

then Minister of Transport and Communications, Shri S. K. Patil gave an assurance that a detailed statement would be made about the Government's attitude towards non-scheduled operations by independent operators, after the accident investigation report had been received. Copies of the investigation report together with a memo. giving the decisions of the Government thereon have been placed in the Library of Parliament.

Certain allegations of malpractices and irregularities against Kalinga Airlines were also made by some Members of the Sabha, and Government appointed a Committee to investigate them. Necessary action has been taken against the Pilots and Engineers of the Kalinga Airlines on the basis of the findings of the Committee. The question of taking action against the operator was also considered. The operator was asked to show cause why the permit granted to him should not be cancelled. After careful examination of the explanation submitted by him and considering that there has been some improvement in the performance of the operator after the appointment of the Committee, it has been decided to keep a close watch over the operations instead of imposing a penalty. The company on their own dispensed with the services of the Managing Director as a first step towards improving their operational efficiency.

With regard to the question of Government's policy towards non-scheduled operators, it has been stated in the House on more than one occasion that there was no intention to change the basic policy which in the main has been that, while they should be allowed to function as hitherto, no additional capacity should be permitted in the private sector. The matter has been considered by Government carefully once again and their conclusion is that in the present stage of development in the field of civil aviation, there is no justification for a radical

change in the basic policy. There is no intention of nationalising the non-scheduled operations merely on the ground that one of the four operators has been found to have failed to adhere to the rules and regulations. The endeavour of the Government is to exercise the utmost vigilance with a view to ensuring a strict adherence to the rules and regulations on the part of non-scheduled operators.

Shri Mohiuddin: I beg to lay on the Table a statement regarding Government's policy towards non-scheduled operators. [See Appendix II, annexure No. 64.]

Shri S. M. Banerjee (Kanpur) rose—

Mr. Speaker: Let him read the entire statement. I do not allow questions on statements immediately after they are laid on the Table. This is becoming a regular habit—of asking questions at this stage.

12.19 hrs.

COMPANIES (AMENDMENT) BILL
—contd.

Mr. Speaker: The House will now proceed with further consideration of the following motion moved by Shri Kanungo on the 30th November 1960, namely:—

"That the Bill as amended, be passed".

The time allotted is two hours.

Shri Tyagi (Dehra Dun): The Minister may be summoned.

Shri Braj Raj Singh (Firozabad): May I seek a clarification now?

Mr. Speaker: No, no. Not now.

Shri Braj Raj Singh: It is about the rules.

Mr. Speaker: Let him see me in my Chambers. Let him table it. Every matter ought not to be brought up here.

Shri Braj Raj Singh: About the rules, I cannot table anything.

Mr. Speaker: I am not going to allow proceedings to be interrupted like this.

An Hon. Member: Please sit down.

Shri Braj Raj Singh: Sir, shall I be gagged by the order of an hon. Member? (*Interruptions*).

Mr. Speaker: Under certain circumstances, the House as a whole can do that. If an hon. Member refuses to abide by the decision of the Chair the aid of the House will have to be evoked.

Shri Braj Raj Singh: I was abiding by the decision of the Chair.

Mr. Speaker: If I want to punish an hon. Member for more than 7 days I will have to take the House into confidence. So long as I am able to maintain order here. I do not want any hon. Member to help me. The hon. Member himself should have seen that he does not place himself in the position of being asked by other hon. Members to sit down. He is a responsible person; he is a leader of a group. I am showing a lot of concession to him. I am not making any difference between him and the leader of any other bigger group. I have always been showing him indulgence. Unnecessarily, he is taking some things into his head. Let him be a little patient. Every indulgence will be shown to him.

Now, let us go to the business. **Shri Ranga.** How long does the hon. Minister propose to take?

The Minister of Commerce (Shri Kanungo): I thought I would take only about 15 minutes; but now that **Shri Ranga** is speaking I may take more.

Mr. Speaker: Yes; let him take 20 minutes. We must conclude this Bill by 2.30 p.m.

Shri Ranga (Tenali): Sir, I rise to express my dissatisfaction with the Bill as it has emerged so far. It is significant that the party in power has insisted upon its pound of flesh, as it were, in regard to the political contributions by the companies in spite of a unanimous demand made by all the opposition parties. Everyone knows that the parties in opposition are so many in this House and are so much in opposition to each other in regard to their ideologies and political approach. And yet, it is extraordinary that all of them should be making this unanimous demand and it should be negated by the party in power.

12. 23 hrs.

[**SHRI JAGANATHA RAO** in the Chair]

My hon. friend, **Shri Tyagi** has warned the Government and the party in power not to insist upon this political levy, at least for the sake of the good name of the Congress Party. But, unfortunately, the Congress Party is not in a mood to heed his advice. I am not surprised because, a long time ago, the Prime Minister himself was asked whether he would approve of a kind of voluntary levy—it was supposed to be so—that the sugar manufacturers of U.P. had thought of imposing upon themselves in order to make a contribution to the Congress Party and paying it to the Treasurer of the Congress Party, who, at that time, happened to be the Minister in charge of Civil Supplies. And the Prime Minister thought that there was nothing wrong in that kind of thing and even in so many other countries also, political parties have come to depend upon such levies and, therefore, the Congress Party would be entitled to make that collection; and they had made that collection.

We have known only too well what has been published in the papers, again and again, during all these years that all the money that was then collected in that fashion did not actually

reach the ruling party itself completely. But portions of it or a portion of it was taken over by certain individuals or some individual; and those persons were not amenable even to their own party discipline. Some of them were able to keep with themselves some of those funds either for their own personal use or for the use of their faction or group. All these unholy things have come to happen because, as things are here in our country, our parties are driven by groups and factions and the parties do not have so much of control over their own office bearers and individual members. What is said to be paid to a particular party cannot necessarily be taken to be really reaching the authorities of that party. Even if it reaches the party there is no guarantee that that money is likely to be utilised for the purpose for which it has been granted by these companies.

Under these circumstances, it is very unfortunate indeed that the present ruling party should continue to be under the leadership of the same Prime Minister and the present ruling party should have continued to pursue this wrong policy over all these years.

It is not as if our friends are completely convinced of the political necessity of the morality of this procedure. From what has fallen from the lips of my hon. friend, Shri Lal Bahadur Shastri—I am sorry I have to make some observations in his absence today—it is quite clear that he was not himself convinced of the morality of this procedure. And, that is why he appealed to all of us that we are all living in glass houses and should not throw stones at each other. This is an extraordinary way of justifying a very wrong procedure and very wrong approach to political problems, especially when they link of this kind of impact upon the commercial morality of our people.

The Government is expected to maintain a code of conduct so far as politics is concerned and also to assist

and enable various classes of our people to evolve and maintain codes of conduct in their own respective spheres. But, here is a government which is not prepared to develop a code of conduct for itself in its relations with the various sectors in our society, especially so in the present circumstances in its relations with the companies in our country.

This alone is enough to condemn the Government and this alone ought to be enough justification for my hon. friend to have offered to leave this matter to be decided by the free vote of all the Members of this House, especially of his party. Then, what happened? We have known what happened yesterday. The Whip himself denied this right, first of all to the hon. Minister and later on to his party. That only shows what sort of control an individual Cabinet Minister, who makes a definite commitment in the House, comes to have over the Whip of his own party. Having said that, let me also refer to another matter. My hon. friend wanted the House to put faith in his own *bona fides* and on that authority he wanted us to accept that amendment. We are prepared to accept his *bona fides*. But was he in charge of Company Law Administration at the time of the last elections? Then, why should he plead that to his knowledge nothing untoward or nothing immoral or wrong was done at the time of the last elections in the way of collecting the dues from these companies? I feel that it was very unjustifiable on his part to have invoked the confidence of the House in his personal character in order to justify what the Government did or is complained to have done at the time of the last elections.

My hon. friend, Shri Asoka Mehta, asked him and the Government to disclose this information. He wanted the names of those fifty and odd companies which were responsible towards contributing to the tune of Rs. 2 crores, it may be a little more or a little less

[Shri Ranga]

for the sake of the last elections. Was it contributed in one sum, in one year or was it done over a number of years?

Shri Tyagi: It is an internal matter of the Party.

Shri Ranga: No, no. I am asking about the companies. After the last elections were over, how many of these companies had been favoured, whether specially or even otherwise in the ordinary course of things, by various permits or licences or exoneration of various improprieties that they had committed and the various mistakes that have been discovered to have been committed either under the company law or other laws. My hon. friend was not prepared to give that information. I think it was wrong of him to have refused to give that information, and much more wrong indeed was his non-chalant way of offering to the Members of the Opposition to go and look at the balance sheets of all these companies and collect the information and publish it for whatever it is worth. That is not the way to deal with a serious matter like this. It is the duty of the Government, when it comes forward to the House for its approval to take so much power to regulate, control, criticise, condemn, penalise the various companies for having done or not done so many things under this particular law, to give facts. Is it not justifiable on our part to demand of the Government that they should be prepared to collect this information and place it at the disposal of the House and also of the public. I think it is very wrong of my hon. friend to have denied himself the opportunity of putting the Government in the right the present Government and the future Governments.

He has said that we need not be so very afraid that any of these political parties may be getting contributions from these companies which are few in number in view of the fact that the

Government is encouraging now the formation of smaller companies and smaller enterprises throughout the length and breadth of the country. All these small enterprises, he seemed to argue, cannot be expected to contribute much to the political parties' fund. Even then I interrupted him saying that each one of these companies would be able to contribute up to Rs. 25,000 and in that way they may be able to collect very much more than they are able to collect at present. What is more, a big company may be able to resist up to a limit sometimes, the temptations and blandishments that would be coming from the ruling party while the smaller ones would not be able to resist them at all. The mere wink of, not even a Minister but, somebody who says he has the confidence of the Minister would be more than enough to persuade the smaller companies or their managing directors and other to place at the disposal of the Government Rs. 25,000 or something more or something less and in that way there is a greater danger of these smaller companies being forced to contribute and all those contributions put together may amount to very much more than what they are able to collect at present. Instead of being confined to a few companies, this mischief will now be more widespread over the whole country, over the whole gamut of our industrial enterprise. That is another reason why I feel unhappy over the new amendment that they got passed yesterday. Even this amendment gives so much more power to the Government.

They are supposed to have yielded to the pressure of the House by placing a ceiling on the contribution that any individual company might be making to any individual party. But who is going to implement the ceiling? That power is again taken by the Government. Nobody knows how far the power is going to be implemented and whether any contravention of that clause is likely to be looked into at

all. By appearing to be placing a curb on their own powers over these companies, the Government has taken far more powers in reality and the House also seems to have given that power under some kind of a misapprehension.

My hon. friend went out of his way to make some unfair charges against my colleague Shri Masani and the Party to which he and I have the honour to belong. He seems to be under the impression that our Party—the Swatantra Party is not so very keen on protecting the people and protecting the shareholders from the management and also protecting the public from the management and shareholders of these companies. I shall disabuse him in regard to this matter and this need arises especially because he is one of those few Ministers who are, generally speaking, loath to make such a wrong remark—I do not wish to use the word 'irresponsible' and so I say 'wrong'. Here is a statement that we have published *To prosperity through freedom*: On page 5, this is what we say:

"The Party does not stand for what is known as *laissez faire*; it stands for free endeavour, regulated by such State action...."

That is not to say, it is not uncontrolled.

"...such State action as may be necessary for preventing and punishing the anti-social activities and for the protection of the weaker and useful elements of society."

This would have two aspects. One is to have legislation in order to protect the minorities in a particular company against the majority within that company, in order to protect the shareholders from the mischief-makers among the managing directors and so on. We have always been in favour of it and I have myself helped this Government as well as the previous Government in its efforts to place the necessary provisions on the

statute book and to incorporate the safeguarding provisions in the company law.

There is the other side and that is where the Government comes in. Taking advantage of the occasional disputes or differences of opinion or differences of interests between the minority and the majority, between some shareholders on the one side and the management on the other, the Government gets in and puts its finger in the pie and takes for itself more power not only for the protection of one section against another but for the benefit of the growing power of the Government over all the interests concerned in the industrial field. It is just there that we join issue with the Government and say that the Government's power should be reduced to the minimum and the powers of these companies, their shareholders and groups among themselves and their managements should be maximised for the corporate benefit and for the benefit of the public.

Having said that and clarified the position, I wish also to state that my hon. friend Shri Shastri and his two colleagues in the Ministry and his hopeful assistant who is not yet in the Ministry but would like to be somewhere near the periphery—were trying to imply that Shri Masani was opposed to any regulation and interlocking. If only they had cared—as Shri Masani had asked them—to read the relevant passages from his Minutes of Dissent, they would have found that their charge was not fair. His observations would be found on pages 30 and 31 in the report of the Joint Committee. He was quite clear in his statement that the Government should not try—as it has tried and now perhaps succeeded to obtain the power with retrospective effect in order to penalise some of the companies which have already exceeded the maximum of 20 per cent. That is all that he has said. If you must restrict it to 20 per cent alone

[Shri Ranga]

then do it for the future. Secondly, who is to decide that it is in the interest of the company or that its funds should be invested in some other company to the tune of 20 per cent or more? Who is to be the authority, Government or the shareholders concerned? He was agreeable to having a provision here but he said that the shareholders should be asked to give the necessary sanction and that beyond that it was not necessary to bring in the Government. That is all that he wanted to say. Therefore, it does not mean that he was opposed to it or was in favour of inter-locking or that he was opposed to regulating the interlocking and so on.

Then, Sir, Shri Mundhra's name was brought in. I think it was brought in unnecessarily, because the hon. Minister should have known that, after all, we stand for a police department in this country for civil affairs, for criminal affairs and for similar regulations and protective activity on the part of the Government so far as industrial concerns and all these things are concerned. Merely because we do not want too much of power to be given over to the Government that does not mean we do not want a policeman to control a criminal. Does that mean that we want anarchy to prevail in this country? Similarly, does that mean that Shri Masani or our party stands for anarchy in industrial and commercial relations merely because we do not want Government to take for itself too much of power? Sir, that is not a fair way of dealing with the Opposition or its leaders.

Then I come to my last point. All these powers are being taken by the Government—by Government we come down to mean the Company Law Administration. They are more or less one and the same, and the Company Law Administration cannot be independent. Today the Government cannot be independent of the interests of the ruling party. The Government and the ruling party are

more or less one and the same. We have had an exemplification of it yesterday between the Cabinet Minister and the Whip. The Cabinet Minister had a conscience which pricked him and therefore he said that they were going to give freedom to Members. But the Whip, who is also the conscience-keeper of the party had another way of looking at it. He prevailed, of course, and I congratulate him so far as his party is concerned. Similarly, where is it said that the interests of the ruling party are not likely to prevail over the conscience of—whosoever might be the incumbent—Commerce and Industry Minister at any time? Therefore, where is the guarantee that political interests are not likely to be brought into play in the administration of the Company Law?

Sir, the Company Law is giving so many powers to the Government. There are so many punitive clauses in it. In fact, it is a wonder how thousands and thousands of private entrepreneurs are bold enough to come into the *padma vyuha* of the Company Law and somehow or other manage not to get into jails. The moment they found Mr. Mundhra was a mischief-monger and he had turned out to be an enemy of theirs he was bold enough to expose the fact that he had given so many political subscriptions to them, they discovered suddenly and told the whole country about so many illegal things that he was supposed to have done. Under so many clauses of this particular law and so many other laws, he was being prosecuted. I cannot be surprised if he is still under some prosecution or the other today before some court. How does it happen that all the other industrialists—there must be many more Mundhras or at least half Mundhras, one-tenth Mundhras or even one-hundredth Mundhras—in this whole gamut of industrial organisation of our country are escaping and this man alone has been placed before the courts for so

many years and so many cases have been brought against him?

Shri S. M. Banerjee (Kanpur): Because he paid less.

Shri Ranga: No, no. It is because the Government wants to wink at so many of these other things. The Government does not want to run after all these people and get into too much of trouble. It is for that reason that they are not being troubled. But they have got the power and they can trouble anybody at any time. That is one of the reasons why many of these people are making contributions. My hon. friend Shri Asoka Mehta was saying the other day—Shri Tyagi himself said that—that he can understand if people like my hon. friend Shri Morarka who agree with the ideology of the Congress are willing to place their contributions for party fund. But there are so many of these industrialists who do not agree with the Congress, who cannot be said to be agreeing with the Congress and yet making all these contributions. It is because of the punitive powers that Government has got in its hands which it is able to wield whenever it likes, whenever it suits its convenience and the convenience of its party.

Therefore, Sir, I wish to make this serious suggestion—I think it has already been suggested by another hon. friend also—that this Company Law Administration should be taken away completely from the purview, from the authority of the Government and placed under the authority of a statutory commission. Let that statutory commission come to enjoy the same kind of independence as the Public Service Commission or the Auditor General, so that the ruling party would not be able to influence it. The time has come when we have got to be as careful about the freedom and liberties of our people as we used to be when the British were here. The time has now come when we have got to save the Government of the day from the evil influences of the ruling

party of which it happens to be the spokesman in the House. For these reasons, Sir, I very strongly urge that it is proper that this administration should be taken out of the authority of the Government and entrusted to an independent commission.

In conclusion, I wish to warn the ruling party. It is a warning to all of us also. We all need, it is true, money for financing our political parties. Then let us be brave enough, heroic enough to face the consequences of the people not being willing to give money to us or being willing to give to us. When Mahatma Gandhi was leading the Congress he never suffered for want of money. He openly appealed for crores of rupees, and more than 40 years ago he was able to get that. He did get that money because a few people, a few very rich people contributed to the tune of lakhs and lakhs in each individual case. They did. There was nothing wrong about it. I was amazed to hear my hon. friend yesterday. He seems to have thought that it is no more immoral to take money from companies than to collect money from various individual in large sums. No. There is a world of difference. There is a book called *Mahatma Gandhi's Relations with a Capitalist*—that is, the late lamented famous leader of ours, Shri Jammalal Bajaj. There you will find published so many letters which were exchanged between Gandhi and Shri Jammalal Bajaj. We want such capitalists, we want such industrialists who have got a *dharmic* view of life and who would be prepared to place their funds at the disposal of political parties for a political movement. Let the Congress also take courage in both the hands and go to the people. Let them then say that they depend upon the people, they depend upon the favour of the people, they depend upon their popularity with the people and their willingness to contribute, just as all of us are looking to them. Let us all go to the people.

Shri Tyagi: Why don't you come back to the party?

Shri Ranga: Because I am tired of the heroic role you are playing, because it is so ineffective. Unfortunately, I have played it for 30 years and found it necessary in the interests of the country to come and begin to do the same good work.

Therefore, let us take courage in both hands. On the other hand, it would be a confession on the part of the Congress if they persist in making these collections that they are no longer able to get the same sort of mass support of the people by way of financial contributions and that they are obliged to depend upon this kind of contribution. Thus, they would be decreeing by their own hand, they will be writing down their own political finale, and that is likely to come out sooner than they hope it to be—they might be hoping that it may not come or it may not come so soon.

So, Sir, I am not at all in favour of the Bill, and when it goes on the statute-book it goes there in spite of my protest.

Shri H. N. Mukerjee (Calcutta-Central): Mr. Chairman, Sir, we are now in the last stage of our discussion of the Companies Bill, and rather unusually for a third reading discussion my hon. friend Shri Ranga devoted a major part of his speech to defending my other hon. friend Shri Masani who is on any computation a redoubtable enough fighter to have defended himself during the debate earlier. But I can understand Shri Ranga's perturbation because he has already expressed his whole hogging opposition to the measure before us.

Sir, this Bill does not satisfy us entirely, but I would be less than fair if I did not say that as far as it goes it is a good Bill. But I should add that it could and should have gone a good deal farther. I especially welcome the provisions in regard to special audit which have been put in in order to bring recalcitrant financial interests to book, but I feel that there

was no special difficulty in Government accepting certain amendments which had been put forward in the course of the second reading. We recall how trade union spokesmen from every part of the House had agreed that the ceiling of retrenchment compensation payable to a worker when a company was wound up should be raised at least from Rs. 1,000 to Re. 2,500. This is a flea-bite which I am sure should not have been minded, but Government did not see its way to accepting this proposition.

In regard to former managing agents turning out in the guise of sole selling agents, there also certain attempts were made to plug the loopholes, but Government wanted that even inside of three years former managing agents should be appointed as sole selling agents. My submission is that it was necessary to be a good deal more careful, because we know very well the guiles and the power of the tribe to which the managing agents belong.

Shri Ranga referred, as was very natural, to the very vexed question of the contributions of these companies to the funds of political parties. This matter has been discussed threadbare, and I do not wish to add very much to it, but since yesterday a statement had been made to which Shri Ranga also referred, the statement by our hon. friend Shri Asoka Mehta, and since that statement was contradicted by the hon. Minister, I want to know what really are the facts.

Shri Ranga: Hear, hear.

Shri H. N. Mukerjee: I do not wish the position to remain as it is—fluid—one Member contradicting the word of another. I am sure it will take some time for Government to find out the facts or maybe one of us may have to put in a question to find out from the Minister as to how much was the quantum of contributions to political parties and whether it was a fact that 50 odd companies have made contributions of nearly Rs. 2 crores to the

Congress Party funds at the time of the 1957 election. But the matter is important, and as soon as ever it is possible, the facts should be brought out into the open.

The political and the ethical justification or otherwise of the contributions of these companies to political parties has been discussed over and over again, but it was rather intriguing to find the Minister, Shri Lal Bahadur Shastri, saying yesterday that if the contributions were left to be made only by individuals, then they would find devious ways, direct and indirect ways, of drawing these monies out of the company funds. I know Shri Lal Bahadur Shastri was speaking out of his abundant experience of these individuals, who dominate the companies, but he was not really enhancing the claims of the legislation he was sponsoring nor of the company law administration when he suggested that individuals could find out ways and means of circumventing the law and even though they would pay supposedly out of their individual pockets they would actually be picking the pocket of the company concerned. If the position is quite so bad, as Shri Lal Bahadur Shastri himself admitted, surely it needs ratification. It is good that Shri Ranga referred to certain other aspects of the non-ethicality, in the political texture of our times, of the contributions which these companies make to political funds of different political parties. I shall not go into the matter over again because we have had a surfeit of discussion on this point.

I am glad that the question of the company law administration was brought up by Shri Ranga, but he did it with an object in view which certainly I do not support. On the contrary, I would like to say that we have found the company law administration by and large a very capable organisation, and some of its reports have been extremely helpful and our only grouse is that perhaps on account of Government's remissness, perhaps on account

of the authority being rather soft in regard to certain people, the company law administration has not sometimes acted with the promptitude that was necessary. But we are sure that if the company law administration gets the moral backing of Parliament and the directions of Government in accordance therewith, then the company law administration would behave with much greater promptitude and with much greater efficiency, and the company law administration which already has begun to strike something like terror into the hearts of certain company promoters, should be really performing a good job and making a real contribution to the development of our country. I do hope, therefore, that Government takes due note of the spirit of the debate which has taken place and directs the company law administration to go ahead with greater heart and to bring to book those who are trying to evade the legislation which is being brought to the statute-book.

I discovered quite accidentally yesterday was the 80th birth anniversary of a great British socialist of our age,—R. H. Tawney—whose work on the acquisitive society is known all over the world. It is to fight this acquisitive society that the impetus to socialism has got so advanced in the world today, and I discovered that some of my hon. friends like Shri Masani, for example, have begun to put up against the idea of an acquisitive society, not a socialist society but what they call—one of their mentors calls—the affluent society. I do not mind affluence at all. If affluence brings comforts and the opportunities for cultured life and civilisation, affluence certainly is very desirable. If affluence could be widespread and universal, naturally it would be extremely desirable. But what we are trying to establish in this country is not so much an affluent society, because affluence for its own sake does not appeal to us. In this country the ideal of कौपीनवन्तः लघु मायवन्तः used to be current and even now it has

[Shri H. N. Mukerjee]

not died out altogether, and there is no reason why it should die out altogether. And we have seen certain affluent communities, where the better things of life, the deeper things which really make life worth living, seem to be almost forgotten. It is not mere affluence that we are after. We are after a kind of society where there will be equality of opportunity for the development of all, and that is why it is necessary to fight vulgarity; it is necessary to fight the disparity of wealth and opportunity which exists, and that is why we have to get rid of this acquisitive society, this instinct for self-acquisitiveness, which has created havoc and which, in the present day, is absolutely outmoded. As against that, we want a socialist society and though this legislation is not a particularly wonderful landmark in our advance towards a socialist society, at least it does make some sort of a difference, and it does add to company legislation certain provisions which are rather important, and I therefore feel that it is very necessary that we should keep in mind this idea of a socialist society where decency would be the common practice, because the opportunity for full development will be open to all.

So, I feel that the Tatas and Birlas—I am not being invidious, and I am only saying it in a generic way—of our country might do very well better by contributing towards research institutes and museums and *dharmshalas* and even temples. That kind of thing, they could do very much better by spending their money than by paying political parties and trying to put them in their pockets. That is why I feel that there should also be an appeal to our successful businessmen. I see so many of them here, so very able. I do not want to mention names. They are here among us and we meet them. I do not see why their talents and services cannot be placed at the disposal of the community. Why is it that there should be a continuous carping criticism of the officialisation and

the bureaucracy which exist in Government organisations? Why is it that these wonderfully talented people do not come and help? Why is it that since they are in close touch with authority they do not come and contribute their talents to the service of the community? Why don't very capable people like Shri Masani, for example, think of serving the community first? Why cannot people whose moneybags are a little too inflated think that more honour will be paid to them if the people recognise them as servants of the community? Why should position in society continue to be measured by the amount of money which one has got? Why should these moneyed people go on making perennial complaints that bureaucracy creates all sorts of difficulties, that when Government takes over something, the management goes wrong? Why don't they come and help the management? They are here all over the place, only to criticise.

13 hrs.

Now it is absolutely essential that we should pull together. If we do, the acquisitive society will go down soon enough, because the verdict of history has gone against it. Therefore, even though I know it is entirely useless, I make an appeal, even to my hon. friend Mr. Masani. After all they have their talents and these talents should be placed at the service of the community and not utilised for criticising the bureaucratic working of organisations.

We have to go ahead, and if we are to go ahead, we should all try and do whatever we can for the community, remembering that recognition in an honest society comes not because of the wealth one has got, but only because of the talent which he places at the disposal of his country. Therefore, I say, Sir, that in fighting the acquisitive society, we have to take some legislative steps. Here is a legislative measure which to a certain

extent helps us in our advance towards that goal and though we are not entirely satisfied with it, though there are very lacuna, though there are some minor amendments which could have been adopted by Government in order to make this measure slightly better than it is, even inspite of all these defects, here is a measure which I welcome and I welcome it because, after all, it will in some measure, inspite of certain defects, control the deprecations and similar activities of certain interest; who I find are represented by my hon. friend Mr. Ranga.

Sbri Somani (Dausa): Mr. Chairman, Sir, the Companies (Amendment) Bill has taken a concrete share after long deliberations in the Joint Committee and in the House and I have no desire at this stage to go into a detailed analysis of the pros and cons of the various provisions of this Bill. Sir, Government already possess very far-reaching and great powers under the 1956 Act and the various powers under this Bill have not only been widened and enhanced, but certain new and additional powers have been added, even beyond the recommendations of the Sastri Committee. I would not, however, at this stage like to go into the merits or otherwise of these powers and I will only content myself by making a few constructive suggestions for the consideration of Government and the Company Law Department.

At the very outset, Sir, I would like to emphasise that our Company Law Department has to play a very dynamic and positive role for the guidance and assistance of the vast number of small and medium class companies which are springing up throughout our country. It is the declared policy of our Government and the hon. Minister emphasised it again yesterday, to do everything possible to avoid concentration of economic power and that means that the new entrepreneurs have to come forward throughout our vast country in the corporate sector. The difficul-

ties of those small scale and medium scale companies in complying with the various complicated and complex provisions of this Bill have got to be appreciated by the Government and it is my suggestion to the Government that the Department not only at the centre but at the various regional centres also should be sufficiently strengthened so as to enable the Department to function in a really dynamic and positive way to assist and encourage those who will be coming forward and come into the joint stock enterprises, so that they may not be handicapped due to lack of expert advice in the various upcountry centres, to comply with the various provisions of this Act.

I have said on more than one occasion that while I would like the Company Law Department to utilise their vast powers effectively and drastically against cases of serious abuses and malpractices, I would at the same time urge upon the Department to overlook and not to waste their own time and energy, and also the time of company managements in pursuing various matters of a minor and technical nature. I would like to say to the credit of the Company Law Department that the administration of the 1956 Act has not given rise to any serious complaint of harassment. But in view of the fact that the further sweeping and far-reaching powers are being added under this Bill, it is highly desirable and necessary that the Company Law Department should keep this perspective in their mind, not to cause any harassment for certain irregularities of a technical or minor nature.

I may also draw the attention of the hon. Minister to the impression of the foreign companies since it is very essential under the present conditions of difficulties of foreign exchange that we should do everything to encourage foreign investments in our joint stock enterprises. I would therefore like to draw the attention of Government to the apprehensions which have been expressed by their organisations, that is

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the Associated Chambers of Commerce in regard to the various powers which the Government and the Company Law Department have taken under these provisions. I am not going into the merits of these powers, but I want a healthy convention to be established in the administration of the Company Law Department so that all these apprehensions and fears will not be entertained. For instance, I may refer to one or two important provisions of the present Bill,—the restriction that has been imposed on the declaration of dividends without a proper provision for depreciation. Already this provision during the last two or three days has caused a substantial set-back in the values of certain equity shares and it is highly desirable that nothing should be done under the provisions of this Act to shake the confidence of the investors. They should realise that so far as reasonable return to the investors by new companies or companies with a substantial programme of expansion are concerned, the Company Law Department should exercise these powers under this clause in a manner which will not adversely effect the flow of capital for productive enterprises. It is only fair that certain criteria should be laid down, in consultation with commercial interests concerned, about the policy which the Company Law Department should follow in giving their approval to cases where dividend has to be declared even though the provision for depreciation may not be adequate. It is, therefore, necessary, in order to sustain and encourage the present favourable atmosphere for capital formation that these apprehensions which have been caused in the stock exchanges due to this clause should be allayed in a manner which will be conducive to the growth of the development which we have all in view.

Similarly, there are other provisions like the power to intervene in selling agency agreements or the power to allow inter-company investment

where also it should be possible for the Company Law Department to evolve certain healthy conventions which will allow them to dispose of these matters in a manner without causing any undue harassment to those concerned.

As I was pointing out the other day, the difficulties of the Department in coming to a conclusion about the fairness of the terms and conditions are quite genuine. I would, therefore, request that a proper study of the sales techniques that are followed not only but throughout the world should be made available to the company law department so that within the four corners of certain broad principles governing the various industries, nothing is done to intervene in the genuine functioning of the companies, so far as their internal administration is concerned.

I would also like to emphasise that no red-tape or no delay should occur in the disposal of the various points which will come up now for the approval of Government inasmuch as various clauses make it compulsory upon the company management not only to seek the approval of the shareholders, but having secured that, also to seek the approval of the company law department. The other day, Shri V. T. Krishnamachari, the former Deputy Chairman of the Planning Commission said in some economic conference in Kerala that one lesson we can learn from the two successive Five Year Plans is the vital need to ensure administrative efficiency and integrity in the execution of our Plans. Since the company law department is going to play a very significant role in the functioning of the joint-stock enterprises which play a vital role in our national economy, it is very desirable that the standard of efficiency in the company law department should be of such a character as will lead to prompt disposal of cases which are brought before it either for approval or for decision, etc.

It is the delays which have created a lot of apprehensions in the minds not only of companies here, but even in the minds of foreign investors. Here I am not referring to the company law department alone; in regard to various proposals submitted to the various Government departments, it takes an unduly long time and the foreign investors who show some interest lose the initiative and ultimately it is to the detriment of our national economy, simply because the proposals are not processed in proper time and we lose the investments that otherwise could have been expected from those foreign quarters.

I would like to say a word about this controversy of political contributions. Although I myself do not hold any strong views one way or the other, I would like to clear this misunderstanding. Our respected friend, Tyagi ji, yesterday said something which was also, supported by some others if there was some sort of a compulsory levy on sugar or textile industry for making contributions to the Congress organisation. I know something about the way in which these collections were made.

So far as the Ministers are concerned, they had nothing to do whatsoever with it—which companies contributed in what manner. Certain friends who had sympathy with the Congress did voluntarily organise certain contributions from those companies which had sympathy with the Congress organisation. It is true that this collection was somewhat based on the turnover of each organisation. But I am aware of many of the companies in the textile industry which did not pay at all. I also know those companies which paid much less, although there was some sort of friendly understanding that these voluntary contributions may be on the basis of certain formula and turnover. Therefore, it is completely wrong to say that any sort of compulsory levy was at any stage imposed.

What I do not understand is, the whole question is not being tackled in

the manner in which it should be. It should be part of our election procedure. If we do not want huge funds to be spent on elections, those who are so much critical of this clause should try to amend the election law or take certain measures which will enable our elections to be fought in a manner which will not involve huge funds. So long as huge funds are necessary, it is in the interest of democracy that this open way of collecting contributions should not be banned.

I was recently in the United States when the Presidential election campaign was going on and I saw huge amounts being collected from various quarters by both the Republicans and Democrats. There is a convention there—I think perhaps it is a statutory obligation—that these two parties have to publish their collections for the information of the public. That is, of course, a very healthy convention. When the contributions made to political parties are publicised in the balance-sheets of the companies, it ensures that there is no secrecy kept about the contributions. The contributions from individual persons will lead to more serious consequences than contributions from companies. This effort on the part of several friends to ban companies from making voluntary contributions cannot be justified on any ground. If you ban it, you must take certain measures to see that elections can be fought much cheaper, without need of such huge funds. But so long as these funds are necessary, I do not see any logic in banning the companies, who of their own accord may contribute and who are now compelled to disclose their contributions to the political parties.

I would not take more time by referring to the various clauses. We are now on the threshold of the third Five Year Plan when a rapid programme of industrialisation is envisaged in the private sector. Thousands and thousands of new companies have to spring up in the corporate sector and it should be the duty and responsibility of the company law

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department to take all positive measures to see that the smooth and healthy functioning of the corporate sector is not hampered by the various restrictions that have been embodied in this Bill. Even bad law if it is properly administered, it can cease to be an instrument of harassment. It is in that spirit of proper and efficient administration of this complicated legislation that I look to the company law department to rise to the responsibilities which have been cast upon them in a manner which will take care of the dynamic needs of our industries.

Shri A. C. Guha (Barasat): I welcome this Bill. I am particularly happy that the House has accepted the Bill more or less as it emerged from the Joint Committee. There have been some modifications; that was but natural. In General, the House has accepted the recommendations of the Joint Committee. The Companies Act was passed four years ago and it came into operation from 1st April, 1956. This is the fifth year. We have got the reports of the three previous years. The report of the fourth year may be under preparation; the fourth year ended on 31st March, 1960.

After the first year's report, the Sastri Committee was appointed to review its workings. It was thought then that the committee was appointed too early. Anyhow, the committee made certain useful recommendations and the Bill embodied most of them. Certain other things which the company law department thought necessary have also been put in the Bill.

The special features of the present Bill are special audit, some provisions about interlocking and speculation in shares, prevention of some bad business practices like managing agents appearing in different forms like selling agents, etc. These are useful provisions. Also, some provisions have been made to curtail the privileges so long enjoyed by what are called private companies. The private com-

panies in some cases are big enough—more or less of giant size—controlling some public companies also as managing agents. So, there was no justification for some of the immunities enjoyed so long by the private companies. Even now certain immunities have been allowed under this Bill. I am not sure how long these amenities will be allowed to continue. If the private companies do not behave properly, it may be necessary for Government to come before the House for a further modification curtailing the privileges and immunities of private companies.

Much has been said about clause 98, which relates to contributions to political parties. My hon. friend, Shri Ranga, today also devoted practically his entire time on this one topic. He argued that the Government should have the least authority or control in the affairs of any company or in the public life of the nation. These are days of governments taking greater and greater powers. We are thinking of a welfare State taking control of all the spheres of public life or many fields of public life, in a controlled society. If Professor Ranga dreams that day will come when the Government will have the least control over anything, then I think he is living in his own world of imagination.

Shri C. R. Pattabhi Raman (Kumbakonam): Paradise.

Shri A. C. Guha: Yes, Paradise. We also, at one time, cherished that idea. Gandhiji taught us to believe, "the government which governs the least is the best government." This idea has been inherited even before Gandhiji from Tolstoy, Thoreau and others. But these days are gone. Now Governments are taking more and more powers, authority and control over everything, including private life, in most of the States. The consumption of daily necessities of life of an individual are also controlled by the

Government. Even in India, though now it is not so much controlled, yet, a few years ago, the consumption goods were controlled in distribution. So, the days of expecting a regime where the government will have nothing to do or will have the least control over the companies are gone. We must be prepared to have greater control by the Government.

13-20 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

He said that his party does not stand for *laissez faire*. Then what is he standing for? He does not like governmental control. Then, surely, he comes to the theory of *laissez faire*.

Then, we should also realise that we are passing through a planned economy. The first and second plan periods are over and we are entering the Third Plan period. We have also decided to establish a socialistic pattern of society. For all these things governmental control is necessary even in the private sector of industry and business. Without that nothing can be done for the implementation of the schemes in the Plan and also for the implementation of the socialistic pattern of society. Socialism means control over the society by the Government. So, private life has to be regulated by the Government according to the policies of the Government.

Coming to clause 98, I should say that I do not see anything wrong or immoral in it. It is the inherent right of citizens, as also of corporate bodies, to contribute anything they like to any political party or a charitable society. Because of the taxation policy of the Government, except for very few big people, ordinary people have not much surplus money to contribute to any charitable or even for political purpose. In our earlier days we had to depend for our political works on small donations and door to door collections. I think that is not possible nowadays.

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I do not like to say anything about the election expenses. Election expenses may be small or big. Even if the election expenses are reduced, the political parties will have to depend upon public donations, and those donations can only come from the capitalists or big business magnates, rich persons. The middle class or the lower middle class people have hardly any surplus money to contribute to these parties. If a rich individual or a capitalist can contribute to a political party, I do not see what objection there can be for a corporate body, a public company, contributing to a political party. As the previous speaker said and I am glad that there has not been any levy; there should not be any objection to voluntary contributions.

Yesterday, my hon. friend, Shri Tyagi, waxed eloquent that this would lead to corruption. I admit with regret that there is corruption not only in the administration but also in the public life, even in education department. Corruption is increasing at a rapid rate and I think the Government should take note of that and see what effective steps they can take to stop this corruption which is growing in every sphere of public life. But I do not see any reason to connect corruption with contribution by corporate bodies to political parties.

Professor Ranga said that all the political parties, though they differ among themselves in their ideology and programme, have this one common factor, common agreement of opposing this provision of corporate bodies making contributions to political parties. It is a queer thing. When they cannot agree on any effective matter, when they cannot agree on any programme or ideology, they can agree only on this minor, insignificant and irrelevant matter simply because they have one common cause i.e., to spite Congress, to hit Congress, to injure Congress, the ruling party. That is the only common factor which made all the opposition parties, differing

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among themselves bitterly, to combine in a bid to oppose this provision. We should not take that opposition so seriously. Had they their own powers, surely they would not have come forward in this House with this opposition.

Then it is not only the ruling party that is getting contribution from the corporate bodies. Other parties also, particularly those parties which have got some influence in the labour field, they also can expect a share of the contributions of corporate bodies. Because, these capitalists or whatever you may call them, they are shrewd people. Even during the British days they were making contributions to the Government as also to the Congress, because they thought Congress one day might come to power. So, they thought it prudent to make contributions to the Congress. Of course, some of them had real inclination to help the Congress and some of them had their sympathy for the Congress. That also prompted them to make contributions to the Congress. Even now most of the rich people, most of those who are interested in developing industries, they think, and I feel they justly think, that the Congress can give them certain things, not by way of any illegal or unjustified privileges but simply by providing them the proper facilities for developing their industries. That is the only consideration for which they may prefer to give to the Congress. But for other considerations, surely, they are making contributions to other political parties also.

The Companies Act, even in the unamended form, gave great powers to the Government and the administration. The amending Bill is giving further powers to the administration. It is necessary that the Company Law Department or the Government should exercise those powers properly and there should not be any spirit of harassment. There should be a spirit of co-operation both on the side of company promoters as well as on the side of the Company Law Department.

I am glad that Shri Somani has stated that so long there has been no complaint of undue harassment by the Company Law Department. I hope that spirit will be maintained. Also, there should not be any delay in disposing of cases. I think there have been some complaints about delay, and delay means, indirectly or directly, some sort of harassment and also some financial loss. So, there should not be any delay.

When I refer to the efficiency of the Company Law Department or the Government as such, in exercising the huge powers invested in them by this Act and by the present Amending Bill, I should also refer to what was previously emphasized.

The Bhabha Committee on the recommendation of which the first Companies Bill was drafted definitely recommended that the administration of the Companies Act and related matters should be placed under one authority. Of course, they suggested a special authority but then the Government and Parliament decided that instead of a special autonomous authority it should be a department of the Government. That is another matter, but the relevant point here is that Company Law cannot be separated from other relevant matters because, in that case, it cannot function properly.

I would like to draw your attention to what has been stated in the Third Annual Report on the working and administration of the Companies Act on page 2. It says:

"While these basic factors necessarily slowed down the pace of progress, the existing administrative arrangements, under which the Department of Company Law Administration is at present responsible for only some aspects of the problem relating to the structure and working of the corporate sector, hindered the emergence of an integrated and coherent policy relating to this sector and render-

ed even its essential supervision in the public interest somewhat difficult."

This is a point on which Government should devote its attention. Moreover, when the Bill was passed in this Parliament, the then Finance Minister, Shri C. D. Deshmukh, who piloted the Bill, declared:

"The responsibility of this Department will include not only the administration of the Companies Act but also such other institutions as are closely connected with the operations of the companies, namely, stock exchanges, financial corporations, capital issue control etc."

That should be taken as the commitment for the Government,—even though that Minister might have ceased to hold office.

I am not much concerned about the financial corporations but I feel that the stock exchanges and capital issue control should be under one and the same authority, whichever be the ministry. I do not care about that, but the same ministry and the same department should have the control of Company Law Administration as also of the stock exchanges and capital issue control.

A few years ago a law was passed for the control of the stock exchanges. I do not know how far the provisions of that Act have been implemented by the Government. That is an important matter. This Bill has tried to prevent certain unfair and undesirable practices, particularly, regarding speculation in the share market. Unless stock exchange control is also put under the same administration as the Company Law Administration, I think proper regulation of the stock market cannot be done and Company Law Administration also cannot discharge its duties properly.

Mr. Deputy-Speaker: Hon. Member should realise that this is the third

reading stage. He should limit his remarks to what is permissible in the third reading. I would request him to be brief.

Shri A. C. Guha: 20 minutes, or even more, have been allowed. I have not taken so much time.

Mr. Deputy-Speaker: 20 minutes for each have been allowed?

Shri A. C. Guha: Only one point more and I shall finish.

We have been working for the decentralisation of financial authority and economic power. For that the smaller man should have the opportunity to develop industrial enterprises and also public or private companies. I do not know how far this Company Law Administration can help the smaller men in this matter. At least they should get due consideration as regards administrative matters. But I feel the finance bodies can help the smaller men to develop new industrial enterprises and to start new companies. For that also there should be effective liaison between the finance corporations and the Company Law Department. So I think that the Company Law Department should try to help the smaller men and thereby try to implement the important policy of the Government, namely, decentralisation of wealth and of economic power and authority.

Mr. Deputy-Speaker: I have to call the hon. Minister at 2.10 and I find that there are still a dozen hon. Members standing up. I would request each hon. Member not to take more than ten minutes. In the third reading at least they should confine themselves to the field that is permissible.

Shri D. C. Sharma (Gurdaspur): Those who have spoken already should not be given a chance now.

Mr. Deputy-Speaker: It is a good idea, but I cannot make it a rule. I will request those who have spoken that they should try to abstain because some of the hon. Members who are

[Mr. Deputy Speaker]

ring in their seats have already made a substantial contribution in the second reading.

Pandit K. C. Sharma (Hapur): Mr. Deputy-Speaker, Sir, I welcome this Bill because it has a more scientific approach to a very important problem. It has made provisions for better accounting and for better management. Both of them are very necessary for any corporate organisation, much more so in the field of commerce and industry. It also seeks to give greater scope for initiative to men of wisdom and courage who would have greater care to look to, what are called, the social values than an element of society which lives on profiteering alone. I pay my tribute to the hon. Minister of Commerce and Industry because I find from this that he has done a significant service by bringing forward this Bill before the House.

A point has been made about the contribution to political parties. I do not like to dilate much on this point. I sympathise with the Opposition in this respect to the extent that in England the Conservative Party gets the finances from the corporate bodies because the Conservative programme is the same as that of the industrial magnates, that is, they serve the magnates by taking the money because their programme is the same. They think on the same lines. The Labour Party gets contributions from the labour unions and it stands with the labour in bringing about a system of government or of production which is much more in accord with the aspirations of the labourers or the workers.

In India, unfortunately, the question is not that of thinking on the same lines but the question is that of stability. There are two parties in the field. One is the Congress and the other is the Communist Party. The other parties are insignificant so far as their political conceptions are concerned. They are vague and have got no clearcut policy. In practice they

are unhealthy. For the consideration of the question at issue they do not make a very important point. The other party in the field is the Communist Party. The Congress alone can deliver the goods in the sense that the Congress has been ruling and has been able to secure stability in the country. It has opened the way to progress both in the private sector and in the public sector. There might be a difference of opinion between the private sector and the public sector or between the Government and the private entrepreneur, but stability is necessary for commerce and industry. What the Communist Party stands for is certainly instability and ultimately chaos. If chaos comes, trade and commerce are not likely to flourish. If companies pay contributions to the Congress, they pay it because they think that stability is essential for industrial growth and development and that stability is possible only through Congress rule. To say that there is this bargain and that bargain is going too far and is a cheap sort of criticism. Only one thing I want to add and it is this. A research section should be opened to find out ways and means of bringing a more scientific approach in the administration of corporate undertakings so that a more progressive and a more dynamic programme may be taken in hand by the private sector in co-operation with the public sector.

Shri Damani (Jalore): Mr. Deputy-Speaker, I want to thank the Members of the Shastri Committee and our Joint Committee for the hard work and intelligence used in simplifying this Bill and trying to plug the loopholes in the Bill. This is the most important Bill which governs the corporate sector of our country. In plugging the loopholes, some provisions are amended or introduced in such a way that, in the long run, they will not be beneficial for the development of the corporate sector or industries and trade, but will create more difficulties, without any advantage to the investing public or to the

Government: for example the clause on special audit.

All the accounts of the corporate sector are being audited by chartered accountants recognised by the Government. Over and above this, the Government has got the power to investigate anything if their attention is drawn to mal-practices in the accounts of any company. A special audit will create confusion among the members or shareholders of the company. Some persons may, on account of prejudice or something else, approach the Government or the Company Law Administrator with a request for special audit. As soon as this is known to the public or the shareholders, the prestige of the company will be hurt. Whether there has been malpractice or not will be seen after the audit is completed. In the beginning, it will affect the prestige of the company. I request that, before allowing the audit, sufficient chance should be given to the management to explain the position and satisfy the Government. After that, special audit should be allowed. This will be helpful to the shareholders and the country and to the management. No immediate drastic action should be taken only on a simple complaint of some prejudiced person or shareholders. There should be thorough investigation. The company should also be given a chance to explain the position and satisfy the Company Law Administrator and the Government about the so-called malpractice alleged by certain persons. That would be a fair deal and I think the Government will consider this point.

Then, comes the question of declaration of dividend. At present dividends can be declared without making adequate provision for depreciation or for covering previous losses. If this provision is tightened, it will be harmful for new companies as well as for old companies, because, the maintenance of a dividend regularly is very healthy thing. That is a question of the prestige of the concern. There are certain clauses under which once dividend is discontinued, some investment is dis-

continued, or they have to liquidate investment because they cannot keep those shares on which they do not declare dividend. Business conditions do not continue to be the same every year. Sometimes they are better; sometimes they are not better. If this rule is tightened, that would bring more difficulties. Therefore, I request that some lenient consideration should be shown in implementing this section.

Sections 369, 370, 372 and 295 relate to interlocking of the funds of one company in other companies. The tightening of this provision has been made on the basis of a few cases where mis-use has taken place. If an overall enquiry is made, it will be seen that this investment is made for the betterment, for the development of industries of the country. Some few people have used this in a wrong way. That does not mean that those people who have done rightly, for the benefit of development of industries should be penalised or subjected to restrictions. The shareholders are the owners of the concerns. If such investments are approved in the general meeting of the shareholders, such restrictions will not be in the interests of the development of the corporate sector. These restrictions on investment from one company to another would check the growth of our industries. This would not help very much. It should be seen whether the investment is done for the benefit of the concern or for some other reason. If it is in the interests of the concern, that should be allowed. If it is not in the interests of the concern, that should be checked. On the one side, our Government is restricting and squeezing credit and they have increased the margin to 50 per cent on the advances. They have also put some restrictions on advance by banks. On the other hand, this provision seeks to restrict investment by one company in another company, which is in the interests of the investing company. In this matter, I think some leniency should be shown or something should be done so that proper use is made and advantage is derived and there is no mis-use. That would be in the

[Shri Damani]

interests of the nation, in the interests of the country and the investing public also.

The appointment of the manager and his re-appointment also require the approval of the Government. I think this clause also will be harmful. I can understand the appointment of the managing director or managing agent or that kind of thing. Now, the appointment of the manager is also going to be approved by the Government. I think it will create difficulties and confusion. Therefore, in this case also, some leniency should be shown.

श्री बजरज सिंह : उपाध्याय महोदय, इस बिल की कुछ व्यवस्थाओं का मैं स्वागत करता हूँ। खासतौर से स्पेशल आडिट के सम्बन्ध में जो व्यवस्था की गई है, वह स्वागत करने योग्य है। मैं समझता हूँ इस व्यवस्था से कम्पनियों को जनता के हित में चलाने में सहायता मिलेगी और जनता को लाभ होगा।

परन्तु मुझे दुःख है कि इस सदन में काफी वाद विवाद के बावजूद भी सरकार कुछ इस तरह की व्यवस्था करने को सहमत नहीं हुई जिससे देश का राजनीतिक जीवन शुद्ध और पवित्र बन सकता। मेरा मतलब राजनीतिक पार्टियों को तथा राजनीतिक कार्यों के लिये कम्पनियों द्वारा दिये जाने वाले चन्दों से है। मुझे दुःख है कि बार बार सरकार की तरफ से इस सम्बन्ध में जो व्याख्यायें की गई हैं वे देश की जनता को यह विश्वास दिलाने में सफल नहीं होगी कि आज का शासक दल कम्पनियों के चन्दे लेने का इच्छुक नहीं है या वह देश में कोई ऐसा पवित्र राजनीतिक जीवन प्रारम्भ करना चाहता है जिससे कोई कितना ही छोटे से छोटा दल या पार्टी क्यों न हो वह भी शासकीय पार्टी के बारे में या दूसरी चीजों के बारे में अपनी इच्छोओं को तथा अपने विचारों को स्वतंत्रतापूर्वक व्यक्त कर सकती

है खासतौर पर ऐसे समय में जबकि देश गरीबी के दौर में से गुजर रहा है, अच्छा होता अगर सरकार इस बात का प्रयत्न करती कि राजनीतिक पार्टियाँ चुनावों में कम खर्च करें। यह दलील देना कि चूकि चुनावों में बहुत अधिक खर्च होता है और चूकि अक्सर मध्यम वर्ग या निम्न वर्ग के लोग चुनाव में खड़े होते हैं जो कि चुनाव का खर्च बर्दाश्त नहीं कर सकते हैं, इस लिये राजनीतिक पार्टियों के लिये हमें ऐसी व्यवस्था रखनी पड़ती है। ठीक नहीं है। मैं समझता हूँ कि अज की पृष्ठभूमि में यह कोई उचित दलील नहीं है। अब जबकि सरकार ने यह तय कर लिया है कि राजनीतिक पार्टियाँ कम्पनियों से चन्दा ले सकती हैं तो सरकार को चाहिये कि वह यह व्यवस्था करे कि कम से कम ऐसे चन्दों पर इनकम-टैक्स जहर लिया जाये। मुझे डर है कि जो आज कल व्यवस्था है उसके मुताबिक उस चन्दे को जो राजनीतिक दल को दिया जाता [है या जो राजनीतिक कार्यों के लिये दिया जाता है, उसे व्यापार चलाने के कार्य में खर्च किया हुआ माना जा सकता है और इस दृष्टि से कोई भी खर्च जो व्यापार को बढ़ाने में या व्यापार-कार्य चलाने के लिये खर्च किया जाता है, इनकम-टैक्स से बच सकता है और व्यापार के खर्चों में आ सकता है। मैं चाहता हूँ कि सरकार कम से कम इस स्टेज पर यह आश्वासन दे कि जो चन्दे राजनीतिक पार्टियों को दिये जायेंगे उन पर इनकम-टैक्स जहर लिया जायेगा।

दूसरी बात मैं यह कहना चाहता हूँ कि अब जब कि यह मान लिया गया है कि राजनीतिक पार्टियों को चन्दे दिये जा सकते हैं और उसमें कांग्रेस पार्टी भी आ जाती इस वास्ते उसे भी और साथ ही है क्योंकि आज उसकी सरकार है, इस लिये सरकार को भी इस सम्बन्ध में विचार करना चाहिये कि क्या यह उचित नहीं होगा कि समस्त

राजनीतिक पार्टियों को चाहे वे किसी भी विचार धारा की क्यों नहीं, इस बात के लिये बाध्य किया जाये कि वे साल में एक बार अपना सारा हिसाब किताब छापे और उसमें बतायें कि उन्हें कहां से कितना रुपया प्राप्त हुआ है, किस तरह से उसको खर्च किया है और बाकी क्या बचा है। अगर इस तरह की व्यवस्था किसी तरह से सरकार कर सके तो उस प्रश्न का भी जवाब आ जायेगा जो कांग्रेस पार्टी के सदस्यों की ओर से इस सदन में बहस के दौरान में उठाया गया है और बार बार दूसरे सदस्यों की तरफ से कहा गया है कि कुछ राजनीतिक पार्टियां मुल्क में इस तरह की हैं जो विदेशों से कुछ रूपया प्राप्त करती हैं, कोई पूर्व से करती हैं, कोई पश्चिम से करती हैं। अगर ऐसा होता तो यह देश की जनता के लिये बहुत भयानक चीज है और इस तरह की बातों की अनुमति नहीं होनी चाहिये। लेकिन अगर ऐसा होता है और सरकार इस सम्बन्ध में कोई कानून नहीं बना सकती है, जैसा कि बहस के दौरान कुछ माननीय सदस्यों ने कहा कि शायद कानून द्वारा यह नहीं किया जा सकता है तो मैं समझता हूं कि इस तरह की चीज को जनमत द्वारा जरूर रोका जा सकता है और रोका जाना चाहिये लोगों को इस बात का पता चलना चाहिये कि कौन सी राजनीतिक पार्टियां हैं जो विदेशों से चन्दा लेकर अपनी कार्रवाइयों को हिन्दुस्तान में चलाती हैं। यह तभी सम्भव हो सकता है जब सरकार की तरफ से कोई ऐसी व्यवस्था हो, अपनी पार्टी को उस में शामिल करते हुये कि जनता को बतलाये कि कितने चन्दे कहां से मिले हैं और किस तरह से खर्च हुये हैं और इस तरह का सालाना हिसाब किताब छापे और जनता को उसको देखने का अधिकार दे। अब जब कि धारा ६८ के अन्तर्गत पार्टियों को कम्पनियों से चन्दे लेने की अनुमति दे दी गयी है, कम से कम देश के राजनीतिक जीवन को शुद्ध और पवित्र बनाने के लिये यह आवश्यक

प्रतीत होता है कि राजनीतिक पार्टियों को वह बाध्य करे, यदि यह कानून द्वारा हो सके तो कानून बना कर और अगर कानून द्वारा न हो सकता हो तो, कांग्रेस पार्टी के सब से बड़ी राजनीतिक पार्टी होने के नाते, कि वह दूसरी पार्टियों को इस बात के लिए सहमत करे कि जो भी चन्दे उन्हें मिलते हैं, चाहे वे किसी भी साधन से क्यों न मिलते हों, उन सब को वे हिन्दुस्तान की जनता के सामने रखे और जनता की सूचनार्थ उनको प्रकाशित करे, और यह करवा सकना उसके लिए कठिन भी नहीं होना चाहिये। अगर ऐसा किया गया तो लोग जान सकेंगे कि कौन लोग कैसे हैं, किस वर्ग के हैं और किस वर्ग के हितों की कितनी रक्षा कर सकते हैं या करना चाहते हैं। संभवतः श्री रंगा और श्री मसानी की पार्टी को छोड़ कर देश की सभी राजनीतिक पार्टियां यह मानती हैं कि देश में समाजवाद कायम होना चाहिये, लेकिन किस तरह का समाजवाद कायम करना है, क्या सीमा है, क्या परिभाषा है, इसके बारे में मतभेद रहता है। यह मतभेद कहां तक रहता है, किन किन के बारे में है यह तभी पता चल सकता है जब कि राजनीतिक पार्टियों की पृष्ठ भूमि, उनकी परम्परा, उनको चन्दे कहां से मिलते हैं और किस तरह से खर्च होते हैं, इन सबका पता जनता को चले और जब तक इस बात का पता नहीं चलेगा, जनता में गलतफहमी बनी रहेगी। इस वास्ते इस गलतफहमी को दूर करना बहुत आवश्यक है। इस वास्ते मैं आशा करता हूं कि कानून द्वारा और कानून द्वारा नहीं हो सकता है तो शासकीय पार्टी होने के नाते विभिन्न राजनीतिक पार्टियां की सहमति के द्वारा उसे ऐसी व्यवस्था करनी चाहिये जिससे राजनीतिक पार्टियां अपने उन साधनों को जनता के सामने रख सकें जिन साधनों से उनको रुपया मिलता है।

आखिर बात कह कर मैं समाप्त करता हूं। यह कहना कि राजनीतिक

[श्री अजराम सिंह]

पाटियां अगर कम्पनियों से चन्दा नहीं लेंगे तो चल नहीं सकती हैं, सही नहीं है। व्यक्तियों को हमेशा आज्ञादी रहती है कि वे चन्दे दे सकते हैं। लेकिन दूसरों के पैसों में से चन्दे देना और बिना उनकी सहमति के देना कहां तक मुनासिब है, यह विचारणीय विषय है। यह साफ है कि हमेशा पूरे शेयर-होल्डर, कभी किसी काम के लिए नहीं पहुँच सकते हैं, इक्ट् नहीं हो सकते हैं। कुछ लोग ही इक्ट् हो सकते हैं। कुछ लोगों को ही चन्दे देने का अधिकार दे देना, मैं समझता हूँ गलत बात है। लेकिन अब इस चीज़ को मान लिया गया है, स वास्ते इसको बदला नहीं जा सकता है। फिर भी मैं चाहता हूँ कि सरकार जो व्यवस्था कर चुकी है, उस व्यवस्था की प्रगति की रिपोर्ट हर साल सदन में पेश होनी चाहिये और उसमें यह बताया जाना चाहिये कि देश में कितनी कम्पनियां थीं, कारपोरेट बाडीज़ थीं जिन्होंने चन्दे राजनीतिक पार्टियों को दिये और किस किस राजनीतिक पार्टी को कितने कितने चन्दे दिये। अगर सरकार इस सुझाव को मान लेगी तो देश की जनता को यह जानने का अवसर मिल सकेगा कि कितने चन्दे कोन पार्टियां पा रही हैं और किन किन कम्पनियों से पा रही हैं। दो तीन साल की प्रगति को देखने के बाद सरकार इस बात को मान सकती है कि राजनीतिक पार्टियों को चन्दे कम्पनियों को देने की आज्ञादी नहीं होनी चाहिये और न ही राजनीतिक पार्टियों को हक होना चाहिये कि कम्पनियों से चन्दे ले सकें। उस समय वह इस प्रश्न पर पुनर्विचार कर सकती है और अगर समझ तो जो व्यवस्था की गई है उसे खत्म भी कर सकते हैं।

Shri Basappa (Tiptur): While I welcome this Bill in the third reading, I also wish to pay my tribute to the company law administration. Similar tributes are also due to the Joint Committee which went into the whole Bill.

What I notice is that the difficulty comes in administering these laws, in implementing them. It has already been said by Shri Somani, and Shri Guha has also referred to it, that while administering this law, care should be taken in all respects. What happens is that either the law that we pass is sometimes not administered at all, or, if it is administered, it is done in a way which harasses the people. So, these things should be guarded against. I hope the administration and the Ministry will take care to see that this aspect of the matter is borne in mind.

In the course of the debate, we have noticed three trends of opinion—one an extreme of having greater and greater control over public companies, another represented by Shri Ranga and Shri Masani that there should be the least control over these companies, and a third the *via media* which has been expressed by Shri Somani and others that care should be taken in administering the law. Government has more or less adopted the *vi media*, and so this is a welcome measure.

In the context of the socialist pattern of society that we are evolving, it is very necessary that the Company Law Administration should be geared up properly. Considering the complexity of the situation that is now developing, it is very necessary. Looking at the question from this point of view, we find that controls also are inevitable. I am told that even in other countries, there are greater controls in regard to the administration of companies; of course, they may be a little more voluntary there, but they are there.

14 hrs.

In this connection, I want to draw the attention of the House to one particular clause that has been discussed very much in this House, and Shri M. R. Masani also has dwelt on it at great length, namely clause 99

which refers to sole selling agents. He has said that this particular clause has made a greater inroad into company administration than any of the other clauses. But I would point out that the control that we are exercising in our country is not very much as compared to what obtains in many other countries like UK or USA where there are greater controls, though they may be a little more voluntary. For example, I was quoting the other day instances as to how the appointment of sole selling agents can act prejudicial to the interests of the shareholders, and how in the name of sole selling agency, many things are being done in this country. I know very little of company administration, but from the little knowledge that I have, I could see that they can do a lot in playing with the money in whatsoever manner they like; and they get very good commission also. The hon. Minister himself was saying that the commission earned by them by way of sole selling agents is sometimes more than what they earn as managing agents and so on. Therefore, we should take care to see that either information is called for or some check is imposed. There must be a machinery to see that those conditions are also altered, if it becomes necessary to do so.

In regard to the time-limit, I would have very much wished that even the time-limit of three years should have been further limited. But I was surprised when Shri Morarka was saying that it should be raised from the present limit of five years to ten years and so on. Of course, there may be difficulties. In fact, I had anticipated Shri Somani when he said that there would be many difficulties if this provision regarding the terms and conditions of sole selling agencies was applied, because Government would be exercising so much of control over them, and so on. But if the Company Law Administration gears up its machinery, it would be possible for them to look into the matter and see that those difficulties are solved. So, I say that these diffi-

culties should not come in the way of this provision.

We must see that the law is administered properly, and to the satisfaction of all, for, only by doing so, can we achieve the objective that we have in view.

श्री र.सहिह भाई वर्मा (निमाड) :
उपाध्यक्ष महोदय, इस बिल की ज्वॉयंट कमेटी की रिपोर्ट को कुछ संशोधनों के साथ हम कानूनी रूप देने जा रहे हैं। इस सम्बन्ध में मैं ज्यादा बोलना नहीं चाहता, सिर्फ आपके द्वारा माननीय मंत्री जी से यह निवेदन करना चाहता हूँ कि उद्योगों को चलाने के लिए गांधी जी ने यह बतलाया था कि उनके संचालक एक ट्रस्टी के तौर पर उद्योगों को चलायें। अब आपने यह देखने का अधिकार प्राप्त कर लिया है कि दरअसल उद्योगों के संचालक उनको ट्रस्टी के रूप में चलाते हैं या नहीं। दुःख के साथ कहना पड़ता है कि हालांकि कम्पनी एक्ट में काफी अधिकार आपको दिये गये हैं, लेकिन आपका कम्पनी एक्ट एडमिनिस्ट्रेशन इतना लज रहा है कि उस पर जितनी एफेक्टिव तौर पर अमल होना चाहिये था। उतना आप नहीं कर पाये और पिछले वर्षों में इसका इतना बुरा परिणाम आया है जिससे देश को काफी आर्थिक हानि उठानी पड़ी है।

हमारे लिए उद्योग एसी चीज है जिसके द्वारा हम अपनी राष्ट्रीय आय को बढ़ा सकते हैं, अपने लोगों का लिविंग स्टैण्डर्ड काफी ऊंचा उठा सकते हैं और उद्योग बन्धों को काफी सहूलियत दे सकते हैं। प्रोडक्शन बढ़ाना, उसकी क्वालिटी सुधारना, लोगों को एम्प्लायमेंट देना, यह सारी की सारी बातें इस कम्पनी एक्ट के अन्दर बहुत हद तक आ जाती हैं। जैसा आपने अपनी स्पीच में कहा था कि कम्पनियों को किसी प्रकार की हानि न पहुँच सके, इसके लिये स्पेशल आडिटर को भी गुंजाइश कर दी गई है। मैं तो यह

[श्री रामसिंह भाई वर्मा]

देखना चाहता हूँ कि जो स्पेशल आडिटर का क्लाज है, उस पर आप कहां तक अमल करते हैं। हमारे सामने यह बड़ी भारी चीज है। दरअसल अगर आप अपने कम्पनी ऐक्ट पर अमल करते हैं, तो मैं मानता हूँ कि जो आपकी योजनाएँ हैं, उन्हें आप पूरी तौर पर सफल कर सकेंगे। मैं नहीं चाहता कि अगर आज कोई कारखाना खड़ा है तो वह किसी भी हालत में बन्द हो सके। यह देखना आपका काम है कि अगर किसी ने पूंजी लगाई है, तो उसको नुकसान न हो, उसकी पूंजी सेफ रहे, हमारे उद्योग बढ़ें और हम ज्यादा से ज्यादा एम्प्लाय-मेंट लोगों को दे सकें। हालांकि इसके बारे में मेरा एक छोटा सा संशोधन था, लेकिन आपने उसे माना नहीं। अगर आपने अपने कम्पनी ऐक्ट पर पूरी तौर से अमल कराया तो मेरे संशोधन की या इस धारा की भी जरूरत नहीं है। मैं नहीं चाहता कि रिट्रैचमेंट कम्पेन्सेशन का पैसा मिले। क्यों कोई कम्पनी वाइंड अप की जाय और किसे प्राय-रिटी दी जाय और किसे नहीं, इस का मौका ही नहीं आना चाहिये।

दूसरी बात पोलिटिकल पार्टीज को धन देने की थी। आपने अपना क्लाज पास करा लिया है, लेकिन फिर भी मैं निवेदन करूंगा कि आप एक अलग पोर्टफोलियो रख कर इतना तो देखें कि कौन सी कम्पनियां इस तरह के कांट्रिब्यूशन दे रही हैं। सभी पार्टियों को, यहां तक कि विरोधी पार्टियों को भी यह सोचना चाहिये, कि जो कम्पनियां नुकसान में चल रही हैं, जो बन्द होने वाली हैं और जो वेजेज नहीं दे रही हैं, प्राविडेंट फंड नहीं चुका रही हैं कम से कम ऐसी कम्पनियों से एक भी पैसा पोलिटिकल पार्टीज न लें। ऐसी कम्पनियां चेरिटी भी न दे सकें क्योंकि चेरिटी भी बाद की चीज है, पहली चीज यह है कि कम्पनी फले फूले, आगे बढ़े, वह बेकारी पैदा न होने दे, प्रोडक्शन ठप्प न हो जाय। जो कारखाने बने हैं उनका विकास

होना चाहिये, उनका प्रोडक्शन बढ़ना चाहिये, क्वालिटी ठीक होनी चाहिये, सस्ता सामान लोगों को बेच कर वे कम्पनियां धन प्राप्त कर सकें और अपने लोगों को डिविडेंड भी दे सकें, मजदूरों को जो सहूलियात दे सकें, दें।

Shri Nathwani (Sorath): I welcome the Bill, but I do find that in one important respect, there is a lacuna, and it arises this way. The question has arisen whether a company is a citizen or not. Certain Fundamental Rights are conferred upon the citizens of this country. Under the Constitution, the question has often arisen whether a company is a citizen or not, because a company carries on business, a company has a right to own property and so on. These are Fundamental Rights, and when a company goes to the court and tries to safeguard its rights, the question has arisen whether a company is a citizen or not. The Supreme Court has avoided deciding this issue since the last ten years. In the year 1955, we had the Citizenship Bill. At that time also, this point was taken up by some of us, and we asked this House and the Government to decide this question at that time, and to lay down the tests which would determine whether a company is a citizen or not. At that time, we were again and again told by Government that the proper occasion would come when we took up the Companies Act. The time has now come, but nothing has been done about it, and our voice seems to be a cry in the wilderness. I have been told repeatedly by some of the judges, and even by one of the judges of the Supreme Court only the other day, that they avoided deciding this question because very important rights would be frittered away in that case, if a company is held not to be a citizen.

As regards contributions by public companies, I do feel that the provi-

sions as they are just now could have been improved, if we had made some provision for giving further publicity, and that publicity could have been on the lines indicated by the Chief Justice in the Bombay case. When I was listening to my great friend Shri Ranga, I began to wonder, because he has severely criticised in his speech not merely the provision regarding contributions by companies but also various other provisions of this Bill. I began to wonder whether he was not a Member of the First Lok Sabha and a party to the passing of the Act in 1956. Further, I began to wonder whether he was not a Member of the Joint Committee and a party to the existing provisions of the Act. I never knew him as being opposed to any one of the provisions, particularly the provision contained in the existing section 293. But it is of course open to any hon. Member to acquire further maturity and to change.

Shri Ranga: On a point of personal explanation. I did not mention any particular clauses or sections and then say that those clauses or sections are obnoxious to me. I only said that I did not want the power of the State to be increased. That was all.

Shri Nathwani: Then by amending the present section, we are putting restrictions on the power to make contributions to political parties. As the law stands today, there are wider powers, which are now proposed to be restrained. So if he has any objection to wider powers being given, he should have welcomed this provision which restrains those powers. But I leave it aside. I have not got sufficient time; otherwise, I would have gone into this aspect at greater length.

Shri Tangamani (Madurai): Section 293 does not refer to contribution to political parties. It merely refers to charitable purposes, purposes not connected with the company. We are now specifically mentioning contributions to political parties.

Shri Nathwani: I thought the expression 'charitable purposes or other purposes' would include political purposes. That is an elementary thing.

Fears were expressed even in 1955 that the wider powers which were then vested in the Government would hamper the floatation of companies and capital formation and indirectly affect the rapid industrialisation of the country. But fortunately, these fears have been proved to be unfounded. The reason is that the provisions which were then enacted and which are now being strengthened have been administered, on the whole, in a very satisfactory manner.

As regards the administration of the Act, it was stated even by Shri Somani that he has no cause for serious complaint. He pleaded for technical irregularities not being treated rather harshly. I think he is right in doing so. But on the other hand, I understood Shri Asoka Mehta to say that there was great administrative leniency being shown.

Shri Asoka Mehta (Muzaffarpur): I said 'judicial'.

Shri Nathwani: So it is not administrative leniency. I stand corrected. So far there has been no serious complaint made even against the administration of the company law.

Before I sit down, I want to make a humble suggestion to the hon. Minister. We have made several changes. This is a 215-clause Bill, and the Act is the largest piece of legislation now. It would be a great boon to the public if Government bring out very soon after this Bill is enacted into law a publication showing the existing provisions and along with them in tabular form the amended sections, so that at a glance any layman can also have an idea of the manner in which these changes have been made.

Before I conclude, I want to congratulate the hon. Industry and Commerce Minister who showed great

[Shri Nathwani]

consideration to the views of the Members who differed from him. I should also compliment his able assistant, the Minister of Commerce, who piloted this Bill. Lastly, all the Members of the Joint Committee would like me to pay a tribute to you who conducted most ably the proceedings

Mr. Deputy-Speaker: Nothing should be said about the Chair, whether it be complimentary or otherwise.

Shri Nathwani: Every Member would agree with me when I say that but for your being the Chairman . . .

Mr. Deputy-Speaker: I would request him not to make that reference.

Shri Nathwani: . . . the Committee would not have completed its deliberations within the period during which it did.

Mr. Deputy-Speaker: It is so kind of him. The hon. Minister.

Shri Kanungo: My duty is pleasant and very simple. It has been so because of the hard work put in and consideration applied by the Members of the Joint Committee during the days when the Bill was before them. The very fact that the Bill, as amended by the Joint Committee, has, by and large, been accepted by the House without any violent opposition shows that the Bill has the blessings of the House as a whole.

Out of the 215 clauses of the Bill, three or four, to my mind, are worthy of serious consideration not on principle but on the amendments, as they are important from the point of view of management of corporations. It would have been a happy thing if there were no necessity for proposing the amendments which had been passed. To give an example, clauses 136 and 120 would not have been necessary at all if there had not been bad cases. I have replied already to the apprehensions which have been voiced by some Members about the

difficulty which may be encountered in capital formation and industrial progress. Incidentally, I may mention that what we have done in clause 136 is merely to have the powers, because there must be some authority to judge the *bona fides* of inter-company investments. With the sanction of the shareholders and the approval of the Central Government, there is no limit to it, provided the objects are *bona fide*. That disposes of the doubts which Shri Damani has voiced.

Regarding the provision for special audit, on which there has been some amount of difference of opinion, this is a power merely to find facts and it would hurt the corporations much less than inspections would. I hope, and I have reasons to hope that the powers under this clause will not be called upon to be operated.

By and large, as I have said already, the clauses have the support of all sections of the House. I only hope that the regulatory clauses as they are may not have to be invoked in practice. The necessity of regulatory law is admitted on all hands. I am still hopeful that the persons who are connected with the management of corporations and also investors who are interested in floatations and are vigilant in the working of the corporations will shape their policies in such a way that the regulatory provisions of the Act need not be invoked.

I would be failing in my duty if I do not convey my thanks and gratitude to the Commission which reported and on whose report this Bill was undertaken. The valuable report was the result of several months' work.

I have deliberately not touched upon the clause which seems to have attracted much more attention than it deserved. Personally, I felt that the proper place for the arguments to be advanced would have been a Bill or a statute dealing with the regulation of political parties or the regulation

of elections and political activities. After all, the provision, as it was and as it is with further checks, is merely permissive and I do not think, like individuals, Corporations are too generous for any purpose—even for political purposes (*Interruption*).

Yesterday, my colleague replied to a point which was raised by Shri Asoka Mehta about a certain amount being donated by a certain number of companies for political purposes—either for this party or for that party, I do not know—and he asked the Government to place a statement before the House.

In this connection, I would merely mention that the balance-sheets of all the corporations and public companies are public property. Anybody is welcome to study them and anybody is welcome to draw his own conclusions. I do not see why Government should take upon itself the responsibility of studying them. Anybody can draw any conclusions and that can be debated upon anywhere.

It has been mentioned that the administration of law is more important than the law itself and that it should not be used in a way that the parties feel that they are being harassed. In this connection, I will mention that the reports of the Company Law Administration which have been placed before this House and which have been discussed would show that the administration has been, to be modest, not too bad. In fact, in the course of the debates on those administrative reports, the Members of this House from all sides have paid compliments to that Administration.

Shri Ranga: Would it be possible for us to have a paragraph in the Report giving information about political contributions that year?

Shri Kanungo: I do not attach much importance to it because that is the least part of corporation management. It is a prepossession of my respected friend; but it is not mine.

The Company Law Administration Reports will continue to be placed before the House. The very fact that, in the course of the debate on this Bill, every hon. Member relied heavily upon the report for material goes to show that the Department is functioning to the satisfaction of the House and of the whole country.

Shri Ranga: Question, Sir.

Shri Kanungo: I can assure you that the Administration will make its best efforts to be helpful to companies and corporations and others connected with it as they have been so far. Unfortunately, I might mention that the onerous duties placed upon it would require a larger staff, which, perhaps, under the present circumstances, would be difficult to be provided. It is not the question of number; but it is the question of the quality.

To give you an example, similar administrations function in other countries function with 1,000 specialists whereas we have got only 25 with us. I hope, in course of time, it will be possible to have more persons with specialised knowledge.

About the question of co-ordination of the various laws impinging upon corporation management, Government is discussing that and I hope, in course of time, they will be able to devise procedures by which better co-ordination can be had.

I take this opportunity of voicing my gratitude to the Members of the Joint Committee and to the associations which had placed their points of view and have helped the work of the Joint Committee and to the staff of the Ministry who had worked overtime sometimes and, particularly, to the Secretariat of Parliament which has done hard work and has helped in putting through this legislation which is rather long and arduous.

And, in spite of your ruling, Sir, I beg to submit . . .

Mr. Deputy-Speaker: The ruling shall not be disobeyed.

Shri Kanungo: I beg to differ in the sense that the Chairman of the Joint Committee is not the Speaker and I do pay my tributes to the Chairman of the Joint Committee without whose efforts and without whose great physical strain we would not have achieved these results.

Mr. Deputy-Speaker: The question is:

That the Bill, as amended, be passed.

The motion was adopted.

Mr. Deputy-Speaker: I am in an embarrassing position in the Chair; I should not say anything. But if something complimentary can be said, perhaps somebody may differ and something derogatory may be said. So, it is not desirable. I am thankful to the hon. Members and also to the hon. Minister who have said these nice words about me.

We shall take up the next business now.

PREVENTIVE DETENTION (CONTINUANCE) BILL

The Minister of State in the Ministry of Home Affairs (Shri Datar): Mr. Deputy-Chairman.... (*Interruptions.*) I am sorry; I came from the other House. Mr. Deputy-Speaker, Sir.....

Shri Braj Raj Singh (Firozabad): What has happened to the hon. Home Minister? This is a very important measure and we would have liked the Home Minister himself to move this.

Mr. Deputy-Speaker: There is distribution of work among themselves and there ought not to be any objection if something is brought forward by Shri Datar; he has been doing it very well so often.

Shri Braj Raj Singh: I am quite conscious that their duties could be divided but this is an important measure concerning the whole of the political life of the country and it would have been much better if it was moved by the hon. Home Minister himself.

Mr. Deputy-Speaker: It would not make much difference. The provisions are there. The arguments have to be heard. If some hon. Members perhaps feel that it would not be presented so ably now, then they would have an advantage.... (*Interruptions*)

Shri Braj Raj Singh: I say this because the House should not be held in contempt, howsoever high a person may be. The Home Minister knew very well that this Bill was coming up for discussion on the 1st; still he has absented himself from the House.

Mr. Deputy-Speaker: There is no reason for using such words and I do not feel that there is any disrespect or contempt to the House in this. We are experiencing this daily; if one Minister is absent, the other presents the case. Where is the disrespect or contempt of the House?

Shri Tangamani (Madurai): Sir, yesterday a similar question arose. When Shri Mahanty wanted that the hon. Prime Minister might be present for the discussion on the Canal Water Dispute, the Minister concerned was pleased to state that the Prime Minister would come and intervene. Similarly, a request has now been made and it would be advisable if the Home Minister is present or if he intervenes. We would like to know the views of the Government.

Mr. Deputy-Speaker: Shri Datar's views are different from those of the Government?

Shri S. M. Banerjee (Kanpur): The situation in U.P. is so bad that he may not be able to come here at all!