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**12.03 hrs.**

### **STATEMENT BY MINISTER**

#### **Third Progress Report on Action Taken Pursuant to recommendations of Joint Parliamentary Committee on Stock Market Scam\***

Title: Statement regarding 3<sup>rd</sup> progress report on action taken pursuant to recommendations of Joint Parliamentary Committee on Stock Market Scam. - Laid.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, my Government is deeply pained at the manner in which the hard earned savings of millions and millions of families, pensioners and widows were wiped out in the scam of 2000-01. I am grateful to the JPC for going into the causes of the scam, analysing the same and for submitting a detailed report. I present today the Third Progress Report on the action taken pursuant to the JPC recommendations. One ATR and the First Progress Report were submitted by the previous Government.

The aim of the Government is to ensure that all those who perpetrated the scam or were accomplices to the misdeeds do not go unpunished. It is our resolve that sufficient remedial measures are taken to ensure that such events do not recur. The Common Minimum Programme (CMP) clearly mentions our determination to ensure that the strictest possible action will be taken against market manipulators and those who try to deliberately engineer market panic.

In this connection, I also seek the cooperation of this august House to ensure that necessary legislative changes as recommended by the JPC are carried out quickly. In order to avoid any delay in the process of reforming governance in Stock Exchanges, the Government has promulgated the Securities Laws (Amendment) Ordinance, 2004, on October 12, 2004, inter-alia, amending the Securities Contracts (Regulation) Act, 1956, to bring about transparency and efficiency in the working of stock exchanges, to safeguard against conflicts of

interests and to strengthen the governance of stock exchanges through demutualisation of stock exchanges. Further, this would also help to provide liquidity in the investments made largely by small investors in remote corners of the country in small and medium cap companies by providing for a National trading platform, INDONEXT for trading of such shares. The bills to amend Banking Regulation Act to provide for, among other things, strong regulation over Urban Cooperatives Bank and issues relating to integration of the commodity markets and capital markets are under active consideration.

I would like to assure that effective action against those guilty for the scam will be taken and we will present progress reports at regular intervals until the House is fully satisfied.

\* Also placed in the Library. See No. LT 1067/04

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