

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4038
ANSWERED ON:22.08.2003
PLAN FOR CAPITAL MARKET DEVELOPMENT
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the SEBI has drawn up a Strategic Action Plan(SAP) for 2003-04 to make India the benchmark in the terms of capital market development for the rest of the world;
- (b) if so, the details thereof;
- (c) whether the reform proposed by SEBI will be implemented in all the seven market jurisdiction of SEBI;
- (d) if so, the extent in which the SEBI focus on corporate governance in SAP; and
- (e) the details of plans effecting the risk management procedures in the stock markets of India?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) : Yes, Sir.

(b) : The Strategic Action Plan has been designed to address major issues segregated into a) Structural issues, b) Systemic issues, c) Operational issues and cover the different segments viz. investors, market, intermediaries and the regulator. The theme is 'India – A benchmark for the globe'. The objective is to upgrade our Securities Markets and enhance investor protection and to set standards for other Securities Markets.

(c) : SEBI has studied seven jurisdictions to find out the practices in their securities markets and to compare our position with that of these markets. The plan is meant for implementation in the securities markets in India but the objective is to set standards for other markets.

(d) : The SAP covers Corporate Governance of intermediaries and listed companies and proposes to use regulatory tools like the listing conditions and not statutory tools like amendments to statutes.

(e) : The SAP proposes enhancing risk management through strengthening of surveillance, inspections, market wide straight through processing, consolidation of brokers, enhanced disclosures to investors by Stock Exchanges and intermediaries by brokers; enhanced standards on clearing and settlement corporations,