



RAMA
UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: BBA (DM)

SUBJECT: SECURITY AND PORTFOLIO MANAGEMENT

SUBJECT CODE: BBA (DM) 602

LECTURE: 4

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Securities and Exchange Board of India (SEBI)

SEBI is the regulator of securities market in India. It was established on 12 April 1988.





SEBI is required to regulate and promote the securities market
Providing fair dealings in the issues of securities and
ensuring a market place where funds can be raised at
a relatively low cost.

Providing a degree of protection to the investors and
safeguard their rights and interests so that there is a
steady flow of savings into the market.

Regulating and developing a code of conduct and fair
prices by intermediaries in the capital market like
brokers and merchant banks with a view to make
them competitive and professional.

Role of SEBI in Indian Capital Market

Power to make rules for controlling stock exchange :

SEBI has power to make new rules for controlling stock exchange in India. For example, SEBI fixed the time of trading **9 AM and 5 PM** in stock market.

To provide license to dealers and brokers :

SEBI has power to provide license to dealers and brokers of capital market. If SEBI sees that any financial product is of capital nature, then SEBI can also control to that product and its dealers.

To Stop fraud in Capital Market :

SEBI has many powers for stopping fraud in capital market.

> It can ban on the trading of those brokers who are involved in fraudulent and unfair trade practices relating to stock market.

> It can impose the penalties on capital market intermediaries if they involve in insider trading.

To Control the Merge, Acquisition and Takeover the companies :

SEBI sees whether this merge or acquisition is for development of business or to harm capital market.

To audit the performance of stock market :

SEBI uses his powers to audit the performance of different Indian stock exchange for bringing transparency in the working of stock exchanges.

To make new rules on carry - forward transactions :

90 day limit for carry forward.hare trading transactions carry forward can not exceed 25% of broker's total transactions.

To create relationship with ICAI :

SEBI creates good relationship with ICAI for bringing more transparency in the auditing work.

Introduction of derivative contracts on Volatility Index :

For reducing the risk of investors, SEBI has now been decided to permit Stock Exchanges to introduce derivative contracts on Volatility Index

To Require report of Portfolio Management Activities :

SEBI has also power to require report of portfolio management to check the capital market performance.

To educate the investors :

Time to time, SEBI arranges scheduled workshops to educate the investors.