

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:443  
ANSWERED ON:08.08.2014  
PROTECTION OF SMALL INVESTORS  
Hansdak Shri Vijay Kumar

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

- (a) whether the existing laws/ regulations/guidelines are adequate to protect the interest of small investors in the stock market;
- (b) if so, the details thereof and if not, the measures taken by the Government/ Securities and Exchange Board of India (SEBI) for protection of small investors and the success achieved as a result thereof;
- (c) Whether it has come to the notice of the Government/SEBI that a number of companies have reportedly not paid the dues to the small investors and are still trading actively in the stock market; and
- (d) If so, the details thereof including the number of complaints reported during each of the last three years and the current year along with the action initiated by Government/SEBI against the erring companies, company-wise?

**Answer**

MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) to (d): A statement is placed on the Table of the House.

Statement referred to in the reply to LOK SABHA Starred Question no 443 (a to d) by Shri Vijay Kumar Hansdak, Member of Parliament, for 8th August, 2014 regarding "Protection of Small Investors".

SEBI's objective as contained in its preamble is "to protect the interests of the investors in securities and to promote the development of and to regulate the securities market." These objectives have been achieved by SEBI by adopting the tools of fair and transparent regulations, effective enforcement, and empowering investors through the mechanism of investor education. The central theme of various provisions of SEBI Act and the rules and regulations made thereunder is 'investor protection'. For instance, section 11, which is the enabling provision of SEBI Act empowers SEBI inter alia to make regulations, register market intermediaries, calling for information, prohibiting insider trading and other market irregularities. Section 11B empowers SEBI to take enforcement actions against the erring entities. In exercise of these powers, SEBI has framed various regulations for the protection of the interest of investors. Notable among them are SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and SEBI (Investor Protection and Education Fund) Regulations, 2009.

The securities market is dynamic and there is need to keep pace with the evolving environment. Appropriate and necessary periodic reviews of the extant regulatory framework and various issue related processes are undertaken with an aim to improve the quality of public offerings and expanding their reach amongst investors. Such reviews facilitate capital raising for trade and industry through the public offerings route while also protecting the interest of investors.

SEBI has been continuously endeavouring to increase the efficiency in the securities market by encouraging participation of retail investors while also ensuring protection of the small investors. While, it may not be possible to quantify the impact of various measures taken by SEBI, it is expected that these measures shall, over a period of time, lead to fair, transparent and orderly functioning of the securities market which would also ensure protection of the interest of the investors.

SEBI takes up grievances with regard to non receipt of dividend, non receipt of refund in case of a public issue, non receipt redemption amount of debentures and interest on debentures. SEBI takes up the complaints with concerned companies and in case of non resolution of complaints takes punitive action under section 11B/15C of the SEBI Act, which is wide in scope.

The details including the number of individual complaints reported during each of the last three years and the current year in the categories of non receipt of dividend, non receipt of refund in case of a public issue, non receipt of redemption amount of debentures and interest on debentures are annexed to the statement.

Companies which fail to redress investors grievances face action under sections 11B/15C of the SEBI Act, 1992. Details of action taken for non-redressal of investor grievances year- wise, during the last three years and current year in respect of such companies are as follows:

Sr. No.	Financial year	Number of cases where	
		Orders Passed u/s 11B of the SEBI Act	Order passed u/s 15C of the SEBI Act
1	2011-2012	11	6
2	2012-2013	4	10
3	2013-2014	Nil	35
4	2014-2015	3	1

(Till June 30, 2014)

# Orders against 5 more entities have been disposed off