

were beyond repair. It is painful that when the country is short of hospital equipment and large parts of rural areas are not reached by hospital facilities, mobile hospitals should be allowed to rot. The Government must institute an enquiry into this and also ensure that these hospitals are put back on wheels.

SECURITIES CONTRACTS (REGULATION) AMENDMENT BILL

[English]

MR. SPEAKER : Before I call upon Mr. Poojary to move for the consideration of the Bill, I may like to inform the House that amendments could be given up-till 1 O'clock today. Now Mr. Poojary.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : Sir, I beg to move that the Bill further to amend the Securities Contracts (Regulation) Act, 1956, be taken into consideration.

As the hon. Members are aware, the Securities Contracts (Regulation) Act 1956 deals with stock exchanges and trading in industrial securities of public limited companies. The Stock Exchanges and trading in industrial securities are essential for raising finance for industrial and other projects and for providing liquidity and marketability to investors who are largely small investors. Such investors are spread all over the country. Under the existing system of registration of transfer of securities, they face delays and difficulties. Under the existing law and Articles of Association of most of the companies, the Board of Directors of the companies have power to refuse registration of transfer of securities without assigning any reason. Though the aggrieved persons can appeal to the Company Law Board against such refusal, it places an undue burden on them. Besides, in most of the countries in the world which depend on the capital markets for raising resources for companies, free transferability of securities is ensured. To eliminate hardships to the investors and to modernise the system of transfer of securities in our country, it is proposed to amend the Securities Contracts (Regulation) Act 1956 to provide for free transferability of securities listed in the Stock Exchanges. I would further add here

that suitable safeguards to prevent take-over bids have also been incorporated in the amendment. Another significant feature of this Bill is that instead of the investor, the company has to make a reference to the Company Law Board in case of refusal.

Details regarding some of the more important provisions of the Bill are given in the Statement of Objects and Reasons appended to the Bill and it may not be necessary for me to repeat them here.

11.45 hrs.

[SHRI N. VENKATA RATNAM *in the Chair*]

Therefore, I would not like to take any further time of the House in elaborating on the Amendment. With these words I commend the Bill for the consideration of the House.

MR. CHAIRMAN : Motion moved :

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

Shri Madhav Reddi.

SHRI C. MADHAV REDDI (Adilabad) : Mr. Chairman, Sir, I rise to support this Bill. It is a very welcome measure. With the existing Company Law, share transfers of small investors and small shareholders are being restricted. Through this Bill the small shareholders are being permitted to obtain the registration of transfers without any difficulty and the registration of transfers will be referred only to the extent the instrument of transfer is not proper or when there is a bid to take over the companies. It is only in these respects that restriction have been imposed. It is a very welcome measure because under the present law the small investors when they want to sell away their shares and when they went to the companies to get their shares transfers registered several companies are refusing to register these transfers.

These companies are having provisions in the Memorandum and Article of Associations powers for giving the Boards of Directors to refuse the registration.

This is very bad. There is no such restriction in any public limited company in any country. All the shares of the public