

# A Study on Role of Sebi in Indian Capital Market: An Empirical Analysis

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### Abstract

*The SEBI come up with a number of initiatives aimed to regulating and developing the Indian securities market and improving its safety and efficiency. This research analysis is only discuss about Market capitalization, Number of listed firms, Trading volumes, turnover both in the spot and futures market and study also examines short-run and long-run dynamics of the stock market. India is the most sophisticated new equity issuance markets. This paper mention some of the major interventions of SEBI relating to each of these aspects of the market and critically examines the economic consequences of the same. Such a stock-taking will enable a well-rounded and objective review of SEBI's performance.*

**Keywords:** securities market, Market capitalization, Economic, Trading Volume.

### Introduction

In 1992, the Indian Parliament passed The Securities and Exchange Board of India Act, 1992, to establish the Securities and Exchange Board of India (SEBI) in its new incarnation as an empowered regulator of the Indian securities market. Stock exchange board of india was established to strengthen the oversight of the stock market in India in the wake of a securities scam that surfaced in 1992. Since the establishment of securities exchange board of india , the Indian securities market has grown in terms of volume of transactions as is increase year to year and its evident from the data in Table 1. The number of new types of market participants and the increase in the number of investors and also increase in each category is evident from Table 2. Many of the foreign institutional investors improvements in the Indian stock market(SEBI). So many research articles have focused mainly on the design of the securities market, risk management practices, and market microstructure. One famous authors provides a critical assessment of the adequacy and structure of the statutory levers that SEBI operates.

The assessment indicates that SEBI is a suitably empowered and autonomous organization and that has the necessary legal authority to be an effective regulator. The Stock exchange board of india working, given the numerous forces that interact in the working of the securities market like (i) Primary market and issuance of securities (ii) Disclosure requirements (iii) Corporate governance (iv) Market for corporate control (v) Trading mechanisms (vi) Settlement systems (vii) Dematerialization (viii) Institutionalization of trading and ownership of securities (ix) Market integrity and insider trading (x) Ownership and governance of stock exchanges; and (xi) Compliance enforcement. The classification follows the comprehensive framework developed, where it was proposed that regulation was intended to promote the efficiency by mitigating problems of information flow, the agency costs, the transaction costs, and the risk that the transaction might not be completed due to default by the counterparty to the transaction. Accordingly, the author identifies the aspects of a securities market's functioning that the regulation must focus Stock Market Analysis.

### **Literature Review**

This study has conducted a comprehensive literature survey on both developed and emerging economies; to review, a broader theoretical and empirical literature on financial/stock market development and economic growth. Understanding of this relationship from the standpoint of developed markets and historical perspective will assist with developing this intuition for India for empirical analysis.

### **Primary Market and Issuance of Securities**

SEBI has regulated the primary market through stock market first and foremost regulation of issuers' eligibility to offer the securities to the public second one is regulation of information production at the time of issue; and third main point is regulation of processes and procedures relating to issuance of securities. These aspects have been primarily governed through the Stock exchange board of india. Regulations, 2009 (ICDR) and a set of regulations that govern the various intermediaries like working on the issuance process such as the merchant banker, registrar to the issue and so on. All three aspects have evolved considerably over the years. Access-related regulations have, for example, evolved from a regime of unrestricted access to equity markets to the current regime which uses a combination of size and profitability record as proxies for quality of the issuer to restrict market access.

### **Scope of the Study**

This study was mainly planned to evaluate the performance Stock Exchange Board of India, relating to the supervision of securities market of various intermediaries like Stock broker and various registered parties with SEBI., and to know what kind of Investor Protection measures taken by SEBI for the benefit/to safeguard the interest of investors in India.

### **Objectives of the Study**

- To know the Market Capitalizations of Stock Exchange Board of India.
- To know the Price earning per share of both BSE and NSE.
- To Know about the Stock Market Growth(Market Capitalization) with comparison of various year

Finally to give findings and suggestions towards SEBI relating to its role in Indian Capital Markets.

**Tools of Data Collection**

The data required for the study are collected from secondary sources. The Stock Exchange Board of India Annual report analysis performance highlights of BSE and NSE is the most important source based on which the present study is accomplished. The annual reports of the five years, the articles, Website etc...

**Measures of Market Activity Volumes**

Year	BSE Market Capitalisation to GDP Ratio (in %)	NSE Market Capitalisation to GDP Ratio (in%)	Cash Segment (all-India)	Equity Derivatives Segment (BSE+NSE)
2014-15	81.3	79.5	41.5	608.3
2015-16	69.3	68	36.4	506.5
2016-17	79.7	78.5	39.7	618.7
2017-18	84.9	83.8	49.7	984.9

**Market Capitalisation**

Market capitalisation is the total market value of a publicly traded company’s outstanding shares at any point. It is a major indicator that reflects the size of the stock market. In consonance with the market uptrend, market capitalisation surged at both the exchanges.

This above table indicate total market capitalization from 2014 to 2018 and total GDP with Market Capitalization in 2018 is 84.9% in BSE and 83.8 % in NSE so the overall performance increased

**Price to Earnings Ratio**

The price to book (P/B) ratio is an important indicator which shows the current valuation of stocks with respect to a company’s book value.

Year	S&P BSE Sensex	S&P BSE 100	S&P BSE Teck	S&P BSE Bankex	Nifty 50	Nifty Next 50	Nifty IT	Nifty Bank
2014-15	19.5	20	22.8	17.4	22.7	21.4	21.8	19
2015-16	19.3	20.7	21	15	20.9	22	19.7	17.9
2017-18	22.6	24.7	19.9	25.8	23.3	27.2	16.9	29.3
2018-19	22.7	22.5	21.6	28.5	24.7	34.7	18.6	29.6

An international comparison of P/E ratios indicates, at the end of 2017-18, the P/E ratio of India’s Nifty Index was recorded to be the highest at 24.7 among other major advanced and emerging markets, followed by Japan’s Nikkei Index (23.1)

**Acquisitions and Takeover Under the Sebi**

Takeover Code Existence of an efficient and well-administered set of takeover regulations ensures that the takeover market operates in a fair, equitable and transparent manner. The SEBI Act, 1992 expressly mandates SEBI to regulate substantial acquisition of shares and takeovers by taking suitable measures. Accordingly, SEBI first provided a legal framework by notifying the Takeover Regulations in 1994, which were subsequently replaced by the Takeover Regulations in 1997.

Year	Offer(nos)	Exemptio(nos)	Total
2014-15	15	2	17
2015-16	10	11	22
2016-17	48	20	68
2017-18	56	27	83

The data shows an overall increase in the number of corporate acquisition initiatives during the period. The Takeover Code is an initiative attributable to SEBI

### **Conclusion**

The SEBI is a regulatory body which is twenty five 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 Stock Exchange Board of India should supervise this capital market system in such a manner that all sub-systems become self-regulatory organisations (SROs) are gradually. The Stock Exchange of Board Market analysis and results of this study provide evidence in favor of Market capitalization and stock market investor price earning share value increase present and future year so this study the investor invest in stock market instead of other investment like banking gold etc.. This study suggest that the economic growth has been playing an important role in determining the stock price movements and economic growth also tends to be more likely to stimulate and promote stock market development by adopting appropriate reallocation of resources

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