

take every line of this Report seriously and review the entire gamut of systems involved in this scam and make them fool-proof, with stringent penalty for non-compliance, in order to see that public money is not siphoned off this way, putting all of us to shame. Thank you, Sir.

**SHRI V. NARAYANASAMY :** Mr. Vice-Chairman, I thank you for giving me this opportunity to speak. The securities scam was proved by the Joint Parliamentary Committee and I would like to place on record the horrendous job done by the Joint Parliamentary Committee and ...*(Interruptions)*...

**SHRI MENTAY PADMANABHAM :** Tremendous or horrendous ?

**SHRI V. NARAYANASAMY :** Both: according to your ability you can take it. Now, the point is whether the Finance Minister or any other Minister Shri Rameshwar Thakur or Shri Shankaranand

**(THE DEPUTY CHAIRMAN in the Chair)**

—the three persons who have been indicated by the Joint Parliamentary Committee, and those persons who have been doing their duty during the tenure of ministership can be culpably punished. Sir, it is the report which very clearly shows that as far as Dr. Manmohan Singh is concerned, he took over the office in June, 1991. In September 1991 that is, within three months, he found that the share prices were increasing. He gave instructions to the RBI Governor in September 1991 that there was an indication that a lot of public funds were being diverted to the speculative market and, therefore, there should be a watch on it. Within three months from the date he took over the office, in January, 1992, the SEBI Chairman sent a letter to the Secretary (Finance). Since the budgetary provisions had to be made in February they did not want the entire economy to panic

and, therefore, all the possible steps had been taken in March. The SEBI was given teeth in January itself for the purpose of controlling the stock market. Madam, because of constraints of time I am giving only points.

**THE DEPUTY CHAIRMAN :** I am very thankful to you. I hope that everyone else would do that.

**SHRI V. NARAYANASAMY :** In March, 1992 he called the stock-brokers and he had a discussion with them. He warned them about the flaws in the system, in the functioning of the stock market. He called the bank officials and told them that the money which had been specifically provided for the development purposes of this country should not be illegally diverted for the purpose of stock market. He called the industrial houses.

**THE DEPUTY CHAIRMAN.** May I ask you to yield just for a minute? We have some guests over there.

**WELCOME TO LORD CHANCELLOR OF U. K.**

**THE DEPUTY CHAIRMAN:** Hon. Members, I have an announcement to make.

We have with us, seated in the Special Box, Rt. Hon. Lord Mackay of Clashfern, Lord Chancellor of United Kingdom, Lady Mackay and Lord Templeman, currently on a visit to our country, as our honoured guests.

On behalf of the Members of the House and on my own behalf I take pleasure in extending a hearty welcome to our distinguished guests and wish them an enjoyable and fruitful stay in our country. Their visit to our country will further strengthen the friendly bonds that exist between India and the United Kingdom. Through them we convey our greetings

and best wishes to Her Majesty the Queen, the Prime Minister the Parliament, the Government and the friendly people of the United Kingdom.

SHRI H. HANUMANTHAPPA (Karnataka): Happy New Year also.

THE DEPUTY CHAIRMAN : We wish them a happy New Year. Thank you for reminding me.

**SHORT DURATION DISCUSSION ON JPC REPORT ON IRREGULARITIES IN SECURITIES AND BANKING TRANSACTIONS—Contd.**

SHRI V. NARAYANASAMY : The industrial houses were also called and the RBI sent a circular in June, 1991. In that it was indicated how the funds were diverted and how the banks should conduct themselves and follow discipline. The CBI was also put into service for the purpose of cracking down on the bank officials and other persons who were responsible for the securities scam. I would like to point out the observations made by the Committee. Firstly, it says, "not anticipated the problem". Secondly, it says "not responded purposefully when it surfaced". It was in 1986. Then 1990-91 was a booming period as also 1991-92 was a booming period. When the Finance Minister took all possible steps to see that the money, which has been given to the PSUs and other organisations has not been diverted by the banks to earn profit, quick money, by this kind of a method, when he curbed it, the JPC came to the conclusion that not only the Finance Ministry but the Minister is also responsible for it.

Madam, the previous Finance Ministers, whether of the Janata Dal or of the Chandra Shekhar Government, slept over the matter. They did not take even a single step to curb it, to arrest banking operations which were flouting and violating rules. The bank rules of 1940-41 have not been amended so far. These

rules are not amended because they were suiting to the occasion. I am not here to blame any Government for that matter. It has been specifically accepted by the Committee that it was a system failure, that rules have not been strictly followed, that banks have not been monitored and the RBI did not work according to the rules. The whole system has collapsed. For the first time Dr. Manmohan Singh took steps for the purpose of plugging the loopholes. He was trying to bring out the accused persons who were involved in it. The CBI also was put into operation and the Janakiraman Committee was constituted to go into this matter. He was trying to rectify the system. Unfortunately, the JPC has decided that the Finance Minister was also responsible. Therefore, culpability, *quid pro quo*; if any Minister has got any personal gain out of it, has to be proved. The Finance Minister has been working very honestly. Even some of the RBI leaders have supported the Finance Minister. They have said that his resignation should not be accepted.

SHRI S. VIDUTHALAI VIRUMBIL : This is not an issue where persons are involved. This is an issue where policy is involved.

SHRI V. NARAYANASAMY : If the system fails, then we should rectify the system. We have to put our heads together. Therefore, you cannot blame any individual person and punish him. If you want that the Finance Minister should go, then what would you do with Prof. Madhu Dandvate and Shri Yashwant Sinha ? The JPC is silent about it. The JPC has not applied the same yardstick to these two Finance Minister which yardstick it has applied to Dr. Manmohan Singh. The public opinion is in favour of Dr. Manmohan Singh. People feel that the reform, which has been brought by the hon. Prime Minister, has been implemented in right earnest by Dr. Manmohan Singh. This country is at the reformative stage. This