

Mr. Chairman: I will put the motion to the House.

The question is:

"That the Bill to regulate the employment of women in certain establishments for certain periods before and after child-birth and to provide for payment of maternity benefit to them, be referred to a Joint Committee of the Houses consisting of 45 members; 30 from this House, namely Shri Amjad Ali, Shri Kanhaiya Lal Balmiki, Shri Panna Lal Barupal, Shri Bhakt Darshan, Shrimati Renu Chakravartty, Shri Chandramani Lal Choudhury, Shri Bhaurao Krishnarao Gaikwad, Shri Aurobindo Ghosal, Shri Ram Krishan Gupta, Pandit Jwala Prasad Jyotishi, Shrimati Sangam Laxmi Bai, Shrimati Mofida Ahmed, Shri Inder J. Malhotra, Shri Jiyalyal Mandal, Shri K. P. Kuttikrishnan Nair, Dr Sushila Nayar, Shrimati Ila Palchoudhuri, Shri Ram Garib, Shri K. S. Ramaswamy, Shri Jaganatha Rao, Shri Rameshwar Sahu, Shri Shibban Lal Saksena, Shrimati Jayaben Vajubhai Shah, Shri Shraddhakar Supakar, Shri K. T. K. Tangamani Shri Umrao Singh, Shri Ramsingh Bhai Varma, Shri Balkrishna Wasnik, Shri K. G. Wodeyar, Shri Gulzarial Nanda; and 15 members from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be on-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next Session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do

join the said Joint Committee and communicate to this House the names of members to be appointed by Rajya Sabha to the Joint Committee."

The motion was adopted.

14.15 hrs.

PREFERENCE SHARES (REGULATION OF DIVIDENDS) BILL

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): Sir, I beg to move:

"That the Bill to regulate dividends on preference shares of certain companies, as reported by the Select Committee, be taken into consideration."

As the House is aware, the Bill was referred on the 15th November, 1960 to a Select Committee consisting of fifteen members with instructions to report thereon by the 5th December. The Committee held four sittings. The Committee went through provisions of the Bill in detail and also took into consideration the views expressed and suggestions made in several representations from diverse sections of the public including associations representing trade, and individuals. It will be observed from the report of the Committee, which is unanimous, that the Bill has emerged from their scrutiny with only a few amendments to clauses 3 and 4. I shall now refer in brief to these amendments.

The recommendations of the Committee with regard to clause 3 of the Bill can be divided into two sets. The first set seeks to enhance the quantum of increase provided for in the Bill in respect of preferential dividends on shares issued and subscribed for before 1-4-1960. The second set of amendments only seeks to make certain provisions of the Bill clearer.

In the case of a preference share, the stipulated dividend on which is

declared free of income-tax, i.e., payable without any reduction by the company on account of its own income-tax, the Committee have recommended that the quantum of increase should be enhanced from 25 to 30 per cent. Consistent with this recommendation, the Committee have suggested that in the case of a preference share, the stipulated dividend on which is subject to deduction by the company on account of its own income-tax, the quantum of increase should be raised from 7 to 11 per cent. Amendments have, accordingly, been suggested in sub-clauses (1), (2), (3) and (4) of clause 3. The effect of these amendments is that in the case of a 10 per cent tax-free preference dividend, the amount to be declared will be 13 per cent. In the case of a 10 per cent preference dividend subject to tax, the amount to be declared will be 11·1 per cent. The actual amount which will be payable by the company to the shareholder in the latter case will, however, be 11·1 per cent subject to a reduction of 20 per cent being the rate of income-tax applicable to companies, i.e., 8·88 per cent net. The net effect of the proposed increases will be that in respect of preference dividend tax-free as well as taxable, there will be a net increase of 30 per cent over the amount previously being paid by the companies to the shareholders.

In suggesting the quantum of increase in dividends, the Committee had to take into consideration two opposite views in the matter. In several representations it was urged that the increase should be as high as 42 per cent. On the other hand, several others considered that the quantum of increase already provided for in the Bill was adequate and that the payment of higher dividend should be left to the discretion of the companies. The Committee, on considering both the views, have, if I may say so, rightly adopted a *via media*. In legislating for a compulsory increase in dividends, which is primarily a matter concerning the companies and their

shareholders, it is necessary for us to move with caution. All the companies are not in the same position in regard to their capacity for payment of dividends. The proper thing to do would, therefore, be to fix a certain minimum amount and to leave it to companies which can declare a dividend higher than the minimum to do so in accordance with the usual procedure for declaring higher dividends. Considering all the circumstances, Government are of the view that the Select Committee's recommendations in the matter are acceptable.

I now proceed to the proposed amendment to Clause 4. This clause as it stood originally, laid down that in the case of a company, profits of which were only partly chargeable to income-tax, the increase in the preferential dividends as specified in Clause 3 shall be calculated only on that part of the dividend which is attributable to the taxed profits of the company. The Select Committee have recommended that the provisions of Clause 4 should apply only to companies having agricultural income and only the portion of the dividend attributable to such income should be excluded from the requirement of the increase in dividend. They have observed that the main purpose underlying Clause 4 was to relieve such companies from the burden of distributing increased dividends because agricultural income had always been exempt from income-tax and the reduction in the taxation on companies would not, in relation to such income, create any savings for enabling the declaration of increased dividends. The Committee also felt that the extension of Clause 4 to other companies might lead to complications which should be avoided. Clause 4, as amended by the Select Committee, will apply only to companies having agricultural income, such as tea companies which are liable to income-tax only on forty per cent of their profits, the rest being treated as agricultural income which is exempt. I commend these amendments for the acceptance of the House.

[Dr. B. Gopala Reddi]

Sir, I have dealt with the amendments suggested by the Committee, and need not now detain the House over the detailed provisions of the Bill as I have already dealt with them at the time of the motion for referring the Bill to the Select Committee.

Mr. Chairman: Motion moved:

"That the Bill to regulate dividends on preference shares of certain companies, as reported by the Select Committee, be taken into consideration."

Shri Tyagi (Dehra Dun): Before the discussion starts, may I get a clarification? I do not want to speak. What will be the position of a preference share with tax free bonus, which is also permitted to participate in profits? There are shares which get tax free dividend, say, of 9 per cent. Then they are also permitted to participate in the profits.

Dr. B. Gopala Reddi: This Bill applies only to the preference shares and what they are entitled to under the relevant articles of association, is a different matter. If for instance a preference share got 9 per cent dividend tax free, then it can get 30 per cent more.

Shri Tyagi: There are tax free preference shares also which are entitled to participate sometimes in the profits of a company.

Dr. B. Gopala Reddi: This is perhaps a different thing; I do not know. This was not considered by the Select Committee nor was it brought to its notice. If they are there, they will be dealt with according to the provisions of the articles of association or the Company Law. Here we are concerned only with the preference shares and they will be entitled to go up to 30 per cent.

Shri Naushir Bharucha (East Khandedh): Sir, I am happy in a way that the Select Committee was able to strike a *via media* in respect of a question which was virtually convulsing the stock exchanges of India. We all

appreciate the fact that preference shares constitute a very important and integral part of our financial structure and it is not the desire of this House or of the Government to do anything by or as a result of a change in the pattern of company taxation to prejudice the position of the preference share holders.

The House will recall that the entire trouble started as a result of the abolition of the grossing up scheme. Because of the abolition of the grossing up scheme, there was a different interpretation placed with regard to what the preference shares were entitled to. Preference shares, for the purpose of the Bill, are of two types: tax free preference shares and those that are subject to tax. Preference shares are really a matter of agreement between the company and the shareholders. Various companies have defined the rights of preference shareholders in different ways so that really speaking, it is a question of contract. The issue before the Government was whether it should intervene in order to modify the terms of these contracts. I have always felt that, while the contracts between two private parties, the company management and the shareholder should not be interfered with, generally, where as a result of a change in the pattern of taxation it appears that one party to the agreement gets the worst of it for no fault of its, then the intervention of the State would be necessary and on that principle I take it that the Government had brought forward this Bill.

I am mentioning this fact as the background to explain why we came to this particular compromise in the Select Committee. The interpretation that was put by certain company managements was: we shall stick to the letter of the law so far as our agreement with the preference shareholders is concerned; if we have said that they will get seven per cent subject to tax we shall deduct the tax and give them seven per cent. They said that they were not concerned

whether the shareholders were able to procure a refund from the income-tax department and that it was a matter between the shareholder and the income-tax department. If as a result of abolition of the grossing up and change in the company taxation pattern, the right of the shareholder to claim refund from the income-tax department has been taken away, the company management said that it was purely a matter between the income-tax department and the preference shareholder. The companies were thus trying to take away from the shareholders certain amount of dividend to which they were entitled.

When a shareholder purchases a preference share in the market, he pays a price for it and that price is based not only on the agreement between the preference shareholder and the company but also on the general structure of the taxation as it then stood. The preference shareholder understood that he would also be entitled to a refund of the tax. Further, if I get Rs. 7 from the company and if I know that I am also entitled to get Rs. 3 from the income-tax department, the income on which I capitalise is not Rs. 7 but Rs. 10. When the structure of taxation has been altered, my share which brought me Rs. 10 previously, was not bringing Rs. 10 but only Rs. 7. It was this interpretation which brought about a sudden downfall in the value of preference shares in the markets and the Government had to intervene. Preference shares constitute an important and integral part of our financial structure: they are held by numerous institutions, charitable institutions. It has also become the recognised mode of investment so far as certain categories of investors are concerned, such the widows and others who would like to see that their investment is secure and who do not want to participate in the speculative element, namely, the element that is associated with equity shares. When the bottom was knocked out of that sense of security, it was time that Government intervened.

When the Bill came here, there were two claimants; one making an extreme claim that to the full extent that the preference shareholder was deprived of his refund, the Bill should make good the amount in full. It was calculated that it would mean giving as much as 43 per cent more. The second claim was that if at all Government are intervening, it should be fixed at not more than 25 per cent. The State Committee, after taking into consideration, several factors decided that thirty per cent would be an appropriate and reasonable adjustment in the case of a tax free preference share and eleven per cent, in the case of taxable shares. Now, why did we arrive at that compromise? If we examine this tax free 30 per cent, it does not really work out to the full benefit which the preference shareholder had before the grossing up scheme was abolished. It does not give him full Rs. 3. We had to compromise on this, because we had to take into consideration the capacity of certain companies to make good this amount. Could the companies bear that burden, because the Bill has retrospective effect? We had to look into that also. At the same time we had to see that some measure of compensation had to be given to the preference shareholders. We, therefore, came to the conclusion that if tax-free dividends were increased to 30 per cent, then it would in a large measure, if not fully, compensate the preference shareholders. Working out on the same basis it was calculated that it would come to 11 point odd per cent. In this way we have steered clear of the two major difficulties; one, the difficulty that would have arisen if we had left the preference shareholders completely stranded which was really unfair, because it was really a change in the tax structure which created all these difficulties; second, if we had gone right up to 43 per cent it would have broken the backs of several companies, because that would have meant their making good all this back-log which they had not so far

[Shri Naushir Bharucha]

paid. That in itself was a difficult proposition.

14.33 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Therefore, the Select Committee rightly decided that it should be 30 per cent and 11 per cent.

Sir, in addition to that there were one or two questions in support of which certain representations were made. One was with regard to agricultural income (clause 4) which the hon. Minister dealt with at length. There was also another difficulty represented that if we are at all to give something extra above 30 per cent and 11 per cent, in that case consent under section 106 of the Companies Act would become necessary. Clause 5 says :

"(1) The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any law for the time being in force or in the memorandum or articles of a company or in any resolution passed by the company in a general meeting or by its Board of Directors;

(2) Notwithstanding anything contained in this Act, a company may, in the manner provided in section 106 of the Companies Act, increase the amount of dividend in respect of a preference share beyond the limit specified in section 3 or section 4 of this Act."

It was represented to us that it would not be possible to comply with the provisions of section 106 with regard to certain shares and therefore the provision would remain a dead letter. Advantage has been taken to amend the section 106, at the time provisions of the Companies Act were considered.

If the Government had gone beyond 30 per cent, and was suggested by

some the increase had been made more than that, there would have been an adverse effect on equity shares and they would have gone down in value. They had gone up to an extent because it was felt that what had been taken away from the preference shareholder would come into the divisible pool of the equity shares. If we had not done this, this amount would have to be reimbursed with retrospective effect and certain companies would not have been able to declare any dividend on equity shares; also we would have brought about a crash in equity shares. Steering clear of these two difficulties, the Select Committee have wisely adopted this *via media*. I think this is a *via media* which will save the preference shareholders. Those who do not realise this may not appreciate the difficulties with which the Select Committee had to contend. They cannot expect that the mischief, if I may use the word technically, of abolition of grossing up cannot be completely wiped out so far as preference shareholders are concerned. That is a part of the misfortune of preference shareholders. I think the Select Committee has very wisely acted in arriving at this *via media*.

Sir, when this Bill first came up before the House I expressed my opinion regarding certain difficulties which the electricity supply undertakings may have in implementing these provisions. I have not appended any note on that subject, because I am inclined to think that in view of clause 5, care would be taken to implement these provisions.

I think that on the whole this is a wise and statesmanlike settlement and so far as future preference shareholders are concerned, they are bound to be on their guard. In the payment of the price they will take this factor into consideration that the refund which they used to get prior to grossing up will not be available. I hope the House will accept the Bill as amended by the Select Committee.

श्री रामसिंह भाई वर्मा (निमाड) : उपाध्यक्ष महोदय, फ्रिफरेंस शेयर डिविडेंड सम्बन्धी जो ज्वायेंट कमेटी की रिपोर्ट पेश की गई, उस में मैं भी एक सदस्य था और इसलिये उस के समर्थन में बोलने के लिये खड़ा हुआ हूँ। जब मैंने इस मामले को देखा तो मुझे एक बड़ा दिलचस्प किस्सा याद आ गया। हमारे यहां देहातों में कहा करते हैं "मुनारी लड़ाई"। यानी यह कि किस तरह पैसे वालों में लड़ाई होती है और फिर किस तरह वह आपस में हा निपट जाती है। इस बिल के बारे में ज्वायेंट कमेटी में जो समझौता हुआ उस का किस्सा बड़ा दिलचस्प है। जहां तक डिविडेंड आन शेअर्स का मामला है एक तो आर्डिनरी शेअर होता है जिस को कम्पनी ऐक्ट के अनुसार डिविडेंड प्राप्त होता है और दूसरा प्रिफरेंस शेअर होता है जिस को डिविडेंड कम्पनी और शेअर होल्डर्स दोनों के एग्रीमेंट से प्राप्त होता है। आर्डिनरी शेअर तो एक मामूली आदमी भी प्राप्त कर सकता है सीदे में, अगर उसे मौका मिल जाय, लेकिन जहां तक प्रिफरेंस शेअर का सवाल है, यह पैसे वालों के बीच का मामला है। जिस के पास ज्यादा धन होता है जैसे कारपोरेशन वर्ग हैं, ट्रस्ट्स वर्ग हैं, उसी को वह प्राप्त होता है और वही प्राप्त कर सकता है। जब सन् १९५६ का नया टैक्सेशन लागू हुआ, उस वक्त जो उन को डिविडेंड के तौर पर टोटल रकम मिलती थी, उस में काफी रिडक्शन हुआ। उस रिडक्शन के होने के कारण उन्हें असन्तोष होना एक तरह से स्वाभाविक सा था। गवर्नमेंट ने उस पर विचार किया और वह बिल के रूप में उसे लाई। जब यह मामला ज्वायेंट कमेटी में था तो आपसी एग्रीमेंट से बहुत आसानी से हल हुआ, इसलिये इस में हमें हर्ष होना चाहिये। इसलिये मुझे इस मामले में कुछ ज्यादा कहना नहीं है। मुझे इतना ही कहना है कि यह बात जरूर है कि कुछ शेयरहोल्डर्स को लास है। उनकी शिकायत हो सकती है कि इस एग्रीमेंट के बावजूद भी उनको जो रकम १९५६ के पहले मिलती थी उससे कम रकम अवश्य

मिलेगी। लेकिन नये टैक्सेशन के हिसाब से एक साधारण जनता को भी थोड़ा बहुत सहन करना पड़ा है, तो इस मामले में प्रिफरेंस शेयर होल्डर्स के प्रति कोई ज्यादा सख्ती नहीं कही जा सकती। चूंकि यह मामला आपसी समझौते से निपट गया है इसलिये मुझे ज्यादा कुछ नहीं कहना है। मैं इसका समर्थन करता हूँ।

Shri Mahanty (Dhenkanal): Mr. Deputy-Speaker, Sir, it is my misfortune to differ from this Bill in its essentials and fundamentals. I do not understand why the equity shareholders, who have to bear all the burden of entrepreneurship should take a great risk as being equity shareholders and why they are being given a deal which is different from that of the preference shareholders. The preference shareholders are assured of a net return, whether the company makes any profit or not, whether the company goes to dogs or not, whether it has any production or not, they are assured of their dividends.

Shri Morarka (Jhunjhunu): Not if the company goes to dogs.

Shri Mahanty: I said so in a figurative sense. What I was venturing to submit was that if the company does not go to dogs, but if the company does not make any profit—any worthwhile profit—then the preference shareholders are entitled to their pound of flesh. But in the case of equity shareholders, they may get nothing and almost in most cases the equity shareholders are going high and dry. Therefore, I would like to know the position. Of course, the hon. Minister, while moving the motion for consideration, did not clarify many issues, and so, we would like to know whether in the Select Committee this aspect of the question was gone into.

Today, those who are distantly acquainted with the pattern of investment in this country have noticed a trend that mostly preference shares are being invested not by innocent widows to whom Shri Naushir Bharucha made a reference, but this port-

[Shri Mahanty]

folio is being invested by resourceful trusts. These trusts certainly are not trusts owned by widows. The trusts are owned by men who have got their capital to be invested and that too in a safe way without incurring any risk. Therefore, it is my misfortune that I have not been able to see eye to eye with the scheme as has been enunciated in this Bill.

Then there is another aspect. Before this measure came in, we know that seven per cent was the assured quantum of dividend, and it all depended mostly on agreement between the parties concerned. Suppose I am in need of investment and if I can find out a preference shareholder, on whatever terms can be found convenient to us, we would come to a mutual agreement. I do not see really any justice as to why the Government thought it fit to step in here, between the two parties.

Suppose X is desirous of, say, expanding his plant, and he requires a crore of rupees, and for that if he does not get the amount in the shape of equity capital, he can get preference shares, and this kind of capital investment was left in the hands of, or between, two private parties who could come to any working arrangement and strike a deal, and in most cases it was found convenient to both the parties concerned to do so. Nobody has told us as to what impelled this Government to step into this sector, so to say, and come here with an enunciation which really neither does justice to the equity shareholders nor to the parties concerned.

Then again, this has brought about a sort of discrimination between the equity shareholders and the preference shareholders. Of course, it is well known that when we say that a person is a preference shareholder certain preferences are attached to him. It is obvious. If I am a preference shareholder, certain preference is attached to me. It is as clear as daylight. It is true. But you have to take into consideration the other factors also.

What are you going to do about equity shareholders, who are mostly men who are not of flamboyant economic means but only ordinary men, the common people? They do not invest in preference shares, but they invest in equity shares, of small denominations, and in most of the cases, as the company law administration report would show, most of these companies have played ducks and drakes with the shareholders' moneys, while the equity shareholders who are really bearing all the brunt of the entrepreneurship and who are really taking a risk are left high and dry. I do not see any reason why the preference shareholders have been given this preferential treatment.

These are some of the doubts which have impelled me to voice my differences from this Bill and I would be grateful indeed if the hon. Minister could throw some light on these points.

Shri Morarka: Mr. Deputy-Speaker, Sir, I was little surprised to hear the speech of the hon. Member who just preceded me. He asked a question as to why the Government was obliged to step in here. Unfortunately, the hon. Member was not present at the time when the motion for referring the Bill to the Select Committee was being discussed in this House. At that time, the Government, as well as some of us who took part in the debate, pointed out why the Bill became necessary. Sir, when the new scheme of company taxation was introduced, the Government abolished what was known as the system of grossing, and instead of that, the Government reduced the company taxation from about 56 per cent to 45 per cent. When they reduced the company taxation, they hoped that the benefit of this 11 or 11½ per cent would be passed on to the shareholders, both equity and preference, in whatever proportion it may be. It was expected that the shareholders would not stand to suffer. Unfortunately, what happened actually was that when the new scheme came into

operation, this benefit of 11½ per cent which the company saved was not passed on to the preference shareholders. Some companies passed it on, but many companies did not do so. So, the expectation of the Government was belied.

At that time, the Government had no other alternative but to bring forward a measure by which the Government could compel the companies to increase the dividends on preference shares. As I said, at that time, before this new scheme of company taxation came, the preference shareholders who had seven per cent tax-free preference shares, used to get Rs. 7 in cash plus Rs. 3·22 by way of credit from the Government's tax authorities. After the new scheme came, they got only Rs. 7. That means they suffer a loss of Rs. 3·22 by way of their income on the total of Rs. 10·22. Therefore, while they suffered this big loss, the Government, after considering the various aspects, came to the conclusion that some relief at least should be given.

In the original Bill, the relief proposed was 25 per cent, which the Select Committee thought was not quite adequate, and so they raised it to 30 per cent. I am sorry that the hon. Member who put the question about this and posed this problem has gone away. It was more for his benefit that I am giving the reply and meeting his point.

Shri Khadilkar (Ahmednagar): We are also enlightened.

Mr. Deputy-Speaker: He is secure again to argue it! While the preference shareholders have suffered much more than what this Bill gives them, the Bill tries to do substantial justice to alleviate their hardship.

The hon. Member wanted to know why there should be discriminatory treatment between equity and preference shareholders. So far as equity shareholders are concerned, there is no limit on the dividend at

all. The Directors who are elected by the equity shareholders can give whatever dividend they choose out of the profits available to the equity shareholders, whereas they cannot do whatever they like to the equity preference shareholders. They have to give only what is stated in the contract with them. In 1956 when the Companies Act was passed, we deprived the preference shareholders of the voting rights. This was a second blow delivered to the preference shareholders.

There is another point also. If a company prospers, the equity shareholders not only get more dividend, but their capital value also rises. The quotations of the stock exchanges will show that in many companies whose paid-up capital was Rs. 100 per share, the shares are quoted today even at Rs. 1,000 per share and more, whereas in the case of preference shares, they are quoted Rs. 85 per share. So, the preference shareholders have not only lost their voting rights, but they have lost in their income and also in the capital. These were the considerations which made the Government to bring this Bill.

Government waited enough for the companies to remedy the situation themselves on a voluntary basis. But because majority of the companies did not do it, the Government was obliged to bring this Bill. Hence, there was not only justification, but a full necessity for this Bill. The Select Committee has done well in amending this Bill by raising this compulsory limit, which is a relief to the preference shareholders. I feel, therefore, there cannot be two opinions on this Bill. It should have a smooth sailing and have the unanimous support of the House.

Dr. B. Gopala Reddi: As in the Select Committee, here also the Government did not take any sides. We left it to the Members of the Select Committee to decide the issue, because the Government was not concerned either way—the preference shareholders or equity shareholders. The

[Dr. B. Gopala Reddi]

objection raised by the hon. Member from Orissa was amply rebutted by Shri Morarka, and I need not go into the merits of the question.

Having accepted the principle of removing grossing, as early as March, 1959, this is only a consequential measure. Shri Bharucha does not accept that grossing should be done away with. But having accepted it as early as March, 1959, it is inevitable that the scales should be held even between equity shareholders and preference shareholders.

As Shri Morarka said, the previous taxation was 56.5 per cent on companies and it has been reduced to 45 per cent. So, the 11.5 per cent of profits need not necessarily go to the equity shareholders. The preference shareholders also have a claim. In his budget speech, the Finance Minister said, "We are watching the situation and we expect the companies themselves would do some justice to the preference shareholders". We have to step in at this stage, because we found that most of the companies, though they were willing to give an addition to the preference shareholders, could not do it, because of the provisions of the Companies Act and the difficulty of getting the resolution passed by the general body. Sir, Government thought that it should help those companies who are willing to give more to the preference shareholders by providing for a compulsory minimum. If they want to give more, certainly they are welcome to do it. There are ample provisions for that in the Companies (Amendment) Bill, 1959.

Therefore, I might repeat for the sake of the hon. Member who has come in again...

Shri Mahanty: What is the meaning in his saying "who has come in again"?

Mr. Deputy-Speaker: The hon. Member had gone out.

Shri Mahanty: I had gone for a glass of water.

Mr. Deputy-Speaker: That water was needed just at the time when his questions were being answered.

Shri Mahanty: On a point of order, Sir. When it is imputed that a Member has come in again, it is suggested thereby that the Member comes in and goes out as he pleases, without taking into account the fact that there may be other compelling reasons for the Member to go to the lobby. I beg of you kindly to consider this. I do not mind the hon. Minister having a dig, but it should not be at my cost.

Mr. Deputy-Speaker: I do not think there is any reason to be displeased with these observations. Of course, every Member is free to go out and come in as he pleases. There is no harm in that, though compelling reasons can only be disclosed if the Member chooses to do it. Now that he has done it, we all agree with him that that was a compelling reason. But the only difficulty was that it came up just at the moment when his questions were being answered.

Shri Mahanty: I am unfortunate.

Dr. B. Gopala Reddi: I was saying that since the company taxation has been reduced from 56.5 to 45 per cent, the difference need not necessarily go only to the equity shareholders. The preference shareholders also must get something in addition to the stipulated dividend.

I am glad that the entire House is giving its seal of approval to this Bill...

Mr. Deputy-Speaker: Again the hon. Minister is ignoring the hon. Member.

Dr. B. Gopala Reddi: His point has been amply met and I think he has withdrawn his objections. Since the report was made to the House, there was no adverse comment in the Press or from any quarter. Even some

letters that we have received welcome the decision of the Select Committee. I am happy the Committee gave a unanimous report. There was no question of any minute of dissent. Shri Bharucha and Shri Masani took a leading part in the Select Committee deliberations and their viewpoints were fully met by the Committee. I commend the report of the Select Committee to the acceptance of the House.

Mr. Deputy-Speaker: The question is:

"That the Bill to regulate dividends on preference shares of certain companies, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. Deputy-Speaker: There are no amendments to the clauses.

The question is:

"That clauses 2 to 7, clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 2 to 7, clause 1, the Enacting Formula and the Title were added to the Bill

Dr. B. Gopala Reddi: I beg to move:

"That the Bill, as reported by the Select Committee, be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill, as reported by the Select Committee, be passed."

The motion was adopted.

14.59 hrs.

MOTOR TRANSPORT WORKERS BILL

The Deputy Minister of Labour (Shri Abid Ali): I beg to move:

"That the Bill to provide for the welfare of motor transport work-

ers and to regulate the conditions of their work, as reported by the Joint Committee, be taken into consideration."

Hon. Members must have gone through the report of the Joint Committee placed on the Table of the House on the 5th December. I would briefly refer to some of the more important changes made by the committee. The original Bill did not provide for any target date for enforcement. It has now been recommended that the new law should come into force in all States by 31st December, 1961. Its scope has also been widened considerably. It would now cover every motor transport undertaking employing 5 or more workers instead of 10 or more, as originally provided. The State Governments have also been given power to apply it to such undertakings employing even less than five workers.

15 hrs.

Originally, there was provision for classification of motor transport services into three distinct classes, namely, city services, long distance passenger service and long distance freight service. This classification has been done away with and uniform hours of work and spread-over have now been prescribed for all classes of services.

Daily and weekly hours of rest have been fixed at 8 and 48 respectively, while the spread-over is not to exceed 12 hours in a day. As regards split duty, the number of spells of duty have now been reduced from 3 to 2.

For effective enforcement of law the powers of the inspectors have been enlarged to enable them to stop a vehicle and seize documents etc., if necessary.

Another modification made by the Committee relates to exemption. Power has been given to State Governments to exempt supervisory and managerial staff and also part-time workers from the provisions of this enactment. They will, however, have to send to the Central Government an advanced