government will have the discretion to receive contributions to the National Defence Fund at time when Government needs such funds.

Secondly, we are not forcing any company to make any contribution. This is only an enabling provision. If the management of the company in their wisdom consider that they should make a contribution to the National Defence Fund, the company should be enable to do so. I can assure the House that Government would exercise sufficient caution to see that this provision is not misused to deprive the workers of the benefits that would accrue to them.

DR. RANEN SEN : This will go down into the statute-book permanently even when there is no emergency.

SHRI RAGHUNATHA REDDY : The previous law was passed for the duration of the emergency period. But now we thought that just as there are provisions for charitable funds, etc., we can also make a provision permanently for contributions to a fund of this character. Naturally when emergency is not there Government will exercise sufficient caution in coming to a decision whether they should accept such contributions. If the receiver does not accept, the company cannot force it on the government. We thought of making it permanent in the statute-book because whenever there is an emergency, we need not trouble Parliament with this type of legislation. When we can provide for charitable funds, etc. we thought the National Defence Fund would be in a much better position.

I welcome the support given by the DMK member. He raised certain general questions about amendments to the Companies Act. I assure him that Government is examining the various amendments necessary in the Companies Act for giving protection to the shareholders and to enable rapid economic development of this country. When the Bill is ready, certainly hon. members would come to know about it.

With these words, I commend the Bill to the acceptance of the House.

MR. CHAIRMAN : The question is :

“That the Bill further to amend the Companies Act, 1956, be taken into consideration.”

The motion was adopted.

Clause 2 (Insertion of new Section 293B)

SHRI MOHAMMAD ISMAIL : I beg to move :

Page 1, line 15, *add* at the end —

“during the period of operation of the proclamation of emergency” (1)

MR. CHAIRMAN : He has already spoken on it and the minister has replied to it. I will now put the amendment to the House.

Amendment No. 1 was put and negatived.

MR. CHAIRMAN : The question is :

“That clause 2 stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill

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

SHRI RAGHUNATHA REDDY : I beg to move :

“That the Bill be passed.”

MR. CHAIRMAN : The question is :

“That the Bill be passed.”

The motion was adopted.

14.20 hrs.

PAYMENT OF GRATUITY BILL

THE MINISTER OF LABOUR AND REHABILITATION (SHRI R. K. KRADILKAR) : Sir, I beg to move :*

“That the Bill to provide for a scheme for the payment of gratuity to employees engaged in factories, mines, plantations, shops or other establishments and for matters connected therewith or incidental thereto, be taken into consideration.”

There is at present no Central Act to regulate the payment of gratuity to industrial workers, except the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955. The Government of Kerala enacted legislation last year for payment of gratuity to workers employed in factories, plantations, shops and establishments. The West Bengal Governor promulgated an Ordinance on the 3rd June 1971 prescribing a similar scheme of gratuity; the Ordinance has since been replaced by the West Bengal Employees' Payment of Compulsory Gratuity Act, 1971, enacted by the President on 28th August, 1971. Gratuity is also being paid by some employers to their workers under awards or agreements.

The enactment of the Kerala Act and the West Bengal Employees' Payment of Com-

*Moved with the recommendation of the President.