



AN OVERVIEW OF THE SEBI

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Abstract--The study has aimed to establish however so much SEBI removed the abusive company activities and mal practices from stock market and to gauge the functioning of SEBI. Therefore, during this study historical situation of stock market and its regulation has been mentioned to spot the current standing of market. This study is an endeavour to get the facts like whether or not SEBI is sufficiently scattered to discharge its responsibilities and duties? And the way so much is it exertion those powers? The study has conjointly targeted on the reforms created by SEBI in primary moreover as in secondary market to extend transparency and stability within the market.

Keywords: SEBI, Stock Market, Powers

INTRODUCTION

Securities market in India has witnessed tremendous growth throughout the last fifteen years in terms of variety of firms, capitalisation, increase in variety of investors, stock exchanges, turn over, and mutual funds etc. The economic relief and numerous reforms within the country have additionally acted as catalyst within the development of exchange. The liberalisation measures taken by government have additionally expedited the globalisation of the Indian exchange. This has brought notable changes in exchange and has modified investment situation within the country. On the opposite hand, ever increasing investors population and market capitalization has additionally light-emitting diode to sort of malpractices on the a part of the businesses, brokers, businessperson bankers and plenty of alternative market participants in new shares and stocks in India. Thus, the govt. felt a powerful would like of a restrictive body that may monitor and supervise exchange. SEBI was habitual in 1988 and it obtained its statutory character in 1992 when the enactment of SEBI Act, 1992. SEBI is primarily habitual to control and promote exchange. at the same time, it's additionally the duty of SEBI to shield the interest of investors. Thus, SEBI is working and functioning within the market from nearly last fifteen years (after having its statutory character). however so much it's achieved its goals? it's, during this context that this study has been administrated. The study has used belief technique of analysis. consequently information has been collected from numerous journals, magazines, committee reports, statutory material of India and alternative countries, printed books, web etc. the tactic is employed to analyse totally different enactments, regulation exchange in India. The study has targeted on Indian exchange notably the market regulator SEBI.

Securities market that consists of 2 dependent and indivisible segments; primary and secondary market, as while not understanding exchange it'll not be doable to grasp the role and functions of SEBI in market. The first market deals with the new securities and therefore the secondary market provides liquidity to the investments created within the primary market. The issuers of securities issue new securities within the primary market to boost funds for investments or to discharge some obligations. The funds in primary market is also raised through provide purchasable, non-public placement, right problems and public problems. It's a public issue during which anybody and everyone will subscribe for the securities. Secondary market allows participants United Nations agency hold securities to regulate their holdings in response to changes in their assessment of risk and come.

They additionally sell securities for money to fulfil their liquidity desires. Secondary market any has 2 elements, particularly over the counter (OTC) market and exchange. Unlisted markets square measure primarily informal markets wherever trades square measure negotiated. Most of the trades in government securities square measure in over-the-counter market.

The securities listed within the exchange square measure freely transferable. It allows the investors to sell or purchase the securities at honest costs, that is decided by the provision and demand factors.



Securities market facilitates transfer of resources from savers to the users means that the particular activity of savings for the aim of economic process of the country. The market assists in mobilizing the funds from the savers and transfers these funds to the borrowers for the aim of production i.e. a crucial demand of economic process. However, the market doesn't add vacuum and it needs the services of assorted intermediaries like brokers, sub-brokers, businessperson bankers, underwriters, registrars to a difficulty, bankers to a difficulty, share transfer agents etc.

The Indian exchange is primarily govern through the four main legislations i.e. the SEBI Act, 1992 that establishes SEBI to control and promote exchange and to shield investors from the market abuses, the Company's Act, 1956 that sets out the wants of issue, allotment, disclosures to be created within the public issue etc., the Securities Contract (Regulation) Act, 1956 that provides regulation of transactions in securities through management over stock exchanges and therefore the Depositories Act, 1996 that provides electronic maintenance and transfer of possession of demat securities.

The responsibility of regulation exchange is shared by DCA, DEA, tally and SEBI. However, SEBI is primary body notably habitual for the regulation of exchange. The study reveals that SEBI isn't associate autonomous or freelance body though it's supposed joined and it's operating underneath the strict management of central government. Excessive government management results in absolute choices creating corruption. Moreover, the powers entrusted to SEBI are literally unconditional in one person who is chairman of SEBI. Thus, there is an incorrect possibility of misuse of powers and it additionally diminishes the credibleness of SEBI's orders and choices.

Originally SEBI was entrusted a bundle of responsibilities and duties but, it had been not adequately authorised and authorised to discharge those responsibilities and functions. it had been not economical to handle market abuses and defaulters or offenders. Hence, SEBI's powers extended at numerous stages to form it competent to attain the assigned objectives. currently it's mammoth powers to control the market and stop the abusive company activities prevailing within the market. The powers having been bestowed on SEBI abundant rely on the way during which these powers square measure exercised. Misuse similarly as non- use as additionally the tardy use of such powers could just about frustrate the legislative objective. The study reveals that SEBI isn't terribly sure-fire in handling market misconducts and defaults and it hesitate in imposing penalties on the offenders albeit authorised to try to to therefore. The study additionally discloses that SEBI has created numerous reforms within the market, that have reworked exchange to some extent; however, there square measure some reforms pioneered by SEBI that square measure very pathetic within the manner they're created. For instance, it's established CLA that isn't sufficiently authorised drinker kind its duties and furthermore it created repetition of efforts on the elements of candidates, it additionally directed the market participants/intermediaries to appoint compliance officer United Nations agency is of no use etc.

There square measure frequent tries by market participants to govern securities costs through circular commerce or another hot means that. SEBI that is habitual notably for regulation of exchange and capitalist protection, has didn't enforce the laws. However SEBI is promoting exchange on the pattern of international customary by introducing numerous reforms within the market however isn't terribly sure-fire in handling the defaulters and preventing the abusive company activities within the market, its prescribed rules, laws and tips for exchange and market participants. these days exchange doesn't would like impeding rules and laws which can slow business, however an acceptable machinery for quickly characteristic and pursuit down speculators United Nations agency square measure humouring in malpractices, before irreparable injury is completed to promote. Thus, creating rules, laws and tips for the regulation of exchange and its participants doesn't build any distinction till their violations square measure prevented. SEBI has failing in going away any deterrent result on the market participants. It's not wise to recommend that a replacement restrictive body or super restrictive body ought to be habitual for this purpose however there square measure following suggestions which can be thought of for up the structure, functioning of SEBI and restrictive framework of exchange.

The central government, ought to rethink the freelance character of SEBI. At the moment SEBI isn't associate autonomous restrictive body. There square measure numerous provisions underneath SEBI Act 1992 that



recommend that it's operating underneath complete and strict management of central govt. Excessive government management results in lobbying, absolute choices creating corruption. SEBI is habitual of 9 members, of that chairman and 5 alternative members square measure appointed by the central government, as provided underneath section four of the Act. During this regard it's advised that everyone the members of SEBI ought to be appointed by government, in consultation with the chief justice of India.

Further, section five authorises central government, to terminate the services of the members of SEBI as well as chairman at any time. It provides absolute powers to central government, to terminate services of the members. Therefore, it's advised that the chairman of SEBI mustn't be removed by central government, unless on a ground of tested actus reus or incapacity when associate inquiry by SC eight choose whereas alternative members ought to solely be terminated solely on the desired grounds underneath section vi of the Act.

The chairman of SEBI has been entrusted with wide powers and there's monumental likelihood of misuse of these powers. For this purpose it's advised that everyone the orders and call ought to be taken or lapsed a majority votes of the members gift and pick.

The post of Adjudicating Officer ought to be created at intervals SEBI on the pattern of law choose in USA to adjudicate the matters. At the moment he's appointed by SEBI given that any investigation indicates that violations of the securities laws are occurred. Qualifications for adjudicating officers ought to even be prescribed.

SEBI ought to 1st develop religion among market participants and that they should believe that it's operating in a very honest and impartial manner. At present, most of SEBI's orders square measure challenged by the parties and Securities appellate court (SAT) doesn't invariably accept as true with the market regulator. Recently, Sabbatum put aside associate order of the SEBI against associate investment arm of Swiss banking big UBS. The order of Sabbatum extended the already long list of cases wherever the court failed to accept as true with the market regulator. Before that in 2002, Sabbatum had put aside SEBI' s order harming Sterlite Videocon International and BPL from accessing the capital marketplace for alleged worth manipulation as mentioned.

Therefore it ought to add associate impartial manner. SEBI ought to be a lot of sensitive to investor's desires and issues. The market's growth and healthy functioning rely upon the boldness that investors have within the market's mechanism. Real investor's participation within the market will be accrued solely by building his confidence that he are going to be effectively protected against market abuses and lapses. Such confidence continues to be weak in India despite the reforms created by SEBI to date.

The investors ought to additionally come back at intervals the scope of SEBI. The investors / shoppers giving false info concerning their money standing ought to even be punished. Many times they mention the incorrect particulars within the registration kind with the brokers.

Under SEBI Act 1992 2 various forms of penalty for violations of the provisions of the Act additionally to prosecution and directions are provided. Their suspension or cancellation of certificate of registration to be obligatory by SEBI associated financial penalties to be obligatory by an adjudicating officer to be appointed by SEBI. Therefore, if the violation is assigned to associate adjudicating officer, SEBI loses management over the case and therefore the adjudicating officer decides the case on advantage. The adjudicating officer will at the best impose financial penalty although he finds that the violation very warrants suspension or cancellation of registration. Similarly, if SEBI at the start considers a case for suspension or cancellation, it cannot impose financial penalties although it concludes that the violation warrants financial penalties. This happens as a result of SEBI doesn't have power to impose financial penalty and therefore the adjudicating officer doesn't have the ability to suspend or cancel a certificate of registration. Thus, adjudicating officer ought to even be licensed to award suspension and cancellation of registration certificates.

Today, except the businesses Act 1956 exchange is ruled by the provisions of Securities Contract (Regulation) Act 1956, The SEBI Act 1992 and numerous rules, laws, notifications created under it and Depositories Act 1996 etc. going away alone the compliance side, even in administering of those provisions, there arises associate surplus duplication.



Therefore, there's associate imperative got to evoke a comprehensive law group action the various provisions in several statutory enactments into one unitary law. Similarly, exchange is regulated by several regulators i.e. SEBI, RBI, DCA, DBA, ROC etc. Therefore, as a primary endeavour SEBI ought to incline its autonomous standing as mentioned and thenceforth it ought to be the sole authority to control exchange.

Lastly, exchange management is labour intensive and depends for fulfilment on the commitment, judgment and ability of the personnel concerned. Conferring extra powers on SEBI wouldn't build abundant distinction unless it's right quality and amount of individuals to administer the Act. It presently has 217 officers and 147 workers members at totally different branches that's not enough in sight of the duties and responsibilities it's to perform. The workers strength at SEBI ought to be accrued to fulfil the challenges and rigors of administering a exchange.

CONCLUSION

SEBI has introduced the excellent restrictive measures, prescribed registration norms, the eligibility criteria, the code of obligations and therefore the code of conduct for various intermediaries. A by-product commerce through Indian Stock Exchanges permissible by SEBI may be a real landmark.