



Sebi: Achievements Problems And Emerging Challenges

KEYWORDS

consumer behaviour, FMCG, consumption pattern, Analysis of different FMCG product.

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ABSTRACT capital market and in 1992 it was given statutory status. This article tell about the achievements of SEBI and challenges faced by it today.

OBJECTIVES

1. Introduction of SEBI
2. Achievements of SEBI
3. Problems and emerging challenges
4. conclusion

RESEARCH METHODOLOGY

This is a descriptive research and the data used here is secondary data collected from various sources.

INTRODUCTION

With the growth in security market transactions, various ill practices such as duplication of share certificates , forgery, delay in delivery, unofficial premium on new issue , violation of rules and listing requirement were also growing .it was surendra dave and a small team of IDBI in 1988 that founded SEBI. Initially SEBI was not given an autonomous status and enough power to curb these malpractices in security market. It was when fixed income and stock market scandal of 1992 hit stock market that the parliament enacted SEBI act giving SEBI an autonomous status with separate legal entity and a perpetual succession .

The preamble of the security and exchange board of India describes the basic functions of the securities and exchange board of India as " to protect the interest of investors in securities and to promote the development of , and to regulate the securities market and for matters connected therewith or incidental thereto "

It has its headquarters in the district of Bandrakurla complex in Mumbai. Controller of capital issues was the regulatory authority before SEBI came into existence. SEBI is managed by its members which consist of the chairman who is nominated by the union government , two members who are officers of union finance ministry, one member from reserve bank of India and the remaining four members are nominated by the union government of India out of whom three should be whole time members.

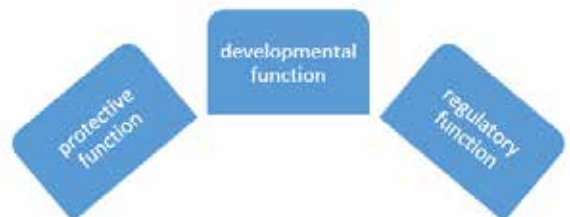
SEBI is a statutory body which is established to protect and promote the interest of investors and control, regulate and facilitate the healthy growth of security market

The following matrix shows the objectives of SEBI:



POWERS AND FUNCTIONS OF SEBI

SEBI has various functions that can be categorised into three categories:



- Protective functions
- prohibit price rigging
- prohibit insider trading
- prohibit fraudulent and unfair trade practices
- promote investor education
- promote fair practices and code of conduct in the security market

Development functions

- Training of intermediaries
- To promote trading in security market. For example in permitted internet trading, made underwriting optional etc.

Regulatory functions

- Mandatory registration of brokers , sub brokers , share transfer agents , trustees, merchant bankers and others
- Developed a code of conduct for intermediaries
- Registration and regulating the working of mutual funds
- Regulating takeover of companies
- Audit of stock exchanges

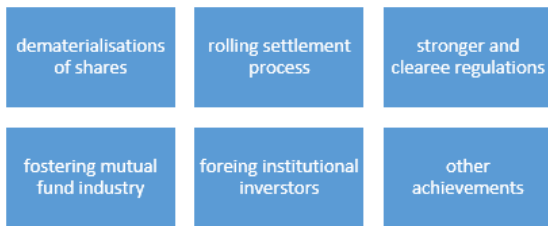
For the discharge of its functions SEBI is given various powers. Some of these powers are as follows:

1. To approve by- laws of stock exchanges
2. To ask stock exchanges to amend their by- laws
3. Inspect the books of accounts and call for periodical returns from recognised stock
4. Inspect books of accounts of financial intermediaries
5. Compel certain companies to list their shares in one or more stock exchanges
6. Registration of brokers

SEBI issues regulations that has the status of law. It investigates offences and writes orders. Appeals against SEBI orders goes to the securities appellate tribunal.

ACHIEVEMENTS OF SEBI

SEBI turned 25 in 2013. While evaluating SEBI we must take into consideration the circumstances under which it came into being, early handicaps it had to overcome such as a less than supportive government. SEBI had to start from the stretch. The top five achievements of SEBI are as follows:



Dematerialisation of shares

After depository act came into being SEBI introduced dematerialisation of shares. This development helped in minimising problems like certificate duplication, delay in delivery and forgery Etc. electronic trading has made things faster and convenient.

Rolling settlement process

In 2001 the settlement cycle was T+5 and in 2003 it was T+2. SEBI is aiming for T+1 settlement cycle .pushing for market development is one of SEBI's big achievement.

Stronger and clearer regulations

In the early days of SEBI there were strong lobbies of brokers but fear and respect in the market. The quality of its regulations and orders has improved.

Fostering mutual fund industry

SEBI has taken various steps to increase the popularity of mutual fund and prevent mis-selling of products by distributors. It relaxed KYC norms for small investors and increased its distribution in rural India by roping postal agents. It banned entry loads for mutual fund schemes in 2009.

FII

From 1993 entry of FIIs were allowed in the Indian equity markets. Since 2004 SEBI has been consistently revising the FIIs investment limit. Much of foreign money came in through offshore derivatives instrument like participatory notes. Though in 2007 further issue of participatory notes were banned but again in 2011 C.B Bhave to protect rupee from falling, lifted this ban.

Other achievements

- SEBI had issued detailed guidelines for all companies regarding disclosure of information and protection of investors interest.to reduce cost of issue it made underwriting optional SEBI HAS prosecuted many companies many companies for delaying transfer of share and for delay in refund of public money
- It has issued guidelines for intermediaries and on takeover and mergers
- SEBI has brought out a number of publications for the guidance and education of investors.
- Control on merchant banking. Merchant bankers now have a great degree of accountability in the offer document and issue process.

PROBLEMS AND EMERGING CHALLENGES

SEBI has given intellectual leadership for the transformation of equity market. There are various problems and challenges ahead of SEBI. Initially the objectives of SEBI were not adequately defined and it frequently succumbed to lobbying. SEBI regulations are laws but the process through Which regulations are drafted leaves a lot to be desired. Neither regulation making nor post-mortem analysis of regulations is shaped by evidences. Following are the problems and challenges ahead of SEBI:



Enforcement process

The statutory powers of SEBI are at par with a civil court .SEBI has made various regulations but only making regulations and giving orders is not enough if it is not able to enforce the same. SEBI need to strengthen its surveillance and enforcement functions.it needs to ensure that violations do not go unnoticed whether small or large.

Talent pool and market intelligence

In 2012 SEBI had 643 employees whereas US security and exchange commission alone had 1000 people. As we all know human resource is the most important resource for an organisation. SEBI needs to increase its human resource in both quality and quantity. It needs to significantly improve its market intelligence, technology and talent pool in order to improve its performance.

Deepening capital market

The number of participant in the capital market has not risen much. Still a large section of society does not deal in security market. SEBI has done a lot to encourage people to participate in capital market such as abolishing entry load on mutual funds, simplifying KYC norms but it needs to take some stronger steps to deepen participation in capital market. It should work deeper participation in equity by pension, superannuation and gratuity funds, developing a vibrant retail debt segment and reducing the cost of transaction.

Corporate debt and securitization market

Despite numerous attempts the debt market volume has increased but it has failed to attract sufficient liquidity. The regulator need to develop a vibrant corporate debt market and securitization market but these largely remain part of over the counter market.

Matching up to global standard

Capital markets are growing and the size of SEBI as compared to security market is not sufficient to properly regulate the capital market .like its peers (regulators of US and UK) it needs to established self-regulatory organisations. SRO can focus on routine decisions and SEBI can work on more important issues.

Negatively charged

SEBI's appointment process has always been criticise. Allegation of corruption by SEBI staff are frequently heard. The accountability mechanism that envelope SEBI are quite poor. It is very important to make the recruitment process fair and transparent.

CONCLSION

SEBI has taken a number of steps in the last few years to reform Indian capital market. It has past various regulations such as freedom in designing and pricing instruments, introduction of stock invest scheme, banning badla system and introduction of electronic trading. It also has faced various controversies such as Ulips , sahara and MCX-SX controversies. In such a small time SEBI has earned its respect and place in the capital market however there are various problems and challenges in front of it which it needs to overcome.

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