

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2091  
ANSWERED ON:12.08.2011  
DIRTY MONEY INTO STOCK MARKET  
Acharia Shri Basudeb;Dome Dr. Ram Chandra

**Will the Minister of FINANCE be pleased to state:**

- (a) the number of suspected cases of share price manipulation registered and investigated during the last three years and current year;
- (b) whether a large amount of `dirty money`/black money is flowing into stock markets;
- (c) if so, the details thereof;
- (d) whether the Government has any mechanism to find out such instances of suspected transactions in stock markets;
- (e) if so, the details thereof;
- (f) whether the Government has received proposals to arm regulators like Securities and Exchange Board of India (SEBI) with the power to tap phones;
- (g) if so, the details thereof and response thereto; and
- (h) the measures taken by the Government in this direction?

**Answer**

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

(a): The number of cases of market manipulation and price rigging registered and investigated by the securities market regulator, Securities and Exchange Board of India (SEBI) in the last three years and current year are as under:

Market Manipulation and Price Rigging Cases registered and investigated by SEBI (Year-wise)

Registered Investigation  
Completed

2008-09	53	63
2009-10	45	47
2010-11	56	51
2011-12	35	3

(Till July)

(b) & (c): Several steps have been taken to prevent `dirty money`/ black money from flowing into the stock markets. For instance, the payments for transactions in the stock markets are made through banking channels. Banks and other financial intermediaries are also required to ensure compliance with the customer due diligence norms as required under Prevention of Money Laundering Act (PMLA), 2002, and Rules notified thereunder. SEBI registered intermediaries such as Mutual Funds, Depository Participants, Stock Brokers etc. follow the Know Your Client (KYC) guidelines laid down by SEBI when customers are registered- These intermediaries as also other reporting entities in the financial sector such as banks, insurance companies, financial institutions, payment system operators, casinos, etc, are required to make Suspicious Transaction Reports (STRs) to Financial Intelligence Unit (FIU-TND), Department of Revenue. The details of STRs in the last three years submitted by Mutual Funds, Depository Participants and Stock Brokers, including sub-brokers, are given in the table below.

Year No. of STRs

2008-09	739
2009-10	976
2010-11	1355

(d) & (e): The PMLA has established a regime since July 2005 for the reporting of suspicious transactions. Under this regime, FIU is the central national agency for receiving, processing, analysing and disseminating information relating to suspicious financial transactions involving money laundering and terrorist financing. The Central Board of Direct Taxes (CBDT) also takes action in accordance with the provisions of the Direct Tax laws on complaints regarding unaccounted money being invested in the stock markets.

(f) to (h): No, Sir. However, SEBI had requested for including SEBI in the list of law enforcement/investigating agencies maintained by the Department of Telecommunications for facilitating receipt of e-mails and Call Data Records from the service providers.