

TABLE OF CONTENTS

Preface	(ii) - (vii)
Acknowledgment	(viii) - (x)
Contents	(xi) - (xviii)
Annexures including Bibliography	(xix)
List of Figures	(xix)
List of Case-Laws	(xix) - (xx)
List of Tables	(xx) -
List of Abbreviations	(xxi) - (xxiii)

C O N T E N T S

	<u>PAGE</u>
<u>CHAPTER - I : Introduction</u>	.. 1-50
1.1 : Importance and Growth	.. 1
1.2 : Origin of Company form of business Organisation.	.. 11
1.3 : The Constitution of India and Company Management.	.. 13
1.4 : Income distribution and Company Management	.. 14
1.5 : Indian Companies Act with amendments and relevant Acts.	.. 17
1.6 : Objectives of the study	.. 18
1.7 : The scope of study.	.. 21
1.8 : Methodology.	.. 35
1.9 : Present literature and limitations	.. 35
1.10 : Research Gap	.. 47
1.11 : Sources of Data	.. 48
1.12 : The plan of the study	.. 48
 <u>CHAPTER - II: History of Company Management in India</u>	
<u>A n d</u>	
<u>Its structure under Companies Act, 1956</u>	..51-122
 <u>PART-I : History of Company Management</u>	51-82
2.1 : Early stage of Corporate Law and Company Management in India.	.. 51
2.2 : <u>FIRST PHASE (1860 to 1946) :</u> Early history and development of Managing Agency system in the Company Management in India.	.. 53

2.3	:	<u>SECOND PHASE (1947 to 1956) :</u> Deterioration of the effectiveness of the Managing Agents forced Independent India to make provisions to control them.	..	70
2.4	:	<u>THIRD PHASE (1956 to 1966) :</u> Enactment of the Companies Act 1956 made strict control over Managing Agents.	..	74
2.5	:	<u>FOURTH PHASE (1970 to up-to-date) :</u> Abolition of Managing Agency system made the management by Board with Managing Director and some recent development in Company Management.	..	80
		<u>PART-II : Structure of Company Management under the Companies Act, 1956 and critical review.</u>	vs	83-122
2.6	:	Object of the Companies Act, 1956.	..	83
2.7	:	Restoring the authority of the Board of Directors.	..	85
2.8	:	Types of Management and Managerial Personnel.	..	95
2.9	:	Measures under Companies Act, 1956 to decentralise economic power.		103
2.10	:	Provisions of the Companies Act, 1956 for the improvement of management practices.	..	108
2.11	:	Government control over appointment of Directors.	..	109
2.12	:	Government control over Companies for prevention of mismanagement.	..	112
2.13	:	Management's Accountability and disclosure under Indian Companies Act, 1956.	..	113
2.14	:	Rights of shareholders to receive documents as under -	..	116
2.15	:	Maintenance of Records by Companies.	..	119
2.16	:	Disclosure by directors under section 299 for any transaction where a director is interested -	..	121
2.17	:	Social responsibilities -	..	121

CHAPTER - III	: <u>Some contemporary problems relating to Company Management.</u>	..	123-214
<u>PART - I</u>	: <u>Problems of transferability of shares :</u>	..	123-148
3.1	: Transferability of shares and registration thereof	..	123
3.2	: Legal aspect of the problem under Companies Act, 1956.	..	128
3.3	: Effect on small industries -	..	138
3.4	: How to solve	..	140
<u>PART - II</u>	: <u>Workers' participation in Company Management -</u>	..	148-171
3.5	: Workers' participation in Company Management : Need to introduce in India.	..	148
3.6	: Form of Workers' participation in Management .	..	151
3.7	: Co-determination and Worker-Directors	..	154
3.8	: Origin and Development of the Co-Determination ideas and Co-Determination in different countries -	..	155
3.9	: The position of worker in Company Law vis-a-vis workers participation in management		158
3.10	: Need for workers' participation as suggested by eminent authors -	..	162
3.11	: Government's recent announcement in this respect	..	165
3.12	: Evaluation of the scheme so far made for workers' participation in India	:	167
3.13	: Suggestions for workers' participation in management vis-a-vis co-determination in India	:	167

<u>PART - III</u>	: <u>Company failures and sickness in India - a great problem of present and near future - How to solve it</u>	..	172-195
3.14	: Present position	..	172
3.15	: Problem for sickness of industries	..	174
3.16	: Studies made on sickness of industries	..	175
3.17	: Causes of sickness	..	178
3.18	: Existing arrangement to tackle this problem	..	182
3.19	: New construction Bank	..	183
3.20	: Contemporary proposed Government measures..		188
3.21	: Solution of the problems of sickness in industries already suffering	..	191
3.22	: Permanent solutions	..	194
<u>PART - IV</u>	: <u>Problems of Economic Power :</u>	..	198-214
3.23	: Concentration of economic power by the group and control of companies to their subsidiaries-	..	198
3.24	: Problem of economic power	..	199
3.25	: Solution of the problem	..	202
3.26	: Professionalisation of company management..		203
3.27	: Meaning and concept of professionals in India -	..	208
3.28	: Solutions of these problems -	..	213
<u>CHAPTER - IV</u>	: <u>Constitution of India - Its impact on economic policy and legislation vis-a-vis Company Management -</u>	..	215-242
4.1	: Major constitutional provisions on economic policy of India	..	215
4.2	: Government's regulation of private industry under constitutional framework	..	223

		<u>PAGE</u>
4.3	: Control and regulation of Indian economy	.. 227
4.4	: Attitude of the Government for industrialization	.. 231
4.5	: A little say about the Government's economic policy	.. 233
4.6	: Problem of accountability and economic power	.. 235
4.7	: Corporate Sector Post Budget realities and applicability of proposed format of management in corporate bodies	.. 238
<u>CHAPTER - V</u>	: <u>Management Pattern of Companies in different countries and their influence on Indian Company Management</u>	.. 243-287
5.1	: Introduction	.. 243
5.2	: Japanese Technique of Management	.. 244
5.3	: French Technique of Management	.. 255
5.4	: American Technique of Management	.. 268
5.5	: German Technique of Management	.. 268
5.6	: Socialist Countries' Technique of Management	.. 271
5.7	: Influence of different techniques of management of the companies, corporations on the management of companies in India	.. 282
<u>CHAPTER - VI</u>	: <u>Towards new structure of Company Management</u>	.. 288-340
	<u>PART-I</u>	
6.1	: Importance of Board of Directors for management of companies	.. 288
6.2	: Responsibilities of the Board	.. 289
6.3	: Structure of Board of Directors	.. 290
6.4	: Structure of Board of Directors in India as found in our empirical study	.. 293

		<u>PAGE</u>
6.5	: Functions of Board of Directors in India ..	284
6.6	: Recommendation to adopt proportional representation for the appointment of directors ..	287
6.7	: Ineffectiveness of the Board of Directors of the Companies in India ..	287

PART - II

6.8	: Official Joint Sector form of management ..	303
6.9	: Development of the idea of Joint Sector Movement ..	309
6.10	: Multiple Two-Tier Board System of Management is more progressive in outlook than joint sector management as envisaged by Dr. L.C. Gupta ..	312
6.11	: Structure of proposed Board of Directors under Multiple Two-Tier Board System of Management ..	315
6.12	: Definition of Multiple Two-Tier Board ..	316

PART - III

6.13	: Multiple Two-Tier Board : Suggested format of the structure of company management in India ..	318
6.14	: Conditions for the successful operation of Multiple Two-Tier Board ..	323
6.15	: Objectives/benefits of suggested Multiple Two-Tier structure of corporate management ..	337

<u>CHAPTER - VII</u>	: <u>Review of management structure of some selected companies -</u> ..	341-407
7.1	: Scheme for analysis ..	341
7.2	: Management pattern ..	342
7.3	: Nominee Directors ..	343

(viii)

		<u>PAGE</u>
7.4	: Workers' participation in management ..	347
7.5	: Social responsibilities ..	348
7.6	: Two-Tier Form of management ..	353
7.7	: Peoples participation in management ..	358
7.8	: Professionalisation of company management ..	367
7.9	: Public disclosure ..	380
7.10	: Concentration of economic power ..	387
7.11	: Review of seventy five companies ..	373
7.12	: How to make the board effective ..	408
<u>CHAPTER - VIII</u>	: <u>Overall review, recommendations and conclusion -</u> ..	<u>408-480</u>
8.1	: Introduction ..	408
8.2	: Summary of the preceding chapters ..	409
8.3	: Some specific suggestions ..	415
8.4	: Sickness of industries and the role of banks vis-a-vis Multiple Two-Tier Form of Management - ..	434
8.5	: Outlook of the Central Government regarding the industrial policy - ..	437
8.6	: Managerialism and its effect on the Company Management of India ..	440
8.7	: Upholding of philosophy of trusteeship of Mahatma Gandhi ..	442
8.8	: Concept of shareholders' democracy and means to fill in the gap between ownership and control ..	444
8.9	: Introduction of Multiple Two-Tier Board to undertake the challenge ..	445
8.10	: Logic of introducing Multiple Two-Tier Board ..	447

(xix)

<u>ANNEXTURE - I :</u>	<u>PAGE</u>
Specimen of letters sent to the Companies	.. 451
<u>ANNEXTURE - II :</u>	
Bibliography .. ..	.. 454

LIST OF FIGURES

Figure - 1 : Corporate Tax Revenue from financial year ..	.. 6
1980-81 to 1985-86.	
" - 2 : Workers' Participation in Management	.. 153
" - 3 : Two Part Board ..	.. 292
" - 4 : Multiple Two-Tier Board ..	.. 317

LIST OF CASE-LAWS

1. Prematha Nath Mullick -vs- Pradyumna Kumar Mullick, 52, Indian Appeals, PP 250-251	.. 12
2. Sishu Ranjan Dutta -vs- Shola Nath Mills House Ltd Ltd., 1983, ..	.. 49
3. Ram Prasad -vs- CIT (SC 1972) ..	.. 100
4. Joginder Singh Patta -vs- Time Travels (Pvt.) Ltd. Tax L.R. (1963 Cal.) ..	.. 100
5. Puri Construction Pvt. Ltd. -vs- N.L. Mehta, Comp. L.J. Del. ..	.. 100
6. Unity Co. Pvt. Ltd. -vs- Punda Diamond Sugar Mills Comp. L.J. (1920) ..	.. 131
7. Bajaj Auto Ltd. -vs- N.K. Parodia & Others Company cases (S.C. 1971) ..	.. 132
8. Amalgamated Electricity Ltd. -vs- Sorabjee Bhathina (1983 Bom.) ..	.. 134
9. Charles Fort Insurance Ltd. -vs- Khanda AIR 940 (1963) ..	.. 135
10. Subodh Gopal -vs- State of West Bengal AIR (S.C. 1964) ..	.. 220
11. Cooper -vs- Union of India AIR (S.C. 1970) ..	.. 221

12.	State of Bombay -vs- United Motors AIR (S.C. 1953)	..	222
13.	Bengal Immunity -vs- State of Bihar AIR (Pat 87)	..	222
14.	Motilal -vs- Govt. of Uttar Pradesh AIR (Allah 1951)	..	223
15.	Govt. of Mysore -vs- Mahanta DLR (Mys. 1951)	..	223

LIST OF TABLES

Table A :	75 Companies grouped on the basis of paid-up capital in the business (1983-84).	..	373
"	B : Pattern of management of 75 Companies according to paid-up capital (1983-84)	..	374
"	C : Management pattern of Companies having paid-up Capital of Rs.20 crores or more (1983-84)..	..	376
"	D : Management pattern of Companies having paid-up Capital of Rs.10 crores or more but less than Rs.20 crores.	..	378
"	E : Management pattern of Companies having paid-up Capital of Rs.5 crores or more but less than Rs.10 crores.	..	383
"	F : Management pattern of Companies having paid-up Capital of Rs.2 crores or more but less than Rs.5 crores.	..	387
"	G : Management pattern of Companies having paid-up Capital of Rs.1 crore or more but less than Rs.2 crores.	..	389
"	H : Management pattern of Companies having paid-up Capital of less than Rs.1 crore.	..	392
"	I : Analysis of disbursements by Financial Institutions as on 31.3.1984.	..	396
"	J : Review of the capital structure of 25 Companies.	..	398
"	K : Nominee directors in the 75 Companies.	..	401
"	L : Different type of executives in the 75 Companies.	..	403

LIST OF ABBREVIATIONS
(used in this thesis)

AIR	= All India Reporter.
ARC	= Administrative Reform Committee.
AR	= Annual Report (of Companies).
ACC	= Associated Cement Company Ltd.
AG	= Aktiengesellschaft (Incorporated Public Company in West Germany)
APIOC	= Andhra Pradesh Industrial Development Corporation.
BIFR	= Board for Industrial and Financial Reconstruction.
BHEL	= Bharat Heavy Electricals Ltd.
CORP	= Corporation.
CCIL	= Cement Corporation of India Ltd.
CLB	= Company Law Board.
Dy.MD	= Deputy Managing Director.
ESOP	= Employees' stock ownership plan.
ET	= Economic Times.
FIS	= Financial Institutions.
FERA	= Foreign Exchange Regulation Act (1973).
GOVT	= Government.
GIC	= General Insurance Corporation.
Gen H	= Gesellschaft Mit Beschränkter Haftung (Incorporated Private Company in West Germany)
HPL	= Haldia Petrochemicals Ltd.
HC	= High Court.
IFC	= Industrial Finance Corporation.
ICICI	= Industrial Credit and Investment Corporation of India.

(xiii)

IDBI	= Industrial Development Bank of India.
IRBI	= Industrial Reconstruction Bank of India.
IDR ACT	= Industrial Development and Registration Act, 1986.
ILPIC	= Industrial Licensing Policy Inquiry Committee.
ILP	= Industrial Licensing Policy.
INC.	= Incorporated.
JIT	= Just-in-Time.
KGa-A	= Kommanditgesellschaft Auf Aktien (the incorporated Public Company, the directors of which are personally liable for the debts (Germany)).
LIC	= Life Insurance Corporation (India).
LTD	= Limited Liability.
MD	= Managing Director.
MP	= Member of Parliament.
MCC	= Madras Chambers of Commerce.
MIC	= Monopolies Inquiry Commission.
MRTPA	= Monopolies and Restrictive Trade Practices Act, 1968.
MITI	= Ministry of International Trade and Industry (Japan).
NRI	= Non Resident Indians.
PFI	= Public Financial Institutions.
IRC	= Industrial Reconstruction Corporation.
ROS	= Return on sales.
ROI	= Return on Investment.
R & D	= Research and Development.
SC	= Supreme Court of India.
SC(Reg)	= Securities Contracts (Regulation) Amendment Act, 1985.

- SAIL = Steel Authority of India Limited.
- TV = Television.
- TQC = Total Quality Control.
- TIDCO = Tamilnadu Industrial Development Corporation.
- USA = United States of America.
- USSR = Union of Soviet Socialist Republic.
- UTI = Unit Trust of India.
- WBIDC = West Bengal Industrial Development Corporation.