"A Study of SEBI towards Regulating Indian Capital Market"

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***ABSTRACT** :*

The history of the capital market in India dates back to the 18th century when East India company securities were traded in the country. It has been a long journey for the Indian capital market. Now the capital market is organized, fairly integrated, mature, more global and modernised. The Indian equity market is one of the best in the world in terms of technology as well as value- cumvolume of business The SEBI can ensure a free and fair market and take India into league of major global capital markets in the next round of reforms. To enable this, it has to thoroughly review its structure and functioning. The SEBI has to balance between the costs of regulation and market development. There should be cross-border cooperation between various regulators and between regulators and industry. Mutual funds are financial intermediaries which collect the savings of investors and invest them in a large and well diversified portfolio of securities. The advantages for the investors are reduction in risk, expert professional management, diversified portfolio, liquidity of investment and tax benefit. This fast grown industry is regulated by the Securities and Exchange Board of India (SEBI).

***KEYWORDS**:CapitalMarket, Mutual Funds, SEBI*

INTRODUCTION: The capital market is a market for long –term funds both equity and debt- and funds raised within and outside of the country. The primary market refers to the long –term flow of funds from the surplus sector to the government and corporate sector (through primary issues) and to banks and non-banks financial intermediaries (through secondary issues). A primary issue of the corporate sector leads to capital information (creation of net fixed assets and incremental change in inventories). The secondary market is a market for outstanding securities. Unlike primary issues in the primary market which result in capital information, the secondary market facilitates only liquidity and marketability of outstanding debt and equity instruments.

Mutual funds are financial intermediaries which collect the savings of investors and invest them in a large and well diversified portfolio of securities. The major advantages for the investors are reduction in risk, expert professional management, diversified portfolio and tax benefit. Bypooling of their assets through Mutual Funds, Investors achieve economies of scale.Mutual Funds are to be established in the form of Trust under Indian Trust Act, and are to beoperated by Asset Management Company (AMC). Mutual Funds dealing exclusively with Money Market Instruments are to be regulated by RBI. Mutual Funds dealing primarily with capital market and also partly in Money Market Instruments are to be regulated by SEBI. All scheme floated by Mutual Funds are to be registered with SEBI.

OBJECTIVES OF THE STUDY

The objectives of the study are:

1. Tounderstand theRole of SEBI on Indian Capital Market
2. To Study of SEBI's Role to regulate Mutual Fund

TOOLS OF DATA COLLECTION

Researcher has collected data through Text Books, Websites, Brochure and various reports of SEBI

ROLE OF SEBI ON INDIAN CAPITAL MARKET

REGULATION OF THE CAPITAL MARKET :

The securities market is regulated by various agencies, such as the Department of Economics Affairs (DEA), the Department of Company Affairs (DCA), the Reserve Bank of India (RBI) and the SEBI. The Activities of these agencies are coordinated by a high level committee on capital and financial markets.

Throughout its eighteen-year existence as a statutory body, SEBI has sought to balance the two objectives by constantly reviewing and reappraising its existing policies and programmes, formulating new policies and crafting new regulations in areas hitherto unregulated, and implementing them to ensure growth of the market. From the above analysis and interpretation as well as other keen observation details, the researchers find out the following facts about SEBI, and its role also explained in our Indian capital market.

- The SEBI has introduced an array of reforms in the primary and secondary markets and catalyzed modernization of the market infrastructure to prepare the market for the twenty-first century. India probably the only country in the world where all the exchanges have screen-based trading. Computerized trading has led to reduction in the scope for price-rigging and manipulation, since a paper trail can easily lead the regulators now to the doorsteps of the guilty.
- Dematerialization has pushed the process further. SEBI has taken several steps for the smooth-cum-speedy development of both primary and secondary markets from time to time for the development of all areas.
- Application of computerization has also given a boost to surveillance. The basic surveillance is carried out by the stock exchanges, while the SEBI monitors the process. Introduction of price caps, price bands, circuit filters, margins and stock watch are some ways of keeping a strict are some ways of keeping a strict vigil on the market.
- Improvements have been made in the clearance and settlement system. A major step in this direction has been the establishment of depositories- NSDL and CDSL—and a clearing corporation—NSCCL
- For reviving primary markets, the SEBI further streamlined and simplified the issue procedure, imparted greater flexibility to the issue process and strengthened the criteria for accessing the securities market. In recent times SEBI has taken a drastic decision for reduction of IPOs‘ period from 21 days to12 days (IPOs issue-opening and listing-period) . The SEBI introduced the option of making an issue through book-building and recently it introduced ASBA scheme (in IPOs) for investment by investors through bankers
- The development of mutual funds was given a major impetus, with the revision of mutual funds regulations which now provide greater operational flexibility to the fund managers and increase their accountability and supervision. Recently, it has introduced KYC norms and not charging on any entry-load on investments made by investors on NFOs or on any existing schemes. SEBI is trying its level best for availability of ULIPs at very normal and cheaper rates.
- Far reaching changes have been made in the SEBI regulations for substantial acquisition of shares and takeovers. The regulations for Foreign Institutional Investors (FIIs) were liberalized to provide greater flexibility and for widening the scope of their investments in the Indian securities market.
- Some merchant bankers were found to be unscrupulous. They had not performed their duties diligently in scrutinizing the prospectus and had taken advantage of the loopholes by concealing some facts in their

prospects. The SEBI reduced the categories of merchant bankers from four to one. Moreover, it has prohibited merchant bankers from undertaking activities such as leasing, bills and discounting.

- To empower investors make informed decisions and facilitate fair dealing, the SEBI introduced online filing and dissemination of time sensitive price information, benchmarking or mutual fund schemes, valuation norms for unlisted scrips in mutual fund portfolios , rationalization of depository participants' charges and new regulation for portfolio managers.
- The SEBI revolutionalised the settlement system by introducing T+2 rolling settlement system scrips across exchanges. It has issued guidelines for demutualisation and corporatisation of stock exchanges.
- To create an effective regulatory regime in which all stakeholders have confidence, the SEBI has posted the Securities Appellate Tribunal (SAT) orders on the SEBI website, initiated consultative process for framing regulations, and shortened the inquiry process. SAT provides a grievance redressal platform against the SEBI's orders. Public dissemination of such appellate orders is vital as these act as a precedent of other similar cases and on the decision-making process of the SEBI.
- The SEBI is trying to bring down various forms of risk (structural, systematic and operational) that are there in the securities market.
  (a) From the structural point, at present our Indian capital market is having well infra facilities compare with the rest of the world. For instance, Pre-Market Auction session are opened, and improvement of Price-discovery mechanism.
  (b) From the systematic risk point-wise, these are re-classified in to three ways. i.e. disclosure standards (at present these are best in the world), accounting standards (these are by and large aligned completely with the international accounting standards) and corporate governance (now many companies have adopting world best corporate governance practices).
  (c) Operational view point, our Indian capital market is the best comparable to the rest of the world. At present our Indian stock exchanges are follows T+2 settlement cycles. Further, every transaction on the trading platform is guaranteed for settlement by a third party
- SEBI has introduced a number of measures to protect the interests of investors. To create awareness among issuers and intermediaries of the need to redress investor grievances' quickly, the SEBI issues fortnightly press releases, publishing the names of the companies against whom maximum number of complaints have been received. To ensure that no malpractice takes place in the allotment of shares, a representative of the SEBI supervises the allotment process. It has been issuing advertisements from time-to-time to guide and enlighten investors on various issues related to the securities market and of their rights and remedies. Investors trading times also increased.
- In order to protect the interest of investors, SEBI took several measures with a two-pronged approach to discipline and take action against erring entities and at the same time to educate the investors about the risks associated with investing in unregulated schemes. The actions taken by the SEBI included issuing show cause notices to defaulting entities, initiating court proceedings to obtain appropriate relief in the interest of investors, conducting a special audit of the books of accounts of the larger entities, making credit rating mandatory for existing schemes, disseminating information to investors through the issue of press releases/public notices. Recently, it has allowed Anchor-investors' for making investment in IPOs.
- The SEBI has introduced an automated complaints handling system to with investor complaints. These are classified under various classes like non-receipt of refund orders/stock invest, non-receipt of dividend, non-receipt of share certificate/bones shares/debentures/interest on debenture/redemption amount of debentures, non-receipt of annual reports and complaints related to plantation schemes.

SEBI has taken some steps for educating investors from 2000-01 onwards, it distributed the booklet titled A Quick Reference Guide for Investors to investors. It has published a book regarding _Investor Grievances-Rights and Remedies‘.

SEBI‘S ROLE TO REGULATE MUTUAL FUNDS

The role of SEBI can be understood from the following points:

1 **Securities Market Awareness Campaign** SEBI believes that 'An Educated Investor is a Protected Investor.' A comprehensive Securities Market Awareness Campaign was launched. Thecampaign includes workshops, audio-visual clippings, distribution of educative materials in English, Hindi and local languages, a dedicated investor website with inventory and periodic advertisements in All India Radio (AIR) and printmedia. workshops were conducted covering around 543 cities/towns in India.

2 **Recognition to Investor Associations:** SEBI recognises investor associations, extends financial support for conducting investor education on programmes, and also addresses various issues raised by them to protect the interest of the investors. SEBI has so far recognized 10 Investors‘ Associations.

3 **Portfolio Disclosure** Transparency is essential for corporate governance and portfolio disclosure is an importantmeans of keeping the investors informed about the way their moneys are being used to createfinancial assets. Therefore, SEBI has made it mandatory for mutual funds to disclose the entireportfolio of any scheme.

4 **Transparency in Investment Decisions** SEBI has taken a far-reaching step towards ensuring due diligence and transparency in allinvestment decisions by advising all mutual funds _to maintain records in support of eachinvestment decision which will indicate the date, facts and opinion leading to that decision.

5 **Screening of mutual funds at the entry level:** Every mutual fund shall be registered with SEBI and the registration is granted on the fulfillment of certain

6 **SEBI has outlined the advertisement code too:** All mutual funds are bound to publish a scheme-wise annual report or an abridged summarythrough an advertisement within six months of the closure of the financial year. The trustees of mutual funds are bound to convey to the investors any information that has an adverse impact. Amutual fund is also to publish halfyearly unaudited financial results through an advertisement.

7 **Prescribed Norms for Investment** SEBI has prescribed norms for investment management with a view to minimizing /reducingundue investment risks. There are also certain restrictions, which are aimed at ensuringtransparency and prohibiting mutual funds from excessive risk exposure. These restrictions andlimitations have strong similarities with those imposed in the US and the UK.

8 **Inspection & Penalties** SEBI inspects the books of accounts, records and documents of a mutual fund, the trustees, AMC and custodian. SEBI also imposes a monetary penalty in case of violations of regulations specified.The regulatory framework indicates that SEBI is a highly powerful regulator. There is strongemphasis on ex-post investigation and disciplining of mutual funds through financial penalties.

CONCLUSION:

The SEBI is a regulatory body which is eighteen years old and the capital market system is more than 100 years old. This matured capital market system requires monitoring rather than over-regulation. The SEBI should supervise this capital market system in such a manner that all sub-systems become self-regulatory organisations (SROs) gradually. The SEBI should lay down the boundaries within which these sub-systems should operate. Moreover, the fundamental infrastructure for regulation, disclosure, surveillance and trading are all in place. Hence, the SEBI should stop being pre-occupied with day-to-day regulations and become more of a visionary. The SEBI can ensure a free and fair market and take India into league of major global capital markets in the next round of reforms. The SEBI has to balance between the costs of regulation and market development. There should be cross-border cooperation between various regulators and between regulators and industry.The respondents associated with Mutual Fund Industry reveals that SEBI regulations do affect thedecision making process by fund Managers. They have to consider first these regulations before taking any decision regarding investment. These often demotivate the fund managers to innovatethe investment strategies that may optimize the unit holder‘s wealth.

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Impact of GST On Cooperative Banking Sector

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ABSTRACT *:*

The research paper is giving an idea about impact of GST on Banking sector.One of the biggest transformations that the sector faced during this period is GST i.e., Goods and Service Tax, a new tax regime introduced in the midnight of 1 July 2017. Introduction of GST to the banking sector was one the highly risky and challenging role for the government. GST is a replacement to the Value Added Tax (VAT) which was implied on goods and services. The main purpose of studying the impact of implementation of GST is to avoid double taxation on goods and services. It is a self-regulated tax system with a simplifies tax regime which reduces the multiplicity of tax. The purpose of this study is to know the challenges faced by the Banking sector and its effects on the customers after the implementation of the GST. Now all the bank branches have to register under GST in each state for the smooth functioning. The tax rate has created an impression in the banking sector that the sector is contributing much toward the economic growth of the country. Tax slabs is another important and critical thing discussed in this paper which has substantially increased compared to the old tax regime. Data for the study have been collected from secondary data sources such as journals, internet, and news articles. The advantages, benefits, constraints, and disadvantages for both banks and the customers for payment of GST are identified.

Introduction

In India Banking is the biggest and revenue generating sector. The banking sector is divided in Commercial Banks, Cooperative Banks etc. The Cooperative Banks are established on the cooperative basis. Like other banks cooperative banks are founded by collecting funds through shares, accept deposits and grant loans. In India the cooperatives banking started with the passing Cooperative Soc. Act 1904. The objective behind this act was to establish cooperative credit societies "to encourage self-help group, cooperation among agriculturists, artisans and the persons with limited resources."

One of the biggest transformation that the sector faced during this period is GST (Goods and Service Tax). The Goods and Service Tax has been introduced on 1st July 2017 in India. Introduction of GST in banking sector is highly risky and challenging role for government. GST is the replacement of Value Added Tax (VAT) which was imposed on Goods and Services. The main objective of GST is to avoid Double taxation on goods and services. The purpose of the study is to know the impact of GST on the Cooperative Banking sector and its effects on the customers. Under GST Central registration of Banks has been abolished, now the banks have to register with state for smooth functioning.Tax slabs are another important and critical thing which is discussed in this paper which has become very high compared to the old tax regime. Data for the study has been collected through face to face interview with the employees of Cooperative bank.

Keywords: Banking Sector, GST, Cascading of Tax, simplied Tax regime, Banking Products and Services

Advantages of GST:-

- Self regulated tax
- Transparent tax system
- Uniform tax rate