

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1717
ANSWERED ON:01.08.2003
UNOFFICIAL STOCK MARKET
MOHAN RAWALE

Will the Minister of FINANCE be pleased to state:

- (a) whether the Securities and Exchange Board of India has written to State Governments seeking their help to the growing menace of unofficial, stock markets;
- (b) if so, the details thereof;
- (c) the States in which such stock markets are functioning; and
- (d) the corrective steps taken or likely to be taken by SEBI in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Yes Sir. Securities & Exchange Board of India (SEBI) has written to the Chief Ministers of all the States and to the Heads of all the Union Territories on several occasions seeking their help to put the police on continuous alert and to take action against offenders, who are carrying out illegal trading of securities in violation of section 19 of Securities Contracts (Regulation), Act (SCRA), 1956, which are punishable under the Indian Penal Code. Further specific information as well as press articles in this regard have been forwarded to chief ministers from time to time, seeking their help to look into the matter and take action against those found to be involved in the illegal trading of securities.

(c) The names of the states which have appeared in various complaints and news articles regarding illegal trading are Bihar, Gujarat, Jharkhand, Karnataka, Maharashtra, Uttar Pradesh and West Bengal.

(d) Apart from writing to the State Governments and the Union Territories as mentioned in parts (a) and (b) above, SEBI has taken various measures in this regard, which, inter-alia, include, issuing a public notice in the leading newspapers warning the investors against participation in illegal trading of securities, writing to different stock exchanges to curb alleged misuse of their trading terminal for the purpose of illegal trading by taking action against those found to be involved in such misuse, conducting joint inspections with National Stock Exchange and carrying out search and seizure operation on the premises of the broking entities for curbing illegal trading of securities and prohibiting such broking entities, allegedly involved in such trading, from dealing in securities.