(Pr. Sect. 1960)

TO BE PUBLISHED IN SUB-SECTION (ii) OF SECTION 3 OF PART II OF THE GAZETTE OF INDIA EXTRAORDINARY

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY.

......

New Delhi, the 12th May,1960.
Vaisakha,22, 1882.

N O T I F I C A T I O N
(TEA CONTROL)

S.O..........[7(11)PLANT(A)/59].- In exercise of the powers conferred by section 4 of the Tea Act,1953 (29 of 1953) read with rule 5 of the Tea Rules, 1954, the Central Government hereby appoints the following persons as members of the Tea Board until the 31st March, 1963, namely :-

1. Dr. (Mrs) Maitreyee Bose;
2. Shri B.K. Nair;
3. Shri M.S. Ramachandran;
4. Shri Durgeshwar Saikia;
5. Shri M.N. Sarmah;
6. Shri Babulal Sarma;
7. Shri Debprasad Ghose;

and makes the following further amendment in the notification of the Government of India in the Ministry of Commerce and Industry No.S.R.O. 944 dated the 17th March, 1954,namely :-

After the category of members representing Parliament, the following category and entries shall be added, namely:-

"27.	Dr. (Mrs) Maitreyee Bose, Vice President, Indian National Trade Union Congress, 47,Chowringhee, Calcutta.	Representing persons employed in tea estates and ...
28.	Shri B.K. Nair, Vice-President, Indian National Trade Union Congress, P.O. Alleppey.	

29. Shri M.S. Ramachandran,
350, New Jail Road,
Madurai.

30. Shri Durgeshwar Saikia, M.L.A.,
Sibsagar,
Assam.

31. Shri M.N. Sarmah,
General Secretary,
Indian National Trade Union Congress,
Assam Branch,
P.O. Dibrugarh.

32. Shri Babulal Sarma,
Secretary,
Rastriya Cha-Mazdoor Congress,
Jalpaiguri.

33. Shri Debprasad Ghose,
General Secretary,
Zilla Cha Bagan Workers' Union,
P.O. Mal,
District Jalpaiguri,
West Bengal."

} Representing persons employed in tea estates and gardens.

P.V. Ramaswamy
(P.V. RAMASWAMY)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA.

To

The Manager,
Government of India Press,
NEW DELHI.

Copy forwarded to:-

1. All the 7 members of the Board.

2. The Office Secretary, Indian National Trade Union Congress, 17, Janpath, New Delhi-1.

3. The President, Rastriya Cha-Mazdoor Congress, Jalpaiguri, West Bengal.

4. The Secretary, All-India Trade Union Congress, 4, Ashoka Road, New Delhi.

5. The Chairman, Tea Board, 27 & 29, Brabourne Road, Calcutta-1.

6. The Secretary, Tea Board, 27 & 29, Brabourne Road, Calcutta-1.

7. The Ministry of Labour and Employment, NEW DELHI.

P.V. Ramaswamy
(P.V. RAMASWAMY)

RESOLUTIONS ON DEMANDS ADOPTED BY THE ALL-INDIA CONFERENCE OF WOOLLEN WORKERS

(Dhariwal, January 23-24, 1960)

This All-India Conference of Woollen Workers views with great concern the working conditions of woollen workers of India. Low wages, no proper categorisation, no link of D.A. with the cost of living indices except in the solitary centre of Dhariwal where also it is formal and faulty, scanty leave and holiday facilities, meagre or no bonus, no retrenchment are the lot of woollen workers, unenviable.

This conference presents the following main and immediate demands of woollen workers of India and calls upon the Government and employers to concede these just and reasonable demands:-

1. Immediate wage increase upto 25% for all categories of workers.

2. Where the wages are split up into basic and D.A., the D.A. should be linked with the cost of living index and where there is no D.A., it should be introduced and linked with the cost of living index.

3. The proper categorisation of all workers should be done and minimum wages for each category should be fixed. This should be done on the basis of decisions of the 15th Indian Labour conference.

4. Minimum wages should be fixed in the cases of piece-rated workers.

5. Just as in Sugar industry, retention allowance should be fixed and paid to seasonal workers.

6. Festival holidays with pay, casual and sick leave with pay should be included in the Factories Act or a separate legislation should be enacted for this purpose.

7. The principles laid down by the 15th and 16th Indian Labour Conferences should be strictly observed and enforced by the Government wherever rationalisation retrenchment and closure are to be carried out.

8. Regarding bonus, the full bench formula should be done away with. Moreover, unless the workers' wages reach the level of fair wages, Compulsory bonus equivalent to one month's consolidated wages be paid to each worker every year. This compulsory bonus should be apart from profit-sharing bonus incentive bonus and other bonuses.

9. The interest of women workers should be protected and their minimum wages and services should be guaranteed. As soon as minimum wages are fixed, women workers are either retrenched for all times or put under contractors in separate enclosures.

10. Split up of factories which is done to escape from excise duties on the one hand, and from labour welfare legislation such as providentfund etc., on the other should be banned and all units should be considered as one unit or alternatively the condition of length of service or number of workers

in a factory in case of labour legislation should be abolished.

11. All India Wage Board should be immediately appointed for fixation of wages-scales and service conditions of woollen workers.

12. This conference calls upon the woollen workers throughout India to observe 15th March 1960 as Demands Day to propagate their demands and to press for their realisation.

February 4, 1960

Shri Lal Bahadur Shastri,
Minister for Commerce & Industry,
Government of India,
New Delhi.

Dear Sir,

Please refer to the letter dated February 2 addressed to you by Virudunagar Textile Mill National Labour Union, Virudhunagar, Madras State, our affiliate, regarding the notice given by the management to restrict the capacity of the mill from 200 to 99 in order to avoid excise duty.

The notice put up by the management on 30-1-1960, a copy of which was enclosed with the letter of the union has clearly brought forward the intention of the management to that effect.

If the management is allowed to close down such a large number of looms it will seriously affect the production and will render unemployed many workers. This will also result in a loss of large amount of revenue to the Government.

Therefore, sir, we request you to intervene in this matter and see that the management is not allowed to close down 101 looms from Ist March 1960 as it has already notified.

It is hopeful that you would personally look into the matter and do the needful.

We would request you to inform us at an early date as to what steps you propose to take in this connection.

Thanking you,

Yours faithfully,

(K.G.Sriwastava)
Secretary

Copy to: Shri G.L.Nanda,
Minister for Labour & Employment,
Government of India,
New Delhi.

2. The Secretary,
Virudunagar Textile Mill National Labour Union,
24 Gandhipuram Street,
VIRUDUNAGAR

201

D.O.No. 201/ /60
February 23, 1960

My dear Lal Bahadurji,

You were kind enough to inform the Rajya Sabha in reply to a question of mine that you were looking into the proper distribution of wool tops in woollen textile industry.

In January this year there was held a conference of Woollen textile workers' at Dhariwal. (Resolution Enclosed).

This question of speculation in wool tops and lay-off was hitting the workers hard and after thoroughly discussing the problems, the conference has suggested the following measures:-

1. Survey of the loom and production capacity with the cooperation of workers' representatives and supply of wool tops accordingly.

2. No licencing of new units unless raw wool supply city is available.

3. Establishment of combing plants, preferably in Public Sector, for manufacture of wool tops from indigenous raw wool.

4. Assistance to those who take up breeding Australian sheep for producing high quality wool.

The conference also demanded that a representative of the National Coordinating Committee of Woollen Textile Workers of India be included in the Development Council for Woollen Textile Industry. Shri Shantilal Vasa (Trade Union House, Ranjit Road, Jamnagar) is the Secretary of this Committee.

Another problem that is worrying the workers is the splitting up of woollen textile units by employers.

The decision to exempt 4 loom units from excise duty has prompted the employers to split up their units. Workers are losing due to this. 4 loom units by virtue of less employment than the required number go out of Provident Fund Scheme.

The quality of product is also suffering because technical and supervisory personnel could not be employed in sufficient number to look after all the split up units.

The excise duty should be revised. Even otherwise a single loom requires a capital of Rs.25,000 and obviously a four loom unit from the point of view of capital requirement could not be called a cottage industry.

I hope you will look into these problems and demands and do the needful.

Yours sincerely,

(Dr.Raj Bahadur Gour), M.P.,
Secretary, AITUC

Shri L.B.Shastri,
Minister for Commerce & Industry,
New Delhi.

2

11 APR 1960

No.7(11)Plant(A)/59
Government of India
Ministry of Commerce and Industry
....

New Delhi, the 9th April, 1960.

From

Shri P.V. Ramaswamy,
Under Secretary to the Govt. of India.

To

The Secretary,
All India Trade Union Congress,
4, Ashok Road,
New Delhi.

SUBJECT:- Tea Board - Appointment of new members with effect from 1-4-60.

Sir,

I am directed to refer to your letter No.204/NM/60 dated the 26th March, 1960 on the above subject and to say that the Central Government had, in their letter of even number dated the 22nd March, requested that a panel of names for consideration may be forwarded for the purpose of making nominations. It has been noticed that the All India Trade Union Congress has suggested only one name. It is therefore requested that a panel of at least three names may be submitted as requested earlier.

Yours faithfully,

PVRamaswamy

(P.V. Ramaswamy)
Under Secretary to the Government of India.

INDRAJIT GUPTA,

4 Ashok Road,
New Delhi

August 20, 1960

Dear Manubhaiji,

Now that the India Electric Works has been reopened, may I approach you regarding yet another closed factory which requires urgent treatment on similar lines?

You are no doubt fully posted with the facts of the case re. the Savatram Ramprasad Mills, Akola. Your Ministry's action in appointing a Committee of Inquiry under Sec. 15 of the Industries (Development and Regulation) Act, to go into the mismanagement of the concern was welcome and I am informed that the inquiry has been completed some time ago and the Committee's report must be in your hands. But the factory still remains closed since 5.3.60 and the unemployed workers are suffering terribly. Speedy action on your part can alone save the situation from deteriorating further.

May I know exactly how the matter stands at present and what steps Government is proposing to take to re-start production without further delay? There is considerable unrest and distress in Akola as a result of the prolonged closure and I would earnestly request you to expedite your action for taking over the mill and providing the workers with normal employment and with adequate relief for the involuntary unemployment to which they have been subjected.

With best wishes,

Yours sincerely,

(Indrajit Gupta)

Shri Manubhai Shah,
Minister for Industry,
Government of India,
New Delhi.

No.201/A/60
August 23, 1960

The Secretary to Govt of India,
Ministry of Commerce & Industry,
New Delhi.

Sub: Reconstitution of Development
Council for Oils, Soaps and Paints

Dear Sir,

Thank you for your letter No.4(8) 1A(IV)/60 dated 17th August 1960 on the above subject.

The Working Committee of our organisation is meeting in Delhi on September 11 and 12, 1960, which will decide on the AITUC nominee to be proposed on the Development Council for Oils, Soaps and Paints. We hope you will wait for the nomination till then, under the circumstances.

Yours faithfully,

(K.G.Sriwastava)
Secretary

No.10(46)-TEX(A)/59

GOVERNMENT OF INDIA,
MINISTER OF INDUSTRY
NEW DELHI

September 7, 1960.

My dear Shri Gupta,

Please refer to your letter dated the 20th August, 1960, regarding the Savatram Ramprasad Mills Company Ltd., Akola.

The report of the Investigation Committee has just been received and is under active consideration of the Government. We hope to take a final decision shortly.

With kind regards,

Yours sincerely,

Manubhai Shah

(MANUBHAI SHAH)

Shri Indrajit Gupta, M.P.,
4, Ashok Road,
New Delhi.

TMR/

THE INDIAN MERCHANTS' CHAMBER

Telegrams : "INCHAMBU"
Telephone No. 24-1064 24-1065

LALJI NARANJI MEMORIAL
INDIAN MERCHANTS' CHAMBER BUILDING,
76, VEER NARIMAN ROAD,
CHURCHGATE, FORT

Bombay, 12th October 1960

Ref. No.2164

From
The Secretary,
Indian Merchants' Chamber,
Bombay.

To
The Secretary to the Government of India,
Ministry of Commerce & Industry,
(Department of Company Law Administration)
Reserve Bank Building,
Parliament Street,
NEW DELHI.

Dear Sir,

The Committee of the Indian Merchants' Chamber have given their careful consideration to the Companies (Amendment) Bill, 1959, as reported by the Joint Committee of Parliament and, I am directed by the Committee to send herewith their views and suggestions on the same as below:

My Committee had, in their memorandum, submitted to the Chairman, Joint Committee of Parliament on the Companies(Amendment)Bill, 1959, pointed out that Joint stock enterprises which cover a wide area in the industrial and commercial field in the private sector and which still had to play a large part in the rapid industrialisation and economic progress of the country should be enabled to function effectively without being hamstrung by unduly irksome restrictions and fetters on their activities and had suggested that any legislation amending the law relating to joint stock enterprises should have a practical and rational approach which while removing the difficulties observed in the working of the provisions of the parent Act would ensure the smooth and healthy operation of the joint stock enterprises in the country. While my Committee felt that in framing the amending Bill which was referred to the Joint Committee of Parliament and which was

stated to be largely based on the recommendations of the Companies Act Amendment Committee appointed by the Government of India in May, 1957, Government had not, as far as some of the recommendations of the Amendment Committee were concerned, to have borne in mind the spirit underlying the same or the need for implementing fully those recommendations which went a long way in overcoming the practical difficulties and ensuring better fulfilment of the purposes behind the Act, they had expressed the hope that the Joint Committee of Parliament would so amend the Bill as to remove from it provisions which either nullified the rights of the investing public or prejudiced their interests or which in a large measure cribbed, cabined and confined the activities of joint stock enterprises, so as to enable the industrial and commercial field in the private sector to make its dynamic contribution to the rapid industrialisation of the country. My Committee are, however, constrained to observe that the Bill as amended by the Joint Committee has not contributed in any substantial manner to the furtherance of the objectives for which the legislation governing joint stock enterprises was undertaken.

The Companies Act 1956 contains a large number of provisions vesting in Government vast powers of interference in company management, which had since the coming into force of the Act placed corporate enterprise in a straight-jacket leaving very little room for the free play of initiative and enterprise so essential for its effective functioning. The original amending Bill proposed not in a little measure to add to the already vast armoury of powers of interference in the affairs of companies. While every one interested in

the proper and healthy management of joint stock enterprise expected the Joint Committee to appreciate the difficulties experienced by them in the day-to-day management of companies in view of the various restrictions placed at every stage and suggest such amendments to the Bill as would result in simplifying the provisions of the Act which are very complex and cumbersome and omitting therefrom unnecessary and otiose provisions which are hardly conducive to the smooth and effective working of the Act. On the other hand, my Committee find that the Joint Committee have by the introduction of new provisions as well as by amending some of the provisions of the original Bill sought to place additional restrictions conferring on Government more powers of interference in the day-to-day management of joint stock enterprises. To illustrate the new provision empowering Government to have a special audit of companies under certain circumstances, amendment of the provisions relating to the appointment of sole agents, conferring powers, in addition to the Registrar, on an officer of the Government to inspect the books of accounts of a company and enabling the Central Government to impose restrictions on voting rights, are powers which are very sweeping and which would amount to usurping the powers of the shareholders and casting a reflection on their judgement. In the exercise of the many powers conferred by the parent Act which are now being supplemented by the amending Bill reported by the Joint Committee there is every scope for arbitrary action and undue interference in the day-to-day affairs of joint stock companies. In the hands of

inexperienced officers of Government these extraordinary wide powers will inevitably result in obstructing and hampering the activities of the joint stock enterprise in this country.

My Committee had on various occasions in the past emphasised the need for introducing a provision in the Act for the establishment of a statutory authority for the administration of the Company Law. The Advisory Commission provided by the parent Act has not served the purpose or the objective which the Company Law Committee had in view while making their recommendation for the constitution of the statutory authority. Further, the constitution of the Technical Advisory Committee and the proposal now contained in the amendment Bill taking away the powers of the Advisory Commission in certain respects have, to a large extent, limited the scope of the functioning of the Advisory Commission. My Committee would, therefore, again impress upon Government the advisability of accepting the recommendation of the Company Law Committee for the setting up of a Central ~~Advisory~~ Authority which would be in a position to examine all the issues and problems involved in the administration of the company law in a detached manner and would request Government to take necessary steps in this regard.

With these preliminary observations, my Committee would now proceed to offer their detailed comments and suggestions on some of the clauses of the Bill as reported by the Joint Committee.

Clause 9:

This clause seeks to amend Section 25 of the Act relating to non-profit making associations. While the original Bill sought to empower Government to modify the requirement of certain sections of the Act enumerated in the clause in their application to such associations, the Joint Committee have amended it by giving a general power to Government to grant exemption from any provisions of the Act according to the circumstances and exigencies of each case since in their opinion, the power need not be confined to the Sections mentioned in the original clause. My Committee are of the view that instead of Government being empowered as proposed , it would be more appropriate if the exemption is provided by the Statute itself in respect of those provisions of the Act, which cannot be fully complied with by non-profit making companies.My Committee also feel that charitable institutions registered under the Companies Act which are at present required to file with the Charity Commissioner their balance-sheet and profit and loss accounts should not be required to file these documents again with the Registrar of Companies.

Original Clause 13:

This clause in the Original Bill sought to extend the period for supplying documents mentioned in Section 39 to members by a Company from 7 days to 14 days as also to increase the existing fee of one rupee for supplying copies of the documents to Rs.3/-. The Joint Committee have suggested the omission of this clause since, in their view, the period of 7 days and the existing fee of Rupees one provided in Section 39 of the Act are quite sufficient. My Committee feel that the suggestions contained in the Original Bill are proper and should be retained.

Clause 14: (Original Clause 15):

The original clause proposed to insert a new Section, No.43A for providing that in cases where not less than 25% of the paid up capital of a Private Company is held by one or more bodies

corporate, the Private Company will on the date on which the said 25% is first held by a body or bodies corporate or where the said percentage has been first so held before the commencement of the Amendment Act, on the expiry of 3 months from the date of such commencement, became a Public Company. According to the amendment made to this clause by the Joint Committee, the restrictions imposed under the clause will not apply to any Private Company if (1) the body corporate or each of the bodies corporate holding shares in the Private Company is itself a Private Company, (2) no body corporate holds any share in any of the share-holding companies, and (3) the total number of individual shareholders of the shareholding company or companies together with the individual shareholders of the Private Company does not exceed 50, which number should be computed in the same manner as is done in the case of a Private Company under Section 3(1)(iii)(b) of the Act.Though the Joint Committee have appreciated the contention that there was no justification for deeming a Private Company as a Public one when 25% or more of its shares are held by one or more Private Companies, the amendments suggested by them are not, in the opinion of my Committee, sufficient to be in consonance with the principle behind the recommendation of the Amendment Committee on which the clause has been based.According to the amendment, one of the conditions for taking a Private Company out of the provisions of the clause is that no body corporate should hold any share in any of the companies holding shares in the Private Company. This would mean that no Private Company can be a shareholder in any of the shareholding companies. This, in the opinion of my Committee, does not appear to be justified. They, therefore, suggest that there should be no objection for a Private Company in holding shares in any of the share-holding companies. Again, according to another condition, the total number of individual shareholders of the shareholding company

or companies together with the individual shareholders of the Private Company should not exceed 50. My Committee feel that the number 50 is too small and should be increased to 100.

Clause 15(Original Clause 16):

Section 49 is sought to be amended in order to give some latitude to companies in whose cases it is not possible to keep investments exclusively in their own names due to some other laws in force. The Joint Committee consider that where a Company transfers any shares to a Bank to facilitate the disposal of the same, then if the shares are not disposed of within 6 months, the Bank should retransfer them to the companies. The provision for retransfer suggested by the Joint Committee would introduce an element of rigidity and would go against the intention of giving some latitude to companies in the matter of investment of shares contemplated by the amending provision.Under certain circumstances, it may not be possible to have the shares disposed of within the period of 6 months. In these circumstances, my Committee would suggest that the amendment proposed by the Joint Committee for retransfer of the shares should be deleted.

Original Clause 44:

This clause sought to amend Section 163 of the Act for raising the copying charges and also for extending the period of ten days for supplying copy of Register,Index, etc., to 14 days. The Joint Committee have suggested deletion of this clause. In view of the fact that the documents required to be supplied may in certain cases run into a number of pages both the copying charges and the period for supplying of the copies existing at present are insufficient.My Committee, therefore, suggest that the original clause should be retained.

Clause 42(Original Clause 46):

The original clause proposed to take away the power vested in the Registrar under Section 166 of the Act for extending the time for holding the Annual General Meeting.The Joint Committee have, however, amended the clause for empowering the Registrar to

to grant extension of time for holding Annual General Meetings upto a period of 3 months. In the opinion of my Committee, the period of 6 months contained in the Parent Act should be retained.

Original Clause 57:

This clause proposed to raise the period of 7 days for supplying copies of minutes to 14 days and to increase the fee of 6 annas to a fee not exceeding 1 rupee for supplying copies of minutes. The Joint Committee have suggested deletion of this clause since, in their opinion, the existing period and the amount of fee are sufficient. My Committee feel that it is necessary to extend the period as also to enhance the fee and they, therefore, suggest that the original clause should be retained.

Clause 55(Original Clause 60):

Section 198 of the Parent Act is being amended by inserting an explanation defining what would constitute remuneration for the purpose of this Section. According to the explanation, remuneration payable to managerial personnel will include expenditure incurred by the Company in providing rent-free accommodation or any other benefits or amenities free of charge or at a concessional rate. It cannot be contended that all amenities provided to the managerial personnel at the expense of the Company are for the benefit of the personnel concerned as some of them would be expenditure incurred for the purpose of the business of the Company in which case such expenditure cannot be termed as remuneration paid to the concerned personnel. Any expenditure incurred by the Company which is not extraneous to the discharge of the duty of the personnel concerned should not be included in the term expenditure. It is suggested that the explanation may be clarified accordingly.

Another amendment to Section 198 proposes that payment of minimum remuneration when there are no profits or inadequate profits would also require the sanction of the Central Government.

In this connection, my Committee would like to point out that there are already a large number of matters in respect of which Government's approval is necessary. Such instances should not be increased any further. Moreover, it would be wrong in principle and contrary to one of the important objectives of the legislation to override the privileges and rights of the shareholders. It is felt that Government should not be empowered to interfere in the decision arrived at by the shareholders so long as the minimum remuneration fixed by them is within the minimum limits prescribed by the Act. My Committee, therefore, suggest that it should not be necessary to obtain Government's approval for the payment of the minimum remuneration.

Clause 57(Original Clause 62):

Section 205 of the Act is being substituted by a new Section providing that dividends can be declared out of profits for a particular year only after providing for depreciation. It is also sought to provide that if a company declares dividends out of previous years profits, such profits should be arrived at only after providing for depreciation. While the original clause provided for depreciation to the extent specified in Section 350 of the Act, the Joint Committee have amended this provision so as to allow a company to provide for depreciation subject to certain safeguards, also in accordance with other recognised methods than the one prescribed for provision of normal depreciation under the Indian Income-tax Act.In addition to the practical difficulties inherent in the new proposal requiring compulsory appropriation of depreciation before profits are ascertained for payment of dividends, it would make it impossible for new companies as well as for existing companies embarking upon schemes of expansion to declare any dividend to their shareholders for a number of years until the whole depreciation has been provided.This would result in retarding

the formation of new companies and attracting fresh capital for investment and would also affect the credit-worthiness of companies. My Committee, therefore, suggest that atleast for a period of 10 years from the date of incorporation of the Directors should be vested with the discretion to declare dividends upto 6% without providing for depreciation as contemplated by the amending provision. My Committee are also against the suggestion made by the Joint Committee allowing different methods for calculating depreciation for the purposes of the Section. It is always better to leave the method of ascertaining depreciation for the purposes of the Section uniform as otherwise it would lead to accounting difficulties.

<u>Clause 59: (Original Clause 64):</u>

Section 209 of the Act is being amended for empowering the Registrar to inspect the books of accounts of a company. In view of the fact that the Registrar has power to call for information or explanation in regard to documents filed with him under Section 234 of the Act, my Committee feel that there is no need for empowering the Registrar to inspect the books of accounts of a company. The Joint Committee have amended this provision for conferring the power of inspection of books of

accounts of a company on an officer of the Government authorised by Government in that behalf in addition to the Registrar. The suggestion made by the Joint Committee constitutes an additional authority to probe into the accounts and affairs of a company. This, in the opinion of my Committee, is a serious encroachment on the day-to-day management of companies. In their view, as stated earlier, there is no justification even for empowering the Registrar with the power of inspection of books of accounts.

Another amendment to Section 209 proposed by this clause requires that the Registrar should be intimated in writing of the address of the place where the books of accounts are kept, where such place is other than the Registered Office. This requirement of intimating the Registrar the address of the place will cause unnecessary work and hardship as far as banking companies and other companies having various branches are concerned. As for as these companies are concerned, the books are kept at various places and it may be necessary to send them from place to place in connection with the business of the company. It may also become necessary to send the books from one place to another for the purpose of sales tax and other assessments. Intimation to the Registrar as prescribed in such cases from time to time would result in avoidable complications and create unnecessary work.

With regard to the requirement for preserving books of accounts for at least 8 years, it is suggested that a saving clause should be provided for protecting companies which have not so preserved the books, since otherwise such companies would be treated as defaulters when the amendment is brought into force.

Clause 65 (Original Clause 71:)

Section 220 of the Act is being amended for requiring every private company to file with the Registrar its profit and loss account in addition to the Balance Sheet. The amendment would take away one of the important privileges of the private company. In the opinion of my Committee, this privilege of a private company should not be taken away and it is not necessary for such a company to file its Profit and Loss Account since any person dealing with it will know that he is dealing with a private company in view of the word "private" being required to be appended to its name and the Members would be furnished with copies of the Profit and Loss Account at the time of the Annual General Meeting. My Committee, therefore, suggest that a private company should not be compelled to file with the Registrar its Profit and Loss Account.

Clause 69 (Original Clause 75:)

This Clause seeks to amend Section 228 of the Act with a view to compell every company to have its Accounts audited either by the Company's auditor or by any other auditor who may be appointed for the purpose. Such a provision will cause difficulty especially to companies dealing in agricultural produce. The cost of audit will also be comparatively high as auditors' personnel would specially have to visit each branch in the upcountry region. Though the Joint Committee have appreciated the hardship that would result from such a provision particularly to companies whose branches are spread all over the country or where the branch concerned is a small one, the remedy suggested by them does not appear to be sufficient. My Committee feel that banking companies and private companies should be exempted from the provisions of this Section.

Clause 70(New clause):

This clause added by the Joint Committee inserts a new Section No.233A empowering the Central Government to direct

special audit of companies in certain cases. According to this Section, where the Central Government has reason to believe that the affairs of a company are not being managed in accordance with sound business principles or prudent commercial practices or being managed in a way likely to cause serious injury or damage to the trade, industry or business to which it pertains or the financial position of the company is such as to endanger its solvency, Government should be entitled to order a special audit of the Company's accounts so that a critical appreciation of the Company's working and the state of its affairs may be made available to Government. This new provision suggested by the Joint Committee adds to the large number of provisions for interference by Government found in the Act. It would make a great inroad on the autonomy of joint stock enterprises and in the opinion of my Committee is not in the best interests of the corporate sector. In addition to giving a blow to the good name and reputation of a company any action taken under the provision would also create a suspicion on the integrity of the Company's auditors. Further, such a provision does not at all appear to be necessary in view of the various provisions contained in the Companies Act as well as under other legislations under which Government could interfere in cases where the affairs of a company are not properly managed. As drafted, the provision is highly arbitrary and action is to be taken mainly based on the opinion of Government with regard to the management of the Company concerned. Such a provision is not subject to judicial scrutiny and would cause great damage to the interests of the corporate sector. My Committee are, therefore, strongly opposed to this provision and request that the same should be deleted.

Clause 71(Original clause 76):

Section 234 of the Act is proposed to be amended with a view to empower the Registrar to call for and inspect the books

of accounts, etc. of a Company in relation to the documents filed with the Registrar as well as in cases of complaints by a Member or creditor. The Joint Committee have thought it fit to widen the scope of Section 234(1) to empower the Registrar to call for information and inspection with respect to any matter to which the documents submitted to him purports to relate. The Registrar already has large powers and being an officer mainly intended for the purpose of maintaining documents, he should not be conferred with such powers at least in connection with complaints made by members or creditors especially because the inspector appointed to investigate the affairs of a company will have the necessary powers.

Clause 73(Original clause 78):

Section 238 of the Act dealing with investigation into the affairs of related companies is proposed to be amended with a view to bring within its purview a body corporate which is or has at any relavent time been managed by the Company under investigation or whose Board of Directors comprises of nominees of the Company or is accustomed to act in accordance with the directions or instructions of the Company. My Committee feel that the extension of the power of inspection and investigation in this manner to a larger category of companies merely because such companies have in their Board of Directors nominees of the Company which is under investigation is not proper and would interefere with the legitimate carrying on of the business by companies.

Clause 74(Original clause 79):

This clause amends Section 240 with a view to empowering Inspectors to examine wherever necessary employees of a company who may not be deemed to be included in the term 'officers' or 'agents' of a company. The Joint Committee have, while retaining the main provisions of the original clause amended it so as to provide for the attendence of the employees before the Inspector personnally when required to do so by the Inspector. The amendment will place an obligation even on an ordinary employee of

a company to produce documents or supply information which would place the employee concerned in an awkward situation under circumstances under which the documents are not in his control and expose him to unnecessary penal liabilities. It will also give an opportunity to irresponsible employees to take undue advantage of the situation and make exaggerated reports and allegations against the companies and its management. My Committee are, therefore, opposed to the proposed amendment.

Clause 79(Original clause 84):

This clause seeks to amend Section 250 of the Act dealing with the imposition of restrictions on shares and debentures. The amendment would make it possible for Government to exercise powers to restrict voting rights of shareholders under the circumstances mentioned in the clause. The Joint Committee have widened the scope of sub-section(1) of Section 250 so as to enable the Central Government to impose restrictions in suitable cases although there may not be any investigation under Sections 247, 248 or 249 of the Act. The powers proposed to be conferred by this Section are very drastic. The amendments made by the Joint Committee would extend the provisions of the Section even to shares which have not yet been issued but which may be issued in future. The restrictions would constitute undue interference on the part of Government in the management of the affairs of a Company and would also be an encorachment on the rights of shareholders. The rights of shareholders, the preservation of which is one of the main objects of the legislation, should not be interefered with by executive action. In any event, before Government exercises its power, sufficient notice should be given so as to enable the persons concerned to explain their case.

Clause 85(Original clause 90):

Section 261 of the Act is proposed to be amended so as to make a special resolution necessary even for the appointment of an additional or alternate Director. Since additional or alternate Directors hold office only for a short time, a special resolution

for the purpose should not be insisted upon. It is also possible that by the time a special resolution is passed, the Director in whose place an alternate is to be appointed might return and the appointment of an alternate Director would become unnecessary.

Clause 95(Original clasue 100):

Section 285 of the Act is to be amended so as to clarify that a meeting of the Board of Directors must be held at least once in every period of 3 calendar months. In the case of private companies, the requirement that the Board of Directors should meet once in every three calendar months does not appear to be necessary. However, if the private company passes a Resolution in General Meeting to the effect that it need not meet as provided by the Section, such a Resolution should prevail and it should hot be necessary for the company to comply with the provisions of this section.

Clause 99(Original clasue 104):

Section 294 of the Act dealing with the appointment of sole-selling agents is proposed to be amended. The Joint Committee have, added a further provision empowering the Central Government to call for information from a company having a sole-selling agent in order to satisfy itself whether or not the terms and conditions of the appointment of the sole-selling agent are prejudicial to the interests of the Company and if necessary to vary them. The amendment suggested by the Joint Committee constitutes another instance of interference in the day-to-day management of a company. Appointment of sole-selling agents would depend upon various circumstances and the Directors would be the persons best suited to decide the issue. Interference by Government in the manner proposed would only cause harassment and retard the proper working of a company. Where the sole-selling agent is an independent person and not a managing agent who has resigned his office with a view to take up the selling agency, there should be no interference by Government.

Clause 111(Original clause 116):

The Joint Committee have amended the original clause

amending Section 309 by providing for waiver of the ceiling on the remuneration of a whole-time Director or a Managing Director at the discretion of the Central Government. While my Committee welcome the provision for waiver and the suggestion not to apply the ceiling on a rigid basis, they feel that the waiver should be left to the decision of the company itself and not at the discretion of the Central Government, if necessary by providing for a special Resolution for the purpose.

<u>Clause 120.</u> The Joint Committee have added this new clause with a view to plug the loopholes in Section 332(4) of the Act. According to the amendment suggested by the Joint Committee a a Member of a managing agency public company entitled to exercise not less than 10% of the total voting power in that company and a member of the managing agency private company who is entitled to exercise not less than 5% of the total voting power in that company would be deemed to hold office as managing agent of the managed company. As the section stands at present, in order to attract the relevant provisions of that section a member should be entitled to exercise not less than 20% of the total voting power. The amendment suggested by the Joint Committee makes a drastic reduction in the voting power required in order to attract the provisions of the Section so that a larger number of persons would be attracted by the section. This amendment, in the opinion of my Committee, is not justified and they would, therefore, suggest that the present provision should be retained.

<u>Clause 124 (original clause 128).</u> This clause seeks to amend section 348 of the Act relating to remuneration of managing agents. According to the amendment, any payment made by way of remuneration to the following category of persons would be deemed to be included in the remuneration of the managing agent viz. (a) Where the managing agent of the company is a firm, every partner in the firm, (b) where the managing agent is a public company every director of the public company and (c) where the managing agent is a private company every director and member

of that private company. In this connection, my Committee would like to point out that where a person falling under any of the categories mentioned above appointed by a special resolution of the company under the provisions of Section 314; the remuneration of such person should not be included in the total remuneration of the managing agent. Again the sitting fee payable to a director who is also a director of the managing agency company should not be taken into account in calculating the remunera[illegible] payable to the managing agent. In the circumstances, my Committee suggest that in the saving clause (3) of section 348, in addition to the sections mentioned therein sections 309 and 314 should also be included.

The proposed amendment would result in any payment made by the managed company to the directors and members of the managing agency company being included in the remuneration paid to the managing agency company. In this connection, my Committee would desire to point out that it has been the practice with many managing agency companies to offer their shares to the members of their own staff and also to the staff of the managed company. Such issue rarely exceed one or two per cent of the capital of the managing agency company per individual employees. In such cases the salary or other remuneration paid to the members of the staff holding shares of the managing agency company will be included in the total remuneration of the managing agents. Since it cannot be the intention of Government to prohibit managing agency companies in allotting shares to such employees, it is suggested that payment of salary by a managed company to its staff who happen to be members of its managing agency company holding say not less than 2% of the share capital should be excluded in computing the remuneration of the managing agency company.

Clause 136 (Original clause 138). Section 372 of the Act dealing with inter-company investments is being substituted by a new section providing that no company shall invest in any other company to the extent of more than 10% of the subscribed capital of that company and to an aggregate of 30% of the investing company's subscribed capital. At a time when new ~~capital~~ industrial concerns are being formed by existing public companies in collaboration with foreign capital, it would be absolutely necessary that such companies should have the freedom to invest to an extent larger than the limits sought to be permitted by the amended section. The restrictions contemplated by the section will retard the pace of rapid industrial development of the country through inter-company investments. My Committee, therefore, feel that it would be inadvisable to have any such restrictive provisions in the company legislation of the country. In this connection, my Committee desire to point out that such restrictive provisionsdo not exist in the company law of any other country.

Clause 154 (Original clause 155): Section 411 is being amended so as to take out of the jurisdiction of the Advisory Commission applications received by Government under sections 408 and 409 which, in the opinion of Government, are of a frivolous nature or deal with matters of minor importance. My Committee feel that the decision as to whether any matter is of a frivolous nature or deals with matters of minor importance should be left to the discretion of the Advisory Commission and Government should not take power to decide such matters. The powers of the Advisory Commission are already very much restricted and the appointment of the Technical Advisory Committee has, to a great extent, encroached upon the powers of the Advisory Commission. In this connection

my Committee would invite Government's attention to the suggestion made in the preliminary paragraphs of this memorandum for constituting a central authority on the lines recommended by the Company Law Committee for the purpose of the proper administration of the company law.

Clause 202 (Original clause 200): A new Section No.629A providing a penalty in cases where no specific penalty is provided elsewhere in the Act is being introduced. This omnibus clause, in the opinion of my Committee, is beset with dangerous consequences and is also against the fundamental principles of jurisprudence. This provision will ropir3 in even unintentional omissions or defaults or even lapses of a civil nature would become punishable without there being a specific provision providing a penalty for the same. My Committee, therefore, suggest that this provision should not be included in the statute.

My Committee request that Government would give their careful and earnest consideration to the views and suggestions offered in the fore-going paragraphs and to make such suitable changes and modifications in the amending bill on the lines thereof.

Yours faithfully,

C. L. Gheevala

Secretary.

No.201/A/60-SKM
November 9, 1960

Sardar Swaran Singh,
Minister for Steel, Mines and Fuel,
Government of India,
New Delhi.

Sub: Grievances of iron ore miners under Bhilai Steel Project.

Dear Sir,

Distressing reports have been received from the workers of the Rajhara mines under the Bhilai Steel Project.

We are informed by our affiliate, the Samyukta Khadan Mazdoor Sangh that M/s.Jyoti Bros., the raising contractors have totally stopped raising work and are compelling workers to work with D.F.L., i.e., blasted stones. The management has alleged that explosive materials are not supplied by the Bhilai Steel Project authorities, and hence they are unable to give work to the miners for 8 hours.

The result has been that the workers are compelled to remain idle and their average wage has fallen down to 37 nP to 50 nP per day, for the last three weeks.

We are informed that the raising contractors are deliberately creating a crisis, in order to compel the workers to leave their jobs and seek alternate employment. Unfortunately, the BSP administration has not intervened in this case, in order to ameliorate the condition of the workers.

We hope you will agree that such chaotic conditions should not be allowed to exist in such major national projects as the Steel Plants in the State Sector and in their subsidiary mining projects.

We would request you to intervene in the matter immediately.

Thanking you,

Yours faithfully,

(K.G.Sriwastava)
Secretary

Copy to: General Manager,
Bhilai Steel Project,
Bhilai

Copy to: Com.Prakash Roy,
Samyukta Khadan Mazdoor Sangh,
Rajnandgaon, M.P.

Shri K. G. Sriwastava,
Secy.
All India Trade Union Congress,
4, Ashoka Road,
New Delhi

16 NOV 1960

S. 208.

No. 4548/PSAM/Stt/60

Government of India

Ministry of Steel Mines & Fuel

Dated New Delhi the 14-11-1960.

Dear Sir,

I am directed to acknowledge the receipt of your letter No. 201/A/60-SKM dated 9.11.60 addressed to the Hon'ble Minister for Steel Mines & Fuel regarding grievances of iron ore miners under Bhilai Steel Project.

Yours faithfully,

Private Secretary to Minister for Steel, Mines & Fuel

MFP—841 General—6923-73—(C-921)—9-7-59—60,000.