

(b) what steps have been taken by Government for tackling the white-collar crimes in the financial market; and

(c) what steps have been or are being taken by Government and SEBI to ensure that the investors at large do not get a much lower price than paid by Grasim to Reliance for Larsen and Tubro shares?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Securities and Exchange Board of India (SEBI) had constituted a group under the Chairmanship of Justice M.H. Kania, former Chief Justice of India, which has submitted its report. The main focus of the recommendations of the Committee is to separate the trading membership from the ownership of the stock exchanges and to have a set of independent body govern the stock exchange in a professional manner. The recommendations of the report of the Committee have been accepted by the SEBI Board for implementation.

(b) the Parliament has, in the current session passed the Money laundering Bill with the objective of preventing money-laundering and confiscation of property derived from, or involved in money-laundering.

(c) SEBI conducted an investigation in terms of chapter V of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 on the alleged violations, if any, with regard to the acquisition of 25,000,000 equity share, aggregating 10.05% of the paid up and voting capital of L&T, by Grasim Industries Ltd. on 18th November, 2001. After investigation, SEBI ordered the Company not to proceed further with the open offer formalities pursuant to the public announcement made on 14th October, 2002.

Grasim Industries challenged the order of SEBI before the Securities Appellate Tribunal (SAT), SAT has not agreed to order for the stay of the implementation of the order of SEBI.

Search and seizure powers of SEBI

1995. MISS MABEL REBELLO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) in what manner the new powers of search and seizure given recently to SEBI are going to help the public investor in the light of SEBI's extremely poor track record of detecting frauds;

[10 December, 2002]

RAJYA SABHA

(b) what are the checks and balances in exercise of the search and seizure powers given to SEBI to ensure that these powers are not misused; and

(c) what steps Government propose to take to restore the faith of the investors in Indian capital markets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) The Securities and Exchange Board of India (SEBI) Act, 1992 has been recently amended to, *inter-alia*, strengthen SEBI's powers of investigations and to provide SEBI with powers to search places and to seize books, registers and other documents considered necessary for the purposes of investigation. These provisions would enable SEBI to collect evidence in case of securities market violations and thereby regulate the capital market more effectively in the interests of investors.

(b) Search and seizure powers can be exercised only with the authorization of a Judicial Magistrate of the first class having jurisdiction.

(c) Besides the recent amendments to SEBI Act, SEBI has undertaken various measures for protecting interests, of investors and restoring confidence of investors in Indian capital markets, which *inter-alia* include stringent entry norms for companies accessing public money; stipulations regarding promoter commitment to the project, lock-in, pricing etc. in preferential allotment made by companies; reduction in time in the issue process; improved continuous disclosures by the listed companies; compulsory dematerialization in IPOs; trading of securities in dematerialized form; introduction of rolling settlement; issuance of public notices to educate and caution investors about the risk associated with investments in equities etc.

Functioning of NBFCs without registration

1996. SHRI ABANI ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether RBI has been actively considering to come down heavily on the Non-Banking Financial Companies which have been carrying their operation even after rejection of their registration applications;

(b) if so, the details of the NBFCs whose registration have been cancelled by RBI;