

Government of India  
Ministry of Finance  
Department of Economic Affairs

**LOK SABHA**  
**UNSTARRED QUESTION NO. 4066**  
**TO BE ANSWERED ON FRIDAY, 9<sup>th</sup> DECEMBER, 2016/ AGRAHAYANA 18, 1938 (Saka)**

**SPURT IN STOCK PRICES**

**QUESTION**

**4066. SHRI ASHOK SHANKARRAO CHAVAN:**  
**DR. SUNIL BALIRAM GAIKWAD:**  
**SHRI GAJANAN KIRTIKAR:**  
**SHRI SUDHEER GUPTA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that prices of small cap and penny shares have shown sharp spurt in their stock prices or a surge in trading volume despite weak fundamentals during the recent past;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has enquired into the matter and sought clarification in this regard and if so, the details thereof; and
- (d) the steps taken/being taken by the Government to check the manipulation in the prices of such shares?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI ARJUN RAM MEGHWAL)**

(a), (b) and (c): Yes Madam. The Securities and Exchange Board of India (SEBI) has informed that as part of its on-going surveillance mechanism as well as inputs received from stock exchanges and other agencies, it had come to SEBI's notice that companies which were either non-operational or had weak fundamentals and unsupportive price volume movements were being used by entities for manipulation.

Accordingly, during the period 1<sup>st</sup> January, 2014 to 30<sup>th</sup> November, 2016, as a surveillance measure, SEBI has passed Orders under Section 11(B) of the SEBI Act, 1992 in the case of 13 such companies and debarred 1336 entities. Further, based on SEBI's directions, as a surveillance measure, the stock exchanges have also suspended trading in the shares of 203 companies. In addition, in the case of the shares of 160 companies, their price bands were reduced to the lowest band of 2 per cent by the exchanges.

(d) : SEBI maintains constant vigil in the market and in case of any abnormality, takes appropriate action against the concerned entities. The systems and practices are in place to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising continuous monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. Further, the systems and practices are reviewed continuously and modified to meet emerging needs.

SEBI also monitors trading activities in addition to overseeing the surveillance functioning of the stock exchanges. Any aberrations noted in trading activity, reports from stock exchanges and the complaints received are examined by SEBI. In cases in which any violation of SEBI rules and regulations is observed, appropriate action as warranted is taken by SEBI against the concerned entities.

Further, SEBI has also been conducting regular meetings with officials of the stock exchanges and depositories wherein SEBI has advised them to step up their own surveillance measures and to initiate expeditious demonstrative action wherever warranted so as to protect investors' interest and ensure orderly functioning of the stock market.