

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3141  
ANSWERED ON:15.03.2013  
DEPOSITORY SYSTEM  
Rane Dr. Nilesh Narayan

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

- (a) whether the Government has reviewed the depository system;
- (b) if so, the findings thereof and action taken/being taken thereto; and
- (c) whether complaints have been received from any quarter with regard to the switch over from trading in physical form to the present system and if so, the details thereof and reaction of the Government thereon?

**Answer**

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

(a): Securities and Exchange Board of India (SEBI) has constituted a Depository System Review Committee (DSRC) on July 15, 2012 under the Chairmanship of Mr. M. Balachandran (former CMD of Bank of India) to undertake a comprehensive review of the Indian Depository System and to benchmark against global best practices.

(b): The findings/ recommendations of the DSRC are awaited.

(c): The switch over from trading in physical form to the present system of dematerialized form was undertaken with the establishment of two depositories viz. National Securities Depository Limited (NSDL) in 1996 and Central Depository Services (India) Limited (CDSL) in 1997 for the development of securities market. This was necessitated on account of the problems faced by the investors while trading in physical shares like, risk of theft of stocks, forgery, counterfeiting, mutilation of certificates, bad deliveries caused by signature mismatch, postal delays and loss of certificates during movement to and from the registrars. Based on available records, no complaints have been received by SEBI in recent years with regard to the switch over from trading in physical form to the present system.