

PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

6017

6018

HOUSE OF THE PEOPLE

Thursday, 29th April, 1954

*The House met at a Quarter Past Eight
of the Clock*

[Mr. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

8-56 A.M.

COMMITTEE ON PRIVATE MEMBERS BILLS

PRESENTATION OF SEVENTH REPORT

Shri Kashiwal (Kotah-Jhalawar):
I beg to present the Seventh Report
of the Committee on Private Members
Bills and Resolutions.

COMPANIES BILL—contd.

Mr. Speaker: The house will proceed now with the further discussion on the motion referring the Companies Bill to a Joint Committee moved yesterday by the hon. Finance Minister.

Mr. T. N. Singh

श्री टी० एन० सिंह (जिला बनारस—पूर्व) : अध्यक्ष महोदय, इस परिवर्तनशील संसार में जहां सभी चीजें अनियत और अनिश्चित भावम होनी हैं, उस संसार में जो चीज सब से पहले निश्चित और नियत है वह यह है कि आज मुझे बोलना है बल्कि यह कल ही तय हो गया था, तो इत वास्ते
124 P.S.D.

मैं आप लोगों के सामने उमी नियत द्वारा मजबूर हो कर बोल रहा हूं। लेकिन फिर भी हमारे एक मित्र ने हमारे साथ बड़ी हमदर्दी जाहिर की है और उन्होंने कहा कि अखबार में पढ़ा या बुलेटिन में लिखा देखा था कि “I was on my legs” उनको बड़ी तकलीफ हुई कि कल से आज तक मैं लेग्स पर हूं। मैं उनकी सहानुभूति के लिये कृतज्ञ हूं। खैर मैं अब अपने विषय पर आता हूं।

तो हां कल मैं यह कह रहा था कि इस ला में इस कानून में कौन सी ऐसी चीज है जिसके अनुसार हमारी जो पहले शिकायतें रही हैं पहले जमाने की कि कोई आइमी लोगों को धोखा देकर के कम्पनी बना सकता है और दस, दस पये के शेयर्स ले करके दूसरों के पयों से जुड़ा खेल सकता है, उसके लिये इस कम्पनी ला में क्या कोई रुकावट आपने प्रोवाइड की है। यह साधारण कम्पनी की बात है, मैनेजिंग एजेंसी से कोई मतलब नहीं है। मैंने तो इस महाभारत को भी थोड़ा बहुत पढ़ने की कोशिश की, यह कांस्टीट्यूशन से भी बड़ा है और जैसा मैं पहले भी कह चुका हूं मैं बकीर नहीं हूं इस वास्ते यदि वही गलती कर रहा हूं, तो हमारे फाइनेन्स मिनिस्टर और ला मिनिस्टर, वह इस समय यहां नहीं हैं, वह उसको सुधारने की कोशिश करेंगे, फिर भी मैंने अपनी तुच्छ बुद्धि के अनुसार इसको देखा है और मेरी

[श्री टी० एन० सिंह]

समझ में नहीं आया कि किस तरह से उसको रोका जा सकता है, अगर हमें गवर्नमेंट को पब्लिक को मालूम हो कि कोई आदमी चार आदमियों का नाम लेकर, एक्सपर्ट्स के दस्तखत तो हो सकते हैं और वह एक्सपर्ट अपना जान बूझ कर कार्य करे, इसके लिये खाली आपने गुंजायश कर दी है, लेकिन मैं पूछना चाहता हूँ कि क्या वह काफी हमारे लिये सुरक्षा की चीज है। हम जो दस, दस और बीस, बीस पया करके जिन्दगी भर की कमाई जो इस ब्याल से उसमें लगा देते हैं कि उससे देश का कल्याण होगा और हमें उससे चार पैसे प्रॉफिट में मिल जायेंगे, मैं जानना चाहता हूँ कि ऐसे छोटे तबके के शेयरहोल्डर्स की रक्षा का इस कम्पनी ला में क्या प्रबन्ध है, यह मेरी समझ में नहीं आया, इस वास्ते मैं चाहता हूँ कि यदि यह सेलेक्ट कमेटी में जाय तो वहां पर इस बात पर विशेष तौर से ध्यान दिया जाय कि गलत और धोखे की जो कम्पनीज चलाई जाती हैं, उसको रोकने के लिये इस में कोई न कोई प्राविजन अवश्य होना चाहिये, यदि नहीं होगा तो हमारी इतनी मेहनत और इतने दिनों तक हम लोगों का रुकना सब व्यर्थ होगा।

9 A.M.

मैं यह पूछना चाहता हूँ कि इस कम्पनी ला में कहां पर ऐसी रुकावट है, हम सुनते हैं कि इंग्लैंड के ढाँचे पर हमने यह कम्पनी ला बनाया है, दो पौंड की भी कम्पनी बन सकती है, दस सौ, एक हजार और पांच सौ पौंड की भी कम्पनियां बन सकती हैं, उसके लिये क्या रुकावट है और एक छुंटी कम्पनी जो यह कहती है कि हम लाखों और करोड़ों का रोजगार करेंगे, उसके लिये हममें क्या रुकावट है? बहुत सी कम्पनियां जो बननी हैं वह कमीशन एजेंट्स होती हैं।

मेरा यह निश्चित मत है कि हमारे देश में जिन्हें सही मानों में औद्योगिक व्यक्ति कह सकते हैं, ऐसे औद्योगिक व्यक्तियों की संख्या बहुत सीमित है, बहुत थोड़े से लोग हैं जो बाकई उद्योग धंधे में लगना चाहते हैं। इस्ट इंडिया कम्पनी के जमाने से जो कमीशन एजेंट्स का सिलसिला शुरू हुआ वह अब तक चला आता है, आखिर यह मैनेजिंग एजेंट्स सिस्टम है क्या, यह अंग्रेजों की भारत के लोगों को देन है। अंग्रेजों के पहले हमारे देश वाले यह कम्पनी वगैरह चलाने का तरीका और किस तरह से लोगों को इसमें धोखा दिया जाता है, नहीं जानते थे, हमारे देश की परम्परा इसके बिल्कुल प्रतिकूल रही, लेकिन ऐसे नये नये तरीके बहुत से इस बीसवीं शताब्दी में हम लोगों ने सीख लिये हैं और फिर हम लोगों ने उन तरीकों से जो खराब चीजें हैं, वह सीखना शुरू की, यह मेरी शिकायत बहुत पुरानी है।

क्या जरूरत है कि मैनेजिंग एजेंट्स सिस्टम रहे? इस को प्रश्न देने का कौन सा कारण है, यह मेरी समझ में नहीं आया। कहा जाता है कि इस से कैपिटल शाई हो जाता है, इस से लोग रुपया नहीं लगावेंगे, नये नये उद्योग धंधे नहीं चलावेंगे। मैं पूछना चाहता हूँ कि इस मुल्क में नये नये उद्योग धंधे लगाने वाले कितने हैं और वह किसके रुपये से नये उद्योग धंधे लगाते हैं। जिसमें कोई भी खतरा हो, जिस में कोई भी जोखिम हो, जिस में कोई भी भय हो कि आगे चल कर इस में हमको फायदा नहीं होगा, तो ऐसे बहुत से मामलों के लिये लोग कहते हैं कि शेयर होल्डिंग कम्पनी बना दो। उन से रुपया ले लिया, और साथ साथ यह भी है कि इस लड़ाई के जमाने में लोगों के पास कुछ रुपया

हो गया, मुझ को तो पता नहीं, भगवान जाने न्याय से हुआ, या अन्याय से हुआ, ब्लैक मार्केट का पया आया, रसेज का रुपया आया या कहां से आया, लेकिन वह रुपया जो है उस के भरोसे पर वह लोग बैंक से क्रेडिट ले लेते हैं। एक शेअर कम्पनी खोली, उसको अन्डर राइट किया और जब वह चली तो दूसरे ही दिन उसके शेयर बेचने शुरू कर दिये। उसे लोगों ने खरीद लिया, उस में मेरे जैसे बूढ़े और बेवकूफ आदमी नहीं हैं, वह खरीद लेंगे, हम लोग तो ला बरैरह कुछ पड़े नहीं हैं, आप ने उनको खरीदवा दिया। उन का शेअर तो बहुत छोटा है। यहां से ले कर उन का जो मुंशी बैठता है, ज्वाइंट स्टॉक कम्पनी के रजिस्ट्रार के आफिस तक सब जगह उन के आदमी हैं। उन की कम्पनी का प्रास्पेक्टस और उन के नियम शुरू से लेकर आखिर तक सब पास होते जाते हैं। उस में कोई बाधा नहीं दिखलाई देती, और वह कम्पनी चलाते हैं और हमारा पया ले कर जुवा खेलते हैं। जब कम्पनी नुकसान पर चलती है तो उन को भरोसा है कि हमारी मेहरबान गवर्नमेंट उनको नीचे नहीं जाने देगी और उन को किसी न किसी तरीके से कायम रखेगी, चाहे टैंक्सपेयर को भुगतना पड़े उस के लिये, चाहे पार्लियामेंट को भुगतना पड़े चाहे मिनिस्टर को भुगतना पड़े। वह कहते हैं कि हमने फैक्टरी बंद की और एक हजार आदमी बेकार हुये, हमारी पार्लियामेंट में भी उधर के भाई शोर मचाते हैं कि इतने आदमी बेकार हो जायेंगे, इस लिये कम्पनी जारी रखी जाय। गवर्नमेंट उन की मदद करेगी, और जब मदद के बाद उनको फायदा होने लगता है, तो पुराने जिम्मेदार आदमी उसमें होते हैं वह अपना पैसा बैंक से लेते हैं, लेकिन जो बेचारा मेरे जैसा आदमी है जिसने जिन्दगी भर में

१० रुपये बचा कर लगाये, उसके १० पये १ रुपया ही रह गया। तो मैं पूछता हूं कि इस के लिये हमारे पास क्या इलाज है? यह जो हमारे औद्योगिक क्षेत्र में, व्यापारिक क्षेत्र में शरूस हैं, वह बहुत बढ़ गये हैं। अगर हमारी पापुलेशन बढ़ी है २ परसेन्ट तो उनकी पापुलेशन बढ़ी है १०० परसेन्ट के हिसाब से। इन को रोकने का हमने क्या प्रबन्ध किया, इस कम्पनी ला में मुझे इस का कोई जवाब नहीं मिला। मैं नहीं समझता हूं कि आज के जमाने में अगर हम यह नहीं करेंगे तो हम किस मुंह से अपने भाइयों के सामने जायेंगे। इस पर भी ध्यान देने की जरूरत है। अगर आप यह नहीं करेंगे तो आप देखेंगे कि कम्पनी का बाधा ही संसार में नहीं रहेगा। इसलिये मैं बहुत अदब के साथ हाउस से अपील करता हूं कि ऐसी चीजों को जिन में कि एक बड़ा आदमी जिसकी पहुंच चारों तरफ है, वह छोटे आदमी को इस तरह से धोखा दे और चाहे कि गवर्नमेंट उसको प्रोटेक्ट करे, कना चाहिये।

एक बात में यहां पर खास तौर पर कहना चाहता हूं। एक बड़े इंडस्ट्रियलिस्ट साहब हैं, उन से बात करने का मुझ को मौका मिला, वह कहने हैं कि २८ नम्बर ३, ४ या १० पर हैं इस बड़ी हायरार्की में बड़े लोगों की; उन्होंने कहा कि उनकी स्वाहिसा है कि वह नम्बर १ हो जावे। उस के बाद उन्होंने कहा कि इंडियन पेनल कोड में जितने भी जुर्म हो सकते हैं, सब उन्होंने अपनी जिन्दगी में किये हैं, लेकिन वह ला से प्रोटेक्टेड हैं, हमारा ला उनका कुछ नहीं कर सकता। मैं जानना चाहता हूं कि क्या यह कम्पनी ला ऐसे लोगों को प्रोटेक्ट करेगा? मेरा ख्याल है कि जिस तरह का यह ला है वह जरूर उसको प्रोटेक्ट करेगा। हमारे फाइनेन्स मिनिस्टर ने कहा कि इस ला को बनाने में बहुत परिश्रम किया गया। कम्पनी

[श्री टी० एन० सिंह]

ला कमेटी ने और हम सब लोगों ने मिल कर जो इंडस्ट्रियलिस्ट्स की नीड्स हैं, कन्ट्री की नीड्स हैं, या दूसरी नीड्स हैं, सब का बैलेंस इस में मेनटेन किया है, संतुलन किया है। सारी चीज को बे (तौल) कर के रक्खा है, लेकिन किस तरह से संतुलन किया है? मेरी समझ में कोई संतुलन नहीं हुआ। कम्पनी ला कमेटी की जो रिपोर्ट आई हम लोगों के सामने, उस में कौन कन्सल्ट किया गया? किस से पूछा गया, किस की राय ली गई, जिसका हवाला फाइनेन्स मिनिस्टर ने अपनी स्पीच में दिया? क्या यह बात सच नहीं है कि उन्हीं लोगों की राय, उन्हीं लोगों की तजवीजों, हमारे पास आई जो कि इन कम्पनियों का काम करते हैं? मेरे जैसे आदमी, गांव के आदमी, जिसने ज़िन्दगी भर पोस्ट ऑफिस में नौकरी करके रिटायर होने पर एक या दो हजार रुपया पाया, उस की राय से कितना लाभ उठाया गया में यह जानना चाहता हूँ? मेरे ख्याल में उससे कोई फायदा नहीं उठाया गया और उसके लिये कोई संतुलन नहीं किया गया। ज़रूरत है कि सेलेक्ट कमेटी में इस का पूरा संतुलन किया जाय, नहीं तो एक बहुत भारी तबका है इस हाउस में और दूसरी जगहों पर भी जो कि इसको बर्दाश्त नहीं करेगा।

इस के बाद दूसरी चीज जो मेरी नजर में आई है चन्द वर्षों में वह यह है जिसे कि कहते हैं "इंटरलाकिंग आफ कैपिटल" अंग्रेजी में। एक आदमी का किसी कम्पनी में १० परसेंट या २० परसेंट शेयर है, उसने एक दूसरी भी कम्पनी खोल ली। लड़ाई के जमाने में लोगों ने खूब पैसा बनाया, भगवान जाने न्याय से बनाया, नैकनियती से बनाया या बदनियती से बनाया, लेकिन उन्होंने कुछ रुपया बनाया। इस के बाद तीन कम्पनियों में उन के पास २० परसेंट शेयर आ गये,

इस के बाद चौथी कम्पनी खोल ली। इस तरह से हम देखते हैं कि मैनेजिंग एजेंट्स और मैनेजिंग डाइरेक्टर्स की बपोती चली जा रही है। जिस कम्पनी में उन का ३० या ४० परसेंट शेयर है और ६०, ७० परसेंट शेयर उस में दूसरों का है, उन सब को उसने ले लिया और एक दूसरी कम्पनी और खोल दी और उसके जरिये वह फिर फायदा उठाने लगा, यानी रुपया गरीब आदमी लगाये और फायदा यह बड़े बड़े लोग उठाते हैं। आप यह देखेंगे कि किसी की जो कई कम्पनियां होती हैं उन में से किसी की बैलेंस शीट ३१ मार्च को खत्म होती है, किसी की ३० जून को खत्म होती है और किसी की ३१ दिसम्बर को खत्म होती है और उन सब का रुपया एक दूसरे को ट्रान्सफर होता रहता है। अगर सरकार को इस का पता है, तो इस के लिये उसने क्या कावट किया है? मेरी समझ में उसने कोई भी कावट नहीं किया है। वह लोग तो इस तरह से पब्लिक का रुपया लेकर नई कम्पनी खोल कर उस के मालिक बन बैठते हैं, वह तो ५१ परसेंट शेयर लेकर भी उस के मालिक बन बैठते हैं या ४० परसेंट ही लेकर मालिक बन बैठते हैं। हम लोग अपने कुटुम्ब में देखते हैं कि कभी कभी ऐसा होता है कि एक आदमी का कुल जायदाद में २ पैसा हिस्सा है, लेकिन वह धीरे धीरे सारी जायदाद का मालिक बन बैठता है। हर एक भाई को यह बुरा भी लगता है पर वह कुछ कर नहीं पाता है। हम आज रोज अपनी आंखों के सामने देख रहे हैं कि कोई आदमी जो सिर्फ ४ आने का हिस्सेदार है, उस हिस्से के जरिये वह हर चीज का मालिक बन बैठता है। यह चीज कहां तक वाजिब है इस को देखना है। हम ने देखा कि इंटरलाकिंग में और पब्लि

कारपोरेशन में यह सब चीजें जान बूझ कर की जा रही हैं। ६, ७, ८ पब्लिक लिमिटेड कम्पनियों ने मिल कर अपना एक कारपोरेशन बना लिया। इस का फल यह होता है कि उन को इन्कमटैक्स में बहुत फायदा होता है क्योंकि कम्पनियों के इनकम टैक्स का अलग रेट है और इन्डिविजुअल इनकम टैक्स का अलग रेट है। और फिर जिस में इंटरलॉकिंग हो उस में तो बहुत ही फायदा उठाते हैं। यही नहीं कि इस किस्म से उन को इवेंजिन का मौका मिलता है बल्कि इस किस्म के ट्रान्सफर से जिसे बोनस इन्डस्ट्रीज कहते हैं, इस बात का पूरा फायदा मिल जाता है।

तो वह चीज आपको रोकनी है। उसके लिये मैंने बहुत देखा, इस ला में कोई स्कावट नहीं है। फिर मैं एक बात और पूछना चाहता हूं। शायद अगर कहीं पता चला और कुछ मेम्बरों ने शिकायत की किसी कम्पनी के बारे में तो गवर्नमेंट उस के लिये इन्वेस्टीगेटर एंप्लॉय कर देगी और जांच होगी। कागज बगैरह मुहैया करने के लिये तो इसमें इन्तिजाम है। वह सब पेपर मांग सकता है। एलाइड कम्पनीज के पेपर भी मांग सकता है। यह बहुत अच्छी चीज है। इस के बारे में मुझे कोई शिकायत नहीं है। लेकिन अगर इन्वेस्टीगेटर ने जांच करने के बाद यह कहा कि साहब इस कम्पनी का इन्तिजाम इस चीज में बहुत खराब है, तो आप क्या कर सकते हैं। इस के सिवा कि आप कम्पनी को वाइंड अप करें, क्या इस कम्पनी ला में कोई तरीका है कि आप उस कम्पनी में कोई सुधार कर सकें। आप वाइंड अप कर सकते हैं लेकिन इस के लिये यह कहा जायगा कि ऐसा करने से दो, चार, दस हजार आदमियों की रोजी जाती है। इसके मानी यह है कि वह वाइंड अप नहीं हो सकती और इस के सिवा

ला के अन्दर आप कुछ कर नहीं सकते। हर चीज पर स्लेज हैमर नहीं चलाया जा सकता। अगर कहीं कुछ खराबी है तो उसको दूर करने का अधिकार होना चाहिए। आप कह सकते हैं कि कम्पनी के डाइरेक्टर और शेयर होल्डर्स बैठ कर सुधार कर सकते हैं। लेकिन मैं शेयर होल्डर्स के बारे में आप को बताना चाहता हूं कि मेरा थोड़ा बहुत सम्बन्ध एक छोटी सी कम्पनी से रहा है। नेशनल हैराल्ड कम्पनी का एक बख्तर निकलता है। मेरा उस कम्पनी से सम्बन्ध है।

[SHRIMATI KHONGMEN in the Chair]

मैं बड़ी कोशिश करता था कि सालाना मीटिंग में शेयरहोल्डर्स आबें लेकिन यह नहीं आते थे। कारण यह था कि अगर एक आदमी का किसी कम्पनी में १० रुपये का इंटरेस्ट है और आप उसको बुलाते हैं, तो क्या वह मद्रास से इस दस रुपये के इंटरेस्ट के लिये दो सौ रुपये खर्च करके आवेगा और वापिस जायेगा। यह मुमकिन नहीं हो सकता। इस वास्ते इस से वस्तुतः कोई फर्क नहीं पड़ता। जो शेयर होल्डर है उसकी उसमें कोई भी आवाज नहीं हो सकती। तो हमको इस बारे में सोचना है, और यह बड़ा टेढ़ा सबाल है। डेमोक्रेसी का यह तकाजा है कि यह देखा जाय कि जिन लोगों का पैसा लगाया जाता है उसका सदुपयोग होता है या नहीं। एक शेयरहोल्डर्स की कम्पनी जनतन्त्रात्मक चीज है। इस लिये यह देखना चाहिये कि वह डिमाक्रेसी के उमूल के मुताबिक चलती है या नहीं। लेकिन अगर इसमें जो डिमाक्रेसी का उमूल है वही खत्म हो जाता है तो उस पर सोचने की जरूरत है। खाली यह कह देने से काम नहीं चलेगा कि क्या जरूरी है कि हम उन सब चीजों को मान लें जो अंग्रेजी, या फ्रांसीसी, या अमरीकी कम्पनी

[श्री टी० एन० सिंह]

ला में हूँ। हमको तो न्याय की बात क्या है यही देखना है। मैं पूछना चाहता हूँ कि क्या यह उचित नहीं है कि जिस आदमी को पैसा लगा है उसको अपनी राय जाहिर करने का मौका मिले। लेकिन ऐसी परिस्थितियाँ पैदा हो गई हैं कि उसको यह मौका नहीं मिलता। कैसे एक दस बीस या पचास रुपये का शेयरहोल्डर मद्रास से दो सौ रुपया खर्च करके आवेगा। मैनेजिंग एजेंटों को और डाइरेक्टरों को तो रेल का किराया मिलता है और डेली एलाउंस मिलता है इस लिये वे चले आते हैं। लेकिन एक शेयरहोल्डर तो इस तरह से नहीं आ सकता। आज हम अपने बीच में ही देख लें, कुछ लखपतियों और करोड़पतियों को छोड़ दीजिये, अगर हमको किराया न मिले तो हम कहाँ तक पार्लियामेंट में आ सकते हैं। तो मैं पूछना चाहता हूँ कि जो हजार दो हजार बेचारे शेयरहोल्डर हैं वह कैसे आवें। वह नहीं आ सकते। मैं मानता हूँ कि किसी कम्पनी के लिये उन सबको किराया देना भी नामुमकिन है। तो इसका कोई तरीका सोचना चाहिये कोई उपाय निकालना चाहिये। अगर वह लोग इसका कोई उपाय नहीं निकाल सकते तो इस गवर्नमेंट का और इस पार्लियामेंट का फर्ज हो जाता है कि वह उसका उपाय निकाले।

एक माननीय सदस्य : प्राक्सी का एक उपाय है।

श्री टी० एन० सिंह : तो ऐसी हालत में इस्टेट इंटरफिरेंस बहुत जरूरी हो जाता है। और फिर बाप प्राइवेट इंटरप्राइज, कैपिटल इंटररेस्ट और गरीब आदमियों के बीच में इतने ज्यादा संतुलन को छोड़ दीजिये। यह तराजू कभी कभी बहुत गलत चलने लगती है और अगर आप इस तराजू के नाम

पर डाइरेक्टर को देखेंगे तो हम समझते हैं कि कैपिटलिस्टों का पलड़ा भारी हो जायेगा। तो मैं बड़े अदब से भर्ज करना चाहता हूँ कि इस पर सोचने की जरूरत है। यदि नहीं सोचा गया तो हमारे दिल में जो असंतोष है वह दूर नहीं होगा। जब हम देखते हैं कि दूसरों का पैसा लगा कर लोग पैसा बना रहे हैं तो हम कब तक चुप बैठे रह सकते हैं। हमारे दिल में एक गुबार पैदा हो रहा है। इस इंटरलाकिंग आफ कैपिटल को रोकना चाहिये। अगर शेयरहोल्डर्स एक्टिव नहीं हो सकते तो हमारी पार्लियामेंट का, जो कि आम लोगों की चुनी हुई चीज है, यह फर्ज हो जाता है कि वह दखल दे। लेकिन इस कानून में पार्लियामेंट को या गवर्नमेंट को इंटरफिर कराने का अधिकार नहीं। मेरा ख्याल तो यह है, जैसा कि फाइनेंस मिनिस्टर साहब ने कहा है, कि इस ला में ओरिजिनल से फ्रेशनल चेंजेज हुये हैं। आपने सिर्फ इसको कंसालीडेट किया है। और कंसालीडेट किया है किसकी राय से? उस कमेटी की राय पर, जिसकी राय को हम जानते हैं और जिस पर कि मेश्वर साहिबान नजर डाल सकते हैं। तो क्या हम बिल्कुल उन्हीं की राय पर चलेंगे? हमको उसको बदलना होगा। हमें दूसरा तरीका अस्तियार करना होगा। इस वास्ते मैं कहता हूँ कि इसको सोचना चाहिये।

फिर मैनेजिंग एजेंट्स क्यों रखे जाय क्या जरूरत है? मैं हाउस से डिमांड करता हूँ कि लड़ाई के बाद से दस वर्षों में जितने मैनेजिंग एजेंट्स बने हैं उनकी लिस्ट बनाई जाय और यह देखा जाय कि उन्होंने किस तरह से काम चलाया है। उन्होंने कौन सी बड़ी बात की है। जबानी कहने से काम नहीं चलेगा। कोई मेश्वर साहब यहां जाये

होकर यहां कह सकते हैं कि फलां ने बहुत अच्छा इन्तजाम किया है। लेकिन मैं तो चाहता हूं कि पूरी लिस्ट बनाई जाय और रिकार्ड लिया जाय और मेरी डिमान्ड है कि फाइनेन्स मिनिस्टर साहब एक लिस्ट बनावें कि इस लड़ाई के बाद से अब तक जितने मैनेजिंग एजेंट बने हैं उनका क्या रिकार्ड रहा है। उन्होंने ने क्या काम किया है। क्या उनके कारनामों पर गवर्नमेंट को संतोष है? इसके बारे में मैं बहुत स्पष्ट उत्तर चाहता हूं। वह हमको यह बात बतावें। मैं कहता हूं कि कम्पनी ला कमेटी ने इस पहलू से इस मामले को नहीं सोचा। समा-नेत्री जी मैं आप के जरिये फाइनेन्स मिनिस्टर साहब से पूछना चाहता हूं कि उन्होंने भी इस पहलू को सोचा है या नहीं। इस हाउस को हक है कि इस के फीगर्स दिये जावें और वह हमको बतावें कि मैनेजिंग एजेंसी सिस्टम ने कहां तक काम किया है और फिर यह ठेकेदार हर चीज के क्यों बन जाते हैं। हमारे मरने जीने में भी एक तरह की ठेकेदारी चलती है। हो सकता है कि कोई ठेकेदार मरते वक्त गलत संकल्प बोल दे। तो वह ठेकेदारी चल रही है। हो सकता है कि मरने जीने के लिये वह ठेकेदारी हम मंजूर करलें, लेकिन यहां के बड़े बड़े मेम्बरान मुझे माफ करेंगे अगर मैं कहूं कि यह ठेकेदारी का सिस्टम बहुत गलत चीज है। यह जो इंटर मीडियरी बनने की बात है यह मुझे पसन्द नहीं है। जो मोहब्बत असल आदमी को अपनी सम्पत्ति और घर द्वार से होती है वह मोहब्बत इंटरमीडियरी को नहीं हो सकती। जब हम अपना घर बनबाते हैं तो २४ घंटे हम उसमें लगे रहते हैं और देखते हैं कि मकान कैसे बन रहा है, एक एक ईंट देखते हैं। लेकिन वह मोहब्बत एक इंटरमीडियरी को नहीं हो सकती और मैनेजिंग एजेंट्स जो हैं वह इंटरमीडियरी के अलावा कोई चीज नहीं है। कहा जाता

है कि उन्होंने भी तो रुपया लगाया है। लेकिन मैं सिवाय इसके और कुछ नहीं मानता कि वे इंट मीडियरी हैं, वे दूसरे के रुपये पर जुआ खेलने वाले हैं। यह मेरा निश्चित मत है। इस लिये मैं चाहता हूं कि इस ला में जितने क्लार्जेज मैनेजिंग एजेंट्स के बारे में हैं उनको गिन गिन कर खत्म कर दिया जाय और यह नामुमकिन कर दिया जाय कि इस जगह कोई मैनेजिंग एजेंट रहे। अगर कम्पनियों को और कम्पनी ला को बदनाम करने का सबसे भारी श्रेय किसी चीज को है तो वह मैनेजिंग एजेंसी सिस्टम को है। मैं पूछना चाहता हूं कि गवर्नमेंट ने कुछ टेक्स्टाइल मिलों के बारे में जो इनक्वारी की है उसका क्या नतीजा हुआ। इंडिया यूनाइटेड मिल्स और सोला-पुर मिल्स की जांच हुई। उसकी रिपोर्ट पढ़ी हुई है। उस पर गवर्नमेंट ने क्या किया है। उस जांच की रिपोर्ट को अब उन्हीं की जाति के लोग समझ रहे हैं।

तो साहब फिर कैसे न्याय हो, मैं इसमें जानना चाहता हूं कि आपने जो इनवेस्टिगेशन के तरीके निकाले हैं, अगर उनका भी यही नतीजा होने वाला है, तो उससे भी कोई नतीजा नहीं निकलेगा। कोई भी अपने पास ताकत लीजिये, अगर वह तभी चलेगी जब इसमें सुधार होगा, प्राइवेट सेक्टर कोई ऐसी बहुत बड़ी चीज नहीं है और चूकि बेज ऊंची है इसलिये उनको एक ऐसे ऊंचे तक्ते पर रख दिया जाय कि जहां हम उनको छू ही नहीं सकते, तो इस तरह से हमारा काम चलने वाला है नहीं।

मैं चौथी बात पूछना चाहता हूं। कम्पनी बनी, मैनेजिंग एजेंट आया या मैनेजिंग डायरेक्टर साहब आये, उन्होंने काम किया और बिबाद दिया, इसके बाद कम्पनी

[श्री टी० एन० सिंह]

वाइन्ड अप हुई और बन्द की गई, मेम्बरों ने कहा कि यह गवर्नमेंट की तरफ से इनिशियेटिव हुआ कि कम्पनी बन्द कर दी गई, तो जो लोग उसमें मेहनत करते थे उनके बारे में क्या होगा ? कहा जाता है कि जो कम्पनी के एसट्स होंगे उसमें से पहले गवर्नमेंट के तारे लोकल टैक्सेज और दूसरी सब बीजें ले ली जायेंगी, उसके बाद जो छोटे छोटे क्लासेज बगैरह हैं उनको 'ग्रुप टू ए लिमिटेड ग्राफ वन थाउजैंड' उसमें से हिसाब होगा। यह उसका दूसरा हिस्सा है। यह चार महीने की लाइबेलिटी उनके लिये रखी जायेगी और उसके अनुसार उनको दिया जायगा। मैं पूछता हूँ कि उन गरीबों ने क्या दोष किया है, और उनका हक हमारे किसी और हक से कैसे कम है ? वर्कर्स के लिये भी कहा जाता है कि उनके लिये भी यही रक्खा गया है। वर्कर्स के लिये भी ऐसा क्यों नहीं किया जाता। वर्कर्स के लिये तो आप का ऐसा कहना कारणवश है क्योंकि वर्कमेन्स पेमेंट ग्राफ बेजेज ऐक्ट के मातहत किसी वर्कर की तनस्वाह का पेमेंट सात तारीख से आगे नहीं जा सकता। मैं पूछना चाहता हूँ कि आपने बेचारे उन क्लर्कों को इससे क्यों महकूम रक्खा है ? मुझे अखबारों में छोटे मोटे काम करने का अवसर मिला है और मैं जानता हूँ कि वहां पर काम करने वालों की कितनी दयनीय अवस्था रहती है और उनको ६, ६ महीने तक तनस्वाह नहीं मिलती है और मैं खुद अनुभव कर चुका हूँ कि जब तनस्वाह लेने के लिये वह व्यक्ति जाता है तो कह दिया जाता है कि फिलहाल यह दस पैसे ले जाओ इससे कल तुम्हारे राशन का इन्तजाम हो जायेगा, मैंने इस तरह का भी जीवन निर्वाह किया है और मैं तबूँ से कह सकता हूँ कि ऐसे लोगों की एक, एक और दो, दो वर्ष की तनस्वाह बाकी रहती है। आपने कह

दिया कि जो बेचारे १५०, और २०० पया पाते हैं तो उनको एक हजार से ज्यादा पेमेंट नहीं हो सकता लेकिन गवर्नमेंट को और म्युनिसिपैलिटी का जितना पया उस कम्पनी पर ड्यू है वह सब उनको मिल जायेगा भले ही उन बेचारे लोगों को खाना मिले या न मिले। मैं कहता हूँ कि यह कहां का न्याय है जो आपने एक हजार की लिमिट फिक्स कर दी है, २५० रुपया कंट्रोल्लेटेड है, इसके मुताबिक चार महीने की तनस्वाह हुई। इस वाइंडिंग अप प्रासेस में मैं सेलेक्ट कमेटी से इस्टेडभा करूंगा कि वह इसको बहुत गौर से देखे। मैं जानता हूँ कि सेलेक्ट कमेटी में कैसे काम होता है। मुझे भी कुछ सेलेक्ट कमेटी में रहने का सौभाग्य प्राप्त हो चुका है। हम लोग तो एक जरा देहाती से आदमी हूँ, और एक क्रायदे से अपने केस को पुटअप वहां पर नहीं कर सकते और यह कम्पनी लाज के बारे में हमारा ज्ञान बहुत कम है। इसके विरुद्ध जो लोग कम्पनीज को चलाते हैं वह छहर २ इसके विषय में जानते हैं और हो सकता है कि वहां टेबुल पर जो भी हमारे साथी मेम्बर उस कमेटी में हैं, उनकी बात उन लोगों के मुकबले में न चल पाये। इस लिये मैं कहना चाहता हूँ कि जब तक उस कम्पनी ला का आधार शुरू से ठीक नहीं रक्खा जायगा तब तक हमारा काम ठीक से चलने वाला नहीं है। मैं यह जो कह रहा हूँ वह इस वास्ते कह रहा हूँ कि जब आप सेलेक्ट कमेटी में बैठें तो इन सब बातों पर नज़र रखें और अगर आप यह अप्रोच रखेंगे तो हमारा काम ठीक तौर पर चलेगा। वाइंडिंग अप प्रासेस में जो सेक्शन ४६२ है, उस से मैं बहुत चबराता हूँ। हालांकि मेरी समझ में वह पूरी तरह नहीं आता ताहम मैं पूछता हूँ कि अब तो प्लानिंग का जमाना है, इस जमाने में मैं जानना चाहता हूँ कि यह जो बिल लाया गया

हे उस में क्या इस बात का ख्याल रक्खा गया है कि उसमें पब्लिक सेक्टर की क्या पोजीशन होगी ? आज हमारे यहां इस ला के मुताबिक और यह जो ला बन रहा है उसके मुताबिक और हमारे संविधान में जो बातें हैं उन सब को देखते हुये, कौन कान्स्टीट्यूशन की बातें हैं उसके बारे में मैं ज्यादा नहीं कह सकता लेकिन मैं पूछना चाहता हूं कि क्या किसी मिनिस्टर को हक है कि वह एक कम्पनी दूसरे दिन बना दे और यह कि उसके दो तीन आफिसर्स जैसे कोई चेंबरमैन हो जाय और कोई मैनेजिंग डाइरेक्टर हो जाय और जैसा कि अक्सर आपने देखा होगा कि एक सेठ जी अपने बीबी, बच्चे और भाई को लेकर एक ज्वायन्ट स्टॉक कम्पनी बना लेते हैं और इसी तरह पब्लिक कम्पनी से ज्वाइन्ट स्टॉक कम्पनी बना ली जाती है, तो मुझे इस सम्बन्ध में बहुत शंका है और मैं जानना चाहता हूं कि कंसांलिडेटेड फंड से रुपया लेकर वह कैसे इस तरह से खर्च हो सकता है और फिर जो रुपया खर्च होगा उसका तौर तरीका देखने वाले और सुनने वाले कौन होंगे, कम्पनी ला के अन्दर उस काम के लिये एक अलग मशीनरी प्रोवाइड की गई है, अगर वह कहें कि हम उससे बाउन्ड हैं तो यह बात तय हो जाती है। यहां पार्लियामेंट में, एस्टीमेट्स कमेटी में या बजटिस्मिती से पब्लिक एकउन्ड्स कमेटी में अगर हम उसके लिये पूछेंगे तो वे कह देंगे कि वहां सेयरहोल्डर्स ने इस को तय कर दिया। हम लोगों ने कुछ इसमें जबरदस्ती की है कि आडिटर जनरल से उनका आडिट कर लेते हैं फिर भी मैं सुझाता हूं कि इस वक्त प्राइवेट सेक्टर और पब्लिक सेक्टर की जो इन्डस्ट्रीज होती हैं उन दोनों के लिये एक कानून न होना चाहिये, उसके लिये आप को कम्पनी ला नहीं लागू करना चाहिये। मेरी समझ

में इस कम्पनी ला बिल में कोई कृन मिला कर ६५० सेक्शन हैं, कहीं इस बात पर नजर नहीं गयी है। मैं कहूंगा कि अगर हमको प्लानिंग चलाना है और आज हमने दो एक स्टील प्लान्ट जैसी चीजें शुरू भी की हैं, और कौन जानता है कि कल इसी पार्लियामेंट में हम, फाइनेन्स मिनिस्टर और जितने भी लोग यहां पर हैं सब एक मत हो कर मुल्क की तरक्की के हेतु अपनी मनमुटाव और झगड़े बाजी छाड़कर एक हो जाय और एक आवाज से यह कहें कि यह जो इंडस्ट्रीज हैं यह नेशनलाइज्ड हों और उनका स्टेट से और पब्लिक से इन्तजाम किया जाय तो उसमें क्या पोजीशन होगी ? और कम्पनी ला के प्राविधान से हमारा कोई बलाज आयेगा या नहीं आयेगा, उनके एग्जिस्टिंग शेयर होल्डर्स को ला कॉर्ट्स में जाने का अस्तिभार हो और रिट आफ मैनड्युस कंट्रोलरों की और न जाने क्या-क्या लफ्ज हैं, मैं तो उनका ठीक तरह से उच्चारण भी नहीं कर सकता। हमारे वकील लोग यहां काफी बैठे हुये हैं, सेलेक्ट कमेटी में भी काफी वकील लोग हैं...

श्री सी० डी० पांडे (जिला नैनीताल व जिला अल्मोड़ा—दक्षिण पश्चिम व जिला बरेली—उत्तर) : वे आपके वकील नहीं हैं उनके वकील हैं।

श्री टी० एन० सिंह : उनके वकील होते हैं तो वह लोग मिल करके उसको उस तरह पेश करते हैं...

Shri N. C. Chatterjee (Hooghly): That is unfair, Madam. I am objecting to that; it should not be suggested that any member of the Select Committee is going to act as a partisan and on behalf of big business.

Shri C. D. Pande: May I explain? I did not suggest that; I only suggested that he cannot say that he is my lawyer.

श्री टी० एन० सिंह : मैं जानता हूँ कि यह रिमार्क उनको बुरा लगा है, मैं जानता हूँ कि काफी छोटी छोटी बातों में हम लोग झगड़ पड़ते हैं। खैर जो अगली मामला हमारे सामने पेश है उस पर आइये। इन छोटी छोटी बातों को भूल जाइये। मैं कहता हूँ कि अगर वह स्टेट इंडस्ट्रीज होगी, स्टेट अन्डरटेकिंग्स बढ़ेगी, तो उस वक्त हमारी क्या पोजीशन होगी, इस पर कोई विचार नहीं किया गया है। और मैं यह भी कह सकता हूँ कि यह जो कम्पनीज बन रही हैं और किसी में हमारा सौ परसेंट शेयर है तो किसी में ६१ परसेंट है और किसी में ४७ परसेंट है, टेल्को में हमारा शेयर होल्डिंग कम है और दूसरे का ज्यादा है तो इन सब चीजों की जो तरह तरह की खिचड़ियाँ पक रही हैं उसको हमें रोकना है। हमने बहुत सी शिकायतें देखी हैं, लड़ाई से तजुर्बा लिया है। इसके बाद इस कम्पनी ला में इन सब चीजों पर गौर किया जायेगा, लेकिन नहीं मेरी शिकायत सिर्फ इतनी है, मैं चाहता हूँ कि यह हाउस अगर कोई इसमें स्टेटमेंट एन्ड आबजेक्ट्स कोई किसी तरह की स्कावट डाले तो मेरी इस्तेदमा है कि यह संसद कोई ऐसा तरीका निकाले कि अगर जरूरत समझी जाय तो उस में ही आवश्यक तरमीम कर दी जाय या ऐसा कोई प्राविधान डाल दिया जाय जिससे उन सब कामों में स्कावट न पड़े। यह करना बहुत जरूरी है, यह मेरी राय है। मैं नहीं कह सकता कि यह वकील सोन और मिल मैगनेट्स क्या बतलायेंगे क्योंकि एक्सपर्ट्स इस विषय में तो बही माने गये हैं, वह बतलायेंगे कि क्या किया जाय। लेकिन यह जरूरी है और उस को आपको देखना होगा कि हम पब्लिक सेक्टर

में इस कम्पनी ला की वजह से कोई बाधा न पहुंचने दें, इसको हमें देखना है।

इस वास्ते मैं इस पर काफी जोर दे रहा हूँ और स्टेटमेंट आफ आब्जेक्ट्स एंड रीजन्स में भी यह चीज है। मगर फाइनेंस मिनिस्टर खुद इस के लिये मोशन लावें तो बहुत अच्छा होगा। मेरी सभ्य में इसे रेगुलराइज करना बहुत जरूरी है। ऐसे लोगों को जो कि रुपया लेकर और फिर इन्वेन्डेन्ट अथारिटी का पद हासिल कर, परम स्वतंत्र होकर ऐसा काम करते हैं, उनको ऐसा नहीं करने दिया जायगा। यह मेरी निश्चित राय है।

इसके बाद मैं दो एक छोटी मोटी बातें कह कर, जो कि मैंने आप के सामने रखनी हैं, खत्म कर दूंगा। मैं इस बात को बहुत जोरों से महसूस करता हूँ कि कोई भी उद्योग का ढांचा, चाहे प्राइवेट एन्टरप्राइज हो चाहे पब्लिक एन्टरप्राइज हो, ऐसा होना चाहिये जिसमें जनता का हित हो, और अगर यह मान लिया जाता है कि प्राइवेट एन्टरप्राइज ऐसी चीज है जिस को छोड़ देना चाहिये, हर आदमी में भलग भलग बुद्धि होती है, उस पर उसको चलने देना चाहिये अगर यह आचार रहेगा तो फिर आपको मान लेना होगा कि हमने जितने यह कानून बनाये हैं कि हम इन्वेस्टिंग कर सकते हैं, दखल दे सकते हैं, और वाइन्ड अप कर सकते हैं, सब नजाराज होंगे जिस दिन आप ने इस सिद्धांत को मान लिया कि इस पार्लियामेंट को हक है, चाहे कितना ही बड़ा आदमी क्यों न हो उस के काम में दखल देने का तो फिर इसमें कोई बाधा रास्ता नहीं चलेगा। रास्ता तो आपको बहुत पक्का और फर्म चलाना पड़ेगा और इस वास्ते मैं चाहता हूँ कि इस में जो भी कानून है जिन को हमने बहुत ज्यादा बेनेफिट किया है, उस

सब को उनट दें और ऐसा तरीका प्रस्तुत करें जैसा कि कान्स्टिट्यूशन बताते वक्त हमारे दिल में वेल्फेयर स्टेट बनाने के सम्बन्ध में था जो कान्स्टिट्यूशन में हमारे डाइरेक्टिव प्रिन्सिपल्स हैं उन के मुताबिक होना चाहिये। मेरी समझ में इस पर बहुत ध्यान देने की जरूरत है। कान्स्टिट्यूशन में डाइरेक्टिव प्रिन्सिपल्स के अन्दर जो बात है, जो उस का ध्येय है उसके अनुसार अगर हम काम करेंगे अगर उसके एक एक सेक्शन को सास ठीर से देख कर, उसके नक्ते नजर से हम चलेंगे तभी ठीक होगा।

इसके बाद ज्यादा वक्त न लेकर के एक चीज में आखीर मैं कह देना चाहता हूं, और वह यह है कि हमारी कंपनियां, जिसे अंग्रेजों में ट्रिकी कहते हैं, ऐसी चीज हैं, उन के कानून का तरीका, उनकी कार्रवाई का तरीका, भगवान की ही तरह इतने जंजाल में फंसा हुआ है कि उसको देखने के लिये, आप को एक नये नुक्तेनजर से काम करना होगा मैं कह सकता हूं कि इस के सेलेक्ट कमेटी में जाने से पहले, या सेलेक्ट कमेटी के दौरान में, ही आप यह करें कि जितने यहां के मेम्बरान हैं उनका हक हो कि जब वह चाहें तब सेलेक्ट कमेटी में बैठ कर, उस के बहस मबाहसे में शामिल हो सकें। यह चीज बहुत जरूरी है, जो हमारे मेम्बर सेलेक्ट कमेटी में मौजूद हैं मैं उनमें से किसी का दोष नहीं निकाल रहा हूं। किसी के बारे में मैंने कोई सन्देह नहीं है, मैं सब के ब्यक्तित्व पर विश्वास करता हूं, लेकिन मैं अर्ज करना चाहता हूं कि हर एक आदमी हम में से वहां जाकर बैठ सकता है, वहां का तमाशा देख सकता है लेकिन हम को बहस में हिस्सा लेने का मौका मिलना चाहिये।

श्री संवर अहमद (होशंगाबाद) :
टिकट लगा दिया जाय तो क्या होगा ?

श्री टी० एन० सिंह : यह चीज बहुत जरूरी है, और मैं समझता हूं कि अगर हम कोई तजवीज पेश करें तो उसको भी सुनाने और समझाने का मौका सब को मिलना चाहिये। इस वास्ते मैं अर्ज करूंगा कि, जैसे शेयरहोल्डर्स वाली बात है, एक ऐसा कानून तो बना दिया गया कि हम लोग वहां आयें, लेकिन फिर भी हम लोग आसानी से वहां पहुंच नहीं पाते, हम लोग इतने बड़े आदमी नहीं हैं, हमारे बिते में यह बात नहीं है कि हम स्वयं पांच छः सौ मील आ जायें। इस लिये सेलेक्ट कमेटी की मीटिंग तब होनी चाहिये जब कि सेशन हो रहा हो। हम लोग दो दो तीन तीन महीने सेशन के लिये यहां ठहरते हैं। क्या वजह है कि हम पी० ए० सी० और एस्टिमेट्स कमेटी में तो बैठ सकते हैं, लेकिन यहां से सेलेक्ट कमेटी में नहीं जा सकते हैं। क्या जरूरत है कि सेलेक्ट कमेटी की मीटिंगें इन्टर सेशन पीरियड में ही हों तभी मेम्बरस आ सकेंगे नहीं तो नहीं आ सकेंगे ? यह तरीका गलत है। इस लिये मैं आपके जरिये अपने भाइयों से अर्ज करना चाहता हूं कि मैं किसी और भाव से इस बात को नहीं कह रहा हूं, मैं तो सिर्फ यह कह रहा हूं कि आप हम को सिर्फ अपने दिल का गुबार निकालने का मौका दे दीजिये तो बड़ी मेहरबानी होगी। मैं यह एक छोटी सी तपस्वीज दे रहा हूं।

मैं समझता हूं कि मैंने इतना हाउस का बहुत समय ले लिया है और इससे ज्यादा समय लेना अनुचित होगा। मैं समझता हूं कि आप लोग मझे क्षमा करेंगे यदि मैंने कोई बात गलत कही हो।

Mr. Chairman: I do not follow what the hon. Member has said. Could the hon. Member say it in English?

Shri Bansal: The hon. Member during the course of his speech used the

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word "*tamasha*" in relation to the work of the Select Committee. *Tamasha* means a huge joke (*Some hon. Members*: No, no). He can explain what it means. It certainly means fun.

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserved—Sch. Castes): Both are Parliamentary.

Shri Bansal: It is for him to explain.

Shri T. N. Singh: With your permission, Madam, may I say this since this is in relation to what I said? I believe simultaneously I used the word "spectator" also when I said *tamasha*.

Dr. Lanka Sundaram (Visakhapatnam): Show. Watching the show.

Shri T. N. Singh: A spectacle and spectator, who sees some spectacle. And what is the translation of the word 'spectacle'? I want to know, I know very little of Urdu and Hindi. I do not know by what other word it can be translated.

Mr. Chairman: Now whatever the hon. Member might have said I think he meant well.

Before I can upon the next speaker I should like to inform hon. Members that copies of the Finance Minister's speech yesterday while moving the motion for reference of the Companies Bill to a Joint Committee and statement showing the important provisions of the Bill in so far as they make changes in the existing law, which have been received from the Ministry of Finance are available at the Publications Counter for distribution to Members. Hon. Members may kindly collect their copies from the Counter.

Shri N. C. Chatterjee: There is no time-limit, but I should like to remind hon. Members of the difficulty that arises when they make long speeches. There is a tendency to make repetitions and, as hon. Members know, repetitions are not allowed

by our rules and regulations. So I request them to confine their observations to the main points. And also at this stage I should like to remind the House that we are discussing only the general principles of the Bill and so we do not need to go into the details.

Shri C. D. Pande: Madam, on a point of order. When the motion for the consideration of this Bill was moved, the Deputy-Speaker was pleased to say that those who are on the Select Committee will not be allowed to speak, so much so that he said in case they rise he will have to look into the list and see whether they were there or not. He was emphatic that no Member on the Select Committee would be allowed. And there are many Members anxious to speak.

Mr. Chairman: I was also in the House; he was correct, but I think, there should be some exception.

Shri N. C. Chatterjee: Madam. I will remember your admonition that I should not make repetitions, and I can assure you and the House.....

Dr. Lanka Sundaram: That is not meant for you.

Shri N. C. Chatterjee :..that I will be confining my observations to very pertinent and relevant matters at this stage. My hon. friend, Shri Vallatharas, yesterday made an appeal to me. He wanted my candid opinion as to what I think of this comprehensive Companies Bill of 612 clauses: and 12 schedules. Frankly speaking, the more I have been engaged in Law, the more I am getting tired of comprehensive legislations and copious codifications. I read in my young days, the observation of Macaulay in his essay on Milton that, 'as civilisation progresses poetry declines' I should say, 'as democracy progress, legislation also declines'. Really the quality of draftsmanship has gone down, and it is very difficult in a comprehensive Bill to find out the mind and will of the Legislature. It is almost elusive in a Bill of 612

clauses. But, it is not the fault of the Finance Minister nor of the draftsman who have tried to do a conscientious piece of work in view of the problems which were set before them. It is really the first attempt to codify and consolidate the whole of the law, after the great attempt by Shri N. N. Sircar who made the first frontal attack on the drawbacks and defects of the managing agency system. It is good to remember the pregnant saying of Mr. Savigny, the great jurist of Germany: "It is hopeless to expect to moralise men and improve institutions by legislation and codification". That was the great hope of idealists like Bentham. But in England, they have been disappointed, and you know, that even after the recent codification of company law in England, on the basis of which we are drafting our company law to a large extent, they are thinking of amending that law; they have already started to appoint committees for the purpose of having comprehensive amendments made.

Now, there are certain points which I want to make. I admit that these 612^a clauses will practically mean a lawyer's paradise, especially in some of the High Courts.

An Hon. Member: In the Supreme Court.

Shri N. C. Chatterjee: May be, in the Supreme Court too. You should not grudge it because the great profession of law has been very hard hit after the abolition of the zamindari system, and also in view of the impending crisis which is facing that great profession by Dr. Katju's Criminal Procedure Code. Anyhow, what I would appeal to the High Courts is this, that they must set their own houses in order. I have been associated practically all my life with the great High Court, which has been the biggest Company Law Court, namely, the Calcutta High Court, which started its work under a very able and distinguished judge who was looked upon as an authority on Company Law in India. Mr. Justice Buckland. I think the

Finance Minister and other friends will remember that he was the author of the first great commentaries on company laws, which were accepted as authoritative.

Shri Tek Chand (Ambala-Simla): And, still great commentaries

Shri N. C. Chatterjee: Yes. He always wanted precise and concise formulation of law. Unfortunately, we cannot make that and I cannot say that you are going to have a very precise formulation of the company law in this Bill. But, that is the best we have got to do in the present circumstances.

Now, I remember as a student of history, that the great historian Gibbons went one day to the House of Commons, when Pitt was going to initiate the foreign affairs debate. He was sitting in the visitors' gallery. Pitt stood up and said: "Ransack the pages of history; go through every page of the luminous pages of Gibbons; you will never find any such wonderful incident enacted in history" Gibbons was very happy that the great Pitt had said: "Go through the luminous pages of Gibbons", but then it transpired that Pitt had said: "Go through the voluminous pages of Gibbons". He was very disappointed to find that the great statesman had referred to him like that. I think Mr. Deshmukh will go down in history as the author of the most voluminous code ever enacted by the Parliament, and I can only assure him.....

The Minister of Finance (Shri C. D. Deshmukh): It may be both.

Shri N. C. Chatterjee:.....that we shall try to make it both luminous and voluminous. We should not look at it in party spirit at all. There is no question of party or politics. There is no question that anyone of us in the Select Committee or outside is going to approach this measure in a partisan spirit, or going to champion any vested interest. I am fully aware

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of the great defects and great shortcomings of the managing agency system. There are sharks among managing agents. When I was a very young barrister, I was engaged by a British firm—I cannot name it—to appear in a big colliery case in the court of Dhanbad. Dhanbad is a big colliery area. Mr. Langford James, a great English barrister, was leading me. I asked him: “Why is it that the judge is against us and has formed a sort of prejudice against us?”. He replied: “Chatterjee, don’t you realise that we are fighting for managing agents?”. Then he added: “My experience I ought to tell you; some of them are sharks and these sharks have brought disrepute on the whole managing agency system.” My hon. friend is quite right—Mr. T. N. Singh—that there are some sharks, and those sharks have brought disgrace and disrepute on this system.

Madam, I think it is unfair to say that this Company Law Committee was at all actuated by any motive of shielding any fraudulent or dishonest managing agents. It will be thoroughly unjust to say that. I say with the fullest sense of responsibility that to levy any indictment on the Committee and to say that they were actuated by the interests of big capital of the managing agents, is not correct. As a matter of fact, anybody who knows anything about the work of the Committee, would candidly confess that that Committee was to a large extent dominated by the personality ability and experience of Mr. J. J. Kapadia. I think it was Mr. J. J. Kapadia who was the indefatigable fighter against managing agents. He had a wonderful stock of knowledge and wonderful wealth of experience which he marshalled before the Committee in order to expose the vagaries, misdeeds, malpractices and the dubious methods of managing agents. And I have been assured by Mr. S. M. Basu, who is one of the leading solicitors of High Court and other

lawyers who were on the Committee, that none could match the skill, ability and accumulated wisdom and experience of Mr. Kapadia. It is a matter of regret that we can no longer avail of the services of Mr. Kapadia; he is dead and gone. But we ought to pay a tribute, and I hope Mr. Deshmukh will agree with me that they have attempted a conscientious discharge of duties and they have not been carried away by any consideration of placating the dishonest elements in the industrial sector of India.

In their finding, they have rightly pointed out that the managing agency system has been an organic evolution in the industrial life. It is quite true that to a large extent the East India Company’s precedent was followed and therefore the managing agency system grew up in this country. It is not there in England or in other countries. You should remember certain basic facts before you condemn a system out and out and say, lock, stock and barrel it should go.

The report of the Committee is:

“Having regard to all the circumstances, we consider that in the present economic structure of the country, it would be of advantage to continue to rely on the managing agency system.”

But, they are careful to add that there are malpractices which must be stopped. I am reading one other portion.

“Shorn of the abuses and malpractices which have disfigured its working in the recent past, the system may yet prove to be a potent instrument for tapping the springs of private enterprise.”

This Parliament today has got to make up its mind: will you stop the private sector and will you nationalise all industries? Will you stop the formation of private capital or will you allow the private sector to play its part? How

can you in the operation of a plan for national development, having regard to the objective of mixed economy, not allow the private enterprise to play its part, subject of course, to certain safeguards, control and regulation? I maintain that the decision of this Bhabha Committee merits our careful and sympathetic consideration.

Now, what are the factors which we ought to remember? There are factors which make it impossible today for this Parliament to pass a capital sentence and say, no managing agents from tomorrow. You cannot do that. Because, in this country, there is no organised capital market, there is really no investors' market. In the absence of these organisations, it would be impossible to have any company flotation unless you allow the managing agency to come in. The Committee has pointed out facts rightly. Could there be any flotation of a jute mill in Calcutta or in Bengal? Could there be any flotation of any textile mills in Bombay or Ahmedabad unless you had managing agents? They undertook preliminary investigation; they undertook preliminary enquiries into the schemes before promotion which sometimes means especially in the case of mineral companies and other concerns lakhs and lakhs of rupees. Iron and steel, hydro-electric, and chemical industries were all set up after years and years of preliminary investigation. On many occasions, after investigation into the schemes, they had to be given up in which case the managing agents had to bear the burden of all preliminary expenses. Also, the managing agency system enables a substantial proportion of the issue to be taken up by the managing agents. The fact is that the ordinary middle class investor comes on the scene very late. The initial capital is furnished by the managing agents. Managing agency needs a certain amount of enterprise and a certain amount of sacrifice. Therefore, I think that it will not be right for this Parliament to say that, as some of them have misbehaved, therefore completely liquidate all managing agents.

At the same time, we must plug the holes. We must see that fraudulent and dishonest practices are removed as early as possible. But, take care, I appeal to the House, to each and every Member, in the process of plugging, do not overdo it and kill all initiative. Keep some scope for initiative. I wish to make certain suggestions and raise some points which demand immediate clarification, because I know, and I say with a certain amount of responsibility, that portions of this Bill have created a certain amount of misgiving in the industrial sphere in this country, and unless you give certain clarifications and assurances, it will be almost impossible for you to have company formation on a satisfactory footing.

You know that our Five Years Plan and our Planning Commissioners have said that the managing agency system should be subjected to certain safeguards.

Shri T. N. Singh: On a point of order, when a Bill is referred to a Select Committee, this House makes a number of suggestions and ideas for the consideration of the Select Committee. In the course of this debate, various suggestions have been made for the managing agency system and against it. I think that it is entirely improper and *ultra vires* for a Member of the Select Committee to express here in this House, before the matter is referred to the Select Committee, his considered opinion about the suggestions made in this House. On the very things that the Select Committee will have to consider and in which they should keep an open mind, a Member of the Select Committee is trying to commit himself beforehand. I say that this is against the spirit of the entire procedure laid down in this House.

10 A.M.

Shri N. C. Chatterjee: With great respect to my hon. friend, I maintain that there is nothing in this point of order. I am simply pointing out that the Committee has not been fairly criticised, that the Committee has been unfairly attacked. I am pointing out

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certain cogent grounds which have been advanced by the Committee which deserve the attention of the House and which deserve the attention of the Select Committee. There is no question of final adjudication on any point.

Shri T. N. Singh: I do not think the hon. Member has caught the point. I have great respect for his legal talents. I think the point is this. Here is an issue raised by the House: whether the managing agency system should continue or not. Already, a Member, who is also a Member of the Select Committee, says that the managing agency system should continue.

Mr. Chairman: Order. order. it is only a suggestion. It is for the Members of the Committee to accept or not to accept it.

Shri T. N. Singh: Before you give your final ruling, I humbly submit that this is an important question and if other Members of the House who know law, would kindly throw some light on this point, it will be of guidance for the future. That is very important.

Shri Altekar (North Satara): I would like to say this. Many times, in the course of the arguments, in courts, judges say, our tentative view is such and such, has the learned counsel anything to say as regards that? Whenever such expressions are made, it does not mean necessarily that they are their final opinions.

Shri T. N. Singh: He has not said tentative.

Shri C. D. Deshmukh: It is my impression that at the basis of this convention that the members of the Select Committee should not speak is this fact that they may have other opportunities of expressing their views. I do not believe that it means that they have no views to give. In other words, an open mind is not a blank mind. However, as you have allowed the hon. Member to express his views, he must express some views. He cannot merely say, I shall not speak on the points which have been made by the other speakers. Also, I am a member of the Select Committee. I shall have, in due

course, to reply to some of the points which have been raised in the debate. Would it then mean that I have already made up my mind? The purpose of the Select Committee is to hear the other Members, try to reconcile differences in views, and try to arrive at the greatest common measure of agreement.

Shri Barman (North Bengal Reserved—Sch. Castes): My respectful submission is that in the Select Committee there are 33 Members of this House. Even if a member of the Select Committee expresses his opinion here, that is not the final opinion. The other Members may have a chance to controvert it here and now. This is helpful.

Shri N. C. Chatterjee: I am simply pointing out that there is a good deal of cogent argument in support of the considered opinion which has been given by the Company Law Committee. I am submitting respectfully to the House that every Member should treat that Report with respect and it will not be right in the present structure and in the present stage of industrial development, to say that the managing agency should be completely banned by company legislation. Of course, everything is subject to further investigation and further evidence to be adduced before the Select Committee, but I am at one with the previous speakers that the main defects of the managing agency system in India should be eradicated as thoroughly as possible.

One defect which has not been referred to is this. So far as the British managing agency firms in India are concerned, they always take into partnership experienced people from outside. Unfortunately, the Indian managing agency is usually confined to one family and becomes almost a hereditary thing, and this results in some cases in inefficient or corrupt management. Clause (2) of Part II of Schedule VII says that the managing agent cannot appoint a relative as an officer or employee without the

sanction of the directors. I think that is some improvement, but there should be other improvements made so that it may not be possible to develop a family coterie ruling a particular concern for ever.

The concentration of management, where several mills are concerned, in the hands of a few agency firms has put a strain on the financial resources of some agencies. The Planning Commission, as I was reminding this House, has pointed out that having regard to the mixed economy India today envisages, industrial development has to be based on the existence side by side of both the public sector and the private sector. Therefore, the private sector has an essential role to play in the expansion of industries as part of the scheme of our national planning. But this Parliament should give a warning to industry today in clear terms that industry has got to accept the objectives of the nation's social policy and its economic policy. Industry must accept its obligations towards the worker and the investor and the consumer. We demand a reorientation of the outlook on the part of industrialists and the entrepreneurs, and whether the managing agency system is continued or not, that reorientation we must secure by suitable legislation and by suitable modification of the law.

The Planning Commission has also recommended that the inflow of foreign capital should be encouraged. There are certain safeguards which ought to be introduced in this connection. I do not find sufficient safeguards in this Bill on that point. Even if the managing agency system is continued, we should see that as far as possible foreign capital is not brought into play unless and until it is needed in essential national industries.

Now, there are six points which I want to raise, and these have caused grave misgivings. I am not concerned now with the apprehensions of managing agents or big bosses of capital. I am thinking of the ordinary

shareholders. I am thinking of small investors.

The first thing is, we are giving certain rights to preference shareholders under this Companies Bill and they are being given voting rights in certain contingencies. That has led to some misgivings. I want the hon. Finance Minister to listen to me, and I think that there is some misunderstanding on this point. The whole scheme of this legislation is that there will be equity capital and preference share capital. All capital which is not held by preference shareholders will be treated as equity capital. We know equity capital should be given voting rights and they are being given voting rights, but we are making a departure from our present law and we are conferring certain rights on preference shareholders. Is it right that they should be given these voting rights in those contingencies? So far as I remember, under sub-clause 2(a) of clause 80, it has been stated that the holder of any preference share capital shall not have a right to vote on any resolution placed before the company, which does not directly affect the rights attached to his preference shares. That is all right. That is the law in other countries too. The preference shareholder will be entitled to vote when the rights attached to his shares would be directly affected. Now, in the Explanation to sub-clause 2(a) it is stated that when a resolution for the winding up of the company or for the reduction of the share capital is brought, he shall have the right to vote. I think there is some justification for this recommendation. In England, ordinarily preference shareholders are not given full voting rights. They have only qualified voting rights. Otherwise, they will control the proceedings of a company in a manner opposed to the interests of the ordinary shareholders and they may restrict the development of the business of the company. Palmer, in his celebrated book on Company Precedents, has pointed out correctly that the interests of the two classes of shareholders—preference

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shareholders and ordinary shareholders—are generally in conflict. The interest of the preference shareholders is to preserve the business of the company sufficiently to produce the preference dividend. The interest of the ordinary shareholders is to increase the dividend and for that purpose they may be prepared to take certain risks. Now, the business world, not merely the men who run the business but also the ordinary shareholders, the investors who have invested money in the ordinary shares, are perturbed by this recommendation. The clause in the Bill gives the preference shareholders the right to vote in some cases when dividends remain unpaid for some period. The cumulative preference shareholders are given the right to vote when dividends remain unpaid for one year. The non-cumulative preference shareholders are given the right to vote when their dividends remain unpaid for a period of two consecutive years. Voting rights under this statute of ours as drafted, when they become operative, will be in the same proportion as the capital paid on preference shares bears to the paid-up equity capital. This may have serious effect on business, both from the point of view of those who run it, and also from the point of view of the ordinary shareholder. I want a clarification at this stage from the hon. Finance Minister if possible. Is it intended that the preference shareholders will have a general right to vote on every resolution which is placed before the company? Is that the intention, or will the voting right be confined to the particular issue which directly affects the fate of the preference shareholders.

Take the instance of a case where there is a question of amalgamation which may affect the preference shareholders. Is it the intention of the Government introducing the Bill at this stage that when the question of amalgamation is before the shareholders, the preference shareholders should be allowed to vote on that issue and that

issue only? If that is so, the ordinary shareholders will not be perturbed and the ordinary middle-class investors will not be in difficulty.

The second point that is somewhat disturbing to the business world is this. We have got in this Bill certain suggestions made for the constitution of the Board of Directors. What we are doing is this. First of all, we are giving one-third of the directorate to the nominees of the managing agents, and two-thirds we are keeping for being elected by a special resolution, and we are prescribing very wide categories of prohibited persons who cannot be elected as representatives of the shareholders unless a special resolution is passed. That means a two-thirds majority has got to be secured. There is a feeling that there will be a complete deadlock in the administration of many companies. In effect, it means that 26 per cent. of the shareholding will have a veto on the 74 per cent. of shareholding in a company. Has the hon. Finance Minister thought over the problem and can he give any assurance to the business world which will satisfy their misgivings? Otherwise, there will be a deadlock practically in every election and that will mean that the ordinary rule of majority will not work. I am not in favour of complete democratisation in the running of business concerns, but still I think it is but fair that there should be given some kind of assurance, some kind of clarification. Especially 75 per cent. seems to be too much. That is a question of detail, but something should be done to allay their misgivings.

The third point that I want to raise—and that is very very important—is that under clause 231 of this Bill, there is a very wide power being conferred on the Central Government. Clause 231 reads:

"Appointment and powers of inspectors to investigate ownership of company:—(1) Where it

appears to the Central Government that there is good reason so to do, it may appoint one or more inspectors to investigate and report on the membership of any company and other matters relating to the company, for the purpose of determining the true persons—

(a) who are or have been financially interested in the success or failure whether real or apparent, of the company,..."

This is, if I may say so, is a very extraordinary power. I know I shall be told that in England, some such power has been given by section 172 of the latest English Act. But I find that under the English Act, there are suitable safeguards provided, and an application for investigation as to the ownership of a company can only be made by the Board of Trade, when two hundred members apply or members holding one-tenth of the share capital apply. No such safeguard is provided here. I shall make one more submission, in this connection, for at a later stage, it becomes very important. I think Parliament should ask the hon. Finance Minister to seriously think over that problem.

The fourth point is the restriction on the borrowing powers of directors. Under clause 272, the borrowing power of a director is limited to the quantum of share capital plus free reserve. Is this at all fair? If in a company, the Board of Directors want to go the market and borrow on the assets of the company, and if the creditor who wants to finance them is satisfied as to the prospects of the company and wants to pay money beyond the share capital plus the free reserves, why should the power of the directors be taken away in this manner? As a matter of fact, it is sometimes desirable that this restriction should not be there. Otherwise finance will be paralysed, and it will not be always desirable to place all the details of a financial deal before an ordinary shareholders' meeting.

My next point is loans by the company to the directors, managing agents, and so on. In every such case, the previous approval of the Central Government has got to be taken. I can understand this in the case of managing agents, but large categories are enumerated. There is an apprehension that big combines of industrial enterprise will be rendered infructuous, unless they can get the patronage of the Minister concerned.

My last point is this. While the hon. Finance Minister has taken the Report of the Company Law Committee as his basis, he has jettisoned the most important and basic part of it, and I cannot understand why? He has taken the recommendations under which the Central Government are given very wide powers, such as appointing inspectors, for investigating not merely fraud or malpractice, but even as to the ownership of a company. The ownership of a company is determined by the shareholders' register, because *prima facie*, under the law, that is the authority. But anyhow, you are taking all these powers. I tried to make out a list of these powers. For instance, under clause 8, the Central Government are getting power to determine what restriction should be placed on the jurisdiction of District Courts. They have got other powers of a very wide and inquisitorial character. I am not going to take you through the whole list; that list is quite heavy.

Now, it may be that Parliament in its wisdom, may think that the Committee was right in conferring on the Central Government such inquisitorial powers, especially in the context of things which are happening in the international world, and in view of the desirability of control and regulation. But this Committee had made one recommendation, which is very pertinent. They have pointed out that they are conferring on all these extraordinary powers, inquisitorial powers, and very wide powers on the Central

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Government, but the Central Government have not got the machinery, the essential Economic Service to implement and administer this company law. Therefore, they have devoted a whole chapter to this in their Report. I shall request, in all humility, every hon. Member of this House, to read chapter XVII entitled 'A Scheme for a Central Authority'. They have gone into the matter very carefully, and they have pointed out that it is widely recognised that the need for an organisation for continuously watching the activities of joint stock companies arises for diverse reasons. They say that the English precedent is there in the Board of Trade. In the United States of America, there is a central authority constituted under the Securities' Exchange Act of 1934, and I think it was in President Roosevelt's time that it was brought into operation. All the regulatory powers conferred by the Congress on the American executive were exercised through that Central Authority, namely the Securities and Exchange Commission. The scope of duties and the powers of the Commission were prescribed by the Congress, and they were extended in many directions, and that functionary or the central authority was responsible for exercising these inquisitorial, extraordinary, wide and comprehensive powers given to the executive by the American Congress. The Company Law Committee in India have also recommended that we must have such an organisation. Otherwise, it will be absolutely useless; you may pass any legislation you like, and you may accept Shri T. N. Singh's recommendation or the Bhabha Committee's recommendation, but your legislation will be thoroughly infructuous, and you will simply open the door for ministerial patronage, for nepotism, and may be in some cases, for unfortunate jobbery. Some companies will know how to manage things and get the permission of the Central Government, but others may not get it. Therefore, they say that there should be a proper central authority, which would be almost a

quasi-judicial administrative tribunal. They have recommended this, after, taking the evidence of competent persons. They have stated in their Report that:

"A great majority of witnesses, who appeared before us, favoured a statutory authority created under the Indian Companies Act, in preference to a purely departmental organisation."

They said that there should be a Central department dealing with joint stock companies, and if necessary, with related institutions like banks, insurance companies, stock exchanges etc., analogous to corresponding organisations under the Board of Trade, with local Registrars working in the regions entrusted to them. They have also stated that unless you do it, you will never be able to implement your legislation. They have pointed out that the working of the company law must be made the responsibility of a quasi-independent authority, which will examine the technical problems involved, in a detached manner, and which will be guided solely by the general directions given to it under the Act, or by the decision of the Government of India as a whole. They conclude by saying:

"It is only in this way it can maintain its independent character, avoid suspicion of bias or partisanship in the discharge of its functions."

They have suggested the appointment of a Corporate Investment and Administration Commission. The functions of the Commission have been recommended on page 195 of the Report. I think there is a reference to this recommendation in the Statement of Objects and Reasons of the explanatory note. All that the hon. Minister says there is that he has made deviations of a very minor nature, except in one case, where he has made an important deviation

from the recommendations of the Company Law Committee. And what is that? He has not accepted the recommendation of this Committee as to the constitution of a central authority for the purpose of administering this Act, and enforcing its very wide and comprehensive powers.

I ask the Finance Minister in all humility to revise his decision. Parliament should say as quickly as possible, if necessary at this stage, that it will not be desirable in the interest of Parliament, in the interest of the Finance Ministry, in the interest of the executive to arm them with a wide, unfettered, arbitrary power of this character which is likely to be abused. Perfectly correctly the Bhabha Committee says so. Otherwise, it will be continually open to charges of bias, nepotism and jobbery. It will be only proper that there should be a proper central authority constituted.

What is needed today is the constitution of a properly organised Central Economic Service for looking after these matters. We cannot make the ICS fit in everywhere. You know what has happened to our Damodar Valley and other projects. We have tried estimable members of the Indian Civil Service. They are good up to a point. But you cannot have the ICS in every sphere of life and say that they will function everywhere and they will be successful. You must train up a proper economic administrative service which will have the requisite skill, knowledge, experience and data for the purpose of working this company law and for the purpose of making your directions effective. Otherwise, it will all be on paper. We may congratulate ourselves on passing this voluminous Bill of 612 clauses or sections, and you can add to that, if you like; but it will not be effective. If we want really to do some good to the nation and stop malpractices, at the same time, and to see that honest business enterprise is not in any way impeded, capital formation is developed and the private sector is stimulated on proper lines, then you must have a proper agency to work

it out. That is the change which they have recommended and that is the change which should be accepted. It is no good saying 'I have written to the different States',—that is what the Minister has said—'the States have not yet replied but are thinking over it'. Boldly assume powers. Parliament should ask the executive that it should not in any way jettison this part of the report; otherwise, the administration of this law, whatever ultimate shape it takes, will be paralysed and be made ineffective.

श्री ए० एन० विशालंकार (जालन्धर) :

सभापति जी, जो कम्पनी ला हमारे सामने पेश है उसमें एक क्राइटीरियन है जिसके ऊपर और जिसके आधार पर हमें यह निश्चय करना है कि कम्पनीज ला कहां तक हमारी मरजी के मुताबिक है और कहां तक नहीं है। वह क्राइटीरियन यह है कि हमारा आर्थिक ढांचा जो बनने जा रहा है, जो नेशनल प्लान हमारे सामने है और जिसके अन्दर उस आर्थिक ढांचे का एक नक्शा रखा गया है उसके अनुसार हम यह देखें कि कहां तक हम उस कम्पनी ला के अन्दर प्राइवेट सेक्टर में वड़ चेक्स और कंट्रोल्स रख सके हैं जो कि मैं समझता हूं कि उस ढांचे की कामयाबी के लिये मौजूद होना चाहिये इस समय कम्पनीज में जो कुछ होता है उसका यहां पर काफी जिक्र हो चुका और मैं इस समय उसको दुहराना नहीं चाहता लेकिन इस बात को रोकने के लिये कि जो बात इस समय एक शिकायत आम है कि काफी रुपया इंडस्ट्रीज के अन्दर और हमारे डेवलपमेंट के लिये हमें नहीं मिल रहा है और वह रुपया इस वक्त कैपिटल शाई है। वह कैपिटल शाई आया जो बड़े बड़े पैसे वाले हैं और जिनके पास ज्यादा पूंजी है उनका कैपिटल शाई है या जो जनता में और जो छोटे छोटे कैपिटल वाले हैं जिनकी छोटी छोटी पूंजी है उनका कैपिटल शाई है। इस समय

[श्री ए० एन० विद्यालंकार]

जहाँ तक बड़े बड़े इन्वेस्टर्स का ताल्लुक है, मैं उसमें नहीं जाना चाहता लेकिन मैं समझता हूँ कि इस समय जो छोटी छोटी पूंजी वाले लोग हैं उनका कैपिटल शाई हो रहा है। पहले वह काफी रुपया कम्पनियों में और शेयर होल्डिंग आदि में इन्वेस्ट किया करते थे, लेकिन अब बाजार में जाकर देखिये कि क्या हालत हो रही है? कोई नई कम्पनी फ्लोट करने की कोशिश कीजिये तो आप देखेंगे कि छोटी पूंजी वाले कितना आप के साथ सहयोग करने को आगे आते हैं? पहले तो कम्पनी फ्लोट करने का एक पेशा सा बन गया था और जो लोग कम्पनी को फ्लोट करते थे वह काफी शेयर्स का रुपया इकट्ठा करके शेयर्स का दाम घटा दिया करते थे और फिर उनको खरीद कर छोटी छोटी पूंजी वालों के शेयर्स का रुपया हज्म कर जाते थे, छोट छोट शेयर होल्डर्स का रुपया ज़ाया जाता था और उनको झुनाफा होने के बजाय घाटा होता था और उनका रुपया डूब जाता था और इसका नतीजा यह हुआ है कि जो छोटी और मध्यम श्रेणी के लोग हैं या जो निचली श्रेणी के लोग हैं आज उनका कैपिटल शाई है और वह किसी भी कम्पनी में रुपया इन्वेस्ट नहीं करना चाहते। बैंकों में रुपया इन्वेस्ट करने की सहूलियात नहीं जैसी कि होनी चाहिये और कम्पनीज़ का हाल यह है कि उनके ऊपर से लोगों का विश्वास उठ रहा है। आज आप शेयर मार्केट्स को देखें, शेयर्स की क्या हालत है और छोटी छोटी कम्पनियों की क्या हालत हो रही है, लोगों का विश्वास कम्पनी के शेयर्स पर से काफी उठ गया है और यह एक इंडिकेशन है एक निशानी है इस बात की कि हमारी कम्पनीज़ का इस समय जो इन्तज़ाम है वह सन्तोषप्रद नहीं है और उसमें सुधार करने की आवश्यकता है। जिन

लोगों के हाथ में कम्पनी की बागडोर है, कम्पनीज़ के जो मैनेजिंग एजेंट्स हैं जो कम्पनी के प्रमोटर्स हैं उन्होंने अपनी कम्पनीज़ को जैसे चलाना चाहिये वैसे नहीं चलाया और उस अवस्था को सुधारने के लिये यह जरूरी था कि हम अपना कम्पनी ला ऐसे बनाते कि कम्पनीज़ के अन्दर जो रुपया इकट्ठा होता था चाहे वह छोटी पूंजी वालों का हो या बड़ी पूंजी वालों का, वह रुपया सही तौर पर इस्तेमाल हो सके और ऐसा सुधार करना गवर्नमेंट का फर्ज था। इसी लिये कम्पनी ला में पहले भी और अब भी उसके अन्दर सुधार करने की जो आवश्यकता पड़ी यह इस बात की निशानी है कि गवर्नमेंट यह महसूस करती है कि मौजूदा कम्पनी ला के अन्दर काफी चेक्स का प्रविजन नहीं है और आपने जो इस कम्पनी ला में और ज्यादा चेक्स और ज्यादा रिस्ट्रिक्शन लगाने की कोशिश की है, तो यह इस बात की निशानी है कि जो कम्पनी लाज़ हैं उनके ऊपर और ज्यादा रिस्ट्रिक्शन्स और चेक्स लगाने की जरूरत है और इसी दृष्टि से हमें इस मौजूदा कम्पनी ला को देखना है और यह देखना है कि कहां तक हमने इस में वह चेक्स लगाये हैं और कहां तक हम इसमें सुधार कर पाये हैं जिससे कि अब तक जो रुपया इसमें ठीक तौर से इस्तेमाल नहीं होता था और वह रुपया जो बहुत गलत तरीकों से चला जाता था और जिस की वजह से कम्पनीज़ के ऊपर से लोगों का विश्वास उठ रहा था, इसमें कहां तक सुधार हो सकेगा जिससे कि जनता में कम्पनियों और उनके शेयर्स के प्रति पुनः विश्वास वापिस आ सके।

मैं महसूस करता हूँ और इसके अन्दर जैसा पहले कहा भी गया है कि मैनेजिंग एजेंसीज़ सिस्टम की वजह से लोगों का विश्वास

कम्पनियों पर से उठ गया है। मैनेजिंग एजेंसीज जिस तरह से शेयर्स का स्पेकुलेशन करती हैं, शेयर्स का सट्टा करती हैं, यह आवश्यक था कि वह अपने शेयर्स को कम से कम जो प्रमोटर्स हैं जो लोग कम्पनी को आरम्भ करते हैं वह लोग अपने शेयर्स को किस तरह से डिस्पोज आफ करें और किस तरह से डिस्पोज आफ न करें, इसके सम्बन्ध में कोई न कोई एकावट अथवा चेक मौजूद होना चाहिये। जब कम्पनी चलाई जाती है तो प्रमोटर्स कुछ रुपया लगाते हैं और उसके बाद वह रुपया किसी न किसी तरीके से मैनीपुलेट करके कम्पनी के शेयर्स में कमी या ज्यादाती करके वह मार्केट को गिरा देते हैं या मार्केट को उठा देते हैं और फिर अपने सभी शेयर्स का स्पेकुलेशन करते हैं, कभी बेच देते हैं और कभी खरीद लेते हैं और इस तरह सट्टाबाजी करके दूसरों के पयों पर कब्जा कर लेते हैं। शेयर्स की कीमत जब बढ़ा दी जाती है तो लोग खरीद लेते हैं। लेकिन जब दाम गिरने लगते हैं तो लोग घबड़ा कर अपने शेयर्स बेच डालते हैं और वे लोग उन सारे शेयर्स को खरीद लेते हैं और लोगों का पैसा डूब जाता है और वह मुनाफा कमाते हैं। इस के लिये यह बहुत जरूरी है कि वह अपने शेयर्स का डिस्पोजल किस प्रकार करें और किस प्रकार न करें, इस के सम्बन्ध में उन पर चेक जरूर होना चाहिये और हम जानते हैं कि आज जो उन पर हमने चेक और रिस्ट्रिक्शन रखे हुये हैं वे ठोले हैं और वे ऐसे एफेक्टिव नहीं हैं कि यह आपको जो पुरानी शिकायत है उसका सही तौर पर इलाज कर सकें, मौजूदा रिस्ट्रिक्शंस से चूंकि कोई फायदा नहीं है इस लिये मैं समझता हूं कि जब आप इस उसूल को मानते हैं कि उन पर कंट्रोल करना है और कुछ पाबन्दियां लगानी हैं

तो आप देखें कि वह असर डालने वाली हों और जो बुराई आप दूर करना चाहते हैं वह इनसे दूर हो सके। मैं चाहता हूं कि आज कम्पनीज के प्रमोटर्स जो शेयर्स के बेचने या खरीदने में सट्टाबाजी करते हैं उनके ऊपर चेक होना चाहिये, चाहे वह मैनेजिंग एजेंसी के मेम्बर हों चाहे वह डायरेक्टर्स हों, उनके ऊपर इस तरह का रिस्ट्रिक्शन अवश्य होना चाहिये कि वह मार्केट के अन्दर इस तरह का सट्टा न कर सकें।

मैनेजिंग एजेंसी सिस्टम के बारे में काफी कुछ कहा गया और अभी श्री चटर्जी ने उसकी बहुत वकालत की, लेकिन मैं समझता हूं कि आप चाहे कितनी ही मैनेजिंग एजेंसी सिस्टम की वकालत कीजिये लेकिन यह वाक्या है कि अब तक जिस तरह से इनका काम होता रहा है और जो अधिकार मैनेजिंग एजेंसीज को दे रखे हैं वह इतने ज्यादा हैं कि जो बुराई हम उनमें से दूर करना चाहते हैं वह दूर होने वाली नहीं है, एक तिहाई डाइरेक्टर्स मैनेजिंग एजेंसी में अपने आप एपायन्ट करना और उसके जरिये से वह और दूसरे डायरेक्टर्स को इनफ्लुएंस करें और इसके होते वह बड़ी आसानी के साथ कम्पनीज के अन्दर अपनी अक्सरियत पैदा कर लेंगे। तो इस तरह के अधिकार उनको दे देना और मैनेजिंग एजेंसी सिस्टम को कायम करना, मेरी राय में उचित नहीं है। आप और कोई तरीका सोचिये, लेकिन इस सिस्टम को किसी न किसी तरीके से आपको बन्द कर देना चाहिये, लेकिन अगर आप इस मैनेजिंग एजेंसी सिस्टम को बन्द नहीं करना चाहते और इसे कायम रखना चाहते हैं तो फिर आपको इसके ऊपर काफी कठोर प्रतिबन्ध लगाने चाहियें।

आडिटिंग और एकाउन्टिंग के सम्बन्ध में कुछ सुझाव सुनाये गये हैं। इस समय आडिटिंग जो है वह तो एक तरह से सिर्फ रिवाज

[श्री ए० एन० विद्यालंकार]

की बात देखी है, आडिटर्स सिर्फ प्रेक्टिस की बात देखते हैं, कम्पनियों के मामले को वह जानते हैं। आडिटिंग तो एक मज्जाक सी बन गई है। आज की आडिटिंग उस मकसद को पूरा नहीं कर रही है जो कि उस को पूरा करना चाहिये। और जो सुधार बिल के अन्दर सुझाये गये हैं वह ऐसे नहीं हैं जो कि इस सिस्टम का पूरा सुधार करें या कि आडिटर्स की रिपोर्ट्स पर हम भरोसा कर सकें कि जो रिपोर्ट दे दी कि इस एकाउन्ट को चेक कर दिया, इस कम्पनी के जो एकाउन्ट्स हैं वह सही हैं। जो कम्पनी वाले हैं उनका सही तौर पर आडिटिंग नहीं होता है। असल में इसका क्या इलाज करें, किस तरह आडिटर्स पर प्रतिबन्ध लगायें इसका फंसला करना हमारा काम नहीं है, यह सेलेक्ट कमेटी का काम है, लेकिन मैं जानता हूँ कि आडिटिंग और एकाउन्टिंग पर ज्यादा रिस्ट्रिक्शन्स होने चाहियें और जितने तरीके इस बिल में प्रोवाइडेड हैं उन से ज्यादा चीजें होनी चाहियें।

इन्स्पेक्टर्स के बारे में कहा गया। इन्स्पेक्टर्स की जो सोसायटीज हैं उन को बहुत पावर्स दे दी गई हैं, मैं समझता हूँ कि यह बहुत बेलकम चीज है और इस बात का मैं स्वागत करता हूँ।

इन्वेस्टिगेशन के सम्बन्ध में भी काफी सुधार इस में किये गये हैं। लेकिन मैं चाहता हूँ कि हम इस बात को याद रखें कि हमें इम्प्लिमेंटेशन के समय देखना पड़ेगा कि इन्स्पेक्टर्स जो हों वह सही तरीके पर काम करते हों। जहां तक मुझे इन्स्पेक्टर्स का तजुर्बा है, फैक्टरियों के अन्दर जो इन्स्पेक्टर्स काम करते हैं, उनका मुझे तजुर्बा है, मुझे पता है कि बहुत दफा इन्स्पेक्टर्स अपना काम पूरी तरह से स्पेक्टर्स बड़े

बिजिनसमैन के सामने झुक जाते हैं, वह उन के पीछे चलते हैं। इस चीज को हमें रोकना है, इसके ऊपर हम प्रतिबन्ध लगायें, इन्स्पेक्टर्स के ऊपर हम कुछ चेक रख सकें। हम यह नहीं चाहते कि इन्स्पेक्टर्स कम्पनी वालों को परेशान करें, लेकिन इन्स्पेक्टर्स के ऊपर भी इन दोनों ही लिहाज से काफी प्रतिबन्ध होना चाहिये और काफी वाच होना चाहिये कि न तो वह कम्पनी वालों को परेशान कर सकें या कम्पनी वालों को नुकसान पहुंचा सकें और न कम्पनी के जो मैनेजिंग डाइरेक्टर्स होते हैं उन के प्रभाव में आकर वह उस मकसद को पूरा न करें जिस के लिये वह रखे गये हैं।

एच चीज में वोटिंग राइट्स के बारे में कहना चाहता हूँ। जो एक्जरेज शेयर होल्डर्स हैं वह अपने वोटिंग राइट्स पूरी तरह से इस्तेमाल नहीं कर सकते। मैं मानता हूँ कि शेयर होल्डर्स बहुत बेफिक्र हो जाते हैं और काफी दिलचस्पी नहीं लेते कम्पनी के काम में। लेकिन इस में उन की दिलचस्पी न होने की बड़ी वजह यह है कि वह समझते हैं कि उन की कम्पनी पर दूसरे लोगों का इतना अधिकार है कि वह उस के अन्दर कुछ नहीं कर सकते। वह अगर आवें भी तो भी उन की कोई सुनवाई नहीं होती। मैं चाहता हूँ कि शेयर होल्डर्स को कुछ और ज्यादा अधिकार होने चाहियें। उनको इन्स्पेक्शन करने का और अपनी राय देने का और ज्यादा मौका मिलना चाहिये। आप इसको किस तरीके से करेंगे? आप को देखना है कि आप शेयर होल्डर्स की पावर्स को ज्यादा बढ़ायें सेलेक्ट कमेटी के अन्दर। शेयर होल्डर्स के पास जितनी पावर आज है आप ने उनको बढ़ाने की कोशिश की है और कुछ प्रतिबन्ध लगाने की कोशिश की है, लेकिन

शेयर होल्डर्स के हाथ में इनिशियेटिव होना चाहिये और शेयर होल्डर्स कम्पनी के मामलात को पूरी तरह से देख सकें, इस के लिये आप को शेयर होल्डर्स को ज्यादा पावर्स देनी चाहिये। साथ में दूसरों की पावर्स को, जो मैनेजिंग डाइरेक्टर्स हैं, मैनेजिंग एग्जिक्यूटिव हैं उन की पावर्स को हमको रेस्ट्रिक्ट करना चाहिये। इस के सम्बन्ध में मैं समझता हूँ कि श्री चटर्जी ने क्यूमुलेटिव विजिडम का जिक्र किया था। लेकिन मैं कहना चाहता हूँ कि जहाँ कम्पनी के चलाने वाले मैनेजिंग डाइरेक्टर्स हैं उनको अपनी विजिडम का ख्याल रहता है वहाँ उन को उनकी भी विजिडम का ध्यान रखना चाहिये जिन्होंने कि कम्पनी में अपना धन लगाया है, जो छोटे छोटे मध्यम श्रेणी या निचली श्रेणी के लोग हैं, जिनका रुपया भी उस में लगा है, जिन्होंने अपनी मेहनत की कमाई को, थोड़ी सी पूँजी को कम्पनी के भन्दर दे दिया है और उम्मीद करते हैं कि उस की आमदनी से थोड़ा बहुत उनका गुजारा चलेगा। ऐसे लोगों की क्यूमुलेटिव विजिडम को भी उन को मद्दे नज़र रखना चाहिये। जो ऊपर के लोग कम्पनी को चलाने वाले हैं और जिन की वजह से कम्पनिबां फेल होती हैं, सिर्फ उनके तर्जुबों से ही आपको फायदा नहीं उठाना है।

एक चीज़ जो मैं कहना चाहता हूँ वह यह है कि जो सेलेक्ट कमेटी बनी है उसमें लेबर का काफी रिप्रेजेंटेशन नहीं है। मैं समझता हूँ कि सिर्फ खंडूभाई देसाई जी ही उसके भन्दर हैं, उसके भन्दर कुछ और भी व्यक्ति होने चाहिये थे। इस कमेटी के भन्दर जो दूसरे इन्टरेस्ट हैं, जिनको वेस्टेड इन्टरेस्ट कहा जा सकता है, उनका रिप्रेजेंटेशन जितना है, उस के मुकाबले में लेबर का रिप्रेजेंटेशन काफी नहीं है। मैं समझता हूँ कि इस बात का सेलेक्ट कमेटी को ख्याल रखना होगा क्यों कि कम्पनियों

को चलाने वाली जो लेबर है उस को आप इग्नोर नहीं कर सकते हैं। मजदूरों के इन्टरेस्ट को आप इग्नोर नहीं कर सकते। जो लोग इन्डस्ट्री को चलाने हैं और उसके भन्दर जो लेबर काम करती है, दोनों ही कम्पनी के पार्टनर हैं। इस पार्टनर का सहो तौर पर ख्याल करना है। जो पूँजी लगाता है और जो उस में लेबर काम करती है दोनों के फायदे का काम होना चाहिये। कहा जाता है कि कम्पनियों के लिये इन्सेन्टिव की जरूरत है। मैं कहता हूँ कि जो पूँजी लगाता है उस को भी इन्सेन्टिव की जरूरत है और जो लेबर है उस को भी इन्सेन्टिव की जरूरत है। मैं समझता हूँ कि सेलेक्ट कमेटी इसका ख्याल रखेगी और वहाँ मैजोरिटी से इसका फंसला नहीं होगा, बल्कि जैसा श्री चटर्जी ने कहा, वहाँ क्यूमुलेटिव विजिडम से काम लिया जायेगा।

Mr. Chairman: Does the hon. Member mean that none of the Members in the Select Committee represent the labour interests?

Shri A. N. Vidyasankar: No, I do not say so; I say that representation of labour is not adequate.

तो मैं यह समझता हूँ कि सेलेक्ट कमेटी इस बात का पूरा ख्याल रखेगी कि जो लेबर के इन्टरेस्ट हैं, लेबर के लिये जो बात वहाँ की जाय उस में सिर्फ बहुमत से ही फंसला न किया जाय, बल्कि इस बात को भी काफी वेट दिया जाय कि लेबर के इन्टरेस्ट भी सेफगाई हों। तभी मैं समझता हूँ कि सेलेक्ट कमेटी की मेहनत सफल हो सकेगी।

इन शब्दों के साथ मैं आप को धन्यवाद देता हूँ।

Shri Altekar : I rise to welcome and support this Bill but with subdued enthusiasm. I do not think that this Bill is intended to change altogether the complexion of the companies in this country but it wants

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to set them right under the structure in which they are working. Even the members of the Committee on this Bill have not laid any claim of this kind. They have said that the economic policy of the country has to be framed by the Government and that they are not in any way intruding upon that sphere. What they want to do is to suggest remedies that will co-ordinate the relations or govern those which are subsisting between the three important parts of the company that is, the directors, managing agents and the investors. That being so, they are saying that they are not in any way laying their hands on the super-structure of this Companies Bill but they are trying to suggest some remedies which will eradicate certain evils and malpractices that are going on in the management of these companies.

My hon. friend, Shri Vallatharas—I am glad that he is here now—vigorously attacked the whole company system in India. He said that it was a bad legacy from the past rulers and that it does not deserve to be continued any longer. He said that the managing agency system should be altogether obliterated and it should be given absolutely no scope in the management of the industries and that the common man should be brought in the picture. He would like the whole law to be simplified. It should in no way be complicated as it is now. It should not be a paradise for big lawyers or big industrialists. The ordinary man should come in and develop the industries of this country. I fail to see how an ordinary man can take the place, set up all these industries, and continue and develop them under the circumstances that obtain in this country. My hon. friend last year, when he was speaking on the Budget, said let the government of this country be given in his hands and in a year he would nationalise the whole thing. Of course it is a very gallant attempt. But I would like to say it will lead to nothing but chaos, and thereafter the deluge. That

would be the result if he would within a year force his scheme of nationalisation in all directions.

Shri Vallatharas (Pudukkottai): It is not in respect of the Government generally that I said so. But when the hon. Minister for Production stated in respect of the Machine Tool Factory in Bangalore..

Mr. Chairman: Is the hon Member rising on a point of order?

Shri Vallatharas: It is a point of order and some connected information I have to give by way of personal explanation as I should not be misunderstood to have said that I want to sit alone on the Treasury Benches and achieve everything. That is misleading. I said in respect of a particular speech by the Minister of Production in respect of the Machine Tool Factory at Bangalore, to the Minister's observations I replied that I would do it within a year. It is not with respect to the general administration.

Shri Altekar: I beg to state that with all the explanation that he has given, what he intends to bring about is a nationalisation of the industry in a year. It is an impossible thing under the circumstances that obtain in this country. Of course he may have great faith in certain principles, but that is not so with respect to a large majority of the people in the country. The thing is he has got his faith in certain principles, and I may say with apologies to Tulsidas:

एक भरोसो, एक बल, एक बाण विश्वास,
एक मार्ग कृपाधन सास, चातक
बल्लोदरास ।

An Hon. Member: What is the meaning of it?

Shri Altekar: There is only one repository of faith, one source for hope, strength and reliance. That is the all merciful Marx, and, if he is not here in this world, his ardent admirer, my hon. friend Shri Vallatharas.

The thing is he wants to have the whole thing simplified in the manner which he has in his mind. But there cannot be any simplification of that type. He wants Company Law to be simplified. He wants the industrial set-up to be simplified. He may want mathematics, science, anything to be simplified. There will be simplification of all these things, but there will be amplification of difficulties and troubles following it. That would be the result.

I beg to point out that under the circumstances that obtain in the country now, regarding the development of industries and their running, we do not wish that there should be any break, any diminution in the production of consumer goods, as also other types of production, and that the whole thing should go on in an orderly and progressive manner. And from the point of view that we have adopted, the system that is now given effect to is the mixed economy. On the one side there is this public sector wherein the Government have taken up big projects in hand, which are solely the concern of the Government themselves. On the other, they have allowed the whole industrialists and their concerns to progress in their own way, but with the control of Government over their ways and methods, but of course the Government will not at this stage take all these industries in hand and run them themselves because there are difficulties in the way. There are not sufficient experts, there is no sufficient organisation to take that into hand, there are no sufficient resources—when we are already short of resources for the implementation of the Five Year Plan, to add something on this side of the private sector is not possible. So there are these various difficulties.

Shri G. P. Sinha (Palamau cum Hazaribagh cum Ranchi): On a point of information. May I know whether the hon. Member wants that there should be no check on the present system, however corrupt it might be?

Shri Altekar: My hon. friend has not caught my point at all. I have already said that the policy of the Government is to allow these industries to progress with the control of the Government over their method and manner of working. That is the essential factor. And the Government will render assistance to them only when this control has been sufficiently and well established, not otherwise. That is the essence of the policy enunciated in the year 1948, and that is the policy which has been followed even now and will be followed hereafter. There will be a very good and effective control over this private sector, and the private sector will progress and go on with industrial development only under the control of the Government. That is the first and the cardinal principle of allowing private industry to function in this country. There should not be any sort of suspicion or doubt with respect to the policy of the Government in that respect.

What I beg to point out is when this private sector is functioning and carrying on its industries and various other businesses in this country, there is a certain type of management, there is a certain type of structure and set up which has grown, not altogether from what is being copied from the British, but which has also grown along with the circumstances that were developing in this country. And now, when that sector is to function and these industries are allowed to progress, the question is that they shall have to go on under the particular pattern without any sort of hindrance and without any sort of great blow to the general set-up under which they are functioning. If at all, as a matter of fact, this private sector is to function, then the structure cannot be materially altered, whether one likes or not the way it is functioning now. But of course it has to be greatly controlled, it has to be greatly purified, it has to be greatly reformed so that it will not in any way act in a manner injurious either to the shareholder, the public in general or the

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consumer. That is the important point that has to be taken into consideration; and that has been taken into consideration while this Bill was drawn up according to the Report of the Committee which was specially appointed for the purposes of suggesting certain remedies. That is the thing.

Therefore the situation is that when we are to allow these industries, these companies, to function, there is a history behind it. When we say that the managing agency system should be altogether eradicated, we have to take into consideration how it has come in existence in this country. If we look to the history of many of these concerns we shall find that they were first developed or brought into existence by certain private individual or individuals who took great risks, invested capital, carried on the management secured and organised the market and did all sorts of things. But when these industries wanted to develop in a broader and wider manner, they converted themselves into public limited companies. When such original concerns are being converted into public limited companies naturally it so happens that those who have originated these companies, who have managed them so far, and who are conducting them have as a matter of fact some important voice therein. When the shares are allotted, they get a large number of shares because they have invested a large capital. There is the goodwill and shares are allotted on that score as well. Now, when the system is functioning in this manner and those concerns which were carrying on in an effective and efficient manner are now converted into these public limited companies, naturally, the pattern is of a type wherein these managing agency companies have got some upper voice. There are several companies in this country who are functioning from the very beginning and who have given great status to the industries, running the business in a very efficient manner. They are carrying on this business

with the managing agency in an honest, I may say, in a way of great integrity.

Sri Punnoose (Alleppey): Can you quote some instances?

Shri Altekar: I shall come to that. It so happens that when they are carrying on these industries and running them in the most efficient manner, there are, during the course of the great World War II, come into existence a lot of mushroom companies which have caused great trouble and which, as a matter of fact, are a cause of great grievance for the general public. But, those industries which were functioning and carrying on good work for the sake of the country will have to be allowed to develop themselves. For this matter, the great influence which these managing agents are exercising has got to be controlled; that has got to be curbed and that has got to be checked in a way so that they may not have their own way in the management of the company. The Directors or the Board of Directors must have the upper voice in the set-up or rather the structure. It has been suggested by the Committee. They have taken into consideration all these facts and they have stated that the Directors under any circumstances must get the upper voice; their's must be the most effective voice and the managing agents should not in any way have their own way. From that point of view they have made certain suggestions and suggested amendments to the old Act, and the Bill which is now here before us has been presented in that light. Now, we shall see that these managing agents cannot have more than one-third number of Directors on the whole. My hon. friend Mr. Chatterjee made a grievance of that. He said that if they are to have only one-third, then the remaining two-third would be against them. He asked as to how it is likely that it will function in a smooth and satisfactory manner and progress will be made. This is the criticism that has been levelled from the other side. of

course, there is opposition to that from this side saying that even that one-third should not be there. The reason is that though they would get only one-third number yet if they carry on the business in an honest and proper way, they will get the support of the remaining two-third. If they do not carry on in the proper way; if their method and behaviour is of a type which deserves to be not supported, then naturally, they will not get any support. That is the position. I think this principle that has been laid down; which has been suggested and followed by Government with respect to the strength of managing agency on the Board is right and is a very valuable and good reform.

Then I would like to point out the general powers of the management. The general powers as also the policy that has to be framed by the Board of Directors are in the hands of the Board of Directors and the managing agents will not get any great voice therein. It has been suggested and that has also been incorporated in this Bill that the Board of Directors cannot in any way assign their powers of general supervision, powers of framing policy and so on, to these managing agents, because these powers must remain in the hands of the Board of Directors who are the representatives of the shareholders. This is a very important point to be taken into consideration. When we remember these things and when we pay proper attention to them, we shall find that the ultimate power, the real power of control is vested in the Board of Directors and not in the managing agents. Again, some suggestions and amendments have been expressed which have been incorporated in this Bill regarding these Board of Directors. They are very effective and given proper consideration, the Board of Directors will single-heartedly do their work. That is one of the important suggestions which was made and accepted. The suggestion is that no firm or any company can be on the Board of Directors and that they should be individuals. This is a very important suggestion because the responsibility

can be very clearly located. Now that it has been accepted we will find that hereafter there will not be any firm which will be on the Board of Directors. In order that he may carry on the function and look to the business in a very efficient manner, even an age-limit has been fixed for a Director, which is 65 years. Here, in this country, there are some Directors who are the Directors of as many as 65 companies or more. There are many who are serving on more than 30 companies. This is not the position as obtains in the United Kingdom or in the United States of America. Usually, there we find that the number of companies on which an individual is serving as a Director is not more than ten. Therefore, here, when the limit is to be brought down, it is placed at 20 and the age-limit has been fixed at 65. These are points of great controversy, and I am sure, in the Select Committee there will be a great battle over these two questions. So far as the age-limit is concerned, our Bill, I may say, has effected a sort of compromise between the suggestion of the Committee and the opinion expressed by the other side which said that it should not be any limit as of 65 years! The Bill that is before us here says that, normally no person can serve as a Director if he is of more than 65 years of age, but if in certain cases it is found, and the general body passes a resolution saying that this particular limit should be disregarded, or that it should not in any way take into consideration the number of advanced years of a particular person who serves as a Director, but look to and take advantage of his unimpaired capacity, then the concession has been given. We know that persons of more than 65 years of age are doing very great service. They are serving to the best of their abilities even now in this country. I know of a very brilliant article written on the *Sankhya* system by Dr. Bhandarkar when he was 80 years of age. I know many others who are over 70 years of age, but have rendered yeoman service to the country. Therefore, if in the opinion of the general body, it so appears that a certain person should be given

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that particular concession, and that his services are indispensable, then they may do so.

The point is, somehow or other, a way has been found by which the Board of Directors will have the upper hand. There will be on the Board of Directors, persons who will be very capable, wielding great influence and who would not allow these managing agents to have in any way, their own way while they are managing the industries. That will be the position under this Bill. I would not go into more detailed particulars with respect to that, but I will bring one fact to the notice of the House, that so far as the loans which are to be contracted are concerned, these loans are to be contracted by the directors. Unless and until they sanction it, no loan will ever be contracted. Then we find that the powers of the managing agents have been considerably crippled. The position is that they cannot contract any loan they cannot call for any remaining amount of the shareholders' shares, they cannot take more than 12½ per cent. by way of remuneration from the company. There were various ways by which they were taking by the back-door certain sums of money; they have been plugged and closed against them. They cannot be there on the Board of Directors in a strength larger than one-third. I beg to submit that the scope for wielding their power has also been curbed to some extent. It will not be that these things will happen and we shall be able to see a paradise in a very short time, because the system has to develop and work. We shall have to find ultimately what effect the law that we are making produces. By the amending law of 1936, they were given 20 years period for the purpose of managing agency. Now, that has been reduced to 15 years and an extension—and that too of not more than 10 years—can be granted only during the last 24 months and not before. When an amendment came before the Central

Assembly in 1936, great haste was made by several managing agents to get their terms extended. Now what is provided by this Bill is this. Only during the last 24 months, if the Board of Directors and also the shareholders in a general meeting resolve that an extension should be given, they will be given an extension; not otherwise. These are the various methods by which we are trying to give complete control in the hands of the Board of Directors who are the representatives of the shareholders and curtailing the powers which, up to this time, were enjoyed by the managing agents. This problem is being tackled. This is an attempt in the right direction. Because we have to function from the particular position that we have taken namely that ours is a mixed economy. On the one side there will be the public sector; on the other side there will be the private sector. No great blow should be given in a way that will cause a collapse of the system which is functioning now. That is an important point to be taken into consideration.

What I am suggesting is this. We should understand the spirit in which the problem is being tackled. From that point of view we should consider the whole question. The various amendments have been suggested and recommendations have been made taking into consideration the whole structure with the object that the investors' interests should be safeguarded, the powers of the managing agents should be curbed and minimised and that control should be given in the hands of the directors. This is the main purpose with which the Bill has been framed and this is the set-up in which all these various amendments have been placed before the House by way of this Bill. It appears to be a voluminous one, no doubt. Of course, here and there, wherever any change had to be made from the point of view of the Committee which has been

accepted and acted upon by the Government, on that basis, this Bill has been placed before the House.

I now come to investors. Investors fall into two categories: one is the category of shareholders and the other is the category of creditors or depositors. Shareholders are, as a matter of fact, so diffuse and the shares are also very small. If they could properly exercise the power of electing directors, their position will be safe in the hands of their representatives. So far as the creditors are concerned, I beg to submit that sufficient care has not been taken and I have to make some suggestions, for the consideration of the Select Committee. From the information which I have regarding Bengal and Maharashtra, I find that the creditors have had a rude deal. As many as 25 to 30 companies went into liquidation and about 20 to 30,000 depositors have come to grief. The loss which they have suffered in Maharashtra comes to about Rs. 75 lakhs. During the period of the great war, several companies were floated and they went into production. At that time, whatever was produced was being freely consumed. The managing agencies and directors could go on with a business in a very lucrative manner. Deposits were coming because there were glowing advertisements in the newspapers that such and such a company is in a very flourishing condition, that there are such great and illustrious names on the Board of Directors, that such high rates of interest were being paid to the depositors and so on. Many who had got small savings invested them in these companies. Amongst them were widows and even school teachers with small savings. I know of a case wherein a widow who was granted a consolidated maintenance of Rs. 1,600 in a court of law, deposited the whole amount in a company and within six months, the company went into liquidation.

Shri C. D. Deshmukh: What was the rate of interest promised?

Shri Altekhar: The rate of interest promised was high. I said that it was due to this and various other allurements that were made. In this way, the ordinary persons were not in a position to understand their interests. That does not mean that we should follow the principle of *caveat emptor*.

Shri S. V. Ramaswamy (Salem): Why did they get allured?

Shri Altekhar: Because they were ordinary common persons.

My hon. friend Shri Vallatharas said that he wants a simplified law and he wants to bring in the common man there. The common man is not in a position to understand how these companies function, what are their circumstances, conditions, solvency and all these things. He does not know them. Because he does not know he should not be in any way victimised. That is my humble submission. There are large numbers of persons in this country who are not in a position to understand these things. Therefore, sufficient care should be taken by the Government to protect their interests. That is the point I am making.

Shri C. D. Deshmukh: All that I wanted to know was any factual information as to the rate of interest. If the hon. Member has got information as to the rate of interest promised to these people, he may give.

Shri Altekhar: It was more than 7 per cent. Therefore, when I am going to make suggestions, I say that the rate of interest should be checked and the interest should not be more than 2 per cent. over the bank rate or something like that. That would be a suggestion that I would be making when I come to that question. Of course, in the case of certain companies the rate of interest was very high, and for the information of this hon. House I may say that there were

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certain companies—private companies, of course—that were started, for instance in the dairy business. They said: "Give us Rs. 100 and for the whole period hereafter you will get a lb. of milk per day. That ultimately comes to 90 per cent. That is a well-known instance in Poona, and I think it is known to all my friends here who come from that area. There should be a very effective check on these various ways of these self-seeking persons. There should be hindrances placed in their way and proper legislation framed from that point of view. As the common people do not understand their interests properly because they are not business like in their behaviour, manner and understanding, it is for the Government and the Legislature to guard their interests. That is an important point I wanted to make, because during the time I mentioned industries were flourishing and everything produced by them was consumed. Several depositors were forthcoming and if any one wanted back his deposit it could be repaid out of the deposits pouring in from others. But what happens in the case of companies is that the money deposited with them is invested in long-term investment or rather for purposes of machinery, or in some other manner it is practically locked up, and what the depositors want is that their deposits should be available in a liquid form. Their money should be accessible to them as early as possible when their deposits become due, but the companies will not be able to do so particularly in a time when there is slump as we see now. Therefore, all these depositors have come to grief. We should, therefore place some ceiling on that.

I would like to bring to the notice of this House that before the Company Law Committee the Secretary of the Government of Bombay, Finance Department has himself stated:

"The Government of Bombay after examining the financial position of some of the companies in

the Deccan, has come to the conclusion that a provision to check such deposits is necessary in the Indian Companies Act. It is accordingly recommended that it should be provided in the statute that the Memorandum and articles of Association shall provide a maximum for deposits, such maximum not to exceed a limit laid down in the statute itself."

And this particular suggestion has also been accepted by the Committee, and they have made a recommendation that there should be a certain limit to the accepting of deposits, and they say that it should be equal to the aggregate of the share capital subscribed plus the free reserve fund. That is what they have suggested and that is what has been accepted also in clause 272 (d) of the Bill which is now before us. But there is a proviso to that also, that the directors will not be in a position to contract loans for a higher limit but if they are authorised by the general body of shareholders to exceed that limit, then they can do so. From the point of view of the shareholders, this may be a valuable thing, but it is certainly not so from the point of view of the creditors and depositors. The position is if a certain company is in difficulty and wants more funds, the shareholders think that their money is going away in any case, and so if the directors by way of some magic, by taking more loan or greater credit improve the situation, let us give them a free hand. So, the shareholders do not stand to lose anything more. The directors, of course, will try to seek their own luck and they would contract more loans, but the poor creditors and depositors will suffer. From this point of view I would like to suggest that there should be a ceiling for the acceptance of these deposits. These deposits should not in any case exceed fifty per cent. of the aggregate of capital subscribed and the free reserves, and if at all they want to have more credit, then it

should be at their own personal risk, and the depositor should have the right to proceed against the directors and the shareholders, as these want to run that risk in their own personal interest. Therefore, I think that such a ceiling is necessary and the Select Committee should take into consideration this aspect of the matter.

Another point I would like to suggest is that if the deposits with the company are more than 25 per cent. of the aggregate which I have just mentioned, there should be a representative of these depositors on the Board of Directors. Depositors should be entitled to look into the balance sheet and also the records of the company. There should be a register of deposits and it should be filed with the Registrar of Companies, and unless he gives his permission no such deposit should be allowed to be taken by the directors, because I know in certain cases the company was going into liquidation on the one hand and deposits were being accepted on the other. So, if such a register is kept with the Registrar, that will not happen, and unless he gives his permission, fresh deposits should not be allowed to be taken.

There is a body of depositors called the Association of Depositors in Maharashtra, and they have made many recommendations. I do not want to give all of them here, but I would suggest that the Select Committee should call this body, the Chairman of which is an ex-Judge of the Bombay High Court and the members include some great economists in Bombay State. The Select Committee should take into consideration their views and protect the interests of the depositors.

I am not particular about the particular way in which their interests should be safeguarded. I would not place my reliance on a certain step that should be taken for the purpose of protecting their interests. What I

urge is that some way should be found by which their interests will not be in any way jeopardised. That is the important point that I would like the Select Committee to take into consideration.

I know that when even the preference shareholders are, with great reluctance, given the power to vote, under certain circumstances, they may not like to have a representative of the ordinary creditors and depositors on the Board of Directors. Therefore, I have suggested that if such a procedure is not congenial or agreeable, the directors and managing directors should take the deposits at their own risk, because, they should not, in any case, bring the interests on the creditors into danger.

Then there is another point to which Mr. Chatterjee has already referred. I would only bring one aspect of it to the notice of the House, viz., that the most important suggestion that was made by the Committee with respect to the central authority has not in any way been accepted by the Government. They have made two suggestions, but they are more inclined towards the acceptance of the central authority. They proposed that there be a department for joint stock companies—it may also include along with that banks as also insurance companies—and there should be power of supervision which is carried out by the Government with vigilance by a department which is wholly and solely devoted to that. Otherwise, even if the powers are there, how are they to be exercised? We know that the memorandum and articles of association and other records have been sent to the Registrar. They remain in his office. But nothing is being done, and he has not even got the time to read all these things. So, there is no effective check maintained by the Registrar. If that is to be the position, what great advantage will be had by merely incorporating so many checks in the legislation without making suitable provision for putting them

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into effect? That is the great difficulty before us. In the course of his speech, the hon. Finance Minister simply said that there will be a Registrar. But he has not made it clear how and in what manner the Registrar will carry out the responsibilities entrusted to him, to the great satisfaction of the country. Therefore, I would suggest that either of the two courses which have been suggested by the Committee might be accepted by Government. Otherwise, the Registrar—whoever may be appointed to that post—will not be in a position to do justice to the complaints that come before him. They have also suggested that there should be a department in charge of these companies.

Mr. Chairman: The hon. Member need not repeat what has already been suggested by other members.

Shri Altekār: What I want to point out is that the Committee has suggested that there should be a full time Registrar in each of the important States like Bombay, and for groups of States, who have less work. The Registrar should look into all these things and put into effect the various suggestions that have been made and discharge his responsibilities. Some effective machinery is necessary for administering this legislation, and for properly exercising the powers that are conferred by this legislation on the Government.

Another point that I should like to suggest for the consideration of the hon. Finance Minister is regarding certain types of companies, which cater to the needs of the general public, such as the electric supply companies. They are intended to cater to the needs of the whole population, and if they are in the hands of private companies, they would not properly look to the interests of the people, and they would not be subject to all the salutary provisions of the Indian Companies Act as the public companies are. Therefore, I would suggest that the concerns of a public

utility nature should be public limited companies, and not private companies, or private individual.

I wanted to suggest some detailed considerations but since I have not got the time for that, I would only hope that all these points would be taken into consideration by the Select Committee, who should find a way out to meet the needs of the various sections in the country.

Mr. Chairman: The general practice in this House is that hon. Members who are on the select committee on a particular Bill should not participate in the debate on that Bill. Today, I called upon one hon. Member who is also a member of the Select Committee. I am sorry that this has created an impression in the minds of some hon. Members that the convention is no longer being followed. I should like to make it clear that I only made an exception. Henceforward, the original convention will be strictly observed, and no members of the Select Committee will be called upon to speak on this Bill.

Shri Mohiuddin (Hyderabad City): May I suggest that some time-limit, say half an hour, may be fixed? Otherwise, we may not have time for the many Members who want to speak. (Interruptions)

Shri A. M. Thomas (Ernakulam): We have enough time for everybody.

Mr. Chairman: I think we have enough time for everybody, but later on, if necessary, we shall adjust ourselves.

Shri V. P. Nayar (Chirayinkil): I propose to confine my remarks only to the most important subject, which is dealt with in the Bill, and upon which there has been a controversy here in this House, namely, the managing agencies.

We find that the edifice of this Bill is built on the foundation of a report by the Company Law Committee, which was presided over by Shri C. H.

Bhabha. But I find that neither the Government which appointed the Committee nor the Committee itself had understood the problem in its importance, because in the terms of reference, it has not been specifically given over to this Committee to ascertain how this system of managing agencies affects the economy of this country, and whether it should be put a stop to or be allowed to be continued. This point has been very conveniently left out from the terms of reference.

While dealing with this subject, the Committee does not state anything about their views on this aspect, as to whether this system has to be continued or whether it should be scrapped, in any precise manner. I would refer in this connection to what is stated in chapter X on page 82 of the Report, about the managing agency system itself. It is there that I have some objection. It is there that the wrong approach starts. The view of the Committee is as follows:

"In origin, essentially, the result of British enterprise in India, the system was gradually developed by the pioneering efforts of the older British managing houses, which were the first to realise the potentialities of economic development in this country, when the responsibility for carrying on the trade between Britain and India was transferred from the East India Company to private traders and merchants. The geographical factor of long distances from the ports to the centres of production of the few extractive and agricultural industries, which were the first to receive the attention of these business houses, facilitated the growth of this system, while the absence of an investing class and the lack of even the elementary facilities which were elsewhere provided by a capital market brought the trade and industry of this period more and more under the control of the managing agents, who in many cases provided both finance and the

promotional services necessary for the floatation of new undertakings. Thus, history, geography and economics all combined to create and develop a system which, in some of its distinctive features, still retains its unique character."

I admit that history, geography and economics combined to create the Managing Agencies but it is not the product of these in the way in which it is seen by the Committee. Again, the Report says that it is unique. True, it is unique; in its uniqueness of destruction of the industry, this managing agency system which pervades the industry in this country has no parallel elsewhere. It is certainly unique in this one respect. But what is the history of this? I would ask the hon. Finance Minister whether he is not aware that there has not been a single committee either appointed by the British Government or by the Indian Government, which has had one good word to say about this system. I can quote instances after instances as to how this system has been viewed in the past, by official bodies.

I have got with me here a Report by the Indian Tariff Board—probably this was written when I was in the primary school—which summarises the views of the previous inquiry committees, and says:

"The managing agency system as such, has previously been examined by the Indian Industrial Commission who arrived at the conclusion that "the system is in many ways well adapted to present conditions in India and has a far greater list of successes to its credit than can be shown by ordinary company management under individual managing directors". The main criticism of managing agents to which the Industrial Commission gave expression was that "they showed undue conservatism by their reluctance to embark on new ventures and their tendency to develop commerce rather than industries."

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Even before that, the Tariff Board had in the evidence before it, very many adverse criticisms about that. Subsequently the Banking Inquiry Committee which made a detailed probe into it, even in its majority report observed that 'attempts should be made to make industrial enterprises in India less dependent on this system for future development'. Although this was the line taken by the majority report, the minority report in that was categorical and it went so far as to say that the system was old-fashioned and had outlived its utility. This was in 1932 and after four years when the Congress functioned as the Opposition in the Central Legislature...

Shri Natesan (Tiruvellur): What is the report to which he is referring to?

Shri V. P. Nayar: I am referring to the Report of the Banking Inquiry Committee which is quoted in the Report of the Indian Tariff Board published from Calcutta (Government of India, Central Publications) 1932. In 1936, when the Companies (Amendment) Bill was before the Central Legislature, I find that all the Congress Members were so critical about it. I find that Mr. Ananthasayanam Ayyangar made a very long speech on that saying that it is a very vicious system. I find Mr. Govind Vallabh Pant saying that; in fact, the Congress dissenting minute on that had a criticism of this. Now after so many years it has not been possible for Government to decide whether this system has to continue or not. I am very sorry that this point was not given for consideration and probably it is precisely on account of that that the report also did not consider what it ought to have done in this matter.

Now, what I object to is this: that in the whole report the actual state of affairs in which managing agencies exercise hold on industry has not been appreciated at all. Even the most fundamental distinction that in this country there are managing agencies

owned by British monopolists and there are managing agencies owned by Indian monopolists has not been drawn. I shall make an attempt to give some figures; I am sorry Madam, I shall have to resort to some sources other than those of Government.

I wanted to rely on Government figures and I wrote a letter yesterday, to Mr. B. R. Bhagat Parliamentary Secretary. I wanted to know what percentage of India's industrial production was estimated by official sources to be controlled by managing agencies; the second point was, how many companies managed by managing agency concerns had gone into voluntary liquidation since Partition. Mr. Bhagat was very kind enough to write to immediately and he says:

"I am told that we have no such information on both points raised by you. The managing agency system is a general practice in the organisation of the bigger companies in this country. We do not distinguish between companies run by managing agencies and others in regard to their production or liquidation".

This is why I say, here Government comes with a Bill in which there are 52 clauses relating to the managing agency system and says that it does not have figures of what is obtaining at present in respect of these companies.

[MR. DEPUTY-SPEAKER in the Chair]

My point is that without understanding the growth, the historical reasons for the growth of these managing agency firms, without understanding the circumstances in which the managing agency firms have been allowed to grow in this country to the very serious detriment of India's industry, the whole report has been drafted. If it is not that, it can only be a very careful or deliberate omission—not to mention the fact. Sir, I am glad that you have taken the Chair because just now I was quoting from your speech

in 1936 when you condemned the managing agency system.

Shri C. D. Pande: He has become wiser now.

Mr. Deputy-Speaker: No. no. The hon. Member need not decide my intention.

Shri V. P. Nayar: Then I say, please let us look back on the origin of these Managing agency houses. I agree that this system grew under certain very peculiar conditions. We know that when the monopoly of the East India Company was broken, Indian industrialists were not prepared to take up the industries. They did not have the finance, and in fact British finance capital was reluctant to advance loans to enterprising Indian industrialists. It is at this time that you find that the British people who had come to this country, who had known the immense possibilities of this country in natural resources and who had a Government which supported the exploitation of this country and with all political advantages over this country, such people with liquid cash wanted to control certain industries. They did it. If you go through the history of most of these managing agency concerns, you will find that they have had small beginnings. And what is the present stature to which they have grown in these few decades? That is the point. It is, in fact, history; there is geography also. Its economics was the economics of loot, of imperialist exploitation of this country, and not the economics which the learned authors of the report try to pose. The problem has not been understood in the correct perspective. If only it had been like that, this report would not have been before us today.

I want to give some figures also later on, but I would start by saying that India's industry is mostly controlled by managing agencies. In almost every managing agency, you will find all things which you do not want in a business house. I do not want to refer to particular firms—though, where I have figures I shall

give the name of the particular firms also. In the economy of our country today, I find that 30 British managing agency concerns function in various industries covering almost every field of economic activity. In 1952, they controlled about 680 companies. The smallest of them, for example, Parry and Company, had only 3 companies under them, managed by them; but giant concerns like Andrew Yule and Company, for example, had 58 concerns under them, the Bird Higgles group had 57 under them and McLeod Beg Dunlop group had 60 companies under them. When we put certain questions, the Ministers avoid giving categorical answers. I very vividly remember, Sir, the other day when a question on investment of foreign capital in the coal industry in India and the percentage of control over production of coal came up and when I put a supplementary, the hon. Minister of Production turned round and said that British capital was only to the extent of 10 per cent. It is not a question of capital which is invested in the industry which determines its control. I say that the coal industry is controlled—the management of the coal industry is controlled—to the extent of at least 80 per cent. by foreign capital. That is the way in which British capital by spending an unimaginably small figure is able to exercise an unbelievably big control also. I shall give certain details about that also. This is a very clever way, a very calculated way of finance which is resorted to for imperialist exploitation of a country with a colonial economy. That is exactly why the managing agency system, if it is so good for business organisations, is not found in other countries which are not colonial. It is not that England has so much of the managing agency system. Maybe the hon. Minister may get up and say that at this stage in the economic development of England, the managing agency system is not necessary. But even during the earlier stages of development of British industries, the managing agency system did not exercise the stranglehold which it exercises over India's industry today.

[Shri V. P. Nayar]

It is not only in respect of the coal industry that British managing agency firms have such control. Take, for example, the following. I have jotted down some of the figures here. It is estimated that more than 90 per cent. of the petroleum industry is in their hands. Then rubber is over 90 per cent. in British hands—not the capital actually invested but the controlling capital. Jute is over 90 per cent. in British hands. Then tea, coal—everything—over 90 per cent. of the entire industry in India is controlled by foreign capital operating with negligibly low level investment, controlling the entire..

Shri Radha Raman (Delhi City): Jute has over 90 per cent. share in British hands?

Shri V. P. Nayar: Yes. Jute will be 89 per cent.—to be very precise. But it is not the capital invested in the jute industry—please do not mistake it. But the managing agencies control the production of 90 per cent. of the jute which is produced in India. That is my contention.

Shri Bansal: Where is this information from?

Shri V. P. Nayar: It is from so many books I can quote and also if you will please refer to the Cabinet Secretariat Memorandum you will find its details...

Shri Bansal: Cabinet Secretariat Memorandum?

Shri V. P. Nayar: It was publicised...

Shri C. D. Pande: Will the hon. Finance Minister enlighten us as to what this Cabinet Secretariat Memorandum is about, that has been published.

Shri Bansal: To which Memorandum is he referring to?

The Minister of Finance (Shri C. D. Deshmukh): I cannot refer here to any Cabinet Secretariat Memorandum.

Shri V. P. Nayar: It has come out in the Press—I do not remember in which Press it was reported. It has come in

more than one Paper and it has never been contradicted by Government sources.

We have quoted from that in this House; even then it was not contradicted.

Shri S. V. Ramaswamy: May I know if the hon. Member alone is furnished with a copy of the memorandum? We do not know anything about it.

Mr. Deputy-Speaker: Why should there be a debate over this matter? The hon. Member says it was reported in the Press; that is his recollection.

Shri V. P. Nayar: Sir, Mr. Ramaswamy can wait; when he rises to that importance, the Cabinet will let him know.

Shri S. V. Ramaswamy: You cannot have secret agencies in my Cabinet.

Shri V. P. Nayar: There are other industries upon which depend tens of thousands of people. Take, for example, the plantation industry and the mining industry. In both these, you will find that British managing agencies and British capital together control over 50 per cent. of the production. In banking and insurance also the control is about 48 to 49 per cent. This is the way in which British capital operates through the managing agencies functioning in India, as I said before, to the very serious detriment of the growth of Indian industries.

You will find that the control is achieved by the minimum investment. I am sorry I have again to quote from textbooks because your Government do not have figures...

Mr. Deputy-Speaker: The hon. Member need not say that it is my Government.

Shri V. P. Nayar: It is yours as well as ours. A study of the summary of capital and lists of shareholders for a quarter of a century as available from the Registrar of Joint Stock Companies' Office, Calcutta is given here. It is stated on page 151 of the *Industrial*

Finance in India—a book written by Professor Saroj Kumar Basu of the Calcutta University, certainly not a communist. If I read out to you some figures, you will find as I told you, how small the investment is and how big the control is. Particulars relating to Auckland Jute Mills Ltd. run by the managing agency of Messrs. Bird and Company show these facts. In 1909 out of the total investment in the above Mills, Bird and Company had only 2·1 per cent. and in 1934 it was 2·4 per cent. In 1906, 10·2 per cent. of the total investment of the Naihati Jute Mills Company Limited was owned by Messrs. Heilgers and Company but in 1934 it was only 8 per cent; similar is the case of the Kelvin Jute Company Limited. 4 per cent. of the total capital was invested by Messrs. McLeod and Company, the managing agency firm.

I can give any number of figures if the House is interested but I do not think it is necessary. The managing agency firms which invest so little of the capital necessary for the development of the industry also pride themselves by saying that they are unloading even that small investment on the public. They take the credit for that. Here I would refer the hon. Minister to the statement given by Shri K. C. Mahindra who now is himself a business magnate, before the Textile Enquiry Committee in 1930 or 1931. He said: "Messrs. Martin Burns Ltd. managing agents of the Iron and Steel Company Limited held in 1950 only 10,000 shares out of a total of 25 lakhs shares and only one lakh shares out of a total of over 33 lakhs of shares of the Steel Corporation of Bengal." It is found on page 57, volume 5 of the Evidence. That is not my view; that is the view of Shri K. C. Mahindra: I do not know whether he was in that Committee; I do not find his name.

This is the way in which British managing agency firms conduct themselves with the various industries which they are supposed to run. In spite of such meagre investment, as I

said before, they take pride in going to the public and saying: 'We had only one per cent. of the shares but we are encouraging sales of these shares also to the public because the public have such wonderful confidence in us.'

I am going to another aspect of the managing agency firms. Of late you will find that there is another tendency. There has been, after partition especially, a tendency on the part of the managing agency houses in India to create an impression that they are associating more and more of Indians in their business undertakings. They had never associated Indians who are at the top-most in the industrial field in India, but they associated what is generally called 'guinea pig' directors. I give a list of the various British managing agency houses. I am quoting from a book by Shri Ajit Roy, page 90. The title of the book is *Indian Monopoly Capital*.

McLeod and Company Limited has sixty companies under its control and there is only one Indian director and he is Mr. Chotayla Kanoria. Gillanders Arbuthnot and Company Limited, another British managing agency house has 48 companies under its control and there is only Indian director in that firm—Maharaja of Burdwan Sachindra Chaudhury. The Jardine Henderson Limited which has got 24 companies under its control has two Indian directors—Girdharilal Mehta and G. C. Bangur. Messrs. Mcniel and Barry Limited, with 54 firms under its control has Messrs. A. D. Shroff and Khan Bahadur C. P. Taraporvala on its directorate. Mr. A. D. Shroff is the only businessman of the top class who has been taken as a director. Similarly, the Octavius Steel and Company Limited controlling 53 firms has R. K. Jalan and K. P. Goenka; Messrs. Shaw Wallace and Company Limited controls 35 companies but has only four Indian directors.

It is an important feature to be noted from the list that except Mr. A. D. Shroff, and probably one or two others, no top class business magnate is on the board. That is the way in which our

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organic link with the British managing agency houses functions. Our top businessmen have already hugged the foreign investors and function as their collaborators.

Shri Bansal: May I know the date of publication of this document?

Shri V. P. Nayar: It is dated 1953, May.

Shri Bansal: Perhaps he may like to know that most of the companies have passed on to Indian hands now.

Shri V. P. Nayar: You can give me a list of companies which have passed on or changed hands.

Shri Bansal: I can say that in respect of all these companies.

Mr. Deputy-Speaker: It amounts to saying that the managing agencies have passed on to Indian hands.

Shri Bansal: It is so, Sir, in the case of quite a number of them.

Shri V. P. Nayar: Perhaps Mr. Bansal means that the companies managed by the managing agents have come to Indian hands. I am sure the managing agencies themselves have not gone to Indian hands.

Shri Bansal: They have gone.

Shri V. P. Nayar: When Mr. Bansal gets an opportunity, it is open to him to contradict it.

Shri C. D. Deshmukh: Mr. Bansal would not have an opportunity to do so because he is on the Select Committee. He has obviously a lot of information on this point.

Mr. Deputy-Speaker: But he can pass it on to the hon. Finance Minister.

Shri C. D. Deshmukh: Of course I shall be in a position to contradict them.

Shri V. P. Nayar: I was referring to a point to say that the British managing agency houses were trying to show to the public that they went on associating more and more of Indian Industrialists. I was arguing

that even in doing so, they did not take top class people or top class Indian businessmen who have experience, i.e. Tatas, Birlas, Singhanias etc. For example, I can refer to the case of one gentleman, namely Shri K. P. Goenka. He has been taken in the board of directors of one of the foreign managing agency firms.

Mr. Deputy-Speaker: What is it the hon. Member is driving at?

Shri V. P. Nayar: I am arguing the position as it obtains. We are not here to look into the merits of the contents of the report as it is written, because the report has been drafted from a wrong angle. It has had no correct perspective of the whole problem of managing agencies which is so ruinous to India's economic development.

Shri Mohiuddin: Are we debating the Bill or the report?

Mr. Deputy-Speaker: Whatever may be in the report, we are considering the Bill. If the hon. Member wants to do away with British firms altogether that is one thing; if he wants to get rid of the European management of the concerns, that is another thing. He is entitled to both. But multiplication of instances is I do not think necessary.

Shri V. P. Nayar: What I am submitting to this House is this. There have already been two views on this point. One was that managing agency, as a system, should be scrapped here and now. The other was that it should be allowed to continue. Even Mr. N. C. Chatterjee took the latter view. My personal view is that the managing agency has to be scrapped here and now. But how am I to put it? Is it enough for me to say 'scrap it' and sit down. I am building up an argument to show that an appreciation of the present nature of the managing agencies has not been made in the Report which has started from a very wrong angle and has seen the whole question from a wrong perspective.

Shri S. V. Ramaswamy: If you scrap it, are you proposing an alternative?

Mr. Deputy-Speaker: He is not the Minister. He wants to get rid of managing agencies. And he is only saying that even if there has to be a managing agency system, if there are Indian managing agents possibly it is tolerable but that it is all in the hands of Europeans.

Shri V. P. Nayar: That is exactly what I was submitting. I was only submitting that the most fundamental question relating to managing agency, namely, that those of British capital control more percentage of our industries than Indian agencies, even that has not been referred to in that Report.

Shri Matthen (Thiruvellah): May I know what the hon. Member's view is about Indian managing agents?

Shri V. P. Nayar: I shall come to that, and I hope Mr. Matthen will be patient.

Mr. Deputy-Speaker: He may leave alone the Report. Now we have the Bill before us.

Shri V. P. Nayar: My difficulty is, Sir, that you were not here when I started. I said at the very beginning that the edifice, the superstructure of the Bill has been built upon the foundation of the Report of the Committee. And so I wanted to show that all the fifty-two clauses which are here before us have been built up on a wrong foundation and shaky foundation—and I am trying to shake that foundation more. I shall read this and then go to the Indian managing agents, as the House seems to be more interested in knowing what they are.

To resume the trend of my argument, I was submitting to you that after Partition there was a tendency on the part of British managing agency houses to create the impression that they wanted to associate more of Indian people in their boards of directors. And they did

not care to choose the top class people in our industry because they were already in close collaboration. As a specific example I say that even the gentlemen whose names I have just read had their past connection and participation with British firms and firms under the management of those managing agencies. I can give any number of examples for this. You will find for example Mr. K. P. Goenka—I do not know who that gentleman is—who was a director of the British managing agency, Octavius Steel & Company, holds directorship of three coal companies managed by Shaw Wallace & Company and another managed by Bird-Heilgers, of three jute mills under Bird-Heilgers and Duncan Brothers, of the Titaghur Paper Mills under Bird-Heilgers, and Cheera Chhatak Ropeway Company under Gillanders Arbuthnot & Company. Mr. Bansal seems to be very much excited, and I find somewhere later his name is also coming!

Shri Bansal: I have never heard of this book, rest assured.

Shri V. P. Nayar: He is yet to hear of many correct things, Sir.

And then it is stated here that Mr. G. S. Bangur who is a director of the Jardine-Henderson group holds directorships in addition to this firm, in one coal company managed by Andrew Yule & Company, two cotton mills managed by Kettlewell Bullen & Company, two jute mills managed by Kettlewell Bullen & Company, three jute mills managed by Andrew Yule & Company, two miscellaneous companies managed by Andrew Yule & Company and two miscellaneous companies managed by Bird-Heilgers.

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My point was that although they created the impression that they were taking more of Indian businessmen in their directorship, they were particularly careful not to choose Indian businessmen who had by their own experience tried to adopt things in Indian industry, and they were

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careful to choose only from the ranks of those who acted against the country's interests by associating themselves during the time of the national movement, with British capital in this country.

Shri B. S. Murthy (Eluru): That is the crux of the problem.

Shri V. P. Nayar: I do not want to go on...

Shri Natesan: On a point of information. May I ask my hon. friend how directors are chosen in a big company and to explain what he means when he says that only certain people are chosen? After all, a director has to have certain qualifications, he has to invest some money. It is not everybody who will come forward to take directorship in a company. But he tries to suggest that they are picked out.

Shri V. P. Nayar: I know my friend Mr. Natesan himself is a Director and he must be knowing, how best to get in.

Mr. Deputy-Speaker: Though sixteen hours have been allotted for this, in a Bill of this kind whenever time is allotted one section alone or one hon. Member alone ought not to take the whole time of the House.

An Hon. Member: Time is taken away by the interruptions.

Shri Pannoose: For long hours we have been listening to arguments founded and unfounded, in favour of the managing agency system. Now they will not allow us to proceed.

Mr. Deputy-Speaker: Let there be no interruptions. If any questions are put, those questions need not be answered. Each hon. Member is entitled to emphasise one particular pattern.

Shri V. P. Nayar: It is not a question of inflicting these figures on the House. But I found that a web of argument has been woven, but no body has cared to go into the facts and figures which throw a lot of light on the kind of 'stranglehold' that these

managing agencies have on India's economy. I want the hon. the Finance Minister later on to tell me, if his junior is not in the know of things, as to what percentage of the total production in the country is controlled by foreign agents, and how much of them by the British.

I was arguing with facts and figures because I find that it is not a mere question of whether we should have the section, here or another there or whether we should have slight changes here and there. The whole question is whether we should at all have this Chapter on Managing Agencies and whether we should not request the Select Committee to do away with this Chapter completely, because this system has been operating in such a way that India's industry can never get out of its clutches until by legislation we are able to stop it.

Mr. Deputy-Speaker: If the Chapter goes, there will be any number of managing agents uncontrolled.

Shri V. P. Nayar: You will remember, Sir, in the discussion on Companies Bill, in which you participated so much in 1936, the hon. Member Shri Sri Prakasa said "This Bill is not necessary; there can be a one clause Bill". Any such Bill will be enough to meet that. Some hon. Member was asking me about the Indian managing agencies. I shall come to that also. If a few of the British managing agencies control about six to seven hundred companies, the position of the Indian managing agencies is not very much different. But only their fields of activity are more restricted than those of the British managing agencies, because Indian managing agency houses and their monopoly was a matter of later development.

The figures which I have shown that forty-four Indian managing agencies control about 640 companies of which one managing agency controls 14.5 per cent. of the total. Here is a book which details all the companies which are under the managing agency firm of

Birla Brothers, and the number comes to eighty-eight. This book has often been quoted in this House. I do not want to go into it. But here in this book the *modus operandi* of how the public can be cheated through the managing agencies is very clearly given and also photo-stats have been produced.

Now, Sir, what was left over during the course of development of the British managing agencies, has been taken up by some of the Indian financiers. It is not that the Tatas, Birlas or Dalmias grew up all of a sudden to their present size. It was also a process of gradual growth. When the British industrialists and British managing agencies left, some sections of the industry, probably it is due to the enterprise of the so called leaders of the industries who had liquid money—probably, so I have not gone into details—grew up into monopolistic position, thanks to the flourishing blackmarket which this Government has been allowing and thanks also to the black-market which the predecessor Government has been allowing. They have enormous capital in their disposal. It is not always the question of how much money the Indian managing agency owned by Birlas, Tatas or Dalmias has invested in a particular industry. What matters is always the control which is exercised over the industry. The thing is this, that there are lots of people who manipulate and see that the companies which are managed by managing agencies do not show profit. In this connection, Sir, some hon. Member wanted some instances, and I can quote any number of instances. My hon. friend Shri Chatterjee has referred to the great services of one of the members of the Committee, Shri J. J. Kapadia. I have a copy of an article here, written by Shri Kapadia in 1949, which was published in the *Statesman*, where I find that the managing agents operate in a way to cheat the public, and that is very well described by Mr. Kapadia himself. Of course, he is a man—as Mr. Chatterjee said—of unquestionable authority in

these matters, and it is Mr. Kapadia who says this:

“Our Secretary who inspected the share register of Bennett Coleman & Co. Ltd., last year found therein remarks to the effect that a number of shares registered in the names of the above gentlemen were held by them as trustees for Dalmia Jain Charitable Fund.”

So, the Dalmia Jain Charitable Fund, of which our friend Mr. Jagjivan Ram was also a member a little while ago—I do not know whether he is in it now—will be controlled by Bennett Coleman & Co. Ltd. Later on, in the article Mr. Kapadia says:

“We have examined reports of the auditors Messrs. A. F. Ferguson & Co., on the accounts of the two mill companies for the year ended 31st March, 1947 which contain startling disclosures with regard to the many objectionable methods and practices followed by the new management.

The auditors have drawn attention to several transactions of loans and advances as between the two mill companies and the companies in the Dalmia Jain group.”...

Mr. Bansal may note that it is not poor V. P. Nayar who said so, but it is J. J. Kapadia who has given this report.

“...viz. The Bharat Bank Ltd., Dalmia Cement & Paper Marketing Co. Ltd., Dalmia Investment Co. Ltd., and the Gwalior Bank Ltd., as also between one or other of these companies. The auditors refer to the existence of common Directors in all these companies. We would however add that all these companies are really controlled by Dalmia Jains.”

It is very easy, Sir, for you to say that a director of a managing agency firm should not be a director of more than two or three companies. I do not want to go into details, but, how are you going to prevent it? The hon. Minister knows that in most of these monopolistic managing agency concerns, all top officials are either their

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own very close relations or their employees. Take, for example, the Bharat Insurance Company. Who are the four directors of the company? It is not necessary for me to say that all of them are in one way or the other related to the managing director himself, or his dependant.

The Minister of Agriculture (Dr. P. S. Deshmukh): However, incompetent they may be.

Shri V. P. Nayar: It is certainly not a disqualification for this Government! I am reading out an extract from the speech of the managing director of Allen Berry & Co. Ltd. you know, that in 1946 or 1947—I hope Mr. Bansal will correct me if I am wrong—an aviation company was floated with Dalmia Jain Limited as managing agents which had very little to do with aviation. I think originally it was floated with a capital of Rs. 40 lakhs, but subsequently it was raised to Rs. 3.5 crores. But, the company did not operate Air services as was required; but they invested all the money in certain purchases of surplus army disposals from the American stores. Here is the speech of Shri Dalmia himself:—

“Your company purchased in co-operation and partnership with Messrs. Dalmia Jain Airways Limited (He speaks here in the capacity of Director of Allen Berry & Company Limited—Seth Ramakrishna Dalmia, reported in the *Statesman* as speaking for and on behalf of Allen Berry & Company) the entire lot of American surplus vehicles in India. I have already brought to your notice that we are able to get the best vehicles ever disposed of as surplus by any army in India. The claim is substantially proved by the fact that during the past four months by a 10 per cent. sale of your stock, your company has been able to move in 25 per cent. of our investment.”

This is from *Statesman* published from Calcutta on 13th March 1947. So, my point is that, companies are floated, the public subscribe to it, and afterwards the companies do not function in a manner for which the subscription is raised. An Air Lines company, of all companies, invests in purchasing second-hand vehicles from American surplus stores, and the Managing Director says that after disposing of 10 per cent. the company has already earned 25 per cent. of the total value. The total purchase for about six or seven crores of rupees. I know that a jeep which was purchased by them for Rs. 1,000 or so was sold by them for Rs. 5,000. The record of the original company will not show all this. It is all controlled by managing agents. How are you, by the provisions which you have brought in, going to check this? That is the question which I would like to ask.

Now, Sir, one argument I heard from some hon. Member is that it is the public confidence in the managing agents which is responsible for this. Of late, I have also heard that some of the banks have refused to advance money to genuine industrialists on the ground that they are not being managed by managing agency firms. It has gone to such extent. It is all a question of manipulation by managing agency firms which have control over industry. The managing agency firm is supposed to manage the industry, but it actually mismanages by a sort of adjustment in the Accounts. You will find that a managing agency firm will not have merely one business under it. When a managing agency firm has one institution under it, it tries to grab another industry; then a third one and so on; so that nobody with even the utmost knowledge of these matters can get together all records and take them up. This is what is happening and I do not think that you have provided anything under the rules which would prevent the loot—I must say ‘loot’—of public money by the so-called monopolistic managing agency firms.

Mr. Deputy-Speaker: There are some other Members also who would like to speak.

Shri V. P. Nayar: Sir, this is a very tough subject and I have to give facts and figures and much has been said about the benefits of this system. Therefore, my duty becomes rather difficult.

Mr. Deputy-Speaker: I do not dispute it. The hon. Member may take the whole day and then send in a memorandum for whatever remains to be said.

Shri V. P. Nayar: I shall certainly be charitable to the House as it has been charitable to me. I will not take one minute more than actually necessary.

Sir, in this context we must also think of some other ways. I have read the report fully. Shri Deshmukh will be pleased to know that I have also gone through some of the previous reports which were available. Now, I ask Shri Deshmukh through you, Sir, whether the report has specifically pointed out any particular form of corruption in its details as practised by the managing agents? Is there any description of the *modus operandi* or the particular way in which the public are cheated by these managing agents? Is there any description of the manipulation of accounts, which Shri Deshmukh knows for certain is going on in almost every monopolistic managing agency firm, both foreign owned or Indian? Without all that, how are you going to formulate rules? How are you going to make the regulations? He does not know where he stands? Government comes out and says, we have 50 provisions, they will curb the activities of the managing agents? But how? I will give a specific instance which I would like the hon. Finance Minister to bear in mind. I have a pamphlet with me which I shall give to him later on if he desires. It gives details of the unlimited means available to the managing agency to cheat the companies which they manage.

There is, for example, the Rohtas Industry, Dalmianagar, a public limited company, of course, manufacturing, I understand, cement and paper. Is it not?

Some Hon. Members: Yes.

Shri V. P. Nayar: I am citing this from this pamphlet. Their selling agents always see that the sales will not be entered properly. The production will be shown as 40 per cent. and the sales will be of the entire percentage. The selling agent may be a private limited company or it may be a company directly under the managing agents themselves, or the managing agents themselves. I am not referring to the Rohtas. The managing agency appoints the selling agents; it also appoints the buying agents. Suppose the production in a factory is 100 tons, this is not entered in the books. The managing agency manages the affairs and manipulates it in such a way that instead of 100 tons, it is written as 60 tons or 40 tons. The balance is taken. The organisation is a private organisation. It is the managing agency firm which appoints their own men, their own brothers-in-law and sons-in-law as the selling agents and buying agents. They sell the entire production and the black money comes. Where is its check provided for? How can you prevent this under the present rules? Are not the Government aware that every Managing Agency does this sort of muddling? Are not the Government aware also, I ask Shri C. D. Deshmukh to be very frank, as he is always with me,.....

Shri S. V. Ramaswamy: On a point of order.—I do not want to interrupt—can the hon. Finance Minister be referred as Shri so and so? It is not decorous. That is my submission. It is necessary to observe some decorum in the House.

Shri V. P. Nayar: I am neither a barrister of 27 years standing nor was I educated in England, as Mr. Ramaswamy!

An Hon. Member: Call him comrade Deshmukh.

Mr. Deputy-Speaker: Normally, the practice in the House of Commons is not to refer to the name. They say, the hon. Member from Littleton, from Suffolk and so on. Here, in a House of 500, we have not been able to adopt that because many of the hon. Members do not know what constituencies the Members represent, so far as hon. Ministers are concerned, they are here in their official capacity. Let there be no reference to the individual by name. The Ministers may be referred by the Ministries they represent. That would be a proper convention. That would be observed. As far as possible, let it be said, hon. Member coming from Malabar, except in cases where one is not able to find the constituency.

Shri V. P. Nayar: I was paying a tribute to Shri C. D. Deshmukh for frankness and I saw also a beaming smile in his face. I do not know why the hon. Member there gets up.....

Shri Velayudhan: Can an hon. Minister be addressed as the hon. Member from such and such constituency?

Mr. Deputy-Speaker: No. While he is here, he has got another capacity as a Minister. He is piloting the Bill as the hon. Finance Minister. Reference to Ministers shall be only as Ministers.

Shri B. S. Murthy: Have we not left out the epithet "honourable"?

Mr. Deputy-Speaker: We are all honourable when we are in the House.

Shri Radha Raman: The hon. Member should have some consideration of time. It is already an hour since he has been on his legs.

Mr. Deputy-Speaker: He must conclude by 12-30.

Shri V. P. Nayar: I will conclude before that; but I would like Shri Radha Raman to purchase another watch, Sir.

What I was saying was this. This company's (Rohtas Industries) selling agents had entered in the records—I am saying from this pamphlet—only 60 per cent. or so of what was actually produced. This Income-Tax Investigation Commission had, by this time, started investigating into the details of certain companies in the same group. Naturally, they got very much frightened and panicky because in those days, when the Income-Tax Investigation Commission had started functioning, nobody knew what would be the result. They did some good work also. At that time, this company was split into eight companies. The idea was that if there were eight companies, the records of one will be at Cape Comorin and another at Kashmir and the poor Income-Tax Investigation Commission cannot get access to all these records. I can even give the names of the companies into which this Dalmia Cement and Paper Marketing Company were split. The names are here. I am speaking subject to correction. The subject of discussion is not Shri Seth Ramakrishna Dalmia or Shri Ghansyam Das Birla or Shri J. R. D. Tata. I have to bring to the attention of the Government and this House that, as the British managing agency has assumed an over-all control which is a very serious menace to the growth of Indian industries, which stifles the growth of Indian industries, the tendency has been that the Indian managing agencies to which have been left certain sections, have also grown up to their present immense size and they control not one or two, but almost the bulk of the rest which has been left by the British agencies. Their actions have been referred to as shocking. There are ever so many ways of committing fraud on the companies which are managed by them. That is why I have wondered why the managing agency firms are called managing agency firms. In India, today, the managing agency firms are truly mismanaging agency firms. Here is a report from the *Times of India* which gives a description of how one of the companies Madhusudhan Ltd., Bombay, was purchased, how a man who was never

known to business, was put in charge of the managing agency firm with a number of shares in his name. It created quite a shock in Bombay business circles. The heading is "Unusual sum for agencies." The article says that it created quite a flutter in the stock exchange of Bombay. This is the way in which managing agency companies have been functioning in India. I can understand, the Government has no other alternative at present. I heard Shri Altekar saying that the managing agency system has to stay because we are having a mixed economy. This is a very strange conception of mixed economy. I never thought that mixed economy can only be had if there are managing agencies. I also wish to point out to the House that Government have not taken sufficient care to rid this pest, this evil, this parasite of a monopolistic managing agency organisation. We do not now have finances and it is true to some extent. They say that capital is shy. What is the reason for it? Capital is shy because what little capital has been invested in industry goes to fill up the pockets of certain managing agencies. That is one of the main reasons. There are other reasons also. Somebody said there are no credit facilities. Why should not credit facilities for useful industries be granted by the Government? Shri N. C. Chatterjee of all persons said this—I expected him to say this—and he championed the cause of the managing agency system being continued as usual. As you know, an eminent lawyer can always build up a strong case from the weakest point. After all, it is only the judge that can decide. I have great respect for the advocacy of Shri Chatterjee. I heard him with great attention. But, I found that he also derailed on this subject.

Shri Altekar: In the present context of things.

Mr. Deputy-Speaker: Has he finished?

Shri V. P. Nayar: No, Sir But I shall, in a few minutes.

My submission is that the Minister of Finance should consider over and again how in the interests of the country this question of managing agency has to be tackled. Whatever others may say, there is no doubt that the British managing agencies and the Indian monopolistic managing agencies control the bulk of our industries production. I do not think he will dispute that. There is also no doubt that both the British and the Indian managing agencies take away huge profits which do not come within the accounts which they keep. The hon. Mr. T. T. Krishnamachari the other day said, and said it with a sort of assertive gesture, that British firms know how to avoid tax, but they do not evade the tax. Well, they do both, and the Indian managing agencies also. It is indisputable. So, the point which I would very much urge upon the Select Committee to consider is whether in the context of the present circumstances it is not possible for us to do away with the managing agencies also. It is indisputable. So, which we have seen. It has given over the growth of our industries into the hands, into the clutches of certain exploiting monopolists, whether they are of foreign origin or Indian origin. The entire private sector will suffer by this, because most of the private sector will be dominated by this. They have all black money with them. They have all had the good fortune to be left out of the even slight rigours of the income-tax law of this country. It is only the other day that we found that against one of the topmost businessmen in India there was a case, and that gentleman took up the matter—I do not give the name now—to the Supreme Court for a writ whether the Police should have entered and searched his premises or something like that. So, I say that the Government must review the whole situation and try to understand the effect of managing agencies on India's economy in the context in which we are placed today, try to follow the historical growth of the managing agency and also the way in which the economy of the country is certain to be shattered if we are to continue

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this very pernicious, very abnoxious, very vicious system which we call the managing agency system.

Shri A. M. Thomas: The hon. Member from Chirayinkil...

Shri V. P. Nayar: I cannot be referred to otherwise like that.

Mr. Deputy-Speaker: I suppose that is the hon. Member's constituency.

Shri A. M. Thomas: The hon. Member who is an expert on the investment of foreign capital in this country...

Shri C. D. Pande: Russian capital?

Shri A. M. Thomas: I should think since he did not get sufficient time to speak on the Commerce and Industry Demands, he has devoted much of the time that he got today to do what he usually does on all occasions, when he has occasion to speak on the floor of the House—to condemn the investment of foreign capital here. I thought my hon. friend would refer to the speech of Mr. N. C. Chatterjee and meet some of the points that he raised in favour of the continuance of the managing agency system. Every Member of this House, and I should say the common man in this country, is quite aware of the evils of the managing agency system, but I would have liked my hon. friend to refer to and meet some of the points that my hon. friend Mr. Chatterjee raised, viz., whether, in the present state of our industrial growth in our country, we can afford to do away entirely with the system.

Shri V. P. Nayar: If I had taken it up, what will you do for your speech?

Shri A. M. Thomas: Shri Chatterjee referred to the great services that certain industrial managing concerns have rendered to this country.

Shri Matthen: Will you please mention some names of the concerns?

Shri A. M. Thomas: For example the Tata managing system, and I will be referring to some of the facts and figures that are being disclosed by the

balance sheets of such managing concerns.

Shri B. S. Murthy: What about Dalmia?

Shri A. M. Thomas: My hon. friend referred to the great part that the managing agency system has played in the field of industrialisation of this country. Everybody knows that capital is very shy in this country, and it is a matter of common knowledge that very few people in this country have got the necessary organizing skill to start any industry. My friend Mr. Chatterjee referred to certain well-established industries like textiles, jute, tea etc., which have been the result of the management of the much-maligned managing agency system. Though not in the form obtaining here in England as well as in America there is a sort of managing agency system.

Shri Matthen: I question that.

Shri A. M. Thomas: I will be coming to that.

Shri V. P. Nayar: He has stated with sufficient reservations.

Shri A. M. Thomas: With regard to the question of preliminary investigation, we know the part that is being played by the managing agency system. Mr. Chatterjee referred to the substantial investment that has been made by the managing agents. He referred to the services of the very many experts and administrators that the system entertained and it is a matter of common knowledge that we have had occasions when even the Government utilised the services of several experts and administrators employed by the managing agents. Then, there is the personal guarantee that is usually being given by the managing agents, and in order to safeguard their prestige we know the great risks that the managing agents take.

Shri Punnoose: Is it your point of view that if we do not have the managing agency system, we could not have this industrial development etc.?

Shri A. M. Thomas: As a matter of fact, we know that 80 per cent of the joint stock companies in this country is being managed by the managing agency system, so that that discloses a state of affairs in which people were not prepared to come forward on their own accord, without resorting to the help or initiative of a managing agent to start industrial concerns in this country.

It is because we are alive to the evils of this system—and, as has been stated, there are sharks engaged in this system—that we have resorted to a comprehensive enactment to mend that system rather than to end it. In the present circumstances, as has been pointed out by my friend Shri Alatar, it is not practicable or in the interests of the country or for the industrial growth of this country to do away with this managing agency system altogether. Referring to the evidence furnished before the Company Law Committee, they say at page 83.

“The great majority of the witnesses who appeared before us were anxious to mend and not to end the system.”

It cannot be said that the members of the Planning Commission consist of any vested interests or the representatives of the managing agency system. In the Planning Commission's report it is stated:

“The question of introducing improvements in the managing agency system is under the consideration of the Government of India...”

So, even the Planning Commission has only contemplated an improvement of the system and not a thorough abolition of the system at all. In the subsequent portions of the Planning Commission's report which are extracted by the Company Law Committee, it is stated that the details to be worked out for amending the system and making it as effective as possible and to have this necessary evil bereft of as many evils as possible, were left to the Company Law

Committee which was being constituted. It has been stated:

“The working of the managing agency system and the extent of the abuses which it has brought into prominence during the post war period require to be carefully investigated before any drastic changes in the system are made.”

So, it is only changes that the Planning Commission also contemplates.

“This is being done by the Company Law Committee at present”.

My hon. friend from Travellah asked whether I could give instances wherein the managing agency system has played well. I have got with me certain figures which will indicate that the managing agents were not exploiting and were not appropriating to themselves a substantial portion of the profits of any company, as has been contended by my hon. friend from Chirayinkil. An analysis of the balance-sheets of a few leading companies would dispel such an impression.

Taking the Tata Iron and Steel Company, we find that out of the total trade receipts, 41 per cent has been paid out for raw materials, stores, power, etc.; 30 per cent has gone for wages and salaries, including allowances; 16 per cent is taken up by taxation and the provision for depreciation and reserves is 6½ per cent and 1½ per cent, respectively. These items, of course, account for a little more than 94 per cent of the total receipts. Out of the balance which works out to 5½ per cent or so, 4½ per cent goes as dividend, and the commission for the managing agents works out to a mere one per cent or so of the total.

Shri V. P. Nayar: In record, it is correct.

Shri A. M. Thomas: Again take the case of the Bombay dyeing and leading textile units. There also, the figures disclose...

Mr. Deputy-Speaker: What does that one per cent come to?

Shri A. M. Thomas: We have to remember in this connection that even for technical skill and supervision, for the purpose of starting the steel plant in our country, we are prepared to give up to three per cent. So, my submission is that this one per cent, which, however, I concede may come to a fabulous amount, cannot for a moment be said to be out of all proportion to the labour or the technical skill or the administrative efficiency that the managing agency system gives to the industrial concern.

Shri Matthen: The hon. Member just quoted the figures in respect of two companies. I would invite him to quote three more. These are exceptions.

Shri A. M. Thomas: That is the very reason why that system is to be recommended and not ended.

Shri T. K. Chaudhuri (Berhampore): May I ask my hon. friend to state the proportion that this commission bears to the total profits?

Shri A. M. Thomas: That is the very same question which was put to me by the Deputy-Speaker. But I have not got the figures with me. Detailed figures of the proportion paid to the managing agents by way of remuneration in the different industries are not available, and I admit that.

Shri N. M. Lingam (Coimbatore): May I know the source of your figures?

Shri A. M. Thomas: The source of the figures, as I said earlier, the balance-sheets of these various companies.

Shri N. M. Lingam: The balance-sheet itself is in question.

Mr. Deputy-Speaker: Order, order. Let there not be too many interruptions.

Shri A. M. Thomas: The balance-sheets of some other companies, especially the ones dealing with textiles, cotton, jute, silk, printing, cement, paper, matches, manganese, limestone and tanneris, show that the proportion

paid to the managing agents is between one to two per cent of the total income of these companies

I have absolutely no soft corner for the managing agency system. My hon. friend from Chirayinkil knows that I have absolutely no interest either professional or otherwise in the system of managing agents of any company. It is only in the interests of the country that I wish to bring forward this point of view, namely, that we must have a corrective when we deal with the system of managing agents

We must also remember that in the next Five Year Plan, what we have in view is to give greater impetus to the industrialisation of the country. The emphasis that we had laid on the development of agriculture in this country is going to be shifted to industrialisation. Several Members have already emphasised the fact that several small industries should spring up in different parts of the country. It is not enough if industries are started in big cities like Calcutta or Bombay, but they should go to the interior of the country, and several townships should spring up. Is it possible for Government to start industries all over the country and give employment to the already swelling population of the unemployed? I would, therefore, say that we must approach this question from a practical standpoint.

Shri N. M. Lingam: Are the present managing agents prepared to do that?

Shri A. M. Thomas: They may not be prepared, but we must create the necessary atmosphere.

We have enlarged the scope of interference and check. In place of the nine sections which regulate the managing agency system under the present law, we have got as many as fifty-two clauses in the Bill; clauses 307 to 359 relate to this. This shows that the sponsors of the Bill are really alive to the seriousness of the problem. That is the reason why the very key-note of the present Bill is the pattern of the restrictions that we have to put on the managing agency system.

Several hon. Members who have spoken on this Bill have referred to the bulky nature of the Bill. I also share in the sense of frustration, so to say, which was voiced by my hon. friend Shri Vallatharas, who is not here at this moment. He is himself a lawyer, but he said that it has not been possible for him to follow the various provisions of this Bill. I thought we would be getting instead of the very cryptic Statement of Objects and Reasons, which has been appended to the Bill, and the insufficient notes on the clauses, a hand-book dealing with the nature and scope of the present enactment and how it varies from the existing law. If that were there, it would have been possible for more hon. Members to take a more lively interest in the debate and also participate in this discussion. But now it looks as if the discussion is perhaps going to be confined to a few lawyer Members of this House, and among them too perhaps the experts in company law. This is a legislation of far-reaching economic and social importance, and as such the various sections of this House ought to have been taken into confidence in the enactment of a measure of this nature.

However, I do not agree with the view entertained by Shri Vallatharas that this Bill should be circulated for eliciting public opinion thereon.

Shri Namblar (Mayuram): You should say, the hon. Member from Pudukkottai.

Shri A. M. Thomas: We must understand that there is every need for expediting the passage of this Bill. I would not characterise the motion, that has been tabled by Shri Vallatharas, as dilatory. But I would submit that it is inexpedient to send the Bill for circulation, to invite public opinion and thus delay the passage of the Bill.

It has been estimated that the total number of companies in this country is somewhere about 30,000. I have got here certain figures showing the trend of registration and liquidation in India for the four years ending with 1952-53

—these figures are taken from government publications. We find from these figures that during the period 1949-53, as many as 7,477 joint stock companies have been formed, and you will be surprised to know that as many as 3,487 companies involving a paid-up capital of Rs. 25,52,92,000 have gone into liquidation. That is a very unsatisfactory state of affairs. So, it is very necessary that we should have a comprehensive Bill as early as possible, and do away with such companies springing up in abundance which meet with only the fate of liquidation.

This unsatisfactory state of affairs should be very seriously viewed, and I would say that it is not at all advisable to delay the passage of the Bill. Sir, I do not by citing these figures mean to say that wrecks appear each day in our country. But all the same, as many as half the number of companies registered, get wrecked. We should therefore, safeguard the interest of the public by putting this legislation on the Statute-book as early as possible and minimise the number of wrecks.

My friend, Shri Vallatharas, said that the main reason why the Bill should be circulated was that we had not the benefit of opinions from various State Governments and from several other organisations when certain suggestions were circulated with regard to the prospective Bill. But we should understand that this company law is not a new subject as far as we are concerned. We know that even from the year 1850 we have been legislating in the matter of company formation and management. There have been several enactments and occasions have not been missed to revise or amend the law everytime after it was done in the U.K. and our law follows closely the British pattern. And a wise decision has been taken by the Government in that it has thought fit to bring in a consolidated, or comprehensive, Bill rather than an amending Bill. And because the Government has chosen to bring in a consolidated, rather than an amending, Bill, it should not lead to the conclusion that necessarily the Bill

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is to be circulated for eliciting public opinion. You will find that even in the introductory chapter of the Company Law Committee report it has been stated that the various points—which have been raised by my friend, Shri Vallatharas—have been met in the very same report. It has been stated that the reports of Messrs. Dwarkadas and Thiruvengkatachari formed the subject of a detailed departmental scrutiny in the old Ministry of Commerce and later on a memorandum was circulated to the State Governments and other bodies for eliciting their opinion and comments on the proposed legislation. You will note that the Committee itself has not spared any pains to take evidence and to hear all sorts of representations and the labour that the Committee has taken is borne out by the contents of this report itself. It has been stated:

“A large number of witnesses were examined, a full list of whom is given in Appendix I to this Report. In view of the opportunity which the representatives of trade and industry and the general public had already had of expressing their views on the subject, the Committee did not consider it necessary to issue a formal questionnaire, but in a communication addressed to the chambers of commerce and other trade and industrial associations, whose representatives were invited to appear before the Committee, our Member-Secretary informed them that in the evidence which they might lead before the Committee, they need not confine themselves to the topics specifically mentioned in the Commerce Ministry Memorandum.”

So that it is not at all necessary to send the Bill for circulation.

When we enter into the details of the criticisms that have been advanced against this Bill, what we have to consider is that we have, as a matter of fact, adopted what we loosely term as a ‘mixed economy’ and the private

sector has got an established place in that, so that there is no use saying that we should have the private sector and at the same time strangle it. Private enterprise and initiative as a recognised element in the economic concept of the nation has been accepted in the resolution on industrial policy adopted as early as 1948.

Mr. Deputy-Speaker: Has anybody disputed it here?

Shri A. M. Thomas: So that, Sir, what I want to urge is.....

Mr. Deputy-Speaker: Private industry does not necessarily mean managing agency. That is all that was said.

Shri A. M. Thomas: I have already dealt with that, that in the existing state of things we should necessarily have to continue this system for at least some time with such effective checks as are possible in the circumstances of this case, and those effective checks are provided by this Bill. I should say that we have only erred even on the side of caution rather than on the side of carelessness when we incorporated in this Bill the several provisions which do away with the evils of the managing agency system.

So that what I was urging was that we can have a law which is so stringent that it is effective and can prevent any activity which will even remotely come within the frightening scope of the provisions of this Bill. We must remember that an enactment of this kind should not be a prohibitive or restrictive law, but it has to be a creative law. That must be the approach that we have to make. Company formation is not a natural function, and it has not been a natural function at all in this country. From certain figures I have got relating to a period some two or three years back, there are as many as 99,000 joint stock companies in the U. K. whereas we have got, as I have already stated, only about 30,000. Compare the population of this country with the population of the U.K., and also the vastness of this country. There have

been instances of mismanagement and abuse of powers by entrepreneurs, managing agencies and businessmen, but a large proportion of them, I should say, arises from the lack of vigilance on the part of shareholders and the failure on the part of shareholders to put into effect even the few provisions which are in the existing law. So that I should blame more the shareholders and the public in not being vigilant, and giving full play to the evil effects of the managing agency system.

Shri Nambiar: Apart from their losing money, you blame them also.

Shri A. M. Thomas: We have to bear in mind that although there are several evils in joint stock formation and enterprise, the profits and risks are distributed among as large a population as possible. So that when people are not prepared, when big capitalists in this country are not prepared, to take risks, the only way in which the necessary capital can be found is by starting joint stock concerns.

Sir, I do not want to take the time of the House by going into the details of this Bill at this stage, but I would like to anticipate my friend who is not here, Dr. Lanka Sundaram. On more than one occasion, the hon. Finance Minister has said that he may consider the possibility of having a separate chapter in this Bill relating to the companies which are being formed by the State. Under the Production Ministry, there are several State undertakings. I concede that this law mainly wants to deal with the private sector. But even then, we have deliberately chosen the system of forming limited companies with regard to several industrial undertakings that the State has launched. It is very difficult to know how the provisions of this Companies Bill will affect them. Once they are formed into companies, we would expect that the provisions of this Bill also would be applicable to them. But it is very difficult to understand how, in view of the formation and starting of such companies

by the State and in view of the memorandum and articles of association of these companies which have been formed, it is possible to apply the provisions of this Companies Bill. I should think that the Government was itself alive to that; that may be the reason why the Finance Minister has said that he would consider the necessity of having a separate chapter to deal with such companies in this Bill. I think that he would at least refer to that since it has been raised more than once. I wish he referred to that in his opening speech when he wanted this Bill to be taken into consideration. I would urge on the hon. Finance Minister to state categorically what exactly the position of the Government is with regard to these companies which have been formed as joint stock companies—that is the State undertakings.

I would like to refer to one very important point which has been mentioned by my hon. friend, Shri Chatterjee. That aspect was raised by Shri Barman also.

Mr. Deputy-Speaker: The hon. Member has taken 25 minutes.

Shri A. M. Thomas: I will take five minutes more.

Mr. Deputy-Speaker: Hereafter I am going to allow only 15 minutes.

Shri A. M. Thomas: Shri Barman also referred to this point, namely acceptance of the proposal to have a separate autonomous Central organisation to deal with the administration of Company Law. The Committee itself has reported on the necessity of that. I should say that the arguments advanced by the hon. Finance Minister for having a separate organisation under the Ministry of Finance, Department of Economic Affairs, rather than an autonomous statutory body are not at all convincing. I would say that by so many clauses—clauses 17, 18, 19, 197, 219, 221, 222, 226, 228, 229, 231, 252, 273, 295, and 302—sweeping powers are to be given to the Government. Knowing as we do the working of the Governmental machinery, we think that it

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might lead to many abuses. It is likely that these powers may be exercised in a bad way. It may also be taken note of that when vast powers are given by any enactment whether it is in the interests of the country or the public not to have the limits to such exercise of that power or the criteria which will be adopted in the exercise of that power. They are also not prescribed by this legislation. The abuses could to a great extent be got rid of by having an independent tribunal and leaving the administration to it.

My hon. friend, Mr. Barman, suggested that it is advisable to have representation of the minority among the shareholders in the Board of Directors. That will be a very dangerous piece of suggestion to adopt; that will lead to great friction in the management of the company and will lead to a great deal of litigation. We know the results. There will not be smooth working of the company's affairs. There are ample safeguards in the Bill itself by which any shareholder can go to a court of law and have his grievances remedied. I doubt the necessity or advisability of having some members on the Board who may not be connected with the industry or company or who may not be having any pecuniary interest in the company. That would also curb private enterprise if a person who has nothing to do with the affairs of the company or any proprietorship in the company is to have a dominant voice in the day-to-day management of the company. It is not at all advisable. We would have to be satisfied with other restrictions and provisions which are provided in the Bill.

With these words, I support the motion that has been moved by the hon. Finance Minister.

Shri C. D. Pande: In the course of his speech yesterday, the hon. Finance Minister made an observation. He quoted Lord Cohen of England. That quotation was very apt and proper. I wish that we could have such

an able and honest service in this country. He said that for a comprehensive Company Law, an able civil service is required.

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Sir, I look the entire legislation from a different point of view. I hold that the greater the control of interference with the private sector the greater is the likelihood of vexation to the industry and hampering the progress of that sector. We have seen through our experience for the last fifteen years, that is since the outcome of the war, that as the controls grew more and more there was greater hold on the every-day life of the public and more so on the life of the businessmen and industrialists. As a result they came in contact with the officers, and therefrom begins the mischief. What I mean to say is that there should be the least contact between the official machinery and those who make money. Corruption is bred only where you have got the authority and they have got the money and both are brought together. They come to you for permits, for your consent to have a company floated. You are an officer and you have the power to do it or not to do it. Then he goes on dancing attendance on you. He has various means of influencing you. The entire Secretariat, to my mind, is surrounded by the big business or by their agents. And if there is greater control than there is today, I am sure the condition cannot be imagined. It is our duty that we provide against such possibility.

The man who will be in charge of this vast organisation to control the every-day life of every company in this country, that man will be more powerful than the Finance Minister himself, I shudder to think that this Parliament with all its authority will not be in a position to curb the wilfulness of that officer. So I beseech the hon. the Finance Minister, not to create a machinery which has got the power to interfere in every detail of

the business. If it is your intention, to have such all pervasive authority, it is better that you make up your mind and say that henceforward there will be no private sector. There has been an attempt to prove that there are managing agents who are doing all sorts of mischief and are playing tricks with the public finance and public capital. It does not need any effort to prove that. The catalogue of evils can even be increased to any length. Mr. V. P. Nayar quoted from Ajit Roy, a communist author who has written a thesis, because he could not get figures from official sources. Anyhow he has given some figures. I can multiply these figures for the mischief done by these people (A *Hon. Member*: Do that). But this is no solution. The question is whether you want to keep private incentive or not. The entire moral standard of the country is reflected by honesty or dishonesty of our business community and public servants. The officers are there. They belong to the same community, to the same land as you and I. Businessmen also belong to the same land. Most of us are eager to be rich ourselves, but luck has not favoured us. We should avoid putting temptation to such persons who wield authority and who have no means at their command to lead an honest living.

Shri Altekar: What is the hon. Member's remedy?

Shri C. D. Pande: I will come to that at proper time. The main attack has been on the managing agency. But nobody has so far said what is the alternative. If private sector has to be managed, there must be some agency. After all, business does not spring up by itself. There must be some man who takes the enterprise to bring capital, labour, machinery, everything together to produce wealth. The alternative to a managing agency is a managing director. Then are you sure that if it is left to one single individual, instead of to a certain firm of individuals who may form the managing agency, the single

managing director will show greater honesty and promote better morals of the business community in a greater degree? I have no illusions of that type. Many of the hon. Members might be knowing that even today there is a provision in law which forbids that no insurance companies can be managed by a managing agency. They are managed by a Board of Directors and a managing director. So, is the case with banks. Insurance companies and banks are necessarily the two biggest financial institutions in any country. These can do much more mischief than a cotton company, textile concern or a jute concern. So if you are prepared to put hundred crores of rupees in the hands of a managing director, howsoever big he may be, do you think that he will handle it better than others. I can tell you, there have been cases of managing directors who have mishandled the bank's money to a greater extent than any managing agency firm has done of the money given to them by any industrial undertaking.

Mr. Deputy-Speaker: Does the hon. Member suggest that even for banks and insurance companies, there must be managing agents?

Shri C. D. Pande: No, what I say is this, that mere abolition of managing agency is no cure. Therefore, if at all you are prepared to keep private sector, then you have to tolerate this system and interfere less in its working.

Shri Pannoojee: May I ask, Sir, if insurance companies and banks can continue and still live without any managing agencies, why on earth should there be any managing agencies for other business?

Shri C. D. Pande: What I wish to impress upon this house is that because there have been greater frauds involving greater sums of money in banking business and insurance companies have diverted greater sums of money to their own

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interests, therefore, to put a managing director in the place of managing agency, is not a solution to the problem.

Shri Mohiuddin: Have there been any instances of fraud in banks recently?

Shri C. D. Pande: There have been many instances. Those who come from Bengal should know how the insurance company's funds are diverted for financing the concerns they are interested in. I think there are ever so many cases which can be quoted particularly in regard to banking concerns.

Shri Matthen: Then, should there be managing agents for banks and insurance companies?

Shri C. D. Pande: I do not know why this question is being asked again and again. You should have neither managing director nor managing agency, if you can help it. In that case you rather abolish the entire private sector than interfere with their natural growth. That is what I feel is necessary to avoid corruption.

Shri V. P. Nayar said that there is one managing agency for Bird & Company, Jardine-Henderson, Andrew Yule and Company and many others. He mentioned several names; I can give a greater list than that. He said that one managing agency firm manages 50, 60 or even 70 concerns. Now, this in fact, is cheaper. The managing agency system in that context is cheaper than to have 60 or 70 managing directors, because the managing directors of such big concerns get Rs. 10,000 and Rs. 15,000 a month as salary all found, then entertainments, big house, big cars and so on. Perhaps one managing director alone would cost—in a big bank like the Central Bank of India or the Punjab National Bank—to the extent of Rs. 4 lakhs. Are you prepared for this instead of one company managing 60 concerns where the expenses may be Rs. 1 lakh each?

I am giving this just as an indication that managing directorship is no substitute to do away with the evils of managing agency system. Therefore, the best that you can do is to make safeguards. Do not frighten away the private sector, as Mr. Thomas has just said that in the last four years, 7000 companies came into existence and out of that 3000 went into liquidation involving a capital of Rs. 25 crores.

Shri A. M. Thomas: Not out of 7000; I said that the number of companies that went into liquidation happens to be 3000.

Shri C. D. Pande: I can assure you that if you scrutinise the list of these 3000, you will find that many of them will not be found to be managed by managing agencies because it is the look-out of the managing agencies to carry on the concerns they take up. Once they take up a concern they are very reluctant to let it go into liquidation as long as they can help it. It is only newcomers, the small ventures, which float companies and then let them go into liquidation. It is very easy to create prejudice; it is very difficult to create new entrepreneurs, new agencies, which will do business, which will inspire the confidence of the public. Suppose the Tatas float a company today. Even the poorest man is prepared to pay Rs. 10/- and take a share. If I, C. D. Pande float a company tomorrow, not a single rupee will come.

Some Hon. Members: No, no.

Shri C. D. Pande: Neither have I the money to meet the initial expenses of investigation; nor can I send a telegram to collect any information. I do not know where the Registrar's office is. I do not know even the elementary principles of how a company is formed. What I want to impress is this that here are certain persons who have specialised in this line. There may be 1000 or 2000 persons in this

country. You can curb their activities by such legislation as you have taken up and it is also necessary as this Act purposes to do. I wholeheartedly support the main provisions therein. But, at the same time, I beseech the hon. Finance Minister to bear this in mind. He must see whether the result of this legislation will be to increase the tempo of investment in this country or whether there will be a lesser number of people who will venture in new fields. Today people think that within the last four or five years, so many companies and so many new managing agencies have come into existence. They are mistaken. Within the last four or five years, not a single big business has come into existence. No big managing agents are coming forward with any proposals because they are now afraid of the everyday happenings in this House and the prejudice that the entire public is displaying towards them. If you want to aggravate this situation, do by all means. But, be prepared for this: the private industry will not touch anything in the future. If you want that they should sit idle and not carry on what they have been doing so far, that will be to the detriment of the country and Five Years Plan.

What I was alluding to in the beginning was the official interference in the companies' working. If the hon. Finance Minister can give me three assurances, I will say, give more powers to your officers. The three assurances are these. Take for example income-tax refund. Suppose somebody has got an income-tax refund of Rs. 3 lakhs. If he can assure me that this money will go to the refundee without reminder, without out going to the Secretariat and moving round there, that would be a great satisfaction. I can tell him that in no case the refund goes to the refundee without moving about. He has to go, and canvass, make all sorts of attempts to get the money back which is due to him.

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Shri C. D. Deshmukh: An application has to be made.

Pandit K. C. Sharma (Meerut Distt.—South): That is the beginning.

Shri C. D. Pande: If the application is sent by post, I think it will not be even acknowledged, much less will the money be refunded.

The second assurance that I want is this. Suppose you are in a trade and you want an import licence. You send an application for an import licence to the Calcutta office and you are entitled to it. Without any attempt, without any canvassing, will the import licence come to your door by post? I am sure, the hon. Finance Minister will not be in a position to assure that such a thing could happen.

Mr. Deputy-Speaker: Is the grant of import licence a part of the company law?

Shri C. D. Pande: I am referring to the efficiency, sympathy and the attitude of the officers to those who are doing business. That is the point to be considered. If he can give an assurance that any man who is in business can do business without coming into contact with the official world, that would be a great happy day and from that day, there will be no corruption, no black-marketing.

Shri C. D. Deshmukh: What is the third?

Mr. Deputy-Speaker: Let the hon. Member suggest that the Government of India should be converted into a private limited company.

Shri C. D. Pande: You have put it so nicely. It comes to this. The Government of India has to assume all business activities to themselves because others find it so difficult and that without taking recourse to corrupt means, they cannot do it.

Really speaking, we are ignorant in our zeal, in our dislike and in our prejudices towards the rich, that we ignore this side altogether, that

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there are businessmen who say: "What is the use of a businessman to come to the Secretariat?" They are not fond of wasting their money. If they come and spend more than is necessary, why should they do it, because they find handicaps, difficulties?

Shri T. N. Singh: With riches, does law-abidingness come naturally?

Shri C. D. Pande: Nobody abides by law naturally.

Some Hon. Members: Time is up.

Shri C. D. Pande: Then, I will resume tomorrow. I have spoken only for about 12 minutes. I would like to continue for ten minutes more tomorrow.

The House then adjourned till a Quarter Past Eight of the Clock on Friday the 30th April, 1954.
