

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4408  
ANSWERED ON:08.08.2014  
PENNY STOCKS  
Somaiya Dr. Kirit

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

- (a) whether the Government has observed the unusual surge of Penny stocks in Capital Market recently;
- (b) if so, the details thereof; and
- (c) the steps taken or proposed to be taken by the Government/Securities and Exchange Board of India (SEBI) thereon?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): Penny stock is not defined under Securities and Exchange Board of India (SEBI) Regulations. However, movement in select Indices for the past six months is given below:

Date	Sensex	Nifty	BSE Small -CAP	CNX Small-Cap
31.1.2014	20513.85	6089.50	6263.35	3188.20
28.2.2014	21120.12	6276.95	6445.04	3276.60
31.3.2014	22386.27	6704.20	7071.96	3692.95
30.4.2014	22417.80	6696.40	7489.87	3933.55
30.5.2014	24217.34	7229.95	9015.73	4814.05
30.6.2014	25413.78	7611.35	10203.19	5389.40

(c): Securities and Exchange Board of India (SEBI) maintains constant vigil in the market, irrespective of the levels of the indices, and in case of any abnormality takes appropriate action against the concerned entities. SEBI has put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising continuous monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. The systems and practices are reviewed continuously and modified to meet emerging needs.

In order to ensure integrity of the market SEBI undertakes market surveillance, inspections and investigations and takes enforcement measures in cases of breach of norms related to capital market.