

SHRI NIRMAL KANTI CHATTERHEE (Dumdum): May I inform the hon. Members, that it was decided that speakers from different political parties—speakers means plural—will speak. Only if the leaders agree to speak, they can speak. The other speakers also can participate. What has been agreed to is that in exchange of Saturday, Monday to be declared a holiday.

MR. CHAIRMAN : What has not been agreed to is not to be informed here.

Now Shri B.B. Ramaiah.

15.54 hours.

**STATUTORY RESOLUTION RE
DISAPPROVAL OF THE CAPITAL
ISSUES (CONTROL) REPEAL
ORDINANCE (ORDINANCE NO 9 OF
1992) CAPITAL ISSUES (CONTROL)
REPEAL BILL — CONTD.**

[English]

SHRI BOLLA BULLI RAMAIAH (Eluru): Mr. Chairman, this Capital Issues (Control) Bill seeks to remove the control on capital issues to enable to companies to issue the capital freely.

As per the promise made by the Finance Minister in his Budget Speech, he has passed the Ordinance to see that the control of the capital issues is abolished. But in the place of that, a whole system has been newly incorporated in the Securities and Exchange Boards which have also issued the guidelines. Some of these guidelines seem to be vague and need to be modified.

In the case of the promoters contribution the minimum contribution as per the guidelines is Rs. one lakh which seems to be rather high. Now-a-days new promoters and new contributors are willing to come from the rural areas also. May I suggest that this may be reduced to Rs. 5,000 or Rs. 10,000?

There are lot of responsibilities with the leader managers and merchant bankers where they have to keep in mind these new rural people who are also interested in the stock market and some of the guidelines say that the locking period which use to be three years, to be increased to five years. It seems to be rather a discouraging part of it.

Some of the guidelines have been incorporated. For example, the existing companies with a five year track record of consistent profitability can freely price their issue if the promoters contribute at least 50 per cent of the equity; a listing on a stock exchange at present requires at least 60 per cent shareholding with the public. Some of these guidelines are rather conspicuous. They have to make a realistic term and this has to be worked out.

Earlier SEBI has allowed oversubscription upto 15 per cent of the total issue amount by CCI. But now, they want to abolish that. That is always a requirement in view of the fluctuating conditions and the variation of the capital cost of the present projects. The present cost escalation is due to various reasons either due to inflation or due to other factors. Also the minimum promoters contribution for issues upto Rs. 100 crore has been fixed at 25 per cent and for those exceeding Rs. 100 crore it has been fixed at 20 per cent now. This seems to be unrealistic. These things have to be modified. Unless the guidelines encourage the Indian companies and the promoters and the contributors, they cannot really compete with the present world situation and the liberalisation policy. The large companies with huge depreciated capacity plants are going to dump their products in the country. Due to high interest rates and high excise duties, a lot of Indian companies may likely to become sick. The infrastructure has to be modified. The Government has to take necessary steps in order to give them proper support to survive and compete with the international markets.

Earlier there used to be stock option for the employees upto 500 shares. Now they

want to reduce it to 200. Of course they keep five per cent of the issue for that. SEBI has to take into consideration this factor. I am sure that SEBI will be given a particular guidelines by the Finance Ministry. I would like to know whether SEBI is acting its own. If required, the Finance Minister has to intervene and give them proper guidelines in view of the present circumstances in order to save the Indian companies and also the business in this country to survive. A large number of modifications are required and they have to be considered more carefully. Though we feel that removal of Controller of Capital issues is an essential step, but SEBI is not still stabilised. The establishment of SEBI has to be improved. Proper representation of various organisations in the Board of Directors of SEBI is required. Proper guidelines are required in this regard. I hope that the Finance Minister will take into account some of these important factors, which will really help the Indian market, the shareholders and the public. I will only say that the Finance Minister has to keep a constant vigil and have a control on SEBI. The only way it will be more useful. I hope that he will take into consideration all these factors.

SHRI SRIBALLAV PANIGRAHI
(Deogarh): Mr. Chairman, Sir, I rise to oppose the Statutory Resolution and instead support the Capital Issues (Control) Repeal Bill.

The objection raised by the hon. Members from the other side is two fold; firstly removing all the restrictions that were there in this field, that is Government control on capital issues and pricing thereof.

16.00 hrs.

The promoters or the industrialists in-charge of the industry who are running these industries will be free enough to exploit the investors. They may exploit the investors at their sweet will. They can arbitrarily fix up the prices and also without having properties and sureties etc. they can go to the market for raising shares etc. Thus, precisely

Secondly, what was the hurry so as to get an ordinance promulgated for this purpose? The Government could have easily waited for the Parliament to sit and then come before the Parliament. These are the two objections the hon. Members are raising, as I understood.

Quite a number of hon. Members sitting on the other side are capable of blowing both hot and cold at the same time. When restrictions are imposed, they are opposed to such restrictions being there. They say why not liberalise? I would like to give an instance. A few days before when there was a Private Members' Resolution being discussed in this House, about sale of shares of some public sector undertakings, there was criticism saying 'why did you not give full freedom to those or rather concerned public sector undertakings to fix their own price? They had no say, Rather the Department of public sector undertakings was assigned this job. As a result of that some of the units stood to lose instead of standing to gain. That was also the criticism that full freedom should have been given to them, as in the case of Steel Authority of India Limited, which was cited. But although in this Bill such freedom is given to the promoters - industrialists still then there is such criticism.

Coming to the Ordinance, I would rather like to congratulate the Government for they have lost no time and at the earliest opportunity they have come forward, may be promulgating an Ordinance to put it into action according to the promise made by them. It was committed on the floor of this House by the hon., Finance Minister in his Budget Speech that all these restrictions would be done away with. Immediately after that the exercise was gone through. Why should they wait for the Parliament to sit? It was mentioned in the Budget Speech and the Budget was approved. There was a general consensus in this direction and it was in pursuance of the new Industrial Policy. So, on this score, the Government's initiatives really commendable.

Now I would like to come to the text of this Ordinance or the text of the Resolution opposing this Ordinance. There has been sea change in the scenario, not only in India but outside India also in the world, around our country. As you know, Sir, the Act that has been repealed is dated back to 1947, the year in which India achieved freedom, and you know what sort of changes have come about in the mean time, particularly in the last about one or two years' time. I would like to draw the attention of this august House to the relevant portion of the Finance Minister's Budget Speech. I quote:

"The role of the Controller of Capital Issues (CCI) in the Finance Ministry needs to be reviewed, especially in the context of the emerging industrial and financial scenario. The practice of government control on capital issues, as well as overpricing of issues, has lost the relevance in the changing circumstances of today. It is, therefore proposed to do away with government control of capital issues, including premium fixation. Companies will be allowed to approach the market directly, provided the issues are in conformity with published guidelines related to investor protection"

Before that, the Finance Ministry announced comes procedural simplicity. They simplified the procedure to some extent and on June, 11, after careful consideration, they made public the detailed guidelines governing this business. The guidelines are quite comprehensive. SEBI also before finalising these guidelines circulated them among the merchant bankers and other interested groups. They have sought their opinion. They have taken their views into consideration and after that they have finalised these guidelines. SEBI has laid emphasis on investors' protection. This is very important because apprehensive protection on the protection of the interests of the investors has been expressed by our own hon. friends here, and quite naturally. I shall read out:

"The SEBI has laid emphasis on investor protection. The first significant step is towards full and fair disclosure of information relating to the investment proposal. The company will be required to make detailed disclosure of the investment proposal to the SEBI and the lead manager, who will scrutinise all aspects before permission is granted to the company to invite public subscription. The promoters will be required to disclose the net asset value of the company as per the latest audited balance sheet and provide clarifications asked by the SEBI for fixing the price of the issue".

But there is one thing. In the light of the recent scam scandal it is very necessary that if these things are in the statute only, it is not enough. It has to be seen how they are being implemented in the field. The Ministry should be quite vigilant all the time and also should over-see the implementation of these provisions becomes an Act. It will not do if they simply say that there is a systems-failure. We must also take adequate lesson from all that has happened recently with regard to the stock scam.

In several areas we find that our laws and regulations are quite good and progressive and are legislated with best of intentions. But something goes wrong with the implementation. It goes wrong while it is implemented in some places and that defeats the main purpose. Sometimes something else happens. That is why the Government should be vigilant also, and all the time

I would like to know what is the experience of the Government. Of course a very short period of nine weeks or so has lapsed after the ordinance was promulgated in May last. What has been their experience during this period? Whether these lead managers are really taking interest or whether they are doing the scrutiny properly or not should be checked. We should know how best they are being followed scrupulously and whether

they are being monitored or not. These things are very important.

At the same time there is another doubt or confusion that some of the provisions run counter to the provisions of some other Act or to the guidelines of S.E.B.I. counter to the Companies Act, Securities (Regulations) Bill etc. There is a general apprehension. I think the ministry of Law must have examined it. I will be happy if it is unfounded. What is required is rather cautions and careful implementation of the policy of the Government.

With these I would like to say that the objections that are being raised by the other side do not hold good. They are not well-founded. It should now be looked into afresh if any of these regulations is wanting to provide adequate teeth to take strong action, then Government should also come forward immediately to equip the S.E.B.I. and other concerned authorities with all the necessary power so as to ensure that the purpose underlying this Bill is really achieved. At the same time the Government should always be alert so that the interests of the investors are well protected. Thank you

16.14 hrs

SHRIGUMAN MAL LODHA: (Pali) : Mr. Chairman, Sir, the replacement of the ordinance by the Bill for abolition of the office of the Controller of Capital Issue is to be viewed in the light of whatever has happened during the last four months in this country. So far as the Government is concerned, once they took a complete about-turn from socialism, and the policies of the Nehru era, it is consistent with them that they come out with abolition of all controls and creator a free market believing in the doctrine of *laissez-faire*. Broadly speaking, when the controls and the terms and regulations were having a lot of corruption, it was felt that sooner they go, the better it is. But the remedial measures which have been taken have proved worse. The securities scam in this country has touched an all time world record and not only

in this House we have debated it so many times, but the entire world has lost confidence in the fiscal management, fiscal policy, fiscal projects and all financial programmes which this country is having, on account of this big scandal. Viewed in this light, the abolition of the Controller's post requires a allot of rethinking. The primary objective is that earlier, for capital issues, everybody was required a lot of rethinking. The primary objective is that earlier, for capital issues, everybody was required to go to the Controller and take permission. There was corruption and it was the order of the day. But, now the point is that the poor shareholder will be there in a remote village or town without any knowledge of the intricacies. The investor puts all his life's savings in the savings in the shares. There have been cases where the promoters, the big business people in collusion with the Government officers start a company without any land and without any plant machinery. They collect crores of rupees, only to declare a little later that the company is sick or it goes into liquidation.

In my area, in Gotan near Jodhpur, a big cement plant was started. It is not conventional to name the persons here. So, I would not name them. But, some of the hon. Members sitting on the other side, went to inaugurate it and the people thought that such important persons are coming for inaugurating this company and so we have to invest the money. They collected all their savings and invested in it, only to find later on that what to talk of cement plant there is no land yet allotted to it and there is no plant machinery purchased for the unit. It is all fraud.

Now, this particular abolition of Controller of Capital issues would give a free market, a complete vacation, a complete licence to legalise and rationalise frauds and scandals.. So, in this light, it has to be considered. It has been said that restrictions have been put by the guidelines by the Securities and a Exchange Board. It is true that the Securities and Exchange Boards has been given certain guidelines, but who obeys the guidelines in this country when misguided persons are out to squander the public money of the investors.

The guideline says that you must invest at least Rs. One lakh; crores of rupees worth shares are to be sold. What is the next guideline? You must purchase at least 20 per cent of the shares and 80 per cent of the public money can be squandered. So, these guidelines are hopelessly insufficient to control the mismanagement or frauds and to protect the investors. The protection of the investors should be the first necessary requirement to a good Government.

Sir, you must have seen what has happened in the last few months where small investors have invested all their pension money and their provident fund and the big business people took the money. They thought that there is such a thing, as if it is a God's gift and that they can overnight become millionaires. This impression was created, because when the Budget was presented here, immediately thereafter, the first to commend it on the Television,, whose photograph was highlighted on the Television, was none else than Mr. Harshad Mehta, the 'Big Bull', as if the entire Government could find out only him. There was no Palkhiwala to comment. Nobody else. No financial expert.

MR. CHAIRMAN: All these points are already covered

SHRIGUMANMALLODHA: These will be covered again so long as the people of this country are in panic over this issue. This point, of course, has been covered. It is to be considered while passing this Bill regarding controls abolition whether sufficient protection has been given to the investors. That is one point to which serious consideration is to be given. I would request the hon. Finance Minister to consider this, Guidelines have no logical force. There must be some Act, some statutory rules, some penalties, some deterrents, some punishments, some offenses on account of which such protection can become useful. Otherwise, guidelines are not those which are to worshipped and then forgotten. In this country, everybody knows the guidelines., Mr. Krishnamurthi has admitted, he confessed that Mr. Mehta was introduced to Finance Ministry where he gave presentation. Mr. Mehta was accorded

red carpet welcome even after income-tax raids. He was invited by Doordarshan to give comments. Why all this is happening? It is to be lessen in this background that leaving the investor of this country at the mercy of these big industries without any regulation would result in complete catastrophe. So, I submit that permits and controls rajis to be abolished. We have condemned it earlier according to our political a philosophy. It is because it was leasing to corruption. It was not leading to good results. But that does not mean that the remedy that we now adopt should be worse than the disease itself., Everybody come and says "We are not going to spare anybody. " The point is that our Finance Minister was himself the Governor of the Reserve Bank. They say it is a failure of the banking institution. If so, may I know what the Reserve Bank Governor doing for the last so many years and what is the Reserve Bank Governor doing now and why are they not owning the responsibility? Why are they not saying "We are the patrons of this institution? We are the Managing Director. We are the Chairmar and so, we are the guilty persons? " But they leave it to the institution. Similarly they say ' Look here, we only liberlised it. Once we liberlise it, forces of demand and supply work. We have left it as a free market in the world". But in the world, nowhere such a thing happened, as has happened in India

You may kindly recall that we appealed to the hon. Finance Minister at that time and said " Kindly increase the limits to Rs. 48,000/- only ". Then they came out with the story that it would mean loss of so much revenue Now where has the scam money gone? How much money has gone? Rs. 33,000 crores from the banks. So far as the investors ' money is concerned, people's money is concerned, the private citizens ' money is concerned, it may run into Rs. 30,000/- crores or Rs. 40,000 crores. Nobody knows because there is no such instrumentality, no mechanism, by which a survey can be made. Therefore, I would submit that here is a case where the Ministry should consider first Where was the hurry? On 27th May, they came out with an Ordinance. Why this Ordinance? It is well-known in constitutional law that Ordinances are to be brought in

extreme urgency when there is a compulsion of circumstances of such urgent nature that they cannot wait for the legislators functioning normally. It should be brought forward when there is a compulsion of circumstances of such an urgent nature that they cannot wait for the legislature's functioning. Up to 10th, the Parliament was in Session. They did not bring it forward. After the 10th, on 27th May, one fine morning they just abolished it. My respectful submission is that this is not the method to do it. (Interruptions)

Now, you may kindly see that the banks, the mutual funds and the financial institutions have to established norms in the rules book. Now, what would happen to the guidelines if rules had been violated., I am submitting about the findings of the Second Interim Report of the Janakiraman Committee. In that, it has been mentioned that there are as many as 12,266 transactions for an aggregate face value of Rs. 2,75,108 crores. It is over a period of 13 months and 21 days. For such a long period, it had happened. Further, the name of the counterparty as appearing in the books of the reporting bank is not confirmed by an entry in the books of the named counterparty bank. This represented 30.36 per cent in face valley of the reported transactions and in terms of number of transactions this represented 21 16 per cent. These are all provisional figures. The magnitude is actually much more Even the Prime Minister admitted while making a *suo motu* statement in Parliament that the events in the last few months in the financial sector of the country has caused great anxiety. He confessed that the ramifications of this should be thoroughly probed. The Designated Special Judge has accused the investigating agency of shielding the offices of UCO Bank. The CBI has not attached the assets and properties of top bank officials, There has been only an operation cover-up, if I may say so. The SBI was asked to shell out Rs. 700 crores just to bail out the NHB which is a subsidiary of RBI. It is a case of robbing Peter to pay Paul.

Sir, I submit that the hon. Minister should

consider how the rights of the investors are to be protected. A mere one-line abolition of the Controller and leaving all others free for the issue would be a very dangerous thing for the country's fiscal matters.

[Translation]

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Chairman, Sir, I support the motion moved by our colleague Shri Nitish Kumar and oppose this Bill. While opposing this Bill and expressing my doubts regarding the intention of the Government comes up first from the statement of objects and reasons of this law. I would like to ask the hon. Minister of Finance first as to what were the circumstances that compelled the Government to introduce this Ordinance. I have heard your request just now and I have gone through the statement of objects and reasons which bear the signature of the hon. Minister of Finance. He is saying here that:

[English]

"As Parliament was not in session and as it became necessary in the context of the emerging industrial and financial scenario to repeal urgently the Capital Issues (Control) Act, 1947, the President promulgated the Capital Issues (Control) Repeal Ordinance, 1992 on the 29th May, 1992...."

[Translation]

Now I would like to know the basis on which he came to this conclusion. What was the circumstance which compelled to introduce the line:

[English]

In the context of the emerging industrial and financial scenano.

[Translation]

These are the words use by Ministry of Finance in the Budget speech on the 29th February. This Budget speech was written

much earlier. I believe that these four words 'emerging industrial and financial scenario' were written in January. He was entrapped in 'emerging industrial scenario' since January, but what happened in 29th May which compelled the Government to promulgate the Ordinance? This Government is used to rule through Ordinance. First of all, we condemn such practice. This should not have been promulgated. Whatever be the reasons to support the motion introduced by Shri Nitish Kumar, I think only one reason is sufficient, that there is no truth in the argument that he has been brought as a short measure in the context emerging industrial and financial scenario.

May I know from the hon. Finance Minister, what developments are taking place in the industrial sector which have compelled him to introduce this Bill? In his 'emerging industrial and financial scenario' factories are being closed, industrial production is showing a downward trend. Foreign companies manufacturing coca-cola, breakfast food, cologne, soups are being invited to this country, under the Emerging Industrial Scenario.

16.33 hrs.

[SHRI PETER G. MARBANIANG *in the Chair*]

The situation has deteriorated to such an extent that the industrial sectors having earned a good name once and which were instrumental in preparing Jawahar Lal Nehru's industrial a policy of 1956, are remembered by us only because the Congress Government has already deserted them and it is going to follow the principles of leaders like George Bush etc. It was decided to prepare industrial structure following improvement in industrial policy in 1956 and thereafter. It was decided to give priority to industry in those backward areas where nothing was produced. But the free system and idea of liberal policy of the Government will not enable industry to reach the areas where there is no industry. Industries will be set up in the areas where capital is already there, such as around places like Bombay,

Pune, Bangalore, Hyderabad, Kanpur where there has been capital right from the beginning. Since the Government has adopted such free trade in every area, so its policy met its end then and there. Therefore, we want to know as to what is the emerging industrial scenario.

The Minister should reply to it when he rises to speak in the support of this Bill. Then the Government talks about the emerging financial scenario, this is more astonishing. The Government has liberty to discuss emerging financial scenario as long as it desires I have spoken for two and a half hours. I can speak for 25 hours more. Let me know the subject on which I have to speak, be it anything ranging from banking money market, stock exchange, bogus currency as Bankers receipts.

[*English*]

What is that emerging financial scenario?

[*Translation*]

Has wealth in India increased too much? While preparing this Ordinance, was the Government unaware that the entire game mis played by the stock market. The game that is being played is totally false and we want to know the meaning of emerging financial scenario because it challenges the motive calls the motive of the Government in question. Moreover your request has also a bearing on the speech of the hon. Minister of Finance.

I do not want to go into the detailed debate whether the office of control of Capital Issues should be abolished or not. The basic question is whether control should be there or not. Till now the Government has been trying to appoint out that it is constituting the Security and Exchange Board of India (SEBI) in spite of abolishing control of capital Institute and all the work which was being done hitherto through C.C.A. is now going to be done through the SEBI. Here lies contradiction and I want to take the issue of the motive of the Government here. The contradiction is that on the one hand, the

Government is going to remove the control, on the other hand, it is going to control mechanism which was name after C..C.I., in the name of SEBI. We want to know whether the Government has any good motive behind it. If it is to be decontrolled, or only the name of the controlling agency, the mechanism is altered and handed over to any other agency, i.e. (SEBI) a question arises that the control was incomplete and insufficient and it was not serving the purpose. I can furnish sufficient proofs and I shall put forth one or two proofs here. The Government could not control through it therefore, it is providing powers to it more or less. If powers are being given to the SEBI, the philosophy behind it will be bogus. Therefore, the question of motive arises here. The House and the country should not be misled in this manner. The Government should categorically express its purpose, and objectives behind this law.

Capital control is essential for India, because the country has very little capital. Many issues remain pending and under consideration before the Control of Capital Issues. Planning is one of these issues. What is planning? What is the philosophy, concept before the Planning Commission, Plan, Five Year Plan. The concept here is that the country has very little capital. In order to ensure the development project or area to which the little capital will be allocated, the Government has to impose control over it., We oppose Government's policy of liberalisation. Bureaucrats should be removed from. I consider a few things a great curse for India. Indian bureaucrats are one of them. They should be dealt with sternly as much as possible. Their rights should be lessened as much as possible.

In the year 1977, Janata Party was in power. Shri Morarji Desai was the Prime Minister. We had introduced the new industrial policy. Under that policy we had either clipped or curtailed the powers of bureaucrats. Otherwise people had to rush to Delhi for every work. We abolished it., We abolished the provisions under which people had to rush to the State capitals for their work. If a

small scale industry was to be set up in a District or in a village people had to rush to the State capital. We abolished it. We set up a District Industrial Centre in every District of India, and ordered that all work will be done there. This is how manipulation is done. By liberalisation I mean changing the thinking that people at upper strata of society are very intelligent and giving power to people at the grassroot level to decide their own future. With this liberalisation, there will be no control over capital anywhere in the country and people will invest capital at their free will in any field they want. It is not possible. Capital attracts capital. Now capital will be diverted to metropolitan cities and to those areas which were being used by the Britishers as the centres of their power to exploit this country. The Government still wants to continue with the same system. After independence we had identified certain areas for investment of capital where it was wanting and chalked out our plans accordingly. Those things still bear a meaning for us and we are not prepared to abandon it.

Mr. Chairman, Sir, along with this I would like to cite an example. Hon. Defence Minister is present here. When he used to be the Chief Minister of Maharashtra he had made a contribution in the construction of Konkan Railway which I have mooted as the MMinister of Railway. Others who contributed to that work are Shri Nayanar, the former Chief Minister of Kerala, Shri Barbosa, the former Chief Minister of Goa, and Shri Virendra Patil, the former Chief Minister of Karnataka., All these Chief Ministers chalked out the plan for the Konkan Railway in consultation with the railway Ministry in Delhi. Today both the Government and its development structure are in a peculiar position. There are no funds for Konkan Railway. When a proposal is mooted for issue of bonds for Konkan Railway it is said that there is no money. The Finance Ministry is responsible for the issue of bonds. On the one hand there is no capital for the development of Konkan belt in the western coastal region, where it is very necessary, on the other hand the Government is talking of liberalisation. The Government wants to liberalise the capital issue. Letting individuals earn freely. It has come with such a proposal. We are not prepared to accept it.

Secondly, the point on which I protest is that this scam has been going on for last several months. This scam has proved one thing that in India manipulation is done on a large scale in capital market, stock market, where people use Government capital to build their own status. I cited the name of a company yesterday. While talking on scam. I again refer to that company but on some other context. I had said how manipulation is done and I referred to reliance Company. Today I present some facts. We have the S.E.B.I. and the C.C.I. It hardly matter whether the S.E.B.I. and the C.C.I. are abolished. It is just a show the stock market was manipulated. It was done because the Reliance Company had to sell its shares in Europe market. The stock market was manipulated for three months through Bank receipts and by other means. The money was withdrawn from UCO Bank and the bank of Omans. But it is still not known as to who withdraw the money. It is a matter to be probed. It is to be probed as to how much money of our public undertakings was withdrawn and who were the Ministers who gave their consent to the proposal. This will be investigated. It is a fact that the cost of shares of Reliance Company which was selling at Rs. 125 or Rs. 150 earlier has gone upto Rs. 450 due to Government's liberalised policy. There after the reliance company went to Europe to sell its shares. In Europe shares are sold.

[English]

in what are known as Global Depository Receipts.

[Translation]

One Global Depository Receipt consists of two shares. Two shares means Rs. 20 while the face value of a Reliance share was Rs. 10. Thus two shares cost Rs. 20. They sold the Global Depository Receipts in American and European markets at the rate of 16.35 US dollars which comes to Rs. 500. In other words they sold a share worth Rs. 20 for Rs. 500 in European and American markets. They deposited Rs. 20 in the name of equity and Rs. 480 in the name of reserve. In this

way the Reliance Company earned Rs. 240 for each share of Rs. 10 or Rs. 480 for two shares without any return of interest any dividend for commitment. Ambani grew richer. He had money by taking briber. His principle is that in India everybody can be purchased only his price needs to be fixed. He managed to accumulate money on this basis. But does anybody know what happened then? The people in Europe came to know within 10 days that they had been duped. Because our stock market had duped them. But I cannot understand why did they take so much of time to know the reality. Within these 10 days the loss of Global Depository Receipts took a nosedive from 16.35 US dollars to 11.5 Dollars. It means shares which were purchased in America and Europe for Rs. 500 came down to Rs. 345. Does anybody know what was its result? Hon. Finance Minister knows that all the companies in the public as well private sector which earn capital in the country by selling their shares abroad were asked by the foreign brokers not to enter the European market for one year. Now development work has come to a standstill in Jamshedpur, Pune, Bombay and Delhi. Due to the cheat, his misleading act and manipulation in stock exchange, hopes of a dozen Indian companies to enter the European markets direct and bring capital on their own terms were shattered. I would like to ask the hon. Finance Minister how will he stop all this? Which power does the Government have to stop it. Do not talk about us. We are very powerful. We know the power of the Government very well. Companies have been declared insolvent. One such company in Andhra Pradesh drew Rs. 23 crore from the Reserve Bank of India and the owner of the company has been made a Minister in Andhra Pradesh since last two years. He is facing a charge under section 420. The CBI has registered a case against him under Prevention of Corruption Act. Shri Janakiram is facing the charge. Does the Government have the courage? It says that it is adopting liberalisation, but I do not agree. I gave just one example and I can give many more such examples..

Mr. Chairman, Sir, do you know who is the owner of Usha Rectifier. I don't know but

it might be belonging to Shriram. It is a well known company. Who its shares came to market the stock market was manipulated in this manner. The cost of a share of Rs. 10 was fixed at Rs. 325. Controller of capital Issues asked them to bring down the cost because it was very high. He suggested to fix it at Rs. 50 which was earlier fixed at Rs. 325. The C.C.I. approved its cost at Rs. 50 and people purchased these because of its publicity. As the Judge Saheb said just now how a cement factory in his area had no land for laying a foundation. But these people reached there issued its shares. The same game was played there and people purchased its shares. After 15 days the value of share came down to Rs. 32 but this company was very shrewd and its wanted to collect per share Rs. 325/. Each share cost Rs. 10 and interest and dividend was to be paid on there Rs. 10 only. The company got Rs. 325/- per share. It could use this money in any manner. It could play a game in stock market with this money.

Mr. Chairman, Sir, I would like to say a few words about SEBI. I would like to print out to the hon. Minister that he as well as some hon. Members discussed the guidelines of SEBI. May I put him a direct question whether it is not a fact that the Government did not notify these guidelines. I want to have a reply from the hon. Minister why the guidelines of SEBI were not notified. These guidelines are still lying in the Finance Ministry. According to my knowledge no notification has been issued, on what basis the Government has introduced this Bill. SEBI has no right to open the closed stock-market of Bombay.

[English]

MR. CHAIRMAN: Please wind up.

SHRI GEORGE FERNANDES: Sir, I am finishing. But I must take this point. After all two hours have been allocated for this. Still we have lot of time. We are discussing the future of India's corporate sector. We are discussing the future of India's industry. This

is not a subject to be taken lightly. It seems to me a very vital matter. We are discussing a very fundamental thing. Tomorrow, you sitting there will say that why did you not raise this point. It shows the gravity of the issue.

MR. CHAIRMAN: Two hour time-limit is for this.

SHRI GEORGE FERNANDES: Let us double it to four hours.

MR. CHAIRMAN: Then, you should have told the Business Advisory Committee.

SHRI GEORGE FERNANDES: We can double it to four hours. We want an answer from the Minister.

[Translation]

Which rights have been given to SEBI by the Government? Why the stock-market of Bombay is closed? SEBI has no right to open the stock-market for Bombay. SEBI has no right to convene the meeting of stock brokers. SEBI has no power. I would like to know from the hon. Minister about the guidelines sent to SEBI which the hon. Member has discussed here and which has been published in the newspapers.

[English]

These are the SEBI guidelines. These are the proposals that have been made SEBI. The Government has still not notified them if my understanding of the situation is right. And if my understanding is right, then the Government has no business to deceive the House and deceive the country. Otherwise, the Minister should get up right now and say that my understanding is wrong.

[Translation]

Mr. Chairman, Sir, the hon. Minister is not speaking on this issue because he cannot do so. Then how this Bill will be passed.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): First you say whatever you have to say, then I shall reply all your questions.

SHRIGEORGE FERNANDES: All right. U have no objection, We will seek more clarification during the third reading. Mr. Chairman, Sir, this game of liberalisation in the corporate sector, liberalization, global economy are all this words. I would not like to deliver a detailed Budget speech it. But I would like to give a signal the investor of India, who want to invest their money in the share-market that once they have involved in the stock-market. "Satta" does not mean investment. The Government should clarify it time and again but it is not doing so.

[English]

State is different from investment.

[Translation]

To invest money in satta means to make money by illegal means and to evade taxes. Where pay money does not mean investment .

[English]

Investment is in the primary market.

[Translation]

I accept that there is secondary market. But if the game of state is started in the secondary market, crores of rupees of lakhs of people are wasted there, that is what has been going on for last few months. This is the first signal that I would like to give to the public of India.

Secondly, I would like to give a hint to the hon. Finance Minister because he has said that he would reply every question later on. I would like to ask the hon. Finance Minister when these companies will be bankrupt, because he has no control over these companies what will happen to the equities of the people invested in these companies? This issue is important because in globalisation about which he is talking about, especially in Japan and America it is considered that the company, which raises its capital has right to become bankrupt. I am not taking it lightly., I am saying seriously.

This is the general law there that the one invest capital has right to spend it according to his will. The judge of a court is a present here, he will furnish witness in this regard. What is the situation in India? There was a company named Maruti, not the present one, the existing Maruit company is a Government Company. Saying that you will be given dealership and licence that company has raised equities of Rs. 8 crore and deposits of Rs. 7 crore. My figures may be wrong Rs. 8 crore may be Rs. 2 crore and Rs, 7 crore may be Rs. 9 crore but crores of rupees have been raised on the basis of equities and deposits. Car was not to be manufactured because it was all a game. Capital to be used on consultancy, technical services, insurance and on several other things had been used for personal purposes. The industrial House has become bigger and richer. Life of the people who had invested their capital was ruined. Money of the people, who deposited Rs. 2 lakh, 3 lakh or Rs. 5 lakh depending on the area, in the name of stockist has been misused.

SHRI HARIN PATHAK (Ahmedabad): A business man in Ahmadabad has invested Rs. 50 lakh. Nothing has been given to him. He has named his bungalow after Maruti. He is repenting now.

SHRI GEORGE FERNANDES: This way one case of Maruti a classical because Maruti car has to be manufactured by a member of then Prime Minister's family. Since Maruti car has to be manufactured by a member of the Prime Minister's family, it made the lives of stockists and equity share holders miserable who belong to middle and lower-middle class. Please tell me how are you inviting the people to invest money in stock-market if all this has been done by a Member of the Prime Minister's family and in the presence of C.C.I. What will happen to the capital of those people if the companies 17.00 hrs. become bankrupt. Because these companies have to be bankrupt and the Government wants to link our economy with the world economy. In this regard I would like to cite an example of United States of America. Last year three largest bankruptcies took place in the United States of America.

[English]

The three largest bankruptcies in the United States of America last year took away one lakh twenty thousand crores of rupees. If you add all the bankruptcies in America, the total money of the people who has either bought equity or how had otherwise involved in those companies, that went down the drain was Rs. 4 lakh crore.

[Translation]

When the Government is linking our economy with the global market then it will certainly link it with bankrupt also. The Government has established relationship with them and especially in the industrial sector in the name of so-called liberalisation. The Government expects from the share holders that they should invest money in stock-market. What are the steps taken and rules made by the Government to save them from bankruptcy? In the recent game of stock-market people lost Rs. 30-40 crore, and their property is turned into ashes. I would like that the hon. Minister should reply all these questions. I emphatically oppose this Bill and hope that all the Members of the House will also oppose it.

[English]

MR. CHAIRMAN (Shri Peter G. Marbaniang): We have taken more than two and a half hours on this subject. There are two more speakers. I request them that they may limit their speeches to five minutes each.

PROF. SUSANTA CHAKRABORTHY (Howrah): Sir, I rise to oppose the Capital Issues repeal Bill, 1992, which seeks to replace the Capital Issues Repeal Ordinance, 1992. Many of the speakers have already drawn the attention of the Government to the fact that this Government is used to issue ordinances instead of taking up the issues in Parliament. Sir, I am opposed to this practice and I hope that it will not recur in future until

and unless an emergency situation arises. The previous speaker, hon. George Fernandes has questioned the Government as to what was the emergent financial or industrial scenario that compelled the Government to issue the ordinance. I raise the same question and expect the answer from the Minister.

Secondly, this Bill comes in the aftermath of the Industrial Policy which liberalised Government's control over industry as well as control over pricing of capital issues. Now, if these things are accepted in this form, I am afraid that there is going to be a real threat to the independence of our economy. My friends in the Congress (I) and my hon. friends belonging to BJP descends it as no real threat. But Sir, there is a story in this. It shows the direction of the financial system. This story makes it incumbent on us to run the financial system and the industrial system of our country in the patriotic interests of the nation.

A crisis, an accentuating crisis, in the form of poverty, in the form of growing unemployment, in the form of fall in exports in dollar terms and in the form of the security scam, is telling upon our economy. There our friends sit content, smiling away depending upon the private interests and the interests of the foreign nationals. In the name of stabilisation programme to correct the economic imbalance, in the name of restricting the economy, the Government has advocated the policy of liberalisation. Already in this august House we have raised our voice against the industrial policy, against the method the Government follows. Sir, the same charge I will level happen. There was a system by which we could control the capital market. There being scant capital in our country there is need for us to control the capital market.

I remember, even in 1945 when Bombay Plan was declared, when the industrial policy was declared by Tatas and Birlas, even they advocated control of economy in the national interest. Even in 1946 when first this ordinance was announced, even in 1947 when this act was passed, they advocated

control of economy so that by taking the opportunity in the name of freedom the common investors' interests of the investors that are to be protected. It is the interests of our economy that are to be protected. And in the interest of the existing financial system there should be some check and balances. If we have to learn any lesson from the security scam, it is that some sort of regulation should be there and SEBI is not the mechanism with which we can hope to do so. Sir, we know the state of an autonomous body like the B.I.F.R. we had an ailing BEIR and here we have an ailing SEBI who cannot make the stock market just obey their guidelines? With these guidelines we cannot expect the market to be controlled by the SEBI. With these words I oppose the Bill and again will request the Government to think how to protect the interests of the investors; how to control the capital market and how to arrange for the pricing of the capital. The small investors cannot be left to the Pricious of some stock brokers or people like those stock brokers whose only motive is to earn profit and not the well being of the economy.

With these words I conclude. Thank you, Sir.

[Translation]

SHRI RAMASHRAV PRASAD SINGH (Jahanabad): Mr. Chairman, Sir, the Capital Issue (Control) Bill presented by the hon. Minister is in place of the Capital Issues (Control) Repeal Ordinance, 1992. When this ordinance was brought the session was likely to start. Some of the hon. Members have asked about the circumstances which completed to bring this ordinance. This bill is a part of the new Industrial Policy and arrangements have been made for an open market by bringing this bill. These things had come up yesterday also while we were discussing on the security scandal. The investors who had invested capital in it are trapped now and those who had deposited money in the banks, do not have trust in the banks. This bill creates doubt as to whether the investors will be protected or not. It is claimed that this is being done by introducing a new policy for economic reforms. These

reforms have not borne any fruits. Neither the increasing prices have come under control nor the export could be promoted.

As some hon. Members have said various things to oppose this bill, I also oppose it and my submission to you is that it should be brought after reconsideration and my submission to all the hon. Members is that they should oppose it.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): Mr. Chairman, Sir, various hon. Members have expressed their views today's on the proposed bill. I am thankful to all of them, including Shri Nitish Kumar, Shri Shravan Kumar Patel, Shri Girdhan Lal Bhargava, Shri Sudhir Giri, Shri Loknath Choudhary, Shri B.B. Ramaiah, Shri Panigrahi, Justice Lodha, Shri George Fernandes, Shri Susanta Chakraborty and Shri Ramashray Prasad Singh. I have mentioned the name since I will give a whole some reply to all the issue raised by these hon. Members. I welcome the hon. Members, who have raised doubts, who have given suggestions and who have opposed it. In this way there has been a detailed discussion on this bill. One of our experienced and senior Members, Shri George Fernandes has made the debate, a detailed one. It is obvious that he has expressed such things on the basis of his experience and knowledge, which are not directly linked with it but they are linked with our policy and new system indirectly. What has been suggested by him, on the basis of his experience to rectify the flaws in it, I would like to answer these in a few words. There were certain things in the two and half hour lecture delivered by you, which were answered by the hon. Finance Minister by you, which were answered by the hon. Finance Minister, Shri Manmohan Singh, I understand that there is none at all to repeat these. But I would like to submit that the points, directly associated with this bill, should be answered. Nitish Kumar ji and other hon. Members has asked as to why this ordinance was brought and why to the bill is presented in the Parliament My submission in this context is that after pondering over the various aspects of it, it was felt unavoidable, since

the Parliament was not in session, therefore this bill was brought on 29th May, 1992.

Mr. Chairman Sir, secondly it has been rightly said by many hon., Members that on the one hand we are bringing to an end the present law and on the other hand we say that SEBI has laid down the guidelines, so that the middle class investors in the securities may not suffer. They will be given full co-operation and protection continuously. Some people have expressed their doubts on this issue. In this context I want to submit that as far as the old law is concerned it was brought in 1947 and it was modified in 1969 and a rebate up to Rs. one crore was given. Any company can issue securities upto that extent and the ban on that was lifted and concessions were given.

Mr. Chairman, Sir, recently our hon. Finance Minister has declared the new economic policy on 24th July, 1991. Keeping that in view some hon. Members said that they appreciated the new economic policy but they had doubts regarding the provision of concession/rebate, which was according to the law, as if whether it would be recovered under S.E.B. I. or not? First of all the circumstances compelled us to bring it and it is a part of that series adopted for the formulation of law or licence policy. Leave the quota permit policy, which was in vogue here. The economic condition of the country has changed so much that laws or regulations formulated earlier in 1956, which were necessary at that time and which have been mentioned by Shri George Fernandes were having flaws. There was an Industrial Resolution of 1948, later on it came in 1956 and after that changes were made by different Governments. This change was made when Shri George Fernandes was the Industries Minister. It is a big thing which has been discussed, in a nut shell, I would like to say that from the first plan till the present one it seemed that our economic condition will be in accordance with our plan and the economy will be a mixed one. Our fundamental rules, about which some of the hon. Members have claimed to be dating back to the Nehru era,

are the same even today. There is no basic change in it. But the economic development of the country will come to a stop, if all things are centralised as the hon. Members are just talking about the stock exchange keeping in view the vast corporate sector. Besides rebate and lifting of ban decentralisation is also included in it and the main flaw in it under the old law has been removed since it is not considered necessary. But along with it, for the protection of the interests of our small investors, it was considered necessary and the SEBI law was passed by this House only in which it is the provision that the interests of the small and general investors should be protected and therefore the arrangements have been made to provide them protection. SEBI has laid down guidelines on 11th June, 1991 and everything has been discussed in a detail in it as to under which circumstances which company can sell its share and these have been discussed by various hon. Members, which need not to be repeated. Hon. Members also know that it is comprehensive. Hon. George Fernandes has also made a reference to it that the laid down guidelines have not been reference to it that laid down guidelines have not been recognised by the Government. There is something secret in it. The law Ministry is pondering over the regulations, which are under consideration of the Government and these guidelines are laid down under section 11. Generally this right is with the SEBI under the SEBI Act. They have laid down this guidelines under their right and it has been notified by the SEBI. There is no need at all to issue the notification by the Government. Secondly, the regulations under their consideration will be laid down after approval.

SHRI GEORGE FERNANDES: If your law Ministry does not notify the regulations which is a must, then what is the relevance of these guidelines.

SHRI RAMESHWAR THAKUR: That is a different thing.

SHRI GEORGE FERNANDES: Hon. Minister Sir, I think that both these things are separate but SEBI, at present, is not in a condition to function in any way since the

approval on the regulations of its right which have been granted, have not been given approval by the Ministry since last one year or six months, because it feels that its right is being snatched away.

SHRI RAMESHWAR THAKUR: Both these should not be mixed up. I am saying it clearly that these regulations are not there. What I am saying is that there may be some differences between your understanding and our understanding. But the task of framing regulations has been given to the Ministry of Law. These are not the guidelines of SEBI which we as well as the hon. Members discussed. Under section 11A the SEBI has been empowered to frame some guidelines to protect the interests of small and ordinary investors. Everybody knows it., So far as recognition to SEBI regulations are concerned, these have been framed under the authority of the Act passed by this August House. Therefore, there is nothing irregular in it. I am saying the same thing. The other thing that was said thereafter is....
(Interruptions)

[English]

MR. CHAIRMAN: Please do not disturb him. The hon. Minister may address the Chair.

SHRI RAMESHWAR THAKUR: Now I come to the other points which were in regard to the small investors raised by Shri Kumar Patel.

[Translation]

He has also asked whether we should make insurance and take steps so that small investors may not face any difficulty and the rights that have been given SEBI are not misused. He has made very good suggestions because despite existence of law, whether the powers are vested in the Controller of Capital Issues or SEBI, it may create problems if the law is not implemented. In this regard, the suggestions made by the hon Member are most appropriate. The SEBI should remain fully vigilant in the matter. So that there is on laxity in

implementing the provisions of these laws.. These should be followed properly.

Thereafter, Shri Girdhari Lal Bhargava raised a point and made a suggestion that the persons found guilty should be dealt with sternly. But I would like to inform him that there is no such provision in the SEBI Act. I would like to draw his attention towards a provision already made under section 24.

[English]

"Whosoever contrivances or attempts to contravene or abets the contravention of the provisions of the Act or any rules or regulations made there under, shall be punishable with imprisonment for a term which may extend to one year, and with fine."

[Translation]

Therefore, it has to be followed. But I want to say that there is already a provision like this.

[English]

SHRI GUMAN MAL LODHA (Pali): Excuse me, the violation of guidelines is no offence.

SHRI RAMESHWAR THAKAUR: No, they have said it. You kindly see section 11 (1). It is mandatory. One has to follow that.

[Translation]

You have yourself been a Judge.....
(Interruptions)

SHRI NITISH KUMAR (Barh): When a former Chief Justice is telling you, his suggestions are appropriate. He must have delivered several judgments. He is saying it on that basis. There is a need to read it properly. You are speaking in the House.
(Interruptions)

SHRI RAMESHWAR THAKUR: I was also a student of Law and have practiced law for 30 years. Therefore, please don't tell me this thing. I understand what is what.
(Interruptions)

SHRI GUMAN MAL LODHA: You just
bad out section 24. (Interruptions)

SHRI RAMESHWAR THAKUR: I am
replying to suggestions made by Shri
Bhargava. In my view, there are sufficient
provisions in law in this regard. This is nothing
to worry. If any problem arises, we can bring
amendment to it after consulting Justice
Saheb. But there is no ambiguity in my view.

Shri Giri has also made some
suggestions. Some suggestions have also
been made by Shri George Fernandes about
industrial production. His view-point may
differ from others. It could be that the new
policies have been of little use. It is also a fact
that there has not been as much increase in
industrial production as it ought to be. I
accept it... (Interruptions)

SHRI GEORGE FERNANDES: No, it
has fallen.

SHRI RAMESHWAR THAKUR: The
production has fallen. We have to see the
situation that prevailed in the beginning. As
you know, what was the economic situation
when our Government came into power. It is
not that production fell all of a sudden and the
situation was good till that time. You know
that the situation was good till that time. You
know that the situation was very critical.
Import was stopped in about March 1991.
You also know that our foreign exchange
reserve had come down 2300 crore. You
also know that we had to mortgage 67
tonnes of gold. We redeemed it within six months.
You will be glad to know that we have fixed
a target of acquiring 35 tonnes of gold in the
year under our new gold policy and we have
already acquired more than 30 tonnes of
gold within three months.

SHRI GEORGE FERNANDES:
Smugglers bring maximum gold.

SHRI RAMESHWAR THAKUR: It can
be your interpretation. The N.R.s who
have more certificates of residing abroad for
ore than six months, come here....
(Interruptions) We had a target of acquiring

Rs. 75 crore work of gold by March 1993.
You will be glad to know that we have
received Rs. 70 crore by the end of July even
though we had to reduce the rate of custom
duty from Rs. 450 to Rs. 220 per tonne of
gold.

You are also aware of the position in
respect of other things. Today we have
foreign exchange reserve of more than Rs.
17,000 crore. It is of two types. Some
foreign exchanges have come from outside
in the shape of loan and some have come in
normal channels. Rs. 6500 crore have been
received permanently under remittance
scheme of India development Bonds....
(Interruptions) We don't say that we have
achieved complete success. It is just a part
beginning and a good beginning. It takes time
improve the economy and industrial
development. Particularly, our foreign trade,
our export should enhance. The Government
is trying its level best to increase foreign
trade.

I have made a submission about
guidelines. The hon. Members have raised
the issue of securities scam. The scam issue
has been discussed elaborately and the hon.
Minister of Finance has given his reply.
(Interruptions) You have mentioned the
names of some companies and I think you
had also made a mention of the same in your
earlier speech. The names of one or two
companies were mentioned. There were
some other companies which were not
referred to by you. The sale prospects of
shares of our companies abroad depends on
circumstances. There has been more
improvement in it and we are marching
toward improvement, probably, in future, not
only in India (Interruptions)

GEORGE FERNANDES: There hon.
Minister said that many things depend on
circumstances. I had mentioned the name of
a particular company. How the owner of the
company manipulated price of its share for
Rs. 500 and how its rate fell and how the
country suffered loss. We were not in a
position to enter foreign market for a year.
Which are those circumstances?

701 Stat. Res. re. disapproval of SRAVANA 14, 1914 (SAKA) Repeal Ordinance and 702 capital Issues (Control) Repeal Bill

SHRI RAMESHWAR THAKUR: In 10-15 days, the value of a share which was Rs. 500 as the hon. Member puts it, has fallen down to Rs. 300. You all are aware that the value of shares in Share market varies greatly from hour to hour. In the circumstances as it prevailed earlier, the value of the share was Rs. 500. But in 10-15 days later the circumstances changed and the value of that share fell down to Rs. 300 to Rs. 400 the Reserve Bank gave permission not only to any single company but also to several other companies in which Reliance, Grasham etc. companies were there.

SHRI GEORGE FERNANDES: You are supporting my point. You have here manipulated the stock market... (Interruptions) when the value of the shares of Reliance fell down in the international stock market and the reason for this downfall in the prices of shares, as he told.

[English]

The prices had been whipped up in India.

SHRI RAMESHWAR THAKUR: No, No, It is not the fact. I repudiate the whole thing. This is not that was soon by the Government. In Stock Exchange there is up and down. There is no question of involvement of the Government. There are many factors which influence the stock market. There has been a scam. That is a separate thing; it has to be discussed separately and separately replied. But so far the share rates are concerned, that depends on many factors... (Interruptions) What it is today, after ten days it will be different.

SHRI GEORGE FERNANDES: I have heard foreign brokers told Indian industrialists including TISCO and others not to come to Europe for the next 10-12 months. Is this or is this not correct?

SHRI RAMESHWAR THAKUR: Mr. Chairman, this information may be with the hon. Member.

SHRI GEORGE FERNANDES: Sir, he is evading reply to my query. The whole

world knows about it. (Interruptions)

SHRI RAMESHWAR THAKUR: With these, I have tried to cover all the points that were raised in brief. If there are any important points left, I am prepared to reply to the extent possible. I am very grateful to the hon. Members for the suggestion given and they will be carefully examined by the Government and kept in view while implementing the guidelines on the policies of the Government.

With these words, I would request the hon. Members to withdraw their Statutory Resolution.

MR. CHAIRMAN: Shri Nitish Kumar, after such a beautiful reply from the hon. Minister, I hope you will withdraw it.

[Translation]

SHRI NITISH KUMAR: Mr. Chairman, Sir, firstly, I would like to thank those hon. Members who participated in the discussion of my Statutory Resolution. It was, however, totally my right to give thanks, but this right was snatched by the hon. Minister who in my place gave thanks to all.

The hon. Minister has not been able to reply to any of the questions raised by me under this resolution which contained the motion of disapproving the ordinance he has also not replied to the questions raised by the hon. Members, particularly by Shri George Fernandes, his reply was evasive... (Interruptions)... we listened patiently to what was said by the learned advocate, the ex Chartered accountant and presently the Minister of State. He has made a reference of SEBI and said that SEBI would handle the case now instead of C.C.I. S.E.B.I. has so far not been given adequate powers. It has to deal with such companies as are big cheaters., They will cheat the small investors to render them bankrupt. The small investors will lose their deposits made out of their hard earned money. There is nobody to safeguard their interest. There is no such arrangement.

There has been no reply to the point raised by me. I would, therefore, request the

Government to cast away its stubborn stand. It is not yet too late. It is the question of the interest of the country. The talks of joining global economy, adoption of Free Economic Policy and liberalisation of market economy are merely any eyewash. What has actually been done in the name of liberalisation is nothing but to loot the public money to the tune of four to ten thousand crore of rupees. When this is the State of Affairs what more can you expect out of this policy of liberalisation. Shri Harin Pathak is not present in the House. Shri George Fernandes has referred to the issue of Maruti. Some of the investors died, some went mad. There is no arrangement to safeguard their interest. I would therefore, like to submit to the Government that should cast away stubbornness, cancel the ordinance and should take decision after deep consideration. It is not our intention to encourage bureaucracy, I told in my speech that there should not be an unnecessary delay in removing the genuine difficulties being faced by the companies by doing away the prevailing red tapism and there should be quick disposal of the applications and there should be no procrastination in this process. To minimize the influence of bureaucracy and to keep it open, the capital issue control Act should be amended. But it should not be altogether repealed, otherwise it will lead our country into a great trouble. The ordinance could protect the people and when there will be no such control, it will be an injustice to the small investors of this country. It will ultimately lead to a situation when new companies will not be opened. I just cited an example. Everyday we see it through advertisements, T.V. radio and through newspapers and now we believe what is telecast through electronic media C.N.N. and thorough print media on intention level. People are influenced by advertisements. If some fake company launches something, people are misled by its hollow advertisement. No such arrangement has been made here to provide protection to such persons, I would, therefore, submit it is still not late. This relates to the interest of the country. To encourage industries is in the interest of the nation. I,

therefore, request that the Government should withdraw this Bill and let the ordinance be lapsed. Through you, I would like to appeal to the Government and to this House that in the interest of the country, the Statutory resolution should be adopted.

[English]

MR. CHAIRMAN: Are you not withdrawing your Resolution?

SHRINITISHKUMAR: No, Sir. I am not withdrawing, I am pressing my resolution.

MR. CHAIRMAN: The question is:

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

The Motion was negative.

MR. CHAIRMAN: There are amendments to the Motion for Consideration. Shri Girdhari Lal Bhargava is not here. I put his amendment No. 1 to the vote of the House.

Amendment No.1 was put and negatived

MR. CHAIRMAN: Shri Dau Dayal Joshi is not here. I put his amendment No. 2 to the vote of the House.

Amendment No2 was put and negatived

MR. CHAIRMAN: The question is:

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

The motion was adopted

MR. CHAIRMAN: Now the House will take up Clause by Clause consideration of the Bill.

The question is:

"That Clauses 2 to 4 stand part of the Bill"

17.47 hrs.

The motion was adopted

SUPPLEMENTARY DEMAND FOR
GRANT (RAILWAYS), 1992-93 AND
DEMANDS FOR EXCESS GRANTS
(RAILWAYS), 1988-89.

Clauses 2 to 4 were added to the Bill.

MR. CHAIRMAN: The question is:

[English]

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

MR. CHAIRMAN: Now the House will take up item No. 11 and 12 together.

The motion was adopted

Motions moved:-

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

- (i) "That the supplementary sum not exceeding the amount shown in the third column of the Order Paper be granted to the President of India out of the Consolidated Fund to defray the charges that will come in course of payment during the year ending the 31st day of March, 1993, in respect of the head of Demand entered in the second column thereof - Demand No. 16."

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE (SHRI
RAMESHWAR THAKUR): I beg to move:

"That the Bill be passed"

MR. CHAIRMAN: The questions:

"That the Bill be passed"

The motion was adopted.

- (ii) "That the respective excess sums not exceeding the amounts shown in the third column of the Order Paper be granted to the President of India out of the Consolidated Fund of India to make good the excess on the respective grants during the year ended on the 31st day of March, 1989, in respect of the following Demands entered in the second column thereof;

17.46 hrs.

BUSINESS ADVISORY COMMITTEE

Nineteenth Report

[English]

DR. LAXMINARAYAN PANDYA
(Mandsaur): Sir, I beg to present the 19th

Demand Nos. 10, 13 and 16 "

Supplementary Demand for Grant (Railways) for 1992-93 submitted to the Vote of Lok Sabha.

No of Demand.	Name of Demand	Amount of Demand for Grant submitted to the Vote of the House.
1	2	3
	Assets-Acquisition, construction and Replacement.	Rs