

to think over it and see that plantation areas are increased, some efforts are made to produce more honey and also for possible export see whether the quantity will be available. I would like to know whether Government will take some measures in the plantation areas especially in Kerala, Karnataka and Tamil Nadu where coffee and such other plantations are grown, where flowers in a particular season are available and improve the production of honey as also see the possibility of export-oriented production of honey in these areas.

SHRI P. R. DAS MUNSI : Sir, I will certainly write to the concerned State Governments to provide the possibility of infrastructural support and explore the possibility of increasing the production in future in the interest of the country.

[Translation]

MR. SPEAKER : Digvijaya Singhji, you may also ask. Please talk of environment to add some sweetness to the discussion.

[English]

SHRI DIGVIJAYA SINGH : Sir, there is a breed of the species which originate from Africa. There is the breed from Africa which is a very aggressive breed, which is spread all over the world and they inter-breed with the local breed and deteriorate the quality of production of honey all over the world. Therefore, is the Minister aware of this and any precaution is taken against it?

MR. SPEAKER : We are against any aggression.

SHRI P. R. DAS MUNSI : Sir, I am aware of the aggressive breed. But I always think that this matter should be checked by every section of the society and specially by the Minister of Agriculture also. The details may kindly be examined by the Ministry of Agriculture.

MR. SPEAKER : No aggression please.

(Interruptions) - -

SHRI P. R. DAS MUNSI : The aggressive breed on that side, Sir,

**Violation of Stock Exchange Listing Regulations**

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\*985. SHRI SRIHARI RAO :

SHRI PRAKASH CHANDRA :

Will the Minister of FINANCE be please to state :

(a) whether Government's attention has been drawn to the press report appearing in the "Economic Times" dated 11 April, 1988 captioned "COS delay listing for promoters' booty" wherein it has been stated that some concerns have resorted to violating stock exchange listing regulations allegedly in order to manipulate prices at the cost of investing public;

(b) whether according to the provision of the Companies Act, 1956 this entails declaration of the prospectus of these companies as void;

(c) if so, the reaction of Government thereto; and

(d) the action taken by Government in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FAL- EIRO) : (a) to (d) A statement is given below.

**Statement**

(a) to (d) Attention of the Government has been drawn to the report appearing in the Economic Times dated 11.4.1988 referred to in Part (a) of the Question. According to the provisions of Section 73 of the Companies Act, 1956, where a Prospectus states that an application has been made for permission for the shares or debentures offered thereby to be dealt in one or more Stock Exchanges

ges, the prospectus shall state the name of the Stock Exchange, and any allotment made on an application in pursuance of this prospectus shall be void if permission has not been applied for before the tenth day after the first issue of the prospectus, or, where such permission has been applied for before that day, if the permission has not been granted by the Stock Exchange, or each such Stock Exchange, as the case may be, before the expiry of ten weeks from the date of the closing of the subscription lists. While Stock Exchanges are required to dispose of the applications of companies within the prescribed time limit of ten weeks from the date of the closing of the subscription list, they formally permit dealings in the shares or debentures of the companies concerned only after all formalities, including issue of allotment letters or shares/debentures certificates, are duly complied with. Transactions in securities, which are entered into before dealings in them are permitted on the Stock Exchanges, are void under the Bye-laws of the Exchanges.

**SHRI SRIHARI RAO :** Sir, the hon. Minister in his statement has stated about the procedure but not replied to my question. I want to know from the hon. Minister what action the Government proposes to take for violating stock exchange listing regulations in order to manipulate prices at the cost of investing public.

**SHRI EDUARDO FALEIRO :** Sir, I am sure the hon. Minister has read the statement which I have laid on the Table, and in that statement I have mentioned that "any allotment made on an application in pursuance of this prospectus", which does not name the stock exchange, "shall be void if permission has not been applied for before the tenth day after the first issue of the prospectus". For that, Sir, permission has been applied for before that date. If the permission has not been granted by the stock exchange and so on and so forth, as I have mentioned in the statement, allotment, to begin with, will be void. Further, more dealings or transactions in securities which are entered into before dealings in them are permitted on the stock exchanges are

also void under the Bye-laws of the exchanges so that the punishments make themselves available when these illegal dealings and illegal allotments come into the picture.

**SHRI SRIHARI RAO :** What are the steps being taken to insulate the interest of the small investors in the stock exchange ?

**SHRI EDUARDO FALEIRO :** Sir, I have already mentioned that the legal provisions are available. But, Sir, for safeguarding the interests of the investing public, whether small or not-so-small, Government has imposed in January 1988 the following additional conditions in the consent order issued to the Companies going in for public issues :—

- (i) The Company shall scrupulously adhere to the time limit of 10 weeks from the date of closure of the subscription list for allotment of all securities and despatch of allotment letters/certificates and refund orders.
- (ii) The company shall, at the time of filing its application for listing to the regional Stock Exchange, furnish an undertaking for compliance of the above condition, along with a scheme incorporating the necessary details of the arrangements for such compliance. This undertaking shall be signed by the Board of the Company.

There are other conditions, Sir. There are two more conditions, I do not want to take the time of the House and I will lay them on the Table of the House.

**SHRI ANANDA GAUJAPATHI RAJU :** Mr. Speaker, Sir, the Government said that the stock market was buoyant in 1984-85 and then killed by the initiative by making it totally bearish. Today you find that there is not much capital being raised from the capital market, the conditions are very bearish and not only that, the capital movements are not being monitored properly and you find that the

interest of the investors is not being taken into consideration at all in terms of companies raising resources and taking more by over-subscription. Will the hon. Minister let us know what is the action taken by the Government in this regard? They have mentioned in this answer the procedure adopted by the Minister, but not the action taken by the hon. Minister. I would like to know the action taken by the Minister.

**SHRI EDUARDO FALEIRO :** Sir, I am forced to disagree with my hon. friend that the stock market is not buoyant at the moment. I would like to say that the stock market has remained active in April and May when we are at the moment of this year. The Economic Times Index number of ordinary share prices which is known as usually E.T. Index (1984-85 is the base 100) has shown remarkable recovery in April this year. The E.T. Index has risen from 221.2 on 4th April 1988 to 236.8 on 29th April, 1988. The E.T. Index stood at 277.4 as on 4th May, 1988, i.e., just two days ago, Sir. The announcements made by the Finance Minister in Parliament on 27th April 1988 regarding re-introduction of investment allowance and other fiscal concessions had a salutary impact on the stock market. The Bombay Stock Exchange Sensitive Index of share prices (1978-79 is the base 100) therefore, has risen from 447.30 on 26th April 1988 to 471.74 on 5th May 1988. And surely, Sir, the hon. Member is going to compliment our Finance Minister for his very wise steps which have made this situation possible. I would like to add.

**SHRI ANANDA GAJAPATHI RAJU:** Please check up the figures for May. You are giving the figures relating to April.

**SHRI EDUARDO FALEIRO :** No, no. I have said up to 4th May, that is the latest, day before yesterday. You can't get it later than that—4th May. I would like to add on the second portion of the question of my hon. friend, i.e., the Ministry has constituted on the 12th of April 1988, the Securities and Exchange Board of India, in short, SEBI, for development and regulation of stock

exchanges and securities in the industry. The Board is expected among other things to ensure effective investors' protection.

**SHRI C. MADHAV REDDI :** The thrust of the question is relating to the violation of section 73 of the Companies Act. Well, I know that the hon. Minister is not very much concerned because it is the Company Law. But the question should have been answered by both the Ministries and not by one Ministry.

Anyway, the point is, the hon. Minister has stated that section 73 is already there. The point is, listing is being delayed by all the stock exchanges all over the country. That is a well-known fact. The stipulated period of 10 weeks is not being observed by anybody and in the intervening period, between the listing date and closing date of the share lists, there is a manipulation, with the result the prices are going up. And the shares blocked by the promoters are being off-loaded and thereby money is being made. That is the thrust of the whole question.

I would like to know what action is being taken to see that such malpractice does not exist in the stock exchange companies and to rectify it particularly when we are considering amending the Companies Act. This is the time for making certain suitable changes in the Companies Act to see that such practice is not permitted. May I know what action is being taken?

**SHRI EDUARDO FALEIRO :** As far as amendment of the Companies Act is concerned, I will pass on the suggestion of my hon. friend to my colleague who deals with the subject.

As far as action which is possible and which is being taken is concerned, action which is permissible on non-compliance of condition 1s as follows:—

- (i) Stock exchange can suspend the dealings on the share of the company.
- (ii) In extreme cases, the company's name can be struck off from the list of listed companies.

These are the arrangements which are available for defaulting companies and surely we shall, in view of the suggestion of the hon. Member, instruct the stock exchanges to enforce these provisions which are available.

[Translation]

MR. SPEAKER : Shri Ram Dhan.

Shri Balwant Singh Ramoowalia.

SHRI BALWANT SINGH RAMOO-WALIA : Question No. 986.

MR. SPEAKER : Today Ramoowalia ji is looking very smart.

SHRI BALWANT SINGH RAMOO-WALIA : I owe it to you.

MR. SPEAKER : Today Ramoowalia ji seems to be very unity.

Scheme of Punjab Government for export of flowers, fruits and vegetables

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\*986. SHRI BALWANT SINGH RAMOOWALIA :

SHRI RAM DHAN :

Will the Minister of COMMERCE be pleased to state :

(a) whether State Government of Punjab has submitted to Union Government a scheme to promote exports of flowers, fruits and vegetables;

(b) if so, the salient features of the scheme; and

(c) the reaction of Government thereon ?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSI) : (a) No, Sir.

(b) and (c) Do not arise.

SHRI BALWANT SINGH RAMOO-WALIA : Actually, this is a question which I am putting on your behalf.

MR. SPEAKER : You are doing my job !

SHRI BALWANT SINGH RAMOO-WALIA : Sir, you as a Minister in Punjab had been struggling for this. So I will club both the supplementaries in one form.

PROF. MADHU DANDAVATE : Now-a-days we defend everything that you do.

MR. SPEAKER : Certain times.

SHRI BALWANT SINGH RAMOO-WALIA : Sir, the answer given by the hon. Minister is entirely wrong. It is because, I have three page report with me. This is a project report which I have been told the hon. Speaker, as the Minister in Punjab, had been emphasising. This report, according to the Governor, was circulated to all the MPs of Punjab. It says that MARKFED of Punjab has submitted a proposal to the Central Government to make some facilities available for Punjab for export of fruits and vegetables. The requirement from the Central Government will be direct air link between Amritsar and international markets and also air freight of fruits and vegetables should be at par with bulk commodities.

As I told you, I am clubbing both the supplementaries. In the project report, it is also said about the introduction of high yielding varieties of fruits and vegetables in the State. Punjab Agricultural University will provide certified seeds and impart horticulture technology to the farmers and the export of flower will be taken up by agro-industry.

One, it will help diversification for fruits, flowers and vegetables. Two, It will add to the income of the farmers. Three, it will bring more foreign exchange to the country.

MR. SPEAKER : And more employment.