

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4037  
ANSWERED ON:26.08.2011  
IRREGULARITIES COMMITTED IN SHARES  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether instances of high upheaval in share market and irregularities committed in shares have come to light during the last two years;
- (b) if so. the details thereof;
- (c) the action taken by Securities and Exchange Board of India (SEBI) against persons found committing irregularities;
- (d) the names of the shares where complaints of irregularities have been received by SEBI during the last two years; and
- (e) the action taken or proposed to be taken by the Government/ SEBI in the matter?

**Answer**

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

(a) The Securities and Exchange Board of India (SEBI), has reported that fluctuations in markets are not unusual. Market movements are the outcome of perceptions of the investors about the economy, the sector and companies. This perception is influenced by many factors including the macro-economic environment, the growth potential of the economy /companies, policy credibility of the government, corporate performance, domestic and international events and market sentiments. The stock market capitalizes the present and future values of growth opportunities while evaluating the growth of all sectors in the economy. Certain irregularities in share transactions have come to the notice of SEBI. Complaints that are received from time to time are examined as per extant SEBI guidelines and it takes civil and/or criminal actions as deemed necessary under various relevant Acts, Rules and Regulations.

(b) The details of investigation taken up and completed by SEBI during the last two years are as under:-

Particulars	Investigations Taken Up	Investigations Completed
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	2009-10	2010-11	2009-10	2010-11
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Market Manipulation and Price Rigging	44	56	46	51
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Capital `Issue` related Manipulation	2	6	7	2
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Insider Trading	10	28	10	15
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Takeovers	2	4	5	4
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Miscellaneous#	13	10	6	10
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# Include investigations pertaining to fraudulent transfer of shares by promoters to their own accounts, dematerialization/ offloading of locked-in shares, corporate governance irregularities, listing agreement irregularities, transfer of trades, manipulation of financial results, suspected trading by market participants such as technical analysts, unregistered portfolio managers, etc

(c) The details of action taken by SEBI in the last two years, following the investigations are as under:-

Particulars            Number of Entities

2009-10   2010-11

Cancellation of certificate of registration of market participants    0   5

Suspension of certificate of registration of market participants    48   36

Warning issued to market participant    37   17

Prohibitive directions issued u/s 11 of SEBI Act against intermediaries and non-intermediaries    691   268

Deficiency Observations issued/ Administrative warning    156   63

Total#            932   389

**# this excludes consent orders**

(d) and (e) The scrips taken up for examination/ investigation, based on complaints received from April 01, 2009 till August 23, 2011 is provided at Annexure. The enforcement regulations are also reviewed regularly and as required, necessary modifications are made therein.