Indian Economy · GS - III

Examine the role of SEBI in strengthening the resilience and integrity of India's capital markets, with special reference to investor protection.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 31/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

SEBI's statutory mandate; investor protection; market surveillance; transparency and disclosure; prevention of market manipulation; retail investor awareness; regulatory challenges; reforms for market resilience

Model Answer

Introduction

The Securities and Exchange Board of India (SEBI), established as a statutory regulator under the SEBI Act, 1992, plays a crucial role in maintaining the integrity, transparency and stability of India's securities market.

Role in Strengthening Capital Markets

- **Investor Protection:** Safeguards investors against fraudulent practices and promotes awareness, particularly among retail investors.
- **Market Surveillance:** Monitors trading activities to identify insider trading, price manipulation and other irregularities.
- **Transparency:** Prescribes disclosure requirements for listed companies and market intermediaries.
- **Regulatory Oversight:** Supervises stock exchanges, brokers, mutual funds and other securities-market participants.
- **Market Resilience:** Strengthens risk-management systems and regulatory compliance to address market volatility and emerging threats.

Way Forward

SEBI should improve technology-driven surveillance, strengthen cybersecurity, ensure timely grievance redressal and promote financial literacy.

Conclusion

A transparent, accountable and resilient capital market is essential for investor confidence, efficient capital formation and sustainable economic growth.

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