ROLE OF SEBI IN PROTECTING THE SAFETY OF INVESTORS IN INDIAN CAPITAL MARKET

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ABSTRACT

Capital market plays a pivotal and crucial role in the financial advancement of the country. With the switch in investment design from the conventional investment in gold, adornments, house property and so on to a portfolio of shares, debentures, securities and other securitized instruments, today capital market has become a necessary part of our life. SEBI has become the point of convergence for regulating issues of capital market since June 1992 in the wake of the annulment of the control on capital issues by the Government of India.

The advancement in the affairs of the market is watched both in quantitative terms for example as far as number of issues and the sum raised and in qualitative terms by method of foundation of specific establishments and introduction of novel finance related instruments, to draw in more investors. SEBI embraced various capital market improvement measures with the end goal of securing the benefits of financial investors. Presently the Indian capital market has developed in size, albeit a few investors burnt their fingers by playing with the shares. The productivity of capital market is impaired by a few procedural and different issues.

The Indian investors need proficient understanding and their absence of perception brings about wrong investment choices prompting financial calamities. This study makes an undertaking to highlight the favorable, theoretical, legal and operative outline and present the situation of investor protection in the Indian capital market and the role of SEBI in safeguarding the investors through its reforms and recommendations.

Keywords: Capital market, Primary market, Secondary market, SEBI, foreign funds and investment companies, promoters.

1. INTRODUCTION: INVESTMENT SCENARIO - THE GENESIS AND GROWTH

Capital market assumes a significant job in the economic advancement of any nation. It provides the necessary finance of the business and guarantees feasible improvement of the various zones in the economy. In India, capital market has existed in one structure or the other throughout the previous years. Nevertheless, it was dormant up to 70's, so the organizations relied upon their held income and credit assets for capital purposes. It is just recently; with the start of the procedure of liberalization and globalization, the Indian capital market saw plenty of changes and began changing into a restrained and internationally acknowledged establishment.[1]

The Indian Government has started numerous economic changes in the year 1991 and initiated structural reforms. From that point, the Indian Capital Market changed and amalgamated with the global markets. The reformation has been predominantly centered around the investment system, exchange strategies and on financial zone. The disorganized conventional Indian capital market has begun changing into significantly composed and restrained market, performing a positive task in the improvement of the economy of the nation.

The primary market, which is distinguished as the favored equity investment route of investors, indicated a sharp development between 1991-95. This is the specific time frame when the primary market experienced a high. Almost 40 IPOs were utilized to hit the market each week and baited investors through high voltage TV publicizing. New organizations just as existing ones with high development plans got reserves easily. The expulsion of control over capital issues, combined with price rigging on the secondary market permitted them to do so with high premium.

Many organizations, which raised fund during those days, basically disappeared with investor's assets and the shares of existing organization's shares issued at high premium were left behind at a considerable rebate to their issue cost. This scenario appears epitomized by the

[1] V.A. Avadhani, INVESTMENT AND SECURITIES MARKET IN INDIA: INVESTMENT MANAGEMENT 426 (2d ed. 2008).

survey in the finding that the primary market enlarged quickly between 1991-95 and contracted from there on.

Various acts of improper conduct were seen with respect to the companies, merchant bankers and agents who were working in the capital market. This destroyed the trust of the investors. There was a critical need to control these acts of neglect and to set up a positive capital market in the nation. The requirement for setting up a unbiased government office to control and build up the capital market in India was recognized and the Indian government has enacted the Securities and Exchange Board of India in April 1988. But it was on 4th April 1992, the legislation has provided powers to SEBI with the enactment of SEBI Act. 1992.[2]

1.1 Concept of investment

Investment might be portrayed as a part of savings or Income of a monetary unit which is placed in some other action with a goal to pick up benefits in the form of income in future. Investment alludes to procurement of certain assets. It likewise implies the transformation of cash into claims on cash and utilization of assets for fruitful and income earning assets. Fundamentally, it implies the utilization of assets for beneficial purposes, for making sure about certain goals like income, valuation of capital or capital gains, or for additional creation of products and enterprises with the goal of protecting the benefits.

Investment activity includes the utilization of assets or reserve funds for additional creation of assets or procurement of existing assets. Investment implies multiple things to multiple people. If one individual has contributed some cash to another, it might be his credit, which might be viewed as his investment for a return. If an individual has bought one kg of gold for price appreciation or a consumer durable like clothes washer for the flow of services, it is his investment. If he buys a insurance plan or a pension plan, it is his investment. Accordingly there are different kinds of investments for different people.

For the individual, it is the trading of the cash or money for a future claim on money or the acquisition of a security of a guarantee to pay sometime later alongside a normal pay as in the scenario of a share, bond, debenture, etc. for the issue of security it is the utilization of cash for

[2]Batra G.S & Kaur Narinder, MUTUAL FUNDS AND INVESTORS PROTECTION IN INDIA 345-46 (2d ed. 2010).

fixed capital supplies, working capital or some other fruitful activity. Often, it is additionally a service like consultancy, hotel or medical clinic and services in future, as in consumer durables.

Investment activity incorporates purchasing and selling or trading in the above cases on cash or promissory notes. An investment for one might be disinvestments for another as on account of securities exchange trading or might be a new investment in another issue. In the new issue market, one can only purchase securities. Investments can likewise be made in non-marketable securities or instruments or different paths.

All the buying of securities are therefore investments, despite the fact that for the economy, a few investments are balanced by corresponding disinvestments. Gross investments are total investments formulated from all sources by an economy or a solitary financial unit. Net investments are those, which are Gross investments, subtracting disinvestments for a financial unit.[3]

1.2 Physical and Financial Investments

In physical investments, investment funds are utilized to get physical resources helpful for consumption or production. Some physical resources like ploughs, tractors or harvestors are helpful in production of agricultural resources. Some physical resources like vehicles, jeeps and so forth are helpful in business. Physical investments might be in consumer merchandise, non-durables, durables, gold, silver, vehicles, etc. These are fulfilling the prompt buyer's requirements for comfort, extravagances, societal position and so forth. Some of them whenever leased to others provide income and at times capital appreciation also, if the area is at convenient spots or business regions. Correspondingly gold, silver and different metals, jewels may introduce capital appreciation, without giving income regularly. A few investments are for economic well-being and reputation as gold, precious stones, gems and so on.

Financial investments are investments in further liquid types of investments like bank deposits, PO certificates, Company deposits, shares, securities, bonds of PSU's and so forth. All goals of income, capital appreciation, marketability and liquidity as additionally hedge against inflation can be made sure only by appropriate investment in corporate securities.[4]

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[3] A.N. Shanbhag , IN THE WONDERLAND OF INVESTMENT 234 (3rd ed. 2012).
[4] Khan M Y, *New Issue Market and Company Finance*, 12 Economic & Political Weekly, Review of Management, 20-21 (1977).

1.3 Investment and speculation

Investment and speculation are indistinguishable in one perspective that both focus on income and capital appreciation, but the contrast is in purpose and goals. All investments are perilous somewhat yet speculation is more chancy, as it includes short term trading, purchasing and selling which may prompt benefits once in a while and misfortunes at different occasions.

Acquisition of assets like shares and securities can be for either investment or speculation or both. Investment is a long term process, while speculation is of short term. Investment focuses on income and typical long term capital growth while speculation focuses solely at short term trade gains through purchasing and selling. Investment is less speculative while speculation is more unpredictable.[5]

1.3.1 Investment objectives and constraints

All the investments have the following aims-

(a) Income

(b) Appreciation of Capital

(c) Safety

(d) Liquidity

(e) Hedge against inflation

The mixture of these goals may also rely on the time frame of investment.

(a) Short term/ day to day trading gains.

(b) Short term capital appreciation upto one year (short term capital gains)

(c) Long term appreciation of more than 1 to 3 years (long term capital gains).[6]

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[5] *Id.* at 23.
[6] V.A. Avadhani, *supra* note 1, at 430.

2. PROBLEMS OF INVESTORS IN INDIAN CAPITAL MARKET

Indian investors, generally investing in fixed deposits with the banks, were content with negligible rate of returns. Industrialization of the nation had drawn them towards fixed deposits of companies for investing. Nevertheless, since seventies and all the more evidently in eighties, number of investors investing in equity shares began indicating upward pattern on account of continually, a lot higher rate of profits than on fixed deposits.

It is certain that SEBI has not been clear about the duty it should perform and has terribly fallen short in accomplishing the authorized task. In spite of being dynamic in giving regular rules and alterations, difficulty has been experienced both in primary as well as secondary market. The stock exchanges don't carry out the ideal quantum of business.

Presently the Indian capital market has developed in size but the systematized working of capital market is incapacitated by a few procedural and other issues. The issues in the market have caused losses to the equity investors and debilitated the potential investors from entering the market. The Indian investor needs proficient knowledge and their absence of mindfulness brings about wrong investment choices prompting money related calamities. The shielding of investors therefore assumes greater significance. It is in this way absolutely critical that the most vulnerable part of the market structure ought to be placed in order and totally recognized to suit the changed conditions and empowered to offer reliable and genuine support to investor community.

Investing into securities exchanges isn't something, which one can take an interest in a major manner. The middle class investors should regard it as an extravagance, to be enjoyed once in a while. The assumption that mutual funds would come to the assistance of small investors to secure capital appreciation besides current pay has not been perceived, concluding from India's experience in the previous 5-6 years.[7]

2.1 Investors Concerns:

The topmost concerns of investors are: (a) too much price manipulation, and (b) too much price volatility. These issues are inter-related in light of the fact that price manipulation increases the market volatility. The market is made by investors and not by intermediaries and

[7] S.S.Grewal & Navjot Grewal, PROFITABLE INVESTMENT IN SHARES (2d ed.2014).

brokers. The interest of investors is foremost and must be appropriately shielded by the laws and guidelines. It is accentuated that SEBI has been performing a laudable task and its functioning so far has much surpassed the anticipations and continuing in correct direction. If SEBI, likewise deal with the ambiguities and disposes of the glitches in the activity, perhaps it can end up being a superior institution. What we may in any case observe is a temporary revival. This could happen in light of the fact that the profits on small savings have come down by over 4% focuses in the present times, the safe governmental establishments have been more on the default track.[8]

2.2 INVESTOR PROBLEMS

It is certain that SEBI has not been clear about the job it should perform and has terribly flopped in accomplishing the mandated duty. Despite being exceptionally dynamic in issuing regular rules and changes, there has been difficulty both in primary as well as in secondary market. Surely this can't go for an extremely prolonged stretch of time. The choice of a chairman can't be the sole reason, which can resolve the issue. The issue essentially relates to the total lack of clear rules, effective frameworks and efficient manpower.

The development of the capital market during the previous decade is a tribute both to the entrepreneurial category profiting from the assets supplied by this market on one side and to the extensive contributing people providing these assets on the other. While it is essential that the development should be supported, a few issues, facing this market have to be handled so that those corrupt components are kept away from making undue profits from the development. A few significant issues arising in capital market are talked about beneath:

2.2.1. Investor grievances against the brokers and the companies:

Buying and selling shares in not an easy task in the Indian capital market. In numerous events, the capital market investors face issues, which might be the creation of the broker, the company or the organization. A few of the frequent grievances received from the small investors against the company is identified with the non-receipt of the refund order, allotment orders dividends, share certificate, annual reports, right forms and bonus shares.

[8] Harvinder Kaur, *Stock Market Volatility in India,* 71The Indian Journal of Commerce 151 (2018).

So also the complaints against the brokers pertain to the rate at which shares are purchased and sold, non-furnishing of the agreement notes, selling securities with false signatures, expiry of the legitimacy of the transfer deed and so on.[9]

2.2.2. Price rigging:

A significant issue encountered by the individual equity investor in the new issue market is price rigging. A reasonable number of promoters take recourse to many ploys to raise modest and easy money from the market. Alongside the connivance of the choicest brokers, the company attempt to lift the price a couple of months before the issue by purchasing share of his own company in the stock exchange. If the investors are satisfied by the jump in the prices, they fall over on each other to put resources in the company's share capital by paying high premium. But, seldom has the price of the stock remained consistent after the issue has gone through.

2.2.3. Inadequate disclosure of information:

For investing in equity shares, the investors ought to have full data to examine the dangers and advantages related with the investments. In this respect, it is seen that the capital market faces the issues of 'Asymmetric information' i.e., the issuer knows the genuine dangers and possibilities of the securities being offered to the investor, who knows practically nothing. In other events data given to the investors in the prospectus are deceptive and don't cling to any recommended standards. Some different organizations are making misrepresented cases about prospects to the general population in press and secretly distributed brochures.

2.2.4. Low level of liquidity:

As per report, published in Economic times, with regard to market capitalization, India falls behind Korea, Singapore, Thailand and Malaysia. The yearly trading in stock market is additionally the most minimal corresponding to market capitalization. This low degree of liquidity has been ascertained as the most significant issue of investment market.

2.2.5. Lack of adequate number of floating stocks:

[9] *Id.* at 153.

In the capital market there is an intense lack of floating stocks in regard of which there is a decent demand. This is due to the reason that those joint stock companies, financial institutions and other large investors who on the whole own almost seventy five percent of the equity capital in the private segment, don't offer their concentrated trading in a small number of shares in the market.[10]

2.2.6. Delayed listing of securities:

It is normal for the company to highlight in the prospectus that an application has been made to at least one stock exchange for listing of shares or debentures offered for subscription. The purpose of this statement is to give an affirmation to the investor that the shares/debentures will turn marketable and to influence him to subscribe for them on that premise. In spite of the fact that there is no assurance that the authorization for listing will be conceded by the stock exchange authorities, people presume that consent is probably going to be allowed and is thereby persuaded to subscribe.

2.2.7. Full payment on application:

Numerous companies are requesting full sum on application against the prior act of calling 50 percent of the sum on application and the rest on allocation.

2.2.8. Excessive premium:

There are many issues of rights from existing companies at high premiums. Presumably, the companies are required to give explanation to the issue price however it is improbable that all companies will have genuine persuading defense. Requesting a flat premium and in this way discussing fantastic book values in the years to come, may well add up to tricking the investors, the real issue of operational and advertising productivity not-withstanding.

2.2.9. Dud shares:

The expanding listing of 'dud' shares that the new issue market has brought forth scrips, in which lakhs of good cash have been injected in, by clueless investors and from which scarcely any profits can be anticipated in the upcoming period. In a definitive evaluation, the sufferers

[10] Hamendra Kumar Porwal & Rohit Gupta, *The Stock Markel Volatility,* 33 The Journal of Accounting & Finance 145 -46 (2019).

are the normal investors, who might not have sold off when the scrip after listing was ascending with the expectation that the price will keep on climbing.

2.2.10. Safety net a none too viable option:

A few merchant bankers are initiating the issuers to charge exorbitant high premiums and that brought about the collapse of many right issues, abusing the free pricing of capital issues.[11]

2.2.11. Insider trading:

Insider preparing has been found, in the capital market that is, at the moment of public/right issue. The issues included here are fascinating. Companies change bookkeeping period instantly preceding or after the public/right issue. The management may cover up positive data or come out with the most moderate or discouraged figures, intentionally overlooking the innate quality of the enterprise and the conceivable brilliant future outcomes, with the goal to keep the correct issue undersubscribed, subsequently empowering the management or those near the administration to corner the unsubscribe portion at an exceptionally low cost or to make a quick buck by selling the equivalent later on at an exorbitant value which will be there when the data regarding price is shared. This is uncalled for and is normally at the expense of bona fide investors.

2.2.12. Private placements and the capital markets:

There is one more racket being played in the capital market attempting to part the unwary investor from his well deserved cash and that is the private position or promoters' quota racket. Indeed, even genuinely great companies are said to participate in these practices. Here a promoter goes for bulk sale of his equity, which he would have needed to raise from the public. The promoter "puts secretly" with a banker or a broker, familiar to him, the whole equity capital he needs to rise.

2.2.13. Over-subscription:

Different applications are expanding the load on the issuing company. In certain occasions more than one crore applications were received. Neither the registrar nor the issuing company

[11] V.A. Avadhani, *supra* note 1, at 434.

had the basic facilities to score and process the applications and the expense of processing these was huge.[12]

3. ROLE OF SEBI AND SAFETY OF INVESTORS

Investors are the foundation of the securities market. It is the investor training and knowledge that holds the way to resuscitating and supporting the interests of the investors in the securities market and to inject trust in them. A significant number of them don't have sufficient skill or information to take important investment choices. They are usually not mindful of the total risk profile of the companies they are putting their cash in. The regulators, self-regulatory associations, non government associations, and investor associations need to provide knowledge to them.

Understanding its significance, SEBI has propelled a thorough investor education training planned for safeguarding the interests of investors in securities market. It helps the investors in redressal of grievances with respect to securities investments. It likewise circulates through its website and presses briefings regarding the strategic developments and implementation activities for the data of investing body.

SEBI published a progression of ads/public notification in national and local papers to teach and alert the investors about the dangers related with the securities venture. With money related help from SEBI, some enlisted investor groups carried out workshops for teaching investors on different segments of capital market.[13]

In the event that the securities market is to perform its essential duty of capital formation, the investors should be attracted back to the market. This can be made possible by a progression of efficient measures, which could assemble their trust in the frameworks and systems and secure their profits. These measures may incorporate the following:

3.1 INITIATIVES

A few strategies have been implemented in the preceding few years to advance the expertise of market members, to instruct and safeguard the investors, and to advance excellent research

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[12] Trikha Kapil, *Merchant Bankers & Public Issues*, 67 Chartered Accountant 477 (2018).
[13] *Id.* at 485.

about the working of the securities market. Few of these initiatives are examined here.

3.1.1 Initiatives in India

So as to improve security of investors through better quality intermediation, SEBI set up a Committee for certification and testing of people joining capital market intermediaries. The Committee was commanded to recommend models of information fundamental for various sorts of specific functions in the securities industry at operational and supervisory levels. SEBI affirmed the proposals of the Committee in September 1998. The advisory group suggested that an assessment based certification framework was perfect to address the issues of the Indian capital markets. The test might be offered on a optional basis in the preliminary period and might be made a compulsory necessity after a time of two years from the date of the principal test.

The L. C. Gupta Committee set up by SEBI to create pertinent regulatory system for derivatives trading in India prescribed that the broker individuals, sales persons/dealers in the derivatives market must go through a certification program, which is viewed as satisfactory by SEBI. The Parliamentary Standing Committee on Finance which analyzed derivatives bill additionally prescribed that SEBI ought to in discourse with the stock exchanges' effort to carry out the certification program on derivatives trading so as to instruct the investors and market players. In response to this suggestion, SEBI has commanded that individuals who are into trading should have knowledgeable users and sales individuals who have gone through an authorized accreditation program.

The Association of Mutual Funds in India (AMFI) has propelled a significant step to set up a unit of qualified proficient distributors of mutual fund products and to encourage the move towards the mutual fund industry utilizing skilled and knowledgeable experts for the benefit of investors. Mutual funds willfully embraced the AMFI affirmation for agents and distributors for mutual fund plans.[14]

An efficacious observing and surveillance system is a significant component adding to the productivity and honesty of stock exchanges. The mechanization procedure started at the BSE, NSE, OTCEI and different exchanges have made it conceivable to set up such an observing mechanism. The outreach of the capital market is also expanding to a great extent through a

[14] S.K. Chaudhury, *Convertible Debenture: Analysing Yield & Risk*, 55 Management Accountant 86-88 (2020).

similar procedure of mechanization. SEBI permitted development of the trading terminals of screen based exchanging frameworks of stock exchanges to urban communities having no stock exchanges. Extension to urban communities with stock trades has additionally been allowed, subject to an agreement with the local exchange permitting the establishment of outside terminals inside its territory. The participating exchange would keep its enrollment open to the brokers of the other neighborhood exchanges. It will guarantee a sufficient provision for settling investor complaints and for prompt settlement of arbitration cases emerging out of trades executed on the enlarged terminals.[15]

3.1.2 International Initiatives

Principles of Securities Regulation

In February 2002, IOSCO published another category of the goals and standards of Securities Regulation, which supplants the one published in September 1998. It expects to give guidance and a guideline against which progress towards productive guideline can be estimated. IOSCO individuals, including SEBI, through their support to these standards, plan to utilize their best undertakings inside their purview to guarantee adherence to these standards. These standards are examined beneath:

a. Regulator

The obligations of the regulator ought to be clear and impartially expressed. This requires a comprehensible interpretation of obligations, ideally set out by law; intense collaboration among capable specialists through fitting channels; and sufficient protection of law of regulators and their staff, performing their duties legitimately.

b. Self-Regulation

The regulatory system should make proper utilization self regulatory organizations (SROs) that employ some immediate oversight obligation regarding the respective sections of competency to the degree fitting to the size and intricacy of the markets. SROs ought to perform

[15] A.N. Shanbhag, *supra note* 3, at 245.

those regulatory duties which they are trained to perform proficiently.[16]

c. Enforcement of Securities Regulation

The regulator should have extensive assessment, examination and observation powers. It ought to have capacity to require the arrangement of data, or to perform examinations of business activities to guarantee observance to important standards.

d. Co-operation in Regulation

The regulator ought to have power to share both public and secret data with local and foreign partners. Domestic laws need to erase obstructions to international collaboration.

e. Secondary Market

The foundation of trading frameworks including securities exchanges ought to be dependent upon regulatory approval and oversight. The pertinent elements for approval could be operator capability, oversight of operator, acknowledgement of items to trading, admission of members to trading, facility of trading data, and so on.[17]

3.2 Investor Protection

The Committee set up under the Chairmanship of Dr. N. L. Mitra presented its report on investor protection in April 2001 with the below mentioned proposals:

a. There is a requirement for a distinct Act for safeguarding investor's advantage. The Act ought to codify, correct and consolidate laws and practice to safeguard investor's profit for corporate ventures.

b. A legal forum is required for providing relief to investor's complaint and with the award of providing compensation. The consumer forum ought to be the redressal forum only for the reasons for providing relief to the investors.

[16] Dr.V.Rajarajan, *Investors' Life Styles and Investment Characteristics,* 50 Indian Journal of Accounting 76 (2019).
[17] *Id.* at 79.

c. The clauses pertinent to investor training and safety fund ought to be erased from the Companies Act, 2013 and inserted in the SEBI Act, 1992 and the fund ought to be controlled by SEBI.

d. SEBI ought to be the sole controller for the whole capital market, both primary and secondary. It ought to have powers for examination. It should likewise have authority to append the public fund and every single converted assets to avert misappropriation.[18]

3.3 Investor Grievances

The consumer forum gives a quick remedy to a consumer who has endured misfortune by virtue of inadequacy in merchandise/services bought by him. A similar framework should be set up for addressing of investor complaints, given the slow pace of our judicial system. The investor forum and other authorities ought to have capacity to adjudicate the cases summarily and to grant damages to the investor. It isn't sufficient if the offender is penalized. The guilty party should be punished in an admonitory way, while investor ought to have ways to recuperate his misfortune brought about by the guilty party.

The depositors are insured up to Rs. 1 lakh in case of liquidation or bankruptcy of a bank. This safeguards the faultless depositors and therefore adds to the solidity of the financial framework. An equivalent system might be created to reimburse an investor up to Rs. 5 lakh in the event he endures a misfortune because of the deficiency of the system or misdemeanour by any market member. An association called Securities Investor Protection Corporation (SIPC) works in the USA to give equivalent safeguard to investors.

Department of Company Affairs, SEBI, Stock Exchanges, Depositories, Investor Associations and various NGOs are arranging investor awareness initiatives. What is missing is synchronization. The regulator may take measures and organize the endeavors of these agencies so that investors everywhere throughout the nation profit by such projects. SEBI, set up under the SEBI Act of 1992, should regulate the business in stock exchanges and security markets. To do this task, a leading group of individuals from SEBI has been established. SEBI should perform this regulation by method of enrolling and controlling the working of stock

[18] Gurcharan Singh, *Liquidity in Stock Exchanges: Some Issues,* 72 The Indian Journal of Commerce 111 (2019).

brokers, share transfer agents, bankers, trustees, registrars, guarantors, portfolio managers and other such middle men in the security market.[19]

3.4 SEBI Guidelines

SEBI has published guidelines every now and then, which run into volumes and have been issued as handouts independently. Such rules are given independently for New Issues market, securities exchange market, Mutual Funds, Merchant banks, Registrars and transfer agents, Underwriters, Brokers, sub-brokers, portfolio Managers, and so on. Therefore the SEBI guidelines include all the middlemen in the Capital Market, and a set of principles is likewise set down for every class independently. The guidelines and the set of principles are to be complied under the ken of SEBI and breaches are liable to punitive actions. All the intermediaries need to look for first the permit and registration for working in the capital market. The rules and qualification prerequisites for each class are independently set out by the SEBI. In 1994 even FIls and overseas brokers firms were authorized by SEBI to work in Indian capital market. Taking into account the voluminous material associated with these guidelines of SEBI, a concise framework is endeavored with regard to significant reforms incorporated.

Investors are spine of Securities showcase. It is the investor skill and knowledge that holds key to resuscitate the profits of investors in the market. SEBI has propelled a rigorous investor training, planned for safeguarding profits of investors. There are many steps that have been taken to enrich and safeguard the investors by SEBI, it has built L.C.Gupta board of trustees, and AMFI, NSDL, FIMMDA has been initiated. As of late, the regulator, SROs and other market members are encouraging research. In a joint effort with NCAER, SEBI made a survey of Indian investors to evaluate investor growth and conduct, NSE likewise started a research foundation, and The Society for Capital Market Research and Development is committed for conducting research.[20]

To improve the investor's security, SEBI initiated a comprehensive investor awareness scheme through regulators, SROs, NGOs and speculator groups. Investor security funds have begun in all exchanges to safeguard small investors. Code of Corporate Disclosure initiated by SEBI and all market players are required to follow this code indicated in SEBI (insider trading)

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[19] *Id.*at 116.

[20] R.L. Tamboli, *Analysis of Accounting Disclosure and Investor Protection,* 71 The Indian Journal of Commerce 156 (2018).

guidelines. Also with National Informatics Center, SEBI has conceptualized EDIFAR framework to encourage an electronic filing of data by listed companies to consolidate the data.[21]

4. CONCLUSIONS AND SUGGESTIONS

The SEBI visualizes a market, which is contemporary in infrastructure and globally prescribed procedures, productive, safeguards the investors and internationally competitive. The SEBI has been ceaselessly guiding its endeavors to accomplish this vision in achievement of the twin aims of safeguarding investors and market improvement as prescribed by the SEBI Act, 1992.

In India, economic liberalization planned for actuating the securities exchange, so that the development becomes an inseparable part of gross development of the financial framework. Large number of small investors, in the post reform stage were provided with expanded disposable cash flow, were pursued through an assortment of sops and impetuses. Along these lines, the stock exchange rise had been propelled by retail investors, who had examined, that each essential issue was a brilliant chance and that for all intents and purposes any share price would go up independent of the macro basics of the economy and related individual firm. Nevertheless, such premature thought was shaken by a succession of crashes which battered their expectations totally by erasing out, their well deserved earnings. Indeed, even institutional regulators, for example, SEBI basically couldn't effectively stop the dishonest operators who appeared to follow the legal principles.[22]

To accomplish a superior and proficient capital market in India where the common investor is better shielded from risks of the market the below mentioned aspects can be examined as recommendations to upgrade the stock market:

1. SEBI should set up an unbiased monitoring framework to guarantee that public money raised through issues are utilized decisively for the object expressed in the offer document and any digression, short or long term is managed as carefully as could be expected under the circumstances. Without stern examination, of issue reserves, the entire framework will decline into sham. Investors will ultimately be devastated.

[21] V.A. Avadhani, *supra* note 1, at 535.
[22] Arindam Gupta, *Towards Global Stock Exchange,* 49 Indian Journal of Accounting 151 (2018).

2. SEBI and the government must demand that promoters ought to uncover their objects, assuming any, for providing further capital for the subsequent twelve or eighteen months, at the hour of floating new issues or GDR's. SEBI ought not permit premium on shares of Greenfield ventures. It should set a limit for premium, maybe by utilizing the earlier controller of capital issues (CCI) equation.

3. SEBI should control the flux of new issues in to the market. Accumulation of new issues in large quantities in a single month must be evaded as it enforces needless stress on the fresh issue market and incidentally on the secondary market.

4. SEBI should step up its investigation and surveillance over fresh issues of enormous sums, generally, of over rupees 50 crores. It should assert on comprehensive divulgence of the shareholdings of the promoters and maybe even the directors. Particulars of the individual fiscal wealth of the promoters, their total assets and borrowings, ought to be probed and unveiled. SEBI ought to have some capital sufficiency standards for promoters.

5. The issue above Rs.100 crores can be characterized as a mega issue. Selling such an issue is a wrong undertaking for the merchant banker, the current failure of some high premium issues has given the merchant bankers an exemplary warning. In the current market situation, selling of a mega issue has become an arduous assignment. Consequently, in the current situation of capital markets, the best procedure to trade in a mega issue will be to make good presentation of the organization in the brochures and other booklets, approach the investors of every single potential place and offer great stimulus deals, to increase their motivation. Brokers should also act morally and not misdirect or manipulate the investors by untrue promises and prospectus.