

12.05 hrs.

Title: Regarding action taken report on recommendations of JPC on stock market scam and matters relating thereto.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Mr. Speaker, Sir, because I did not hear clearly earlier, permit me to submit the Action Taken Report on the Joint Parliamentary Committee's recommendations to the House.

The Report of the JPC on the Stock Market Scam and Matters relating thereto was presented to the Parliament on 19th December, 2002. It had recommended that the Government present the Action Taken Report within six months. I am glad, Sir, that we are doing so. We have endeavoured to ensure that the maximum possible recommendations of JPC are implemented.

We are grateful to the Joint Parliamentary Committee for its extensive deliberations in finding out the causes of the scam and suggesting preventive measures. The Government has greatly benefited by the deliberations of the JPC. This has helped in initiating certain amendments in the SEBI Act even during the pendency of the proceedings of the Committee. Through these amendments, the powers of the SEBI have been enhanced to take action against the securities' market defaulters, initiate action against the brokers and corporates involved in insider trading and price manipulation of various scrips, etc.

In addition, during the pendency of the proceedings of the Committee, the UTI Act was repealed. Effective from 1st February 2003, the UTI has been bifurcated into two units : UTI-1, comprising US-64 and assured return schemes; and UTI-2, comprising the net asset value based schemes.

In respect of important recommendations about corporatisation and demutualisation of stock exchanges, the Government has initiated measures to

amend the Securities Contracts Regulation Act, 1963. In the meanwhile, broker members have been disallowed to become office bearers of the stock exchanges. SEBI and the Government have also taken a number of measures to further enhance the efficiency and safety of the markets and ensure investor protection. SEBI has also set up a separate division for inspection of exchanges and taking of follow up action on the status of compliance of recommendations.

The Government have taken steps to honour the commitments made by the UTI to investors of US-64 scheme and assured return schemes. All the NAV-based schemes are being managed by UTI-II which is SEBI compliant.

Sir, it has been the endeavour of the Government to act upon each of the recommendations/suggestions of the JPC and complete the action taken at the earliest. In certain cases where wrong doers had to be identified and punished, action is in hand. We shall ensure that wherever such action is pending, it is completed early.

* (Placed in Library, See No. LT. 7447/2003) _____