

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6153

ANSWERED ON:03.05.2013

INSIDER TRADING QUESTION .

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

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

- (a) the name of companies found involved in insider trading and the action taken against such companies during each of the last three years and the current year;
- (b) whether the Securities and Exchange Board of India (SEBI) has constituted a panel for reviewing insider trading norms recently;
- (c) if so, the time by which the panel is likely to submit its report to the Government; and
- (d) the steps taken by the Government to curb the practice of insider trading and to dispose of the case of insider trading in a time-bound manner?

**Answer**

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

(a) The details of the companies found to be involved in insider trading and the action taken against such companies during each of the last three years and the current year is given below:

| Year | No. of Companies | Names of Companies | Action Taken by Securities and Exchange Board of India (SEBI) |
|------|------------------|--------------------|---|
|------|------------------|--------------------|---|

|         |  |     |  |
|---------|--|-----|--|
| 2010-11 |  | NIL |  |
|---------|--|-----|--|

|  |  |                    |  |
|--|--|--------------------|--|
|  |  | BRG Energy Limited |  |
|--|--|--------------------|--|

|         |   |   |  |
|---------|---|---|--|
| 2011-12 | 2 | Legal proceedings initiated by SEBI on 25.05.2011 |  |
|---------|---|---|--|

|  |  |                                      |  |
|--|--|--------------------------------------|--|
|  |  | Sahasra Investments Private Limited. |  |
|--|--|--------------------------------------|--|

|         |   |  |  |
|---------|---|--|--|
| 2012-13 | 1 | Mehul Internal Ltd. Adjudication proceedings initiated by SEBI on 07.06.2012 |  |
|---------|---|--|--|

|         |  |     |  |
|---------|--|-----|--|
| 2013-14 |  | NIL |  |
|---------|--|-----|--|

(till 30.04.2013)

(b) Yes, Sir. To further strengthen the regulatory framework dealing with insider trading in India, SEBI has constituted a High Level Committee under the Chairmanship of Hon'ble Justice Mr. N. K. Sodhi (retired Chief Justice of Karnataka High Court and former presiding officer of the Securities Appellate Tribunal) for reviewing the SEBI (Prohibition of Insider Trading) Regulations, 1992.

(c) No time frame was prescribed by SEBI while constituting the High Level Committee under the Chairmanship of Hon'ble Justice Mr. N. K. Sodhi for the submission of the report.

(d) Section 12A of the Securities and Exchange Board of India Act 1992 (SEBI Act), inter alia, provides a prohibition on insider

trading. In this regard, SEBI, the securities market regulator, has been entrusted to take measures to provide for prohibiting insider trading in securities under section 11(2) (g) of the SEBI Act. SEBI has already framed the SEBI (Prohibition of Insider Trading) Regulations, 1992 to control insider trading. Additionally, the penalty for insider trading, i.e. Rs. 25 crore or three times the amount of profits made out of insider trading, whichever is higher, is provided in Section 15G of the SEBI Act itself.

Insider trading cases are treated as serious in nature and SEBI gives utmost importance to these cases to ensure that these are completed in a time bound manner.