

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4641

ANSWERED ON:23.04.2010

REPORT ON IRREGULARITIES IN IPOs

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash;Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

(a)whether the Wadhwa Committee appointed by the Securities and Exchange Board of India to look into the irregularities in Initial Public Offerings (IPOs) has submitted its Report to the Government;

(b)if so, the details and the outcome thereof;

(c)the follow-up action taken/being taken by the Government in this regard;

(d)whether the Committee has suggested ways to recover the gains from the persons involved and distribute the same among those affected; and

(e)if so, the details in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a): Yes, Sir.

(b): A Committee was set up by SEBI under the Chairmanship of Justice D. P. Wadhwa, former Judge of the Supreme Court of India to advise / recommend the procedure of identification of persons who have been deprived on account of IPO irregularities and the manner in which reallocation of shares to such persons should take place.

(c): In pursuance of Wadhwa Committee recommendations SEBI appointed an Administrator who will be responsible for implementation of recommendations of the Wadhwa Committee and to undertake the task of disbursement of the recovered amounts to the identified persons.

(d): Yes, Sir.

(e): The Wadhwa Committee has made recommendations on quantification of the amount of unjust enrichment, identification of deprived applicants and basis for re-allocation amongst deprived applicants. SEBI has initiated actions under the SEBI Act and Regulations there under against entities that were involved in the IPO irregularities to penalize them and disgorge the ill-gotten gains they had made. The disbursement to eligible investors from the amount disgorged commenced on April 12, 2010.