[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 jot 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

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 RESULUTION RE DISAPPROVAL OF THE CAPITAL ISSUES (CONTROL) REPEAL ORDINANCE (ORDINANCE NO 9 OF 1992) CAPAITTAL 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 rater high. Now-a-days new promoters and new contributors are willing to come form 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 excuse duties, a allot 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