

[English]

**STATUTORY RESOLUTION RE : Disapproval of Depositories Ordinance, 1995, and Depositories Bill - Contd.**

15.09 hrs.

MR. SPEAKER : The House shall now take up further discussion on the Statutory Resolution moved by Shri Ram Naik on 1st December, 1995 and further discussion on Depositories Bill. Shri Nirmal Kanti Chatterjee to continue his speech.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : I will not take much time because I was concluding my speech the other day.

Sir, you were not here that day. We were almost unanimously of the opinion from this side that this is an original Bill and therefore it ought to be referred to the Standing Committee. It is not an appeal to the Government; it is really an appeal to the Chair that this should happen.

Now, a question was raised saying that this is a simple Bill and why should we waste time on this. The only purpose for which we want it to be referred to the Standing Committee is that several improvements are called for in drafting of the Bill, which the Standing Committee would have done and an agreement would have been reached. I will just indicate some of the improvements which are possible which will strengthen the case for referring it to the Standing Committee with a time limit mentioned in it; and we can come back even during this Session. For instance, I will refer to Clause 12(1) in page 4 of the Bill. It is formulated in this manner:

"...a beneficial owner may with the previous approval of the depository create a pledge or hypothecation in respect of a security owned by him through a depository."

15.11 hrs.

*(Mr. Deputy Speaker in the Chair)*

I object to the word 'approval'. Please imagine a condition of a small investor. If he has to wait for the approval, he may be harassed. I would substitute that word by 'intimation for approval'. If a minor improvement is to be made, yet this could have been accommodated in the Standing Committee discussion.

The second point is this. In case of a wrong entry what kind of punishment you are going to give? It will be provided in the regulations. It can be provided in the regulations, but it can be provided in the Act also. If it is said that it would be provided in the regulations, which will be laid on the table of the House, then I want a categorical assurance that those regulations would be debated in the House. 30 days' time is provided for within which the regulations would be placed on the table of the House. I will desire that during that period, we should be in a position to discuss that.

I will now mention Sub-Clause (2) of Clause 13. It says :

"Every issuer shall make available to the depository copies of the relevant records in respect of securities held by such depository."

I would have simply suggested for putting a time limit there. I will add, 'within a fixed time limit as provided in the regulations'. These are some amendments which they will find easy to accept. But now they are not in a position to do. Had it been referred to the Standing Committee, this could have been incorporated.

I will come to the third reference. Sub-Clause (2) of Clause 14 says :

"The depository shall on receipt of intimation under sub-section (1) make appropriate entries in its records and shall inform the issuer."

Suppose they take one year, what will happen? Here also, it shall be limited by a time limit. You will say that this is not provided for in the Act. It is provided even in this Act. In one case, 30 days' time limit has been provided for. Therefore, this can be done here also.

There is another difficulty with the regulations. I will come to that also. These are only few points that I would like to mention. Clause 16(1) says :

"Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner."

Here I will simply add, 'as provided for in the regulations'. The regulations do provide for these things. I will indicate just one or two other things without going into further details.

Under Chapter VI, 'Miscellaneous', Clause 22(1) says:

"No court shall take cognizance of any offence punishable under this Act or any regulations or bye-laws made thereunder, save on a complaint made by the Board."

Now what happens to the beneficiary owner? Why can the beneficiary owner not go to the court? Why should this regulation be there? If the depositories misbehave with the beneficiary owner, that is, the share owner, what will happen?

Here, the issuer is the company, the depository is the depository, the participants are the agents of brokers and the beneficiary owner whose share is being kept is the depository. Now, why not he be allowed? So, I will add the complaints made by the Board and by the beneficiary owner. I will not mention this in detail but it is all right that the previous approval of the Board's Bye-laws has been provided for. As regards the initial part, I should suggest an amendment but I do not want to. Now, why I mentioned the time limit has been given. Clause 26(2) provides:

"(2) In particular, and without prejudice to the generality of the foregoing power, such bye-laws shall provide for: (a) the eligibility criteria for admission..."

All these things are there. Conditions to admissions, etc. are listed. Where is it mentioned that the time limits also will be fixed here in the regulation. I believe I am not wrong.

That is why, I want it to be included there or it can be inserted here that they will also provide for in the regulations the time limits for various kinds of activities which should be applicable and which should be incorporated in the bye-laws before they are being approved of. We have also mentioned — this is to reiterate — that it is not provided anywhere about this point. Can the depositories which are registered with the issuers, that is the companies, deal among themselves? It is an open question. Can one depository be also a beneficiary owner? One does not know on this point. Thus, there is scope for irregularity and manoeuvrability which should be guarded against and all these should be taken into account. If we are wrong the officials could have explained them to us; if we are right, I believe, the officials should have accepted them. That is why, we are insisting that it should have been referred to the Standing Committee.

We have also mentioned the complete lack of a reference to centralised auditing. It is said that the regulations will provide for that. As we are insisting in the banking sector, we are insisting here that a depository should be audited. His relationship is with the beneficiary owner and with the company which is called the issuer in this particular case. Now, if a centralised audit is not there, one can never trace what their difficulties were and an auditor for a company — a depository is a company — cannot be permitted to look into the accounts of the issuer. Therefore, we are insisting that on the question of auditing also, a second look and a more profound thought should be given and that could have been given had it been referred to the Standing Committee.

15.18 hrs.

(SHRI P.C. CHACKO IN THE CHAIR)

I would conclude here as I do not want to take more time. Therefore, I would reiterate that, because of the reasons which I mentioned earlier on that day and also for the reasons indicated today, we are not opposing the principles of a depository because a depository was called for both because of the difficulties which the foreign financial institutions were suggesting around that time and also because the Government was finding a rather difficult situation where even its own selling of shares of public sector companies were becoming difficult. As we know, it is on record. They had to garner about Rs. 7000 crores from the market by selling shares in order to meet the deficits in the Budget and they have not succeeded in doing that. On whatever shares that had been sold there, there was a very poor response in the market. Therefore, to encourage the market, such a thing was necessary I am explaining it. This may not do all that. Yet, this was considered to an obstacle and let the depository be there. Therefore, the Ordinance was passed and I do not think that the argument is very sound. All the same I agree that the depositories are a good thing which facilitates the share market functioning to the extent share markets are domain of the speculators.

SHRI RAM KAPSE (Thane) : Mr. Deputy Speaker, Sir, I rise to support this Bill. But at the same time I would like to say that the suggestions made here and the objections raised by other speakers should also be taken into account. The promulgation of the Ordinance was absolutely

unnecessary. The thought of bringing this Bill was there with the Ministry of Finance for years. It was not as if emergency arose and thus the Ordinance was promulgated. For years now, the Government had been thinking in terms of bringing forward this Bill. Even the JPC had suggested that something needs to be done insofar as the protection of the interest of the shareholders is concerned. At least for the last two years, the Ministry of Finance had been thinking to bring forward this Bill. If a comprehensive Bill, in original, would have come to this House then it would have been sent to the Standing Committee which would have been in the best interest of the Bill, the shareholders and the SEBI. Even today, I would support the demand — made by other speakers and today by Shri Nirmal Kanti Chatterjee — that this Bill should be sent to the Standing Committee. Within a week's time, the Standing Committee could come back with their proposals and the provisions of the Bill could have been of more help to the shareholders. This suggestion should be accepted by the Minister and it would be in the best interest of the Bill itself.

Sir, this Bill was overdue. I support this Bill and whatever good clauses that are contained in this Bill would benefit the SEBI and the shareholders.

As a result of the freeing of capital markets, the volume has increased and the old settlement and transfer system cannot cope up with the number of shareholders now. So, it is in the fitness of things that the depositor system should be introduced. The change in the trading and settlement system had also become inevitable. So, this depositor system which is in practice in other countries also was necessary and it is good that it is being brought in. So, in actual practice the promulgation of the Ordinance and the bringing forward of this Bill are already delayed and now we should give effect to it at an early date. There were several complaints about inordinate delay in the receipt of the share certificates by the shareholders. Now, with this Bill coming into effect, this problem would be over. The shareholders had been complaining that their share certificates were not transferred in their name and thus were exposed to considerable settlement risks. This Bill would take care of such risks also. So, hereafter this would be an advantage to the shareholders. However, there was some opposition from the corporate sector also.

But today in this Bill, the suggestion as contained in clause 22(A) says that the Security Contract Regulation Act would be changed and arbitrary power of the company management would be removed. These are good suggestions and are bold and welcome steps. This would be helpful to the shareholders. Then there are other advantages also. The Bill would help in eliminating the problem of bad delivery. The investors would benefit from the reduction in risk associated with loss, theft and forgery of physical scrips. Speedier settlement is also a welcome thing. It will reduce cost and increase productivity. It will result in transparency — which should be there in all financial matters — which will also be of great help. At the same time, many desirable practices such as stock lending, trading or margin and collectorisation of securities would start.

A suitable change in other laws has been made in the Act itself to facilitate a smooth switch-over to the new

system. Therefore, the hostile take-over by the shareholders can be obstructed. That will also be beneficial. But there are some queries which I would like the Minister to explain in detail. Do you think of one depository or multiple depository? That is the real issue because as the Act provides, you are thinking of a multiple depository.

It is good that it will facilitate competition. There will be a decline in the charges. That will be beneficial. But there will be problems if there is a multiple depository. The depository may not be able to cope up the load. Therefore, reconciliation problems will develop. The companies will not be able to keep track of it because there will be many depositories. Then, investors may use different depositories to dodge the taxation. Therefore, either you have to provide solutions to these problems or the SEBI, while framing the operating rules, will have to take note of these problems and frame the rules.

The SEBI is thinking of a central depository. That will definitely facilitate the clearance of inter-depository trade. But, at the same time, it will work as State Bank of India in the interbank clearing system. That will also be beneficial.

There is one more query as far as paragraph 13 on page 12 of this Bill is concerned. It is about register and index of beneficial owner to be of debenture holder. It is mentioned there that after section 152, the following section, shall be inserted, namely :—

" 152A The register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1995, shall be deemed to be an index of members and register and index of debenture holders, as the same may be, for the purposes of this Act."

I would like to know whether the register is to be kept with the depository or with the company.

MR. CHAIRMAN : Mr. Kalp Nath Rai, Minister is listening to his speech.

SHRI RAM KAPSE : There will be a problem because you think that no single register and index of members of a company will be there. It will be different with the depository. It will be a different one with the company. And you envisage that the shareholder has a right to hold shares either through a depository or outside it. He may be having it outside or with the depository. So, whose register will be taken into account? Will it be of the company or of the depository? So, you will have to explain it as far as section 152A is concerned. How will you resolve this problem? For such small problems, if this Bill goes to the Standing Committee and studied thoroughly with the help of SEBI, it will be in the interest of shareholders. Therefore, I again suggest you to send it to the Select Committee.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : It is for the Chair to respond?

SHRI RAM KAPSE : He has to respond to decide the matter. We are not interested in delaying this Bill. We want this Bill to be passed in this Session itself. But, at the same time, it should be thoroughly studied. Therefore, this suggestion has been made. The Minister should also support this move.

SHRI R. NAIDU RAMASAMY (Periyakulam) : Sir, on behalf of AIADMK, I thank you for providing me this opportunity to speak on the Depositories Bill, 1995.

Sir, I would like to register my protest at the outset to the issue of an Ordinance on such a serious and important subject matter when the Government could have waited till the commencement of the Session. I really do not know what was the urgency involved and what useful purpose was served by issuing the Ordinance. The Government owes an explanation to this august House as to why it chose to issue the Ordinance. As some of the hon. Members have rightly pointed out, this Bill is a fit measure to be referred to the appropriate Standing Committee. It is true that the Joint Parliamentary Committee had recommended such a mechanism but only a Standing Committee will have enough time to go into the details of giving legislative effect to the recommendations of the Joint Parliamentary Committee.

The simple objectives of the Bill is to de-materialise securities and shares and maintain the issue, transfer and other transactions in shares and securities through electronic record. Everyone agrees that the holding of shares in physical form and transfer of shares in that form from one person to another are cumbersome processes. But can the Depositories and their agents under the Securities and Exchange Board of India be a solution to this problem? In my view, the proliferation of such bodies dealing with security transactions will not only add to confusion but also may result in scandals. When new bodies are propped up, new monitoring mechanisms will have to be evolved to keep a watch on them. This House may recall that despite the best arrangements of control and monitoring by Government through the Ministry of Finance and the SEBI, the incident of duplicate shares of Reliance in the Bombay Stock Exchange could not be avoided.

I would like to know from the hon. Minister what is the essentially of bringing forward depositories for the purpose. The purpose of de-materialising share certificates and facilitating their easy transfer could also be achieved by empowering the issuing companies to act as depositories so that between the Company and the investors, the two large sections of middlemen, namely, the proposed depositories and their agents could be eliminated. Besides, the empowerment of the Companies to perform the propose functions of the depositories will ensure foolproof management of investment information as well as instil confidence in investors and credibility in the very systems.

Our investment market is yet to attain such a maturity that this operation of depository firms would be free from scandals. Soon one scam after another may hit the investment market causing great loss to the investors and shattering their hopes. The best one can now think of is to have an arrangement like post office or bank passbooks, where entries against an investor's code number, the information relating to number and value of shares are entered in case of purchase and deleted in case of transfer which may be transacted through authorised cheque leaves specially issued in favour of all investment code number holders. These cheque leaves should mailed to the respective issuing companies for amendment of their records and this job should be done by commercial banks.

Public credibility is very important and all legislative measures should aim at creating it besides the other objectives. It appears from the Bill that when the Government is already caught in the mega scam and similar scandals like the duplicate shares of Reliance going round with the Government not taking seriously, these private depository firms will have a field day. The investors are having money but not adequate education about, in what possible ways they can be defrauded exploiting the loopholes in law. Therefore, at least, keeping in view the public interest, this Bill should not be hurriedly passed but referred to the Standing Committee.

With these words, I conclude.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL) : Sir, I shall deal with the Statutory Resolution and also the Bill which has been introduced for discussion.

I am thankful to all the hon. Members who have participated in the discussion of this Bill. I am thankful to all of them because the urgency and the need for introducing this Bill has been accepted and emphasised by all the hon. Members.

Sir, you will recall that as a result of the New Economic Policy, there has been surge in the development and growth of the capital market. There are now Seven thousand five hundred listed companies and more than 30 million investors are participating in the Securities transaction. Today, more than Rs. 1,94,000 crore are being invested in the share market. In the Bombay market, the daily turnover instead of a sum of Rs. 30 crore, which was the figure in 1990-91, has now risen to Rs. 400 crore. As a result of this spurt, it is now a common experience that if the shares are to be transferred and the formalities and the procedure are to be complied with under the Companies Act, it will take a considerable length of time. At the same time, unless there is a speedy settlement of trading there is a risk of the manipulations and also a forgery. As a result of this, the institutional investors were also getting more concerned. This impelling need has prompted the Government to introduce this Ordinance, that was on 20th of September, 1995 when the Parliament Session was to commence only in December. Therefore, a need for the introduction of an immediate legislative provision by way of an Ordinance was felt by the Government and when the matter was sent to the President of India, the President of India also was satisfied about the immediate need for introducing this Ordinance.

As all the hon. Members have pointed out and I am grateful to all of them—that this speed was needed to deal with an immediate problem which the capital market was facing. Now the only comment, which has been made by some of the hon. Members is that it should be referred to the Standing Committee. It is a matter entirely for the hon. Speaker and for you, Sir, to decide. I may point out with great respect to the hon. Members that all the points which have been raised are provided for in the Bill itself excepting on some point made by the hon. Member, Shri Nirmal Kanti Chatterjee, which I shall deal with that later.

What is the purpose of introducing this Depositories

Bill? The Depository will be registered under the SEBI Act. And Shri Chatterjee and the other hon. member have pointed out that the depository also may be a beneficiary and, therefore, there may be a possibility of a conflict. I would respectfully invite the attention of the hon. Members to the definition of 'depository'. A depository is a Company, which is incorporated under the Companies Act and registered under the SEBI Act. A depository can never be the beneficial owner. Although the shares are to be registered in the name of the depository, but the beneficial owner, that is, the investor, whose name is recorded in the books of the depository will exercise all the economic rights and also the rights of voting.

It has been specifically provided that the depository will not exercise any such rights. The beneficial owner will have the right to exercise that and he will have no right to cast his vote. Therefore, this apprehension which is made by some of the hon. Members, in my respectful submission before this House, proceeds upon an incorrect reading of the provisions of the Bill.

Some of the hon. Members pointed out that there is no provision for capital adequacy norms. I should only point out that the regulations which have been framed also provide that if a particular depository is to be registered, it must have a minimum of Rs. 100 crore as capital. Therefore, it is not correct that there is no provision for capital adequacy norms.

The main grievance or apprehension which has been made by some of the hon. Members is regarding the protection of the investors under the system. I have to point out to them that the Bill itself provides an in-built protection, apart from regulations which would be framed by the depository under the Act itself with the previous approval of the Board, i.e. the SEBI. Now if a depository is registered under the Bill which is to be made into an Act, it can only start the commencement of business, provided the Board gives the approval and Section 3 makes it very clear that such approval will not be given by the Board unless the Board is satisfied that the regulations do not provide for adequate safeguards against the manipulations or the forgery, then the commencement of the business certificates will not be given.

Secondly, Clause 26 of the Bill gives the power to the depository to frame regulations with the approval of the Board, i.e. SEBI and one of the specific clauses is that the regulations now provide for ample safeguards against such manipulation or forgery and the power has been given to the Board under this Bill that if the Board is not satisfied, the Board can give proper direction to the depository that such a provision is to be incorporated in the regulations providing for ample safeguards against manipulation or forgery of the securities. And if such a direction is not complied with, then the depository can be proceeded against and adequate steps can be taken against such a depository. Not only that but also Clause 16 makes it very clear that if the investor suffers any loss due to negligence or due to certain improper action of the depository or of the participant, in that event, the depository shall indemnify the investor. Even when there is any loss caused by the negligence of the middleman namely, the person who gives the books for the shares of the investor, even then, the depository shall indemnify the investor but can recover the loss from the participant. Therefore, adequate

safeguards have been made for any risk or any loss which may be caused to the investors by the conduct of the depository or of the participant.

Another criticism or comment has been made, namely that the names of the investors will not be appearing in the books of the company. With great respect to the hon. Members who have raised this point, I will request them to read the particular provision of the Bill. The depository, undoubtedly is the registered owner in the books of the company. But all the names of the investors who have entered their names as investors in the books of the depository, have got to be forwarded to the issuing company and in the company's books, the names of the investors also will be duly recorded. If there is any transfer or assignment of the shares by the investor, even that transfer will be not only recorded in the books of the depository but it will also be forwarded to the issuing company itself.

The company will make the necessary correction in the names of the transferees. In addition to that there is also the provision that the mandatory inflow of information by the depository should be given to the company from time to time so that whatever transfers and assignments are made, these will be immediately forwarded and the issuing company will have to be informed of these changes or transfers which are effected from time to time. Therefore, I do not think that the shareholders' and investors' rights have not been adequately protected. The transferees, the investors under this Bill have been given the option of taking their shares in physical delivery from the company or they can opt to have their names recorded in the books of the depository. Therefore, if the shareholder or the investor wants to stick to the earlier method of having a physical delivery of the shares, it is open to him and if the investor wants to switch on to the new procedure of having their names recorded in the books of depositories they can do so and it will be optional.

Now, one comment has been made that there will be a duplicity and there will be a complication. I do not think that there is any complication. To give an illustration, if an investor has taken the physical delivery of the shares from the issuing company and wants to opt in favour of the new method, he will have to inform the company and his name will be struck from the register of the shareholders and his name will forward such information to the issuing company and in the depository's accounts, his name will be duly recorded. There is no difficulty in the procedure which has been followed.

Now, the powers have been given to the Board and also to the depository to frame the rules with the approval and rule are to be laid before the House. It is a well-settled principles today in modern administrative law, that it is not possible for the Government and it is not possible for legislation to introduce in the legislative provisions, all the meticulous details for implementing the Act and that is why the growth of administrative law has developed not only in this country but all over the world. The only safeguard is that the rules are laid before the Parliament so that the Parliament keeps a strict vigil, a strict watch upon the rules which are framed by the rule making authority. The regulations which are made by the depository will be with the approval of the

SEBI. In other words, the SEBI, which is the supreme authority administered in the hierarchy, will have the full control and supervision over the regulations which the depository has to make. Therefore, there is a complete safeguard.

A comment has been made that no time-limit has been fixed. I should say that in one particular transaction, in one particular procedure whether any time-limit is to be fixed or such time-limit is to be specifically provided, that will be adequately taken care of by the rule-making authority when they will frame the rules and also by the regulations which will be framed by the depository with the full approval of the SEBI.

Therefore, these are the details which are to be worked out by the authorities entrusted with the framing of either the rules or bye-laws and that is always the procedure in modern system of legislation where all these meticulous details are left to the authorities, who are charged with the duty of framing the rules.

The Depositories Bill, in fact, has introduced simplicity in the procedure. It will take a long time if physical delivery of the shares has to be taken. There is always a time lay which gives scope for forgery and for manipulation, which can be easily avoided by the simplified procedure because if the Depository records his name as the beneficial owner, he will not have to pay any stamp duty. If he wants to opt out of the procedure and wants to take physical delivery, then only he will have to pay stamp duty on such transfer.

This Bill has taken care of all the comments which have been made by the hon. Members and I respectfully submit that there is no need at all for sending the matter to the Standing Committee. It is true that we came with an Ordinance because of the emergency which was arising because the capital market was being affected by the spurt of transactions and the institutions also were finding difficulty in having these transfers delayed. Therefore, my submission to this hon. House is that this Bill is really a timely measure which is intended to simplify the capital market transactions and also act as a booster and provide incentive for the growth of the trading transactions in the capital market. It was a long-felt need which has now been dealt with by this present Bill. I would, therefore, respectfully submit that the Bill should be passed by this hon. House and there is no necessity for sending the matter to the Standing Committee. Thank you, Sir.

SHRI RAM NAIK (Bombay North) : Thank you, Mr. Chairman. I would not take much time of the House. All the hon. Members — they were five in number, excepting the Minister — who spoke on this matter, criticised the method of promulgating this Ordinance. None from the ruling side spoke in favour of that. Only the Minister had to say something. But the Minister did not indicate the urgency for promulgating this Ordinance.

SHRI DEBI PROSAD PAL : I have done so.

SHRI RAM NAIK : You feel that you have done so by saying that the President was convinced that the Ordinance should be issued. That is what you have said in the statement and in your reply also. But the immediate need has not been indicated.



The hon. Minister has said that the capital market was not steady and, because of that, the Ordinance was brought. But he should have also explained to us what is happening in the capital market now. Why are the shares going down and down? What is the exact reason for that ?... (*Interruptions*).

SHRI DEBI PROSAD PAL : I have never said that the capital market was not steady. I have not used that language. Please quote properly.

SHRI RAM NAIK : I am quoting what you hav said. The point is, what is happening in the Mumbai Stock Exchange now. You have said that this will lead to the steadiness of the market. I had specifically said that the shares are going down and that near chaotic situation is reaching. I also requested you to explain what is being done by Reliance and what is happening in the Mumbai Stock Exchange Market, to which not a single word has been stated by the hon. Minister.

The second issue that I raised, and about which my other colleagues also have asked, what have you done after the Ordinance was issued. The Ordinance was issued on 20th September. Three months have passed. What is the action taken? Has any Depository been established so far? Has anybody applied for it? Has anybody been sanctioned the licence?

What is the progress done in the last three months? If there is no progress in the last three months, what was the necessity of issuing the Ordinance? So, you have not indicated anything about the work done by the Government in the last three months after promulgating the Ordinance. Where are the rules? The rules also have not been submitted to us so far. You did not frame the rules? Did you frame them? Have you framed the rules? If you have not framed the rules and circulated the rules, then what is it that you have done in the last three months? That should have been explained. That has not been explained. So, it indicates that you are not serious in doing the work and giving proper security to the shareholders.

Hon. Member Shri Amal Datta has specifically raised the issue as to how will you prevent the forgery. You have only said that there will not be any forgery hereafter. How would you ensure that? What are the rules for that? Nothing has been said about it. That should also have been explained. Since you have not framed the rules, you have nothing to say. Why did you do it? That is the only question remaining again.

I want to mention about insurance. The hon. Minister did say that there would be indemnification. Who will indemnify? Where is the insurance? I suppose that indemnifying and insurance are two altogether different actions. What is the provision for the insurance? Just saying that they will indemnify does not necessarily mean that, as a matter of right, they will get whatever amount they should receive. That also has not been explained by the hon. Minister.

Mr. Chairman, Sir, there is nothing in his reply. Even the hon. Minister did not have the courtesy to say that the Statutory Resolution for opposing the ordinance should be withdrawn. He did not show that courtesy also. He is in such a hurry that even simple Parliamentary considerations are also forgotten.

Since the work has not been done in the last three months, I insist on my Statutory Resolution. He might get up now and request me to withdraw it. I do not know whether he request or not. But let me anticipate his request and say that I stand by my Resolution and I would not withdraw it. It is now for the House to decide as to what should be done. Thank you.

MR. CHAIRMAN : I hope the hon. Minister will request Shri Ram Naik to withdraw the Statutory Resolution.

DR. DEBI PROSAD PAL : Sir, I would certainly request the hon. Member Shri Ram Naik to withdraw his Statutory Resolution.

MR. CHAIRMAN : Shri Ram Naik, the Minister has now made the request. Probably his style of knowing it is in the last minute.

SHRI RAM NAIK : That is why I said, he is in a hurry. In that hurry he did not do it. At least, it is better late than never. At least now he has recognised the Parliamentary etiquette. So, with the permission of the House I wish to withdraw my Statutory Resolution.

MR. CHAIRMAN : Chatterjee : Sir, I have a point of order. It is a very simple one. We want to know from the Chair as to why this is not being referred to the Standing Committee.

MR. CHAIRMAN : In fact, Shri Nirmal Kanti Chatterjee must know that it is not necessary that all the Bills be referred to the Standing Committee. All the points which were argued against the introduction of the Bill or passing of the Bill were properly replied by the Minister also. The Chair thinks that we can proceed with the passing of the Bill. There is nothing wrong in that.

SHRI NIRMAL KANTI CHATTERJEE : Sir, all the Bills are not referred. But this is something special.

MR. CHAIRMAN : You could have raised this point of order or this objection even before starting the discussion on the Bill. So, this point of order is no more relevant.

SHRI RAM NAIK : Sir, I have a point to say.

MR. CHAIRMAN : Shri Nirmal Kanti Chatterjee, you yourself spoke on this Bill. You participated in the debate. I do not think that it is fair now to raise it.

SHRI RAM NAIK : Sir, before you complete the ruling I want to say that this point was well raised before the Minister introduced the Bill. I first spoke on the ordinance, that is on my Resolution. At that time this point was raised and after that the Minister has introduced the Bill. Naturally, we had raised the point that it should have been referred to the Standing Committee. From that point of view, if the Government do not want to take the help of the Standing Committee, they are at liberty to do anything.

MR. CHAIRMAN : Shri Ram Naik, more than the merit of the Bill, most of the Members who participated in the discussion were speaking on the propriety of this thing.

**16.00 hrs.**

SHRI RAM NAIK : I have got the notes. Everybody has said that.

MR. CHAIRMAN : You also came in the last minute.

You did not probably listen to many of the speeches including the Minister's speech. All the points raised by the hon. Members have been satisfactorily explained by the Minister.

SHRI RAM KAPSE : Mr. Chairman, Sir, I requested the Minister to support the demand for sending this Bill to the Standing Committee and I specifically said that within a week the work can be done, because we are all in agreement with the contents of the Bill. Probably he may also support it.

MR. CHAIRMAN : Kapseji, this is no more a technical question. Since we have discussed this issue and the debate is replied to by the Minister, the Chair finds no reason to postpone the passing of this Bill. I think we will proceed with the passing of the Bill now.

SHRI NIRMAL KANTI CHATTERJEE : Mr. Chairman, Sir, there is no such restriction that in case we have taken it up, it cannot be referred to the Standing Committee. In fact, such a thing had happened earlier.

MR. CHAIRMAN : I am saying that no valid points were raised for postponement. Please understand that that is the opinion of the Chair. No valid point is being cited for postponing the passing of the Bill. That is the ruling.

SHRI NIRMAL KANTI CHATTERJEE : I understand your ruling.

MR. CHAIRMAN : If you understand the ruling, then there is no need for further discussion on that point.

SHRI NIRMAL KANTI CHATTERJEE : I am only saying that not all the points generated have been covered in this reply.

MR. CHAIRMAN : That is your opinion.

SHRI NIRMAL KANTI CHATTERJEE : It is not a question of opinion. It is a fact.

MR. CHAIRMAN : We cannot go on arguing like this at this stage.

Is it the pleasure of the House that the Resolution moved by Shri Ram Naik be withdraw ?

*The Resolution was, by leave, withdrawn.*

MR. CHAIRMAN : I will now put the motion for consideration of the Bill to the vote of the House.

The question is :

"That the Bill to provide for regulations of depositories in securities and for matters connected therewith or incidental thereto, be taken into consideration."

*The motion was adopted*

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

Clauses 2 to 31

MR. CHAIRMAN : The question is :

"That Clauses 2 to 31 stand part of the Bill"

*The motion was adopted.*

Clauses 2 to 31 were added to the Bill.

MR. CHAIRMAN : The question is :

"That the Schedule stand part of the Bill."

*The motion was adopted.*

The Schedule was added to the Bill.

MR. CHAIRMAN : The question is :

"That Clause 1, the enacting Formula and the title stand part of the Bill.

*The motion was adopted.*

Clause 1, the enacting Formula and the title stand part of the Bill.

DR. DEBI PROSAD PAL : I beg to move :

*"That the Bill be passed."*

MR. CHAIRMAN : The question is :

*"That the Bill be passed."*

*The motion was adopted.*

**Supplementary Demands for grants — (General) — 1995-96**

**16.04 hrs.**

MR. CHAIRMAN : Now, the House will take up the discussion on Supplementary Demands for grants in respect of Budget (General) for 1995-96

Motion moved :

"That the respective supplementary sums not exceeding the amounts on Revenue Accounts and Capital Accounts shown in the third column of the Order Paper be granted to the President out of the Consolidated Fund of India to defray the charges that will come in course of payment during the year ending 31st day of March, 1996 in respect of the following demands entered in the first column thereof.

Demand Nos. 5 to 7, 9, 10, 14, 28, 39, 44, 46 to 48, 50, 51, 57, 61, 62, 69, 72, 76, 79, 80, 81, 84, 95 and 98."

Supplementary Demands for grants - (General) for 1995-96 submitted to the Vote of the Lok Sabha.

No. and Name of Demand	Amount of Demand for Grant submitted to the vote of the House	
	Revenue Rs.	Capital Rs.
1	2	3
5. Department of Chemicals and Petrochemicals	79,00,00,000	...
6. Department of Fertilizers	...	149,00,00,000
7. Department of Civil Aviation	...	1,00,000
9. Ministry of Civil Supplies, Consumer Affairs and Public Distribution	60,40,00,000	...
10. Ministry of Coal	...	36,37,00,000
14. Department of Telecommunications	31,00,00,000	1,00,000
28. Transfers to State and Union Territory Governments	280,00,00,000	200,00,00,000
39. Department of Health	...	185,00,000
44. Other Expenditure of Ministry of Home Affairs	1,00,000	...
46. Department of Education	210,52,00,000	...
47. Department of Youth Affairs and Sports	1,00,000	..