

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2386
ANSWERED ON:23.07.2004
CURBING MALPRACTICES ON TRADING IN BSE AND NSE
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that there is a complaint of malpractice on trading in Bombay Stock Exchange and National Stock Exchange;
- (b) if so, the details thereof; and
- (c) the steps Government intends to take to discipline the secondary market of the country?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): The Securities and Exchange Board of India (SEBI) has informed that complaints which are received by SEBI relating to trading malpractices on the exchanges in respect of specific scrips or brokers or matters relating to stock exchanges` functioning are examined and appropriate action, as warranted in the matter, is taken.

(c): To curb malpractices in trading and to ensure integrity of markets, SEBI has put in place a mechanism comprising of monitoring and surveillance of trading including through the online monitoring system of stock watch by exchanges. A regular system of weekly surveillance meetings with major stock exchanges, viz., Bombay Stock Exchange, National Stock Exchange and the Depositories, has been put in place to provide a confidential platform for exchange of views on areas of emerging concerns, specific abnormalities, and to consider pre-emptive actions and discuss general surveillance issues. Based on discussions in the weekly meetings, SEBI in consultation with exchanges initiated several preventive surveillance measures including imposition of additional margins, reduction of gross exposure limits and shifting of scrips to trade for trade segment during the last year. SEBI in consultation with exchanges has also laid down standard criteria for initiating/ reviewing such surveillance actions.