

## INDIAN CAPITAL MARKET IN TRANSITION-ROLE OF SEBI

PAGUDALA SUCHITRA<sup>1</sup> & PAGUDALA SHEEBA RANI<sup>2</sup>

<sup>1</sup>Assistant Professor, Department of Management Studies, Rayalaseema University, Kurnool, Andhra Pradesh, India

<sup>2</sup>HR Manager, Water Management Agency, Kurnool, Andhra Pradesh, India

### ABSTRACT

Although the Indian Capital Market witnessed some significant changes in the eighties, both the primary and the secondary segments continued to suffer from serious deficiencies'. Many unhealthy practices prevailed in the primary market to attract retail investors and the high cost of new issues. Although over the years, number of agencies had increased, offering different types of services in connection with the new issues of capital, their activities were not overseen by any regulatory authority. The problems were even more serious in the secondary market. The general functioning of the stock exchange was not satisfactory. The exchanges were governed by their internal byelaws and managed by the governing bodies, which were dominated by elected member brokers. Trading members were also not adequately capitalized. Insider trading was rampant and was one of the major causes of excessive speculative activity, leading to default by stock brokers, frequent payment crisis and disruption of market activity. This in turn led to Lack of transparency in trading operations, besides resulting in long and uncertain cycles. This paper makes an attempt to look into the developmental role of capital market, facilitated by the role of SEBI and its never evasive role in the economic development of the nation. Stock exchange being an essential component of developed capital market brings together large amounts of capital necessary for the economic progress of the country. Since 1988, SEBI has been playing a significant role in regulating the Indian Capital market.

**KEYWORDS:** Capital Market, Stock Exchange, SEBI