

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:262

ANSWERED ON:20.11.2009

INCENTIVE FOR INVESTORS

Khaira Shri Chandrakant Bhaurao;Patel Shri Devji;Pradhan Shri Nityananda;Singh Rajkumari Ratna

Will the Minister of FINANCE be pleased to state:

- (a) the details of the measures taken by the Government to safeguard the interests of general investors in the share market; and
- (b) the details of fresh steps taken in this regard or incentives provided for applying for shares in the public issues of State run companies announced recently, if any?

Answer

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

(a) Under the provisions of the Securities & Exchange Board of India (SEBI) Act, 1992, it is the duty of the SEBI to protect the interest of investors in securities and to promote the development of, and to regulate the securities market. In discharge of its statutory duty under the SEBI Act, 1992, the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and Depositories Act, 1996 SEBI has framed various regulations/guidelines for the protection of the investors in securities market. SEBI adopts a multi pronged approach to investor protection that focuses on quick investor grievance redressal, educating investors to enable them to take informed investment decisions, taking deterrent enforcement actions against errant entities, compensating investors for defaults and identifying systemic causes of investor grievances and rectifying them.

(b) SEBI has taken some fresh steps in this regard which are as follows:

- i) Discount of up to 10 percent of the issue price to employees under the reserved category for application size up to Rs. 1,00,000.
- ii) An additional method of book building, for Follow on Public Offers (FPOs), in which the bidders would be free to bid at any price above the floor price and allotment would be on price priority basis and at differential prices. The retail individual investors, in such cases, would be allotted shares at the floor price.

The regulatory measures/ steps taken by SEBI as stated above are uniformly applicable and beneficial for all public issues including state run companies.