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The Detail Study of SEBI in Indian Capital Market

Amisha Pandurang Jadhav
Research Scholar
The Byramjee Jeejeebhoy College of Commerce, Mumbai, Maharashtra, India

Abstract: *The regulatory body that oversees India's capital markets was founded by the SEBI Act of 1992 and is known as the Securities and Exchange Board of India, or SEBI. Protecting investor interests and promoting and regulating the Indian securities markets are among SEBI's main duties and responsibilities. When East India company securities were exchanged in the nation in the 18th century, India's capital market began to take shape. The Indian capital markets have encountered numerous challenges during their journey. As a regulator, SEBI has made significant reforms in recent times. These include the launching of pre-market auction sessions, a shortening in the issue-listing period to 12 days, an increase in the retail equity investor limit to Rs. 2 lakh from Rs. 1 lakh, and reduction issue-listing period to 12 days, the start of pre-market auction sessions, an extension of the trading hours on stock exchanges, an enhancement of the price discovery mechanism, the inclusion of ASBA in initial public offerings (IPOs), the use of smart technology in trading, and the permission for anchor investors to participate in IPOs, etc., Furthermore, all of the necessary frameworks for oversight, transparency, trade, and regulation are in place. With a new round of SEBI reforms, India might surpass other major international financial markets in terms of market openness and fairness. This article makes a number of significant points, such as the role that SEBI plays in investor protection regulations, the state of the market now, and how investor protection rules have changed over the past 20 years.*

Keywords: Capital market, SEBI, Securities and exchange board of India, Regulations

I. INTRODUCTION

The Securities and Exchange Board of Indian (SEBI)-Regulator of the financial markets in India that was established on 1988. It was initially established as a non-statutory body, i.e. it had no control over anything but later in 30th January 1992, it was declared an autonomous body with statutory powers.

The Securities and Exchange Board of India, or SEBI, is a crucial organization in the country's financial sector. It is essential to preserving market integrity and defending investor interests because it is the key regulatory agency in charge of monitoring the securities industry. A financial package that combines investing and insurance is called ULIP, or unit linked insurance plan. In addition to providing life insurance, it gives policyholders access to a variety of investment options. ULIPs are a popular option for long-term financial goals because they enable people to increase their wealth while protecting it for the future.

In order to prevent fraud and uphold market openness, SEBI was founded. The Indian stock market had numerous frauds in the 1970s and 1980s, including unauthorized private placements, insider trading, disregard for the Companies Act, manipulation of the market, breaking of regulations, manipulating pricing, and share delivery delays.

SEBI has its head office in Mumbai with its headquarters located in Mumbai, SEBI has expanded to include regional offices in the major cities of Delhi, Chennai, Kolkata, and Mumbai. The Reserve Bank of India has one member, two members selected by the national government, one member representing the finance and law ministries, and a chairperson make up the Board of SEBI.

The capital market is a marketplace for long-term finances raised both domestically and abroad, including debt and equity. The secondary market is a market for already-issued securities. The secondary market only maintains the marketability and liquidity of outstanding debt and equity instruments, whereas the primary market generates capital information through initial offerings.

What is Securities Appellate Tribunal (SAT)

Additionally, SEBI creates committees as needed to investigate urgent matters at hand. In addition, a Securities Appellate Tribunal (SAT) has been established to safeguard the rights of organizations that see their decision made by Sebi to be unfair. A presiding officer and two other members make up SAT.

Establishment of SEBI

The Securities and Exchange Board of India is referred to as SEBI. It is a legally mandated regulatory agency that the Indian government formed in 1992 to oversee the securities market and safeguard the interests of investors buying securities. Mutual funds and the stock market are likewise subject to SEBI regulations.

Functions Of Primary Market Under SEBI

As a component of the capital market, the primary market also issues new securities.
The Primary Market encourages people to turn their savings into investments, which promotes capital growth.
Through an investment bank or financial syndicate of securities dealers, public sector or government entities and businesses can get capital in exchange for the issuance of new stocks or bonds.
It promotes IPOs, or initial public offerings.

Powers of SEBI

In addition to regulating stock market operations, SEBI protects shareholders' rights and ensures the safety of their capital. By harmonizing its legislative requirements and encouraging self-regulation among businesses, it also seeks to prevent fraud. Additionally, the regulator permits a professional intermediary market that is competitive.
In addition to the aforementioned duties, Sebi offers a platform where issuers can appropriately raise capital. Additionally, it guarantees investment safety and the delivery of exact and accurate information. Sebi protects the securities market from fraudulent activity by analyzing stock trades. Both stockbrokers and sub-stockbrokers are under its authority. It educates investors about the market to improve their understanding.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- To understand how the Capital Market and SEBI interact
- To be aware of the steps SEBI has done since its founding to protect investors;
- To determine whether or not SEBI has been operating as an autonomous body to appropriately regulate the securities markets;
- To ascertain whether SEBI's authority and functions are being carried out correctly;
- Lastly, to provide SEBI with conclusions and recommendations on its function in the Indian Capital Markets.

Scope of the study:

SEBI by overseeing the securities market, maintaining openness, and defending the rights of investors, SEBI is an essential component of the Indian financial system. Additionally, it controls how portfolio managers, stockbrokers, sub-brokers, and other securities market intermediaries operate.

Tools of data collection:

Data acquired from a range of sources, including books, papers, and further relevant SEBI resources.

Limitation of study:

The study is restricted to theoretical and conceptual information gathered from a variety of sources, including financial press stories' brochures, websites, and text books.

II. REVIEW OF LITERATURE

Numerous studies have been conducted in the sector, but none of them have been able to fully realize the significance of the aforementioned research project. A.K. Sharma and Asutosh Vashishta's work, Dynamics and Regulatory System of Indian Financial Markets. Indian Institute of Technology, Department of Management Studies. In an attempt to provide a comprehensive review of the Indian financial market and its regulatory framework, Roorkee has also provided an analysis of the general notion of the Indian financial market, however he has not placed enough emphasis on the key regulatory bodies. SEBI Within the same framework, Drs. Shiv Kumar Deene and Madani D.M.'s work Capital Market Reforms Some concerns has provided an overview of the reforms.SEBI Within the same framework, the work Capital Market Reforms Some issues by Drs. Shiv Kumar Deene and Madani D.M. has succeeded in providing an overview of the reforms implemented in the capital market since its expansion, but it has only succeeded in providing an overview and has not placed any particular emphasis on any issue. Furthermore, While Rabi Narayan Kar's work Indian Capital Market and Regulatory Framework provides a comprehensive picture of the Indian capital market, it does not provide a thorough analysis of the controls and how they affect the capital markets' operation.The aforementioned works have played a significant role in highlighting the composition of the capital market and financial system, as well as the necessary reforms for their growth and optimal operation. The completed works have prioritized broad standards. Together with the previously specified works, the aforementioned work has covered the entirety of the issue and the modifications brought about by SEBI, the primary regulator, specifically for the growth of the capital market and investor protection. The aforementioned work has aided in identifying the several areas that have remained unclear as well as the role and functions of SEBI as the regulator of the Indian capital market.

Role of SEBI

Protecting the interest of investors

SEBI ensures that the investors do not get befooled by misleading and false advertisements. In return, SEBI issued guidelines so as to protect investors and also ensured that the advertisement is fair and concise.

Regulation of price rigging: Price rigging refers to manipulation of prices by way of fluctuating the prices with the object of inflating and depressing the market price of securities.

SEBI make efforts to educate investors so that they are able to make choices between the offerings of different companies and choose the most profitable securities.

SEBI has issued guidelines to investigate cases of fraud and insider trading. Adding to this the provisions for fine and Imprisonment.

Limitations of SEBI

Finally, in our observation as regulator SEBI has played an immense role in the development of the capital market for the last more than one and half decades as a genuine autonomous body. Though it has started as a watchdog in protecting investors ‘interests, regulating the working of Stock Exchanges, and promoting capital market, still it faces several problems/ limitations. Some of these are as follows:

SEBI has been given permission by the Central Government to create its own set of guidelines for actively observing the capital markets. The government must first approve these laws and regulations. The Ministry of Finance will unnecessarily delay and interfere as a result. The functioning of SEBI would be hampered by the bureaucratic delays in approving the regulations. To attain professional efficiency, the government ought to instruct SEBI to create or modify regulations based on the needs of the circumstances.

SEBI may occasionally need permission before initiating criminal proceedings over rule infractions. Once more, this will result in delays at the federal level.

Throughout the course of the previous ten years, a number of scams have exposed the ineffectiveness of the SEBI as a regulator. The horse ran, and the SEBI is accused of closing the stable door. For example, the SEBI reviewed the CRB Capital Markets' operations on several occasions, but it adopted a lax approach that cost large investors crores of rupees.

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Capital Markets' operations on several occasions, but it adopted a lax approach that cost large investors crores of rupees.

To help possible defaulters avert a significant payments problem, the SEBI has reduced its assistance by more than half. When the actual swindlers employ novel strategies, the monitoring apparatus takes an extended period to adjust.

Investors view the SEBI as less investor-friendly and more corporate-friendly. It did not only do little to punish dishonest businesses, but it also did nothing when those same businesses returned to the market with fresh problems.

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III. FINDIND & RESULTS

The Security Exchange Board of India works tirelessly to establish an efficient stock market system for the safe securities market and promotes transparency, self-discipline, and accountability among all capital market participants. By adhering to the rules of the market mechanism, these individuals can reduce their losses. This could be achieved by intermediaries positioning themselves as an efficient self-regulating entity. Therefore, the goal of self-regulation is to sustain harmony in the capital market by implementing the regulatory framework that the Securities Exchange Board of India has recommended. However, self-regulation can only function in the presence of an efficient regulatory authority supervising self-regulatory bodies.However, self-regulation can only function in the presence of an efficient regulatory authority supervising self-regulatory bodies. The Security Exchange Board of India is responsible for providing a controller structure that effectively mobilizes and allocates wealth through the capital market structure. This would encourage the capital market to manage the provision of essential services to business and commerce as well as individual investors in the most efficient economic route, reducing competition and promoting innovation, being responsive to international growth, and providing a structure that is flexible and cost-effective so that it has clarity to guide, modifications and other changes, and ultimately turns into trust on the part of investors, traders, and other stock market users and is also seen to be, clean and clear to do trading and investment in a fair manner, transparent and efficient way

IV. CONLUSION

The capital market system is over a century old, and SEBI is a thirty-year-old regulating authority. Monitoring is more necessary in this developed capital market system than excessive regulation. This capital market system should be overseen by SEBI so that each subsystem progressively transitions into a self-regulatory organization (SRO). The limitations that these subsystems must function under should be established by SEBI. Furthermore, all of the necessary frameworks for oversight, transparency, trade, and regulation are in place. Therefore, the SEBI ought to shift its focus from daily regulations to more imaginative ones. With the next round of reforms, the SEBI can guarantee a free and fair market and elevate India into the league of major international capital markets.It must carefully examine its composition and operation in order to make this possible. The SEBI must strike a balance between market expansion and regulatory expenses. Cross-border collaboration between different regulators as well as between regulators and business is necessary. As a result, the SEBI needs to shift its focus from everyday regulations to more strategic ones.

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