

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:260
ANSWERED ON:25.02.2000
ROLLING SETTLEMENT SYSTEM
SANJAY PASWAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are aware that SEBI's move to expand the rolling settlement(daily) system adding 100 more scrips to the list of ten scrips (at present) has been opposed by the brokers and investors;
- (b) if so, whether the promoters of companies are opposing the move since the valuation of their shares under the system are being adversely affected;
- (c) if so, whether SEBI's move is derogatory in nature and will result in drop in volumes and consequent adverse effect on liquidity;
- (d) if so, whether the volume in ten scrips which are already in compulsory rolling settlement list have declined sharply;
- (e) if so, the reasons for which SEBI is adamant to introduce 100 more scrips under rolling settlement system; and
- (f) the action taken by the Government to interfere in this matter and defer the move of SEBI in the light of present growth of capital markets since 1999, till-date?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

- (a) & (b): According to information furnished by SEBI, no broker or investor has opposed SEBI's move to expand rolling settlement. Further, excepting in one case, no promoter has approached SEBI and opposed rolling settlement.
- (c) & (d): According to information provided by SEBI, on several days the trading volume, delivery and also price of some of the scrips in the first lot of 10 scrips has been higher than the average volumes prior to the introduction of rolling settlement, based on data of the average of six settlements.
- (d) & (f): Rolling settlement has several benefits for investors. It reduces risk and speeds up clearing and settlement giving investors greater liquidity. It is for this reason that rolling settlement prevails in all developed markets and in almost all emerging markets. The transition to rolling settlement would bring trading practices in India's capital markets closer to international standards.