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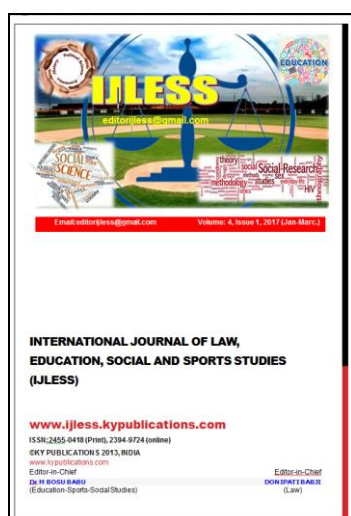
(Law)

SEBI'S EFFORTS FOR INVESTORS AWARENESS: "BACKBONE OF THE SECURITIES MARKET"

RESEARCH ARTICLE

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**ABSTRACT**

Generally people plan that some part of their income to be spend and invested. They may invest their income in banking sector like Fix Deposits, RD etc, insurance policy or purchasing of shares, debentures, mutual funds, etc. But More risk is associated with investments in stock market. Securities and Exchange Board of India (SEBI) has been established in the year 1988, an interim administrative body to promote orderly and healthy growth of the securities market and to protect investor's rights, so it will become safe investment and to stop fraud activities.

SEBI protects investor's rights and interest through adequate accurate and authentic vital information and disclosure of the information on continuous basis to the investors. For the mediators it offers a competitive, professionalized and expanding market with adequate and efficient infrastructure so as to provide better service to investors and issuers. The primary objective of SEBI is to promote healthy and orderly growth of the securities market and secure investor protection through various policies and time to amendments in them.

SEBI has been organizing investor education and awareness workshops directly, and through investor associations and market participants and also encouraging market participants to organize similar programs. SEBI also maintains an updated, comprehensive web site for education of investors defining several rules and news update. It has set up a comprehensive mediation mechanism in stock exchanges and depositories for resolution disputes or queries of the investors. The stock exchanges have investor protection funds to compensate investors when a broker is declared a defaulter. Depository reimburse for investors loss due to negligence of depository or depository participant. Regulation of public issuers is based on the principle of full, timely and accurate disclosure of relevant information to investors. The regulator's role is to ensure that investors are given full, timely and accurate information to enable them to make informed decisions and feeling safe and secured.

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INTRODUCTION

Generally people plan that some part of their income is to be spend and invested. They may invest their income in banking sector in the terms of Fixed Deposit, Recurrent Deposits or either by purchasing of Gold. They may take insurance policies or purchasing of shares, debentures, mutual funds etc. What a common man feel that there is too much of risk is associated or involved with investments of their savings in stock market.

Previously it was very difficult task for the regulators to control the scams and scandals, regulating and monitoring each and every segment of the financial markets. The government, authorities and stock exchanges were

rather found themselves helpless in redressing the investor's complaints for their protection and loss, because of lack of proper penal provisions in the existing legislation.

Various examples are there to show lack of proper laws but one of the famous was the Harshad Mehta scam which is explained here. In the year 1990 nobody will forget the Stock price for **Associated Cement Company (ACC)**. Mr. Harshad Mehta rose to a certain height in the Indian Stock Market and was buying this share heavily. The price of ACC was bid up to Rs. 10,000, when asked; he used the replacement cost theory as an explanation. (A replacement cost can be explained as the cost to replace an asset of a company at the same or equal value, and the asset to be replaced could be a building, investment securities, accounts receivable or liens.

Securities and Exchange Board of India (SEBI) has been established 1988, an interim administrative body to promote orderly and healthy growth of the securities market and to protect investor's rights. It is also mandated to promote the development of, and to regulate the securities market.

SEBI protects investor's rights and interest through adequate accurate and authentic information and disclosure of information on a continuous basis to the investors in various aspects. For the mediators it offers a competitive, professionalized and expanding market with adequate and efficient infrastructure so as to provide better service to investors and issuers. The primary objective of SEBI is to promote healthy and orderly growth of the securities market and secure investor protection through proper guidance and rights. SEBI was designed to serve as a market oriented independent entity to regulate the securities market equivalent to the role of the Securities and Exchange Commission (SEC) in the United States. SEBI has been organizing investor education and awareness programs through workshops directly or through the investor associations and market participants and also encouraging market participants to organize similar programs. SEBI also maintains an updated, comprehensive web site for the education of investors, so that they can update themselves with time to time updates regarding market scenario and any amendments in the laws. It has set up a comprehensive mediation mechanism in stock exchanges and depositories for resolution of disputes among the investors. The stock exchanges also have investor protection funds to compensate investors when a broker or mediator is declared as defaulter. Depository remunerates investors for loss due to negligence of depository or depository participant. Regulation of public issuers is based on the principle of full, timely and accurate disclosure of relevant information to investors. The regulator's role is to ensure that investors are given full, timely and accurate information to enable them to make informed and important decisions. For that purpose disclosure of obligations are imposed on issuers both at the moment of authorization for public offering and on a continuous basis. Most regulatory systems focus or work on collective investment schemes, usually in the form of mutual funds or unit trust funds because units of collective investment schemes are investment instruments, they are bound by the same principle of full, timely, and accurate disclosure applicable to issuers generally. In addition, the operator and investment manager of the collective's investment scheme are financial intermediaries and are regulated in a manner similar to other intermediaries. SEBI validate and enforce several laws in their respective jurisdiction for the protection of investors and development of stock market position. SEBI also provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence.

BSE systems and processes are planned to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments. BSE was the first exchange in India and also second in the world to obtain an ISO 9001:2000 certifications. It is also the first Exchange in the country and second in the world to receive Information Security Management System Standard BS 7799-2-2002 certification for its On-Line trading System (BOLT).

The National Stock Exchange has become the first Clearing Corporation in India by the introduction of NSCCL in April 1995. In the same year, it has introduced the Investor protection fund which is a very important and vital function introduced by the national Stock Exchange. Caveat Emptor principle might be a good precept to follow in countries where income levels are higher and citizens have the security of a social safety net. But in India, where there is no social safety net, awareness of market intricacies is low and governments are susceptible to pressure from the vocal middle class, it is best if regulatory steps to be taken to prevent small investors from their loss and they get aware of what they are doing rather hitting themselves with hammer on their foot.

JUSTIFICATION

Investors are the backbone of the securities market. They determine the level of activity in the securities market and the level of activity in the economy. Many investors may not have adequate expertise knowledge to take important investment decisions. They may not be fully aware of the precautions or rules and they should take care while dealing with market intermediaries and dealing in different securities. They may not be familiar with the market mechanism or principles and the practices as well as their rights and obligations and new investors can easily be fooled by expert brokers or mediators. In the year 1990 all the market investors will never forget the Stock price for Associated Cement Company (ACC). Mr. Harshad Mehta rose to pre-eminence in Indian Stock Market and was buying this share heavily. The price of ACC was bid up to Rs. 10,000 and when asked he used the replacement cost theory as an explanation. "A replacement cost is the cost to replace an asset of a company at the same or equal value, and the asset to be replaced could be a building, investment securities, accounts receivable or liens".

SEBI regulates and protects the interests of the investors in securities. It promotes the development of the securities market in India. SEBI has been receiving complaints all the times against persons who have been giving fraud stock-specific advice to investors and receiving consideration for the same. Further, it has also come to the notice of SEBI that some persons are giving investment advice through the print media or by sending bulk SMS even without entering into any contract or arrangement or without any consideration.

SEBI's Efforts towards both investors development and stock market reform one interest another making it necessary to ensure that strict regulations and measures controls are to be adopted and enforced them on market regulations and development activities. To achieve the goal of regulate the stock market, a 2-pronged strategy is required to be made, effective regulations and laws to protect the investors interest with dedicated co-operation and active participation of the companies and share markets. The need is to have securities against investment for securing the interests of Investors. SEBI has introduced the comprehensive regulatory measures, prescribed registration norms, the eligibility criteria, the code of obligations and the code of conduct for different intermediaries like, bankers to issue, merchant bankers, brokers and sub-brokers, registrars, portfolio managers, credit rating agencies, underwriters and others. It has framed bye-laws, risk identification and risk management systems for clearing houses of stock exchanges, surveillance system etc. which has made dealing in securities both safe and transparent to the end investors. Now that the extreme impact of investor's activities on the stock market has been recognized, it has become all important to create and maintain conditions under which investors and stock market can exist in investment.

The SEBI's role is to ensure that investors are given full, timely and accurate information to enable them to make informed decisions. For that purpose disclosure obligations are to be imposed on issuers both at the time of authorization for public offering and on continuous basis. Mechanisms are also put in place to ensure the reliability of the information provided by issuers.

SCOPE OF THE RESEARCH

The broad objective of the research is that a tremendous change may be brought in governance policies provided that investors are aware of their right to know and they use them properly in their interest.

SEBI has been acting as a watch dog of the industry, has an important and crucial role in the market in ensuring that the market participants perform their duties in accordance with the regulatory norms. SEBI and securities exchanges play complimentary roles to enhance the investor protection and the overall quality of the market. In order to perform its new role effectively, the higher judiciary not only indicated the jurisprudence of SEBI, the silent features of the concept of investors and stock market development which is at the centre of national efforts to combine all the stock market at SEBI level but also innovated and shaped several new judicial rules to strengthen these principles and to effectively protect stock market and to ensure investors interest & rights in India by strengthening or tightening these features.

The researcher would study, large organization of India- SEBI where the most of the investors are interact with the govt., so as to make the research area specific and analyze the impact of SEBI on them. He would also study the role of investors, brokers in promoting the act.

METHODOLOGY

The research methods and methodologies proposed to be used for the present research work would be of comprehensive and composite in nature. The research methodology will be a harmonious combination of

fundamental, empirical and action research. In this context, this study will be broadly based on library research and empirical field investigation. These research endeavors will focus their attention on the aims and objectives of the research project and will also test the hypotheses, examine key questions and would present the data and the research facts to prepare models for advanced research. While preparing the research methodology and during the development of research tools and techniques, proper and timely assistance, guidance and cooperation of my guide will always be solicited.

Authenticate reliable and relevant data available on the internet; its various sites will be suitably utilized for the purpose of this research study. Opinion polls will be held for elaborating the theme of key questions and testing the hypothesis of the study at macro and micro levels. Relevant journals, Magazines and reports will also be studied to understand various facts of the problem pertaining to the subject of the research in question.

LIMITATION OF THE STUDY

Researcher will face various limitations related to time and agencies analysis. It can affect the research outcomes significantly. It is because due to these constrains, researcher will not be able to include more participants and literature to present more reliable and valid research outcomes.

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