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Mr. M. R. Masani's intervention in the Lok Sabha on 30-11-60 in the course of the discussion on the Companies (Amendment) Bill, 1960.

Shri M. R. Masani (Ranchi - East) : Sir, may I speak in support of my 4 amendments and explain them briefly to the House? But, before I do that, I would like to express my sense of appreciation of the spirit in which the Minister of Commerce and Industry spoke yesterday; and particularly, his declaration that this decision will be left to the free vote of the House. That is a very healthy precedent. This is not an issue on which parties should vote as parties. And I may mention to him that, so far as my Group is concerned, we also believe in voting like this, the principle of free vote and no whip should be issued by any political party. I was heartened also to see my esteemed friend, Shri Tyagi, taking advantage of that freedom of discussion and vote to express his position against the Minister's position. And I do hope that when the House divides later today or tomorrow on this clause, Members of all parties will exercise this freedom - including the ruling party - which is given to them. (Interruption). Because that is the acid test of the sincerity of a free vote.

To deal with one of the small issues first, Government companies. The hon. Minister yesterday made a very sound declaration of government policy that government companies would not be allowed to contribute to political funds. That is only to be expected of any decent democratic government (Interruptions). But, as I mentioned yesterday in an interruption, the present Government is not a permanent government. In a democracy, the government of the day changes and should change every now and again. We cannot commit those who are going to suceed us.

Acharya Kripalani: They are unique people.

Shri M. R. Masani: Even today or tomorrow there may be a State Government which is of a different political colour. The hon. Minister said that he hoped that the present State Governments would line up behind him in this policy declaration. A year ago there was a Communist Government in Kerala and supposing there is a Swatantra Government two years later in one of the States (Shri Tyagi: God forbid!) I want that those governments should also be bound to respect this position that public corporations and companies should not be free to contribute to the funds of their own political parties. Therefore, I must say that I deplore the refusal of the hon. Minister to accept my amendment No.78 which would statutorily bar what he also agrees should be barred. I am afraid he is leaving a loophole which is quite unnecessary; and I would still request him to reconsider the matter and accept my amendment No. 78 which is entirely in line with his wishes.

The second point is publicity. The Minister has claimed that the present Bill gives publicity to corporate donations. This is true only in a limited sense. That publicity is likely to come too late. We all know that big contributions are made by corporate bodies in the twelve months before a general election. These contributions, therefore, would be made some time in 1961 or early in 1962. The hon. Minister knows that the balance-sheets of those companies will notbe published before polling but after polling, after the 31st March, 1962. What then is the value of publicity after the event? What is the value of closing the stable door after the horse has run away? If the hon. Minister really wants that the people of India should know to what parties what companies have contributed funds, then, logically, he must accept amendment No. 79 in my name or the other amendment that stands in the name of Shri Bharucha which stands for advertising the fact of contribution within 30 days of the contribution being made. It is only then that the Minister can claim that the law will give publicity to such

Shri M. R. Masani: The purpose of these amendments is to stop the concentration of power in a few hands. As Acharya Vinoba Bhave has said, here all power is concentrated in five or six hands and that is dangerous for the country. By these amendments we are trying to stop money power from being allied to political power, so that those who control money power are kept aloof from those who have the political power. In that way a system of checks and balances is created for human liberty and prosperity. But if those with money power also get political power and come close together and form a coalition, as is being done in the country before our eyes, then you get the most dangerous vested interest unparallelled in history. That is the State Capitalist vested interests of those in office and their hangers on in the world of business - they are coming on top today. So, if the hon. Minister agrees that power corrupts, then he would be well-advised to accept these amendments because it will keep power divided betw en those in office and those with money.

The third argument was that those who gave money did not decide policies. I entirely agree with him. That is the principle of his Party as well as my own and I return the compliment which he paid yesterday that neither of our parties is going to be influenced by contributions so far as far as their ideology is concerned. But I am afraid the hon. Minister has misunderstood the argument. It is not influence on the ideology; it is influence on the day-to-day administration of Government policy. It is the administrative acts of the Government of the day that will be influenced.

What are these administrative acts? Who shall produce a car, and who shall produce a tank? Where shall it be produced? Who will have a permit or licence? Who will export the raw material? This the quid pro quo for the donations given.

The hon. Minister frankly said that the capitalists were unhappy with the Congress policy and asked: why then do they contribute? He gave the answer: the Congress organisation can deliver the goods. In a different sense from what he meant, that is exactly my point also. The Congress can deliver the goods which no Opposition Party can. And what are the goods? The goods are the various things that are convertible into hard cash: licences, permits, facilities, priorities, and so on. These are the things that are convertible into cash at a profit; these are the goods that the Congress Party alone can deliver today. Therefore, I entirely agree with the hon. Minister that it is the capacity to deliver the goods that the ruling Party has which makes it the favoured party and not belief in its ideology. The proof of the pudding is in the eating.

The hon. Minister yesterday quoted several judgments and also the Shastri Committee report. Let me quote, to correct and restore the balance, from the report of the LIC Enquiry Commission, headed by a very distinguished jurist, Justice Vivian Bose. This is what the Bose Commission has to say:

> "After all Mr. Mundhra is not a philanthropist and would not shower these indulgences on Government and the organisation that places it in power without the hope of favours to come that would outweigh his apparent sacrifices. From his point of view, these were sound business investments, and in any case, the money did not come from his pocket. The shareholders would have to bear the brunt.... So far as the record goes, the only motive that suggests itself (for the Mundhra deal) is a quid pro quo for the donations given by Mr. Mundhra to the Congress Funds and an attempt to fulfil the promises made to him (by certain Ministers) about the Kanpur Mills."

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Acharya Kripalani: Therefore, that judgment was rejected!...... (Interruptions).

donations; otherwise, with all respect, the publicity claimed for it will be an eye-wash.

Then we come to the main issue; and on that main issue I commend to the House my amendments Nos. 1 and 14. Amendment No. 14 would seek to stop the board of directors under section 293 from making contributions to political parties or funds; while amendment No. 1 would stop companies altogether from permitting such contributions by saying that there should be a new clause after sub-section (1) of section 13. That would read:

> "Provided that the objects set out in the memorandum of a company shall not include the making of any contributions to any political party or political fund."

If these two amendments were accepted, then, neither the board of directors nor the company could make political contributions.

The hon. Minister yesterday announced a ceiling on what the general body of a company can do. I welcome the spirit of that announcement and also its content because there is no doubt that it sets some limit on the funds that a company can vote away; and it brings them on the same level with the board of directors as to discretion. I, therefore, welcome this as a move in the right direction. The hon. Minister has put some limits on the evil that we want to eradicate. I am sure he will be the first to appreciate that limiting an evil is not the same thing as fighting it outright. Since out stand is that corporate contributions should be banned altogether, while I would personally welcome the limit that he has now made, still I feel that the principle must be opposed and should be rejected.

The hon. Minister gave certain arguments in advance of his case. I shall very briefly try to deal with them. The first argument was that money was needed for campaigns and that if money was prohibited by resolution of the company or board, then, some corporate money would find its way into the coffers of political parties by under-hand means, by the faking of accounts, as he himself put it. I must say I was rather confused by this argument. Some of us believe that you cannot make people good by legislation. And my own party believes that there are limits to State regulation in affecting human behaviour. (Interruptions). We cannot create angels by legislation.

An Hon. Member: Everybody will agree with that.

Shri M. R. Masani: The hon. Minister has argued, all throughout the Bill, in the Joint Committee and here, that by passing regulatory clauses he is going to make company administration clean. The same argument he has used in this case, that the change of the law will not stop certain malpractices, equally applies to the 200 odd clauses of the Bill. In other words, logically, this Bill is useless and the Company Act is useless because people will do exactly what they do, law or no law. Therefore, since the House and the Government are committed to the thesis that by passing a law we make it effective - if that is not so, what is the Company Law Administration there for? - let him also apply the same logic to this clause and say that if we ban contributions it will really be a ban just as he strives to stop take-over bids and corruption of every kind. He can also apply this to the same extent. We agree that all laws that are passed by Parliament cannot be 100 per cent effective. To the extent the Company Law is effective, this ban would also be effective. Therefore, I am afraid the hon. Minister was not consistent on this point.

The second argument was: not only money corrupts; other things also corrupt. I respectfully agree. I would say that something corrupts much more than money and that is power.

Shri Tyagi : It does.

Shri M.R.Masani: Now, I have been asked: why do the business people contribute to Congress funds? I can give two or three answers. First, a very small number of people may happen to agree with Congress policies. The Minister himself knows that the class to which he refers are not happy about the disasterous policies of the present Government, but there is a small class of these people who may be in agreement. I am glad that yesterday, the hon. Minister quoted from the judgment of Justice Tendulkar and I am quoting from his speech yesterday:

> "Justice Tendulkar drew a line of distinction between supporting a candidate or party with whose policies the company was in substantial agreement or supporting a party or candidate who would, for a consideration in the shape of contribution from the company, support the policy of the company, irrespective of the view of the party or the candidate concerned."

I am prepared to concede that there may be some businessmen - a small number - who happen to agree with the Government's policies. But, if I may make bold to say, 90 per cent. of those who give contributions to the Congress funds do <u>not</u> belong to that category; they belong to two other categories and they are moved by two other considerations. Either they are good businessmen, who are frightened of reprisals, who are frightened of being punished through a controlled economy for not giving money to the Congress funds or for daring to give it to Opposition Parties. I can vouch from personal experience for large numbers of businessmen who have told me: we dare not give your party money because we shall be punished by reprisals and retributions by a vindictive government. I do say that the charge is perhaps unfair. I certain argued with them that, for the citizens of a free country, this is a cowardly attitude and they should have the courage to trust the <u>bona fides</u> of the government of the day. If they are in trouble in any matter, the people at the top of the government would intervene and see that injustice was not done to them. They replied: "You are an Utopian; you do not know what you are talking about. We know where the shoe pinches and what sort of people we are dealing with. We know whether they will be fair as in other democracies." I said that they were unjust. Cases of vindictiveness might have been there, but I do not believe that my hon. friend there, for instance, would utilise his political power to punish those who help the Opposition Parties. The fact remains that this feeling is widespread among the class of people whom we are discussing.

Now, Sir, there is another class of businessmen, corrupt and bad businessmen, who want the quick rupee to feather their own nests and line their pockets and who do not care two hoots for democracy or free enterprise or anything at all so long as they reap their returns in the coming twelve months. They are the third class of businessmen that make contributions and Justice Vivian Bose shows how they get their <u>quid pro quo</u> in hard cash.

Mr. Chairman: The hon. Member's time is up.

Shri M. R. Masani: Therefore, Sir, the issue is not one whether a company should voluntarily be allowed to contribute but the issue is whether coercive methods to get company funds should be removed and whether the company funds should be permitted to be raided by those who speak on behalf of the ruling political party against the wishes of those who disagree with the ideology of that party, who think that this policy is leading the country to disaster. Th t is the real issue.

If I am told again that these contributions will be voluntary in the coming twelve months, all I can say is that they will be about as voluntary as the election of the Chief Minister of Uttar Pradesh will be voluntary tomorrow morning.

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