

Dr. Lanka Sundaram (Visakhapatnam): Is not this legislation desirable?

Dr. Keskar: I cannot give a specific assurance that the Government of Jammu and Kashmir will be consulted immediately on all legislation and I cannot with regard to this Bill, give a specific assurance that it will be done.

Shri Kamath: May I request the Prime Minister to lend his ear to this, and a bit of his mind too?

Mr. Speaker: It is not necessary to go into the wider question at this stage. The amendment is out of order.

I will now put clause 19 to the House.

The question is:

"That clause 19 stand part of the Bill".

The motion was adopted.

Clause 19 was added to the Bill.

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

Dr. Keskar: I beg to move:

"That the Bill, as amended, be passed."

Mr. Speaker: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

COMPANIES BILL

Mr. Speaker: We will now take up the next item of business, the further consideration of the motion moved by **Shri M. C. Shah** on the 21st November, 1955. I do not think I need read the motion again. There are certain amendments one, I think, by **Shri Kemath**. If he wants to say anything, he may do so.

Shri Kamath (Hoshangabad): I had moved my amendment yesterday. This relates to clause 324. It is on the same lines as the one which I sought to move yesterday with regard to the

other Bill which has just been passed. The Minister of Information and Broadcasting yesterday gave an assurance that Government would make up its mind on the recommendation of the Delegated Legislation Committee, but I do not know whether the assurance was given on behalf of the Cabinet as a whole—I take it that it was so—but I would like to have a similar assurance if this amendment is not acceptable straightway. I would again repeat this because the hon. Home Minister is present here fortunately, and in the Joint Committee on the Citizenship Bill, the Home Minister on behalf of the Government accepted this proposition and a new clause has been inserted in the Bill which will shortly come up before the House. When a very senior Minister like the Home Minister has accepted this proposition, I think it should almost automatically, *ipso facto*, apply to all measures coming up before the House and I believe there is nothing which stands in the way of the Government as a whole accepting this proposition. Anyway, I would like the Finance Minister to tell the House what he or his part of the Government feels with regard to this particular point, and if this is acceptable as I hope it will be, there is no further quarrel between him and me. Otherwise I will pursue the matter later on. If the assurance is on the lines of the one given by the Minister of Information and Broadcasting, then we might reconsider the position in the light of the advice that you gave yesterday. May I pause for a while for the Minister to say something on the subject?

Mr. Speaker: What arguments can he advance in support of this?

Shri Kamath: If the Minister does not accept the proposition, then I might say something more.

The Minister of Revenue and Civil Expenditure (**Shri M. C. Shah**): I do not accept the amendment. Shall I give my reasons?

Mr. Speaker: The Minister does not accept the amendment.

Shri M. C. Shah: There is a fundamental difference between a notification and a rule. These rules are to be prescribed for conducting an enquiry into the question as to whether a certain industry or industries require a managing agent on a certain date as mentioned in clause 324. Now these are, really speaking, instructions to the department as to how the enquiry is to be conducted and, therefore, these rules are mainly departmental directions and it is not necessary to have these rules discussed by the House and accepted or modified. As a matter of fact, we have already accepted the proposition that the notification should be laid on the Table of both Houses of Parliament. Both Houses of Parliament will discuss the notification and if it is accepted or rejected or modified, in that discussion there will be ample scope to discuss if the enquiry is not conducted in the way in which the House likes. They may reject the notification and may indicate the way in which the enquiry should be conducted. There are so many rules to be prescribed under so many clauses of this Bill and all these rules cannot be placed on the Table. The hon. Member wants to have the rules modified, rejected or accepted by the House. I do not think that we can accept that proposition.

Shri Kamath: The hon. Minister just observed that they are more or less instructions, if I heard him aright. I do not think that he is right in putting it that way, namely, that they would be merely instructions and not rules. They are not executive instructions or departmental instructions, are they?

Shri M. C. Shah: These rules are prescribed for going into the question as to whether a managing agent should be continued in a certain industry or industries. It is a departmental enquiry and these rules prescribe the method of holding that enquiry, or the procedure to be adopted for conducting the enquiry, what things will have to be looked into, etc.

Shri Kamath: I am thankful to the hon. Minister. It is a departmental en-

quiry and the framing of rules for a departmental enquiry is a very important matter and I do not know why Government should fight shy of this House. Should Parliament have no powers to change the rules if they so desire? It really beats me why Government should not agree to this fundamental proposition that the rules shall be modified by the House if it so desires.

Shri M. C. Shah: Government have already agreed to the rules being placed before the House.

Mr. Speaker: The hon. Minister is repeating the same arguments over and the hon. Member also is doing the same. The only question is whether Government are willing to take it as a general rule as suggested by the Delegated Legislation Committee that whenever any rules are framed, those rules should be placed on the Table of the House and they should be finalised only after Members get an opportunity of suggesting modifications, if any. It is not necessarily the case that for every rule some modification will be suggested, but that is one of the principles which the Delegated Legislation Committee has put forward. Perhaps the hon. Minister was not present yesterday when this discussion took place. Dr. Keskar said that it was a good principle but he was unable to accept it for the particular legislation before the House because that particular recommendation of the Delegated Legislation Committee was under the consideration of the Government and Government had not finalised their conclusion in the matter. He was therefore unable to give any assurance, but he said, if I remember aright, that Government would come to some conclusion and in case they come to the conclusion that the recommendation should be accepted, then if necessary he might bring forward even an amending Bill so far as the rule-making power under that particular Act was concerned. I think Shri Kamath wants only an assurance that Government will consider—not consider favourably necessarily, but just const-

der—the situation, and if they agree that this is a good suggestion which they might accept, then Government will come forward with an amending Bill, not immediately but some time later.

Shri Kamath: Government should make up its mind before the rules are made.

Mr. Speaker: The hon. Member will see the difference in this particular case. The rules are only with reference to section 170....

Shri M. C. Shah: Section 324.

Mr. Speaker: I shall just refer to section 324. It has a restricted scope but it is for the hon. Member and the Minister to consider whether the principle holds good in all matters important and unimportant. I would not express any opinion on that.

Shri U. M. Trivedi (Chittor): May I bring to your notice one rule from the Rules of Procedure and Conduct of Business? In rule 88 we have got a provision that a Bill involving proposals for the delegation of legislative power shall further be accompanied by a memorandum explaining such proposals and drawing attention to their scope and stating also whether they are of normal or exceptional character. There has been no such memorandum in this; we have of late noted that such explanations do not accompany wherever Bills of this nature are brought before the House.

Mr. Speaker: Let this fact be verified. But how is it affecting the passage of this amendment?

Shri U. M. Trivedi: It is not merely a question of rule making power under clause 324. It goes further. If the principle enunciated by the Committee on Subordinate Legislation is accepted, it is sought to be circumscribed in these ways....

Mr. Speaker: The memorandum was placed along with the Bill as originally circulated. So, the foundation of the hon. Member's argument is not there.

Shri U. M. Trivedi: It may be that I might not have noted it. What I was submitting is this. It is true that the scope of the rules under clause 324 may be very limited. The hon. Minister has said that the rules will merely provide the manner in which the enquiries may be made. There may be something more than that because according to clause 324, subject to such rules as may be prescribed in this behalf, the Central Government may by notification in the Official Gazette declare such and such things. So, the rules will not be merely for enquiring, they will go further. Under those circumstances, if this fundamental principle which has been enunciated by the Committee on Subordinate Legislation is accepted it would be better if a further explanation is given to this clause 324. I do not know if you have verified whether any memorandum or explanation is attached to clause 324 also.

Mr. Speaker: A general memorandum is appended to the Bill and not for every particular clause. I do not think that any further discussion on this point is necessary; it has been thrashed out. I will put the amendment to the vote of the House; that is the only alternative.

The question is:

In the proposed amendment—

for sub-clause (3) substitute:

“(3) Copies of all rules prescribed under sub-section (1) shall, as soon as may be after they have been prescribed, be laid before both Houses of Parliament for a period of not less than thirty days, and shall be subject to such modifications as Parliament may make therein.”

Those in favour of it will say ‘Ayes’.

Some Hon. Member: Aye.

Mr. Speaker: Those against it will say ‘No’.

Several Hon. Members: No.

Mr. Speaker: The Noes have it.

Shri Kamath: The Ayes have it.

Mr. Speaker: I am clear the 'Noes' have it. I shall put it again if the hon. Member so pleases. I am sure the 'Noes' will speak a little more loudly.

The question is:

In the proposed amendment—

for sub-clause (3) substitute:

“(3) Copies of all rules prescribed under sub-section (1) shall, as soon as may be after they have been prescribed, be laid before both Houses of Parliament for a period of not less than thirty days, and shall be subject to such modifications as Parliament may make therein.”

The motion was negatived.

Shri Tulsidas (Mehsana West): I beg to move:

In sub-clause (4) of the proposed amendment—

for “if, within that period, either House disapproves of the issue of the notification or approves of such issue only with modifications, the notification shall not be issued or, as the case may require,” substitute:

“shall be approved by both Houses of Parliament and”.

I want to make certain observations while moving my amendment.

Shri U. M. Trivedi: What about clause 199?

Shri Tulsidas: Rajya Sabha had substituted one year instead of two years. There is no objection to reducing this period.

I would like to read again what I have said at the time when this clause was passed. This would create a certain amount of discrimination. Persons on the managerial staff of any company cannot be employed on the basis of percentage of profits unless the percentage of net profits is defined according to the definition in this particular Bill. I may draw the attention of the hon. House to this fact that a private firm or a foreign firm can employ any managerial staff on different terms. To that extent the

advantage to the foreign firm and private firm will be there. However, I am not going into it now. The matter must have been considered by the Government.

[**MR. DEPUTY-SPEAKER** in the Chair]

If the Government feels that this particular advantage may be allowed to them then it is for the Government to decide. I would now come to clause 324. Rajya Sabha has amended this clause. The Government has accepted that amendment and it has been circulated. When this particular clause was adopted, I had also put in a similar amendment. It went much further but it was practically on the same lines of the present Rajya Sabha amendment. I would like to make one point clear here. The hon. Minister while making a reference to this amendment said that the same phraseology had been put in clause 620. That clause relates to the Government companies. They can be exempted from the operation of any section of this Bill. I may say that the application of the provisions of this Bill to Government companies is to a certain extent limited because it has got a narrow scope. Particular companies of the Government or Government Corporations may require to be exempted from certain sections of this legislation; certain others may require exemption in respect of some other clauses. So, there the phraseology was accepted by this House. But this particular clause, 324, relates to the entire industry and so it does become a very important question. Take for instance the textile industry. There may be 400 textile mills in the country and a notification will be for the entire industry. I have no objection if the Government wishes to have this notification issued but at least it should be approved by both Houses of Parliament because it affects the entire industry and not one particular factory or one particular unit. It is very important therefore that when any notification is issued it should be approved by both the Houses.

Mr. Deputy-Speaker: Should not the Parliament have the right to modify

any notification? Is it that Parliament must approve it wholly or reject it and not modify?

Shri Tulsidas: My amendment says that the notification shall be approved by both Houses of Parliament and shall be issued only with such modifications as may be agreed on by both the Houses.

Mr. Deputy-Speaker: Your amendment is to substitute the words:

"shall be approved by both Houses of Parliament and"

Shri Tulsidas: The other portion I have left as it is. I have removed the words starting from "if" up to "require" and I have kept the words "shall be issued only with such modifications as may be agreed on by both the Houses." What I want is that either it must be approved or it must be issued as modified by both the Houses of Parliament. I feel, as this is a very important question, it is but proper that whenever any notification is desired to be issued by the Government then it should take the approval of the Houses or it should issue it in the manner the Houses desire. As this is an important question I am sure my friend the hon. Minister will consider it from that aspect and not, because clause 620 has got the same phraseology, decide that this clause 324 should be worded in the same manner.

I have got only these points and I hope the hon. Minister will accept my amendment.

Mr. Deputy-Speaker: Amendment moved:

In sub-clause (4) of the proposed amendment—

for "if, within that period, either House disapproves of the issue of the notification or approves of such issue only with modifications, the notification shall not be issued or as the case may require," substitute:

"shall be approved by both Houses of Parliament and"

Shri U. M. Trivedi: Yesterday we had a very clarifying discussion on

this question of delegated legislation and it is in that very terminology that this particular amendment has been suggested by the Government.

Today there is another amendment standing in the name of Shri Bansal. I think that is a very wise suggestion that has been put forward. The position under our Constitution is this: that our Constitution places greater importance on the powers of the House of the People or Lok Sabha, so to say, and does not concede similar powers, where money Bills are concerned, to the Council of States or Rajya Sabha. In this particular instance the provision under article 117 gives us an indication that this is the type of Bill which cannot be introduced in the Council of States. In other words it has got the same colour as an ordinary money Bill and if introduction of such a Bill cannot be left in the hands of the Rajya Sabha my submission is that the approval or disapproval of the rules that must be made under the provisions of clause 324 of the Companies Bill should also not be left in the hands of the Rajya Sabha. This will create an impasse at some time. Therefore, even if the fundamental principle enunciated by the Committee on Delegated Legislation is accepted it would be quite in the fitness of things if this particular portion of the amendment which refers to both Houses of Parliament and says "be approved by both the Houses" or "either House disapproves" is dropped. It should only be "either approved or disapproved by Lok Sabha". Let Lok Sabha be the final arbiter on the question of these rules. Therefore, I do not completely agree with what my friend Shri Tulsidas has said although I quite appreciate what he has said. I would prefer that the amendment of Shri Bansal be accepted in toto.

Shri Bansal: (Jhajjar-Rewari): I beg to move:

(1) In the proposed amendment—
in sub-clause (4)—

for "either House" substitute
"Lok Sabha".

[Shri Bansal]

(2) In the proposed amendment—

add the following proviso to sub-clause (4):

“Provided that no notification will be issued unless it has been before Parliament for a period of thirty days.”

I am thankful to the hon. Speaker who spoke just before me for having tried to explain the constitutional position.

I will not devote my time in explaining the constitutional position and I would only like to draw your attention to the confusion that will be caused if the clause is passed as amended by the Rajya Sabha. If you will bear with me, Sir, I will explain what happens if the clause is passed as it is. Supposing the Lok Sabha approves of a particular notification and the Rajya Sabha disapproves of it, then what will be the position; or, suppose that notification is modified by the Lok Sabha and the Rajya Sabha accepts it in toto, then what will be the position? The wording in the amendment here is: “either House disapproves of the issue of the notification or approves of such issue only with modifications”. Supposing the Lok Sabha modifies a particular notification and the Rajya Sabha does not modify it, then what happens?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): Joint Session.

Shri Bansal: If you are contemplating a joint session for issuing a notification then I have nothing to say. What I am trying to point out is that this particular clause has not been drafted after very careful consideration of all the implications. Therefore, what I am suggesting is that instead of “either House” it should be only “Lok Sabha” and I think my amendment will commend itself to the hon. Finance Minister.

Shri Morarka (Ganganagar—Jhunjhunu): This amendment has been made by Rajya Sabha.

Shri V. P. Nayar (Chirayinkil): Please stand up and speak.

Shri U. M. Trivedi: He is sitting on the wrong benches.

Shri Bansal: My second amendment relates to another drafting lacuna in this particular clause. The clause says that the notification shall be laid in draft before both Houses of Parliament for a period of not less than thirty days while they are in session. What happens when the Houses of Parliament are not in session?

Shri M. C. Shah: It cannot be laid.

Shri Bansal: Then the notification is given effect to.

Shri M. C. Shah: No, no.

Shri Bansal: How “No”? After all, we are analysing the language of a particular clause and it will not be enough if the Finance Minister simply says “it cannot be” or “it will not be”. What we have to do is to consider the language of the clause. The language of sub-clause (4) is:

“A copy of every notification proposed to be issued under subsection (1) shall be laid in draft before both Houses of Parliament for a period of not less than thirty days while they are in session;”

What happens when the Houses are not in session?

Mr. Deputy-Speaker: The word there is “while” and not “if”. Therefore, if the Houses are not in session the notification need not be laid. It is only said that the notification shall be laid while the Houses are in session and therefore they will have to wait until the session starts.

Shri Bansal: Supposing they issue a notification, they cannot lay it.....

Mr. Deputy-Speaker: They cannot issue.

Shri K. K. Basu (Diamond Harbour): They can only issue a draft.

An Hon. Member: Why this suspicion?

Shri Bansal: It is no question of suspicion. I have, therefore, given a small clarifying proviso which simply reads:

"Provided that no notification will be issued unless it has been before Parliament for a period of thirty days."

If the intention is what my proviso says then there is no harm in my amendment being accepted by the Finance Minister.

Those are my two small amendments and I hope they will be accepted by the Finance Minister.

Mr. Deputy-Speaker: Amendments moved:

(1) In the proposed amendment—

In sub-clause (4)—

for "either House" substitute "Lok Sabha".

(2) In the proposed amendment—

add the following proviso to In sub-clause (4)—

"Provided that no notification will be issued unless it has been before Parliament for a period of thirty days."

Shri C. C. Shah (Gohilwad—Sorath): The intention of the amendment as moved by the hon. the Finance Minister and the meaning of it—not merely the intention but even the meaning—are quite clear namely that no notification can be issued unless it is approved by both the Houses or that the notification cannot be amended or modified unless the modification is also agreed to by both the Houses, because the words are:

"A copy of every notification proposed to be issued under subsection (1) shall be laid in draft before both Houses of Parliament for a period of not less than thirty days while they are in session."

So the obligation is there that it shall be laid and it shall be laid while the Houses are in session. Therefore, as you, Sir, rightly pointed out, the

words not being "if they are in session" and the words being "while they are in session" I think there is no room for doubt about the matter and the proviso sought to be added by the amendment of Shri Bansal, I submit, is unnecessary.

With regard to the amendment moved by Shri Tulsidas, with respect, I submit that it does not make much meaning, because the amendment as moved by the hon. Minister says that if it is disapproved by either House, the notification shall not be issued. It means that it must be approved by both the Houses.

Several Hon. Members: No, no.

Shri C. C. Shah: "If it is disapproved by either House." It means that if the Lok Sabha disapproves it or the Rajya Sabha disapproves it, it cannot be issued. It must be approved by both.

Shri Tulsidas: They are negative and positive. That is the only difference.

Shri K. K. Basu: It is a difference in approach.

Shri C. C. Shah: The amendment, as moved by Shri Tulsidas, as you, Sir, rightly pointed out, leaves out modifications.

Shri Tulsidas: I made it clear.

Shri C. C. Shah: No, because you retain the last few words and the portion which relates to modification is omitted in the amendment which you propose to move.

Shri Tulsidas: I am prepared to have a change in the draft.

Shri C. C. Shah: The amendments made by the Rajya Sabha are entirely clear, both in their intention and in their meaning, and so there is no necessity for any of the amendments moved by the hon. Members being accepted. They are at cross purposes really speaking, because the intention of my friend Shri Bansal is that it must be laid before the House for thirty days, and it should not be issued

[Shri C. C. Shah]

before that time. I can assure him that the meaning is perfectly clear that it shall be laid before the House.

As regards Shri Tulsidas' amendment that it should be approved by both the Houses, the meaning is absolutely clear that it cannot be issued unless it is approved by both the Houses.

Shri Tulsidas: May I ask for a clarification? Will the modification suggested by the Rajya Sabha require a resolution of both the Houses?

Shri C. C. Shah: No.

Shri Tulsidas: Therefore, according to Rajya Sabha, if a notification is laid on the table of the House and if nobody raises any question about it here, it is all right. That means that it is approved automatically. My amendment is to the effect that it requires a resolution of the House to approve of it. That is the difference.

Shri U. M. Trivedi: He does not want to take up that difference.

Shri C. C. Shah: It is open to the House either to disapprove it or approve it with modification. But if no amendment is moved either for disapproval or for modification, then it is obvious that the notification is approved.

Mr. Deputy-Speaker: What is the object of this delegated legislation? The rules have to be placed before the House and the approval of the House is sought. Those who make the rules have the authority to frame the rules and they will give advice to the Government and the rules are placed before the House. If that is not to be, then rules may be framed and amendments moved as amendments are moved for a Bill and all the formalities can be gone through. Then there is no need for any delegated legislation. If, after it has been placed before the House, the House does not

think that there should be an amendment, still, is approval necessary? Hon. Members will consider this aspect. That is how it strikes me. What is the object of this? Placing it before the House and accepting it means that there is an active attempt that it should be delegated to some other person; the officers of the Law Ministry will give the rules and the Minister will place them formally for the amendment of the original Act and then it can go through all the several stages. What is the difference?

Shri Tulsidas: The difference lies here. In clause 320, it has a limited scope, and in clause 324, we have given the power to the Central Government to notify the companies and specify the classes of industries. The entire industry has to be notified. Before notification, the point is that it should get the approval. The entire industry is concerned, and it is not merely one unit. This is an important notification. It is not only the rule-making power and delegated legislation, but it is a notification to have a particular industry put up on that basis.

Shri C. C. Shah: As regards the other amendment of Shri Bansal that it should seek the approval or the modification only of or by the Lok Sabha, I am afraid it cannot be agreed to, obviously because if the Act itself requires the approval of both the Houses, it is fair that the rules or notifications which are made in pursuance of the Act should also have the approval or modification by both the Houses. I do not want to go into the constitutional position but the thing is entirely clear that except for money Bills, both the Houses have co-extensive powers.

Mr. Deputy-Speaker: If both the Houses can delegate powers to the executive, cannot powers be delegated only by this House?

Shri C. C. Shah: I think it can be but it would not be proper to do so.

Shri Raghavachari (Penukonda): I wish very respectfully to point out, in

spite of what Shri C. C. Shah has said, that there is no doubt in the language and that, to my mind, it is equally clear that the language as it is now clothed in simply means that if any one of the Houses disapproves of the notification, the notification cannot be issued. If any of the two Houses wants to have the notification issued with a modification, then both the Houses will have to concur in the modification. That is how the language stands. Supposing a draft notification is placed before both the Houses and this House or the other House rejects it, the notification cannot be issued. There is an end of it. If any one of the Houses proposes a modification, then that modification will have to be approved by both the Houses. Supposing a draft is put before this House and the other House, and this House approves of it and the other House tries to modify it, then that amendment must come here, as the language stands now. The amendment says:

"...and if, within that period, either House disapproves of the issue of the notification or approves of such issue only with modification the notification shall not be issued or, as the case may require, shall be issued only with such modifications as may be agreed on by both the Houses."

That means if the Rajya Sabha says there should be a modification, then that modification will have to be approved by this House also. Therefore, in the case of modification only, consent and approval of both the Houses is required. In the case of rejection by any one of the Houses, there is an end of it. Therefore, the language is certainly not clear and will not permit if the intention is that in both cases the approval of both the Houses is required.

Mr. Deputy-Speaker: The hon. Member misunderstands the last line: "...as the case may require, shall be issued only with such modifications as may be agreed on by both the Houses".

Shri Raghavachari: The approval has to be given by both the Houses if there is a modification. I agree. What I say is, for disapproval, one House is enough. If the notification is disapproved by one of the Houses, there is no question of concurrence of both the Houses.

Mr. Deputy-Speaker: What does the hon. Member suggest? Does he suggest that even if one House disapproves and the other House approves, the notification shall be issued?

Shri Raghavachari: I do not say that it should be so. Only the language, as it is, gives that meaning.

Mr. Deputy-Speaker: Disapproval is a fundamental thing. The object of the Constitution is this: both the Houses must accept either wholly or partially. There is no question of either House, or rather, both the Houses accepting. Even if the other House disapproves, it is useless, because, in the case of a Bill, if this House rejects a Bill finally it cannot be taken to the other House.

Shri Raghavachari: No; I only wanted to point out that the language, as clothed here, definitely makes a distinction between disapproval and approval. In the case of disapproval, if one of the Houses disapproves, there is an end of it. In the case of modification, both the Houses are to concur. My friend was saying that both in the case of disapproval and approval, both the Houses are to concur.

Shri N. C. Chatterjee (Hooghly) rose.

Mr. Deputy-Speaker: I think it is like a snowball gaining momentum. I am afraid I cannot allow any other Member to continue.

Shri N. C. Chatterjee: I should have finished by this time were it not for the interruptions.

Mr. Deputy-Speaker: No, no. I will hereafter take note if those Members who stand in the first round only and not in the second and third rounds! As discussion goes on, hon. Members

[Mr. Deputy-Speaker]

go on thinking about it afresh and stand up to speak. Of course, there is no harm in thinking. Yes, Shri N. C. Chatterjee may now speak.

Shri N. C. Chatterjee: I am obliged to you, Mr. Deputy-Speaker. What I pointed out last time in this House was that this amendment which has been introduced by the upper House was exactly in conformity with the recommendation of the Committee on Subordinate Legislation. I was pressing that this was a healthy and salutary principle which ought to be accepted. Of course, there is some point in what Mr. Kilachand has said. Clause 620 of the Bill deals with the "Power to modify the Act in relation to Government companies." It says:

"The Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act (other than sections 618, 619 and 639) specified in the notification—

(a) shall not apply to any Government company;" etc.

If you turn to clause 618, it says "Future Government companies not to have managing agents." All that we have been legislating is this, namely, no Government company shall have a managing agent; but if in any particular case, the Government wants to have a managing agent, it will be possible. But it will happen once in a blue moon. Then, we have given power to the Government to issue a notification. Under sub-clause (2) of clause 620, that notification shall be laid in draft before both Houses of Parliament and if there is no disapproval, it shall automatically become the law of the land. The power that we have given to the Government under clause 324 is not subordinate legislation. We are giving the power to the Government to say today or the day after that in textile industry, there shall be no managing agent. That will affect the 400 or 500 textile mill companies and there will be serious repercussions. The Central Government is being given

the power to notify that companies engaged in specified industries shall have no managing agents. It is a serious power; it is not merely a delegated legislation. We want some assurance, so that it is not a question of a negative approach. It should get the imprimatur of this House as well as the upper House. I do not want uni-cameral ratification. This is not technically a Money Bill; therefore, I want both Houses to apply their mind. Otherwise, placing it on the table for 30 days and doing nothing will be a negative approach and it does not help us. You are conferring on the Government an uncanalised power. I do not know whether it is perfectly legal and constitutional, but assuming it is so, it is an uncanalised and unrestricted power conferred on the executive to notify, say, that all companies in the jute industry shall have no managing agents. Then, it should be prescribed that Parliament must say "yes". Parliament must ratify it. Parliament must give its imprimatur to that very important and serious decision taken by the executive and only then it shall be the law of the country. Otherwise nothing happens if it is merely placed on the Table for 30 days....

Mr. Deputy-Speaker: Does the hon. Member think Mr. Kilachand and Mr. Somani will be there quiet?

Shri N. C. Chatterjee: I want Mr. Deshmukh or Mr. Shah to take up the matter. I mean not Mr. C. C. Shah, but Mr. M. C. Shah, unless something happens to him in the mean time. It should be obligatory on the Ministry, on the executive, who are going to exercise this very very extraordinary power to have the legislative sanction, the imprimatur of the Parliament before all managing agents are given the order to quit particularly in certain industries

Shri G. D. Somani (Nagpur-Pali): I would make only a few observations on these two amendments. So far as the first amendment is concerned, the

principle involved will of course create a lot of difficulty, but since the principle is not under consideration today, I have nothing much to say, because the curtailment of the period from two years to one year is of minor significance and I think it was not worthwhile for the Government to have accepted that amendment and taken this trouble of coming to this House for such a minor matter.

Coming to the amendment regarding clause 324, I would like to endorse what Mr. Chatterjee has just now said, because it is not a notification of a routine nature. Any such notification involving an entire industry, be it jute or textiles, may have very far-reaching repercussions on our entire national economy. Therefore, it is not sufficient for the Government to say that the draft notification will be laid before the House and then it will be left to the initiative of somebody in the House to raise a discussion. I think the Government must come forward with a positive motion for seeking the approval of the House, because the notification about removing the managing agency system in any industry is a matter of far-reaching economic significance. It is very appropriate that when the Government have accepted some such amendment which we moved when the Bill was under consideration in this House, then they should go to the fullest possible extent and they should assure the House that it is their intention to come forward with a positive motion before the House for seeking the approval or modification of any such notification which they might issue. I might also draw the attention of the hon. Minister in this connection to the amendment that we had tabled in which both myself and Mr. Kila-chand had suggested that any such notification should also be preceded by a comprehensive enquiry about the pros and cons of the working of the particular industry about which the Government might be thinking of issuing the notification. It would have been better if the Government had also incorporated in this amendment

that such notification would only be issued after a comprehensive enquiry has been made and after an opportunity has been given to the industries concerned to place the facts and figures about their working. As you know, Sir, about 80 per cent. of the industrial concerns are at present controlled by the managing agency system and therefore, any move to abolish this system will have far-reaching repercussions. I therefore submit that the hon. Minister should be able to give us a positive assurance that such notification will be moved by a positive motion for seeking the approval of the House. It will not be sufficient to just lay the draft on the Table of the House.

Shri M. C. Shah: Regarding clause 199, Mr. Tulsidas has raised one point about remuneration. He knows well that this Act will apply to all the companies, Indian and foreign, registered in India. Therefore, there is no question of discrimination so far as clause 199 is concerned.

Mr. Somani says that the Government ought not to have agreed to reduce the period from two years to one year. When it has pointed out to us that we are giving certain concessions to the small officers and employees other than managing agents, directors, secretaries and treasurers to have their remuneration or commission paid on the net profits and when we accepted that principle, we then thought that the time of grace may be two years. So many items are to be deducted before arriving at the net profits and so we thought that two years will be necessary. But then it was pointed out to us that two years would be a long period and that while accepting the principle of allowing these officers to have their remuneration or commission paid on net profits, that should also come into force after one year at the most. We accepted that compromise; and, we think it is a fair and reasonable compromise.

Coming to the amendment to clause 324,.....

1 P.M.

Shri Tulsidas: I want to make one point clear. As regards discrimination, the reference was not to foreign companies registered in India. But, these companies are not registered in India; they have branches here. There is discrimination to that extent.

Shri M. C. Shah: How can we regulate this in the Companies Bill, I do not understand. The Companies Bill will apply to those companies which are registered in India, both Indian and foreign. There is no discrimination so far as clause 199 of the Indian Companies Bill is concerned. There are other ways by which we may regulate or we can regulate the commissions or remuneration paid on the net profits of foreign concerns. That is a matter quite apart from the Companies Bill. Whether the remuneration is high, whether the salaries are high, whether they must be brought down, that matter can be taken up in another way, perhaps by the Commerce and Industry Minister. **Shri Tulsidas** will be well advised to raise that point with the Commerce and Industry Ministry or Minister.

With regard to clause 324, I thought that the Members on the opposite side will appreciate the action of the Government in accepting this amendment. Here, **Shri Tulsidas** had moved an amendment which was very wide. We could not accept that amendment. Thereafter, in clause 620, we accepted an amendment of a similar nature. The matter then went to the Rajya Sabha. In the Rajya Sabha this question was again raised. We thought that if we could accept that amendment in a modified way, it would be better. We thought that we must take the Houses into confidence and must have the advice of the Members of both the Houses before issuing a notification which will affect the industries in a great way: whether the managing agents should remain or should go. Therefore, we accepted that amendment. My hon. friend **Shri Tulsidas** seems

to be hurt. I thought that they would appreciate the action of the Government in agreeing to these notifications in draft being placed on the Table of both the Houses of Parliament. If either House disapproved of this notification, it will not issue. If the Houses suggest certain modifications and if the notification with the modifications is agreed to by both the Houses, then the notification may issue with the modifications. This is a very distinct advantage. Really speaking, we thought that we must share this responsibility of issuing the notification with the Members of both the Houses of Parliament. Therefore, I expected some appreciation of this concession agreed to by the Government from the opposite benches. I am sorry that they have taken the opportunity of these amendments being moved in this House, to be critical. As a matter of fact, there is no doubt about the wording of the amendment. If either House disapproves this notification, the notification will not issue. If there is a modification in the notification and if that is agreed to by both the Houses, that notification will issue. I think the position is very clear. It is really a progressive amendment that was accepted by the Government in the Rajya Sabha after having accepted the amendment in clause 620. It may be that in clause 620, it comes in in a restricted way in certain Government companies. Here, it is a big problem, about the ending of the managing agency system. There too, we thought that the Government would be well-advised to take into confidence both the Houses of Parliament, and if they disapprove of the action of the Government in terminating the managing agency in a certain industry or industries, certainly the notification should not issue, and if there are certain modifications and if they are agreed to by both the Houses, the notifications will issue with those modifications. I think that is very clear. The amendment is worded clearly. I do not think that any hon. Member should object to this progressive step taken by the Government.

About the amendment of my hon. friend Shri Bansal, as regards Lok Sabha, I do not think it will be proper to accept that amendment. As a matter of fact, this amendment was suggested in the Rajya Sabha. We agreed. Now, it is brought here. I think it will not be proper for the Government to accept an amendment restricting the right to the Lok Sabha only. If either the Lok Sabha disapproves or the Rajya Sabha disapproves, then, the notification will not issue. Therefore, I think that the amendment as proposed by the Government should be accepted by the House. These are the only points raised.

It has been said now that we must accept the position that these notifications in draft must be approved by both the Houses, or a resolution should be moved by the Government that such and such a notification in draft be approved. I think, to place that notification draft on the Table of the Houses will quite suffice. The Members will be vigilant and if the Members feel that they should not approve of the notification draft, they can move in the matter within 30 days. Therefore, we have provided that the notification shall be laid on the Table of both the Houses for not less than 30 days.

A doubt was raised by my hon. friend Shri Bansal, what will happen if the Houses are not in session. The notification cannot issue, because it is obligatory on the Government to have this notification placed on the Table of the Houses for not less than 30 days. From that it is very clear that the Government cannot issue any notification when the Houses are not in session. I think my hon. friend Shri Bansal will take this assurance. Even that assurance was not necessary because the language is very clear. I hope and trust that the House will agree to the amendments moved.

Mr. Deputy-Speaker: Both the amendments of Shri Bansal?

Shri M. C. Shah: Yes; I cannot agree.

Mr. Deputy-Speaker: I shall first put Shri Bansal's amendments to the House and then, if necessary, Shri Tulsidas's amendment.

Shri Tulsidas: In whatever order you like.

Mr. Deputy-Speaker: I shall first take up Shri Tulsidas's amendment.

The question is:

In sub-clause (4) of the proposed amendment—

for "if, within that period either House disapproves of the issue of such notification or approves of such issue only with modifications, the notification shall not be issued or, as the case may require," substitute:

"shall be approved by both Houses of Parliament and".

The motion was negatived.

Mr. Deputy-Speaker: Now, both the amendments of Shri Bansal.

Shri Bansal: In view of the assurance given by the Finance Minister, I withdraw my amendments.

Some Hon. Members: He should have the leave of the House.

Mr. Deputy-Speaker: Has the hon. Member leave of the House to withdraw the amendments?

Some Hon. Members: Yes.

Some Hon. Members: No.

Mr. Deputy-Speaker: Even if there is one objection, I have to put the motion to the House.

The question is:

In the proposed amendment—

in sub-clause (4)—

for "either House" substitute "Lok Sabha".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In the proposed amendment—

add the following proviso to sub-clause (4):

"Provided that no notification will be issued unless it has been

[Mr. Deputy Speaker]
before Parliament for a period of
thirty days."

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

"That the following amendments
made by Rajya Sabha in the Bill
to consolidate and amend the
law relating to companies and
certain other associations, be
taken into consideration:

Clause 199

(1) That at page 100, line 23, for
the words "two years" the words "one
year" be substituted.

Clause 324

(2) That at page 170, for lines 24
to 26, the following be substituted,
namely:

"(3) Copies of all Rules pres-
cribed under sub-section (1)
shall, as soon as may be after
they have been prescribed, be laid
before both Houses of Parliament.

(4) A copy of every notification
proposed to be issued under sub-
section (1) shall be laid in draft
before both Houses of Parliament
for a period of not less than
thirty days while they are in
Session; and if, within that period,
either House disapproves of the
issue of the notification or approves
of such issue only with modi-
fications, the notification shall not
be issued or, as the case may re-
quire, shall be issued only with
such modifications as may be
agreed on by both the Houses."

The motion was adopted.

Shri M. C. Shah: I beg to move:

"That the amendments made
by Rajya Sabha in the Bill be
agreed to."

Mr. Deputy-Speaker: The question
is:

"That the amendments made by
Rajya Sabha in the Bill be
agreed to."

The motion was adopted.

PREVENTION OF CORRUPTION
(AMENDMENT) BILL

The Minister of Home Affairs
(Pandit G. B. Pant): I beg to move:

"That the Bill further to amend
the Prevention of Corruption Act,
1947, and to make a consequen-
tial amendment in the Criminal
Law Amendment Act, 1952, be
taken into consideration."

This is a simple Bill, but though
the measure is a minor one, it has a
laudable purpose. I am confident
it has a laudable purpose. I am con-
fident that it will be readily accept-
ed by the House.

The Bill has been designed in order
effectively to combat the evil of cor-
ruption. Certain lacunae have been
noticed in the Prevention of Corrup-
tion Act which was passed in 1947
and as a result it has been found
necessary to introduce this Bill.

As hon. Members may be aware,
the Prevention of Corruption Act pre-
scribed a procedure for facilitating
the investigation and trial of corrup-
tion cases, but it was restricted only
to sections 161 and 165 of the Penal
Code. Section 161 relates to the tak-
ing of a bribe by a public servant,
and section 165 to the obtaining of
any valuable things without consid-
eration by a public servant. Clauses
162, 163 and 164 which deal with
allied matters and almost the same
subject were, however, then left out.
It is necessary to prescribe a similar
procedure for these offences too.

As I said, section 161 relates to the
taking of illicit gratification by a
public servant. Section 162 relates to
the taking of gratification by corrup-
or illegal means in order to influ-
a public servant, and section 163
the taking of similar gratification for
the exercise of personal influence by