

14.26 hrs.

**STATUTORY RESOLUTION RE : DISAPPROVAL OF
SECURITIES LAWS (AMENDMENT) ORDINANCE
AND
SECURITIES LAWS (AMENDMENT) BILL, 2004**

Title: Combined discussion regarding disapproval of Securities Laws (Amendment) Ordinance, 2004 (No. 4 of 2004) and passing of the Securities Laws (Amendment) Bill, 2004. (Resolution negatived and Bill passed).

MR. CHAIRMAN : Now, the House will take up items No. 15 and 16 together. We have two hours' time for these items. We may finish the business within two hours so far as this Bill is concerned.

श्री रामजीलाल सुमन (फ़िरोज़ाबाद) : सभापति महोदय, मैं प्रस्ताव करता हूँ :

"कि यह सभा राष्ट्रपति द्वारा 12 अक्टूबर, 2004 को प्रख्यापित प्रतिभूति विधि (संशोधन) अध्यादेश, 2004 (2004 का संख्यांक 4) का निरनुमोदन करती है।"

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I beg to move:

"That the Bill further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996, be taken into consideration."

श्री रामजीलाल सुमन : सभापति महोदय, सदन के सामने जो अध्यादेश है, मैं समझता हूँ कि 1992 में हार्द मेहता वाला कांड और पिछले दो साल पहले केतन पारेख के जो मामले प्रकाश में आए, जिसमें करोड़ों का घोटाला हुआ और हजारों लोग जालसाजी का शिकार हुए। इसके बावजूद भी जो जांच-पड़ताल हुई, उस जांच-पड़ताल में सारा दोगा व्यवस्था पर डाला गया और अपराधियों को बचाने का काम किया गया। स्टॉक एक्सचेंज के काम में थोड़ा परिवर्तन होना चाहिए। उसके लिए नियमों में तब्दीली हो, यह अलग सवाल है। सबसे महत्वपूर्ण सवाल यह है कि जो छोटे निवेशक हैं, उन छोटे निवेशकों के हितों की कैसे रक्षा हो तथा उनमें कैसे विश्वास पैदा हो, यह असली और बुनियादी सवाल है। जिस तरह से शेयर बाजार के क्षेत्र में जो घोटाले हुए, उनके चलते छोटे निवेशकों का विश्वास टूटा है। ऐसी परिस्थिति में छोटे निवेशकों का हित सुरक्षित हो, उनमें विश्वास पैदा हो, यह अत्यधिक आवश्यक है। मैं आपके मार्फत सरकार से कहना चाहूंगा कि पहले जो गलतियां हुई हैं भविष्य में उन गलतियों की पुनरावृत्ति न हो और शेयर बाजार जगत में एक नया विश्वास पैदा हो, छोटे निवेशकों के हित सुरक्षित हों।

इस दिशा में सरकार को बेहतर प्रयास करने की आवश्यकता है। सभापति महोदय, मुझे विश्वास है कि मंत्री जी यहां बैठे हैं, जब वे अपनी बात कहेंगे तो निश्चित रूप से इन सब चीजों को ध्यान में रखने की कोशिश करेंगे।

MR. CHAIRMAN: Motions moved:

"That this House disapproves of the Securities Laws (Amendment) Ordinance, 2004 (No. 4 of 2004) promulgated by the President on 12th October, 2004."

"That the Bill further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996, be taken into consideration."

श्री अविनाश राय खन्ना (होशियारपुर) : माननीय सभापति महोदय, मैं माननीय सदस्य की इस बात से सहमत हूँ कि जो छोटे निवेशक हैं, जिन्होंने अपनी मेहनत का पैसा निवेश किया हुआ है, उनके पैसे की सिक्यूरिटी की व्यवस्था की जाये। मैं दो-तीन सुझाव देना चाहता हूँ ताकि विस्तृत प्रैक्टिकल दिक्कतें न हों। वधेयक के सैक्शन-5 में अलग-अलग जगहों पर लम्बित मामले को इकट्ठा किये जाने की बात कही गई है। उस सैक्शन में यह जोड़ दिया जाये कि जो कम्पनियां अपील दायर करती हैं, उन्हें इकट्ठा किया जाये। अगर किसी ने लोन लिया है, और उसने केस किया है तो उसे नोट देना होगा कि वह केस चल रहा है या नहीं, ताकि वे इकट्ठे किये जा सकें।

सभापति महोदय, यह भी कहा गया है कि चल रहे मुकदमों को इकट्ठा किया जा सकता है लेकिन किन कारणों से इकट्ठा किया जा सकता है, वे नहीं बताये। यदि ऐसे कारण उसके बीच में आ जायें तो अच्छा हो ताकि इस ऑर्डर पर अपील न हो।

सभापति महोदय, सैक्शन-8 में कहा गया है कि अंत में जब आवेदक की अपील अस्वीकार कर दी जाती है तो उसे सूचित कर दिया जाये। मेरा सुझाव है कि यह सूचना उसे डाक द्वारा उसके पते पर दी जाये ताकि वह सूचना न मिलने का लाभ न उठा सके। इसी प्रकार सैक्शन-10 के सब सैक्शन(1) में कहा गया है कि वह अपील कर सकेगा। ऐसा फीस के साथ निहित किया जाये। (व्यवधान)

SHRI P. CHIDAMBARAM: I think, the hon. Member is talking about the next Bill. ... (Interruptions) Are you talking

about the Securities Laws (Amendment) Bill or the Enforcement of Security Interest and Recovery of Debt Laws (Amendment) Bill? I think, you are talking about the Debt Tribunal. It is the next Bill. It does not matter. Both are together. ...(*Interruptions*) That is the next Bill. This is a separate Bill. ...(*Interruptions*)

MR. CHAIRMAN : Shri K.S. Rao. I think, in your case there will be no difficulty.

...(*Interruptions*)

SHRI K.S. RAO (ELURU): Mr. Chairman, Sir though it is delayed to bring this amendment to the Act, I am happy that the hon. Minister of Finance has taken the initiative immediately to bring this amendment which is very essential for securing the interests of the shareholders, particularly the small shareholders of the country. The way in which Harshad Mehta's scam has occurred, it has shattered the belief of the small investors in the entire corporate sector in the share business. But, unfortunately, possibly in the year 1956 when the Act was passed, the conditions would have been different and the moral values were different. But today, as the time passes, the values in the society are coming down, more particularly in the business community, and nothing but selfishness is there.

The magnitude of the cheating that has been done in the Harshad Mehta's scam is unimaginable. The subsequent Governments should not have taken so many years to bring the amendment to this Act. Even the last Government, even after the JPC pointing out the immediate need to bring the amendment to this Securities Act, took five years but they did not bring it. Now, within six months of our Government coming into the power, they have immediately brought this Bill. I am happy about it.

I will just read some of the provisions. While the penalties levied in the earlier Act, irrespective of the cheating that is done, be it Rs. 10 crore, be it Rs. 100 crore or be it Rs. 10,000 crore, were "on contravention of the provisions of the Act, they may be punishable -- either a person or a company -- for a term which may extend to one year or with fine or with both". Nothing is mentioned but "one year". It is the maximum.

That means that sometimes they will manage to see that the punishment does not exceed a couple of days of imprisonment. Now the hon. Minister has changed it like this : if a person were to commit a mistake or if he contravenes the provisions of the Act, he is punishable with a fine of Rs. 25 crore or an imprisonment for ten years. Obviously this deters the fellow who wants to cheat the public, particularly small investors. He will be scared to live in jail for ten years. Tomorrow he may be able to pay the fine of Rs. 25 crore also considering the extent of cheating that is running into hundreds and thousands of crores of rupees. But with imprisonment for ten years, bulk of his prime life is gone in the jail and naturally he would not like to cheat people in that manner as he did earlier. So, I appreciate this -- not only for the punishment of Rs. 25 crore but more for the ten years' imprisonment.

As I told the other day, my point always is that this kind of punishment will deter a borrower or a businessman when he were to cheat the public to that extent. As I quoted earlier, in the case of the Chairman of an urban bank in Hyderabad, and its management, who cheated the small investors to an extent of a couple of hundred crores of rupees, when the law took its course and imprisoned him, he could not reconcile to his imprisonment. He never thought that he would be imprisoned. I was told that he died because of the sentiment only. If the society were to boycott a person who cheated the general public, then he would not venture to do that. Therefore, I now appreciate this sort of punishment being proposed.

Similarly, if a company were to commit a mistake, the hon. Minister has made provisions of punishment. Even for not giving information, as per the provisions of the Act, if you were to delay it by one day, the punishment is Rs. one lakh and that also is up to Rs. one crore. The punishment is not only for this thing alone, the punishment can be for failure to furnish information, for failure by any person to enter into agreement with the clients, etc. In such cases also the punishment is Rs. 25 crore and also ten years' imprisonment. Similarly there is a penalty for failure to redress the grievances of the investors. If an investor were to have a grievance and if that person does not redress it, the same kind of punishment is there. Similar other provisions are made in Sections 23(d) and 23(e) where he does not segregate the securities and moneys of the clients. There also the punishment is similar -- running into a figure of Rs. 25 crore.

I am sure, this amendment, as brought in by our hon. Minister, will not allow these people who had cheated people earlier, to do so now. The common people, even *rickshaw-walas* tried to put Rs. 10 or Rs. 100 or Rs. 200 in investments because they thought that they would get some better return. But they lost the original amounts also.

In this context I wish to bring one thing to the notice of the hon. Minister. You see the way in which the prices are hyped in software technology. A share of Rs. 10 value is going at Rs. 5,000. But when we go through the balance sheet, there will not be a profit of Rs. 100 crore for that company. But the share value is 500 times of it. They say it is capitalisation of the equity which is running into hundred thousand crores of rupees or ten thousand crores of

rupees – all in thousands of crores only. But when you see the balance sheet, the profit is only Rs. 30 crore or Rs. 50 crore and so the value of the entire company does not cross Rs. 100 crore. It is all notional, all hyped, made only by the business community, by the people who can cheat the public taking advantage of the provisions of the Act. If it is lenient then they will go to any extent.

A couple of years back, I went to the USA. I found that not only men but even women also, who are housewives sitting in the house, were continuously looking at the stock-tickers, the lines that come in the TV, to find out as to what is the share value which is changing every minute. They were jubilant that the money invested by them has increased; hundred dollars' investment has become 10,000 dollars or 1,00,000 dollars and like that. Not only the business community and the educated people, but even the uneducated people also were attracted by the investment in the shares.

In the subsequent year, less than one year to that, when I went once again to the United States, I saw the same people not speaking anything about the shares.

It is because all the investments, which they thought would bring them hundreds and thousands of crores, have gone, and they have also lost the original amount that they had invested. Therefore, they did not speak about the shares at all. I would like the hon. Minister to ensure that, if necessary, some more provisions be made in such a way that bulk transfers are not allowed without a notice to the Government, before such a situation arises in this country. If one lakh shares of Rs. 100 or Rs. 10,000 were to be sold or transacted, then there is no worry. But these stockbrokers or stock exchanges were resorting to transfer of shares by telephone in anticipation. They were hyping the prices to an extent of hundreds of crores. This must be prevented.

Similarly, while incorporating the companies, if the promoters were sincere in commencing an industry or a project, then let them go to the public to create credibility in the company. If the people were to trust them, then they will contribute in the shares in their own way, and to their capacity. On the other hand, in private placements, they give hype in publicity, and spread the rumours that shares of the company, which they are starting, are worth Rs. 10, and tomorrow it will be sold for Rs. 30 or Rs. 50. They would say that the shares would not be available, so the people must hurry up, and take it from the private placements. As a result of this, the promoters will make their money even before they promote the company with the help of private placements, and tomorrow they will not hesitate to cheat other retail investors also. This should also be avoided.

I thank the hon. Minister for making several provisions like giving huge punishment of 10 years' imprisonment, etc. I would like to reiterate the point that the hon. Minister should not hesitate to make provisions to punish those people or individuals who have connived against the company, if it is proved immediately. Time also is of essence. So many years should not be taken for it. Once somebody cheats, there must be a provision in the Act to ensure that action is taken immediately, and punishment is given to the concerned.

I appreciate, and I support this Bill. I wish that several such amendments were brought to many other Acts in the Finance Ministry, and other Ministries also. Thank you very much, Sir.

SHRI SURESH PRABHAKAR PRABHU (RAJAPUR): Sir, I would like to support this Bill, which is reintroduced because the previous Lok Sabha was dissolved. As a result of this, the Bill could not be taken up to the logical conclusion of converting it into a law. I would like to make some general comments.

The capital market in India is growing very fast. In fact, the Mumbai Stock Exchange Equity Index, which is the indicator about how the capital markets in India are moving, is probably at a historic high. It has never been higher than this before. The hon. Finance Minister should be happy about it because when the stock market is doing well, then it is an indicator of the fact that the investors in the country have got the confidence in the economy of the country.

Our stock markets are driven not only by domestic investments, but also by huge amount of money, which flows into the country through investors, who are registered in India through the Foreign Institutional Investors (FIIs). Therefore, we also need to inspire confidence in them. One of the demands, which has been there for a long time is that the stock market should not be run as a private club of the stockbrokers. We have operated for a long time on the concept of visualisation, like a normal club like the Delhi club. In this, the members pay the subscription, become members, and they run the club as if it is their own property. This is how it is being run. But the stock exchanges in India cannot be run in this manner, particularly, when we are globalising, and when a lot of investment is coming in the country. We really needed an amendment like this to make sure that stock exchanges function in a manner, which will inspire confidence of the investors within the country and outside as well.

Sir, I would like to make general comments on two points. Firstly, we need to look at the regulatory framework in the country more closely. In fact, as the Government is deliberating more and more, and the Government is coming out

of business, rightly so, what is really required is to see how the regulatory authority is going to function. In the capital market in India, the Securities and Exchange Board of India (SEBI) is the regulator.

The equity market and the debt market actually constitute the capital market of the country. The debt market in India is really growing very fast. The Government, of course, is one of the biggest issuers of debt instruments. Therefore, I think, we need to find out how the regulation in India is going to really function, and how the market regulator is going to inspire the confidence of the people at large.

One very important thing that we are really doing is that we are making amendments to the Securities Law to ensure that the stock exchanges will function in a manner which is very transparent and which are not owned by the stockbrokers. Stockbrokers are only operators in the stock exchange, whereas the ownership will go beyond them and that is how it should really function. It is a welcome measure.

We have to bring in a strong regulatory mechanism, invest a lot of power in the regulator and avoid multiple regulators. In fact, this is something which we really need to look at. Is the time ripe now to look at how the regulation will work, which will actually inspire the confidence of the international community as well as the domestic investors? I would request the Finance Minister to look at this issue very closely. This is just a general issue and not related to any particular stock exchange. The capital market, the money market and the forex market are the three major markets. Beyond them, there is the R.B.I., which actually works as a regulator. Can we not create a proper regulatory framework?

The second point is that every time we introduce a legislation or make laws, we debate it openly in the Parliament, which is the supreme body to make laws in the country. That is how the law is made. However, when we make a law, we also invest the power in the Government to make subordinate legislation, to make rules. We have seen so many times that the spirit of legislation, which is passed by the Parliament, is subverted by the rules that are made by the executive. Therefore, I think, we really need to look at it very closely as to how the rule-making authority and the rule-making powers of the Government will not intrude upon the spirit in which the law is passed. Since it is a subordinate legislation, it should be subservient to the spirit of the law. However, this never happens. Therefore, I think, here again, we are actually creating another mode of subordinate legislation which, of course, sometimes, is inevitable. At the same time, I think, we really need to look at it to ensure that the laws made by the Parliament and the rules made thereunder by the executive will actually not be conflicting in nature, but will actually serve the same purpose. In fact, the rules, as any legislative jurisprudence will say, will have to be subservient to the law. Therefore, I think, that is something which we really need to look at.

Thirdly, I would like to be enlightened by the Finance Minister on how the brokers' rights, brokers' powers to hold share in a stock exchange are going to be restricted. The reason why we are bringing this legislation is because they should not be holding equity in a corporate body, which will give them managerial right and with which they can override a company. Therefore, how much restriction is there on that and the balance amount which we are going to divert to the shareholders at large, who will actually be holding those shares? How will that happen? Is there any time-frame prescribed and, if the time-frame is prescribed, how will you ensure that brokers' entities, which are not owned by the brokers directly but maybe, subordinately owned, do not control the stock exchanges through some other means? How are you going to ensure that?

Another point that we really need to know is that we are growing and the capital markets are developing, and new institutions are being created. This is actually what we are really talking about. These are institution-building measure. This is something that we should be proud of that a legislation passed by this Parliament is the outcome of an institution-building measure. The Parliament is supreme. When we are creating new institutions in terms of stock exchanges, what role would the small investor organisations, the organisations which represent the small investors, have to play in such bodies? Is the Finance Minister contemplating that some shareholder organisations, investors' organisations, would be able to hold some shares in such organisations? Would there be a specific limit or would preferential allotment be made to such individuals? If that is done, that will also go a long way in ensuring that these stock exchanges work and operate in a manner that will actually represent the interests of the investors, who actually are supposed to be running such markets, including the capital market, for whom this amendment is sought to be made.

As I said, I really welcome this measure. I would only request the Finance Minister that, from time to time, there is a need to review such measures.

It is based on dynamic markets; markets keep changing. Therefore, one legislation, one amendment, one intervention from the legislature is not going to suffice. We really need to constantly monitor it. I would, therefore, like to know whether the Minister is contemplating that also.

In the Fiscal Responsibility and Management Act there is a provision that a periodic review of the economy will be placed before Parliament. Is the Minister thinking it again as a measure of bringing in greater participation by the

legislature in this exercise? Is he contemplating to place before the legislature periodically in his own way as to how the stock markets are behaving? Does he think in his own way that they are fundamentally strong, or is it something like the stock markets are being driven by some other factor?

This is a very important thing. Even the money markets are actually influencing the stock markets a great deal. The Rupee is appreciating, the Dollar is depreciating. For the first time, after so many years of the breakdown of Brettonwood institution in the 70s, the Dollar is weakening and the Rupee is getting strong. This again will have its influence on the capital markets as well as the financial markets.

I, therefore, would like to know if there is any such contemplation by the Finance Minister. Of course, I do welcome this legislation. I hope this will go a long way in ensuring the long overdue reform that was required in the capital markets, and I am sure it will be introduced through this measure. I strongly support this Bill.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I am grateful to hon. Members for the broad support extended by them to this Bill which replaces an Ordinance.

It is true that a Bill of this nature was introduced in August, 2003, but that Bill lapsed. I thought that the matter did not brook any delay. So, we promulgated an Ordinance and we have come forward with a Bill to replace the Ordinance. I think most Members have understood the thrust of this Bill.

Today, we have a number of stock exchanges which are organised in different ways. The Bombay Stock Exchange (BSE), the Ahmedabad Stock Exchange and the Madhya Pradesh Stock Exchange are set up as voluntary non-profit making associations, whatever that means. I do not know what non-profit associations mean.

SHRI SURESH PRABHAKAR PRABHU : Profit is made by the broker and the association loses.

SHRI P. CHIDAMBARAM: Well, I do not want to comment further. What I am pointing out is that they are supposedly voluntary non-profit associations.

We have seven stock exchanges which are set up as companies limited by shares. There are 13 stock exchanges which are set up as companies limited by guarantee. All these are very archaic models. They do not serve a modern economy. The correct way to set up a stock exchange is a model that is adopted in the National Stock Exchange.

There are three functions in a stock exchange. One is the right to trade, that is, the stockbroker. The second is the management of the stock exchange. The third is the ownership of the business. I think all modern stock exchanges world over separate these three functions. The separation of these functions is called corporatisation and demutualisation, which is what we are doing now.

After this law comes into force, all stock exchanges will be required to submit a scheme to SEBI. The scheme has to satisfy certain parameters. Once that scheme is approved, that scheme has to be implemented within a time frame. At the end of the period of implementation, the stock exchange would have been demutualised and corporatised. Management will be through an elected Board of Directors. There will be shareholders, and the stockbrokers will have a certain restricted right to participate in the management.

The reason for this Bill is the report of the Joint Parliamentary Committee. Members will recall that JPC of 2001 commented adversely on the situation and strongly recommended that the process of corporatisation and demutualisation should be expedited.

I think, most regulatory concerns are addressed by this Bill. As far as the scheme is concerned, we are proposing a time frame of no more than 12 months extendable in exceptional cases, for good reasons, for another 12 months for divesting of shares by brokers and shareholders. The voting rights of brokers/ shareholders have also been restricted to 25 per cent. They will have representation of only 25 per cent. The scheme has to provide the manner in which new shares will be issued, new shares can be purchased. The scheme, of course, will differ from exchange to exchange. That will depend upon the nature of exchange today. But SEBI has been given the power to approve the scheme. Once the scheme is approved by SEBI, the scheme has to be implemented within a time frame. We are empowering SEBI to issue directions to Stock Exchanges. We are providing for an appeal against the orders of SEBI to the Securities Appellate Tribunal.

As my hon. friend, Shri Rao mentioned, penalties have been substantially increased in order to deter malpractices and delinquency; monetary penalty has been introduced and penalties have to be credited to the Consolidated Fund of India. I am also taking this opportunity to make some other amendments to the Act. For example, we are now defining 'securities' to include 'units of mutual funds'. 'Units of Mutual funds' are a new and increasingly

popular form of security. We are now making it clear that security will include "units of mutual fund". There have been some complaints about de-listing. We are now laying down norms for delisting and consequences for violation. We are also now requiring that clearing functions can be transferred to a Clearing Corporation; that is the practice followed in the NSE. I think all other exchanges should follow the same practice. We are making some minor amendments to take care of the practical problems that were witnessed in the last few years.

I think, Sir, with this law coming into force, our Stock Exchanges will become stronger. Transactions will be more transparent. Above all, the management of stock exchanges will now be more transparent and more accountable. It can no longer be, as Shri Suresh Prabhu said, a private club of certain people with no transparency. It will now become a company limited by shares, where the stock brokers will only have a limited right to participate and a limited right to manage.

Sir, I have noted the sentiments expressed by the hon. Members about small investors. Now, retail investors are an important driving force of any stock market. I must confess that today it is the FIIS which appear to be the driving force behind the market. I would like very much retail investors to become the driving force in the market. But, as all of us know, the history of the last ten years has been that there have been more than one scam in the stock market. Retail investors, who have burnt their fingers, are extremely reluctant to return to the market. But now I find that over the last two-three months, there is an increasing retail investors' interest in the market. More than that, the number of delivery-based transactions seem to have improved sharply. Instead of non-delivery-based transactions, we have now more delivery-based transactions. The settlement system is "T" plus two, which is a very tight system. Failure is less likely. On the 17th of May, the Black Monday, we know that the market crashed. But the system that we had built into the stock market and the regulation of the stock market were able to withstand the precipitous fall and there was not a single default. Every single transaction was honoured or settled. There was not a single default. I think, regulation has improved. I think, behaviour in the market has improved. But I will be the first to say that there is scope for improvement, further improvement. I will take steps from time to time, as Shri Prabhu said, to periodically review the working of the stock market and, if necessary, I will not hesitate to come back to this House with more amendments.

15.00 hrs.

I think, the stock markets are doing well now. When the elections were held and this Government assumed office, the market was 4962 on 21st May 2004. Thanks to some dis-information about this Government, the markets precipitously fell in the first couple of weeks. The day I presented the Budget, the Sensex was 4,844. Today, it is 6,300. I did not check the Sensex before I came here. It is over 6,300. This is the highest rise in a short period of about two to three months. But this is one indicator of the health of the economy. We should not be carried away by this indicator. Other indicators are equally important. But, I think, the domestic investors and foreign investors have reposed confidence in the durability, stability and the performance of this Government. I am confident that if we continue to manage our economy well, the stock markets will also respond well and we will be able to attract large amount of investment, which is required for this country. I thank all the hon. Members for their support and I request them to pass this Bill unanimously.

SHRI SURESH PRABHAKAR PRABHU : I would like to know whether you can consider putting shareholders in the proper ratio with public.

SHRI P. CHIDAMBARAM: If you can kindly see page 4, lines 10-15, clause 8 of the Bill, it reads as follows:

"Every recognised stock exchange, in respect of which the scheme for corporatisation or demutualisation has been approved under sub-section (2), shall, either by fresh issue of equity shares to the public or in any other manner as may be specified by the regulations made by the Securities and Exchange Board of India, ensure that at least fifty-one per cent of its equity share capital is held, within twelve months from the date of publication of the order under sub-section (7), by the public other than shareholders having trading rights"

So, 51 per cent will be held by the public.

SHRI SURESH PRABHAKAR PRABHU : My suggestion is, you do not amend the Bill now. I would like to know if you can keep some specific provisions for specific investors' organisations.

SHRI P. CHIDAMBARAM: Who do you have in mind, tell me?

SHRI SURESH PRABHAKAR PRABHU : There are quite a few investors who will be interested. With the

amendment like this, we are encouraging institutions you have formed. ...(*Interruptions*)

SHRI P. CHIDAMBARAM: Are you saying that investors' association should be the shareholders?

SHRI SURESH PRABHAKAR PRABHU : That is right.

SHRI P. CHIDAMBARAM: Let me think about it.

MR. CHAIRMAN : There can be no debate on this.

SHRI P. CHIDAMBARAM: The danger of investors' association becoming shareholders is that there could be cartelisation. There could be people who will gang up together. I will consider that when the scheme is framed.

I request the hon. Members to pass this Bill.

MR. CHAIRMAN: Shri Ramji Lal Suman, what is your point? Are you withdrawing your Statutory Resolution?

श्री रामजीलाल सुमन : जी हां, सभापति महोदय, जो शंकाएं थीं, उनका काफी समाधान मंत्री जी ने किया। मैं समझता हूँ कि छोटे निवेशकों के हित को ध्यान में रखकर यह बिल लाया गया है। मैं इसे वापिस लेता हूँ और इसका समर्थन करता हूँ।

MR. CHAIRMAN: Is it the pleasure of the House that the Statutory Resolution moved by Shri Ramji Lal Suman be withdrawn?

The Resolution was, by leave, withdrawn.

MR. CHAIRMAN: The question is :

"That the Bill further to amend the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996, be taken into consideration. "

The motion was adopted.

MR. CHAIRMAN: The House shall now take up clause by clause consideration of the Bill.

The question is:

"That clauses 2 to 23 stand part of the Bill. "

The motion was adopted.

Clauses 2 to 23 were added to the Long Bill.

Clause 1, the Enacting Formula and the long Title were added to the Bill.

SHRI P. CHIDAMBARAM: Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN : The question is:

"That the Bill be passed."

The motion was adopted.
