

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:160
ANSWERED ON:18.02.2009
RED RES SAL OF INVESTORS GRIEVANCES
Dube Shri Ramesh

Will the Minister of FINANCE be pleased to state:

- (a) whether SEBI has recently directed companies to resolve the investor's complaints expeditiously;
- (b) If so, the details thereof including the names of the companies and number of complaints received against each during the last three years;
- (c) the time schedule fixed to resolve the grievances of the investors;
- (d) the penal action proposed for non-compliance of the directions; and
- (e) the other measures being taken to build up investors' confidence?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) Yes Sir
- (b) The details are annexed.
- (c) The time schedule for resolving grievances of investors varies depending on the type and nature of grievance.
- (d) SEBI Act, 1992 provides different penal measures for non-redressal of investor grievances including initiating Adjudication proceedings under Section 15C of the Act.
- (e) To build up investors' confidence, SEBI has taken the following measures:
 - (i) Laying down various Regulations, and Guidelines for regulating the securities market, and to ensure safety, transparency and efficiency in the securities market.
 - (ii) Conducting market surveillance, inspections and investigations and taking enforcement measures in cases of breach of norms related to capital market.
 - (iii) Keeping a constant vigil on the market, irrespective of the levels of the indices and taking action wherever warranted.
 - (iv) Conducting regular meetings with officials of the stock exchanges and depositories and they have been advised to step up their own surveillance measures and to initiate expeditious demonstrative action wherever warranted so as to protect investors' interest and ensure orderly functioning of the stock market.
 - (v) To enhance transparency Stock Exchanges have been advised to ensure that brokers provide daily report to each of their clients, clearly bringing out the client trades and margin liability.
 - (vi) Public awareness programs with special focus on the prevailing margin system, including computation and imposition of the margins have also been commenced. PAN is made mandatory to strengthen Know Your Client (KYC) norms, thereby facilitating sound audit trail of transactions in the securities market. This would render the markets safer and more secure by addressing the possible risks and ensure transparency in the securities market. Stock Exchanges have been advised to ensure that the brokers update the KYCs periodically.
 - (vii) Additionally, from time to time the Stock Exchanges also are issuing list of Do's and Don't's through leading English and Hindi newspapers for investors with regard to dealing in securities, periodically conducting investor education programmes.
 - (viii) Office of Investor Assistance and Education (OIAE) has been set up as single window interface for redressal of grievances from investors where Investors can submit the grievances against intermediaries or listed companies at any of the four offices of the SEBI, located at Mumbai, Delhi, Chennai & Kolkata.

(ix) Associations from all over the country have been recognized, which conducts workshops in towns and cities to enhance investor awareness of securities market. These workshops in which subject experts participates help both investors having prior experience and also potential investors.

(x) The educational materials printed by SEBI and frequently asked questions on various topics are hosted on the investor website of SEBI <http://investor.sebi.gov.in> for use of investors.

(xi) In recent past,it has been made mandatory for promoters and promoter group of the listed companies to disclose the details of pledge of shares held by them.

(xii) Conducting inspections of market intermediaries such as stock brokers, depository participants, registrar to issue and transfer agents, merchant bankers etc. in which the aspect of investor grievance redressal is also covered. Based on the observations of the inspections,penal action is taken i against the above defaulting intermediaries where warranted. Moreover,keeping in view the dynamic conditions of the market, SEBI formulates suitable provisions, to upgrade the risk management and other practices followed by the intermediaries, from time to time.