

The SEBI Role in Indian Stock Market

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ABSTRACT - The securities and exchange board of India called SEBI is the regulatory authority established under the SEBI act 1992 and is a regulator for stock exchanges in India. SEBI has major and primary functions include protecting the investor interests, promoting and regulating the Indian securities markets. This paper brings valid points on investor protection policies and current trends in the market and how the protection policies changes last more than two decades. They are many types of investors are involved in the stock market such as individual investors, institutional investors such as domestic institutional investors and foreign institutional investors. The SEBI set up originally in April 1988, became a legal entity in March 1992.

Keywords: Securities exchange board of India, investor's protection, investments, stock exchange, and market intermediaries.

I. INTRODUCTION

The Securities Exchange and Board of India established by the government of India on 12th April 1988 through the administrative body to promote different corporate securities through different stock exchanges in all over India and main concept is encouraging the investors and traders by protecting the interest of investor's rights. It is functioning one of the under the administrative control of Ministry of Finance. The SEBI got statutory status on 30th January 1992 through proper formal ordinance, later it was replaced by an act of parliament due to some modifications, named as Securities and Exchange Board of India Act, 1992. The capital market had witnessed so many changes during the year of the 1980s. This ever-expanding investor participation and market The securities Exchange and Board of India monitors and controls stock market operations in a systematic way and there are so many stock exchanges listed under SEBI, they are more than 26 stock exchanges in India. Stock market provides a platform for investors and traders for buying and selling shares, mutual funds through this platform. In recent scenario investors and traders, percentages increased tremendously compared to last few decades. While enhancing stock market operations eventually malpractices also taken place at security market. For example of malpractices includes the existence of different banks illegal transactions, unofficial private placement in the economic environment, rigging of stock prices with unofficial related to stock market, violation of rules of stock exchange's listing requirements leads to penalty and cancelation of trading shares, authority, and delay in delivering shares etc. The governments of India, stock market exchanges, stock market intermediaries were helpless for redressing the investor's complaints because of lack of proper penal provisions in the existing legislation in India.

Objectives of the study

To find out the role of Security Exchange Board in India in Stock market Scenario.

To bring valid points about SEBI reforms

The scope of the study

This study was majorly planned to observe the performance and review of key initiations made by SEBI, relating to supervision of the stock market and Investor Protection Measures taken by SEBI since 1992.

Tools of data collection

Information gathered through from various sources such as books, articles, and other related resources from SEBI

Limitation of study

The study is limited to theoretical and conceptual data collected from various source Text Books, Websites, Brochure a financial press reports

Role of Securities and Exchange Board of India in Indian Stock Market Scenario

It's a goal to provide and build a market zone in which they can strongly generate fund operations. SEBI always give first preference to protect investor's wealth in the stock market. The listing companies made into mandatory for providing investment information and disclosure of information on a regular basis for giving more clarity on investment activities. SEBI always protects investor's rights and interest through accurate and authentic way by providing investing information and disclosure of information on a continuous basis for generating more clarity on stock market activities. For the market intermediaries on a continuous basis providing training and development regarding investment activities, and it always

offers a competitive, professionalized advantage and expanding the market operations with an adequate and efficient way so as to render better service to investors and issuers.

Securities and Exchange Board of India specific Objectives

The regulated stock market has specific objectives in order to promote and function effectively and efficiently.

To guide, educate, protect the right, interest of individual and retail investors is a major objective for building sustainable development in the capital market.

To prevent trading malpractices at any stage and achieve a balance between self-regulation through the securities industries and its through statutory regulation. Prevent trading and investment malpractices in the capital market for enhancing market efficiency and effectiveness in the Indian economy.

To regulate, develop and promote a code of conduct and fair practices for the brokers, merchant brokers, with a view to make them competitive and professional

II. FUNCTIONS OF SEBI

- Regulatory function is key in the market for ensuring fair and transparency
- Registration and granting permission to various brokers, sub-brokers and other key plays in the market
- Registration of various investment schemes and mutual funds.
- Identifying the fraudulent and unfair trade practices in the stock market and taking necessary actions against them
- Controlling insider trading through proper observations and imposing proper penalties for such practices.
- Investor education by conducting various awareness camps.
- providing training for intermediaries for enhancing knowledge and awareness
- Conducting proper research and development and publishing necessary information to all market participants.
- SEBI charges Rs 5 lakh fine on Serene Industries for not resolving an investor complaint within the stipulated time.

Organization structure of Securities and Exchange Board of India

The activity of the Securities Exchange Board of India divided into five major operational departments such as each department is especially headed by an Executive Director. Apart from its head office in Mumbai, SEBI has two major regional offices such as Kolkata, New Delhi to consider investor complaints and finding relevant solutions with the issuers, intermediaries and stock exchanges in the concerned regional areas. SEBI has nominated two

advisory committees named as Primary market advisory committee and the second one is Secondary market advisory committee. These committees are basically non-statutory mode in nature in Securities Exchange Board of India is not always bound by the advice of these committees. Organization design of SEBI is so clear with a board of members for major decision making and there is a proper delegation of authority will be done through by the hierarchal way for avoiding more confusion in the stock market. After few years of establishment of SEBI, venture capital funds operated under the control of SEBI and provided proper guidelines for the venture capital funds during the year 1996. In the year 2000 SEBI got independent status for running all Venture capital funds, Depositories and credit rating agencies etc. New issue market developed in recent scenarios eventually stock market operations extended by the active investors and traders in the market. The enrolment of stock exchanges predominately increased from 1,200 to 6000 by the end of the year 2007. Market capitalization tremendously increased between the eighties and nineties because of more investors and traders participation in the stock market. A number of changes made in regulatory and developmental measures have been adopted to increase the efficiency of the secondary market operations and for encouraging the investor's savings and mobilization of funds. The minimum capital for listing has been raised to Rs. 3 crores and in the same way raised 5 crores in the year 1995. Healthy stocks market activities and always look forward to bring positive outlook in the market.

Corporate Scenario in the Indian Stock Market

The liberalization made through the industrial policy since the initiation made in the Seventh Five year plan in 1985. UTI started operations in the year of 1987 for mobilization of funds from the public. Investors got more benefits by investing in the stock market and given more tax relaxations for encouraging the investments and mobilization of funds, for example, exemption of dividend income increased from income tax schedule for the amount of Rs.15,000. There were nearly around 2 lakh companies registered in India and registration graph increased in an abnormal way within a short period of time and more companies started promoting the products by issuing shares in new issue market as well as secondary market. More than 8,000 companies enrolled in all major stock exchanges in India. Their market capitalization increased 35,000 crores in the year 2007 on the Bombay stock exchange.

III. STOCK EXCHANGE REFORMS

Market makers

The SEBI has changed rules and regulations for market makers, in October 1995. The company which they want to be listed should maintain paid up capital Rs. 3 Crores and Rs. 5 Crores by mentioning with a track record of

commercial production at least two years, they suppose to seek permission from market makers compulsorily. The bank finance for listing companies mentioned certain details on OTCEI or on regular stock exchanges.

BOLT System

BSE switched over to the online trading platform in January 1995, called BOLT, in the same way, NSE and this became fully operational in May 1995. BSE switched over to weekly settlement system in specified shares and in another B1 Category of cash scripts with about 200 of them during Feb. 1996. The BSE has also allowed expansion of the online trading system on other stock exchanges for enhancing stock market operations during the year 1995.

Exchange Reforms

SEBI changed the market scenario with the online trading system and build BOLT system for providing transparency trading and investments in the stock market and made an account for every transaction in the stock market and the journey started in the year of 1996. The main theme of online system limiting the physical transfer shares and the launching of the Depository system, on-line electronic trading for all exchanges, encouraging the online registration to various sub-brokers through the country in India. Rolling settlement introduced for monitoring system and making the stock market system transparent way.

Ongoing Reforms

Market pathway involved so many trading and investing complications such as malpractices on the part of companies, brokers, investment, fund management consultancies involved in the stock market. Such malpractices impact on investors' confidence and not comfortable for their investments in the stock market.

IV. POWERS GOVERNED TO SEBI

The management of the board especially contains a Chairman, two member plays major functional levels heads from the Reserve Bank of India and five other members belongs to whom at least three shall be the lifetime members. SEBI has the right to search and find relevant information about the organization. With the connection of securities trading, SEBI has the power to restrict, control, and allow trading and investments of a given script without any external evaluation. In Mutual funds scenario, one individual investor cannot invest more than 10 percent of the total net assets of a scheme in the short term deposits of a single bank, said the Securities and Exchange Board India. While framing the guidelines for trading and investment of funds short-terms deposits of scheduled commercial banks by mutual funds, the regulator said investment funds and shares would also take in to account the deposit scheme of bank's subsidiaries. The SEBI has

given guidelines for the 'short term for funds' investment purpose as a period not exceeding 91 days.

Types of valid complaints in Indian Stock market

Most of the Complaints identified and arising out of those insider activities are covered under the SEBI Act, 1992.

·Securities Contract Regulation Act, 1956 always implement for restricting monopoly system in the market and providing a healthy environment in the capital market.

·Depositories Act, 1996, had taken place because carrying systematic depository services in the market.

Regulation of security market

The stock market is regulated by various linked agencies for ensuring transparency and maintaining stability in the trading and investment scenario, such as the Department of Economics Affairs (DAE), the Department of Company Affairs (DC), the Reserve Bank of India (RBI) and the SEBI plays a major role in protecting the interest of investors and ensuring effective capital market. The role of these agencies is coordinated with each other through a high-level committee on capital and financial markets.

The securities and exchange board of India

With reference to the amendment act in the year 1993. They are two dimensions of business activities in both the primary sector and the secondary sector has been drastically increased until 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 made efforts are to create effective stock market system for the securities market and encourage responsible and accountable way on the part of all major players the market, who should maintain discipline themselves for providing accurate information to investors and institutional investors, This would be possible if the intermediaries set themselves up as effective self-regulatory bodies. Self-regulation is one of the processes to maintain and controlling regulatory framework advocated by SEBI, which like management by exception would result in regulation by exception. However, self-regulation can work extremely good only if there is an effective regulatory body overseeing activities of self-regulatory organizations. beginning to end the securities market transactions, which would leads to efficiency of the market so that it could make available the compulsory services to trade, business and classify the investors in the most efficient and effective economic way, makes up rivalry and give confidence modernization, be approachable to worldwide improvement a market which leads sustainable development in the capital market.

V. FINDING THE ROLE OF SEBI IN INDIAN CAPITAL MARKET

Security Exchange Board of India's efforts is always to create an effective stock market system for the safe securities market and encourage responsible and accountable autonomy and transparency on the part of all players the capital market, who should have disciplined themselves and observe the rules of the market mechanism, therefore, they can minimize losses. This would be possible through intermediaries set themselves up to an effective self-regulatory body. Self-regulation is, therefore, to maintain harmony in the capital market through of the regulatory framework advocated by the Securities Exchange Board of India. However, self-regulation can work only if there is an effective regulatory body engaging the activities of self-regulatory organizations. Security Exchange Board of India owns to provide a controller structure which an effective mobilization and allotment of wealth through capital market structure, which would encourage effective of the capital market so that it could manage the render essential services to business and commerce and individual investors in the most effective economic route, reducing the competition and promote innovation, be responsive to international growth a structure which is flexible and cost-effective so that it has clarity to guide, modifications and other changes, and finally turns into trust on the part of the investors, traders and other users of the stock market by ensuring the capital market place and is also seen to be, clean and clear to do trading and investment in a fair manner, transparent and efficient way.

VI. CONCLUSION

The SEBI is an authorized regulatory body which is having twenty-one years old history and the capital market system having more than 100 years old rich history. There should be cross - border cooperation among all sorts of regulators and professional investors and traders in the capital market. Security Exchange Board Of India has enjoyed success as a regulator by implementing systematic reforms aggressively and respectively. Security Exchange Board Of India did so many reforms in the primary market and secondary market. example there was a time for postal delays, for reaching trading and investment receipts and took initiation by separating from making the solution action slow and reducing the time and ensuring the depositaries by passing Depositories Act, 1996. Security Exchange Board Of India has also been as an instrumental way by taking fast and useful steps in the liberalization, privatization, globalization leads to increasing the participation of retail and institutional investors and trades, In October 2011, it increased the regional investors, traders and stock of disclosures to be made by Indian corporate promoters. In the globalization scenario, it has been liberalized for the takeover code to straighten investments by reducing

regulatory structures. In this way, the Securities Exchange Board Of India has increased the application limit for retail investors from 1 lakhs to rupees 2 lakhs.

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