

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4172

ANSWERED ON:23.03.2001

SUDDEN CRASH IN STOCK MARKET

C. SREENVAASAN;PRABHUNATH SINGH;RAGHUNATH JHA;SU THIRUNAVUKKARASAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Securities and Exchange Board of India (SEBI) launched any investigation into the investigation into the sudden crash in stock prices after the presentation of budget for 2001-2002 and has asked the BSE, DSE and CSE to collect details of the trading pattern of some brokers;
- (b) if so, whether the SEBI has got registered FIRs with police against some leading stock brokers;
- (c) if so, the details thereof and details of persons arrested in this regard;
- (d) whether the Reserve Bank of India has also launched an investigation into the part played by banks;
- (e) if so, the details thereof giving the names of the banks against whom investigation has been launched; and
- (f) the findings of the RBI?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) The Securities and Exchange Board of India (SEBI) has intimated that it has launched an investigation to determine whether there was a deliberate attempt to artificially affect the market and distort price discovery at the beginning of March, 2001.
- (b) & (c): The matters of stock market manipulation are dealt under the SEBI Act, 1992 and Regulations thereunder and fall in the jurisdiction and purview of SEBI. According to SEBI, only in cases of a criminal nature where there are violations of provisions of IPC etc., the issue of informing police authorities arises and no such occasion has arisen in the present matter.
- (d): No, Sir.
- (e) & (f): Do not arise.