

# Report of Joint Committee on **STOCK MARKET SCAM AND MATTERS RELATING THERETO**

( Volume - I )



LOK SABHA SECRETARIAT  
NEW DELHI  
DECEMBER, 2002 / AGRAHAYANA 1924 (SAKA)

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# REPORT

## JOINT COMMITTEE ON STOCK MARKET SCAM AND MATTERS RELATING THERETO

(THIRTEENTH LOK SABHA)

(VOLUME I – REPORT)

*Presented to Lok Sabha on 19 December, 2002  
Laid on the Table of Rajya Sabha on 19 December, 2002*



LOK SABHA SECRETARIAT  
NEW DELHI

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**CORRIGENDA  
TO  
REPORT OF THE JOINT COMMITTEE ON STOCK MARKET SCAM AND  
MATTERS RELATING THERETO**

Page No.	Para-graph No.	Line No.(s)	For	Read
8	2.10	—		Entire paragraph to be in Bold
	2.10	10-12	Delete the inverted commas " " in the sentence starting with the words "Nor" and ending with "economy" in the last sentence of the para	
21	4.10	23	Manmander	Manmandir
35	4.71	1	Brokers.Broking groups	Brokers/Broking Groups
		4	Brokers.Broking groups	Brokers/Broking Groups
41	4.91	15	M.s	M/s
117	6.19	5	Discretion of	Discretion to
119	6.26	5	Shortfall	Shortfall
147	7.7	1	complied	compiled
151	7.18	6	(j) Badani	(j) M.S. Badani
		(from top)		
		12	Centrury	Century
151	7.20	4	27.07.2002	27.07.2000
		10	Johri	Johari
155	7.29	23	markets	market
157		19	Latin Manoharlal Securities	Latin Manharlal Securities
161	7.46	8	Though	Through
		(from below)		
247	10.82	13	Monitory	Monetary
437			After Sl. No. 2 insert the following:—	
			<p><b>2A. The main regulator of Stock Exchanges, SEBI, has been in place since 1988 and has been working under an Act of Parliament since 1992 and should have been able to regulate the liberalized market more efficiently. The Committee found that SEBI has still a long way to go before becoming a mature and effective regulator. If SEBI had continued to improve its procedures, vigilance, enforcement and control mechanisms, it could have been more effective in a situation where the stock market became unusually volatile, leading to an unprecedented surge and subsequent depression in the capital markets. It was also clear that the capital market in India is neither deep nor wide enough to moderate volatility and, therefore, a few players could attempt to manipulate the stock markets. Clearly, the various regulatory authorities were not able to foresee the situation leading to the scam and prevent it. Nor was adequate attention paid in government circles particularly the Ministry of Finance as the custodian of the financial health of the economy.</b></p>	
443	4.42	12	Global	Global

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#### Evidence before the Committee\*\*

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\*Printed separately-Volume II.

\*\*Not printed. Five copies placed in Parliamentary Library.