

14.31 hrs.

DISCUSSION UNDER RULE 193

**(ii) action taken report on the report of the
joint parliamentary committee on stock market scam
and matters relating thereto – contd.**

Title : Further discussion on action taken report on the Report of the Joint Parliamentary Committee on Stock Market Scam and matters relating thereto. (Discussion concluded)

MR. CHAIRMAN: Now, the Finance Minister may reply.

SHRI MANI SHANKAR AIYAR (MAYILADUTURAI): Sir, May I point out that we would have greatly appreciated his presence in the House yesterday? I hope, he appreciates our presence in the House today.

THE MINISTER OF FINANCE (SHRI JASWANT SINGH): Mr. Chairman, Sir, first of all, I must express my regrets to hon. Members that in yesterday's debate, I could not be present here, but the circumstances were entirely beyond my control. I was required in both the Houses at one time. Then, I was also required at a third place on a commitment that had been made many months in advance. I do apologise to all such hon. Members as were aggrieved by my inability to be present in the House. Their aggrievement is entirely justified. I do appreciate very much now that he wants to extract an appreciation from me. I do appreciate very much that the hon. Member is so kind to be present to listen to the conclusion of the discussion.

Sir, I have gone through all the observations that were made by all hon. Members. Though I was not present here physically, but that has not prevented me from being briefed about yesterday's discussion. Now, I am also very grateful to the House and to the hon. Members for granting me this opportunity to respond to the many points that have been raised.

I would primarily like to re-assert that the Government is fully committed to implementing the recommendations of the JPC so as to ensure market integrity and the interests of the investors. Sir, there has to be a recognition of the differences in the earlier difficulties of the market and the difficulties of the market in 2001. This is one of the observations, and I think that it is not without validity, that if all the recommendations of the JPC of 1992 had been effectively implemented, possibly the market misconduct of 2001 could have been avoided or at least, its impact minimised. This is not anyone's point that the earlier JPC's recommendations ought not to have been fully implemented and it is also nobody's point that had they been implemented, the beneficial effects of that would not have been felt by the entire system.

Sir, now I wish to share that as far as the present JPC is concerned, we presented the Action Taken Report in both Houses of Parliament on 9th May, 2003, that is, within the six month's time-frame that we were permitted and the further progress report I have submitted on 12th December, 2003. We have taken seriously the observations of the JPC of 2001 and, out of 276 recommendations of the JPC, 150 have been completed.

Now, there was the point made about the moral responsibility of the Ministry of Finance and of the Minister regarding the role of the regulators. There is a distinction, I submit, between the situation that obtained in 1992 and the conditions that prevailed in 2001. In 1992, the Controller of Capital Issues was lodged in the Ministry of Finance and it is that Controller of Capital Issues who decided the price and the quantum of public issues. The Ministry of Finance, then, regulated the stock exchanges. In 2001, SEBI, which was already nine years old by then, had all the powers under the securities law and the Securities Appellate Tribunal has also been established.

The question here is about how much freedom regulators ought to have. That is a view that I have shared with the House on several earlier occasions that freer the market the stronger the regulatory mechanism. 'Free market' is not synonymous with 'free for all' and, therefore, it would be a mistake to assume that the regulator has a limited role or no role. The freer the market operation, the stronger and more effective the regulator ought to be. It is also my conviction that the regulator, not simply in this regard but wherever we do have regulators, must be free to operate, they must be autonomous and they must have the authority to do so.

It is not the policy of the Ministry of Finance, neither is it my effort now to either go into micro management or the day-to-day functioning of the regulator. That is the basic difference. I would also request the hon. Members to reflect on all the reforms that have been introduced during this period. No doubt, the hon. Members are fully aware of them. I do not wish to take up the time of the House, when the House is going to rise for the Winter Session.

We have also empowered SEBI through the Amendment Act of 2002 on the lines recommended by the JPC. The Unit Trust Act has been repealed and the Unit Trust has been bifurcated. The Bill to de-mutualise stock exchanges has been introduced and the Bill to amend the Banking (Regulations) Act has been introduced to pave the way for regulation of corporate banks which was really the principal reason for the malfunctions in 2001. Therefore, it is only as an aside that I would recommend to the House that these Bills be considered by the House and enacted early.

There are hon. Members who raised the issue of the misuse of the Mauritius route as also about Overseas Corporate Bodies, and they said that it lends itself to the manipulation of the markets. As has hon. Members know, the facilities of the OCBs currently stand withdrawn. The other developments which are noteworthy include the T+2 cycle from the earlier T+5. SEBI has already launched an inquiry or investigation against 120 entities. Prosecution proceedings in 18 cases have been launched by SEBI. SEBI has debarred 18 persons from associating with the capital markets. As hon. Members know, Ketan Parekh, Kartik Parekh and their seven entities have been barred from trading in stock markets for 14 years. I do not think it is ...*(Interruptions)*

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): It is all a cover up.

SHRI JASWANT SINGH: I do not think it is fair to say that the Action Taken Report ...*(Interruptions)*

SHRI PRIYA RANJAN DASMUNSI : I would like to know as to who has been punished in the country? Millions of shareholders of UTI have lost their money. Who has been punished except one top guy? Are other people not there? Now the Finance Minister is saying that day-to-day micro monitoring is not possible. It was in the limelight on the day when that scam took place. The then Finance Minister was posted with all information, yet he did not take the Parliament into confidence and risked the lives of shareholders. It may not have happened today.

MR. CHAIRMAN : Let the Minister complete his reply.

SHRI PRIYA RANJAN DASMUNSI : He is trying to give a picture that everything cannot be done by monitoring at the micro level. The then Finance Minister was fully responsible. He has been left untouched with day to day development and did not take any action. It is the poor investor who has suffered. Who will compensate them?

SHRI JASWANT SINGH: Actually, the acoustic system in the House is quite effective. I recognise the hon. Member's ire. That is in fact ...*(Interruptions)*

SHRI PRIYA RANJAN DASMUNSI : You have come to rescue him. On that day, the then Finance Minister should have resigned and apologised to the nation. You have only come to his rescue.

SHRI VIJAYENDRA PAL SINGH BADNORE (BHILWARA): Sir, we are discussing the ATR and implementation of JPC report.

SHRI PRIYA RANJAN DASMUNSI : The Minister is competent to defend himself. You need not protect him.

SHRI VIJAYENDRA PAL SINGH BADNORE : We were also Members of the JPC. That is why we are telling you.

MR. CHAIRMAN: Let the Minister complete his reply. Let us see after that.

SHRI KHARABELA SWAIN (BALASORE): Sir, Shri Dasmunsi was not present throughout the debate yesterday. Had he been there, all these questions would have been answered.

SHRI PRIYA RANJAN DASMUNSI : I read more than Shri Swain does. I have to run a party, I know these things. The Prime Minister also does not remain in the House always. Does it mean that the Prime Minister knows nothing about anything? New Members should have some understanding and knowledge.

SHRI VIJAYENDRA PAL SINGH BADNORE : Only you have knowledge.

MR. CHAIRMAN: Do not interrupt the Minister. I request both the sides.

SHRI JASWANT SINGH: Sir, I recognise the hon. Member. It is very easy to say that the Action Taken Report is No Action Taken Report. A great deal of action has been taken. I would like to assure, not just the hon. Member who expressed his agitation just now but all hon. Members, that no guilty person will be spared.

SHRI MANI SHANKAR AIYAR (MAYILADUTURAI): Including Yashwant Sinha, or not?

MR. CHAIRMAN: You allow the Minister to complete.

SHRI MANI SHANKAR AIYAR : Sir, I welcome his saying that no guilty person will be spared. My question is, is Yashwant Sinha a guilty party or not?

MR. CHAIRMAN: Let him finish his reply.

SHRI JASWANT SINGH: The question of guilt or innocence is both a process of investigation and for the courts to determine. I cannot go into ...*(Interruptions)*

SHRI MANI SHANKAR AIYAR : Are the courts going to determine responsibility to Parliament?

SHRI JASWANT SINGH: No, no.

SHRI MANI SHANKAR AIYAR : He said that guilt or innocence is for the courts to decide. I am talking about the ministerial responsibility.

MR. CHAIRMAN: Let there not be any interruption till the Minister finishes his reply. Let there not be any interruption from any side.

श्री प्रकाश मणि त्रिपाठी (देवरिया) : अभी जो कुछ मणिशंकर अय्यर जी ने कहा है, पर्याप्त जवाब कल दिया गया था। हमने बहुत अच्छी तरह से बताया है कि दूर-दूर तक फाइनेंस मिनिस्टर का मामला नहीं बनता है।

श्री मणि शंकर अय्यर : वह कोई पर्याप्त जवाब नहीं था। लीपा-पोती पर्याप्त जवाब नहीं होता है। हम मंत्री जी को सुनना चाहते हैं। *â€* (व्यवधान)

MR. CHAIRMAN: I request the Minister to continue his reply.

श्री प्रकाश मणि त्रिपाठी : उसमें कोई लीपा-पोती नहीं थी। उनके चिल्लाने से मिनिस्टर गिल्टी नहीं हो जायेंगे। *â€* (व्यवधान)

श्री प्रियरंजन दासमुंशी : हम लोगों ने पूछा कि दोषी कौन हैं? उन्होंने जवाब दिया - ढूंढ रहे हैं। *â€* (व्यवधान)

श्री प्रकाश मणि त्रिपाठी : इस बात का ध्यान रखा जाए कि उनकी बातों का जवाब कल दिया जा चुका है। *â€* (व्यवधान)

MR. CHAIRMAN : Let the hon. Minister reply.

SHRI JASWANT SINGH: That is the point. I do not wish to add a further contention to the matter. The Report of the Joint Parliamentary Committee has not found my distinguished colleague and the former Finance Minister guilty of any misconduct on this arena. Therefore.. *(Interruptions)*

SHRI MANI SHANKAR AIYAR : I am sorry, Sir*â€* *(Interruptions)* They are demeaning the Report...*(Interruptions)*

SHRI PRAVIN RASHTRAPAL (PATAN): The Report has admitted that there was a failure of the Finance Ministry, and the head of the Ministry is the Minister...*(Interruptions)*

SHRI RUPCHAND PAL (HOOGLY): There was a failure of the Finance Ministry...*(Interruptions)*

MR. CHAIRMAN : Let the hon. Ministry reply.

...*(Interruptions)*

SHRI MANI SHANKAR AIYAR : Please ask him to reply...*(Interruptions)*

MR. CHAIRMAN: We cannot ask him to reply in a way it suits you*â€*

(Interruptions)

MR. CHAIRMAN: Hon. Member, please resume your seat.

...*(Interruptions)*

SHRI PRAKASH MANI TRIPATHI : Sir, he has spoken for one hour yesterday...*(Interruptions)* He cannot take the whole House at ransom.

MR. CHAIRMAN: Let the hon. Minister reply.

Nothing will go on record except the reply of the hon. Minister.

(Interruptions) *â€**

SHRI JASWANT SINGH: Sir, I would conclude. If I persist with the issues, that agitates the Members. The debate has been useful. I reaffirm my commitment that we will continue to act to improve the system. So far as the subjective interpretations of the Report or subjective determination of who should be punished or who should not be, it is not possible for me to assent to that.

...(Interruptions)

SHRI MANI SHANKAR AIYAR : In protest against the Minister's failure to live up to the principles that they themselves talked 10 years ago, we wish to walk out of the House. But we will return immediately in order to continue the discussion on unemployment situation in the country.

14.47 hrs

(At this stage, Shri Mani Shankar Aiyar and some other

hon. Members left the House.)

कुंवर अखिलेश सिंह (महाराजगंज, उ.प्र.) : सभापति महोदय, मैं आपके माध्यम से माननीय मंत्री जी से एक स्पटीकरण चाहता हूँ। **ठैँ!** (व्यवधान)

SHRI VIJAYENDRA PAL SINGH BADNORE : Sir, he mad it a prestige issue. That is why he said: मेरी प्रैस्टीज का सवाल है, मेरे साथ वाकआउट कर जाओ। ...(Interruptions) That is why they have walked out.

कुंवर अखिलेश सिंह : सभापति जी, संयुक्त संसदीय समिति के प्रतिवेदन के पैरा नं. 2(15) पर कहा गया है कि इसकी और विस्तृत जांच करने के लिए एक और समिति का गठन करना चाहिए। यह स्पट तौर पर उनकी रिकमंडेशन है। इस पर अब तक आपके द्वारा की गई कार्रवाई में से इस प्रतिवेदन को निकाल दिया गया है। **ठैँ!** (व्यवधान)

*Not Recorded.

दूसरा स्पटीकरण यह चाहता हूँ कि समिति की जांच के बाद मासटैक ने, होम ट्रेड ने और श्रीयम सिक्कूरिटीज़ ने जो घोटाले किये हैं, उन ल्यूपिन सिटीबैंक का जो घोटाला है, उस पर आपका क्या कहना है जो जनवरी और सितम्बर महीने में घोटाले हुए हैं इस समिति की रिपोर्ट के बाद, उस पर आपका विभाग क्या कार्रवाई कर रहा है? **ठैँ!** (व्यवधान)

श्री जसवंत सिंह : माननीय सदस्य का यह कहना कि एक और जाँच समिति बैठाई जाएगी, जहां तक मुझे इसका ध्यान है, उसमें ऐसा कहा गया है कि कार्पोरेट्स और अदर बॉडीज़ के लिए इसकी निटी ग्रिटी में यह समिति नहीं जाना चाहती थी और इसलिए उसमें आवश्यकता हो तो मंत्रालय के कंपनी विभाग वगैरह इस पर जांच कर रहे हैं और निरंतर करते रहेंगे। उसके बाद आपका कहना है कि जून और सितम्बर में कुछ और हुआ, अगर उसकी कुछ जानकारी हम तक भिजवा दें तो अच्छा रहेगा।

कुंवर अखिलेश सिंह : हमने अपनी स्पीच में पूरी जानकारी दी है। अडसूल जी, वित्त राज्य मंत्री उस समय बैठे हुए थे और कल मैंने विस्तृत रूप से उन घोटालों का ज़िक्र किया है। मेरा आपसे आग्रह है कि जो मुद्दे मैंने उठाए हैं, आप उनकी गहराई से जांच कराएं।

श्री जसवंत सिंह : हम उनको देख लेंगे।