

Title: Regarding ban imposed by the government on Badla trading in share markets.

DR. NITISH SENGUPTA : Sir, it is a serious situation caused in the capital market due to arbitrary and highhanded withdrawal of *badla* trading from the 2nd of July.

Suddenly, like a midnight decree of the great Moghul, on the 2nd of July, SEBI introduced the following changes: ban on deferral products such as ALBM/BLESS; introduction of Options Trading; uniform settlements on all exchanges; rolling settlements in leading scripts; and reduction in bank finance to the securities industry.

As a result, the brokers community has been much maligned, which perhaps has been more sinned against than they have sinned. They have been practically reduced to paupers. The annual market values have shrunk from around Rs.20 crore till about two or three months ago to about less than Rs.5 crore in the post-July period. Many of the Stock Exchanges are facing closure. Many of the broker houses are also facing closure. As a result of this ban, some have committed suicide. I think the remedy has been worse than the disease which the Ministry of Finance has tried to control. They have no care for what is called 'sentiment' which is the biggest factor in the capital market which has been killed. There has been no single public issue in the last one year. Apart from the closure of the primary market, even secondary market has been closed as a result of this. So remedial action should be taken. By this I do not mean that Badla trading should continue for all time to come but its abolition should be a process rather than an event. It should be phased out and along with the new changes, it should be allowed to continue for some time.