

A Study of Role and Significance of Securities Exchange Board of India (SEBI)

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Abstract: - The structure 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 own securities the establishment of the native share and stock Brokers Association (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. The earliest legislative efforts to regulate 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.

LITRODUCTION

The security Exchange and Board of India was established by the government of India on 12 April 1988 an interim admin- istrative 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 admin- istrative control of Ministry of Finance. The SEBI was given statutory status on 30th January 1992 through and ordinance, later it was replaced by an act of parliament, Securities and Exchange Board of India Act, 1992. The capital market had witnessed a heavy growth during 1980's. This ever-expending investor population and market capitalization led to variety of malpractices on the part of companies, brokers merchant brokers, investment consultants involved in Securities Market. Such malpractices and unfair practices have eroded investor confidence and multiplied investor grievances. The exam- ple of malpractices include existence of self-styled merchant bankers, unofficial private placement, rigging of prices unof- ficial premium in new issues, non-adherence 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 lack of proper penal provisions in the existing legislation.

Role of SEBI

To assure it aims to provide a market a place in which they can confidently look forward to raising finance they need in a fair and efficient manner. SEBI protects investor's rights and interest through adequate accurate and authentic 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 adequate and efficient infrastructure so as to render bet- ter service to investors and issuers.

Objectives

The regulate stock exchange and securities markets and to promote their orderly functioning. To guide, educate and pro- tect the rights and interest of retail investors. To prevent trad- ing malpractices and achieve a balance between self regula- tion by the securities industries and its statutory regulation. To regulate and to develop code of conduct and fair practices by brokers, merchant brokers, with a view to make them com- petitive and professional.

Functions of SEBI

- regulatory function
- 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.

Organization structure

The activities of SEBI have been divided into five operation- all departments. Each department is headed by an Executive Director. Apart from its head office in Mumbai, SEBI has re- gional offices in Kolkata, Delhi to attend investor complaints and liaise with the issuers, intermediaries and stock exchanges in the concerned region. SEBI has formed two advisory com- mittees. (a) Primary market advisory committee (b) Secondary market advisory committee. These committees are non-stat- utory in nature in SEBI is not bound by the advice of these committees. These committees are a part of SEBI is constant endeavour to obtain feedback from the market players on is- sues relating to the regulations and development of the mar- ket.

Powers vested to SEBI

The management of the board consist of a Chairman, tow member from amongst the Officials of the Reserve Bank of In- dia and five other members of whom at least three shall be the whole-time members.² SEBI has right to search and seizure where just cause can be given. In matters of securities trading SEBI has power to restrict and allow trading in a given script without any external intervention. Mutual funds cannot invest more than 10 per cent of the total net assets of a scheme 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 cap would also take in to account the deposit 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.

Types of invalid complaints

Complaints against unlisted delisted wound up liquidated sick companies

Complaint are the sub judicary which are under consideration by court of law.

Table 1: Investigations by SEBI

YEAR	Case taken up for investigations	Case completed	Success Rate(%)
1992-93	2	2	100
1993-94	3	3	100
1994-95	2	2	100
1995-96	60	18	30
1996-97	122	55	45
1997-98	53	46	87
1998-99	55	60	109
1999-00	56	57	102
2000-01	68	46	68
2001-02	111	29	26

2002-03	125	106	85
2003-04	121	152	126
2004-05	130	179	138
2005-06	159	81	51
2006-07	120	102	85
2007-08	25	169	676
2008-09	76	83	109
2009-10	71	74	104
2010-11	104	82	78
2011-12	154	74	48
Apr 11- Dec 11	107	14	13
Apr 16- Dec 17	103	68	66

Source:SEBI HANDBOOK OF STATISTICS ON INDIAN SECURITIES MARKET 2016 – 2017 April

Regulation of security market

The security market is regulated by various agencies, such as the Department of Economics Affairs (DAE), the Department of Company Affairs (DC), 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 markets.

The security and exchange board of India

With the declaration of the amendment box up in 1991. The dimension of business in both the primary and secondary sector has been increased enormously till now. A harmony 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 to create effective surveillance mechanism for the securities market, and encourage responsible and accountable autonomy on the part of all players the market, who should discipline themselves and observe 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 organisations. 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 behaviour.

Scope of the 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.

Objective of study

What kind of investors protection taken by SEBI from its 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 is limited to theoretical data collected from various sources Text Books, Websites, Brochure a financial press report.

Finding role of SEBI in Indian capital market

SEBI's efforts are to create effective surveillance mechanism for the securities market, and encourage responsible and accountable autonomy on the part of all players the market, who should discipline themselves and observe 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 organisations. SEBI endeavours to provide a controller structure which would simplify an effective mobilisation 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, job 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.

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 October 2011, it increased the region and stock of disclosures to be made by Indian corporate promoters. In light of the universal meltdown, it liberalised 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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