

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2158
ANSWERED ON:12.08.2011
SMALL INVESTORS IN CORPORATE ECONOMY
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Will the Minister of FINANCE be pleased to state:

(a) Whether the Union Government is trying to explore the potentiality of getting small investors into the corporate economy of India; and

(b) If so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Yes, Sir.

(b): Securities and Exchanges Board of India (SEBI), the stock exchanges and various other organizations involved in the development of the capital markets take several steps to increase the participation of the small investors in the securities market. Some of the important initiatives taken include the following:

- i. Publication and distribution of pamphlets on Do's and Don'ts for investors in different languages on topics including issue of securities, investing in derivatives, mutual funds etc.
- ii. Posting of educative material on various topics on the various investor websites.
- iii. Conducting financial education targeted at school children, college student, middle income group, executives, housewives, retirees and Self Help Group.
- iv. Enabling trading in securities market through devices such as mobile phone, laptop with data card that uses Internet Protocol.
- v. Inducing exchanges to introduce the facility of Smart Order Routing which provides the facility of best execution of orders across multiple trading venues and simplification of arbitration proceedings.
- vi. Enhancing monetary limit for retail individual investors from Rs. One lakh to Rs. Two lakh for participating in public issues.
- vii. Allowing investors to make payment for subscribing to public issue at a price net of discount if eligible, at the time of bidding itself thereby enabling investors to apply for more shares with the same cash outlay.
- viii. Introducing Application Supported by blocked amount thereby eliminating problems associated with physical refund of application money.
- ix. Reducing timelines for public issue process.
- x. Reserving, not less than 35% of the net offers to public category for retail individual investors.
- xi. Allowing mutual fund transactions through registered stock brokers of recognized stock exchanges.
- xii. Advising mutual funds to disclose details of investor complaints received in their website and Association of Mutual Funds of India (AMFI) website.
- xiii. Enabling mutual fund units to be held in demat form.