

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:694
ANSWERED ON:05.12.2003
CORPORATE NEXUS IN MANIPULATING CAPITAL MARKET
HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Department of Company Affairs has inadequate infrastructure for inspection and investigation of corporate nexus in manipulating the capital market;
- (b) if so, the details thereof; and
- (c) the steps taken by the DCA to safeguard the capital market from such nexus?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) & (b) Does not arise as capital market operations, under the provisions of the SEBI Act and Section 55A of the Companies Act, 1956, is the responsibility of SEBI.

(c) Safeguards such as (1) restrictions of purchase by company of its own or its holding company shares (Section 77), (2) Audit Committee (Section 292A) and (3) restriction on giving loan to body corporates and purchase by company of shares, etc of other companies, (Section 370 and 372) already exist in the Companies Act, 1956. Certain additional safeguards have been proposed in the Companies (Amendment) Bill, 2003.