

moved the Resolution, not to insist on his Resolution, and I further request that the House may kindly pass this Bill unanimously because it responds to a felt national need. We all need, as I said, a capital market which is healthy, which is strong, which functions in a transparent manner and which provides credible assurance to honest investors.

SHRI RAM NAIK: Only one clarification, Sir. The Finance Minister did not respond to the point which I raised about the penalties. I said, sometimes physical punishment is also necessary. That point has not been responded.

SHRI MANMOHAN SINGH: I apologise to the hon. Member because I think I did not respond to that. In the earlier Act, SEBI had the extreme power to suspend or cancel the registration. We felt these are extreme measures. For example, let us take the case of a Mutual Fund. If a Mutual Fund does something wrong and SEBI say that they will cancel his licence, then all those who are subscribers to that Mutual Fund, would suffer in the process. Therefore, we felt that since these extreme measures of penalties of cancellation or suspension of licences have multifaceted aspects, they should be resorted to as an extreme measure. In the intermediate stages, monetary penalties should be resorted to and that they would send signal. SEBI all the time has this power to use this extreme power to suspend or to cancel registration but we felt that there should be graded penalties. If there are small violations, monetary penalties would be adequate but if there are extreme penalties, those powers are already there.

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur): Sir, there are two sections of the Securities Contracts Act and the Companies Act. There are discrepancies in Section 111 of the Securities Contracts Act and the provisions under Sections 80 and 81 of the Companies Act and the provisions of this Securities Act. I would like that the hon. Minister should clarify those discrepancies. Though we have given rights to SEBI yet under the Securities Contrats Act any Bank or concerned institution has the right to allow or disallow shares application. Though the Government has given rights yet, what is the meaning of such rights of discrepancies are there.

[English]

SHRI MANMOHAN SINGH: I do not claim that I have fully understood Pandeya Ji's question but if I have understood him correctly, he is referring to the power of the companies to refuse registration.

I think, there are problems in this country. I think, the company law in that area, needs amendment. I also feel that a part of the problem that arises in the area of physical transfer of securities is because of our archaic system of settlement. That is why, in my Budget speech I said that the time has come to move to a new type of system of having a central depository and moving to scripless trading. I do take note of the point made by Pandeyaji. There is a problem. I think that should be looked into.

[Translation]

SHRI SANTOSH KUMAR GANGWAR: Mr. Chairman, Sir, the objective of this Bill is very nice. I, therefore, do not want to speak much on this Bill. Keeping in view the good working procedure of the hon. Minister and the sentiments of this august House, I would like to seek the leave of this House to withdraw my Statutory Resolution.

Sir, I beg the leave of the House to withdraw my Statutory Resolution.

[English]

MR. CHAIRMAN: I think, the hon. Member has the leave of the House to withdraw his Statutory Resolution.

SEVERAL HON. MEMBERS: Yes.

*The Motion was, by leave, withdrawn.*

MR. CHAIRMAN: The question is:

"That the Bill to amend the Securities and Exchange Board of India Act, 1992 and further to amend the Securities Contracts (Regulation) Act, 1956, as passed by Rajya Sabha, be taken into consideration."

*The motion was adopted.*

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

The question is:

"That Clauses 2 to 26 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 26 were added to the Bill.*

MR. CHAIRMAN: The question is:

"That clause 1, the Enacting Formula and the Long Title stand part of the Bill."

*The motion was adopted.*

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

SHRI MANMOHAN SINGH: I get to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*

15.28 hrs.

Committee on Private Members' Bill and Resolutions Thirty Eighth Report

[Translation]

SHRI AMAR PAL SINGH (Meerut): Sir, I beg to move:

"That this House do agree with the Thirty-eighth Report of the Committee on Private Members' Bills and Resolution presented to the House on the 22nd March, 1995."

[English]

MR. CHAIRMAN: The question is:

"That this House do agree with the Thirty-eighth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 22nd March, 1995."

*The motion was adopted.*