

A Study on State of Affairs of SEBI in National Securities Marketplace

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Abstract: *The arrangement and processes of the SEBI have been developed over the year. In 1602 when Amsterdam stock exchange was admitted by the East India Company for dealings in its hold securities the establishment of the native share and stock Brokers Association which is now remand as Bombay Stock Exchange in 1875 in the existing India undoubtedly marked a beginning of the stock exchange in India despite being the first ever stock exchange in Asia continent. The most basic legislative efforts to control the securities market in India was made by the Bombay Securities Contracts control act 1925, which was enacted to regulate and control certain contras acts for purchase and sale of securities in the city of Bombay..*

Keywords: Security, India, Regulation, SEBI.

I. INTRODUCTION

The security Exchange and Board of India was established by the government of India on 12 April 1988 an interim secretarial body to promote orderly and healthy growth of the securities orderly and healthy growth of the securities market and to protect investors rights. It is functioning under administrative control of Ministry of Finance. The SEBI was given statutory status on 30th January 1992 through and parliament ordinance, later it was replaced by an act of parliament, Securities and Exchange Board of India Act, 1992. The capital market had witness a heavy growth during 1980's. This ever expanding investor population and market capitalization lead to diversity of malpractices on the part of companies, brokers merchant brokers, investment consultants involved in Securities Market. Such malpractices and inequitable practices have battered investor confidence and multiplied investor grievances.

The example of malpractices include existence of self styled merchant bankers, unofficial private placement, rigging of prices unofficial premium in new issues, non obedience of provisions of the companies act, violation of rules and regulation of stock exchange listing requirements, delay in delivering shares etc. The government and stock exchanges were rather helpless in redressing the investor's complaints because of require of proper penal provisions in the existing legislation.

Involvement of SEBI in Market

To assure it aims to supply a market a place in which they can confidently look forward to raising investment they require in a fair and well-organized approach. SEBI protects investor's rights and interest through adequate correct and genuine information and disclosure of information on a continuous basis for the intermediaries on a continuous basis. For the intermediaries it offers a competitive, professionalized and expanding market with sufficient and competent infrastructure so as to provide better service to investors and issuers.

Objectives

The regulate stock exchange and securities markets and to promote their orderly functioning. To guide, educate and protect the rights and interest of retail investors. To prevent trading malpractices and achieve a balance between self regulation by the securities industries and its statutory regulation. To regulate and to build up code of behavior and fair practices by brokers, merchant brokers, with a outlook to make them competitive and professional.



Functions of SEBI

- Regulatory functions
- Registration of brokers and sub brokers and other players in the market.
- Registration of collective investment schemes and mutual funds.
- Prohibition of fraudulent and unfair trade practices
- Controlling insider trading and takeover bids and imposing penalties for such practices.
- Investor education
- Training of intermediaries.
- Conducting research and publishing information useful to all market participants.
- SEBI imposed Rs 5 lakh fine on plastic flex industries for its alleged failure resolve investor complaint within the stipulated time.1

Organizational structure of SEBI

The activities of SEBI have been divided into five operational departments. Each department is headed by an Executive task Director. Apart from its head office in Mumbai, SEBI has regional offices in Kolkata, Delhi to attend investor complaints and act as a go between with the issuers, intermediaries and stock exchanges in the concerned region. SEBI has formed two advisory committees. (a) Primary market advisory committee and (b) Secondary market advisory committee. These committees are non statutory in nature in SEBI is not bound by the advice of these committees. These committees are a part of SEBI is invariable Endeavour to get hold of feedback from the market players on is- sues relating to the regulations and development of the market.

Authorities granted to SEBI

The management of the board consist of a Chairman, tow member from amongst the Officials of the Reserve Bank of India and five other members of whom at least three shall be the complete time members. SEBI has right to search and convulsion where just cause can be given. In matters of securities trading SEBI has power to contain and permit trading in a given script without any external intervention. Mutual funds can not spend more than 10 per cent of the total net assets of a system in the short term deposits of single bank, said the securities and Exchange Board India. Announcing guidelines for parking of funds short-terms deposits of scheduled commercial banks by mutual funds, the regulator said investment capital would also obtain in to explanation the set down scheme of bank’s subsidiaries. The SEBI has also defined ‘short term for funds’ investment purpose as a period not exceeding 91 days.

Types of valid complaints

- Complaints arising out of activities are covered under SEBI Act, 1992.
- Securities Contract Regulation Act, 1956.
- Depositories Act, 1996.
- Complaints against unlisted delisted wound up liquidated sick companies
- Complaint are the sub judiciary which are under consideration by court of law.

YEAR	Case taken up for investigations	Case completed	Success
			Rate (%)
1998-1999	2	2	100
1999-2000	3	3	100
2000-2001	2	2	100
2001-2002	60	18	30
2002-2003	122	55	45
2003-2004	53	46	87
2004-2005	55	60	109



2005-2006	56	57	102
2006-2007	68	46	68
2007-2008	111	29	26
2008-2009	125	106	85
2009-2010	121	152	126
2010-2011	130	179	138
2011-2012	159	81	51
2012-2013	120	102	85

Source: SEBI HANDBOOK OF STATISTICS ON INDIAN SECURITIES MARKET April 2011 – March 2012.

Regulations of security market

The security market is regulated by various agencies, such as the Department of Economics Affairs (DAE), the Department of Company Affairs, the Reserve Bank of India (RBI) and the SEBI. The Activities of these agencies are coordinated by a high level committee on capital and financial commodity markets.

The security and exchange board of India

With the declaration of the amendment passed and box up in 1992. The dimension of business in both the primary and secondary sector has been increased enormously till now. An agreement with supplies of security exchange board of India and exchange Act, 1992. In the same year on April 12th 1992 the security exchange board of India was well known. SEBI's efforts are market, and encourage responsible and accountable autonomy on the part of all players the market, who should discipline themselves and observes and observe the rules of the game. This would be possible, if the intermediaries set themselves up as effective self regulatory bodies. Self regulation is therefore the cornerstone of the regulatory framework advocated by SEBI, which like management by exception would result in regulation by exception. However, self regulation can work only if there is an effective regulatory body overseeing activities of self regulatory organizations. beginning to end the securities market a skeleton, which would prop up efficiency of the market so that it could make available the compulsory services to trade and business and classified investors in the most efficient economic way, conjure up rivalry and give confidence modernization, be approachable to worldwide improvement a skeleton which is bendable and charge successful so that it has simplicity to conduct and not limit the changes, and at last encourage self belief on the part of the investors and other users of the bazaar by ensuring the bazaar place is, and is also seen to be, clean to do business in a fair, see through and well organized behavior.

Scope of the research study

This study was mainly planned to observed the performance SEBI, relating to supervision of securities market and what kind of Investor Protection Measure taken by SEBI since 1992.

Objectives of research study

What kind of investors protection taken by SEBI from it establishment.

To find out whether any statutory body required to regulate the security market?

To find out the facts whether SEBI has taken legal action against frauds

Tools of data collection

Information gathered to you from books, websites, and other related resource to SEBI

Limitation of study

The study in limited to theoretical data collected from various source Text Books, Websites, Brochure an financial press reports.



Finding role of SEBI in Indian capital and securities market

SEBI's efforts are to generate effective surveillance mechanism for the securities market, and give confidence accountable and accountable autonomy on the part of all players the market, who should regulation themselves and observes and scrutinize the rules of the game. This would be possible, if the intermediaries set themselves up as effective self regulatory bodies. Self regulation is therefore the cornerstone of the regulatory framework advocated by SEBI, which like management by exception would result in regulation by exception. However, self regulation can work only if there is an effective regulatory body overseeing activities of self regulatory organizations. SEBI endeavors to make available a controller structure which would simplification an effective mobilization and allotment of wealth through the securities bazaar a structure, which would encourage effective of the bazaar so that it could manage the essential services to business and commerce and personal investors in the most effective economic route jog competition and promote innovation, be responsive to international growth a structure which is flexible and cost effective so that it has clarity to guide and not cramp the changes, and finally in breath trust on the part of the investors and other users of the bazaar by ensuring the bazaar place is, and is also seen to be, clean to do trade in a fair, transparent and efficient manner.

II. CONCLUSION

The SEBI is a regulatory body which is twenty one years old and the capital market system is more than 100 years old. There should be cross border cooperation among all sorts' regulators and between regulators and profession. Security Exchange Board of India has enjoyed success as a regulator by pushing systematic reforms aggressively and respectively. Security Exchange Board Of India did out with corporeal example that were prone to postal delays, thievery and product, separate from making the solution action slow and carking by passing Depositories Act, 1996. Security Exchange Board of India has also been instrumental in taking fast and useful steps in light of the universal meltdown and the Satyam fiasco. In 2011, it increased the region and stock of disclosures to be made by Indian corporate promoters. In light of the universal meltdown, it liberalized the takeover code to straighten investments by removing regulatory structures. In one such move, Security Exchange Board of India has increased the application limit for retail investors to Rs 2 lakh, from Rs 1 lakh at present.

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