

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
FINANCIAL MARKETS DIVISION
PRIMARY MARKETS SECTION

LOK SABHA
UNSTARRED QUESTION NO. 2247
TO BE ANSWERED ON FRIDAY, THE 29TH JULY, 2016

SMALL INVESTORS IN SM

QUESTION

2247. SHRI SANGANNA AMARAPPA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the existing laws/regulations/guidelines are adequate to protect the interest of small investors in the stock market;
- (b) if so, the details thereof and the measures taken by the Government/Securities and Exchange Board of India (SEBI) for protection of small investors and the success achieved as a result thereof;
- (c) whether a number of companies have reportedly not paid the dues to the small investors and are still trading actively in the stock market;
- (d) if so, the details thereof including the number of complaints reported during each of the last three years and the current year; and
- (e) the action initiated by the Government/SEBI against the erring companies, company-wise?

ANSWER

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

(a) & (b): The securities market is dynamic and requires regulations to keep pace with the continuously evolving environment. Appropriate and necessary periodic reviews of the extant regulatory framework and various issue-related processes are undertaken with an aim to improve the quality of public offerings and expanding their reach amongst investors. Such reviews facilitate capital raising for trade and industry through the public offerings route while also protecting the interest of investors.

SEBI has been continuously endeavouring to increase the efficiency in the securities market by encouraging participation of retail investors while also ensuring protection of the small investors.

SEBI has put in place systems and practices to promote a safe, transparent and efficient securities market and to protect market integrity. In order to prevent fraudulent and unfair trade practices, SEBI has put in place 2 regulations viz. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market), Regulations, 2003 and SEBI (Prohibition of Insider Trading) Regulations, 2015.

SEBI (Prohibition of Insider Trading) Regulations, 2015, inter-alia stipulates a model code of conduct for prevention of insider trading for companies and others and a model code of corporate disclosure practices for prevention of insider trading. The systems and practices are reviewed continuously and modified to meet emerging needs.

SEBI maintains constant vigil in the market and whenever any entity is found to engage in any fraudulent activity, it takes appropriate action against it. Further, whenever irregularities are noticed, SEBI investigates and takes appropriate enforcement action under the provisions of the SEBI Act, 1992 and Regulations framed thereunder.

(c) & (d): SEBI takes up grievances with regard to non receipt of dividend, non receipt of refund in case of a public issue, non receipt redemption amount of debentures and interest on debentures. SEBI takes up the complaints with concerned companies and in case of non resolution of complaints takes punitive action under section 11B/15C of the SEBI Act., which is wide in scope.

The details including the number of individual complaints reported during each of the last three years and the current year in the categories of non receipt of dividend, non receipt of refund in case of a public issue, non receipt of redemption amount of debentures and interest on debentures are given at **Annex I**.

(e): SEBI takes action for failure to redress investor grievances under sections 11B and 15C of the SEBI Act, 1992. Details of action taken by SEBI for failure to redress investor grievances during the last three years are given at **Annex 2**

Annex 1

Nature-wise number of complaints w.r.t non-payment of dues

Nature of complaints	2013-14		2014 - 15		2015-16		2016-17 (upto 30 June 2016)	
	Complaints received during the year	Of which Complaints resolved during the year	Complaints received during the year	Of which complaints resolved during the year	Complaints received during the year	Of which complaints resolved during the year	Complaints received during the year	Of which complaints resolved during the year
Non-receipt of Dividend	4131	3450	2885	2460	2240	1895	524	391
Non-receipt of interest on securities	172	143	178	153	153	140	40	29
Non-receipt of redemption amount of debt securities	510	430	631	575	614	534	236	183
Non-receipt of refund in Public / Rights issue	192	161	192	176	289	269	54	35
Total	5005	4184	3886	3364	3296	2838	854	638

Due to realignment of nature of complaints the data has been reconciled in 2015. Data as per SCORES.

Sr. No.	Financial year	Number of entities	
		Orders Passed u/s 11B of the SEBI Act	Order passed u/s 15C of the SEBI Act
1	2013-2014	Nil	20
2	2014-2015	17	17
3	2015-2016	32	50

The name of the companies against which SEBI has taken action during the last three years are given below:

Orders issuing directions u/s 11B of the SEBI Act against Companies for non-redressal of investor grievances	
Sl. No.	Name of entities
During 2015-16	
1	Chemox Laboratories Ltd.
2	Minhas Steels Ltd.
3	Kushal Diamonds Ltd.
4	Amrut Credit Corporation (India) Ltd.
5	Bagri Minerals & Chemicals Ltd.
6	Lawa Coated Papers Ltd.
7	YudhisthirDilipKhatau and others
8	Varun Shipping Company Ltd.
9	Shayona Petrochem Limited
10	Sarda Information Technology Ltd.
11	Supreme Telecoms & Network India Ltd.
12	Sanvan Software Ltd.
13	Sun Infoways Ltd.
14	SystemInfotechLtd.
15	Subhlaxmi Export Ltd.
16	RishabConcast Ltd.
17	Shanti Packaging Ltd.
18	Pomani Metals & Alloys Ltd.
19	Goodearth Financial Services Ltd.
20	Ebers Pharmaceuticals Ltd.
21	Elegant Pharmaceuticals Ltd.
22	Damania Capital Markets Ltd.
23	Pearl Engineering Polymers Ltd.
24	Jain Irrigation Systems Ltd.
25	Prime Petro Products Ltd.
26	Pittie Finance Ltd.
27	Ratna Drugs Ltd.
28	Rusoday& Company Ltd.

	Orders issuing directions u/s 11B of the SEBI Act against Companies for non-redressal of investor grievances
29	Suprapti Plastics Ltd.
30	Pinky Chemicals Ltd.
31	Stellar Drugs Ltd.
32	AlexconFoamcast Ltd.
	During 2014-15
1	Trinity Bio-Tech Ltd.
2	Unity Agro-Tech Ltd.
3	Tria Fine Chem Ltd.
4	Titan Alloys Ltd.
5	Star Precision Electronics India Ltd.
6	Teem Laboratories Ltd.
7	Mafatlal Dyes and Chemicals Ltd.
8	MTZ Industries Ltd.
9	Mehta Caplease Ltd.
10	Pix Transmissions Lid.
11	Maruti Telstar Industries Ltd.
12	SIL Business Enterprises Ltd.
13	Ventron Polymers Ltd.
14	Spectle Foods Ltd.
15	Via Media India Ltd.
16	Viral Syntex Ltd.
17	Norris Medicines Ltd.

	Adjudication proceedings under section 15C of SEBI Act, 1992 for non-redressal of investor grievances
Sl. No.	Name of entities
	During 2015-16
1	AshokaViniyoga Limited
2	Samtex Fashions Limited
3	Punjab Woolcombers Limited
4	United Drilling Tools Limited
5	Haryana Malleable & Alloy Castings
6	Mukerian Papers Limited
7	Persian Carpet and Textiles Limited
8	Vardhman Overseas Limited
9	ThaparConcast Limited
10	Thapar Export Limited
11	Welworth Electric Limited
12	ThaparIspat Limited
13	JK Jute Mills Ltd.
14	SKS Ltd.
15	Mahadev Industries Ltd.
16	CallipersNaigal Ltd.
17	ACE India Limited
18	AbnerPharma Ltd.
19	American Paints Ltd.

	Adjudication proceedings under section 15C of SEBI Act, 1992 for non-redressal of investor grievances
20	Cebon India Ltd.
21	Asian LaktoIndustires Ltd.
22	PhytoChem (India) Ltd.
23	Steel Exchange India
24	Angels Enterprises Limited
25	CareWellHygience Products Ltd.
26	Telephone Cables Ltd.
27	Jagdamba Foods Ltd.
28	Egro Paper India Ltd.
29	Carrier Aircon Ltd.
30	Jaipan Industries Ltd.
31	ALPS MOTOR FINANCE
32	Partap Steel Rolling Mills Ltd.
33	Amtek Auto Ltd.
34	Dr. M. Soy General foods Ltd.
35	GEEFCEE FINANCE LIMITED
36	Burr Brown India Limited
37	Balaji Steel Tubes and Pipes Limited
38	Equipment Conductors & Cables Limited
39	Bajwa Agro Industries
40	Hitkari Industries Limited
41	RidhiSidhi Commercials Ltd.
42	RasikPlast Ltd
43	Rishab Food Products Ltd
44	Rishabh Agro Industries Ltd
45	Orde Industries Ltd
46	Neha Exports Ltd.
47	Jay Viniles Ltd.
48	Dewan Rubber Industries Ltd.
49	Napa Papers Ltd.
50	Classic Global Finance & Capital Ltd.
	During 2014-15
1	Fact Enterprises Ltd.
2	ShreeMahaganaSugar Mills Ltd.
3	Govind Rubber Limited
4	Grauer& Weil India Ltd.
5	Wellington Commercial Ltd.
6	T & I Projects Ltd.
7	Surana Metals Ltd.
8	Sumati Industries Finance Ltd.
9	Shree Krishna Jute Products Ltd.
10	Port Shipping Company Ltd.
11	Tyroon Tea Company Ltd.
12	Trans India International Ltd.
13	Standard Chrome Ltd.
14	Kothari Global Limited

Adjudication proceedings under section 15C of SEBI Act, 1992 for non-redressal of investor grievances	
15	Keiv Finance Ltd.
16	KanikaInfotech Ltd.
17	Hatigor Tea Estates Ltd.
During 2013-14	
1	Solitaire Machine Tools Ltd.
2	Dhar Industries Ltd.
3	HitechIJewellery Industries Ltd.
4	Essem catalyst Ltd.
5	Gleitlager (India) Ltd.
6	Gloria Leasing Ltd.
7	Golden Soya Ltd.
8	Vakrangee Software Ltd.
9	Gazi Financial Services and Investments Ltd.
10	ZEE Entertainment Enterprises Ltd. (Formerly ETC Networks Ltd.)
11	Eco Recycling Ltd.
12	Flawless Diamond (India) Ltd.
13	Zenith Birla (India) Ltd.
14	Dighe Electronics Ltd.
15	Electronica Machine Tools Ltd.
16	Geologging Industries Ltd.
17	Coronet Industries Ltd.
18	Computech International Ltd.
19	Complex trading Co. Ltd.
20	Chain Impex India Ltd.