

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2780  
ANSWERED ON:29.08.2012  
INSIDER TRADING QUESTION  
Ray Shri Rudramadhab

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

- (a) whether insider trading is still flourishing in Dalai Street and has been longstanding affair in India;
- (b) if so, the number of persons arrested and details of conviction awarded for indulging in such illegal activities;
- (c) whether the Government plans to make stringent laws to check insider trading and manipulation in stock exchanges in India as prevalent in the USA;
- (d) if so, the time by which such laws are likely to be in operation; and
- (e) if not, the reasons therefor?

**Answer**

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

(a): Securities and Exchange Board of India (SEBI), the market regulator, receives reports of instances of alleged insider trading. There has, however, been a general decline in the cases of alleged violation of extant regulations as reported by BSE and NSE to SEBI as would be evident from the table below:

Year Number of Cases

2008-09	57
2009-10	100
2010-11	82
2011-12	43
2012-13	4
(from April 1, 2012 till July 31, 2012)	

(b): As per the provisions of the SEBI Act, 1992, SEBI is empowered to file criminal proceedings against those engaged in insider trading. However, the Act does not provide for the arrest of those accused of insider trading. So far, no person has been convicted for indulging in insider trading though prosecution cases have been filed against 110 persons (since inception of SEBI) and 11 cases have been compounded as per the extant regulations.

(c) to (e): SEBI has put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems and practices are reviewed continuously and modified to meet emerging needs. For instance, SEBI (Prohibition of Insider Trading) Regulations, 1992 deals with the prevention of Insider trading and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 deals with fraudulent and unfair/manipulative trade practices. SEBI maintains constant vigil in the market, and in case any entity is found to engage in insider trading it takes appropriate action against them.