Chapter 4

Annotated Bibliography
1.

SEBI, REGULATION, SECURITIES MARKET

MALLIKAR JUNAPPA (T). Regulation of securities market: An evaluation of the SEBI. SEBI bulletin, 1(5); 2004, may. 10; 10–12.

Securities market plays an important role in ensuring the development of transparent and efficient economy. The changes that took place in securities markets in different parts of the world, including India, have called for more vigilant and intelligent regulator.

After enacting of SEBI Act 1992, it has been doing work by issuing rules and regulations. SEBI has issued a number of regulations that are intended to develop a healthy market. The paper addresses the SEBI regulation relating to stockbrokers in India. The paper has analyzed the regulatory issues like time limit for processing of applications, investment advice just and equitable opportunity for the brokers at the time of inquiry, simplification of the fee collection process and circumstances that lead to conflict of interest between brokers and investors.
2.

FINANCIAL INTEGRATION, CAPITAL MARKETS, DEVELOPING COUNTRIES


The experience of developing countries suggest that financial integration helps in the growth of capital markets but it may adversely affect the volatility of share prices and stock market efficiency if capital market reforms are not appropriate. Hence the objective of the present study is to examine for India the impact of financial integration on its capital market in terms of growth, volatility and market efficiency. The results show that the primary Indian capital market has grown significantly since the beginning of the capital market reforms in 1992 - 93, the secondary capital market is also found to have grown in terms of its size and liquidity. Volatility in stock prices is found to have declined annually.
3.

SEBI, MOU, CFTC

GOLIATH (Mark). SEBI to sign MOU with CFTC. (Sebi is India’s securities regulator), Business line. 16(7); 2003, July, 22; 16 – 18.

SEBI, India’s securities regulator, will soon enter into a memorandum of understanding with the commodity features trading commission for a broad based cooperation in enforcement and for exchange of information. A similar MOU with Mauritius has almost stopped from routing money earned through improper market practices via Mauritius. This will be the fifth bilateral MOU of the regulator.

SEBI has issued a report to discuss enabling Indian issues simultaneous access to domestic and international equity market. Though the regulation of the securities market in India is fundamentally similar.

4.

BANK LOANS, COMMODITIES MARKET, LIQUIDITY

MURTY (g. r. k). Bank loans; A must for liquidity in the commodity derivative market. Monthly Commentary. 16(2); 2001, Feb, 12, 25 – 27.

74
Trading in commodity derivatives facilitates price discovery and protection from price risk. This however requires active trading and high liquidity. But farmers do not have the requisite financial strength to seek risk protection from the derivative market though they suffer price risk that is why banks have an active role to play.

5.

SECURITY MARKETS, DEVELOPMENT

KOTAK (Uday.S). Development of securities market. Portfolio Organizer. 15(4); 2002, April, 15; 1 -3.

Integration across the market is the next important development in the securities market. Practitioners and policy makers need to caution about the long-term impact of the cross border and across the markets integration.

The paper discusses various ways of the development of securities market and the rules and regulations regarding with it. The role to enhance the capital market is also given.
6.

CORPORATE GOVERNANCE, CAPITAL MARKET

OMAN (Charles P). Improving competitiveness and access to global capital market. Portfolio organizer. 7(5); 2004, May, 13, 5 – 7.

The paper discusses that how in most countries around the world corporate control has mostly remained in the hands of private families. Rather than strengthening the firm, they effectively utilize it to increase their holdings. The speaker stresses on the importance of corporate Governance in the long-term development of the firm.

7.

MARKETS, REGULATORY ENVIRONMENT


In this article the author has said that there has been a growing debate on whether a single super regulator is desirable or having multiple regulators is
better, while the U. K has been successful with a single regulator, the debate has just heated up in India.

In the context of globalization it is important that the regulation of securities market not only specifies the needs of the market in the respective nations, but also compiles with the international regulations.

8.

SEBI, RECENT RECOMMENDATIONS

BANERJEE (Arindam). Empowering sebi: Kania’s prescription. ICFAI Reader. 10(9); 2005, Sep, 12, 1 – 3.

This article discusses the recent recommendations by the expert group under justice M.H. Kania laws, and also create new provisions to strengthen and empower the regulatory body. Article discusses the recent recommendations by the expert group under Justice M.H. Kania to SEBI to bring certain changes in its existing laws and also create new provisions to strengthen and empower the regulatory body.
9.

MUTUAL FUNDS, INVESTMENT, MARKET RISKS

KISHORE (N.K). Mutual fund investment are subject to market risks Portfolio organizer 7(10); 2005, Oct, 12, 5–7.

Investment in mutual fund is always risky. This article attempts to focus on a few problems are risks that are faced by mutual fund investors. It also discusses the present scenario of the Indian mutual fund market and suggests various ways to invest safely in mutual funds.

10.

SEBI, SHORT SELLING, SECURITIES

BANERJEE (Arindam). Short selling Sebi’s new move. ICFAI reader. 5(2); 2006, Feb, 10, 1–3.

In the given article” short selling Sebi’s new move”. The author states that sebi is back in action, this time to boost market liquidity. The capital market regulator is proposing to allow short selling of securities to institutional like FIs and Mutual funds. This article discusses the details of the latest working paper on short selling.
11.
EQUITY DERIVATIVES, MUTUAL FUNDS

SHAH (Aalap r). Equity derivatives and mutual: start of a long and fruit full journey. ICFAI reader. 5(11); 2005, Nov, 5, 5 -6.

On Sep 14, 2005, SEBI came out with new guidelines for the use of derivatives by mutual funds. This article looks into these guidelines for the use of derivatives and how mutual fund can use equity derivatives effectively within the boundaries set for them by the regulator.

12.
CORPORATE GOVERNANCE, CLARIFICATION, CLAUSE-49.

BOSE (Sucismita). Asia corporate governance association: clarification on revised clause 49. SEBI bulletin. 3(1); 2003, Jan, 12; 1 – 3.

In Jan, the SEBI, the main securities market regulator issued a clarification on clause 49 the section of the listing agreement relating to corporate governance. SEBI advocates the maximum time gaps between board
meetings of a listed company could be increased from three to four months.

Sitting fees paid to non-executive directors would not require the previous approval of shareholders. Certifications of internal controls systems by CEO’s and CFOs would cover financial reporting only. Previous versions of clause 49 did not make clear what the certification was intended to cover.

13.

SEBI, REVITALIZING, CLAUSE – 49

MPM (Vinay kumar). Revitalizing clause 49, Portfolio organizer. 4(6); 2005, June, 12; 19 – 20.

In the article the author states that SEBI securities and exchange board of India has taken several measures for strict adherence to corporate governance in Indian corporate houses.

Steps have already been taken regarding promoter’s haling, and now it has taken up the issues of independent directors.

14.
SEBI, PUBLIC OFFERINGS, SCAMS
JAIN (Resham) and SIHAH (Prashant). Public offerings saga of scams. Portfolio organizer. 7 (3); 2006, Mar, 12, 1 – 3.

The Indian capital market is under the scrutiny of the regulator. The IPO scams have hit the investors really hard. Sebi is doing best to retain investor confidence. It is now to be seen what awaits the retail investors.

Overall the author clarifies the regulating powers of the SEBI and the investor’s protection associated with it.

15.
SEBI, MARKET MANIPULATION, INITIATIVES
SHAH (Prashant) and JAIN (Resham). Sebi’s four prolonged strategy Portfolio organizer, 7(5); 2006, Mar, 3; 6 – 7.

SEBI’S recent move to prevent market manipulations is laudable. Among the major initiatives encouraging disclosure norms by companies. Electronic clearing system and optional grading for brokers and IPOs are worth mentioning. This article probes into the recent initiatives take by Sebi in this direction.
MASSIONO (Massa). Index funds and stock market growth. *Journal of Business*, 76(1); 2003, May, 12; 1–2.

Based on daily flow of information from three major standards and poor's index (S&P) mutual fund for two years, the paper analyzes the relationship between index funds, asset prices, and measures of risk and uncertainty. The author states the following issues in this article.

- The extent to which changing investor demand can move a board index. In specific the article examines how changing demand for a specific portfolio relates to its price dynamics on daily and intrude level.

- The underlying factors that may influence investor's demand shocks in particular it considers whether investors respond positively or negatively to changing volatility and to shifts and dispersion in expert forecast about the market.
CAPITAL MARKET, GAINS

RAMASWAMY (R). Capital markets stands to gain. The chartered accountant. 51(6);2003, June 10, 7 – 10.

This article focuses on how the players in the stock market – FIIS and Indian lobbied for introduction of turn over tax as a substitute to capital gains tax. Other markets in the region have done away with capital gains tax. Malaysia has introduced turnover tax and the markets are doing fine. India being on of the fastest growing economies in the world needs the foreign in flows to sustain pace and growth.

18.

VENTURE CAPITAL, REFORMING, INDIA

DOSSANI (Rafiq). Reforming venture capital in India: creating the enabling environment for I. T. International journal of technology management. 25(1); 2003, Jan, 12; 1 –5.

The paper analyzes the need for venture capital in India to support the growth of its information technology industry. It is shown that the growth of a venture capital industry in India will help sustain growth at current level
with less risk, but that substantial changes in the regulatory, tax and currency environment are needed. An ideal environment is proposed, benchmarked against the U. S environment and used to develop a set of proposals for reform.

The Indian venture capital regulator SEBI, recently accepted a report based on these proposals and the ministry of finance has put some of the proposals into law. An analysis of the accepted proposals shows that least progress in currency form.

19.
VENTURE CAPITAL, INVESTORS, VALUATION, INFORMATION


This paper compares the approaches to invests valuation and sources of information used by venture capital investors in the US, Hong-Kong, India and Singapur. The results identify significant diff in respect of
the use of asset valuation, earning before interest, depreciation and amortisation and option based valuation methods. Significant difference are also identified in respect of the use of various sources of information for valuation, notably the use of business plan data, own due diligence, sales and product information and information relating to entrepreneurs.

20.

SEBI, SENSEX GAINS, UBS

PRADHAN (Kailash Chandra) and BHAT (K. Sham). India sensex gains 0.74% last week amid Sebi’s banan UBS. The economic today: 9(5); 2003, May, 23; 17 – 20.

In the article the author states about the sensex registered a moderate gain of 0.74% extending its winning streak to third consecutive week on the back of sustained and heavy purchase by domestic financial institutions amid Sebi’s action against a leading FLL for not complying with regulations.
FII’s, OPERATION, UBS SECURITIES


In the paper, the authors discuss about the foreign institutional investors (FII). FII are one of the determinants of the performance of the major market indices. In the month of June 2005. There were around 500 FII’s operating and 1300 subaccounts. India can take pride to call it self-the second developing economy after China and that is the primary reason of FII inflow in India.

In this article the author explore the regulatory loop hides relating to the issue of participatory notes a leading source f volatility in the Indian stock market and suggest necessary connective measures.
DISCLOSED STANDARDS, SECURITIES MARKET

RATH (Prabhas. K). Disclosure based regulation: Protect investors by informing them. SEBI bulletin. 3(1); 2005, Jan, 10; 1 – 3.

In the given article, the author pointed out that information asymmetry leads to market failure. Mandatory disclosure, therefore has been a common approach to regulating, social and economic problems. External observers give 100% score to India as far as disclosures standards for securities market are concerned yet there are certain emerging issues concerning the obligation, cost, format and understanding of disclosures while discussing the extent disclosures standards in Indian securities market. This paper endeavors to provide a perspective on these issues.

PERFORMANCE, INDIAN, IPO’S

KRISHNAMURTI (Chandra Shekher) and PRADEEP KUMAR. The initial listing performance of Indian IPOs. Business today. 28(2); 2002, Feb, 10; 1 – 4.
The author in the article states that, there are important differences in the regulatory environment the state of the development of the primary and secondary markets, types of investors that allow for interesting comparisons to make across countries.

In this study the author describes the institutional arrangements of the public issue process of unseasoned equity offerings (IPOs) in India. He shows evidence regarding the widespread understanding of Indian IPO’s and relate them to potential factors principle among them are: the lack of a formal mechanism for gauging the extent of demand from potential investors; the regulation restriction on pricing of new firms with out a track record, and the large delay between the approval date and the actual opening date of the public issue.

24.

VENTURE CAPITAL, MONITORING, INVESTEES

PRUTHI (Sarika), WRIGHT (Mike) and LOCKETT (Andy). Do foreign and domestic venture capital firms differ in their monitoring of investees? Asia pacific journal of management. 20 (2); 2003, June; 175 – 204.
This paper addresses an important omission in the venture capital literature by comparing the monitoring behavior of foreign and domestic venture capital firms (VCs). Evidence from 31 VC in India (84% response) shows foreign VC’s were significantly more likely than domestic VC’s to be involved at the strategic level while domestic VC’s were significantly more active at the operational level. Foreign VC’s placed significantly more emphasis on restrictions on additional borrowings. Domestic VC’s place significantly more emphasis on industry specialist board membership.

25.
INVESTMENT, MUTUAL FUND.

JI DESH (Kumar). Investment companies and mutual funds. International business lawyer. 2 (1); 2003, April, 14; 1 – 6.

India’s human resource is intellectually enabled to take risks with guaranteed returns, especially since there is a huge consumer base, which is growing by the day. This gives room for venture capitalists to invest in entrepreneurs. By removing stringent regulations. The
govt. has provided a level playing field for foreign investors.

The most transparent step taken by the regulatory authorities is the passing of the Sebi (Venture capital funds) amendment regulation 2000 and the Sebi (foreign venture capital investors) regulation 2000.

26.

VENTURE CAPITAL, FEATURES


Venture capital is a source of financing for companies wish to enter into new or turn around ventures. Ventures capital means more risky money used in risky enterprise for instance innovative, high tech ideas are risky and so is the money invested in these ideas. As such projects have mortality rates, risk averse bankers and private sector financiers avoid providing capital for such ventures. Venture capitalists provide necessary funds often with management and marketing assistance.
The article provides the definition of venture capital, types of venture capital under taking, Sebi (V.C) funds regulation 1996 and 2000 are also given.

27.

SECURITIES MARKET, REGULATOR

BOSE (Suchismita). Securities market regulations. Business line. 18 (2); 2002, Jan, 10; 9 – 11.

The purpose of this study is to take stock of the regulatory infrastructure of the Indian securities market and see whether there exist well formulated laws with well defined scope and powers of the regulator capable of presenting all investors in the capital market with a level playing field. The papers also discuss the role of the stock exchanges and electronic databases in aiding the regulator in prevention, detection and connection of securities fraud.

The paper also discuss that there remains a need to ensure that laws/regulations are rationalised to completely empower sebi to carry out its function as the principal regulator. SEBI needs to be upgrade its
surveillance to process enabling it to produce evidence that is credible enough to secure conviction.

28.

SEBI, ADMINISTRATIVE PROCEEDINGS

CHEEMA (Maninder). Quasi-Judicial proceedings before SEBI. SEBI bulletin. 3 (1); 2005, Jan, 10; 4 – 6.

As a regulatory body, SEBI performs functions, which partake of executive, legislative as well judicial characteristics. For instance the power to legislate by making regulation has been delegated to sebi by parliament, as an agency enforcing this legislation; sebi performs executive functions. In addition, SEBI also has the power to adjudicate and take punitive and preventive steps and actions, against entities related to the securities market.

The article discusses the different types of administrative proceedings before SEBI resulting in preventive / punitive actions and the procedural check and balances in the exercise of such power.

29. STOCK MARKET, NIFTY SOURCE, INVESTMENT


The paper examines that the new peaks touched by stock indices this year and the success of the govt. end of the year disinvestment such are convincing many that the stock market is likely to emerge a major source of finance for investment in the future.

Both the authors C.P Chandra Shekhar and Jayanti Ghosh examine the record in the country and else where to assess the strength of that argument.

30.

FUTURE TRADING, INDIA

GUPTA (Ramesh). Future trading in India. Are we ready. SEBI bulletin. 3(1); 2005, Jan, 10; 5 – 9.

The articles examine the nature of future and its development abroad. It provides the article framework reviewing behavior of future prices and a need for effective arbitrage between spot and future markets to ensure competitive and fair pricing for hedge seekers. In the
Indian context, it examines the hedging needs of Indian investors and proves the robustness of cash markets. Major deficiencies in our cash markets are absence for facilities for margin trading, short sale dematerialized settlements and electronic funds transfer among participants. Efficient arbitrage is the key to functioning of the future market.

The article also critically examines the empirical work of Shah and Thomas and questions the validity of their estimates of impact cost and other event studies in support of future market.

31.

IMPACT, SPECULATION, VOLATILITY, MARKET EFFICIENCY


http://econwpa.wustl.edu/eprints/fin/papers

On 12th March 1994, Sebi imposed new norms on trading in the BSE and the effective consequence of this has been an elimination a form of forward trading. With
out badla, the role of speculative traders on the BSE is diminished. The paper sets out to measure the impact of this elimination of speculative trading upon volatility on the BSE.

Working with weekly return data badla seems to have no impact upon unsystematic risk. On the subject of market efficiency, we find that badla is slightly beneficial for short horizon market efficiency.

32.
SEBI, LUMINENT INVESTMENT, PENALTY
VARMA (P.R). SEBI slaps penalty on luminant investment. Economic today. 5 (3); 2004, March, 14; 14 – 17.

http://www.economictimes.india.times.com

In the paper the author states how SEBI has imposed a penalty of Rs. 1 crore on luminent investment Pvt. Ltd for failure to furnish information to the investigating officer in the matter of irrational price movements of DSQ bio tech. Ltd.

The article also clarifies that SEBI investigation into the scrip of DSQ for the period of July 2000 to Nov 2000
found that synchronised trades were carried out between associates entities of DSQ and that of Ketan Parekh, including luminent investment.

33.
SEBI, RULES, REGULATIONS, NEED

BARUA (S.K) and VERMA (Jayant). SEBI's regulatory priorities: need for change. Economic today. 9 (7); 2003, July, 15; 1 – 4.

http://ideas.repec.org/p/iim/iimawp/i55.html

SEBI was created in 1988 to reform and regulate the securities markets in India. It was given statuary powers in 1992 and assigned following functions and responsibilities.

A list of functions and responsibilities are given keeping in view the nature of investor's mind. Rules and regulations regarding trading of shares, and complete capital market in formation id given.
34.

VENTURE CAPITAL, FUNDS, NBFI

PARIKH (shalin J.). Venture capital funds are not non-banking financial intermediaries. *The chartered accountant*. 51(6); 2002, May, 21; 9 – 11

This article focuses on the venture capital as a new type of financial intermediary. It also examines the efforts to create venture capital and its evolution over a period of time. It lists the venture capital industry in India and the various regulatory frameworks such as SEBI with which it operates.

The venture capital investment process has variances / features that are content specific to countries or regions.

35.

BUY BACK, SHARES, MNC’s


The case buy back of shares analyzes the buy back option introduced by the government in 1998. It provides a detailed understanding of the buy back ordinance and
its salient features. The case sets out the objective of the buy back ordinance and the reasons given by the MNC’s for pursuing a buy back. It also highlights the grievances expressed by the small investors against misuse of the buy back option by the MNC’s through a set of examples.

36.

CORPORATE GOVERNANCE, INDIAN COMPANIES, ANALYSIS

GUPTA (Anil) and NAIR (Ajit P). Corporate Governance reporting by Indian companies: a content analysis. The Hindu. 7 (5); 2001, Oct, 18; 9 – 12.

http://www.aims.org.in/aims/articles/theme

Based on context analysis study, this paper examines corporate governance reporting by thirteen Indian companies which form the BSE sensex. Using the regulation of securities and exchange board of India, the findings indicate that though the firms are providing in formation related to all the nine dimensions of corporate governance reporting yet a deeper analysis indicates that the disclosures are still inconclusive. Using ordinary least square regression method, the significant determinants of
disclosures are size of the company number of independent directors and over seas listing status.

37.

FINANCIAL DERIVATIVES, MARKET, DEVELOPMENT

PITHADIA (Vijay) and PATIDAR (Vishal). Financial derivatives market and its development. *Financial express* 10 (4); 2001, April, 12; 11 – 15.


With globalization of the financial sector, it’s time to recast the architecture of the financial market. The liberalized policy being followed by the Govt. of India and the gradual with drawl of the procurement and distribution channel necessitated setting in place a market mechanism to perform the economic functions of price discovery and risk management. Till the mid 1980’s the Indian financial system did not see much innovation. In the last 18 years financial innovation in India has picked up and it is expected to grow in the years to come, as a more liberalized environment affords greater scope for financial innovation. At the time financial markets are by nature extremely volatile and hence the risk factor is an important concern for financial agents.
To reduce the risk the concept of derivatives comes into the picture. This proper focuses on the basic understanding about derivative market and its development in India.

38.

SEBI, DRAFT, TAKE OVER CODE, COMMENTS

VARMA (Jayanth R) [and] RAGHUNATH (V). Comments on SEBI’s draft take over code; 2003, July, 3; 21 – 25.

http://ideas.repec.org/p/iim/iimawp

In this paper an attempt has been made to comment on the contents of the draft regulation for substantial acquisition of shares in listed companies of SEBI. The author broadly concurs with the guiding principles thrust and coverage of the processed regulation. They wonder whether the open market purchase as outlined in the proposal will fully protect the interests of the small shareholders.

The paper argues as to why open market purchases should not be allowed and why all acquirers wishing to exceed the permissible holding must follow the procedure of open tender offers. Further the paper bring out the
need for a specific regulation governing the possibilities of partial and two step takeovers.

39.

STOCK PRICE INDEX, INDIAN, US, ANALYSIS

NAIR ABHILASH (S) and RAMANATHAN (A). Analysis of co. movements of select US and Indian stock price index. Business line. 15 (8); 1999, Sep, 9; 7 - 10.

www.otiicm.com/cmc

The process of financial liberalization in the developing countries has brought about a vast change in their financial environment. Due to the increased flow of funds from the developed countries, as well as due to the changes in the field of I. T. There has been a progressive integration of the emerging markets with the developed markets.

The Indian markets are no exception to this phenomenon. The current paper is aimed at studying whether there exists a long run relationship between the US and Indian stock market index. Different tests are employed in the analysis. The tests reveal that there is a
long run relationship between the NASDAQ composite index and the NSE nifty.

40.


In this articles the author pointed out that the joint parliament committee (JPC) investigation last years stock market scam has criticized the securities and exchange board of India for its failure to monitor and regulate the portfolio investment system and has called for a system capable of early detection of scams.

The JPC also criticized SEBI for lack of action in case of mis match between movement in the primary and the secondary markets and the rise in private placements. SEBI was also criticized for the absence of a regulatory framework for the private placements and negligence in checking whether bull operators obtained bank funding to finance their market operations. The house committee
said SEBI must ensure a proper segregation of cash and derivatives sectors in case of stock lending schemes.

41

DERIVATIVE TRADING, INDIAN SCENARIO


Derivative trading with due approvals from the ministry of finance (MOF), the Reserve Bank of India (RBI) and the securities and Exchange board of India (SEBI) was launched on 9th June, 2000 in the stock markets in India. The future of securities trading definitely belongs to the derivatives segment.

This article briefly discusses derivatives, its historical perspective their economic functions and inherent risks in general. It focuses on the trends observed in the Indian capital markets so far and accounting and taxation aspects of derivatives from an Indian perspective.

42.

FINANCIAL MARKET, REGULATORY SERVICES

This article proposes one priced regulatory service; regulatory review of corporate accounting filings. In India neither SEBI nor the registrar of companies has a system of carrying out a regulatory review of the accounting statements filed by companies. Any body is able to pay the prescribed fees to the regulator and seek a review of the filings of any company. The result of the review when completed should be publicly released and the person paying the fees should not have any priority in receiving this information.

43

DISCRETION, MARGINS, MARKET CONDITIONS

KRISHNAMURTI (Chandrasekhar). Discreate in margins. Business standard. 10(5); 2004, march, 1;5-8.

Indian regulators and marker participant appear to believe that exchanges and regulations should exercise their discretion to change margins or impose special margin in response to changing market conditions.
However such discretion is both unnecessary and undesirable. Unnecessary, because simple rules based on recent volatility do a very good job of modifying the margins as market conditions change. In the end the author states that discretionary regulations are often highly destabilizing and could pose a threat to market integrity.

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SEBI, CAPITAL MARKET, IMPLEMENTATION, T+1 SETTLEMENT


Historically, settlement systems logged trading systems because trading required a physical exchange. Today, however both financial securities and cash are held in electronic form in the deposits and in the banking system. Technology allow us to abolish the anachronistic separation of trading from settlement the problems with shorter settlement periods are well known and they can all be solved.
STOCK MARKET, EFFICIENCY, SPECTRAL ANALYSIS


SEBI has introduced several measures to improve transparency and efficiency in the functioning of the stock markets in India. Stock exchanges have introduced online trading Depositores have come into existence. The stock markets can be said to be functioning in the new environment since 1996.

Spectral analysis find that there is a presence of periodic cycles in the movement of share prices. Yet confirms market efficiency as power function flattens at higher frequencies.

46.

SEBI, GUIDELINES, ESOP

VARMA (N.K.). SEBI Amend ESOP guidelines. The Hindu. 5(7); 2003, July, 2; 8-10.

http://www.hinduonnet.com
The securities and exchange board of India (SEBI) has amended the guidelines for employees stock option (ESOP) schemes to enhance closures and remove operational bottlenecks. The regulator had set up a panel under the chairmanship of J. R. Varma to review SEBI guidelines, 1999, due to the development in the market since 1999 and representation and clarifications sought by the companies.

The SEBI also stated that after considering the views of the panel as well as the public, the board has approved certain modifications to the ESOP guidelines; there are some provisions such as listing of shares and filing information about ESOP would come into operation with immediate effect.

SEBI, STOCK PRICE MOVEMENTS, TRACKING


In the leading article, the writer states in his view that securities and exchange board of India (SEBI) has further
strengthened is surveillance system for early detection of suspicious stock movements and brokers to prevent market manipulations. The SEBI surveillance system is now compiling and analyzing the information on its own, for fast action, including passing interim orders to prevent frauds.

Lost of ground work and training of surveillance staff and its alerts prevent serious manipulations from taking place. The SEBI surveillance department has prepared a huge date base of manipulation, both established and suspected and their associates in different layers of the market, the list includes stock brokers, clients, market intermediaries and promoters of listed entities.

48.

SMALL INVESTOR, PROBLEM

SRIVASTAVA (Ritu). Small Investors problems; Myths and Realities. Prabandh (Bureau of state enterprise). 18(4); 1996, April, 12; 9-11.

This article focuses on the practical problems faced by the small investors in the capital markets. Any capital market
reforms programme should take note of these problems of the investors as they constitute the back bone of the capital market of a country. The problem of the investor is analysed in relation to the primary and secondary markets.

Marketing manipulations is another problem facing by investors, SEBI guidelines and rules are given to stop the above malfunctioning practices.

49.

MUTUAL FUND, INDIA, OVERVIEW


SEBI authorizes all Mutual funds for business and have to be operated by (AMC’s) Asset management companies. The guidelines provided by SEBI are more investor friendly through greater investor protection by ensuring complete disclosures and reporting to SEBI and the investors.

The guidelines on the mutual funds regulation 2003 are given.
CALCUTTA STOCK EXCHANGE, ID NUMBERS

AGARWALA (R.G.) CSE drive to familiarize with unique ID numbers. Banking and Finance 17 (1); 2002, Jan, 7: 10-12.

The Calcutta stock exchange has sought to familiarize its members with the market regulators proposals on unique identification numbers. The exchange has referred to a rate issued by SEBI directing it to update local brokers on the matter.

SEBI which had recently tried to increase the level of awareness on unique identification numbers has specified from time to time the categories of individuals and entities that are required to obtain a unique number under the central database of market participants (MAPIN) Regulations, 2003.

BOOTLESS BULL, REGULATOR

This article states that one should distinguish between the role of SEBI as a market regulator and the role of govt as the formulator of national economic policy. It is not the function of the market regulator to manipulate microstructure of the market in order to stock prices up and down. Any such attempt amount to rigging stock prices. The job of market regulator is to make markets more efficient and transparent and leave the direction of price movements to the free play of markets forces.

The govt. as the formulator of economic policy has a very different role to play. It controls the economic policy has a very different role to play. It controls the economic fundamentals that are the ultimate determinants of stock prices.

52. INVESTOR PSYCHOLOGY, CAPITAL MARKET, STUDY IYER (S. Balaji) and BHASKAR (R. Kumar). Investor’s Psychology. A study of Investor Behavior in the Indian capital market. Finance India, 26 (4); 2002, Dec, 10; 1-3.

The author in the article “Investor’s psychology” states that stock markets would over displays tremendous uncertainty, volatility and unpredictability.
Rooted as in the valuation of stock may be in their own fundamental strength, their value in the ultimate analysis is determined by market participants. This study intends to provide an insight into the working of an investor's mind.

The study identifies the whole gamut of investors psychology and the resultant behavior is stock market in general with particular reference to India.

53.
CAPITAL MARKETS, REGULATORY SERVICE
VARMA (J.R.). Making customers pay for the use of Regulatory services. _Businessline._ 24(4); 2004, Aug, 30; 24-25.

The article proposes one priced regulatory service regulatory review of corporate accounting filings. In India neither SEBI nor the registrar of companies has a system of carrying out a regulatory review of the accounting statements filed by companies. Any body is able to pay the prescribed fees (approx – 100,000) to the regulator and seeks a review of the filings of any company the result of the review when completed should be publicly.
released and the person paying the fees should not have any priority in receiving this information.

54

SEBI, NOTIFICATION


In this article SEBI clarifies that it will be wise able to conduct summary proceedings against brokers, declared as defaulters by stock exchanges, and cases involved in non-payment of fees by capital market intermediaries under a set of new regulation on enquiry and imposing penalty.

These regulations, with provisions for major and minor penalties, empower the regulator to complete inquiry proceedings. Sum many proceedings could be held in cases when there is no need of holding an enquiry when intermediately is declared as in solvent by a competent court.
55.

DEBENTURE HOLDERS, SECURITIES


In this article SEBI directs the corporate to mandatorily provide an asset cover to ensure 100% security of the debenture holders. Besides this, SEBI has also proposed to amend the debenture trustee regulations (DTRs) to strengthen the eligibility criteria for debenture trustees.

SEBI has also tightened the disclosure norms for public offers.

56

SECURITIES ARBITRATION, RECENT DEVELOPMENTS.

BURDETT (Brooks R), ESWARTZ (Michael) and STAVRIDES (Brian J). Recent developments in Securities Arbitration. *ICFAI Journal of Corporate and securities law.* 7(11); 2004, Nov, 11, 1-3.

Securities related disputes are being increasingly settled by arbitration. The article focuses on the recent
developments in securities arbitration. The national association of securities dealers (NASD) has proposed amendment of the existing arbitration procedure after the United States Supreme Court decision. The decision has armoured increased the filing of cases drastically in NASD and NYSE.

57.

SEBI, AUTHORITY, DIFFERENCE

JAYANKAR (Roshni). SEBI; will the new authority make a big difference. Business today 7(8); 2002, Aug, 18; 29-30.

Under the leadership of G.N. Bajpai SEBI seems to take up more dynamic role to mold itself into a dynamic market regulator. After Bajpai took over the reins of SEBI it was successful in introducing T+3 settlement system and an online system for companies to file time sensitive price of information.

Though SEBI after lacks of adequate powers as an excuse for not curbing the scamters, the basic question arises is weather SEBI is effectively using its existing powers. However it needs to be provided with additional powers
too that can enhance its ability to clean and make the market efficient

58. MONETARY POLICY, STOCK PRICE RETURNS

DURHAM (Benjon J.) Monetary policy and stock price returns. Financial Analyst Journal. 59 (64); 2003, July, 7; 26-35.

Previous studies suggest that changes in monetary policy are correlated with both short and long run stock performance. The author in this study however establishes that the relationship is weak or next to non-existent. This result in turn has important implications for the investors, portfolio managers and the central bank policy makers.

Numerous empirical studies found that stock returns are significantly greater during expansive monetary periods than during restrictive periods. Thus if market participants adopt trading strategies in accordance with the changes in the monetary policy. They can book profits. The author in this study evaluates the robustness of this relationship.
59.

BOND MARKETS, INDIAN, STUDY


The Author in this paper attempt to understand the nature and extent of imperfection of the Indian market for corporate bonds. They conclude that much needs to be done for ameliorating the problem of information asymmetry, low liquidity and the consequent distortion from the corporate debt segment, and help it to grow to maturity.

Commercial banks, equity market and the corporate debt market are the three principal sources of finance for business investment. The last two serve the long term investment requirement well. To judge the extent of inefficiency in the market, the author examines date Channeled through the NSE and BSE.
60.

MAPIN, INVESTOR'S BLUES

JAIN (Resham). MAPIN: Regulators was or Investor's Blues. *Portfolio organizer* 12(6); 2002, June, 10; 7-19.

In a period marked by phenomenal growth of stock indices and investor confidence, regulators are expected to pull out all the sops to ensure an environment free from price manipulations fraud and market malpractices. But is sebi up to the task? Will investors be fortunate enough to trade in immaculate markets.

61.

FOREIGN CAPITAL, INVESTMENT, CASH FLOWS

BHOLE (LM) and SAUDAGARAN (M. Sharoka). Investment cash flows sensitivity and access to foreign capital of overseas listed Indian firms. *Vikalpa*. 28(1); 2003, Mar, 10; 47-59.

This paper analysis firm level financial data of foreign listed Indian firm to see whether the improved access to the external capital market an important consideration for Indian firms foreign listing decision.
The author finds that the listing of the Indian firms in foreign markets does not affect their investment to cash flow sensitivity nor does it improve their access to the external capital markets. The various tests carried out indicate that foreign listing of Indian firms does not enhance their access to the external capital market.

62.

STOCK MARKET, VOLATILITY, ESTIMATION

RAJU (M.T) and GHOSH (Anirban). Stock market volatility-an international comparison. SEBI bulletin. 5(6); 2000, Feb, 28; 15-18.

Volatility estimation is important for several reasons and for different people in the market. Pricing of securities is supposed to be dependent on volatility of each asset. In this paper we not only extend the study period of the earlier paper but also expand coverage in terms of the number of countries and statistical techniques. Mature markets/developed markets continue to provide over a long period of time high return with low volatility. Amongst emerging markets except India and China, all other countries exhibited low returns. India with long history and China with short history, both provide as high a
return as the U.K and U.S market could provide but the volatility’s in both countries is higher.

63.

REFORM STRATEGY, FINANCIAL SECTOR, INDIA

BHATTACHARVA (Saugata) and PATEL (Urjit R). Reform strategies in the Indian financial sector. 15(11); 2003, Nov, 10; 11-16.

The financial sector in India – banking, capital markets, insurance, mutual funds etc. has changed during the decade of reform of the nineties although many improvements have been affected. This paper argues that the scope of many of these changes has been relatively narrow and predominately mechanistic.

It is not surprising, therefore that the outcomes of these actions have not been as far reaching as required. While the sector is probably more robust than at the beginning of reforms, it is still susceptible to inefficiencies inter alia by the blunted in centuries associated with large public sector involvement in the sector institutional and rigidities and regulatory for bureau.
L.C. Gupta’s committee on derivatives has recently submitted its final report to SEBI. Its major recommendation is to introduce index futures in order to provide the facility for hedging against market risk in the most cost effective way there are four pertinent questions that need to publicly debated and the SEBI board must seek satisfactory answers to these questions before accepting the recommendations. These four questions are:

1. Do index futures provide portfolio hedging.
2. How the introduction of index futures would affect the functioning of underlying cash markets in terms of volatility and liquidity.
3. Is there sufficient demand and supply for trading in market risk to facilitate a competitive future markets.
4. Whether Indian capital markets are ready for index hedging.
This paper is an attempt to examine critically the above four questions and outlines. The investors immediate concerns which SEBI should attend to the paper concludes that launch delay to insure that appropriate regulatory and institutional measures are in place are well worth the extra time. The haste may result into a scandal that may under mine both the confidence in and acceptance of equity derivatives as well as the reputation of the entities involved in introducing these products.

65.

TAKEOVER CODE, INDIA, CONTROL


The securities and exchange board of India (Substantial Acquisition of shares and take over) Regulation 1997 (the take over regulation) were formulated to regulate corporate take over in India and protect share holders interests. Indian court have recognised the concept of indirect control by company over another company and its board with out the former holding a majority stake. In a recent case, the sebi
appellate tribunal (SAT) held that control must be taken to mean defacto control and not dejure control.

The SAT ruled that in a company with a large and dispersed membership holders of a comparatively small proportion of shares (as low as to 10-15%) could exercise actual control, although the legal test of control might not be met. Defacto control could be exercised by influencing the constitution of the board of by formulating key policies, even with a low share holding. The need of the hour is to define control comprehensively in the take over regulations.

66.

FII INFLOWS, NATURE, CAUSES

CHKABARTI (Rajesh). FII flows to India: Nature and causes. SEBI bulletin. 7(6); June, 20; 9-12.

Since the beginning of liberalization FII flows to India have steadily grown in importance. In this paper e analyze these flows and their relationship with other economic variables and arrive at the following conclusions.
• The flows are highly correlates with equity shares in India. They are more likely to be the effect than the cause of these returns.
• The FII s do not seen to be at an informational disadvantage in India compared to the local investors.
• The Asian crisis marked a regime shift in the determinates of FII flows to India with the domestic equity returns becoming the sole driver of these flows since the crisis.

67.

MARKET MANIPULATION, IMPLICATIONS

CHEEMA (Maninder). Market practices and its implications. Economic today. 7(8); 2002, April, 15; 9-10.

The term market manipulation is often used to refer to market malpractices. There is however no single definition market manipulation and different jurisdictions deal with the issue in different ways. The article discusses the conduct which is generally considered to constitute market manipulation and commodities in prohibition across different jurisdiction. It also looks at the methods for detection of market
manipulation which usually flows on trade level or security specific indicators. Large scale stock markets crises which endanger the stability of market and erode investor confidence often in value factors of which stock price manipulation may only be a small part.

68.

CONGLOMERATES, EMERGING MARKETS

BHATTACHARYA (Sanjay K) and REHMAN (Zillur). Why large local conglomerates may network in emerging markets. Emerald. 9 (11); 2005, March, 16; 5-8.

Some strategy authors suggest that in an emerging market a local conglomerate enjoys certain potential advantages over a smaller focussed firm. It can leverage its corporate image to build customer loyalty and raise funds from the capital markets. It can mobilize resources from within the group companies to invest in enhancing the corporate image in developing its own management training center and for liaison with the govt. and bureaucracy. It can also avoid retrenchment of surplus employees by transferring them across the group of companies.
The author however contend that many of the advantages mentioned above cannot be realised in practice and the top management finds its difficult to effectively manage a large conglomerate. They also highlights certain strategies adopted by Indian firms to combat foreign competition in the domestic market.

69.
SEBI, CAPITAL RAISING, GUIDELINES, CAPITAL MARKET REFORMS

SANKAR (De). Capital raising under securities board of India guide lines: An economic examination of capital market reforms in an emerging market. Finance India. 7(5); 2005, May, 10; 7-10.

The economic policy of liberalization introduced by the Indian govt. in 1992 requires for its success and interrupted flow of private capital into Indian industry and commerce. In this context, the present study examines the economic and financial implications of some of the regulations introduced by the new securities and exchange board of India through the guide lines it has periodically issued. The regulation in question apply to investment or merchant banking services required for
corporate issues of long term securities in India. We find that the guidelines may be self-defeating in the sense that they may result in less, rather than more, information for the investing public.

70.

DEMATERIALISATION, EQUITY SHARES, INDIA

RAJU (M.T) PATIL (Praphakar R). Dematerialisation of equity shares in India: liquidity, returns and volatility. Business line. 16(4); 2003, June, 5; 10-12.

In the given article, the author discusses about the Dematerialisation of shares is an important milestone in the annals of Indian capital markets. Understanding and measuring the impact of it on various segments is necessary since it stirred the micro structure of Indian capital markets in general and stock exchanges in particular. Demand and supply force determine prices of a product. Liquidity plays an important role in the interplay of demand and supply forces. The impact of Dematerialisation on liquidity in the Indian stock exchanges is quantified and analysed.
Changes in quality of shares are expected to cause change in demand and supply for shares, which in turn influences, the level of share prices. All these three issues are studied in the present paper. Liquidity and returns improved substantially in the post demat period while liquidity was very much below the daily changes permitted.

71.
MUTUAL FUND , RETAIL INVESTORS, ASSURED RETURN
GUPTA (Ramesh). Retail investors and mutual funds: a case for assured return. Indian institute of management. 7(5); 2005, Dec, 12; 20-24.

This paper presents a case for assured return in mutual fund industry. The retail investor is willing to take the market risk but would like to limit their losses due to intermediation risk which arises because of poor institutional accountability and lack of complete faith in the integrity of people managing their funds. The risk which is almost non-existence in the developed countries is very high in India failure of assured markets cannot be excuse. Fund managers were paid astronomical pay
package for their abilities to plan right debt equity investments mix and select promising Scrips in the portfolio managed by them.

The author also states that the role of SEBI is limited to see that contractual obligations are fulfilled, he further states that if sebi has to get involved in product design and its pricing, them why CCI abolished?

72.

MARKET, STRUCTURE, REGULATION, ISSUES

MORRIS (S). Issues in regulation and market structure. Oxford University presses. 1(7); 2001, Sep, 10; 16-18.

This paper discusses the conditions under which governments should consider either of these two approaches to promoting privately financed infrastructure. It concludes that while both these approaches have potential uses, they are quite often simply "soft" alternatives to painful, but essential reforms in the regulation of the infrastructure themselves.

The paper also informs about the possibility of private financing of infrastructure in India.
SEBI, HEDGE FUNDS, BAN

MEHTA (Balraj). Should sebi ban unregulated hedge funds? Economic times. 10(12); 2004, Oct, 27; 9-12.

The author in the article states that the idea of banning investment in India through participatory rates by foreign hedge funds and other unregulated entities, stems from the confluence of two mistaken ideas the two ideas are as follows:

- The belief that portfolio investment by foreign financial institutions, mutual funds and pension fund is good while investment by hedge funds and other unregulated entities is bad.

- The Indian states deep-rooted distrust of its own citizens and the fear of capital flight. The ground realities are also given in the paper for its explanation. It also states that we should exchange controls, allow anybody anywhere in the world to buy out stocks and derivatives and allow Indians to trade stocks and derivatives from around the world.
74.

INSIDER TRADING, CIVIL OFFENCE


The author in this article discusses about the insider trading in the stock markets. Insider trading is notoriously difficult to prove. Regulators therefore seek extra ordinary powers to compensate for the weakness of evidence. However regulators have already used their powers judiciously and have always tended to persue specific high profile cases for extraneous reasons. Therefore, insider trading should be a civil offence rather than a criminal offence and the right to initiate proceedings for this should lie not with the regulators but with the investor’s themselves.

75.

SECURITIES TRANSACTION TAX, CAPITAL GAIN TAX

RAGHUNATH(V). The crux of the MATter: capital gains tax is back. *Financial express*. 17(8); 2006, March, 1; 24-27.

This article relates to Indian budget proposal related to capital gains taxation and securities transaction tax.
There is a mistake on to replace the capital gains tax on securities with a tax on securities transactions by the govt. the author pointed out the following points:

1. The capital gains tax is like a call a call option on the stock market index. If the market rises and people earn capital gains, the govt. get a share of that gain when the market goes down, the govt. does not share the loss, it only allows the loss to carries forward.

2. Call options are too precious to be just thrown away but back in 2004, when process of securities were much lower as the finance minister points out now, the call option must have looked less valuable.

3. The really imaginative solution is to exploit the

4. The cruder solution is to raise the security transaction tax with a view to raise additional resources and also plug the leakage of tax revenue.

76.

BACK DOOR DELISTING ,DEMERGER

In the article the author pointed out that the same companies like reliance in Jan 2006 demerged four companies accounting for about a quarter of its market capitalization. The delay in listing these new companies means that about a quarter of the original company have been effective by delisted since Jan 18, 2006 A no of consequences took place such as:

(a) Millions of share holders in these companies cannot trade these shares.

(b) The corporate governance provisions regarding independent direction and investor protection.

(c) These companies are under no obligation to provide the continuing material event disclosures to the exchange that a listed company is requested to provide.

77.

SHORT SELLING, SECURITIES


In the given article the author pointed out removal of all restrictions on short selling would be the single most
important step towards making Indian capital markets cleaner, safer and more-efficient. The short sale restriction in the US were a misguided knee-jerk reaction to the great depression. The Enron and other debacles there have demonstrated that continuing with those archaic restriction was a big mistake.

It is time for even the US to allow free short-selling. If our markets are more susceptible to market manipulation than the US market, we should more faster than the US to remove those restrictions. We must create an effective and viable mechanism of securities lending and allow both institutions and individuals to short sell with out restrictions.

78.

CAPITAL MARKET, RISKS

KHAN (Mohsin M). Rethin King risk. Chartered financial analyst. 25(3); 2006, March, 5; 31-33.

In this article the author discusses about the risk in the capital market faced by the investors. He further states that some companies have embraced sophisticated risk management system encompassing currency,
interest rates and commodity price risk, these system now cover operating and economic exposures.

Risk management in corporate India is thus at an interesting inflection point. Having grown enormously in terms of sophistication, the time has now come for it to be adequately integrated into the strategic planning process. Otherwise risk management threatens to become the preserve either of derivative specialist or of an accountant and its true potential would not be realised. In the coming years, the challenge for CFOs would be to reshape risk management systems to serve strategic goals in a potentially more turbulent economic environment.

79.

CAPITAL MARKETS, FSA, ROLE


The given article states that the order that the financial services authority (FSA) of the UK has passed against citigroup global markets limited (CGML) in the euro MTS case imposing a fine of $ 25 million is total
nonsense. Clearly, the FSA lacked either the evidence or the courage to say that Citigroup had manipulated the markets. At the same time the FSA was unwilling to let them off without any penalty.

They have done to impose a penalty order regulations that have no bearing on the case at all. This means a penalty is imposed without having to prove any serious charge against Citigroup.

80.

CAPITAL MARKETS, CRISSES, ASIA


In the given article the author discusses about the conditions of Asian capital markets. The Asian crisis did not involve generalized financial panic. Stock market behaved rationally and the crash in exchange rates is explained by the presence of credit risk. The crisis highlights the need for better risk management at the national level focusing less on the size of the external debt and more on its currency and maturity comparison. There should be more freedom in capital outflows and
less reliance on the banking system. IMF assistance to
crisis stricken countries should be in the form of a
currency snap which addresses the root cause of the
crisis and subjects the IMF it self to financial discipline.

EQUITY MARKETS, RISK, RETURN, INVESTMENT

BAID (Rachana), Risk, return and investment horizon in
emerging equity markets. Journal of Academy of Business
and Economy 9(1); 2003, Jan, 20; 17-19.

Time diversification suggests that equity investments over
long horizons provide excessive premia after adjusting for
risk. Encouraged by this idea and the attractive equity
premia delivered by the US equity market during the past
century, Pension fund and back portfolios are making
equity investments. However evidence from other markets
shows that the US experience could be on exception.

Fragile emerging markets in particular, need to be careful
while following the developed market trends. The paper
attempts to present data from the Indian equity markets
and analysis the risk, return and investment horizon
relationships embedded there in.
FINANCIAL REGULATOR, INDIA, NEED

SUBRAMANIAN (S) and HETAMSAARIA (Nupur). Does India need a single financial regulator. ICFAI Journal. 25(3); 2006, Feb, 13; 9-12.

A single market regulator clearly has its own advantages over multiple regulators. But it is more suitable for well developed and nature markets which are smaller in size like the U.K. Even the United states which is supposed to have the most mature financial markets in the world, has multiple regulators.

In the article, the author states that Indian markets are not mature yet and still have a long way to go. Different sectors are in different stages of development. In this environment it is better to have multiple regulators which are flexible and sensitive to the needs of the market or the sector they are regulating.
In the given article the author pointed out about the functioning of corporate finance managers in India in the 19th century. He further states that they have very little freedom in the choice of key financial policies as the govt. regulating the pricing of debt and equity instruments and directed the flow of credit.

Over the past six years, the financial corporate managers are exposed to complex financial choices amidst increased volatility of interest rates and exchange rates and made them accountable to an increasingly competitive financial market place. The slow pace of financial liberalization gave Indian corporate the luxury of learning slowly and adopting gradually. Gradualism has also meant that there is a large unfinished agenda of financial sector reforms.
The reforms was initiated in 1991 in the midst of two grave crises in the financial sector are (1) a balance of payment crises and a threat of in solvency in the banking system, Along with the above two crisis others problems like financial repression, governmental preemption of banking resources excessive structural regulation and floor prudential regulation.

This paper evaluates the success of the reforms in addressing each of these problems. The paper argues that the difficult and important tasks of restoring financial solvency of the financial system and ending the regime of financial repression have been substantially completed. The paper in the end discurress the factors that caused the slekening of financial sector reforms after the first couple of years. As a result of slowing down of reforms, we are today left with a large unfinished agenda of financial reforms. Most important and urgent task that remains to be alone is that of dismantling the structural and micro
regulation that have accumulated in the financial system over several decades of a command economy.

SECURITIES SCAM, GENESIS, MECHANICS, IMPACT.

NEGII (S. K.) and GUPTA (J.R). The Great Indian scam. The story of the missing Rs. 4000 Crore. Vikalpa. 18(1); 1993, March, 12; 3-12.

The term security scam refers to a diversion of funds of over Rs. 3500 crores from the banking system to various stock brokers in a series of transactions during the period April 1991 to May 1992. The scam has for several months become a permanent feature of the front pages of the news papers.

The paper goes on to discuss the response of the govt to the scam in terms of:

(i) Discovering and punishing the guilty.

(ii) Recovering the money.

(iii) Reforming the system.

The paper argues that the attempt of the govt. to recover the money by such measures as the tainted
shares law which causes severe and unjustified hardship to genuine and innocent investors is misguided. Turning to the arena of reforms of the financial system, the paper argues that the origin of the scam lies in over regulation of our markets.

It recommends that normal transactions must be allowed to be done openly and transparently, and the role of broken as market makers must be recognized. Artificial barriers between the money market and the capital market, between the market for corporate securities and the market for government securities and between the formal money market and the informal one must be eliminated.

86

LEASING ECONOMY, MAT

RAGHUNATHAN (V) and VARMA (V.K.). Leasing Economics under MAT. Economic times 5(2); 1997, Feb, 17; 9-12.

This paper explains to take MAT into account in lease evaluation. The companies coming under MAT, the tax MAT rate of 30% of the normal corporate tax rates.
The levy of the minimum Alternate tax (MAT) has altered the marginal tax rate for most leasing companies, and many of them are facing difficulty in working out the lease rental taking MAT into account.

There are items like depreciation and residual value which affects book profits and tax profits differently. The MAT able income is taxed and the MAT rate. If a co. expects MAT to be repeated or relaxed, it may set the MAT rate to a rate lower than 30% of the normal corporate tax rate.

87

OPEN MARKET, OPERATIONS


The RBI’s attempt to nurture the debt market are likely to succeed only if it adopts open market operations as the principal method of changing money supply. In other words, when it wants to change reserve money, even if for the purpose of accommodating government, it should do so through secondary market trades with the public in government securities. The RBI should fully
reform from directly accommodating the govt's borrowing by subscribing to govt primary issues, as it has been doing so far. A liquid and will functioning market for government debt is a precondition for the emergence of liquid markets for corporate and quasi govt debt too.

By fastening the growth of debt market, open market operations also enable a well defined yield curve to emerge which can then provide prompt, continuous and usually accurate feedback to the central bank about the future in flattening consequences of its monetary policy decisions such a well defined yield curve will also enable the advent of financial derivatives for hedging interests rate and currency risk.

88
SEBI, SHARE MARKETS, NEW TAKEOVER CODE
SAXENA(V.R) and RAGHUNATH(V). Less than what meets the eye. Economic times. 14(5); 1996, Sep, 18; 5-10.

In the present article the author discusses about the new code proposed by the Bhagwati committee has been generally seen as comprehension and well drafted. But
the fact is, the code adds little value over the existing code of SEBI. There are some provisions which are as follows:

1) In one of the most pernicious steps, the new code blocks acquisition through an exchange of shares.

2) The stipulation of the minimum offer price is discordant with the spirit of free pricing and is a need less obstacle in the emergence of an orderly market for corporate control.

3) The committee has shown excessive concern for incumbent management by legitimising creeping take over.

4) Together with the effective ban on stock offers, the requirements for an escrow account prevents take over by stipulated 10% may be too low to achieve the desired objective.

5) The code also contains many drafting errors and ambiguities.
TAXATION, DIVIDENDS, SENSEX, IMPACT


The taxation of dividends has generated an active debate in recent months in the media, while the industry representatives have been critical of the double taxation of dividends. The govt seems to be questioning the very promise that dividends are double taxed in India. The argument that scrapping the double taxation of dividends will given the sensex a much needed boost seems to have tilted the scales.

Many of the corporate do not provide for differential tax rates, such as corporate tax rate, personal tax rate as dividends and capital gains.

Secondly, they deal with only a small number of variables at a time. Thirdly, they implicitly assume the capital gains to the investors to be the same as the firms retained earnings.
In the given article, the author discusses how single stock futures and options can be settled either by physical delivery or by cash payment. In India there is a controversy about the two methods of settlements with proponents of each mode decrying the other as speculative and vulnerable to manipulation.

The choice of settlement mode can therefore be safely left to market forces. But if the regulator chosen to intervene, it should be on the side of physical settlement because it imposes lower transaction costs.
In the given article, the explanation for the apparent excessive volatility to stock prices, not justified by fundamentals, could be that prices sometimes react in anticipation of stocks which do not actually materialize.

The most dramatic example for political upheaval such as in August 1991 in Soviet Union. Reduction of political events can partially explain excessive volatility of stock markets. The finding of major differences in adjustment processes between different stock markets has implications for international capital market integration.

INDIAN MONEY MARKET, MARKET STRUCTURE, COVERED PARITY,
MAJUMDAR (M.D.). Indian Money Market; Market structure covered parity and Term structure. ICFAI Journal of Applied Finance. 3(2); 1997, July, 12; 1-10.

In the context of the relatively recent deregulation of interest rates in India, this paper analyzes the structure and interrelationship of money market interest rates and studies the extent to which covered interest parity holds
in India. Though the money market is free from interest rates ceilings, structural barriers and institutional factors continues to create distortions in the market. Apart from the overnight interbank Call market rate, the other interest rates in the money market are sticky and appear to be set in customer markets rather than auction markets. A well defined yield curve does not therefore exist in the Indian money market.

93

MISPRICING, VOLATILITY, INDEX, OPTION MARKETS

VARMA (J.R.). Mispricing of volatility in the Index options market. IIMA Working paper. 6(4); 2002, April, 10; 9-11.

This paper examines the relationship between index futures and index option price in India. By using future prices, we eliminate the effect of short selling restructure in the cash market that impede arbitrage between the cash and derivative markets. The market appears to be underestimating the probability of market movements in either direction, and thereby under pricing volatility severely. At the same time, we have some overpricing of deep in the money calls and some in conclusive evidence of violation of put call parity. We also show that the
observed prices are rather close to the average of the intrinsic value. This is another indication of volatility under pricing.

94

DEBT MARKET, CORPORATE FINANCE, DECISIONS

RAGHUNATHAN (V) and BARUA (S.K.). The Debt Market and Corporate financing decisions. Journal of Chartered Accountant 9(7); 1997, Feb, 12; 25-27.

The paper begins with an analysis of the behavior of the Indian retail investor in the first half of the nineties, evaluates the development of 1996 in this context and highlights the weaknesses and deficiencies in the market today. It argues that these deficiencies are gradually being removal and that in the next few years, we are likely to see the emergence of a vibrant debt market.

The author also pointed out that borrowing in a debt market is an important financing option and it helps in realizing hidden costs and risks. The companies has to pay great deal of attention to the design of innovative dept instrument that meet investors needs better. In short,
borrowing in the bond market is a highly challenging and exciting tasks.

95
CAPITAL MARKETS, SELECTED ISSUES, REGULATIONS, FIRMS,.

The collapse of equity prices in 2000 exposed a number of frauds and scandals both in India and in the developed capital markets. This naturally leads to the question about the role of the regulator and how much can be legitimately expected from a regulator in terms of prevention, investigation and punishment of capital frauds. The answer is that prevention and detection of frauds must rely heavenly on market discipline, while the regulator's job is to ensure a speedy trial and effective punishment. Market discipline can be effective if hostile take overs are possible, short selling is permitted, private securities litigation is allowed and private sector watch dogs like rating agencies, auditors and investment bankers face intense competition.
In the given article two examples of misleading investors are given. The first example was the reported decision of the ministry of finance to rescind the penalty imposed by the SEBI on SBI laps for its role as a lead manager on the MS shoes public issue.

The second was the issue advertisements of the IDBI deep discount bonds which failed to mention that the IDBI had a call option to redeem the bond at various dates at various prices. The result if the advertised deep discount bond is worth the Rs 5300 at which it was offered, the actual bond for the issue is worth only about Rs. 4800.

As our capital markets become more developed, the most important element of investor protection is to ensure that the information given to investor’s is “true fair and adequate to enable the investor’s to make a well informed decision”. It is a matter of grave concern that
issue advertisements in India flout this requirement with imputing.

97

STABILIZATION, SOCIALIZATION, STOCK EXCHANGES

The proposed market stabilization fund runs counter to the very purpose of a stock exchange which is to allocate risk optimally among investors and these by the help in the optimal allocation of capital in the economy. The market stabilization fund is an idea that harks back to the eye when these functions were performed by the govt. It would be a gigantic put option gifted by the govt to stock market investors and totally in appropriate when the govt is trying to cut subsidies in other areas.

98

ELECTRONIC, TRANSPARENCY, MARKETS, IMPLEMENTATION
TODARO (Michael) and VENU(S) Electronic transparency. Business standard 10 (8); 2004, April, 12; 50-52.
In the present article the author discusses that in electronic markets, regulations must be implemented by computers after being embedded in software. Although the regulators ignore this fact and the result is that the true regulatory regime is not disclosed to the public. Secondly the true regulatory regime is not arrived at by open and transparent processors, but it is effectively decided by a group of software developers with only imperfect guidance in the form of the English text of the regulations.

Thirdly there is incomplete accountability for software errors because after all, it is not possible to prosecute a computer. The article stress on recognizing the actual computer source code as the authoritative text of the regulation.

99

IMPACT, ROLE, MUTUAL FUND, DERIVATIVE MARKETS.
MANIER (Hiren). Impact and Role of Mutual fund in Derivative markets. The chartered Accountant. 19 (2); 2003, Jan, 25; 9-11.
Indian equity market had added one more feather by starting a derivative segment in the year 2000, since than as on today derivative market has out performed cash market by leap and fog manner. The derivative segment of NSE once again found favour in the media recently with SEBI permitting mutual funds to participate in the derivative segment at par with other players like HNI and FII. The recent permission by SEBI for mutual funds to participate will act much beyond the capacity of tradition hedgers.

Main aim of this paper is to highlight impact and Role of mutual funds trading in Derivative markets and its overall implications on Indian indices.

DERIVATIVE MARKET, INDIA.

THOMAS Susan). Derivative markets in india. Tata mc graw hill. 15(4);june,12;59-62.

This paper examines the relationship between index futures and index price in India. By using future prices
we eliminate the effect of short sale restrictions in the cash markets that implies arbitrage between the cash and the derivatives markets. The markets appears to be underestimating the probability of market movements in either direction, and thereby under pricing volatility severely. This implied probability distribution of the underlying index using Breeden-Litzen formula.

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EQUITY MARKETS, UNANTICIPATED EVENTS


The author focus on the equity markets adjustments to fully unanticipated firm specific events. It provides unique and new evidence on the way equity markets process information and on the trading activity, that fall on the arrival of unanticipated public information.

The author measure the US equity markets reaction to fully unanticipated events by using data on price, volumes, trading location, spread and volatility.
STOCK LENDING, NEED, HOUR.

RANGANATHAN (c). Stock lending is need of the hour. *Business line*, 9(6); 2004, Mar, 15; 9-11.

In the given article the author discusses about the proper functioning of stock lending schemes, although India today has electronic trading, rolling settlement, derivatives, dematerialisation and well functioning clearing and settlement process. The author deeply concern about the remedy of these short comings. The stock lending mechanism remains practically default and has failed to takeover the role that badla played of facilitating short selling. As a result, it has become very difficult to short a stock in the cash market.

Short selling is extremely important for ensuring price discovery and protecting market integrity. A Market with out short-selling is an open invitation to company managements and other manipulators to rig up the price of stocks.

The present article discusses that govt bonds are subject only to interest rate risk. However, corporate bonds are subject to credit risk in addition to interest rate risk. Credit risk assume the risk of default as well as the risk of an adverse rating change. Considerable work has burdene in the U.S. and other countries one credit rating migrations. However there is little work done in India in this regard. In this paper therefore we analyse credit rating migrations in Indian corporate bond market to bring about greater understanding of its credit risk.

The given article discuss about the development financial institutions which were established after world war-II. When fixed exchange rates and repressed financial markets prevailed in most developing countries. The financial markets were liberalized firm mid 1980 onward. This all redefine the mission and nature of operations the role of DFI in an era of financial deregulation is very important.

The development role helps in innovations of new products and securities and using small amount of capital of support much larger capital flows through the markets.

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PRIVATE FINANCE, INITIATIVES,
MORRIS (S), Putting Private finance back into the Private finance Initiative. *Oxford University Press.* 10(5); 2003, May, 12; 25-27.

This paper discusses the important of private finance in making PFI (private finance initiative and PPP (public private partnerships) projects successful. This questions assumes greater relevance in the context of
recent development that have raised questions about whether PFI project involve genuine private finance at all.

This paper argues that while Economic accounting is indeed to be found in some PFI, projects have invited companies with Enron’s off balance sheet financing. This paper argues that private management produces benefits only when accompanied by private finance for 3 key reasons:

1. Creating the right incentive structure.
2. Monitoring/ enforcing PFI/ PPP contracts
3. Risk sharing.

In the end, the paper argues that we must put private finance back into the private finance initiative so that we can use private sector management effectively to provide better public services at lower cost.

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REGULATORY IMPLICATIONS, MONOPOLIES.
The author in the title describes that since the mid 1990s, investor and regulator have benefited from a high degree of competition in the Indian securities industry. Even more than all the policy changes that have taken place, it is technology and competition that have transformed the Indian capital markets in the last 7-8 years.

This paper shows that there is considerable evidence that critical elements of the Indian securities industry are becoming significantly less competitive than in the past. Reduced competition would remove the single most important driver of capital markets modernization in this country and would create several serious regulatory problems.

This paper argues that rather than applying the traditional solution of "regulated monopolies", regulators need to adopt strong measures to stipulate competition. The regulator must also ruthlessly discard those elements of the regulatory regime that are anti-competitive in nature.

This paper provides empirical tests of different risk management models in the value at Risk framework in the Indian stock market. It is found that the GARCH-GED (Generalized Auto-regressive conditional Heteroscedastically with Generalized error distribution residuals) performs exceedingly well at all common risk levels (ranging from 0.25/- to 10%). The paper then suggests a way of salvating the EWMA model by using a larger number of standard deviations to set the VaR limit. For example: the paper suggests using 3 standard deviations for a 1% VaR while the normal distribution indicates 2.58 SD and GED indicates 2.85 standard deviations. The paper also provides evidence suggesting that it may be possible to improve the performance VaR models by taking into account the price movements in foreign stock market.
SEBI, MMMFs, NORMS

NARAYANA (A.K.) SEBI norms for Private sector MMMFs. The Economic times. 17(5); 1996, July, 12; 5-8.

The SEBI will soon notify norms for money market mutual funds (MMMFs) floated by private sector mutual funds. SEBI doesn’t have regulations for governing MMMFs.

It has been decided that MMMFs floated by the private sector will fall under SEBI’s purview while the RBI will regulate MMMFs floated by banks and F/s. But all these guidelines announced by RBI. The SEBI norms for MMMFs will be in principle similar to the norms stipulated for FIIs, in which both SEBI and the RBI share the regulatory functions. While FIIs are registered with SEBI, the RBI approves investments.

RBI, PRIVATE SECTOR MFs, CURRENT ACCOUNT

KARNIK (Kiran). RBI may permit Private sector MFs to open current Account. The Financial express. 19(6); 1995, July, 8; 8-10.
In the given article The Reserve Bank of India allow the private sector mutual funds to open current account with the central Bank in order to allow them to play in a major way in the overnight call money market.

RBI has already allowed the private sector mutual funds recently to enter call money market on a case to case basis, noting was said on the current account facility which the private MF’s could have with RBI.

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SEBI, MUTUAL FUNDS, EXEMPTION
JOSHI (R.M.). SEBI exempts mutual funds from 1% deposit norms. The daily economic times. 13(8); 1994, July, 6; 7-9.

The SEBI has directed stock exchanges not to collect deposits from mutual fund schemes for listing requirements. Mutual funds have been exempted from this stipulation, which is applicable to all other listed companies.

SEBI has asked stock exchanges to suitably amend their listing agreements to collect from companies on amount equivalent to one percent of the subscription to
the public and to the shareholders of the existing securities to ensure compliance of the listing requirements. The 1% amount is kept by the stock exchanges as security deposit and released only when companies confirm that all the listing requirements have been compiled with and there are no investors complaints.

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SEBI, ALLOTMENT OF SHARES.

GHATE (Harshu), SEBI emphais on Uniform allotment. The Economic times, 26(5); 1996, Aug, 7; 17-19.

In the given article the author pointed out about the uniform allotment of shares, for this a committee has set up by SEBI to study delays in share transfers and has suggested that stock exchanges to adopt uniform basis of allotment while listing new issues. Currently, exchanges do not follow uniform norms for accepting of applications.

The committee also discussed delays caused due to section 206 of the companies Act, which requires companies to keep bonus, dividends and rights in obeyance if share transfers are rejected on any ground.
The committee is seeking legal opinion on this issue with the objected of modifying this clauses, if possible.

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OWNERSHIP STRUCTURE, INVESTOR PROTECTION

ANDREI (Shleifer) and DANIEL (Walfenzon) Investor protection and Equity markets *Journal of Financial Economics* 66 (5); 2002, May, 12; 3-8.

This paper explores the relation ship between the investor protection and corporate finance. With the help of simple model, it classifies number of assumptions that are needed to obtain empirically valid predictions on corporate ownerships. Dividend policies, firm valuation and financial development in the regime of the poor investors protection. In addition it also sheds light on the pattern of capital flows between rich and poor countries and on the politics of reform of investors protection.
SHORT TERM INTEREST RATE, INDIA


This paper studies the dynamics of the short term interest rate in India (the call market rate) and shows that it follow a mean reverting dynamic with a volatility which is independent of the level of interest rate.

The normal rate of interest to which the short term rate mean – reverts is itself shown to be changing overtime. The Kalman filtering methodology shows that the normal rate too follows a mean reverting process with a much slower speed of adjustment.

RUPEE DOLLAR OPTION PRICE AND RISK MEASUREMENT, CHANGING VOLATILITY.

Exchange rate movements in the Indian rupee (and many other emerging market currencies) are characterized by long periods of placidity punctuated by abrupt and sharp changes. Many, but by no means all, of these sharp changes are currency depreciation.

This paper shows that econometric of changing volatility like generalized Auto regressive conditional Heterosodasticity (GARCH) with non normal residual which performs quite well in other financial market fail quite miserably in the case of the INR-USD process because they do not allow for such jumps in the exchange rate.

CAPITAL MARKETS, TRADING GILTS,INDIA
VARMA (J.R).Towards a unified Market for trading gilts in India. IIMA Working paper. 7(5); 2004, June,15;12-15.

A working group of the reserve bank of India (RBI) under the chairmanship of Dr. RH Patil as recommended that Indian government securities should be traded in two separate and segregated markets.

The report also recommends that the RBI should indulge in systematic market manipulation in the NDS to
reduce the borrowing cost of the govt. This paper argues for a reconsideration of most of elements of this design and proposes an alternative design for the government securities market and also a new regulatory architecture.