

ROLE OF SEBI IN INVESTOR GRIEVANCE REDRESSAL

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Abstract

The Securities and Exchange Board (SEBI) of India is a regulatory agency that was created with the aim of reforming the Capital Market in India. A crucial element of the country's overall economic performance is the efficiency of the capital markets. In the late 1990s, the market was on the verge of falling due to the 1992 Indian Market Scam, which fundamentally disrupted the capital market structure. This paper seeks to understand SEBI's role in investor protection, as well as whether or not it achieves its primary objective. It also assesses SEBI's complaints handling procedures. The analysis makes use of secondary data, which was acquired from the SEBI Annual Report for the fiscal years 2021-2022. The study indicated that, compared to the previous year 2020-21, the actions done by SEBI to address investor issues are strengthened, and the number of complaints is lowered. It is a favourable sign regarding the functions of SEBI in the Indian capital market.

Key words:- Securities and Exchange Board of India, Indian Capital Market and Investor protection.



One of the main pillars of the Indian financial market, the capital market, is regulated by the Securities and Exchange Board of India (SEBI), a regulatory body that was established with this goal. When east India firm securities were first exchanged in the 18th century, India's capital market

had its beginnings. Long-term finances, including equity and debt, are raised on the capital market both domestically and abroad (Pasha and Kiran, 2012). The effectiveness of the capital markets is a necessary component of the nation's overall economic performance. Due to the 1992 Indian Market Scam, which

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completely altered the capital market system, the market was almost about to drop in the late 1990s.

Major reforms were introduced to prevent and bring the capital market back to its peak after the enormous loss. When fraud is discovered, it has a significant negative influence on the confidence of retail investors in the stock market, prevents the market from reaching its full potential, and occasionally leaves investors bankrupt, forcing them to take drastic measures, among other things. The capital market as a whole is regulated by SEBI, which has established a number of guidelines for market and security efficiency. To maintain the integrity of the stock market and defend investors, SEBI works with other intermediaries. In the current research article, the role of SEBI in investor grievance resolution is examined. This analysis is important for preserving investors' confidence in the Indian capital market.

The Securities and Exchange Board of India (SEBI)

The 1992 SEBI Act passed in the parliament, created the SEBI, which has four main goals. They are safe guarding the interests of investors in securities, expanding the securities market, regulating the securities market, and dealing with issues related to and incidental to it.

The Securities and Exchange Board of India (SEBI) oversees the capital market, or the market for equities and debt securities. The SEBI has complete independence and power to oversee and grow the capital market. To get input from investors about their experiences

with the SCORES grievance redressal process, SEBI established an online feedback facility (the SEBI complaint redressal system). Investors receive a link on their mobile devices to submit feedback in the form of ratings on a set of eight questions based on their experience once complaints are resolved in SCORES. Investors can also offer in-depth remarks in the text box that has also been supplied.

Objectives

- To identify the investor protection initiatives on the part of SEBI.
- To evaluate the grievance redressal system of SEBI.

Research Methodology

The study is conducted with the aim of identifying the role of SEBI on investor protection in the Indian capital market. The study mainly used secondary data for this purpose, and the Annual Report of SEBI during 2021–22 was the major source of information for the study. Other journals, newspaper articles and reports were reviewed as part of the study.

Discussions

Table 1 shows the status of investor grievances received and redressed during the periods 2020–21 and 2021–22. The total number of grievances received during the period of 2020–21 is 58873, and in 2021–22, the total number of grievances is 42694, which shows that there is a decline in the number of grievances received. The table also shows the grievances redressed, which means the total number of actions taken on

Table 1
Status of investor grievances Received and Redressed

Financial Year	Grievances Received	Grievances Redressed	Pending Actionable Grievances
	Year-wise	Year-wise	
2020-21	58873	50425	5171
2021-22	42694	48883	2364

Source: SEBI report 2021-22

complaints, or it shows the processing of complaints here. The total number of grievances is declining; likewise the total number of grievances redressed is also less than the previous year. There is a huge decline in the number of pending grievances during 2021–22 when compared with the previous year, 2020–21.

Table 2 shows the category-wise complaints received by SEBI during the periods 2020–21 and 2021–22. The category regarding the highest number of complaints received was related to stockbrokers. The number of complaints regarding the stock brokers was 25997, in 2020-21, which came down to 11261 in 2021-22. In almost every category, there

Table 2
Types or Category of Complaints

No.	Category	2020-21	2021-22
1	Stock broker	25997	11261
2	Refund/Allotment/Dividend/Transfer/Bonus/Rights	4609	6789
3	Mutual Funds	3941	3866
4	Depository Participants	5029	3794
5	Stock Exchange	1136	1675
6	Offer document	1068	1343
7	Public grievance portal received	3188	1219
8	Collective investment scheme	1824	1034
9	Investment advisor	1499	900
10	Corporate Governance/Listing conditions	1145	807
11	Depository	597	681
12	PACL Committee	899	655
13	Bankers to an issue	336	474
14	Price/ Market manipulations	921	497
15	others	820	623

Source: SEBI report 2021-22

is a decline in the number of complaints except refund/allotment/dividend and banker to an issue. This table proves that the number of complaints is declining to a large extent, which shows the effective role of SEBI in investor protection.

Table 3 shows the region-wise investor complaints received and resolved

during the period 2021–22. The number of complaints disposed of during the period was higher than the number of complaints received, which proves that the pending grievances were also considered and proper action was taken on them.

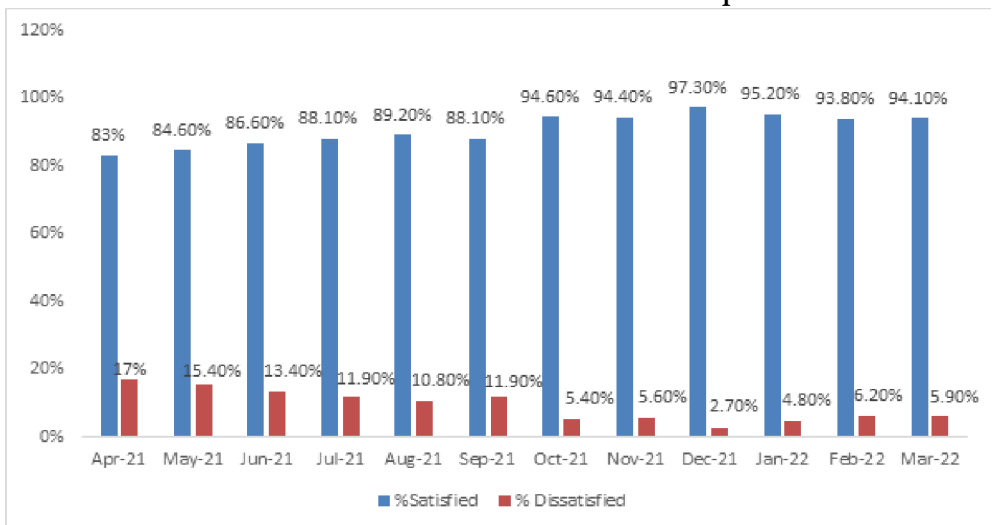
Chart 1 shows investors’ feedback on the SEBI toll-free number, whether they

Table 3
Region wise Investor Complaints received and Resolved

Region	Received during 2021-22	Disposed during 2021-22
Head Office Region (Maharashtra, Diu & Daman)	19742	20846
Northern Region (Delhi, Punjab, Himachal Pradesh, Jammu & Kashmir, Uttar Pradesh and Uttara hand)	8173	11233
Southern Region (Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala)	5403	6343
Eastern Region {West Bengal, Assam, Odisha, Jharkhand and Bihar)	3358	3384
Western Regional Office(Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh and Goa)	6018	7077
Total	42694	48883

Source: SEBI report 2021-22

Chart 1
Investor Feedback on SEBI Toll free helpline



Source: SEBI report 2021-22

are satisfied with the initiative or not. The helpline service is available every day from 9:00 a.m. to 6:00 p.m. (except on declared public holidays in Maharashtra) to investors from all over India. The helpline service is available in English, Hindi, and six other regional languages. During 2021–22, SEBI has attended 203464 calls on the toll-free number. The chart shows that the level of satisfaction of investors regarding the toll-free helpline number for investor grievances redressal is very high, and very few of them are dissatisfied with the initiative. And over the month during the period from 2021–22, the level of satisfaction has been increasing, and in December 2021 it had gone to 97.3 per cent. After September 2021, the level of satisfaction has been more than 90 per cent throughout the period.

Conclusion

The capital market system has existed for more than a century, and the Securities and Exchange Board of India is a

regulatory agency that is eighteen years old. Instead of overregulation, this capital market system needs supervision. The limits within which these sub-systems must function should be established by the SEBI. To safeguard the interests of investors in securities, SEBI has implemented a number of initiatives, including the screen-based trading system, dematerialization of securities, T+2 rolling settlement, and so on. One of the main focuses of SEBI's efforts to safeguard the interests of investors in securities is the resolution of investor complaints. In the upcoming phase of reforms, SEBI can guarantee a free and equitable market, elevating India to the level of important international capital markets. The costs of regulation and market development must be balanced by the SEBI. In order to modernise the market infrastructure and prepare it for the twenty-first century, SEBI has implemented a number of reforms in the primary and secondary markets.

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