



**CHAPTER 4**  
**CASES SETTLEMENT BY SEBI**  
**CONTENTS**

**4.1 Introduction**

**4.2 Investigation**

**4.3 Enforcement of Regulations**

**Prosecution**

**4.5 Litigations, Appeals and Court**

**Pronouncements**

**4.6. Investor Assistance and Education**

**4.7 Conclusion**

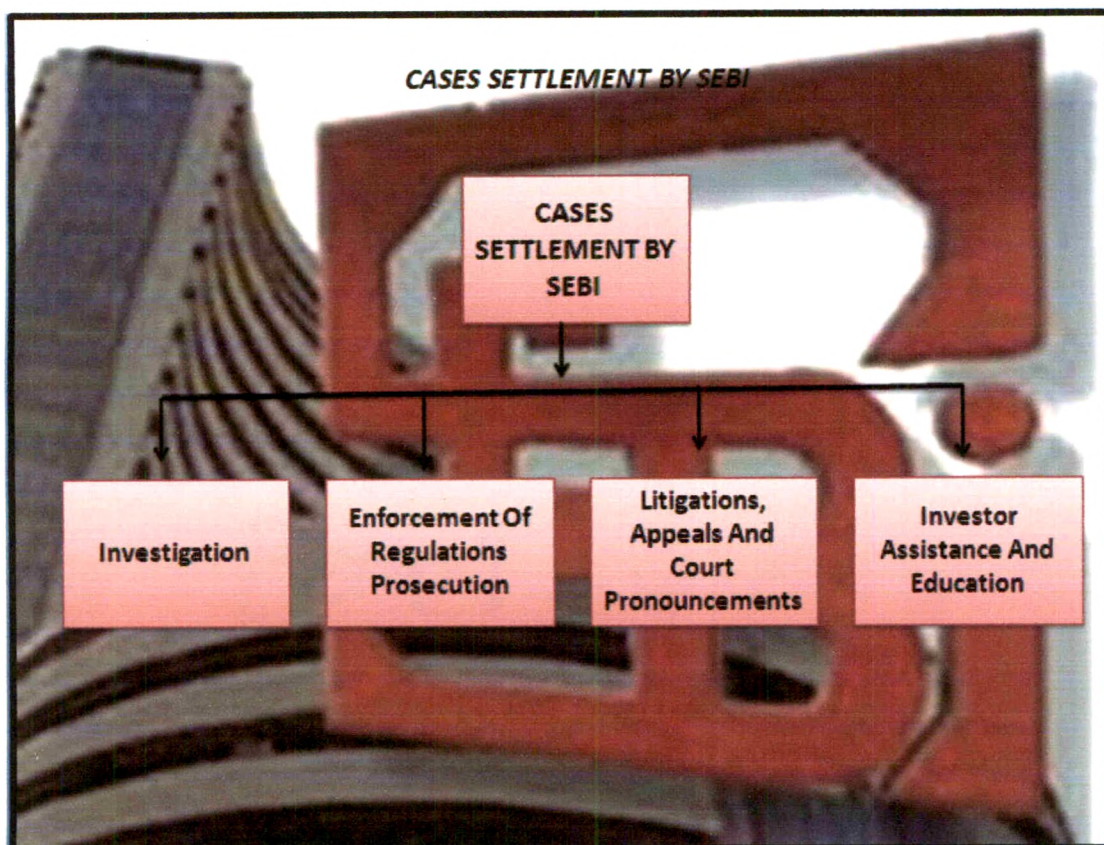
**4.8 Bibliography**



#### 4.1 INTRODUCTION:

In this chapter researcher has explained cases settled by SEBI. Following is the exercise done by observers on so many areas relating to SEBI since inception. These are main 1) Investigation 2) Enforcement of Regulations Prosecution, 3) Litigations, Appeals and Court Pronouncements 4) Investor Assistance and Education.

CHART 4.1



#### 4.2 INVESTIGATION:

Timely completion of investigation cases and effective, proportionate and dissuasive action in case of violations of established securities law is important for protection of investors' interest and ensuring fair, transparent and orderly functioning of the market. It is also vital for improving confidence in integrity of securities market. SEBI is therefore constantly striving to upgrade its investigative skills by making use of Information Technology. Importance of effective and credible use of investigation has also been underscored by International Organisation of Securities Commissions (IOSCO) in its "Principles for the Enforcement of Securities Regulation".



Keeping the above objectives and principles of securities regulations in view, SEBI initiates investigation to examine alleged or suspected violations of laws and obligations relating to securities market. The possible violations may include price manipulation, creation of artificial market, insider trading, capital issue related irregularities, takeover related violations, non-compliance of disclosure requirements and any other misconduct in the securities markets.

#### **4.2.1 Initiation of Investigation:**

There are various sources of information for initiation of investigation. SEBI initiates investigation based on reference received from sources such as stock exchanges, internal surveillance department, other government departments, information submitted by market participants and complainants. In appropriate cases, investigation may also be initiated *suo moto*, where there are reasonable grounds to believe those investors' interests are being adversely affected or there is a suspected violation of the provisions of the securities law.

#### **4.2.2 Process of Investigation:**

Steps involved during investigation process include an analysis of market data (order and trade log, transaction statements etc.) and static data (Know Your Client (KYC) documents obtained from brokers, depository participants etc., bank records, financial results, events around major corporate developments etc.) The purpose of such investigation is to gather evidence and to identify persons/ entities behind irregularities and violations so that appropriate and suitable regulatory action can be taken, wherever required. Outcome of investigation in the form of enforcement action is a clear signal to the market players to comply with the law and expected standards of conduct in the market.

#### **4.2.3 Trends in Investigation Cases:**

From the observation of Table 4.1 and Chart 4.1, it can be clearly understood that, though the cases taken for investigations probe into possible or suspected or alleged infringements of security market regulations such as price manipulation, artificial volume creation, insider trading, violation of takeover code or any other regulations, public issue related irregularities or any fraudulent or unfair trade practices. Investigations are initiated based on evidence available from various resources including SEBI's own surveillance activities, stock exchanges, other intermediaries,



complaints from various sources including press reports. SEBI then calls for information, compels production of documents, summons person interrogation, examines witnesses and where necessary, with the magistrate’s approval carries out even search and seizure operations. On completion of investigation, SEBI takes actions such as warning, suspension of activities, cancellation of registration, and denial of access to the capital market for a specified period, imposition of monetary penalties and initiation of prosecution proceedings. From 2001-02 onwards SEBI shifted to speedy completion of the investigations in subsequent years.

Details of investigations taken up and completed year-wise during the period 2001-02 to 2011-12 are given below.

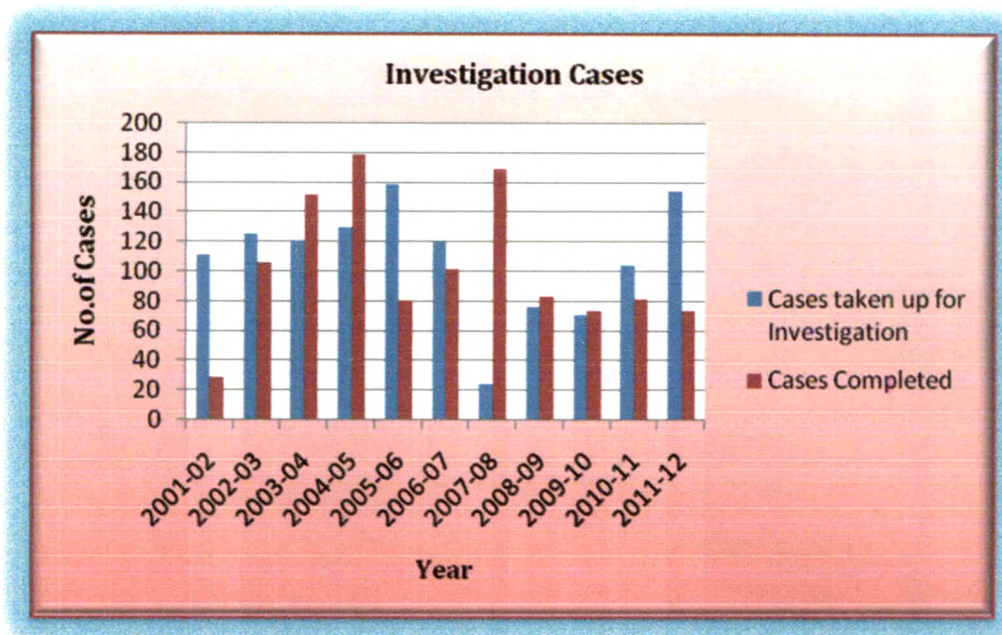
**TABLE 4.1**  
**Investigations by SEBI (*Numbers*)**

Year	Cases taken up for Investigation	Cases Completed
2001-02	111	29
2002-03	125	106
2003-04	121	152
2004-05	130	179
2005-06	159	81
2006-07	120	102
2007-08	25	169
2008-09	76	83
2009-10	71	74
2010-11	104	82
2011-12	154	74
Total	1,196	1,131
CGR	-3.24	0.63

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.



**GRAPH 4.1**



Since 1992-93, SEBI has undertaken 1,196 investigation cases and 1,131 cases investigations have been completed. Apart from enforcement action, an important attendant benefit resulting from such investigations is the contribution to the policy changes with a view to further strengthen regulatory and enforcement environment. The table 4.1 reveals that, in the 2001-02 action taken for investigation was vary less. From 2002-03 SEBI shifted to speedy completion of the investigations in the subsequent years. The number of cases completed was at the peak during 2004-05. Afterwards completion process was slow except the year 2007-08. It is observed that the Compound Growth Rates in case of number of cases completed is 0.63 percent which is more than the number of cases taken for investigation i.e.-3.24 percent.

#### **4.2.4 Nature of Investigation Cases Completed:**

Table 4.2, 4.3 and Chart 4.2, 4.3 reveal the Nature of investigations taken up and investigations completed by SEBI during 2004-05 to 2011-12 which is satisfactory on the aspects of market manipulation and price rigging and other issues like manipulation, takeovers, insider trading and other miscellaneous offences or frauds done by entities/promoters/brokers etc.,. Now-a-days SEBI is responding very attentively to curb such type of corporate frauds or mistakes and is taking necessary actions immediately.

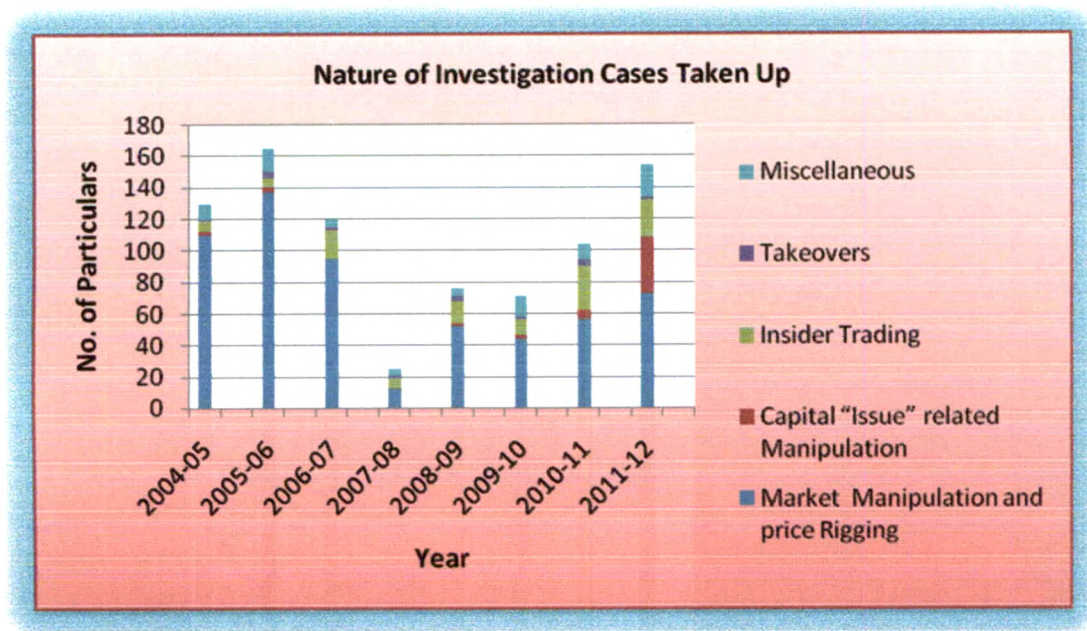


**TABLE 4.2**  
**Nature of Investigation Cases Taken up**

Years	Investigations cases Taken up					
	Particulars					
	Market Manipulation and price Rigging	Capital "Issue" related Manipulation	Insider Trading	Takeovers	Miscellaneous	Total
1	2	3	4	5	6	7
2004-05	110	2	7	1	10	130
2005-06	137	3	6	4	15	165
2006-07	95	0	18	2	5	120
2007-08	12	0	7	2	4	25
2008-09	52	2	14	3	5	76
2009-10	44	2	10	2	13	71
2010-11	56	6	28	4	10	104
2011-12	73	35	24	2	20	154
Total	579	50	114	20	82	845
CGR	10.23	36.72	19.92	6.46	7.28	-

**Source:** SEBI Annual Reports – 2004-05 to 2011-12.

**GRAPH 4.2**



During 2005-06, of the 165 cases taken up for investigation, 137 cases were related to market manipulation and price rigging, i.e. nearly 70 percent of total cases taken up for investigation were related to market manipulation and price rigging during the study



period. This constitutes 83.0 per cent of cases taken up for investigation during the year 2005-06 as against 34.6 per cent of such cases in the year 2004-05.

During 2007-08, nearly 50 per cent of the cases taken up for investigation pertain to market manipulation and price rigging, as against nearly 79 per cent of such cases in the year 2006-07.

During 2011-12, nearly 47 percent of the cases taken up for investigation pertain to market manipulation and price rigging, as against nearly 54 percent of such cases in the year 2010-11. Other cases pertain to insider trading, takeover violations, irregularities in capital issues, and other violations of securities laws. Several investigation cases involve multiple allegations of violations. Water-tight classification under specific category becomes difficult.

The above table 4.2 shows that in the duration of eight years from 2004-05 to 2011-12 out of investigation cases taken up the number of market manipulation and price rigging cases was 579 very high. It is followed by the cases of insider trading i.e. 114. The number of investigation cases taken up was maximum in the year 2005-06. The growth rate of the capital “issue” related manipulation taken up was the highest i.e. the CGR of such cases was 36.72 percent. It is followed by the case insider and market manipulation & price rigging taken up i.e. 19.92 percent and 10.23 percent.

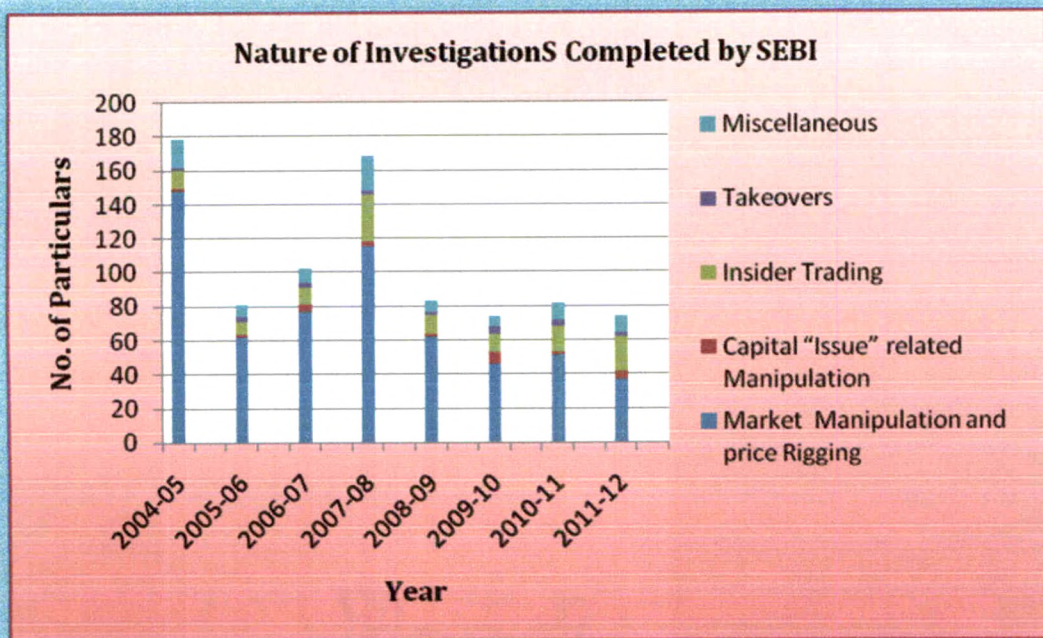


**TABLE 4.3**  
**Nature of Investigations Cases Completed by SEBI**

Years	Investigations Completed					
	Particulars					
	Market Manipulation and price Rigging	Capital "Issue" related Manipulation	Insider Trading	Takeovers	Miscellaneous	Total
1	2	3	4	5	6	7
2004-05	148	2	10	2	17	179
2005-06	62	1	8	3	7	81
2006-07	77	4	10	3	8	102
2007-08	115	3	28	2	21	169
2008-09	62	1	12	1	7	83
2009-10	46	7	10	5	6	74
2010-11	51	2	15	4	10	82
2011-12	37	4	21	2	10	74
Total	598	24	114	22	86	844
CGR	-14.18	11.18	9.32	2.75	-4.53	

**Source:** SEBI Annual Reports – 2004-05 to 2011-12.

**GRAPH 4.3**





The total cases of investigation completed, cases related to market manipulation and price rigging accounted for 76.5 per cent in 2005-06 as against 82.7 per cent in the year 2004-05.

For the period 2011-12, nearly 50 percent of the cases completed pertain to market manipulation and price rigging, as against nearly 62 percent of such cases in the year 2010-11. Other cases in which investigation was completed pertain to capital issue related manipulation, insider trading, takeovers etc.

The table 4.3 shows that the number of investigation cases completed of market manipulation & price rigging and insider trading were maximum, Respectively 598 and 114. The number of investigation cases completed was maximum during the 2004-05. The number of all type of cases taken for investigation was 845 and the number of investigation cases completed was 844. It means that all most all taken up cases for investigation were completed. The trend in the cases of market manipulation & price rigging was having declining trend over the period 2004-05 to 2011-12. The compound growth rate (CGR) of cases completed belonging to Market Manipulation and price rigging was -14.18 percent, Capital “Issue” related Manipulation stood at 11.18 percent; Insider Trading was 9.32 percent, Takeovers 2.75 percent and Miscellaneous -4.53 percent. Of the total cases completed, 71 percent pertained to market manipulation and price rigging.

#### **4.2.5 Regulatory Action:**

After completion of investigation, further penal action is initiated as per the recommendations made in the investigation reports and as approved by the competent authority. Action decided, is based on the principles of objectivity, consistency, materiality and quality of evidence available, after thorough analysis and appreciation of facts.

Action included issuing warning letters, initiating enquiry proceedings for registered intermediaries, initiating adjudication proceedings for levy of monetary penalties, passing directions under Section 11 of Act and initiating prosecution and referring matter to other regulatory agencies. As a matter of policy, SEBI has continued to lay greater emphasis on issuance of prohibitive directions under Section 11 of the SEBI Act, 1992. These directions have the strong and salutary effect of deterrence and also



act as an effective tool to deal with emergent situations requiring a timely and faster response.

Table 4.4 indicates that actions taken by SEBI on many entities regarding cancellation, suspension, warning issued, prohibitive directions issued under 11B of SEBI Act, on investigations probe into possible or suspected or alleged infringements of security market regulations; such as, price manipulation, artificial volume creation, insider trading, violation of takeover code or any other regulations, public issue irregularities related. From the above observation it reveals that total actions taken by SEBI has been increasing, it shows that it is well, sound and regulating authority on behalf of Government of India for the development of capital markets in India.

**TABLE 4.4**  
**Type of Regulatory Actions Taken by SEBI**

Years	Number of Entities				
	Particulars				
	Cancellation	Suspension	Warning issued	Prohibitive direction issued under section 11 of SEBI Act	Total
1	2	3	4	5	6
2002-03	11	42	62	140	255
2003-04	3	43	22	106	174
2004-05	3	42	53	134	232
2005-06	2	36	71	632	741
2006-07	-	52	27	345	424
2007-08	-	44	48	537	629
2008-09	-	46	179	230	455
2009-10	-	48	37	691	776
2010-11	5	36	17	268	326
2011-12	0	16	33	487	536
Total	24	405	549	3570	4548

**Source:** SEBI Annual Reports – 2002-03 to 2011-12.

Following investigation into various malpractices, regulatory actions were taken against 174 entities in 2003-04 which was the lowest in the decade period considered for the study. This indicates decreased level of enforcement by SEBI. Similarly under SEBI Act, of 1992, prohibitory orders were issued against 106 entities in 2003-04 which were the lowest during the study period. Warnings to entities were the highest in 2008-08 whereas it was the lowest in 2010-11. In addition, a total of 405 intermediaries were



suspended for varying periods during the year 2002-03 to 2011-12. Entities of 24 were Cancellation for varying periods during the year 2002-03 to 2011-12.

The study reveals that total actions taken by SEBI has been increasing, it shows that it is well, sound and regulating authority on behalf of Government of India for the development of capital markets in India. The total numbers of Investigation of various malpractices and regulatory actions were taken against 4548 entities during the period of 2002-03 to 2011-12.

#### **4.2.6 Follow-up of Investigations:**

After completion of investigation, the Investigation Department is also actively involved in post-investigation enforcement actions and quasi-judicial proceedings. Such actions include issuing show cause notices to the entities, examining their replies, organizing and participating in the hearings of the entities before the Whole Time Members of SEBI. Co-ordination with Enforcement Department (EFD), preparing draft orders, issuing press releases after orders are passed, attending briefings of advocates and replying to their queries. Co-ordination with Enforcement Department in the proceedings before Securities Appellate Tribunal (SAT) and before courts. Co-ordination with Prosecution Department for cases filed in the courts, follow-up for collection of penalty after orders passed by Adjudicating Officers, initiating prosecution for non-payment of penalties, processing of consent proposals filed by the entities, etc. Timely and qualitative completion of such actions is also important for ensuring the effectiveness of regulatory measures taken by SEBI.

### **4.3 ENFORCEMENT OF REGULATIONS:**

Effective enforcement in the form of effective follow-ups and disciplinary actions makes a regulatory system effective.

#### **4.3.1 Enforcement Mechanisms:**

There are five enforcement mechanisms that SEBI uses in case of any violation(s) pertaining to the laws regulating the securities market. Age-wise analysis of enforcement action details viz. actions u/s 11, 11B and 11D of SEBI Act, enquiry proceedings, adjudication proceedings, prosecution proceedings and summary proceedings for the period of reference that is 2001-02 to 2011-12 are provided in Tables 4.5.



**Table 4.5**  
**Enforcement Mechanisms**

Enforcement Mechanisms	Number of actions initiated		Number of actions disposed		Pending cases	
	2001-02	2011-12	2001-02	2011-12	2001-02	2011-12
Enforcement Actions	441 (54.85)	348 (35.01)	390 (88.43)	371 (33.85)	0 (0)	338 (40.19)
Enquiry Proceeding	204 (25.37)	8 (0.80)	35 (7.94)	40 (3.65)	0 (0)	8 (0.95)
Adjudication Proceeding	64 (7.96)	609 (61.27)	16 (3.63)	641 (58.49)	1 (1.22)	466 (55.41)
Prosecution Proceeding	95 (11.82)	29 (2.92)	0 (0)	42 (3.83)	81 (98.78)	29 (3.45)
Summary Proceeding	0 (0)	0 (0)	0 (0)	2 (0.18)	0 (0)	0 (0)
Total	804 (100)	994 (100)	441 (100)	1096 (100)	82 (100)	841 (100)

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.

Under Legal Enforcement Actions of SEBI Act, 1992, SEBI may issue directions or prohibitive orders such as debarment from accessing the securities market or not to deal in securities. In the year 2001-02, 88.43 percent of cases under Legal Enforcement Actions have been disposed by SEBI. In the same financial year, 54.85 percent fresh cases under the captioned provisions of law were initiated by SEBI. No pending cases were there in 2001-02. In 2011-12, 33.85 percent cases under Legal Enforcement Actions were disposed by SEBI. In the same fiscal year, 35.01 percent fresh cases under the caption provision of law were initiated by SEBI. The pending cases 2011-12 were 40.19 percent.

SEBI may suspend or cancel the certificate of registration of an intermediary through Enquiry Regulations on the recommendation of the enquiry officer/designated authority appointed for that purpose. It may also issue warning to an intermediary if it considers that the violations committed by the intermediary does not warrant suspension or cancellation or registration. In the financial year 2001-02, 7.94 percent cases were disposed by SEBI after the due completion of enquiry proceedings. In the same financial year, 25.37 percent fresh cases were initiated where enquiry proceedings are



being followed. No pending cases were there in 2001-02. In the fiscal year 2011-12, 3.65 percent cases were disposed by SEBI after the due completion of enquiry proceedings. In the same financial year, 0.8 percent fresh cases were initiated where enquiry proceedings are being followed. The pending cases 2011-12 stood at 0.95 percent.

Under Chapter VIA of SEBI Act, 1992, SEBI may appoint an Adjudicating Officer for conducting enquiry and imposing penalties. In the financial year 2001-02, there was a disposal of 3.63 percent cases under adjudication proceedings. 7.96 percent fresh cases were initiated for adjudication in the same year. The pending cases 2001-02 stood at 1.22 percent. In 2011-12, 58.48 percent cases were disposed by SEBI under adjudicating proceedings. In the same financial year, 61.27 percent fresh cases were initiated under adjudicating proceedings. The pending cases 2011-12 stood at 55.41 percent.

Section 24 of the SEBI Act; 1992, empowers SEBI to launch prosecution against any person for contravention of any provision of the SEBI Act, 1992 or any rules or regulations made there under before a court of criminal jurisdiction. In the year 2001-02, no prosecution cases filed by SEBI was disposed by courts and 11.82 percent fresh cases were initiated. The pending cases 2001-02 stood at 98.78 percent. In 2011-12, 3.83 percent prosecution cases filed by SEBI were disposed by courts and 2.92 percent new cases were initiated. The pending cases 2011-12 stood at 3.45 percent.

Chapter VA of the SEBI (Intermediaries) Regulations, 2008 provides the power to conduct summary proceedings in certain specific cases. In the economic year 2001-02, no cases of summary proceedings was disposed off. It may be noted that no summary proceedings were initiated during this period. In 2011-12, 0.18 percent cases for summary proceedings were disposed by SEBI. It may be noted that no summary proceedings were initiated and pending during the same period. In the economic year 2001-02, no cases of summary proceedings was disposed of. It may be noted that no summary proceedings were initiated during this period. No pending cases were there in 2001-02 except prosecution proceeding.

The above table 4.5 shows that compared to 2001-02 the number of actions initiated, number of actions disposed and pending cases was high in 2011-12. Both in case of number of action initiated and number of action disposed, the maximum cases found under adjudication proceeding in the year 2011-12.



### 4.3.2 Market Intermediaries:

Table 4.6 explains figures relating to action against brokers and sub-brokers.

**TABLE 4.6**

**Enquiry and Adjudication Proceedings Initiated against Stock Brokers/Sub-brokers**

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
Enquiry Proceedings initiated –Stock Brokers	24	62	146	21	6	11	5	17	18	19	-	329
Summary proceedings initiated-Stock Brokers/Sub-brokers	-	-	303	106	26	2	2	0	93	2	-	534
Enquiry Proceedings initiated –Stock Brokers	Nil	3	46	9	8	3	3	3	0	1	-	76
Adjudication proceedings initiated	Nil	1	122	29	22	38	23	106	130	83	609	1,163
Warned pursuant to chairman/ members Orders	39	38	122	4	-	-	-	-	-	-	-	203
Total no of warning issued	-	-	108	30	45	1	1	33	19	2	-	239
Suspended	51	24	30	24	7	32	7	28	46	6	-	255
Cancellation of Registration	18	122	70	288	Nil	40	38	5	2	12	-	595
Censure	-	-	-	1	34	11	10	7	5	0	-	68
Consent orders	-	-	-	-	-	-	3	208	98	13	-	322
No action	2	337	27	3	-	-	-	-	-	-	-	369
Total	144	780	975	540	148	138	92	407	412	140	617	-

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.

In eleven years duration from 2001-02 to 2011-12 the number of adjudication proceedings initiated against Stock Brokers/ Sub-brokers was very high that was 1163 cases. It was increasing in recent years. On the other hand there was a declining trend in case of summary proceedings initiated-stock brokers/sub-brokers and cancellation of registration in recent years of the study period. The cases of ‘no action’ were found only in the years from 2001-02 to 2004-05.



Actions in 2003-04 are higher in number mainly due to backlog clearance. The total of number of Enquiry and Adjudication initiated was also higher in 2003-04 as SEBI had called for information, since 1992 onwards, relating to brokers declared defaulter/expelled from stock exchanges. SEBI initiated action against such members.

Since 1992 onwards, SEBI has been calling for information from the brokers. The total of number of Enquiry and Adjudication initiated against brokers was lower in 2007-08 than that in 2003-04.

#### 4.4 PROSECUTION:

##### 4.4.1 Trends in Prosecution:

##### Number of Prosecutions Launched:

Table 4.7 and Chart 4.4 give details of the prosecutions launched during the period 2001-02 to 2011-12.

**TABLE 4.7**

##### Prosecutions Launched

Year	No. of cases in which prosecution has been launched	No. of person/ entities against whom prosecution has been Launched	Total
1	2	3	
2001-02	95 (15.65)	512 (84.35)	607
2002-03	229 (20.95)	864 (79.05)	1093
2003-04	480 (69.97)	2,06 (30.03)	686
2004-05	86 (16.60)	432 (83.40)	518
2005-06	30 (22.90)	101 (77.10)	131
2006-07	23 (13.14)	152 (86.86)	175
2007-08	40 (17.78)	185 (82.22)	225
2008-09	29 (20.28)	114 (79.72)	143
2009-10	30 (21.58)	109 (78.42)	139
2010-11	17 (20.24)	67 (79.76)	84
2011-12	29 (32.58)	60 (67.42)	89
<b>Total</b>	1175	5552	607
<b>CGR</b>	-21.44	-20.27	1093

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.



GRAPH 4.4

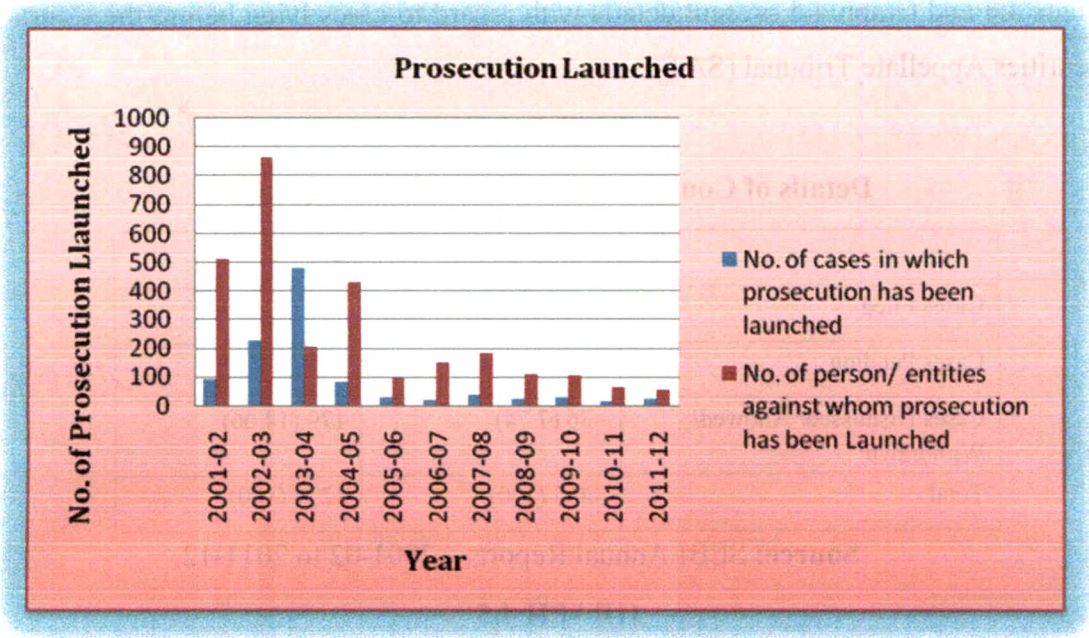


Table 4.7 discloses that the total number of prosecutions launched till 31 March, 2011 was 1175 and the total number of persons or entities against whom prosecution was launched was 5552. From the above it is clearly revealed that as regulator of capital markets, SEBI has done a tremendous role for control of various manipulations occurred in our Indian securities markets from the last 20 years. The growth rate of number of cases in which prosecution has been launched is -21.44 and the growth of number of person/ entities against whom prosecution has been launched is -20.27 during the period 2001-02 to 2011-12 under considered.



**4.5. LITIGATIONS, APPEALS AND COURT PRONOUNCEMENTS:**

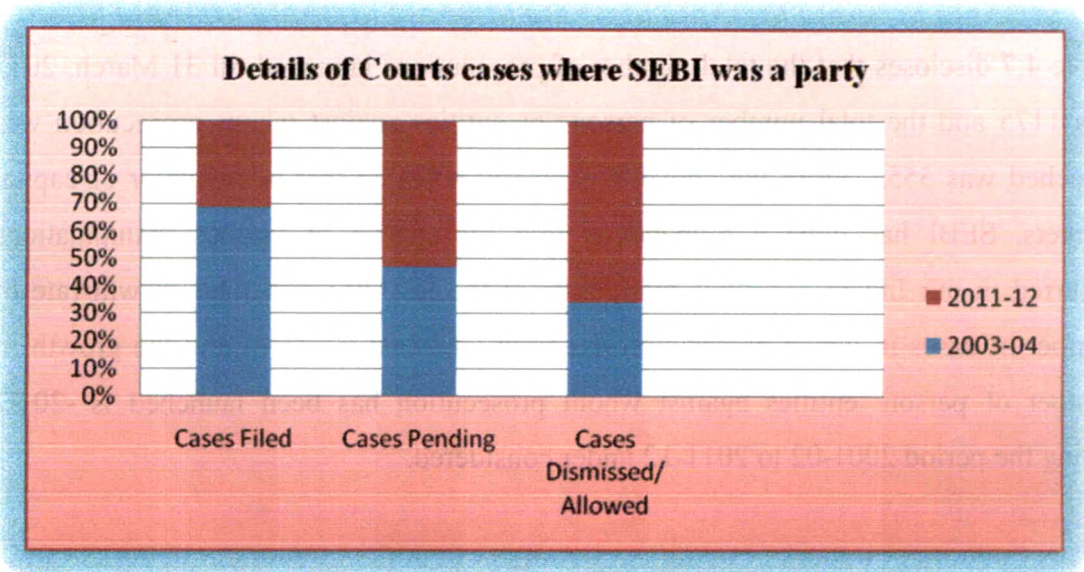
Tables 4.8 and Graph 4.5 present details with regard to cases lying before the Courts / Securities Appellate Tribunal (SAT).

**TABLE 4.8**  
**Details of Court cases where SEBI was a party**

	2003-04	2011-12
Cases Filed	126 (27.10)	149 (12.20)
Cases Pending	303 (65.16)	893 (73.14)
Cases Dismissed/ Allowed/ Withdrawn	36 (7.74)	179 (14.66)
Total	465 (100)	1221 (100)

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.

**GRAPH 4.5**



Analysis of the data presented in the tables details with regard to cases lying before the Courts / Securities Appellate Tribunal (SAT) and also information on the nature of violations. Compare to 2003-04 there was a great enhancement in the year 2011-12 in the number of cases filed, cases dismissed/ allowed/ withdrawn and cases pending. The



number of pending cases was very high constituting 65 and 73 percent in 2003-04 and 2011-12 respectively.

The research study present details with regard to cases lying before the Courts / Securities Appellate Tribunal (SAT) and also information on the nature of violations. Compare to 2003-04 there was a great enhancement in the year 2011-12 in the number of cases filed, cases dismissed/ allowed/ withdrawn and cases pending. The number of pending cases was very high constituting 65 and 73 percent in 2003-04 and 2011-12 respectively.

#### **4.6 INVESTOR ASSISTANCE AND EDUCATION:**

##### **4.6.1 Redressal of Investor Grievances:**

SEBI has been under taking various measures to expedite the redressal of investor grievances. The grievances lodged by against the respective listed company are taken up and are continuously monitored. The company is required to respond in prescribed format in the form of Action Taken Report (ATR). Upon the receipt of ATR, the status of grievances is updated. If the response of the company is insufficient / inadequate, follow up action is initiated. Grievances pertaining to stock brokers and depository participants are taken up with concerned stock exchange and depository for redressal and monitored by the concerned department through periodic report obtained from them. Grievances pertaining to other intermediaries are taken up with them directly for redressal and are continuously monitored by concerned department of SEBI also taking appropriate enforcement actions (adjudication, directions, prosecution etc) as provided under the law where progress in redressal of investor grievances is not satisfactory. The following paragraphs highlight SEBI's performance and measures taken in the year 2011-12 for expediting the redressal of investor grievances.

Table 4.9 discloses that how the SEBI has been received Grievance received from various people and redressed these grievances by it. For this purpose only SEBI has established a comprehensive investor grievances redressal mechanism. The investor Grievances Redressal and Guidance Division of the SEBI helps investors who prefer to make complaints to the SEBI against listed companies. A standard complaint format is available at all SEBI offices and on the SEBI website for the convenience of investors. Each complaint is taken up with the company and if the complaint is not resolved within a reasonable time, a periodical follow up is also made with the company. Errant



companies are warned of stern action for the failure to redress grievances. Recalcitrant companies are referred for prosecution.

Table 4.9 provides details of the Status of Investor Grievances Received and Redressed during the period 2008-09 to 2011-12. The table gives details about both “Grievances Received” as well as “Grievances Redressed (Resolved)” and there by Pending Grievance during the period.

**TABLE 4.9**  
**Status of Investor Grievances Received and Redressed**

Financial year	Grievances Received	Grievances Redressed (Resolved)	Redressed Rate (%)
2001-02	27,11,482	25,72,129	94.86
2002-03	27,48,916	26,11,101	94.99
2003-04	27,85,660	26,32,632	94.50
2004-05	28,40,095	26,85,993	94.57
2005-06	28,80,580	27,23,060	94.53
2007-08	29,35,513	27,54,736	93.84
2008-09	26,74,570	25,03,560	93.60
2009-10	27,06,895	25,46,302	94.07
2010-11	27,63,565	26,12,854	94.55
2011-12	28,10,113	26,66,695	94.90
Total	278,57,389	263,09,062	94.44

**Source:** SEBI Annual Reports – 2001-02 to 2011-12.

Complaints Redress System of SEBI provides details of the Status of Investor Grievances Received and Redressed. SEBI has undertaken 278,57,389 investor grievances received. 94.44 percent grievances redressed have been completed. The redressed rate to grievances received was fluctuating in the range of 93.60 percent to 94.99 percent during the period of 2001-02 to 2011-12.

**4.7 CONCLUSION:**

In this chapter researcher has the exercise done by observers on so many areas relating to SEBI since inception. These are (i) investigations taken up by SEBI (ii) Nature of investigations taken up and completed by SEBI on issues like Market manipulation and price rigging, etc., (iii) Types actions taken by SEBI on various entities (iv) No of Prosecutions launched by SEBI (v) Nature of Prosecutions launched by SEBI (vi) Actions taken on Mutual Funds by SEBI (vii) Details of Appeals before Securities Appellate Tribunal (SAT) (viii) Enforcement Mechanisms (ix) Enquiry and



Adjudication proceedings Initiated against Stock Brokers/Sub-brokers (ix) Investor's Grievances received and redress by SEBI.

From the observation of investigation by SEBI, it can be clearly understood that, though the cases taken for investigations probe into possible or suspected or alleged infringements of security market regulations such as price manipulation, artificial volume creation, insider trading, violation of takeover code or any other regulations, public issue related irregularities or any fraudulent or unfair trade practices. Investigations are initiated based on evidence available from various resources including SEBI's own surveillance activities, stock exchanges, other intermediaries, complaints from various sources including press reports. SEBI then calls for information, compels production of documents, summons person interrogation, examines witnesses and where necessary, with the magistrate's approval carries out even search and seizure operations. On completion of investigation, SEBI takes actions such as warning, suspension of activities, cancellation of registration, and denial of access to the capital market for a specified period, imposition of monetary penalties and initiation of prosecution proceedings. From 2001-02 onwards SEBI shifted to speedy completion of the investigations in subsequent years.

The reveal that Nature of investigations taken up and investigations completed by SEBI during 2004-05 to 2011-12 is satisfactory on the aspects of market manipulation and price rigging and other issues like manipulation, takeovers, insider trading and other miscellaneous offences or frauds done by entities/promoters/brokers etc.,. Now-a-days SEBI is responding very attentively to curb such type of corporate frauds or mistakes and is taking necessary actions immediately.

Regulatory actions taken by SEBI on many entities regarding cancellation, suspension, warning issued, prohibitive directions issued under 11B of SEBI Act, on investigations probe into possible or suspected or alleged infringements of security market regulations; such as, price manipulation, artificial volume creation, insider trading, violation of takeover code or any other regulations, public issue irregularities related. From the above observation it reveals that total actions taken by SEBI has been increasing, it shows that it is well, sound and regulating authority on behalf of Government of India for the development of capital markets in India.

There are five enforcement mechanisms that SEBI uses in case of any violation(s) pertaining to the laws regulating the securities market. Age-wise analysis of



enforcement action details viz. actions u/s 11, 11B and 11D of SEBI Act, enquiry proceedings, adjudication proceedings, prosecution proceedings and summary proceedings for the period of reference that is 2001-02 to 2011-12 are provided

Status of investor grievances received and redressed discloses that how the SEBI has been received Grievance received from various people and redressed these grievances by it. For this purpose only SEBI has established a comprehensive investor grievances redressed mechanism. The investor Grievances Redressed and Guidance Division of the SEBI helps investors who prefer to make complaints to the SEBI against listed companies. A standard complaint format is available at all SEBI offices and on the SEBI website for the convenience of investors. Each complaint is taken up with the company and if the complaint is not resolved within a reasonable time, a periodical follow up is also made with the company. Errant companies are warned of stern action for the failure to redress grievances. Recalcitrant companies are referred for prosecution.



#### **4.8 REFERENCE:**

1. Annual report of Securities and exchange board of India 2001-2012
2. Dr. Kvsn Jawahar Babu, S. Damodahr Naidu, (November 2012), "Investor Protection Measures By SEBI" Journal of Arth Prabhand: A Journal of Economics and Management, Vol.1 Issue 8, ISSN 2278-0629.
3. G Sabarinathan Vikalpa (October - December 2010) "SEBI's Regulation of the Indian Securities Market: A Critical Review of the Major Developments", journal of Research Volume. 35 No. 4.
4. Godhi Rashmi Anand (August 2011), A study of Innovative Services Public Sector Bank with Special Reference to Bank of India, M. phil published Dissertation, Department of Economics Shivaji University Kolhapur.
5. K.Mallikarjuna Rao (October-December, 2012), "Impact of Foreign Institutional Investment on Stock Market with Special Reference to NSE" The Indian Journal of Commerce, Quarterly Publication of Indian Commerce Association, Vol. 65 No. 4, ISSN 0019-512x.
6. Shaik Abual Majeed Pasha, R. Vamsi Krishnna, V. Hemantha, Gopi Kiran, (March 2012), "A Study on Role of SEBI in Capital Market: An Empirical Analysis", Journal of International Journal of Multi-disciplinary Research, Vol.2, Issue 3 (March 2012) ISSN 2231, 5780.
7. Yelikar Rajshekhar Ramling (August 1999), A Study Emergin Trends in Indian Capital Market, Phd published Thesis, Department of Comers' Shivaji University Kolhapur.

#### **Websites:**

1. [www.3pdf.com](http://www.3pdf.com)
2. [www.pinnaclejournals.com](http://www.pinnaclejournals.com)
3. [www.sebi.gov.in](http://www.sebi.gov.in)
4. [www.vikalpa.com](http://www.vikalpa.com)