



## An Analytical Study of the Legal Position and Role of Securities & Exchange Board of India (SEBI)

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### Abstract

*This paper highlights a long journey towards regulatory enhancement within the SEBI ecosystem through the lens of data analysis. The objective is to clear amalgamate existing SEBI systems with those deemed desirable according to the fundamental principles of regulation. It also provides the whole outcome of the research study based on the analysis. It also suggest various policy implications to the researcher and government for an efficient and transparent regulatory environment in the country. In conclusion, it provides a thorough analysis of the enforcement procedures employed by the Securities and Exchange Board of India (SEBI), elucidating their effectiveness, equity, and efficiency. Through rigorous data analysis and empirical inquiry, we have dissected the regulatory landscape, uncovering insights that transcend mere statistics. Our findings add to the current conversation about how well regulations work, how accountable institutions are, and how safe investors are in India's financial markets. They also aim to make SEBI's regulatory system more open, accountable, and trustworthy.*

**Key Words:** Digital Economy, Digital Education, Future Skill.

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## **1. INTRODUCTION**

During the first decade of economic liberalization in India (1991–2000), the financial system witnessed a series of scams, manipulations, and investor-related crises that exposed regulatory weaknesses and harmed small investors. The period began with the infamous Harshad Mehta securities scam of 1992, which shook the stock market by exploiting loopholes in the banking system. This was followed by widespread irregularities involving Non-Banking Financial Companies (NBFCs) between 1995 and 1998, many of which mobilized public funds and later defaulted. Around the same time, the CRB Capital Markets and its associated mutual funds collapsed during 1995–1997, causing heavy losses to investors.

The late 1990s also saw scams related to plantation companies (1997–1999), which promised unrealistic returns, and so-called “vanishing companies” (1995–1999) that raised capital from the public and then disappeared without fulfilling listing or disclosure requirements. Another malpractice during 1999–2000 involved frequent changes in company names to mislead investors and inflate share prices. The dot-com boom of 1999–2000 further intensified speculative activity, leading to the rise and fall of several technology companies with weak fundamentals.

Parallel to these developments was the US-64 crisis during 1997–1998, which exposed serious flaws in the pricing and management of India’s largest mutual fund scheme. This was compounded by the broader UTI fiasco that unfolded between 1994 and 2000, highlighting systemic issues in government-backed investment schemes. Market manipulation re-emerged with the Ketan Parekh scam during 1999–2001, including the illegal re-entry of Harshad Mehta in 1998 through manipulation of select shares.

Small investors were further disadvantaged by practices such as MNC delistings, share buybacks at unfavorable prices, and the bypassing of mandatory open offers under takeover regulations. Cooperative banks were also embroiled in scams, while cheque-bouncing became a widespread menace, undermining trust in the financial system. The period additionally witnessed the failure of assured-return schemes offered by government mutual funds between 1993 and 1995, followed by negative returns from private mutual funds during 1999–2003.

Other forms of market abuse included the manipulation of select shares, misuse of Foreign Institutional Investor (FII) sub-accounts, and abuse of Participatory Notes (PNs) through the Mauritius route during 2000–2003. Numerous “double your money” schemes run by unlisted private entities between 1997 and 2001 also defrauded the public. Although occurring slightly later, the Satyam Computers scandal of 2008–2009 is often viewed as a continuation of governance failures that had roots in the liberalization era. Collectively, these episodes underscore the challenges faced by India’s financial markets during the early years of economic reform and the pressing need for stronger regulation and investor protection.

After the Capital Issues (Control) Act of 1947 was repealed and SEBI was granted statutory authority in 1992, the capital market liberalised. The Parliamentary and Narasimham Committees advised SEBI to regulate and monitor stock market transactions. After the Harshad Mehta scam revealed banking system flaws and capital market oversight deficiencies, SEBI's legal and administrative authorities needed to be strengthened. CRB (C. R. Bansali) fraud of 1995–1997 revealed monies were moved between related companies and securities operations. In Swedish

Match AB v. SEBI<sup>1</sup>, the Supreme Court explained that SEBI performs legislative, administrative, and judicial tasks under separation of powers. Strong and liquid markets move resources from excess economic units to capital-needy ones, facilitating long-term investment.<sup>2</sup>

The preface of the Securities and Exchange Board of India Act, 1992 states that the law was enacted to set up a Board responsible for safeguarding investor interests, promoting the expansion of the securities market, and adaptable its operations along with connected matters. The SEBI Act, 1992 therefore established SEBI as the regulatory authority for India's capital market.

## **2. REVIEW OF LITERATURE**

Solaiman (2009) studied the securities regulation frameworks in Bangladesh and Australia, noting that although Bangladesh's securities market has been operating for over 50 years, it remains underdeveloped. This is largely due to its inability to effectively provide securities to investors.

KVSN Jawahar Babu and S. Damodar Naidu (2012), in their paper on investor protection initiatives by SEBI, reported that SEBI's investor awareness programs produced some positive outcomes. However, they also noted that much more needs to be done. The steady withdrawal of Indian investors from the market highlights the need for the regulatory authority to act quickly and put in place effective measures that safeguard small investors and rebuild their trust in the stock market.

Yadav (2017) examined key stock market regulations and assessed how they influence market functioning. The study aimed to review different features of the Indian stock market by using specific indicators of volatility. The data used was secondary and drawn from a single regulatory source. Political stability was found to be a significant factor in the analysis. Overall, the study concluded that regulatory efforts have strengthened the performance and operation of securities in the stock market.

GargAnju (2020) examined investor protection policies, recent market trends, and the development of regulatory measures over the past twenty years. The study noted that the stock market includes various types of participants, such as individual investors, institutional investors, domestic institutions, and foreign institutional investors.

## **3. RESEARCH GAP**

The existing literature provides limited analysis of SEBI's regulatory issuance processes, particularly the procedural aspects of framing regulations, circulars, and guidance notes. There is also an inadequate examination of the efficiency and fairness of SEBI's enforcement mechanisms. Further, scholarly work offers limited practical recommendations for strengthening enforcement through procedural and structural reforms.

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<sup>1</sup> Observations, findings, and recommendations of the Joint Committee of the 10th Lok Sabha constituted to investigate irregularities in securities and banking transactions (Joint Parliamentary Committee Report, 1992 - Harshad Mehta case).

<sup>2</sup> Capital Market Efficiency and Economic Growth: The Case of India, [http://www.eurojournals.com/EJEFAS\\_27\\_11.pdf](http://www.eurojournals.com/EJEFAS_27_11.pdf)

#### **4. OBJECTIVES OF THE STUDY**

In this study, we aim to achieve the following objectives.

- [i] To study the process through which SEBI issues regulations, circulars and guidance.
- [ii] To study the enforcement aspect of the regulatory mandate in detail with a view to understand how efficient and fair the enforcement process is;
- [iii] To combine the current SEBI systems and those are desirable according to the principles of regulation.
- [iv] To offer some proposals for improving the enforcement.

#### **5. RESEARCH HYPOTHESES OF THE STUDY**

This study formulates and tests research hypotheses to examine SEBI's legal position, role, and functioning. The analysis aims to assess the effectiveness, fairness, and regulatory alignment of SEBI's practices within the Indian securities market framework.

- H<sub>01</sub>:** Investors opinion towards Efficacy of SEBI's Regulatory Enforcement is not significant
- H<sub>02</sub>:** There is no significance difference between investors of different demographic profiling regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02a</sub>:** There is no significance difference between investors of different Age groups regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02b</sub>:** There is no significance difference between investors of different Gender regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02c</sub>:** There is no significance difference between investors of different Income Category regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02d</sub>:** There is no significance difference between investors of different Investment category regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02e</sub>:** There is no significance difference between investors of different Markets types regarding Efficacy of SEBI's Regulatory Enforcement
- H<sub>02f</sub>:** There is no significance difference between investors of different Market Experience levels regarding Efficacy of SEBI's Regulatory Enforcement

#### **6. RESEARCH METHODOLOGY**

The study is based on both primary and secondary data, covering SEBI matters from the last five years. Primary data was collected through surveys and questionnaires, with 470 valid responses out of a sample size of 500 investors from North India. Quantitative research design and statistical tools, including SPSS, were used for analysis. The study is limited by regional focus, data accessibility, and the inherent subjectivity of responses.

## 7. DATA ANALYSIS

**Table 1: One-Sample t-test Statistics**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
The growth of market capitalization is satisfactory	470	3.21	1.130	.052
The growth of amount of IPO is satisfactory	470	3.00	.900	.042
Low level of industrialization and small volume of securities traded delays the growth of stock market	470	2.96	1.092	.050
Stock market provides satisfactory return	470	2.94	.910	.042
Liquidity and marketability are the main factor to develop the stock market	470	3.26	1.121	.052
The Regulator should have power to impose sanctions and/or seek orders from the courts	470	3.19	1.180	.054
The Regulator should have power to take action to ensure compliance with regulations	470	3.17	1.210	.056
The Regulator should have power to suspend trading in securities or take other appropriate action	470	3.19	1.233	.057
The Regulator should have power to initiate or refer matters for criminal prosecution	470	3.23	1.190	.055
The market should be open to the inclusive range of members who meet the specified entry requirements	470	2.94	1.229	.057

The impact of potential regulations should be carefully considered by the Regulator when formulating policy	470	3.23	1.260	.058
The regulatory burden should be equally imposed on all who make a particular financial commitment	470	3.09	1.147	.053
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	470	3.00	.800	.037
Rate the services of SEBI in: (b). Handling of Investors' complaints	470	2.85	.876	.040

Source: Primary Data analyzed with the help of Software

The One-Sample t-test results, based on 470 responses, indicate moderate to positive perceptions of the stock market and regulatory environment. Respondents expressed satisfaction with market capitalization growth and IPO activity, while relatively lower satisfaction was observed regarding the impact of low industrialization and limited trading volume. Liquidity and marketability were strongly recognized as key factors for market development. SEBI's regulatory powers and responsibilities received generally positive ratings, though its performance in investor grievance redressal was viewed less favorably. Overall, the findings reflect a balanced stakeholder perception of market growth and regulatory effectiveness.

**Table 2: One-Sample t-Test**

	Test Value = 3					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The growth of market capitalization is satisfactory	4.082	469	.000	.213	.11	.32
The growth of amount of IPO is satisfactory	.000	469	1.000	.000	-.08	.08

Low level of industrialization and small volume of securities traded delays the growth of stock market	-0.845	469	.399	-.043	-.14	.06
Stock market provides satisfactory return	-1.521	469	.129	-.064	-.15	.02
Liquidity and marketability are the main factor to develop the stock market	4.938	469	.000	.255	.15	.36
The Regulator should have power to impose sanctions and/or seek orders from the courts	3.519	469	.000	.191	.08	.30
The Regulator should have power to take action to ensure compliance with regulations	3.050	469	.002	.170	.06	.28
The Regulator should have power to suspend trading in securities or take other appropriate action	3.367	469	.001	.191	.08	.30
The Regulator should have power to initiate or refer matters for criminal prosecution	4.263	469	.000	.234	.13	.34
The market should be open to the inclusive range of members who meet the specified entry requirements	-1.126	469	.261	-.064	-.18	.05

The impact of potential regulations should be carefully considered by the Regulator when formulating policy	4.028	469	.000	.234	.12	.35
The regulatory burden should be equally imposed on all who make a particular financial commitment	1.609	469	.108	.085	-.02	.19
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	.000	469	1.000	.000	-.07	.07
Rate the services of SEBI in: (b). Handling of Investors' complaints	-3.688	469	.000	-.149	-.23	-.07

Source: Primary Data analyzed with the help of Software

The one-sample t-test, conducted with a test value of 3, reveals mixed but largely significant perceptions regarding the stock market and regulatory framework. Respondents showed strong agreement on the satisfactory growth of market capitalization, while views on IPO growth and inclusive market access were neutral. Significant positive responses were observed regarding SEBI's regulatory powers, including sanctioning authority and careful assessment of regulatory impact. These findings align with judicial interpretations in cases such as *Swedish Match AB vs. SEBI (2004)*, which emphasized investor protection as the core objective of SEBI regulations. Based on the statistically significant t-test results, the null hypothesis (H01) is rejected, indicating that investors' opinions on the efficacy of SEBI's regulatory enforcement are significant.

**Table 3: ONEWAY-ANOVA (on the basis of Age)**

		Sum of Squares	df	Mean Square	F	Sig.
The growth of market capitalization is satisfactory	Between Groups	18.029	3	6.010	4.823	.003
	Within Groups	580.694	466	1.246		
	Total	598.723	469			

The growth of amount of IPO is satisfactory	Between Groups	23.889	3	7.963	10.420	.000
	Within Groups	356.111	466	.764		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	73.038	3	24.346	23.339	.000
	Within Groups	486.111	466	1.043		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	20.307	3	6.769	8.577	.000
	Within Groups	367.778	466	.789		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	6.584	3	2.195	1.755	.155
	Within Groups	582.778	466	1.251		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	22.072	3	7.357	5.436	.001
	Within Groups	630.694	466	1.353		
	Total	652.766	469			
The Regulator should have power to take action to ensure compliance with regulations	Between Groups	45.689	3	15.230	11.077	.000
	Within Groups	640.694	466	1.375		
	Total	686.383	469			
The Regulator should have power to suspend trading in securities or take other appropriate action	Between Groups	105.405	3	35.135	26.957	.000
	Within Groups	607.361	466	1.303		
	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	58.561	3	19.520	15.018	.000
	Within Groups	605.694	466	1.300		
	Total	664.255	469			

The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	57.391	3	19.130	13.700	.000
	Within Groups	650.694	466	1.396		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	109.672	3	36.557	26.846	.000
	Within Groups	634.583	466	1.362		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	45.901	3	15.300	12.494	.000
	Within Groups	570.694	466	1.225		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	58.889	3	19.630	37.939	.000
	Within Groups	241.111	466	.517		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	23.880	3	7.960	11.050	.000
	Within Groups	335.694	466	.720		
	Total	359.574	469			

*Source: Primary Data analyzed with the help of Software*

The ANOVA results based on age groups reveal significant differences in investors' perceptions of stock market growth and SEBI's regulatory enforcement. Opinions varied notably on market capitalization growth, IPO activity, industrial development, and the regulator's enforcement powers, with all p-values showing statistical significance. These findings indicate that age influences investors' views on both market development and regulatory effectiveness. Accordingly, the null hypothesis  $H_{02a}$  is rejected, confirming a significant difference among age groups regarding the efficacy of SEBI's regulatory enforcement.

**Table 4: ONEWAY-ANOVA (on the basis of Gender)**

		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
The growth of market capitalization is satisfactory	Between Groups	.058	1	.058	.046	.831
	Within Groups	598.665	468	1.279		
	Total	598.723	469			
The growth of amount of IPO is satisfactory	Between Groups	4.253	1	4.253	5.298	.022
	Within Groups	375.747	468	.803		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	22.045	1	22.045	19.209	.000
	Within Groups	537.104	468	1.148		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	18.492	1	18.492	23.416	.000
	Within Groups	369.593	468	.790		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	.108	1	.108	.086	.769
	Within Groups	589.253	468	1.259		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	6.703	1	6.703	4.855	.028
	Within Groups	646.063	468	1.380		
	Total	652.766	469			
The Regulator should have power to take action to ensure compliance with	Between Groups	.659	1	.659	.450	.503
	Within Groups	685.724	468	1.465		

regulations	Total	686.383	469			
The Regulator should have power to suspend trading in securities or take other appropriate action	Between Groups	21.635	1	21.635	14.650	.000
	Within Groups	691.131	468	1.477		
	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	4.074	1	4.074	2.888	.090
	Within Groups	660.181	468	1.411		
	Total	664.255	469			
The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	24.805	1	24.805	16.989	.000
	Within Groups	683.281	468	1.460		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	16.654	1	16.654	10.712	.001
	Within Groups	727.602	468	1.555		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	16.121	1	16.121	12.564	.000
	Within Groups	600.475	468	1.283		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	1.063	1	1.063	1.665	.198
	Within Groups	298.937	468	.639		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	9.167	1	9.167	12.244	.001
	Within Groups	350.407	468	.749		
	Total	359.574	469			

*Source: Primary Data analyzed with the help of Software*

The ANOVA results indicate that gender-based differences exist in investors' perceptions of certain aspects of the securities market and SEBI's regulatory role. Significant differences were observed in views on IPO growth, market returns, industrialization, trading volume, and the regulator's power to suspend trading. However, no significant differences were found regarding SEBI's sanctioning powers, compliance enforcement, criminal prosecution, and rule-making functions. Overall, the findings suggest that gender influences perceptions on specific regulatory and market issues. Accordingly, the null hypothesis  $H_{02b}$  is rejected, as significant differences are observed among gender groups regarding the efficacy of SEBI's regulatory enforcement.

**Table 5: ONEWAY-ANOVA (on the basis of Income)**

		Sum of Squares	df	Mean Square	F	Sig.
The growth of market capitalization is satisfactory	Between Groups	73.890	4	18.473	16.367	.000
	Within Groups	524.833	465	1.129		
	Total	598.723	469			
The growth of amount of IPO is satisfactory	Between Groups	8.958	4	2.240	2.807	.025
	Within Groups	371.042	465	.798		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	93.274	4	23.318	23.275	.000
	Within Groups	465.875	465	1.002		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	25.585	4	6.396	8.205	.000
	Within Groups	362.500	465	.780		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	56.487	4	14.122	12.323	.000
	Within Groups	532.875	465	1.146		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	56.266	4	14.066	10.965	.000
	Within Groups	596.500	465	1.283		
	Total	652.766	469			
The Regulator should have power to take action	Between Groups	53.508	4	13.377	9.829	.000

to ensure compliance with regulations	Within Groups	632.875	465	1.361		
	Total	686.383	469			
The Regulator should have power to suspend trading in securities or take other appropriate action	Between Groups	66.099	4	16.525	11.883	.000
	Within Groups	646.667	465	1.391		
	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	24.255	4	6.064	4.406	.002
	Within Groups	640.000	465	1.376		
	Total	664.255	469			
The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	92.210	4	23.053	17.405	.000
	Within Groups	615.875	465	1.324		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	104.422	4	26.105	18.972	.000
	Within Groups	639.833	465	1.376		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	72.387	4	18.097	15.463	.000
	Within Groups	544.208	465	1.170		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	32.125	4	8.031	13.941	.000
	Within Groups	267.875	465	.576		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	47.033	4	11.758	17.494	.000
	Within Groups	312.542	465	.672		
	Total	359.574	469			

Source: Primary Data analyzed with the help of Software

The ANOVA results reveal significant differences across income groups regarding perceptions of stock market growth and SEBI's regulatory role. Variations were observed in views on market capitalization, IPO growth, market delays, investment returns, development factors, regulatory

powers, and SEBI's services, including rule-making and investor grievance handling. These findings indicate that income level significantly influences investors' opinions on regulatory effectiveness. Accordingly, the null hypothesis  $H_{02c}$  is rejected, as statistically significant differences exist among income categories regarding the efficacy of SEBI's regulatory enforcement.

**Table 6: ONEWAY- ANOVA (on the basis of Investment Category)**

		Sum of Squares	Df	Mean Square	F	Sig.
The growth of market capitalization is satisfactory	Between Groups	4.178	2	2.089	1.641	.195
	Within Groups	594.545	467	1.273		
	Total	598.723	469			
The growth of amount of IPO is satisfactory	Between Groups	4.848	2	2.424	3.018	.050
	Within Groups	375.152	467	.803		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	20.967	2	10.484	9.097	.000
	Within Groups	538.182	467	1.152		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	.812	2	.406	.490	.613
	Within Groups	387.273	467	.829		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	42.089	2	21.044	17.958	.000
	Within Groups	547.273	467	1.172		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	28.524	2	14.262	10.669	.000
	Within Groups	624.242	467	1.337		
	Total	652.766	469			
The Regulator should have power to take action to ensure compliance with regulations	Between Groups	22.747	2	11.373	8.003	.000
	Within Groups	663.636	467	1.421		
	Total	686.383	469			

The Regulator should have power to suspend trading in securities or take other appropriate action	Between Groups	20.039	2	10.019	6.755	.001
	Within Groups	692.727	467	1.483		
	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	36.983	2	18.491	13.767	.000
	Within Groups	627.273	467	1.343		
	Total	664.255	469			
The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	2.025	2	1.012	.670	.512
	Within Groups	706.061	467	1.512		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	20.013	2	10.006	6.452	.002
	Within Groups	724.242	467	1.551		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	.232	2	.116	.088	.916
	Within Groups	616.364	467	1.320		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	16.970	2	8.485	14.000	.000
	Within Groups	283.030	467	.606		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	3.817	2	1.908	2.505	.083
	Within Groups	355.758	467	.762		
	Total	359.574	469			

*Source: Primary Data analyzed with the help of Software*

The ANOVA results indicate significant differences across investment categories in perceptions of capital market growth and SEBI's regulatory enforcement. Notable variations were observed regarding industrialization, trading volume, and SEBI's powers to impose sanctions, ensure compliance, and initiate prosecution. However, opinions on inclusive market access and equal regulatory burden did not differ significantly. These findings align with judicial observations in the *Sahara India Real Estate Corp. Ltd. v. SEBI (2014)* case, which emphasized SEBI's crucial role in

investor protection and enforcement. Accordingly, the null hypothesis  $H_{02d}$  is rejected, confirming significant differences among investment categories regarding the efficacy of SEBI's regulatory enforcement.

**Table 7: ONE WAY-ANOVA (on the basis of Market Type)**

		Sum of Squares	df	Mean Square	F	Sig.
The growth of market capitalization is satisfactory	Between Groups	43.805	2	21.903	18.433	.000
	Within Groups	554.918	467	1.188		
	Total	598.723	469			
The growth of amount of IPO is satisfactory	Between Groups	6.105	2	3.053	3.813	.023
	Within Groups	373.895	467	.801		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	7.254	2	3.627	3.069	.047
	Within Groups	551.895	467	1.182		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	22.822	2	11.411	14.589	.000
	Within Groups	365.263	467	.782		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	75.935	2	37.967	34.534	.000
	Within Groups	513.427	467	1.099		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	12.093	2	6.047	4.408	.013
	Within Groups	640.673	467	1.372		
	Total	652.766	469			
The Regulator should have power to take action to ensure compliance with regulations	Between Groups	6.710	2	3.355	2.305	.101
	Within Groups	679.673	467	1.455		
	Total	686.383	469			
The Regulator should have power to suspend trading	Between Groups	13.292	2	6.646	4.437	.012

in securities or take other appropriate action	Within Groups	699.474	467	1.498		
	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	10.249	2	5.125	3.659	.026
	Within Groups	654.006	467	1.400		
	Total	664.255	469			
The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	12.799	2	6.399	4.298	.014
	Within Groups	695.287	467	1.489		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	9.758	2	4.879	3.102	.046
	Within Groups	734.497	467	1.573		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	1.678	2	.839	.637	.529
	Within Groups	614.918	467	1.317		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	3.661	2	1.830	2.885	.057
	Within Groups	296.339	467	.635		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	3.200	2	1.600	2.097	.124
	Within Groups	356.374	467	.763		
	Total	359.574	469			

Source: Primary Data analyzed with the help of Software

The ANOVA results reveal significant differences across market types in perceptions of stock market growth and SEBI's regulatory enforcement. Factors such as market capitalization growth, IPO activity, liquidity, marketability, and regulatory powers show strong statistical significance, highlighting their influence on market development. While certain aspects of regulatory burden and SEBI services display limited significance, overall findings support the importance of effective enforcement. These results align with recent judicial decisions such as *Varun Dev Jha v. SEBI (2024)* and *G. Bala Reddy v. SEBI (2024)*, which upheld SEBI's stringent enforcement actions to maintain market integrity. Accordingly, the null hypothesis  $H_{02e}$  is rejected, confirming

significant differences among investors across different market types regarding the efficacy of SEBI's regulatory enforcement.

**Table 8: ONEWAY-ANOVA (on the basis of Market Experience)**

		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
The growth of market capitalization is satisfactory	Between Groups	33.233	2	16.616	13.722	.000
	Within Groups	565.491	467	1.211		
	Total	598.723	469			
The growth of amount of IPO is satisfactory	Between Groups	5.149	2	2.575	3.207	.041
	Within Groups	374.851	467	.803		
	Total	380.000	469			
Low level of industrialization and small volume of securities traded delays the growth of stock market	Between Groups	15.491	2	7.745	6.653	.001
	Within Groups	543.658	467	1.164		
	Total	559.149	469			
Stock market provides satisfactory return	Between Groups	3.712	2	1.856	2.255	.106
	Within Groups	384.373	467	.823		
	Total	388.085	469			
Liquidity and marketability are the main factor to develop the stock market	Between Groups	10.728	2	5.364	4.329	.014
	Within Groups	578.634	467	1.239		
	Total	589.362	469			
The Regulator should have power to impose sanctions and/or seek orders from the courts	Between Groups	117.089	2	58.544	51.039	.000
	Within Groups	535.677	467	1.147		
	Total	652.766	469			
The Regulator should have power to take action to ensure compliance with regulations	Between Groups	98.209	2	49.105	38.988	.000
	Within Groups	588.174	467	1.259		
	Total	686.383	469			
The Regulator should have power to suspend trading in securities or	Between Groups	60.101	2	30.051	21.502	.000
	Within Groups	652.665	467	1.398		

take other appropriate action	Total	712.766	469			
The Regulator should have power to initiate or refer matters for criminal prosecution	Between Groups	83.939	2	41.969	33.774	.000
	Within Groups	580.317	467	1.243		
	Total	664.255	469			
The market should be open to the inclusive range of members who meet the specified entry requirements	Between Groups	107.470	2	53.735	41.781	.000
	Within Groups	600.615	467	1.286		
	Total	708.085	469			
The impact of potential regulations should be carefully considered by the Regulator when formulating policy	Between Groups	107.864	2	53.932	39.577	.000
	Within Groups	636.391	467	1.363		
	Total	744.255	469			
The regulatory burden should be equally imposed on all who make a particular financial commitment	Between Groups	128.242	2	64.121	61.317	.000
	Within Groups	488.354	467	1.046		
	Total	616.596	469			
Rate the services of SEBI in: (a). Formulating of Rules and Regulations for the running of the Capital Market.	Between Groups	10.342	2	5.171	8.337	.000
	Within Groups	289.658	467	.620		
	Total	300.000	469			
Rate the services of SEBI in: (b). Handling of Investors' complaints	Between Groups	9.171	2	4.585	6.111	.002
	Within Groups	350.404	467	.750		
	Total	359.574	469			

Source: Primary Data analyzed with the help of Software

The ANOVA results show significant differences in investors' perceptions based on market experience. Variations were observed in opinions regarding market capitalization growth, IPO activity, industrialization constraints, regulatory powers, market openness, regulatory impact assessment, and SEBI's services. These findings indicate that market experience strongly influences how investors evaluate market performance and regulatory effectiveness. Accordingly, the null hypothesis  $H_{02f}$  is rejected, as statistically significant differences exist among investors with different levels of market experience regarding the efficacy of SEBI's regulatory enforcement.

## 8. HYPOTHESES TESTING AND ANALYSIS

	Null Hypothesis	Table Ref No.	Result
H <sub>01</sub>	Investors opinion towards Efficacy of SEBI's Regulatory Enforcement is not significant	1 & 2	Rejected
H <sub>02</sub>	There is no significance difference between investors of different demographic profiling regarding Efficacy of SEBI's Regulatory Enforcement	3 to 8	Rejected
H <sub>02a</sub>	There is no significance difference between investors of different Age groups regarding Efficacy of SEBI's Regulatory Enforcement	3	Rejected
H <sub>02b</sub>	There is no significance difference between investors of different Gender regarding Efficacy of SEBI's Regulatory Enforcement	4	Rejected
H <sub>02c</sub>	There is no significance difference between investors of different Income Category regarding Efficacy of SEBI's Regulatory Enforcement	5	Rejected
H <sub>02d</sub>	There is no significance difference between investors of different Investment category regarding Efficacy of SEBI's Regulatory Enforcement	6	Rejected
H <sub>02e</sub>	There is no significance difference between investors of different Markets types regarding Efficacy of SEBI's Regulatory Enforcement	7	Rejected
H <sub>02f</sub>	There is no significance difference between investors of different Market Experience levels regarding Efficacy of SEBI's Regulatory Enforcement	8	Rejected

Source: Compiled on the basis of Results found through analysis

In conclusion, it provides a thorough analysis of the enforcement procedures employed by the Securities and Exchange Board of India (SEBI), elucidating their effectiveness, equity, and efficiency. Through rigorous data analysis and empirical inquiry, we have dissected the regulatory landscape, uncovering insights that transcend mere statistics. Our findings add to the current conversation about how well regulations work, how accountable institutions are, and how safe investors are in India's financial markets. They also aim to make SEBI's regulatory system more open, accountable, and trustworthy

## 9. CONCLUSION

The present study provides a comprehensive assessment of the efficacy of SEBI's regulatory enforcement based on empirical evidence drawn from investors' perceptions. The one-sample t-test results indicate that investors hold a generally positive yet balanced view of the Indian securities market and the regulatory framework. Growth in market capitalization, IPO activity, and the importance of liquidity and marketability are widely acknowledged. At the same time,

concerns remain regarding low industrialization, limited trading volume, and the effectiveness of investor grievance redressal mechanisms.

The rejection of the first null hypothesis confirms that investors' opinions on SEBI's regulatory enforcement are statistically significant. This establishes that SEBI's role, powers, and enforcement actions are meaningful and perceptible to market participants, particularly in relation to investor protection and regulatory oversight.

Further, the ANOVA analysis reveals that demographic and market-related factors significantly influence investor perceptions. Age, gender, income level, investment category, market type, and market experience all show statistically significant differences in how investors evaluate market growth and SEBI's enforcement effectiveness. These variations suggest that investor expectations and regulatory perceptions are not uniform and are shaped by individual exposure, financial capacity, and experience in the securities market.

Judicial precedents such as *Swedish Match AB v. SEBI (2004)*, *Sahara India Real Estate Corp. Ltd. v. SEBI (2014)*, *Varun Dev Jha v. SEBI (2024)*, and *G. Bala Reddy v. SEBI (2024)* further reinforce the empirical findings of the study. These cases underline SEBI's central role in safeguarding investor interests, preventing market manipulation, and ensuring market integrity through strong and timely enforcement actions.

Overall, the study concludes that SEBI's regulatory enforcement framework is largely effective and aligned with the objectives of investor protection and market transparency. However, the observed differences across investor groups highlight the need for more inclusive, responsive, and investor-centric regulatory approaches. Strengthening grievance redressal systems, improving regulatory communication, and adopting differentiated enforcement strategies based on investor profiles may further enhance confidence in the securities market and reinforce SEBI's role as a robust market regulator.

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