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NOTIFICATION

No. LJD. 67/79/23, Dated Aizawl, the 1st February, 1979, The following Bill which the Lok Sabha has circulated for the purpose of eliciting opinion thereon is hereby republished for general information.

Any person or public body desiring to submit an opinion on the Bill should submit their opinion in triplicate to the Secretary to the Government of Mizoram, Law, Judicial and District Council Affairs Department, Aizawl on or before 15th July 1979 and not direct to Lok Sabha Secretariat or any Ministry of the Government of India

J.W. Sundara Raj
Secretary to the Govt. of Mizoram,
Law etc. Department

THE JANATA TRUSTEESHIP BILL, 1978

By
Dr. Ramji Singh, M.P.

A
BILL

to provide for the creation of Trust Corporations for further development of enterprises and for matters connected therewith.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows :

1. (1) This Act may be called the Janata Trusteeship Act, 1978, Short title,

(2) It shall extend to the whole of India extent and commencement.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act unless the context otherwise requires,— Definitions.

(a) "business" means and includes industries, plantations, banks, trade transport or any other activity carried on for profit;

10. 1 of 1956 (b) "company" means any public or private limited company registered under the Companies Act, 1956, and having a subscribed capital of more than a million rupees:

(c) "Panchayat" means the organ of management of a trust Corporation constituted in the manner provided in this Act.

(d) "Trust Corporation" means any public or private limited company which has declared itself a Trust Corporation under this Act. 5

Provisions to have effect notwithstanding any law in force. 3 The Provisions of this Act shall have effect notwithstanding anything to the contrary contained in any law for the time being in force.

Formation of a Trust Corporation, Information to Registrar. 4. A company may, by a resolution passed by a majority of shareholders present and voting at its general meeting, declare itself to be a Trust Corporation. 10

5. Immediately after the passing of the resolution referred to in section 4, the managing agent or the manager or the secretary of the company shall notify the same to the Registrar of Joint Stock Companies in whose jurisdiction the head office of the Company is situated.

Interim management. 6. The Registrar, on receiving such notice, shall direct the managing agent, the manager or the secretary, as the case may be, to carry 15 on the day to day business of the Company as an interim managing trustee.

Panchayat of Trustees. 7. The Registrar shall, as soon as possible, arrange to take stock of the assets and liabilities of the Company and shall constitute a Panchayat of Trustees consisting of not more than sixteen members, 20 in the following manner, to supervise, control and direct the managing trustee :—

(a) not more than five trustees to be nominated by the shareholders of the company at its general meeting;

(b) not more than five trustees to be elected by the trade union of the employees of the company of whom at least one shall be from the managerial staff, one from the jobbers and the rest from any section of the employees :

(c) five trustees, to be nominated by the Register of Joint Stock Companies, as experts, one each from the Planning Commission, Ministry of Industry Trade and Commerce, Department of Company Law, Department of Labour of the State Government concerned and 30 a nominee of the Municipal Committee or Corporation of the locality in which the Head Office of the Company is situated;

(d) the interim managing trustee shall be an ex-officio member of the Panchayat.

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Right of
workers to
vote.

8. Every worker who has been in the employment of the company for not less than six months shall have the right to vote in the election of the trustees.

9. No representative of workers shall be included in the Panchayat unless he belongs to a united trade union which makes an active demand for responsible participation in the management of the Trust Corporation. Qualification for election as trustees.

10. The Panchayat shall decide all major questions relating to the management of the business of the Trust Corporation and, in particular, frame rules for the efficient management of the corporation, approve its annual production plans and annual accounts, construction and development programme, purchases, sales, loan, credits, wages, salaries, bonus to employees and interest, if any, to shareholders. Functions of Panchayat

11. The profits of the Trust Corporation after due provision being made for depreciation and provident funds, shall be credited to the income tax folio of the Ministry of Finance, Government of India for being allocated to the different States according to the recommendation of the Finance Commission. Profits to be credited to Government of India.

12. The employees of the Trust Corporation shall not demand any rise in wages which is not commensurate with the earnings of an average villager or the uniform scales of wages determined by the Ministry of Labour, Employment and Rehabilitation of the Government of India. Wages of employees.

13. The Panchayat may sanction payment of general bonus or individual merit bonus for surpassing the annual production targets fixed for the Corporation. Payment of bouns.

14. Works Committees of employees shall be formed in every department of the Trust Corporation and they shall be entrusted with the job of explaining the decisions of the Panchayat to the employees, maintenance of the discipline and execution of welfare schemes of the Trust Corporation. Works com. mittees.

15. The managing agent, the manager or the secretary of the company, which has declared itself to be a Trust Corporation, shall become the ex-officio managing trustee of the Trust corporation. Managing trustee.

16. If the managing agents are a company or a firm such company or firm may nominate the first managing trustee of the Trust Corporation. Managing trustee to be nominated in certain cases.

	17. The first managing trustee shall continue in office for five years or till he attains the age of sixty years, whichever is longer.	Term of office of managing trustee.
	18. The managing trustee shall be liable to be removed from office by the Panchayat for a criminal breach of trust.	Removal of managing trustee.
Remuneration of managing trustee.	19. (1) The remuneration of the first managing trustee shall be fixed by a contract between him and the Panchayat.	
	(2) In case of a dispute regarding the remuneration of the first managing trustee, the Registrar of Joint Stock companies shall fix the same after taking into consideration the standard of life to which the first managing trustee is accustomed.	5
Successor of managing trustee.	20. The first managing trustee may recommend a successor to his office but the final appointment shall be made by the Panchayat.	
Salaries.	21. The salaries of subsequent managing trustees and other supervisory or technical staff shall be fixed by the Panchayat.	10
Chairman of Panchayat.	22. The Panchayat shall elect a Chairman from among its members, who shall summon its meetings from time to time and shall preside over the same.	
Panchayat to act through managing trustee,	23. The Panchayat shall supervise the work of the managing trustee corporation examine his reports and give him instructions in regard to the day to day administration as also the policies and programme of the corporation.	15
Control over the employees.	24. All employees of the Trust Corporation shall be subject to the authority of the managing trustee in performing their duties.	
Power of managing trustee.	25. The managing trustee shall be empowered to impose disciplinary penalties on defaulting employees.	20
Audit.	26. The accounts of the Trust Corporation shall be audited by the Comptroller and Auditor General of India.	
Scrutiny of accounts.	27. Statements of income and expenditure, balance-sheets and statements of assets and liabilities shall be placed before a joint annual general meeting of all employees of the Trust Corporation and the shareholders of the company.	25
Government to acquire Trust Corporation in certain cases,	28. The Registrar of Joint Stock Companies, on being satisfied on the basis of auditor's report that the affairs of a Trust Corporation are being conducted in a manner harmful to the interests of the interest of the community, may recommend to the Central Government to take over the assets of the corporation and dispose them of in any manner it deems fit.	30
Coordination with national plans,	29. The co-ordination of the industrial or commercial activities of the Trust Corporation with the national plans for economic development shall be the responsibility of the representative of the Planning Commission on the Panchayat, whose decisions in this regard shall be final	35
65 of 1951	30. Any industry or undertaking whose management has been taken over by the Government under the Industries (Development and Regulation) Act, 1951, and entrusted to the Registrar of Joint Stock Companies, may be treated as a trust corporation for the purposes of this Act.	Acquired undertakings.

- 5 31. New Trust Corporations may be floated ab initio by an individual entrepreneur investing fifty per cent of the subscribed capital, provided that the Central or the State Government concerned agreed to contribute the other half; so, however, that the total equity capital does not exceed twenty lakh rupees. New Trust Corporations.
- 10 32. A Trust Corporation formed under section 31 shall be subject to the same rules as are applicable to any other Trust Corporation formed under this Act. Application of rules.
- 15 33. The terms agreed to between the managing trustee of a corporation formed under section 31 and the Government in respect of remuneration shall be valid during the active lifetime of the original managing trustee. Managing trustee of a new corporation.
- 20 34. (1) The Central Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act : Power to make rules.
- Provided that the rules made hereunder shall not make any discrimination between companies owned or managed by Indian and foreign nationals.
- 25 (2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.
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STATEMENT OF OBJECTS AND REASONS

"Enjoy thy wealth by renouncing it" (ten tyaktena Bhunjithat) is mantram of the Upanisad. "All property belongs to God"—says the Ramayana (Sampati Sab Regnupati Ke Ahi) True to this spirit of Indian culture. Mahatma Gandhi had put forward before India the concept of social obligation of business, known as "Trusteeship". Ours is a Socialist Republic but Indian Socialism must be evolved in accordance with the nation's innate culture and traditions and not merely a "carbon copy" of the West, Professor E.F. Schumacher has rightly said: "If India should be able to move along the path of Equality through Trusteeship she could become a beacon to the world". Industrial Common Ownership Act, 1976 passed by the British parliament merely vindicates the stand of the Mahatma. Late Dr. Ram Manohar Lohia had tried to introduce "The Indian Trusteeship Bill" in 1967 but the sanction to introduce the Bill was withheld at the first instance and when it was assured of giving active consideration, it was too late and Dr. Lohia died in October, 1967. Thanks to Shri George Fernandes, who succeeded in introducing the Bill in 1969, during Gandhi Centenary Year, as a fitting memorial to the Father of the Nation. But it could not become a law. The Janata Government is dedicated to the values and ideals of Gandhiji and hence the enactment of this legislation will be a tribute to Government and the people and also to the Father of the Nation.

Under State-regulated trusteeship, the individual will be free to make as much money as he likes, but will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interests of society, i.e. they will be allowed to become statutory trustees. The Bill seeks to provide such an opportunity to the owners of large companies and proposes necessary provisions for the democratic management of the resultant trust corporations. The provisions of the Bill are intended to usher peacefully an era of a socialist society, which will be built not solely on monetary incentives but on ideas of service to society. Whether it is private capitalistic or state-capitalistic forms, they concentrate power in few hands and reserve the privilege of creativity and production for those already rich or powerful—multinationals, tycoons, bureaucrats, commissars, and the like. The provisions of the Bill are expected to promote increased productivity by giving the workers a sense of full and intelligent participation in the process of production, purchases, sales and investment of the enterprise.

The Bill is not a compulsory but a permissive measure enabling the present owners of large companies to transform their existing titles based on absolute rights into trust ownership.

NEW DELHI;

RAMJI SINGH

The 1st November, 1977.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 7/45/77-CL.V, dated the 13th March, 1978 from Shri Shanti Bhushan, Minister of Law, Justice and Company Affairs to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the Janata Trusteeship Bill by Dr. Ramji Singh, Member, Lok Sabha recommends under clause (1) of article 117 and clause (1) of article 274 of the Constitution the introduction of the Bill and under clause (3) of article 117 of the Constitution the consideration of the said Bill by the Lok Sabha.

FINANCIAL MEMORANDUM

Clause 31 of the Bill provides that the Central Government may invest 50 per cent of the authorised capital of a new Trust Corporation that may be set up by any entrepreneurs. The Bill, therefore, if enacted is likely to involve a recurring expenditure of about Rs. 25 lakhs from the Consolidated Fund of India.

No non-recurring expenditure is likely to be incurred.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 34 of the Bill confers on the Central Government power to make rules to carry out the purposes of the Bill when enacted. Generally, these rules will relate to matters of details and procedure. The delegation of legislative power is, therefore, of a normal character.

NOTIFICATION

No. LAD/B-50/78-79/8-9, the 22nd January, 1979. Consequent upon modification of the schedule appended to the Govt. of Mizoram (Allocation of Business) Rules, 1972, vide Govt. Notification No. POL.6/74 dt 30th June, 1977, and in partial modification of Govt. Notification issued under No. LAD/R-10/74/Pt dt 30th June, 1977, the Lt. Governor (Administrator) of Mizoram is pleased to order that the Subjects indicated in Annexure of this Notification shall be dealt with in the Directorate/Secretariat and District offices of Local Administration, Town Planning and Housing as indicated against them.

The Lt. Governor is further pleased to order that a single file system shall be introduced in the Directorate/Secretariat level and all the files in the Directorate/Secretariat offices shall be re-numbered accordingly, if necessary.

This notification shall take with immediate effect.

Khuanga,
Secretary to the Govt. of Mizoram.

ANNEXURE

RE-ALLOCATION OF SUBJECTS TO THE SECRETARIAT/DIRECTORATE AND DISTRICT OFFICES OF LOCAL ADMINISTRATION, TOWN PLANNING AND HOUSING

Sl No	Subject	Department in which previously dealt.	Transferred/allocated as per allocation Order No. POL. 6/74..... dt. 30.6.1977		List of Acts etc. by which these subjects are governed.
			Secretariat/Directorate	District level	
1.	All matters relating to Village Councils in Aizawl and Lunglei Districts including administration of :—	LAD Secretariat and Directorate	Secretariat/Directorate	Deputy Commissioners, L.A. T.P.&H.	(i) LHD(Village Councils) Act, 1953. (ii) LHD(House Sites) Act, 1953, in so far as its operation is concerned. (iii) LHD(Election to Village Councils) Rules, 1954. (iv) LHD(Jhumming) Regulation, 1954.
(i)	LHD (Village Councils) Act, 1953.				
(ii)	LHD(House sites) Act, 1953 in so far as its operation in Rural areas is concerned.				
(iii)	LHD (Election to Village Councils) Rules, 1954.				
(iv)	LHD(Jhumming) Regulations 1954				
2.	Town Planning, Improvement and Development.	P.W.D	—do—	—do—	
3.	Town Administration including Mizo District (Administration of Town Committees) Act, 1955	LAD Secretariat and Directorate	—do—	—do—	Mizo District (Administration of Town Committees) Act, 1955
4.	Grants-in-aid and loans to Village Councils/Town Committees.	—do—	—do—	—do—	

Sl No	Subject	Department in which previously dealt.	Transferred/Allocated as per allocation Order No. POL. 6/74.....dt 30.6.1977	List of Acts etc. by which these subjects are governed.
5.	Housing including Urban Housing, Rural Housing, Middle & Low Income Group Loan Schemes but excluding Government Housing Projects.	(a) LAD so far as Urban & Rural Housing under Plan are concerned. (b) PWD so far as Govt. Housing Projects are concerned. These shall remain allocated to PWD.	—do— —do—	