SHRI NITISH KUMAR (Barh): Now the Minister has left the House and the matter is closed(*Interruptions*)

14.58 hrs.

STATUTORY RESOLUTION RE. DISAPPORVAL OF THE CAPITAL ISSUES (CONTROL) REPEAL ORDINANCE, 1992 (ORDINANCE NO. 9 OF 1992) AND CAPITIAL ISSUE (CONTROL) REPEAL BILL

[*English*]

MR. DEPUTY -SPEAKER : Now the House shall take up Item Numbers 9 and 10 together

Shri Nitish Kumar to speak.

SHRI NITISH KUMAR (Barh): Mr. Deputy-Speaker, Sir, I beg to move:

"That this House disapproves of the Capital Issues (Control) Repeal Ordinance, 1992 (Ordinace No. 9 of 1992) promulgated by the President on the 29th May, 1992. "

[*Translation*]

Mr. Deputy Speaker, Sir the Government had promulgated an ordinance to repeal Capital Issue (control) Act, 1947 and this Bill has been introduced in the House to replace that ordinance.

Under the provisions of Capital issues Act, it was compulsory for every company set up in India to seek permission to issue to its share for increasing its capital and to issue right issue to its share holders and to make public issue,. Alongwith this these companies were required to seek permisssion for fixing the value of the shares proposed to be issued by them. This Act had power to control them. The hon. Minister has made the statement.

[*English*]

explaining the cirucumsances which necessitated the immediate repeal of the Capital Issues (Control) Act, 1947.

[*Translation*]

15.00 hrs.

In the Objects and Reasons of this Bill it has been stated by Government that since industrial police has been liberalised, so there is no need of having such controls in view of the policy declared in 1991. Therefore, there is a proposal to abolish them. Now Government says that as liberalisation is taking place, all the contrals should be abolished. But Capital Issue Control Act had two aspects. One, it had control over the value of share and of number of shares to be issued by the companies. Now it has been totally abolished, This authority has been done away with. Now companies has got full liberty to issue any number of shares., There is no authority to look into as to whether the company has the capacity or not, and whether they are in a position to earn profit or not. Now companies have full freedom to issue advertisement and make propaganda regarding their scope and future prospects etc. These companies now will attact the small investros through attractive advertisement and they will fall in their trap because there is no guaratee of their securty. Earlier the Governemnt had a conrol regarding the number of shares to be issued by a particular company. But there is no such at present.

Earlier the company had to take permisison for issueing rights issue. Now there will no need to take that permission. I would like to cite an example. Recently GPC issued right issue, and fixed the price of Rs. 10 share at Rs. 90. Actually the the old share holders of the company should have got the share in the proft of the company. Now the company itself is fixing the price of one share of Rs. 10 as Rs. 90. There is nobody to look into it. We would like that the Government should made some provison in this regard also. We wanted the Government to make some arrangement in this regard, its value should not be mroe than three times, four times or five times, but now the comapny

[Sh. Nitish Kumar]

shall be at liberty to fix the price of its share it can issue any number of shares. Now, the small investors shallmuset their money in these shares. They say that liberal'sation has been done, that is why no control is needed, and they have stated in the statement that SEBI has been authorised to issue guidelines now what will be the fate of the guide lines issued by SEBI. It has been discussed in the House for several hours, and the entire country has been shaken up by the scandal.The Government is unable to anssers the points raised during the course of the discussion. A joint Parlimamentary Committtee has been formed to in vestigate the matter but we shall not go into this discussion, when the Reserve Bank of India is here and it has already issued certain guidelines in this regard; but inspite of these guidelines, such a fig scandal took place, then what shall be the fate of the guidelines, which will be issued by SEBI. When authority was ested in the controller, many kinds of rregularities have taken place and now when this authority too will be no more, who shall bother about SEBI, who shall care for its guidlines, In this way, the interists of the small investors, can not be portecred and the interstes of the small and the companies will continousot expolit them. Those who were running the companies might at times have faced some difficltues because of delay in many matters due to ed tapism in the office of the Controller. To remove these difficulties the Governemnt should have amended the rules to avoidered tapism so that the matter is expedited at the earliest but instead of resolving the problems,the Government has abolished the entire institution, and issued an ordinance repealing this very Act.

In this way, the interests of the ordinary investors and the small investor shall not be protected and the Government is not at all worried about that.

That is why we would like to urge upon you and through you I would like to request the House that this House should disapprove the ordinance issued by the Government of India repealing the Capital Issues (Control) Act. We would also liked to appeal to the Government that suitable amendments should be made in the present Bill to make the provisions of the ordinance ineffective so that interests of the small investors may be protected, and the suitable action should be taken under the new policy to remove the various unnecessary obstacles in the smooth functioing of the companies.

With these words, I would like to urge upon the House to disapporve this ordinance.

[*English*]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): Sir, the Capital Issues (Centrol) Act, was introduced in 947. Under this Act, companies in India needed Government's approval to raise captial from the public and its own shareholders and for the price at which it could do so. Over the years, an exemption order was also brought in 1969, to facilitates speedy recourse to public issues by privatg companies to raise funds up to Rs. 1 crore from the public.

As hon. Members will know, the Government had tabled a statement of Industrial Policy in both the Houses of Parliament on the 24th July, last year. The statement substantially liberalised the provisions and simplfied the procedures governing licnesing, foreign investment etc. In the wake of liberalistion, it was considereed that Government control over the Issues of Capital and of pricing of the issues of capital for domestic companies became irrelavent. It will also be known to the hon. Members that the Government have establihed the Secrities and Exchange Board of India (SEBI) and it has been invested with statuory powers on the 30th janurary, 1992. This organisation is enjoined to protect the interest of the investors in securities and promte the deelopment of and to regulate The securitces markats and with any matters connected with these goals.

In view of the above far-reaching developments in the continued drive for liberalisation in India, it was considered necessary that the Captial issues Control

Act, which provided for Govermnment control on equity pricing and the issue of capital, be repealed. As both the Houses were not in session, the President promulgated an Ordinance repealing the above Act on 29th may, 1992. The present Bill seeks to replace the above Ordinance by an Act of Parliament.

In view of the imperative for liberatlisation in the economy, it has become necessary to replace thre above Ordinance. The guidelines for disclosures and investor protection issued by SEBI on the 11th June, 1992 and also the various clarifications issued by that organisation will take adequate care of investor protection and set in motion higher standar of security market culture in India. In view of the above objectives, it is reqeuested that the Hon. Members may approve the passing of the above Bill to replace the Capital Issues Control repealment Ordinance No. 9 issued on 29.5.1992 by the President of India.

I beg to move:

"That tne Bill to repeal the Capital Issues (Control) Act, 1947, be taken into consideration."

MR. DEPUTY SPEAKER: Motion moved:

"That this House disapproves of the Capital issues (control) Repeal Orddinance, 1992 (Ordinance No. 9 of 1992) promulgated by the President on the 29th May, 1992."

"That the Bill to repeal the Capital Issues (Control) Act, 1947, be taken into consideration."

There are some amendments to the motion for consideration. The hon. Members who have given notice of the amendment and are present in the House may move their amendments.

SHRI GIRDHARI LAL BHARGAVA (Jaipur); Sir, I beg to move:

"that the Bill be crculatd for the purpose of eliciting opinion thereon by the 22nd October, 1992." (1)

SHRI DAU DAYAL JOSHI (Kota): Sir, I beg to move:

"That the Bill be criculated for the purpose of elicting opinion there on by the 23rd October, 1992." (2)

MR. DEPUTY SPEAKER: The time allotted for discussion for this is two hours. Whips of various political partiees have already sent the list of spears from their parties. So it is difficult to accommodate any independent list if received. Therefore, it is beter if the list if sent through the Whips.

Shri Shravana Kumar Patel to speak.

SHRI SHRAVAN KUMAR PATEL (Jabalpur): Mr. Deputy Speaker, I stand here to oppose the Statuory Resolution and to suport the Bill as introduced by the hon. Finance Minister.

Sir, while presenting the Union Budget for the year 1992-93, the Finance Minister had promised to do away with the Governmentcontrol over the capital issues and premium thereon by Indian companies. As a result of this, the role of he Controller of Capital issues has become redundant particularly after the introduction ofthe New Industrial Policy. In the changed scenario, the companies will be allowed to apporach the market drectly for captial isues in confirnity with the proivions and ggudelines issued by the SEBI to protect the interest of the investors.

SEBI has formulated detailed guidelines in consultation with the merchant bankers and other interested groups and while formualting the guidelines on capital issues care has been taken to protect the interists of the investors. So, the claim of the hon. Members that the interest of the linvestors would not be protected is.

[*Translation*]

SHRI RAJVEER SINGH (Aonla): Mr. Deputy Speaker Sir, I am on a point of order. There is no quorm in the House.

[*English*]

MR. DEPUTY SPEAKER: The bell is being rung-

Now there is quorum. The hon. Member may continue his speech.

SHRI SHRAVAN KUMAR PATEL: Sir, I am was saying that the hon. Member had expressed apprehensions that these guikdelines shall be flouted and that the interest of the investors would notbe protected or safeguarded. But the hon. Finance Minister has just a few minutes ago said that the SEBI has been given statutory rights and under these,it will be incumbent on the various companies to follow these guidelines which have been given to the SEBI. SEBI has, as I said, formulated detailed guidelines in consultation with the merchant bankers and other interested groups ahnd while formuating the guidelines on capital issues, care has been taken to protect the interest of the investors.

A provision has been made for full and fair disclosure of information relating to the investment proposal such as Net Asset Value of the company as per latest audited balance-sheet to the SEBI and to the lead manager, for comprehensive scerutiny of the proposal before granting premission to invite public subscription..

Promoters of existing companies will have to furnish high and low price of their shares for the last two years, so that investors can have a fair idea and assessment about the soundness of the company.

The lead managers and merchant bankers will have to satisfy themselves about the accuracy and authenticity of information supplied by promoters. Further,under-writing has been made mandatory for thge full issue along with 90 per cent subscription.

Failing these provisions, the company would be required to refund the amount of subscription to the applicants to provide sefety to the unds of the invetors. The promotess ae required to invest their share of capital in the project and keep their stake till it becomes prfitable. The minimum quota for invetment fixed at 25 per cent of total issue of equity upto Rs. 100 crores and 20 per cent for more than Rs. 100 crores to be brought in advance before the public issue. Minimum subscription by each of the promoters is fixed at Rs. 1 lakh., Lock-in period for promoters contribution is three to fice years. SEBI has disallowed over-subscription hitherto permitted up to 15 per cent of the total issue amount. Bonus issue within 1'2 months of public issue is not allowed. Roll-overs of non-convertible debentures without specific consent of individual investor is not allowed. Cut-off for transfer of promoter's share has now been raised to five years.

Thus we clearly see that the new guidelines, by and large give freedom to the companies and protection to the investors.

I would just like to make two or three observations, And I would cetainly like th7e hon. Minister to look into the points that I am raising. I feel that the guidelines have nothing much to say about right issues.

Provisions governing promoter's contribution being stringent, many opublic issues in offing may come to a grinding halt.

This feeling is also expresed by merchant bankers that promoter's share of capital issue to be raised inadvance before seeking public subscipotion will result in drastic reduction in public issue.

Section 372 of the Companies Act says that any company acquiring 50 per cent of the equity capital of another company makes the latter its subsidiary which, in turn, requires Central Government's approval. Obviously, this provision will be handy for use by big industrial houses with several group of companies who would collectively contribute 50 per cent of the newly promoted companies' equity. this however,, will act as deterring factor for small or medium size single companies.

In spite of the above points, I congratulate the Finance Minister for doing a way with the restrictive and cumbersome Department of Capital issues and entrusting the responsibility to an autonomous body - SEBI- which would function opaquely without Government controls and constraints.

I once again support the Bill as moved by,the hon. Finance Minister.

SHRI GIRDHARI LAL BHARGAVA (Jaipur); Mr. Deputy Speaker, Sir, I support the bill which has been moved by the hon. Finance Minister because this was the long outstanding demand of ours and it is being fulfilled now. The post of the controller under the provisions the capital Issues Control Act was abolished by the Government and SEBI has formulated its guidelines in June 1992, So that the work is done in a proper way. Securities and Exchanges Board of India, which is called SEBI was constituted in 1988. The purpose of its constitution was to protect the interests of the investors and ensures the progress of the capital market, and find out the ways to check the improper activities of the share market. Although the SEBI has been constituted, yet it has not of are been given the statutory status. It was discussed with the Govenemnt of Shri Vishwnath Pratap Singh, and till now this discussion has been going continuously. The Government granted a certain status to 'SEBI' by promulgating an ordinance on 30 January, 1992. I am of the opinion that it wil greatly help the share market in its smooth functioning. I would like to point out that before the constitution of SEBI, there was no provision to protect the interests of the ordinary investors. You are well aware of the fact that everybody is interested to make good of his loss by buying shares with some part of his money. If you go to banks you shall find long gveves there. Due to last incident of share market the people suffered loss of about Rs. 40 crore and before the constitution of SEBI, there used to be embazzlement of crores of rupees and nobody was used to be held responsible for this fraud. As a result of it, the interest of the investors in share market began to reduce. Now SEBI in called Securities and Exchange Board of India. In America, Similar Constituted Board is called the U.S. Security Exchange Commission and in England it is called the U.K. Security Investment Board.

Mr. Deputy Speaker, Sir, now this board has begun its work from the 21st February, 1992. It has three main works i.e. firstly to protect the interests of the ordinarily investors, secondly to prepare the suitable atmospheres for investment and thirdly to renovate the entire capital market. I would like to point out that since the constitution of SEBI, it has received about one thousands complaints. A notification was issued to make the registration of the Agents but all the Agents made a protest against it and as a result of this protest, SEBI could not start its work. Since the share scam came to light, the people falt the need of SEBI and after that 5401 Agents, 7132 sub-Agents and 80 Brokers got themselves registered with SEBI. Since then SEBI has started functioning.

Mr. Deputy Speaker, Sir, I would like to submit to the hon. Minister that there are still certain lacunae in this Bill and I would like to draw your attention to it. Firstly there should be no delay on the part of SEBI and as soon as some one applies for registration, he should be registered with out any delay. Secondly the Government should issue guidelines to SEBI that whosoever does not comply with the rules should be punished, while there is no provision to this effect in the present Bill. It is not an ordinary thing it is a very serious matter; so the provision of punishmentmust be there in the Bill.

Mr. Deputy Speaker, Sir, I shall once again welcome this bill and urge upon the Government that there should be no delay in it. The lacunae of this Bill should be removed and there should be a provision in this Bill for stern punishment to the defaulters. With these words I conclude my speech and thank you for giving me the opportunity to speak

[English]

SHRI SUDHIR GIRI (Contai): Mr. Deputy Speaker Sir, I express my gratefulness to you for giving an opportunity to speak on the Bill. I rise to support the Resolution and oppose the Bill with all the force at my command.

Sir, at the outset, I charge the Government as Government of ordinances. The present Government is found to be in the habit of avoiding Parliament and promulgation ordinances at the rist available opportunity. Instances of such impropriety are numerous, The hon. Finance Minister opines that because of the liberalisation of industrial. trade and economic policies, the Capital Issues Control Act is no longer required to be in the Statute Book and hence the promulgation of ordinance and the presentation of the Bill. Sir, it has to be pointed out here that the industrial policy statement was laid on the Table of the House on 24. 7.91. Since then, the Winter Session was, as also held. And in that Session, the Bill on SEBI was passed. But this Bill did not come up in that Session along with the SEBI Bill. Then the long Budget Session too was over in May 1992. Still the Government did not come forward with the necessary Bill. But when the House adjourned and the Session was over, the Government brought out this ordinance. and only now it has come forward with this Bill.

Before it came into being, the Capital issues Control Act was promulgated as an ordinance as a wartime measure after the Second World War. The objective was to form joint stock companies and accumulate capital for industrialisation in the country even during the British regime. Subsequently, the ordinance was turned into an Act in 1947 as a peacetime measure by the then Legislative Assembly.

The Capital Issues Control Act authorised the Government to exercise check and control over the issues of capital. The Interim Government even in the British days wished such control in the interests of the small depositors, firm and companies of our country. Shri manu Subedar representing the business community from Bombay said that form of enterprise is important. It is necessary for the industrial development of our country. At the same time, he cautioned that it is the duty of the Government to see that this particular facility of limited liability is not abused by any promoters or any enterprising people who make use of this particular mechanism in order to put money in their own pocket.

Shri Ananta Sayanam Iyengar said, 'If shares are allowed to be sold by any company outside India, they may work to the detriment of the development of the country. As regards sale of shares inside, control has to be applied very carefully. The capital issues have to be invested in properly chalked out plans, In the absence of such plans, it is very difficult to control the capital issue. He even suggested for an advisory committee to exercise control over the capital issues. Pandit Thankur Das Bhargava commented that the ordnance for capital issue had been brought as a wartime measure. These were being converted into peacetime measures. The Act restricts the freedom. Control is still necessary to secure balanced investment of the country's resources. From the view points of expanding industries, such a Bill was welcome but at the same time, control was sought to be exercised inso far as the British capital was concerned.

When the Bill was being amended in 1957, Shri Bhupesh Gupta commented;

> "There are people on the one side who think that there should be complete liberty and what we call, laissez-faire, in this matter and that the companies would be free to issue capital as they liked without any restraint on the part of the Government, There is the other side who take the view that in the context of a planned economy, it is of atmost importance that we dirsect and regulate and seek a measure of control over the flow of capital."

Sir, it is a fact that the share markets are

[Sh. Sudhir Giri]

the offshoots of the capitalist economy. Speculation, fraud, uncertain windfall, etc. are the concomitants of the capitalist economy. Share markets and markets free from social obligations, are closely knit together. One cannot flourish without the other. The highest development of such free market is the epitome of imperialism.

Sir, capitalism, in other words free market we may also call it imperialism - does not care for the good of the society as a whole. It is beneficial to an individual or a group of individuals, is it not the fact that inequality and discrimination is the basic characteristic of captialism? Is it not a fact that imperialist forces caused two worldwars? Even at the present world scenario, are not the imperlist forces united in European Economic Community, G-7 and G-77 combinations?

Since 1947 the Capital issues Control Act was in operation. Government controlled the money market. It was necessary in a society which sought to ameliorate the living conditions of the common people, especially of the people living below the poverty line. Pandit Nehru resorted to MRTP Act to regulated the business of the monopoly houses. Even FERA was brought into being. All this was done with a view to help the small and medium sized firms to flourish in the country.

The Constitution was amended to show to the world that ours is the socialist society, though in practice it is not. Planning was introduced long time back. And you know, planning requires control and check of the Government over the money market. It is necessary to prevent the money market from drift in the direction which is not desired. Monopolists do hanker after maximum profit. They collaborate with the outside forces to subserve their own interests in the country.

Thus imperialism comes to dominate trailing behind the collaboration. That is what has been found to gain ground in various countries. In our country the same result is found at present. Against such potential danger, Pandit Thakurdas Bhargava *cautioned in the Legislative Assembly even during the British days in 1947.*

15.33 hrs.

[SHRI RAM NAIK *in the Chair*]

Our heric people fought against the British imperialism

They won the battle. We achieved freedom. Plans were chalked out. Seven Five Year Plans have been executed. Control was exercised over the capital issues. Some important industries were nationalsed. Some achievements were made in this direction. But it was against the desires of the imperlist for so, they could not remain silent. They cannot. And our rulers fell victim to the imperlists dragnet. They did not choose to ggo ahead fighting against the imperialist. They fighting against the imperialist forces. They began to surrender step by step. And the emergence of the USA and its allies as the unipolar forces with disintegration of the USSR has encouraged our rulers to abandon the path of struggle and survival. They have surrendered to the imperialist forces. They have switched over the path of absolute capitalism without any kind of restriction. The Captial Issues Repeal Bill is the outcome of such endeavours.

Sir, in this context I refer to the Directive Principles of our State policy enshrined in the Constituion. It has been said that there should note concentration of wealth in a few hands but wealth should be distributed among the people of India. On the contrary these controls over the issues of capital are being repealed in order to facilitate the monopolists and big houses.

Sir, Government has integrated our economy to the global market. They have promised us an industrially developed economy by such exercise. So, they have liberalised the industrial policy. They revised trade policy permitting liberal import

They proposed us that within three years, they would bring about a revolutionary change in industrial production. But where is the guarantee? The present circumstances have provided that the Government will not be able to or will not be in a position to attain that goal which is being promised to us.

Sir, has the integration of our economy to the world free market brought about any desired effect ? As far as I understand, we have been out into the debt trap. Our people are being repeatedly asked to sacrifice. To what more extent does the Governemnt want our poor people to tighten their belt? Money has been devalued. In whose interest? Has India gained by such devaluation of rupee? Has not our foreign trade declined substantially in doller terms? Have the G-7 countries favoured us? What are the implications of the disreputed Dunkel proposals Is it not a fact that the developed industrial countries have laid the dragnet or exploiting the developing countries? And is India as a developing country exception to such explotation? Why the Government have surrendered to the dictates of the agents of the Capitalist giants ignoring the call of upholding almost the soverignty perception of the country still remains a mystery? However, there remains the scope of conjecture which is very much agonising to us Some people of high profile are devoid of partiotism. They are nevertheless entrusted with the task of formulating policy framework vital for the country's development. They have perchance got the power of determining the fate of millions and millions of people. It is immaterial for them whether the sovereignty of the country is at stake or not. Thus we saw some men at the helm of administration of the country tender resignation for adopting improper measures in their personal interests. And these people are the champions of the free market economy. Government have been much influenced by these unscrupulous people. I, therefore, urge upon the Government to retract from adopting such anti-people measures like the liberalisation of the industrial and trade policies.

The process of intergartation of our economy to the global economy has alreadv brought about shortfall in industrial output The leval of investment has deteriorated. According to Directoate General of Commercial Intelligence Report, there has been ten-fold rise in trade deficit in the last two months of the courant financial year Unemployment problem has triggerded off. After the liberalisation policy was announced, a criesis situation has appeared in our Indian economy.

Sir, the hon. Finance Minister has time and agint argued in favour of tagging our economy with the golbal market on the ground of free competition.. We admit that competiion is necessary. But competition among when? Do we want that poor share croppers will compete with rich peasants? Do we want competition between a man who has no money to run a business with multi-millionaire?

So, such compassion is incompatible.

Sir, look at the global free market illusions. the U.S.A is the largest debtor in the world. In the capitalist countries unemployment is increasing. Price rise is high. Recession has set in, in those countries. So, industrially developed countries are dictating terms to the developing countries. The industrially backward countries are being made the dumping grounds of the comptailsit countries.

In spite of all these shortfalls, the rulers of our country have liberalised the indsurtral, trade and economic polices. It is not that we do not want reforms. But, we want reforms befitting our economy and not befitting the exploiting capitalist countries.

So, Sir, the Bill deleting provisions of the Capital Issues Control Act is a drift to the detriment of our country. I totally disapprove of the measures of liberalisation.

Can you tell me, what have we achieved by means of liberalisation? Yes, the securities scam is a pointer to us. There was control - control over the RBI by the Government, control over the SBI by the RBI. All these are Government controlled financial institutions. Still, there could happen such a scandal of thousands of crores of rupees. And if there happens to exist no control, what will happen in future?

The securities scam has actually shaken people's confidence in the banking system of the country. However, such faulty systems are the outcome of the capitalist grwoth of economy.

Removal of Government control over the money issue will further erode people's crerdibility in the monetary system. India will be the hunting ground of the foreign monopolists. There will be plunder in India by the imperalist forces, We shall be compelled to submit to the whims of the capitalist lords. I think this is derogatory to the nation as a whole.

So, I urge the Government to withdraw the Bill even at this late stage.

SHRI LOKANATH CHOUDHURY (Jagatsinghpur): Mr. Chairman, Sir, I oppose the Repeal Bill. I oppose it because, as you know, this is a part of the new economic policy of the Government about which much has said and its opposition is also known. But here on this particular issue, the Government by this Act virtually has abolished fiscal control over the fixation of premium by the companies; now the companies will fix the premium. Previously, it was the CCI which was fixing the premum of any company. That means the whole Marchant Bank will now do a good business; they are happy over it; and the companies are also happy because no more they will have to go though this process of the control which they call bureautratic control.

No doubt, some of the powers have been entrusted to the Securities and Exchange Board of India; the Securities and Exchange Board of India has already issued its guidelines; but the guidelines do not cover everything. Yesterday, when the securities scam was discussed in the House, there were points raised that there is something, worng in the system, which issued by the criminals, as Mr. Mani Shankar Aiyar had said yetersday here; and I do agree with that. The companies are happy; the Merchent Banks are happy.

Very recently, the Thapar Company which has never thought of having the price of their premium at Rs. 63, after the coming of this Act by ordinance, now their premium has been reached to Rs. 65. Similarly,. there is no mechanism, with the Securities and Exchange Board of India to check the premium that they will fix.

The Merchant Banks have a big role to play. So, to regularise the Merchant Banks is a very important factor; it is an important factor in the sense, as you know the recent unprecedented scam in the history of the world, has shaken the confidence of our people, the country, the nation and the banks. Now, the same banks will be given the right because, according to the guidelines given by the Securities and Exchange Board of India, now they will play the main role They will be playing the main role now. Naturally, there is every right, every reason to doubt that the investment of the investors will not be safe. It will not be safe as it is being said that the control was necessary then because the investors were not aware. Now the investors are aware therefore, they will definitely charge things and invest, this is assumed.

One thing is forgetten that those who cheat the people for profit, they have become more aware and their consciousness has grown more. If our Finance Ministry goes through their records, they will find, how new ways are being found, not only to cheat the Government but the people also.

So one of the circumstance is the sraping this Securities Act. We are definitely handing over the whole thing to the merchant banks and also to the companies. There will be fraudulent companies, their shares will be there. The Chartered accountants will audit them as it has been directed by the guidelines of the Securities & Exchange Boards. But my apprechesion is that the investors will be cheated and they will be taken for a ride by the merchant banks. It is now necessary even if the Government repeals it. There

[Sh. Lokanath Choudhury]

should be sufficient mechanism by the Securities and Exchange Boards to control the activities of the merchant banks, which is absent in the guidelines that are being issued. This has to be done because the teeth that are given to the Securities and also the companies, which do inflict their accounts to increase the premium. Therefore, the people will be cheated on the whole.

It is being said that by this process the capital market will be transparent. How this will be transparent after the scam. I do not think whether the Government has taken into consideration seriously the psychosis this scam has created on the people of the country as a whole.

On the other hand by its scrapping, it will also help the foreign investors to enter There is also a news that 51 per cent of the equity of the foreign banks is already in the market to buy shares. That means, our economy is also controlled by this capital market and by the foreign agencies. These are the dangers that are ahead of us.

Generally speaking, these economic reforms which have been brought by the Government with the hope that Indian economy will be globalised, will break the Indian economy The experience of the last two years have already shown where do we stand; where our exports stand; where our imports stand. Are we not paying more for our imports? Our exports have gone down. Has it not shown that production in many areas has gone down?

If the Government does not look at it, it will only mean that Government is blind to the realities and the interests of the nation In this world, when profiteering is being allowed and people investing money are making profits, if this racketeering goes, on, will the production of the country go up? So, the position is now peculiar. Under the economic reforms, which have ruined the economy of the country, this Bill which is before us for scrapping the fiscal control will hand over the entire power to the banks and also to the companies. So, virtually the country will be ruled by the companies and these unscrupulous bankers. That is the direction is which this Bill is taking us.

With these words, I oppose this Bill. Government should reconsider and give sufficient powers to the Securities and Exchange Board so that the merchant bankers are controlled and regularised.

15.51 hrs

ANNOUCEMENT RE. SPECIAL SITTING OF THE HOUSE

[*English*]

MR. CHAIRMAN : As the members are aware, to celebrate the 50th Anniversary of "Quit India Movement" and to pay homage to the martyrs of the Freedom Movement, a meeting of Members of both the Houses of Parliament will be held on Saturday, the 8th August, 1992 at 10 .45 hours in the /Central Hall.

The meeting would be addressed by the President and Prime Minister.

The Business Advisory Committee at their sitting held today considered the matter. The Committee have recommended that to mark the solemn occasion, a special sitting of the House may also be held on Saturday, the 8th August , 1992, 15 minutes after the meeting in the Central Hal is over.

The Committee have also recommended that a Resolution may be passed by the House on the occasion.

I hope the House agrees.

(*Interruptions*)

[*Translation*]

SHRI NITISH KUMAR (Barhs): Very one will get an opportunity to speak on the resolution