

ANNUAL REPORT

2024 - 25



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India



This Report is in conformity with the format as per the Securities and Exchange Board of India (Annual Report) Rules, 2021, notified in Official Gazette on March 12, 2021



तुहिन कांत पाण्डे
अध्यक्ष

Tuhin Kanta Pandey
Chairman



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

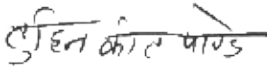
सचिव,
भारत सरकार,
आर्थिक कार्य विभाग,
वित्त मंत्रालय, नॉर्थ ब्लॉक,
नई दिल्ली -110 001

डीईपीए/2025/46.5.2.3/1
जून 19, 2025

प्रिय महोदय,

भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 की धारा 18(2) के प्रावधानों के अनुसार, मैं एतदद्वारा भारत के राजपत्र, असाधारण के भाग II खंड 3 उप-खंड (i) में, 12 मार्च, 2021 को अधिसूचित भारतीय प्रतिभूति और विनिमय बोर्ड (वार्षिक रिपोर्ट) नियम, 2021 में निर्धारित किए गए प्ररूप में, 31 मार्च 2025 को समाप्त वर्ष के लिए भारतीय प्रतिभूति और विनिमय बोर्ड की वार्षिक रिपोर्ट की प्रति अर्पित कर रहा हूँ।

भवदीय,


(तुहिन कांत पाण्डे)

संलग्न: उपरोक्तानुसार

The Secretary,
Government of India,
Department of Economic Affairs,
Ministry of Finance, North Block,
New Delhi -110 001

DEPA1/2025/46.5.2.3/1
June 19, 2025

Dear Sir,

In accordance with the provisions of Section 18(2) of the Securities and Exchange Board of India Act, 1992, I forward herewith the copy of the Annual Report of the Securities and Exchange Board of India for the year ended March 31, 2025, in the format prescribed in the Securities and Exchange Board of India (Annual Report) Rules, 2021, notified on March 12, 2021, in Part II Section 3 Sub-section (i) of the Gazette of India Extraordinary.

Yours faithfully,


(Tuhin Kanta Pandey)

Encl.: As above

MEMBERS OF THE BOARD

(As on March 31, 2025)

Appointed under Section 4(1)(a) of the SEBI Act, 1992 (15 of 1992)

Shri Tuhin Kanta Pandey

Chairperson

Appointed under Section 4(1)(d) of the SEBI Act, 1992 (15 of 1992)

Shri Ashwani Bhatia

Whole Time Member

Shri Ananth Narayan Gopalakrishnan

Whole Time Member

Shri Amarjeet Singh

Whole Time Member

Shri Kamlesh Chandra Varshney

Whole Time Member

Nominated under Section 4(1)(b) of the SEBI Act, 1992 (15 of 1992)

Shri Ajay Seth

Secretary, Department of Economic Affairs
Ministry of Finance, Government of India

Ms. Deepti Gaur Mukerjee

Secretary, Ministry of Corporate Affairs
Government of India

Nominated under Section 4(1)(c) of the SEBI Act, 1992 (15 of 1992)

Shri M. Rajeshwar Rao

Deputy Governor Reserve Bank of India

MEMBERS OF THE BOARD

(As on March 31, 2025)



Tuhin Kanta Pandey

Chairperson



Ashwani Bhatia

Whole Time Member



Ananth Narayan G

Whole Time Member



Amarjeet Singh

Whole Time Member



Kamlesh Chandra Varshney

Whole Time Member



Ajay Seth

Secretary
DEA, Ministry of Finance
Government of India



Deepti Gaur Mukerjee

Secretary
Ministry of Corporate Affairs
Government of India



M. Rajeshwar Rao

Deputy Governor
Reserve Bank of India

Chairperson, Whole Time Members and Executive Directors



(Left to Right)

Sitting: **Shri Amarjeet Singh**, Whole Time Member; **Shri Ashwani Bhatia**, Whole Time Member; **Shri Tuhin Kanta Pandey**, Chairperson; **Shri Ananth Narayan G**, Whole Time Member; **Shri Kamlesh Chandra Varshney**, Whole Time Member.

Standing: Executive Directors: **Shri Shashi Kumar Valsakumar**, **Shri Govindayapalli Ram Mohan Rao**, **Shri Manoj Kumar**, **Shri Pramod Rao**, **Ms. G. Babita Rayudu**, **Ms. Ruchi Chojer**, **Ms. Maninder Cheema**, **Ms. Yatri Dave Vitekar** (Chief Vigilance Officer), **Shri V. S. Sundaresan**, **Shri Biranchi Narayan Sahoo**, **Shri Jeevan Sonparote**, **Shri Aliasgar S. Mithwani**

EXECUTIVE DIRECTORS (As on March 31, 2025)

Executive Director	Departments
Shri V S Sundaresan	Market Regulation Department including Regulation of Commodity Derivatives Market, Information Technology Department.
Ms. G Babita Rayudu	Legal Affairs Department, Supreme Court-SAT Department, Prosecution and Settlement Department.
Shri Manoj Kumar	Investment Management Department, General Services Department [Establishment Division and Treasury & Accounts Division].
Shri Pramod Rao	Corporation Finance Department, Department of Debt and Hybrid Securities, Inter-Regulatory Technical Group.
Dr. Ruchi Chojer	Alternative Investment Fund and Foreign Portfolio Investors Department (AFD), RTI Appellate Authority for all matters except AFD.
Shri Biranchi Narayan Sahoo	Corporation Finance Investigation Department, Recovery & Refund Department, Facilities Management Division, PACL Cell.
Shri Ram Mohan Rao G	Investigation Department and Internal Inspection Department.
Shri Aliasgar Mithwani	Integrated Surveillance Department and RTI Appellate Authority for AFD matters.
Shri Jeevan Sonparote	Market Intermediaries Regulation and Supervision Department.
Shri Shashikumar Valsakumar	Office of Investor Assistance and Education, Department of Economic and Policy Analysis 1 and 2, Protocol & Security Division, Official Language Division, Board Cell, RTI & PQ Cell, and Matters related to NISM.
Ms. Maninder Cheema	Human Resources Department, Enquiry and Adjudication Department and Quasi-Judicial Cell.

CHIEF GENERAL MANAGERS (As on March 31, 2025)

Name	Department
Shri Amit Pradhan	RD-NRO and Regional and Local Offices
Shri Jayanta Jash	Enforcement Department-1 and Special Enforcement Cell
Shri Parag Basu	Establishment Division and Treasury & Accounts Division
Shri Sunil Jayawant Kadam	NISM
Shri Santosh Kumar Shukla	Quasi-Judicial Cell-1
Shri Biju S	Prosecution & Settlement Department
Shri Avneesh Pandey	Information Technology Department
Shri G Ramar	Quasi-Judicial Cell-3
Shri D Sura Reddy	RRC Cell
Shri Deepak A Trivedi	NISM
Ms. Asha Shetty	Office of Investor Assistance and Education & Secretary to the Board
Shri K Saravanan	Department of Debt and Hybrid Securities
Shri Debashis Bandyopadhyay	Department of Debt and Hybrid Securities
Shri Prasanta Mahapatra	Investigation Department
Shri D.V. Sekhar	Legal Affairs Department - 2
Ms. Anitha Anoop	Supreme Court-SAT Department
Shri Krishnanand Raghavan	Office of Investor Assistance and Education
Shri B J Dilip	Recovery & Refund Department, CPIO, RTI Cell & PQ Cell
Shri Manojan Karayi	Information Technology Department
Shri Sanjay C Purao	Integrated Surveillance Department
Shri Rajesh Kumar Dangeti	Corporation Finance Department
Shri Vijaykrishnan G.	Legal Affairs Department - 1
Shri M. Suresh Kumar	Facilities Management Division
Shri S Madhusudhanan	Alternative Investment Fund and Foreign Portfolio Investors Department
Shri Anindya Kumar Das	Integrated Surveillance Department
Shri Amit Tandon	Investment Management Department
Ms. Aparna Thyagarajan	Alternative Investment Fund and Foreign Portfolio Investors Department
Shri Deep Mani Shah	Corporation Finance Department
Shri Sahil Malik	Corporation Finance Investigation Department
Shri Prabhas Kumar Rath	Department of Economic and Policy Analysis - II
Shri Shahvir Tehmtan Jungalwala	Information Technology Department
Ms. Vineeta R Sinha	Official Language Division
Shri Rajesh Anand Gujjar	Alternative Investment Fund and Foreign Portfolio Investors Department
Ms. Chhavi M Kapoor	Investment Management Department
Shri Amit Kapoor	Enquiry and Adjudication Department
Shri Susanta Kumar Das	Corporation Finance Investigation Department
Ms. Manaswini Mahapatra	Investment Management Department
Shri Atanu Pan	Vigilance Department
Shri Naveen Sharma	Investigation Department
Ms. Surabhi Gupta	Investigation Department
Shri M V N Surya Kumar	Facilities Management Division
Ms. Rachna Anand	Department of Debt and Hybrid Securities
Shri Mihir Kumar Sahoo	Information Technology Department
Shri Vijayant Kumar Verma	Office of Investor Assistance and Education and NISM Division
Shri Chakravarti T V V P S Tummalapalli	Human Resource Department
Shri Sanjay G Sarwade	Regional Director – Eastern Regional Office
Ms. Deepti Agrawal	Office of Investor Assistance and Education
Shri Bithin Mahanta	Market Intermediaries Regulation and Supervision Department
Ms. Deepthi LS	Department of Economic and Policy Analysis - I
Ms. Yogita Shrikant Jadhav	Corporation Finance Department
Ms. Richa Goel Agarwal	Market Regulation Department
Shri Rakesh Kumar Singh	Prosecution & Settlement Department
Shri Jai Sebastian	Enquiry and Adjudication Department
Shri Murugan N.	Quasi-Judicial Cell - 2

CHAIRPERSON'S STATEMENT



The financial year 2024-25 marked yet another pivotal chapter in the evolution of India's securities markets – a year marked by continued growth, key reforms and the collective resilience even amidst global economic headwinds and geopolitical complexities. As we reflect upon this journey, it serves to reaffirm our shared commitment to nurturing a market ecosystem that is inclusive, transparent and globally competitive. We believe the four pillars that would carry forward this journey are trust, transparency, teamwork and technology.

In India's journey to Viksit Bharat 2047, its securities market is a beacon of opportunity, innovation and trust. At the heart of this progress lies an extraordinary collaboration between SEBI, market infrastructure institutions (MIIs), market participants and most importantly, the ever-growing base of empowered investors.

The year 2024-25 was emblematic of SEBI's proactive regulatory approach – anchored in principle, yet responsive to change. From fostering capital formation and deepening market access to enhancing investor safeguards and strengthening corporate governance, the breadth of reforms in 2024-25 has been both strategic and inclusive. In particular, SEBI continued to leverage the power of technology to simplify compliance, democratize access and refine risk management frameworks.

Investor Protection and Empowerment

Growing retail investor participation continues to redefine the contours of our market. Indian investor is no longer confined to metropolitan centres or limited to a specific demographic profile. From Tier-I cities to remote rural geographies, investors from diverse backgrounds, particularly young generation, are entering the market with aspirations and trust. The democratisation of market access has been driven in large part by the widespread adoption of technology, particularly the use of mobile trading applications and growing financial awareness.

This also brings heightened responsibility to safeguard investors—particularly the first-time and digitally active participants. Several measures were taken during the year which reinforced SEBI's investor-centric policy approach.

To prevent the misuse of client funds by intermediaries the **direct pay-out of securities to the client's demat account** was made mandatory. Framework to facilitate **safer participation of retail investors in algorithmic trading** through brokers and mandating qualified stock brokers to offer **ASBA like facility in secondary markets** were taken to ensure that retail investors are protected. Regulated entities have been mandated to **disassociate from unregulated entities**, which provide advice/recommendations/unverified claims on return and performance. **Cautionary advisories** were issued on transacting on unauthorised virtual trading platforms, unregistered online platforms offering unlisted debt securities and on investing in securities listed on SME platform.

A new version of **SEBI Complaint Redress System 2.0** was launched to strengthen the investor complaint redress mechanism by making the process more efficient through auto-routing, auto-escalation, monitoring and reduction of timelines. A new platform called **MITRA** was developed to provide investors with a searchable database of inactive and unclaimed mutual fund folios at an industry-level which will empower the investors. To reduce unidentified **unclaimed assets** in the securities market, digilocker has been harnessed to allow investors to fetch and store mutual fund and demat holding statements. Recognizing the importance of encouraging long-term investment habits among those with modest means, SEBI along with AMFI promoted the concept of "**Chhoti SIPs**" i.e, systematic investment plans with investments at just ₹250 per month. **Revamp of nomination system and basic service demat account** were the measures taken to enhance the investor participation and enable ease of investing.

SEBI believes that an educated investor is the protected and empowered investor. An **awareness campaign on investment scams** was launched to educate the public and promote informed decision making, by leveraging social media platforms.

A **virtual assistant SEVA** was launched to assist investors on their queries in securities. A free online **investor certification examination** was implemented to help enhance investors' understanding of the investment process and the associated risks in the securities market.

However, we believe, this is one pillar where a lot of work still needs to be done. The markets are changing rapidly and it has to be ensured that investors keep pace with this change. Towards this end, our role in building investor awareness and education is very crucial. We intend to work with entire market eco-system to launch a more comprehensive awareness program for investor awareness including on the pernicious cyber-frauds and risks.

Enhancing Ease of Doing Business

A balanced regulatory approach is essential for facilitating ease of doing business, fostering efficient capital formation and promoting the overall growth of the securities market. **Introduction of fast track rights issue process, flexibility in voluntary delisting, integrated filing system** for listed entities consolidating governance and financial disclosures are all steps in this direction. Further, to reduce the costs associated with **public debt issues** and align with the growing trend towards digital communication, issuers are permitted to publish **statutory advertisements electronically**. The '**Mutual Fund Lite**' framework simplified requirements for passively managed schemes. The regulatory framework for investment advisors and research analysts was simplified to reduce the compliance requirements. The **on-boarding process of foreign portfolio investors (FPIs)** has been simplified and eased to reduce the time taken to grant registration, open demat and trading account. A **dedicated FPI outreach cell** was put in place at SEBI to directly engage with foreign investing community. To provide flexibility to FPIs in dealing with their securities post expiry of their registration, a suitable framework has been put in place.

Greater flexibility has been provided to alternative investment funds (AIFs) in managing their **unliquidated investments**, through the introduction of a dissolution period and in-specie distribution under certain conditions. Category I and II AIFs were allowed **to create encumbrances on the equity of its investee companies in infrastructure sector** to facilitate the raising of debt or loans by such investee companies. To provide more flexibility to the investors and bridge the gap between mutual funds and portfolio management services (PMS), a new asset class - **Specialised Investment Fund (SIF)** was introduced.

On-boarding process of PMS clients has been made completely digital by relaxing the requirement of hand-written note regarding understanding of fee structure, with electronically written or typed note.

Strengthening the Bond Market and Expanding Access

A deep and efficient debt market plays a crucial role in providing diverse financing avenues for businesses and contributing to the overall growth of the economy. To make the debt market more inclusive and investor-friendly, several key initiatives were undertaken during the year viz. lowering the minimum face value for privately placed debt securities and non-convertible redeemable preference shares from **₹1 lakh to ₹10,000**, mandating the use of **the UPI for retail investors** etc. Further, a new liquidity window for non-convertible securities was introduced allowing issuers to offer put options, giving **retail investors the option to exit their investments before maturity** if they so choose. To facilitate faster access to funds for issuers and streamline the process of raising capital, the **minimum subscription period** and the **listing timeline** for public issues of debt securities and non-convertible redeemable preference shares has been reduced.

Strengthening Regulatory Framework

Analysis had showed that bulk of small investors lost money due to overtrading in index options on expiry day, when premiums are very small. Index options activity on expiry day was also creating a potential for financial instability. To **address this issue of overtrading in index options on expiry day** in a focused manner, SEBI has implemented measures such as rationalization of weekly index derivative products and increasing the contract size of index derivatives.

In the SME segment also, to caution the investors on the hyperactivity deviant from the fundamentals of the companies, besides issuing cautionary advisories, SEBI also took **strict actions against companies involved in fraudulent and manipulative activities** like barring companies and their management from the securities market and impounding illegal gains. The role of adequate regulation in SME companies is thus critical to protect the investments of the public in such companies.

To further strengthen the SME **platform, regulatory framework was revamped** by introducing profit track record criteria, cap on offer for sale, restriction on use of fund mobilised etc.

SEBI has enhanced disclosure in initial public offerings to increase transparency and provide investors with a clearer understanding of a company's valuation and business performance. Issuers are now mandated to disclose key performance indicators, relevant non-financial metrics that offer insights into their valuation and business models. Furthermore, issuers are also required to disclose any key information previously shared with investors who were allotted securities in primary issuances within the three years preceding the filing of the offer document.

To bring transparency, uniformity and fair access to all market participants, SEBI mandated the MIIs to ensure that the MII charges recovered from the end client should be 'True to Label'. The charge structure of the MII should be uniform and equal for all its members instead of slab-wise viz. dependent on volume/activity of members.

MIIs have been strengthened on the front of governance through a broad framework with basic minimum criteria for independent external evaluation of performance of MIIs.

Harnessing Technology for Market Efficiency

In 2024-25, the role of technology in SEBI and its ecosystem became even more pronounced -transforming how investors transact, intermediaries operate and how SEBI itself regulates and supervises. We recognize that effectively harnessing the potential of technology is a necessity for maintaining the efficiency, competitiveness and integrity of our markets. SEBI has embraced **the use of latest technology and data analytics to detect market misconduct**, such as, insider trading, front running, price manipulation and financial statement frauds. These initiatives also signal India's readiness for the next generation of market infrastructure.

Enhancing Market Integrity

SEBI adopted a multi-pronged approach to bolster surveillance, enforcement and risk management during the year. Trades in secondary market are under surveillance on a daily basis and alert systems have been put in place to detect suspicious patterns of trading. Market intelligence in the form of investor complaints as well as posts on social media also form an important part of SEBI's surveillance mechanism. As part of offsite supervision, SEBI has developed a **robust in-house alert system based on periodic reporting** done by the intermediaries. Market intermediaries are also supervised through onsite and thematic inspections. Brokerage firms were required enhanced internal controls and establish robust whistle-blower policies. Further, SEBI is actively working to curb the activities of unregistered fin-fluencers who provide investment advice without proper authorization. SEBI's goal is to protect investors from potentially harmful or misleading information and ensure that investment advice is provided by qualified and regulated professionals.

Trust and transparency are crucial not only for regulated entities but also for functioning of SEBI as well. As a step in this direction, the Board has recently decided to constitute a High-Level Committee to undertake a comprehensive review of the provisions relating to conflict of interest for members and officials of the Board and make recommendations for an appropriate framework for preventing, mitigating and managing conflict of interest, including a recusal policy and disclosure requirements which cover public disclosures.

The Road Ahead: Vision for 2025-26 and Beyond

As we step into 2025-26, SEBI's regulatory outlook remains steadfast—anchored in trust, guided by resolve to protect investors and driven by the goal to support India's vision 2047. We will continue to pursue a proactive and forward-looking regulatory approach, guided by our core principles of trust, transparency, teamwork and technology.

In the coming year, SEBI proposes to initiate a comprehensive exercise **to rationalize and optimize existing regulations**. It is recognized that excessive or overlapping regulatory requirements can lead to increased compliance cost for intermediaries and create operational rigidities. To address this, the focus will be on identifying and removing regulatory redundancies, simplifying procedural requirements and leveraging technology to ease the compliance burden.

Another priority of SEBI for the coming year is **rationalizing and simplifying regulatory framework for foreign portfolio investors (FPIs)** with the objective of enhancing the ease of operations and encouraging long-term foreign capital flows. Efforts will be made to streamline processes, remove regulatory frictions and strengthen engagement with FPIs and stakeholders. **Investor awareness and education** including the measures to alert the investors on cyber-frauds, would also be SEBI's priority going forward.

In Appreciation...

On behalf of SEBI, I thank all stakeholders in the capital market for their contributions to this journey. The progress of India's securities market is a shared endeavour and your partnership remains central to our vision of building a robust, inclusive and globally respected financial ecosystem.

Let us continue to move forward—confident in our direction, united in our purpose.

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SEBI > Reports & Statistics > Publications > Annual Reports

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Conventions used in this Report

₹	:	Rupees
Lakh	:	Hundred thousand
Core	:	Ten million
Million	:	Ten lakh
Billion	:	Thousand million/hundred crore
NA	:	Not Available
Na	:	Not Applicable
p.a.	:	Per annum

Differences in total are due to rounding off and sometimes they may not exactly add up to hundred percent.
Source of Charts and Tables is SEBI, wherever the same is not mentioned.

ABBREVIATIONS

AEs	Advanced Economies		Infrastructures
AIFs	Alternative Investment Funds	CRA(s)	Credit Rating Agency/Agencies
ALeRTS	Advisory Committee for Leveraging Regulatory and Technology Solutions	CSO	Central Statistics Office
AMCs	Asset Management Company/ Companies	CSR	Corporate Social Responsibility
AMFI	Association of Mutual Funds in India	CTO	Chief Technology Officer
AML/CFT	Anti Money laundering/Combating of Financial Terrorism	CVO	Chief Vigilance Officer
ANMI	Association of National Exchanges Members of India	CVC	Central Vigilance Commission
AO	Adjudicating Officer	CY	Calendar Year
APMI	Association of Portfolio Managers in India	DA/DM	Designated Authority/ Designated Member
APRC	Asia- Pacific Regional Committee	DDPs	Designated Depository Participants
ARCL	AMC Repo Clearing Limited	DDPI	Demat Debit and Pledge Instructions
ASBA	Application Supported by Blocked Amount	DEA	Department of Economic Affairs
ASM	Additional Surveillance Measure	DFIs	Domestic Financial Institutions
AUC	Assets Under Custody	DJIA	Dow Jones Industrial Average
AUM	Assets Under Management	DP(s)	Depository Participant(s)
B30	Beyond 30	DPI	Deemed Public Issue
BRSR	Business Responsibility and Sustainability Reporting	DT(s)	Debenture Trustee(s)
C&AG	Comptroller & Auditor General of India	DTR	Difficult to Recover
CBI	Central Bureau of Investigation	EBM	Electronic Book Mechanism
CCs	Clearing Corporations	EBP	Electronic Book Provider Platform
CDMDF	Corporate Debt Market Development Fund	ED	Executive Director
CDS	Credit Default Swaps	EFD	Enforcement Department
CDSL	Central Depository Services (India) Limited	EGM	Extraordinary General Meeting
CE	Credit Enhancement	EGR	Electronic Gold Receipts
CEO	Chief Executive Officer	EMDE(s)	Emerging Market and Developing Economies
CFT	Countering Financing of Terrorism	EOPs	Execution Only Platforms
CGM	Chief General Manager	ESG	Environment Social Governance
CIC	Central Information Commission	ESOPs	Employee Stock Options
CIRP	Cyber Incidents Reporting Portal	ETCD	Exchange Traded Commodity Derivatives
CIS	Collective Investment Scheme	ETF(s)	Exchange Traded Fund(s)
CMs	Clearing Members	EWG	Early Warning Group
CoTs	Commodity Trainers	F&O	Futures and Options
CPI	Consumer Price Inflation	FAA	First Appellate Authority
CPIO	Central Public Information Officer	FPI(s)	Foreign Portfolio Investor(s)
CPMI	Committee on Payments and Market	FPO	Further Public Offering(s)/Farmer Producer Organisation
		FSAP	Financial Sector Assessment Programme
		FSB	Financial Stability Board

FSDC	Financial Stability Development Council	IRF	Inter-Regulatory Forum
FSR	Financial Stability Report	IRRA	Investor Risk Reduction Access
FVCI(s)	Foreign Venture Capital Investor(s)	IRTG	Inter-Regulatory Technical Group
GCF	Gross Capital Formation	ISD	Integrated Surveillance Department/Issue Summary Document
GDP	Gross Domestic Product	ISO	Illiquid Stock Options
GNI	Gross National Income	IT	Information Technology
GoI	Government of India	JPY	Japanese Yen
GSM	Graded Surveillance Measure	KMP	Key Managerial Personnel
GST	Goods and Services Tax	KPI	Key Performance Indicators
HRMS	Human Resource Management System	KRA	KYC Registration Agency
HUF	Hindu Undivided Family	KYC	Know Your Client
GVA	Gross Value Added	LEI	Legal Entity Identifier
IAs	Investment Advisers/Investor Associations/ Investment Approach	LODR	Listing Obligations and Disclosure Requirements
IBC	Insolvency and Bankruptcy Code	LPCC	Limited Purpose Clearing Corporation
ICAI	Institute of Chartered Accountants of India	MCCIL	Metropolitan Clearing Corporation of India Limited
ICC	Internal Complaints Committee	MCX	Multi Commodity Exchange
ICCL	Indian Clearing Corporation Limited	MCXCCL	Multi Commodity Exchange Clearing Corporation Limited
ICDR	Issue of Capital and Disclosure Requirements	MF	Mutual Fund
ICSI	The Institute of Company Secretaries of India	MeitY	Ministry of Electronics and Information Technology
ID(s)	Independent Director(s)	MFAC	Mutual Fund Advisory Committee
IFRS	International Financial Reporting Standards	MIIs	Market Infrastructure Institutions
IFSC	International Financial Service Centre	MoSPI	Ministry of Statistics and Programme Implementation
IID	Internal Inspection Department	MoU	Memorandum of Understanding
IIP	Index of Industrial Production	MSEI	Metropolitan Stock Exchange of India Limited
ILDS	Issue and Listing of Debt Securities	MTF	Margin Trading Facility
ILMDS	Issue and Listing of Municipal Debt Securities	NAV	Net Asset Value
IMF	International Monetary Fund	NBFC	Non-Banking Finance Company
INR	Indian Rupee	NCD	Non-Convertible Debenture
InvIT	Infrastructure Investment Trust	NCDEX	National Commodity and Derivatives Exchange Limited
IPEF	Investor Protection and Education Fund	NCFE	National Centre for Financial Education
ISD	Issue Summary Document/Integrated Surveillance Department	NCCL	National Commodity Clearing Limited
ISIN	International Securities Identification Number	NCIIPC	National Critical Information Infrastructure Protection Centre
IOSCO	International Organisation of Securities Commissions	NCL	NSE Clearing Limited
IPEF	Investor Protection and Education Fund	NCLT	National Company Law Tribunal
IPO	Initial Public Offer		
IRD	Interest Rate Derivatives		

NCLAT	National Company Law Appellate Tribunal	RP(s)	Resource Person(s)
NCS	Non-Convertible Securities	RTA	Registrar and Share Transfer Agent
NCRPS	Non-Convertible Redeemable Preference Shares	RTI	Right to Information
NISM	National Institute of Securities Markets	SAST	Substantial Acquisition of Shares and Takeovers
NPOs	Non-Profit Organisations	SAT	Securities Appellate Tribunal
NPS	National Pension System	SBs	Stock Brokers
NRI(s)	Non-Resident Indian(s)	SCM	Self-Clearing Member
NSDL	National Securities Depository Limited	SCN	Show Cause Notice
NSE	National Stock Exchange of India Limited	SCORES	SEBI Complaints Redress System
OBPPs	Online Bond Provider Platforms	SCRA	Securities Contracts (Regulation) Act, 1956
OCBs	Overseas Corporate Bodies	SDD	Structured Digital Database
ODI(s)	Off-shore Derivatives Instrument(s)	SEBI	Securities and Exchange Board of India
ODR	Online Dispute Resolution	SECC	Stock Exchanges and Clearing Corporations
OECD	Organisation of Economic Co-operation and Development	SGF	Settlement Guarantee Fund
OFS	Offer for Sale	SIP	Systematic Investment Plan
OIP	Office of Informant Protection	SMEs	Small and Medium Enterprises
OLP	Official Language Policy	SMARTs	Securities Market Trainers
OPEC	Organization of Petroleum Exporting Countries	S&P GSCI TR	S&P GSCI Total Return
OTC	Over the Counter	SoA	Scheme of Arrangement
P/E Ratio	Price-Earnings Ratio	SOP	Standard Operating Procedure
PE	Private Equity	SSE	Social Stock Exchange
PFUTP	Prohibition of Fraudulent and Unfair Trade Practices	STPI	Securities Transaction Price Index
PIT	Prohibition of Insider Trading	TMs	Trading Members
PMI	Purchasing Manager's Index	TRM	Tri-Party Repo Market
PMLA	Prevention of Money Laundering	UDiff	Unified Distilled File Formats
PMS	Portfolio Management Services	UPSI	Unpublished Price Sensitive Information
PoA	Power of Attorney	USD	United States Dollar
QIB(s)	Qualified Institutional Buyer(s)	UTs	Union Territories
QIP(s)	Qualified Institutions' Placement(s)	VAPT	Vulnerability Assessment and Penetration Testing
QRTA(s)	Qualified Registrars to an Issue / Share Transfer Agents	VCF(s)	Venture Capital Fund(s)
QSBs	Qualified Stock Brokers	VCPs	Value Chain Participants
RA	Research Analyst	VIX	Volatility Index
RBI	Reserve Bank of India	VRR	Voluntary Retention Route
REs	Regulated Entities	WFE	World Federation of Exchanges
REIT	Real Estate Investment Trust	WTM	Whole Time Member
RFQ	Request for Quotes		

Chapter 1: INTRODUCTION

1.1 YEAR IN REVIEW

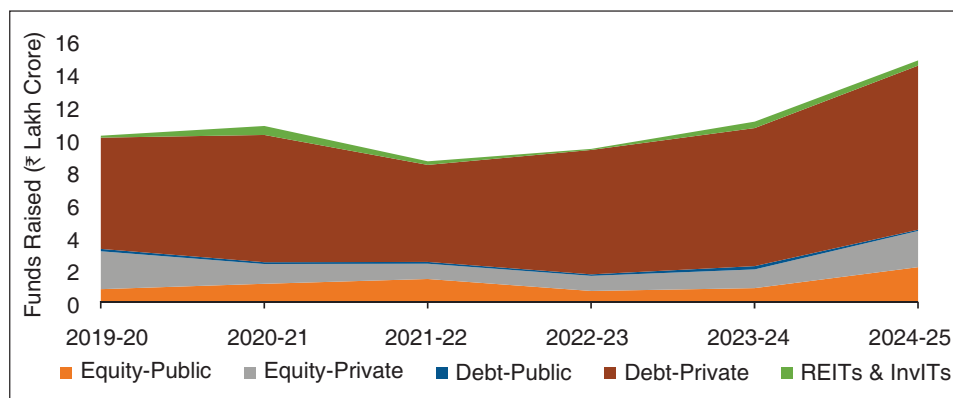
The fiscal year 2024-25 was marked by record fund raising activity in primary markets and peak domestic institutional investments, amid heightened volatility in secondary markets. Indian corporates mobilized an all-time high volume of resources through equity and corporate bond issuances, underscoring the growing depth and maturity of Indian capital markets. India emerged among the top global initial public offering (IPO) markets, with buoyant listings reflecting investor confidence and sound macroeconomic fundamentals. Despite a pronounced correction between October 2024 and February 2025, triggered by foreign capital outflows amid global trade tensions, macroeconomic uncertainty and expensive domestic valuations, Indian equity markets ended the year in positive territory. The market's resilience was anchored by sustained domestic investor participation, stable policy environment, and accommodative fiscal and monetary stances.

Addressing the nuances of the dynamic and evolving Indian securities market landscape, during 2024-25, SEBI floated various policy measures aimed at strengthening regulatory architecture, fostering market development and facilitating ease of doing business for the market participants.

1.1.1 Resource mobilization in Indian capital markets

In 2024-25, Indian capital markets facilitated resource mobilization of ₹14.6 lakh crore, marking a stellar 33 per cent increase over the previous year. The use of a broad spectrum of financial instruments – ranging from equity and debt to real estate investment trusts (REITs), and infrastructure investment trusts (InvITs) – highlights the evolving and adaptive financing strategies of corporates and infrastructure entities. The equity and debt segments alone accounted for ₹14.2 lakh crore, reaffirming their central role in supporting capital formation and propelling economic development (**Chart 1.1**).

Chart 1.1: Facilitating Corporate Financing through Primary Market



A. Equity issues

In 2024-25, Indian corporates raised a record quantum of capital through equity issuances, registering highest ever annual resource mobilization despite fluctuations in secondary markets. Public equity fundraising, including IPOs, follow-on public offers (FPOs) and rights issues, surged to ₹2.1 lakh crore, marking a 2.5-fold increase over the previous fiscal year.

The IPO segment was particularly buoyant. A total of 320 companies tapped the IPO space in 2024-25, up from 272 in 2023-24. 79 Indian corporates raised an all-time high of ₹1.6 lakh crore through main board IPOs in 2024-25, as against ₹61,860 crore mobilized by 76 IPOs in 2023-24. Momentum in the small and medium enterprises (SME) segment also accelerated considerably. During the year, 241 companies listed on the SME platform, mobilized ₹9,811 crore—up from ₹6,095 crore raised by 196 companies in 2023-24. Notably, according to EY's Global IPO Trends 2024 report, India secured the top spot in global rankings by IPO volume.

This remarkable expansion was driven by a confluence of supportive macroeconomic fundamentals, increasing retail investor interest and strong listing performance. Qualified institutional placement (QIP) has emerged as a strategic and flexible capital-raising instrument in the recent times. During the year, corporates raised ₹1,35,597 crore through QIPs, almost doubling the ₹68,972 crore raised via this route in 2023-24.

In its continued efforts to promote timely capital access and enhance the ease of doing business for listed entities, SEBI introduced a suite of policy measures during the year. Among the most impactful was the streamlining of the rights issue process

to reduce the timeline for completing a rights issue to 23 working days, as against the extant 317 days, while also introducing greater flexibility in allotment mechanisms. These reforms are poised to significantly enhance capital-raising experience for Indian corporates.

B. Corporate bond markets

Indian corporate bond markets are growing at a steady pace backed by sustained and targeted initiatives from the Government of India and SEBI. In 2024-25, corporate bond issuances reached a new milestone, with companies collectively raising approximately ₹9.9 lakh crore – a 16.1 per cent increase over the previous fiscal year.

SEBI's policy agenda during the year was focused on deepening the corporate bond market by broadening investor participation and enhancing liquidity. Among the notable policy measures were the introduction of a liquidity window facility through stock exchange mechanism to enhance liquidity in the corporate bond market, allowing issuers to issue non-convertible debentures (NCDs) and non-convertible redeemable preference shares (NCRPS) via private placement at a reduced face value of ₹10,000 to encourage greater participation of non-institutional investors in the corporate bond market. Reinforcing the role of capital markets in financing socially and environmentally impactful initiatives, issuers were permitted to raise funds through a wider array of instruments, including social bonds, sustainability bonds, and sustainability-linked bonds, in addition to the existing green debt securities.

Together, these measures signal a decisive push towards building a more inclusive, liquid and diversified corporate bond market that aligns with India's broader developmental and sustainability goals.

C. Infrastructure financing through REITs and InvITs

REITs and InvITs are pivotal in bridging India's infrastructure financing gap. By channelling long-term capital into income-generating assets, they provide a structured and efficient alternative to conventional financing avenues. Taking cognizance of this potential, SEBI has been actively promoting the growth of REITs and InvITs through policy measures aimed at facilitating smoother fund raising by issuers by way of extensive ease of doing business initiatives. Additionally, SEBI has been conducting a series of outreach programs across key locations in collaboration with premier management institutes, national industry bodies and other stakeholders, focused on promotion and advancement of these asset classes.

In 2024-25, InvITs raised ₹26,715 crore through 11 issuances, reflecting sustained investor confidence and demand. The REIT segment also demonstrated resilience, mobilizing ₹4,728 crore during the year. Over the last five years, assets under

management (AUM) of REITs and InvITs have seen a remarkable expansion. At the end of March 31, 2025, the net AUM of REITs and InvITs stood at ₹1.6 lakh crore and ₹7 lakh crore respectively (**Chart 1.2**). The registration of two new InvITs and one new REIT during the year underscores the expanding investor interest and growing pipeline of projects.

1.1.2 Asset management ecosystem

The Indian mutual fund industry has undergone a transformative evolution over the past few years, marked by democratization of investment access, exceptional growth and a remarkable expansion in investor base. The industry's AUM surged from ₹22.3 lakh crore in March 2020 to an impressive ₹65.7 lakh crore by March 2025 (**Chart 1.3**). During this period, the number of unique investors more than doubled, rising from 2.2 crore to over 5.4 crore. Meanwhile, average net monthly contributions through systematic investment plans (SIPs) witnessed a nearly two-fold increase, growing from ₹7,259 crore in 2019-20 to ₹13,052 crore in 2024-25 (**Chart 1.4**).

Chart 1.2: Expanding Asset Base of REITs and InvITs

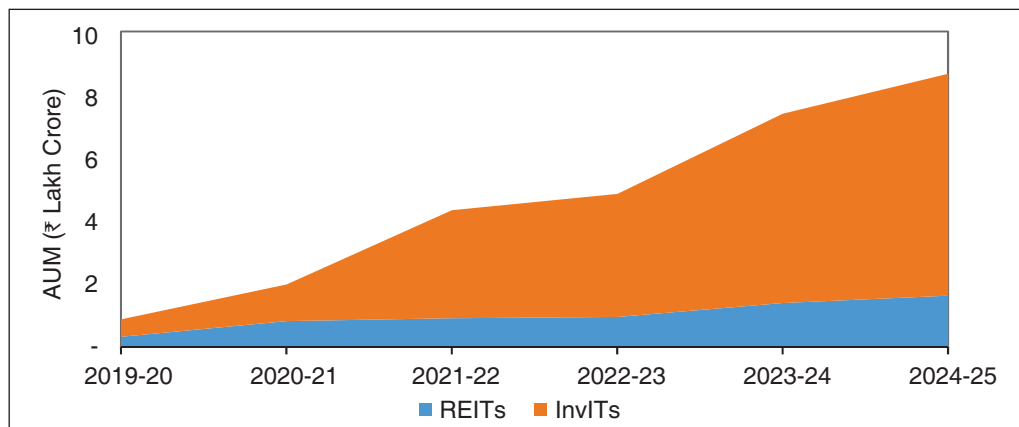
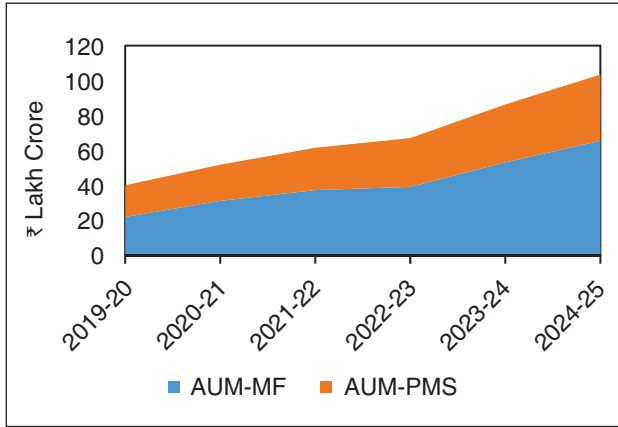


Chart 1.3: Thriving Asset Management Ecosystem



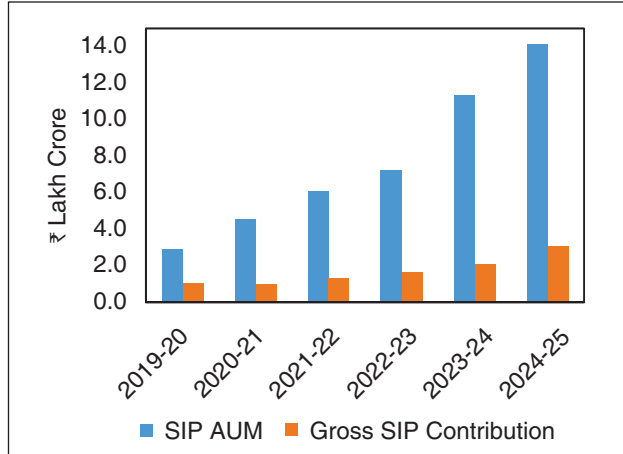
Regulatory initiatives focused on product innovation, simplification and democratization, complemented by rapid technological advancements, have been pivotal in driving this transformation. Notable developments during the year including Mutual Fund Lite framework, creation of a new asset class ‘Specialized Investment Funds (SIF)’ to bridge the gap between mutual funds and portfolio management services and launch of ‘Chhoti SIP’, a low-ticket systematic investment plan starting at ₹250, underscores the commitment towards ease of doing business, product innovation and democratization.

Over the past five years, portfolio management assets have witnessed a consistent upward trajectory, culminating at ₹37.8 lakh crore by the close of 2024-25. This expansion has been fuelled by a surge in high net-worth individuals (HNIs) and a rising preference for bespoke wealth management solutions beyond traditional mutual funds.

Alternative investment funds

Alternative investment funds (AIFs) have emerged as vital engines of capital formation in India’s financial ecosystem. Their ability

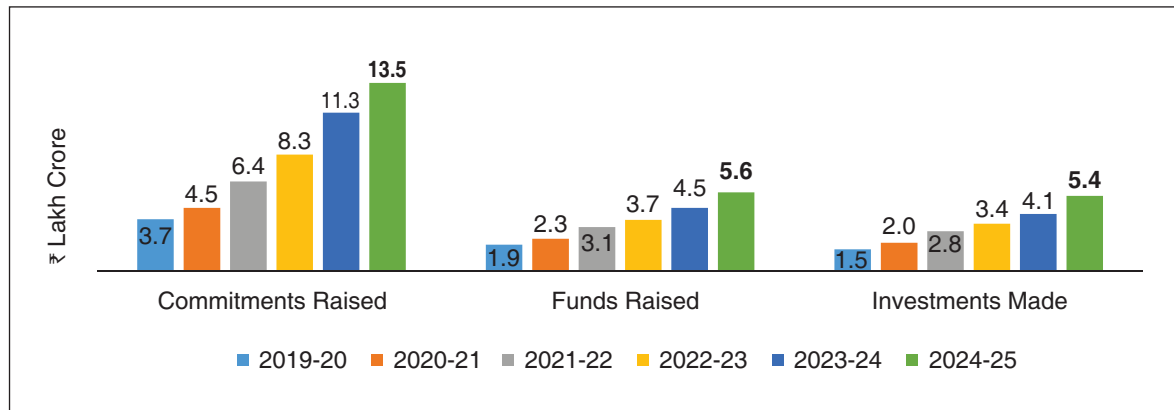
Chart 1.4: Trends in SIP Investments



to bridge financing gaps beyond the scope of traditional funding has positioned them as transformative instruments in the country’s economic development. Designed to channelise capital into non-traditional asset classes such as private equity, venture capital, real estate, infrastructure and structured debt, AIFs offer investors diversified exposure and insulation from the volatility of equity markets.

India has witnessed a dramatic surge in AIF activity over the past six years. Total commitments surged from ₹3.7 lakh crore in 2019-20 to ₹13.5 lakh crore by the end of 2024-25. Since 2019-20, the amount of funds raised and investment made have seen more than three-fold increase to ₹5.6 and ₹5.4 lakh crore respectively (**Chart 1.5**). This growth reflects the increasing investor appetite for alternative strategies, fuelled by India’s rapidly expanding base of high net worth individuals, thriving growth ecosystem and regulatory support. Additionally, demand for long-term, stable returns amid market volatility has made AIFs especially attractive. During the year, 244 new AIFs were registered, taking the total number of registered AIFs to 1,526 at the end of 2024-25.

Chart 1.5: Growing Alternative Investment Fund Ecosystem



Note: The above numbers are cumulative net figures at the end of each financial year

1.1.3 Secondary Markets

The year 2024-25 witnessed a mixed performance across global equity markets, shaped by divergent regional trajectories, policy shifts and economic uncertainties. Staging a remarkable turnaround from previous year slump, Hong Kong's equity markets led with a striking 39.8 per cent gains fuelled by massive influx of mainland Chinese capital. Singapore and Germany followed with strong advances of 23.2 per cent and 19.9 per cent, respectively (local currency returns). The U.S. market, initially buoyed by large-cap tech and AI stocks, saw sentiment sour in the final quarter amid concerns over tariffs, inflation and tech under performance. Among the Asian markets, China ricocheted strongly aided by extensive stimulus measures and resurgence of Chinese technology giants while Japan lagged on tariff concerns.

Indian stock market performance during the year may be characterized as a tale of two halves. Riding on the momentum from the previous fiscal, Indian equities soared during the first half of the year (April to September 2024) on the back of strong domestic growth, sustained retail and institutional investor participation, political stability and supportive macro environment marked by accommodative fiscal and monetary

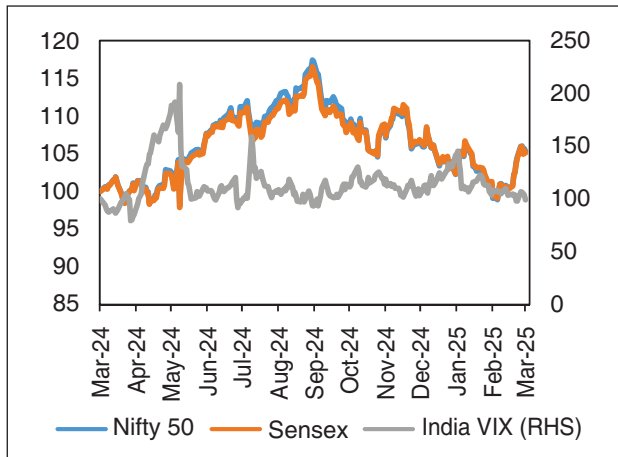
policies. Benchmark indices, Nifty 50 and Sensex registered parabolic gains of 16 per cent and 14 per cent respectively during this period.

However, the second half of the year (October 2024 to February 2025) saw a sharp reversal, with the benchmark indices falling by around 14 per cent and mid and small-cap indices plunging over 20 per cent. This correction, started as profit booking in October 2024, had intensified into a broader market correction due to the complex interplay between various global factors (viz. sharp foreign portfolio investment (FPI) outflows, rebounding Chinese equities and global trade tensions) and domestic factors (viz. moderation in corporate earnings, stretched valuations and slowing growth momentum). While expensive valuations and China's policy driven stock market rally triggered the diversion of foreign capital from Indian equities initially, global risk aversion due to US tariff tantrums and ensuing trade tensions further aggravated FPI outflows. Weak corporate earnings and downward growth revisions stoked concerns about stretched valuations and limited near-term recovery potential.

This correction is best understood as part of the natural market cycle after a period of parabolic growth, exacerbated by global developments and decelerating growth momentum. The

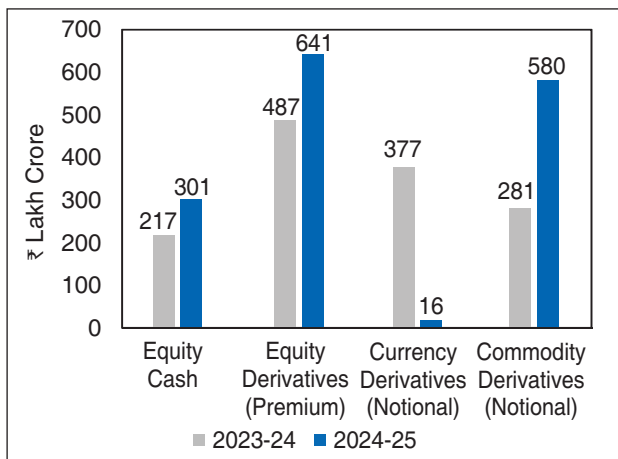
domestic institutional investors provided critical support, investing a record ₹6 lakh crore, which helped cushion the impact of foreign withdrawals. A strong late-year recovery led the Indian equity benchmarks end the year with gains of five per cent (**Chart 1.6**).

Chart 1.6: Trends in Benchmark Indices



Note: Indices have been indexed to 100 as on March 28, 2024

Chart 1.7: Trading Activity across Market Segments



Note: Indices have been indexed to 100 as on March 28, 2024

The equity cash segment recorded strong performance in 2024-25, with annual turnover rising 38 per cent year-on-year (YoY) to ₹301 lakh crore, up from ₹217 lakh crore in 2023-24. This reflects deepening investor participation,

significant rise in new company listings through IPOs and steady domestic inflows. However, average monthly turnover moderated in second half of the year, dropping to ₹21.9 lakh crore from ₹28.2 lakh crore earlier in the year, indicating cautious investor sentiment amid broader market correction (**Chart 1.7**).

Turnover of equity derivatives segment, based on premium turnover of options, saw an uptick of 32 per cent during the year to ₹641 lakh crore from ₹487 lakh crore in 2023-24. Notably during the year, annual premium turnover of index options at NSE declined for the first time in eight fiscal years, slipping two per cent YoY to ₹136 lakh crore. Average monthly premium turnover of index options at NSE plunged from ₹12.4 lakh crore in the first eight months to ₹9.1 lakh crore in the last four months. This decline was largely attributed to regulatory strengthening of index derivatives framework, aimed at curbing speculative activity and promoting market stability in the segment. Nevertheless, this drop in trading activity at NSE was partly offset by the simultaneous rise in volumes at BSE. Average monthly premium turnover at BSE increased to ₹2.3 lakh crore in the last four months from ₹1.6 lakh crore in the first eight months and ₹0.4 lakh crore during 2023-24. Overall turnover of index options, on premium basis, rose by 10 per cent to ₹158 lakh crore from ₹143 lakh crore in 2023-24.

In contrast, stock options registered strong growth, with annual premium turnover climbing by 43 per cent YoY to nearly ₹20 lakh crore, reflecting increased investor interest in targeted stock-level strategies. Futures segment saw turnover grow 40 per cent YoY to ₹463 lakh crore, driven predominantly by stock futures, which expanded 47 per cent YoY and now account for over 80 per cent of the futures market. Index futures also contributed with an 18 per cent YoY increase. However, like the index options segment, all instruments witnessed a dip in activity during the final quarter of 2024-25.

The currency derivatives segment faced sharp declines following revised regulatory guidelines governing exchange-traded currency derivatives, restricting dealing in derivatives solely towards the purpose of hedging against exposure to exchange rate fluctuations. Annual notional turnover of the segment fell by 96 per cent from ₹377 lakh crore in 2023-24 to ₹16 lakh crore in 2024-25.

Trading activity in commodity derivatives space surged during the year, with the annual notional turnover rising by 107 per cent to ₹580 lakh crore in 2024-25 from ₹281 lakh crore in 2023-24. This surge was primarily driven by significant trading interest in energy and bullion contracts. While the notional turnover of energy contracts increased by 97 per cent YoY to ₹432 lakh crore, the notional turnover of bullion contracts rose by 154 per cent to ₹138 lakh crore during the year. However, agricultural derivatives segment saw a 28.5 per cent decline in trading volumes to ₹1.5 lakh crore from ₹2.1 lakh crore in 2023-24.

1.1.4 Institutional fund flows

Foreign portfolio investors (FPIs) displayed notable shifts in their investment behaviour during 2024-25. After pulling out ₹34,257 crore during April-May 2024, FPIs turned net buyers of Indian equities, sustaining this positive momentum through October. This period reflected global investor confidence in India's growth prospects, underpinned by robust macroeconomic indicators and broad-based sectoral performance (**Chart 1.8**).

However, October 2024 marked a sharp inflection point. FPIs offloaded a record ₹94,017 crore in Indian equities - the highest monthly outflow ever, surpassing the pandemic-triggered sell-off in March 2020. This sharp exit was driven by

expensive domestic valuations and a growing preference for undervalued markets. The selling spree continued through the remainder of the fiscal year, as global trade tensions, subdued corporate earnings and concerns over India's economic momentum prompted further risk-off sentiment. By fiscal year-end, total net FPI outflows from the equity segment stood at ₹1.3 lakh crore, with ₹2.2 lakh crore withdrawn in the second half alone.

Debt market, in sharp contrast, narrated a steady inflow story. The year 2024-25 marked the second consecutive year of net FPI inflows into Indian debt segment, with ₹1.4 lakh crore invested, following net investment of ₹1.2 lakh crore in the previous year. This sustained interest was primarily fuelled by India's inclusion in major global bond indices, which attracted passive investment flows from international funds.

Domestic institutional investors (DIIs) remained steadfast anchor for Indian markets, consistently providing stability amid heightened market volatility. They played a pivotal counterbalancing role in cushioning the impact of foreign capital flight from Indian equities. During the year, DIIs emerged as reliable and countercyclical force, deploying a record ₹6 lakh crore into Indian equities—the highest ever net investment by DIIs in a fiscal year. Mutual funds led this surge, with net investments of ₹4.7 lakh crore during the year (**Chart 1.9**).

This domestic support proved crucial, especially during bouts of sharp FPI sell-offs, helping to absorb the shock and prevent a deeper market correction. Throughout the fiscal, DII inflows provided consistent liquidity and valuation support, reinforcing investor confidence and mitigating the destabilizing effects of foreign withdrawals.

Chart 1.8: Foreign Portfolio Flows

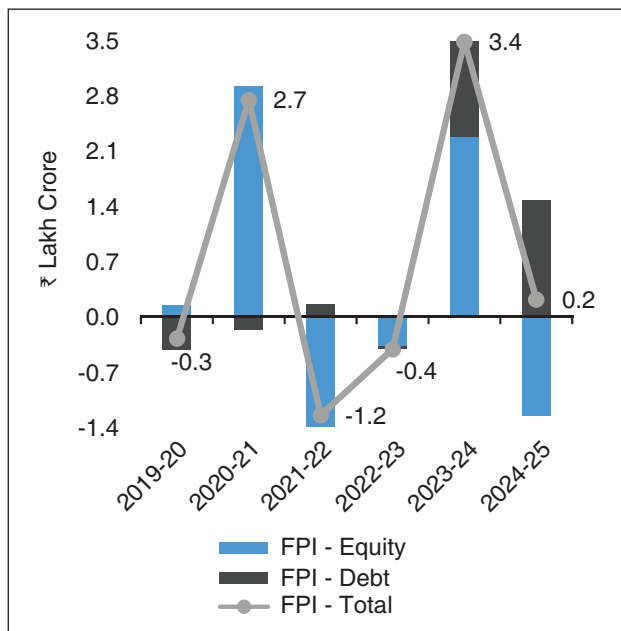
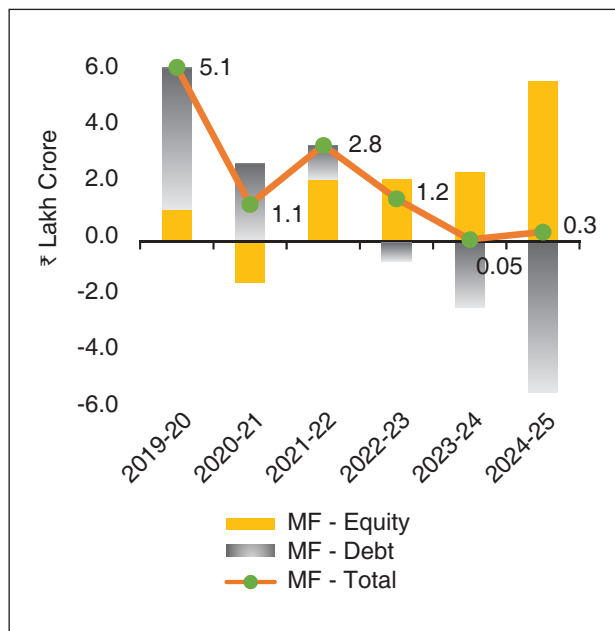


Chart 1.9: Mutual Fund Net Investments



1.2 PERFORMANCE HIGHLIGHTS

SEBI remains steadfast in upholding its core mandate of investor protection, market development and regulatory oversight, reinforcing its commitment to preserving the integrity and resilience of India’s securities market ecosystem. This was reflected in a broad spectrum of activities undertaken throughout the year, including policy formulation, investor education, supervision and surveillance efforts.

1.2.1 Policy making process at SEBI

A culture of extensive consultation lies at the heart of SEBI’s policy-making process, helping it in formulating policies that strike a fine balance between market development, investor protection and risk management. The market-facing policies are co-created through structured dialogue with relevant stakeholders. Draft policy proposals are publicly disseminated for consultation, inviting feedback from investors, intermediaries and industry bodies. These inputs are carefully evaluated and further deliberated upon by specialized Advisory

Committees before any policy is finalized and notified.

During 2024-25, Advisory Committees held 66 meetings, in which 300 agendas related to policy and regulatory frameworks were discussed. In line with the ongoing practice of involving various stakeholders of the securities market ecosystem in the policy-making process, a total of 104 consultation papers were issued for public comments during the year. 78 meetings of Industry Standard Forums have been held during the year, in which 290 agenda items have been deliberated and 122 decisions have been implemented.

Policy measures

Addressing the challenges of the evolving market landscape and taking into account the representations from stakeholders, SEBI formulated new policies and fine-tuned existing regulatory frameworks during the year. As part of its efforts to streamline compliance and enhance ease of doing business, SEBI issued 14 master circulars, providing market participants with a single-point reference for

applicable regulatory framework.

Through its circulars, SEBI rolled out 154 policy measures in 2024-25. These measures encompassed 38 initiatives for primary markets (including equity, corporate debt, and hybrid securities) and corporate governance, 45 for secondary markets, 40 for asset management (covering mutual funds, portfolio management services (PMS), AIFs, and FPIs), 26 for intermediaries, and five for investor empowerment. This excludes circulars issued for clarificatory purposes and timeline extensions.

Some of the significant policy measures during 2024-25 are listed below under broad categories:

A. Strengthening regulatory architecture

To reinforce market integrity and systemic resilience, SEBI has introduced several policy measures aimed at enhancing the robustness of the extant regulatory frameworks and mitigating market risks.

- i. In order to strengthen the framework for public issues by SMEs, measures inter alia including operational profit requirement, cap on offer for sale and general corporate purpose funds and restrictions on use of IPO proceeds towards loan repayment have been introduced.
- ii. Addressing the need to taper heightened market activity on expiry day and de-risk the system from sudden black swan event, SEBI has prescribed a range of measures to strengthen the equity index derivatives framework. These measures included upfront premium collection, intraday monitoring of position limits, contract size recalibration, rationalization of weekly index derivative products, among others.
- iii. Duration of the pre-open call auction session for IPOs and relisted scrips

has been modified, to curtail the scope of price manipulation and false demand during the call auction in pre-open session being observed in such scrips.

- iv. In a move to mitigate the risk of misuse of securities of the client by the stock broker (SB), it has been mandated that the securities for pay-out shall be credited directly to the respective client's demat account by the clearing corporations (CCs).
- v. To enhance protection of cash collateral for the investor, all qualified stock brokers (QSBs) have been mandated to provide either the facility of trading supported by blocked amount in the secondary market using UPI block mechanism or the 3-in-1 trading account facility for optional use by their clients.
- vi. Enabling the retail investors to reap the benefits of timed and programmed order execution offered by algorithmic trading, a regulatory framework to facilitate safer participation of retail investors in algorithmic trading through brokers has been issued.
- vii. In order to address instances of market abuse including front running and fraudulent transactions in securities, asset management companies (AMCs) have been mandated to put in place a structured institutional mechanism for identification and deterrence of potential market abuse.
- viii. With an objective to encourage AMCs to collect only as much funds in new fund offers (NFOs) as can be deployed in a reasonable period of time and to discourage any mis-selling of NFOs, certain amendments to SEBI (Mutual Funds) Regulations, 1996 have been carried out.
- ix. To address regulatory arbitrage with respect to offshore derivative

instruments (ODIs) and FPIs with segregated portfolios vis-à-vis FPIs, certain requirements related to ODIs and FPIs with segregated portfolios have been amended.

- x. In order to strengthen governance of market infrastructure institutions (MIIs), it has been decided that in addition to the internal evaluation, performance evaluation of MIIs and its Statutory Committees shall be done through an external independent agency once in three years.

B. Fostering market development

During the year, SEBI has floated various policy measures to deepen and diversify the Indian securities market, with a focus on broadening access, encouraging innovation and supporting the growth of emerging asset classes.

- i. In a significant step towards diversifying India's pooled investment landscape, SEBI has introduced a new asset class 'Specialized Investment Funds', to bridge the gap between mutual funds and portfolio management services, offering enhanced portfolio flexibility while maintaining regulatory oversight.
- ii. MF Lite framework, a relaxed regime with light-touch provisions for passive mutual fund schemes has been introduced to promote ease of entry, encourage new players, reduce compliance requirements, increase penetration and foster innovation.
- iii. Mutual funds have been permitted to both buy and sell credit default swaps, offering them an additional investment option to manage credit risk and also aid in increasing liquidity in the corporate bond market.
- iv. To provide flexibility in the voluntary delisting framework, SEBI has approved the introduction of fixed price process as an alternative to reverse book building (RBB) process, an alternate delisting framework for listed Investment Holding Companies (IHCs), modification of the counter-offer mechanism in case of delisting through RBB process.
- v. With a view to enable faster rights issue along with the flexibility of allotment to specific investors, the timeline for completion of the rights issue has been cut down to 23 working days from board approval, as against present average timelines of 317 days.
- vi. A liquidity window facility, allowing issuers to offer a put option on debt securities at pre-specified intervals through stock exchange mechanism, has been introduced to enhance liquidity in the corporate bond market.
- vii. To enhance participation of non-institutional investors in the corporate bond market, issuers have been provided with the option to issue NCDs or NCRPS through private placement mode at a reduced face value of ₹10,000 along with requirement to appoint a merchant banker.
- viii. A special call auction mechanism for effective price discovery of scrips of listed Investment Companies (ICs) and listed IHCs has been introduced to address the issue of variance in the market price and book value of listed ICs and IHCs.
- ix. Expanding the scope of sustainable finance framework in the Indian securities market, issuers have been allowed to raise funds through issuance of social bonds, sustainability bonds and sustainability-linked bonds, in addition to existing green debt securities.
- x. Framework for issuance of

- subordinate units by privately placed InvITs has been provided to enable usage of subordinate units to bridge the valuation gaps that may arise as a result of difference in the valuation of an asset by the sponsor and the InvIT.
- xi. Framework for offering unit based employee benefit scheme by a manager of a REIT and an investment manager of an InvIT, has been specified to provide flexibility in employee compensation as well as facilitate alignment of interest with unitholders.
 - xii. In a move to enhance operational efficiency and address concerns of FPIs, SEBI has introduced measures to speed up the availability of sale proceeds for FPIs and allow them to access sale proceeds, either for repatriation or for reinvestment, on the settlement day (T+1) itself.
- C. Facilitating ease of doing business**
- A range of reforms have been implemented during the year to streamline compliance processes, harmonize regulations and reduce compliance burden for regulated entities.
- i. Facilitating ease of doing business for listed entities, single filing system and integrated filing report have been introduced to minimize the number of filings done on a periodic basis.
 - ii. Provisions of ICDR and LODR Regulations with respect to thresholds for identification of material subsidiary, disclosures related to material litigation, material agreements have been harmonized.
 - iii. With a view to facilitate ease of doing business for listed entities and their value chain partners with regard to requirements under BRSR on environmental, social and governance (ESG) disclosures, filing ESG disclosures for value chain has been made voluntary and the scope of value chain has been reduced.
 - iv. In order to simplify, ease and reduce the requirements of compliance for investment advisers (IAs) and research analysts (RAs) as well as bring in regulatory changes commensurate with the continually evolving nature of their businesses, a revised regulatory framework has been issued for IAs and RAs.
 - v. Automatic imposition of financial disincentive on the managing director and chief technical officer of MIIIs in case of technical glitch, has been dispensed with.
 - vi. In order to facilitate ease of doing business and deepen the commodity derivatives market, the criteria on retention/gestation period was done away with, leaving the decision to launch commodity futures contracts to the stock exchanges.
 - vii. In order to enable faster access of funds to issuers and faster availability of securities to investors, timelines for listing in case of public issue of debt securities and NCRPS have been reduced from T+6 to T+3 working days.
 - viii. With an objective to facilitate ease of doing business for mutual funds, the regulatory framework relating to 'alignment of interest of the designated employees of the AMCs with the interest of the unitholders' has been relaxed.
 - ix. With an objective to facilitate ease of on-boarding for FPIs, registration process for certain category of FPIs has been simplified. A dedicated FPI Outreach Cell has been launched with focus on direct engagement with FPIs and to support them in accessing the

- Indian securities market seamlessly.
- x. Providing flexibility to AIFs and their investors to deal with unliquidated investments of their schemes beyond expiry of tenure, SEBI allowed AIFs to continue to hold such investments in the same scheme of the AIF and enter into a dissolution period, obviating the need to launch a new scheme (viz. liquidation scheme).
- xi. Category I and II AIFs have been allowed to create an encumbrance on the equity of its investee companies in infrastructure sector to facilitate raising of debt/loan by such investee companies.

D. Empowering investors

Several investor-centric measures have been undertaken to empower investors, enhance transparency and elevate financial literacy. These initiatives sought to build investor confidence and ensure informed participation across all segments of the market.

- i. In order to provide investors with a bird's eye view of their securities related information across stock brokers and depository participants and to serve as a one-stop solution for investor needs, a unified investor app has been launched.
- ii. In order to provide investors with independent verification of the risk and return metrics claims of IAs, RAs and algorithmic trading providers, the Board has approved the proposal to recognise a "Past Risk and Return Verification Agency (PaRRVA)" for risk-return performance verification.
- iii. In order to address the concerns related to certain unregulated entities/ persons including finfluencers inducing investors to deal in securities based on inappropriate claims, regulated entities have

been barred from associating with unregulated entities who provide advice or recommendation or makes any implicit or explicit claim of return or performance.

- iv. To address the issue of virtual trading services or fantasy games based on movement of real time share prices of listed companies, norms related to sharing of real time price data with third parties have been prescribed. Further, an advisory has been issued for the investors to not engage with unauthorized virtual trading/gaming platforms.
- v. To promote financial inclusion and to inculcate the habit of investing amongst investors, Association of Mutual Funds in India (AMFI), in consultation with SEBI, has rolled out Chhoti SIP i.e. SIPs of ₹250.
- vi. Equity oriented mutual fund schemes have been mandated to disclose risk adjusted return in terms of Information Ratio.
- vii. Mutual Fund Investment Tracing and Retrieval Assistant (MITRA) has been launched to provide investors with a searchable database of inactive and unclaimed mutual fund folios at an industry-level, helping in reduction of the unclaimed folios.
- viii. Harnessing digital public infrastructure, SEBI has enabled the investors to fetch and store their mutual fund and demat holding statements and provide nominees through DigiLocker.
- ix. SEBI has revised nomination norms for demat accounts and mutual fund folios to prevent the generation of unclaimed assets in the securities market.

SEBI in co-ordination with MIIs carry out investor education and awareness

programmes across different parts of country. During 2024-25, a total of 50,789 programmes were conducted free of cost, in various regional languages besides Hindi and English. During the year, SEBI came up with several new initiatives for increasing awareness among investors.

To safeguard investors from fraudulent schemes and misleading financial advice, SEBI launched a digital investor awareness campaign on investment scams, collaborating with MIIs. The campaign strategically leverages social media platforms to educate the investors about common scams in the securities market and promote informed decision-making. Innovative outreach efforts included an augmented reality filter game for avoiding a scam on Instagram, the multilingual 'Slam the Scam' rap song, and an 'Audio Stories' series. A targeted campaign on nomination awareness was conducted by the depositories, to reduce unclaimed assets in the securities market and to facilitate smooth transmission process.

1.2.2 Market supervision

SEBI, in accordance with its mandate of regulation of markets, carries out supervision of MIIs and the regulated entities to ensure compliance with applicable laws and regulations. During 2024-25, comprehensive inspections of all the MIIs were carried out by SEBI to assess their compliance with the relevant regulations/guidelines and improve the systems and procedures of the MIIs. SEBI also conducted off-site supervision by way of analysis of various automation alerts, minutes of meetings, reports, filings submitted by the MIIs. In addition, focused inspections of the surveillance functions of BSE, NSE, CDSL and NSDL were undertaken, with an objective to improve the surveillance systems and procedures at the exchanges and depositories.

SEBI follows a risk-based inspection policy for inspection of mutual funds based on various risk parameters, such as liquidity risk, credit risk, financial risk, market risk, technological risk, operation risk, etc. and impact parameters, such as AUM of the mutual fund, retail AUM, etc. During 2024-25, inspection of 24 mutual funds and their respective RTA operations and inspection of 13 portfolio managers were initiated. In addition to onsite and thematic inspections, offsite inspections of all mutual funds are conducted through algorithm based alert generation.

During the year, offsite inspection alerts were developed for monitoring of stock brokers (SBs), depository participants (DPs), IAs and RTAs as a part of continuous supervision. Inspections of 312 SBs and 90 depository participants were conducted. Further, inspections were conducted for 51 merchant bankers, 56 RTAs, 207 IAs, 149 RAs, eight credit rating agencies, 11 debenture trustees, seven each of designated depository participants and custodians, three KYC registration agencies, 16 AIFs, two venture capital funds, five REITs and 17 InvITs, two ESG Ratings Providers and one depository to examine into their functioning, compliance level in terms of their systems, procedures, operations and safeguards, maintenance of books of accounts, records, grievance-handling mechanism and compliance with regulations.

1.2.3 Technology at SEBI

Leveraging technology to carry out effective regulation and supervision of securities market ecosystem has been one of the SEBI's thrust areas. Towards this endeavor, SEBI has undertaken various projects to integrate advanced technologies like Artificial Intelligence / Machine Learning (AI/ML), Natural Language Processing into its supervisory processes.

A generative AI tool, SEBI's Intelligent Gen-AI tool for Multi-Faceted Analytics (SIGMA) has

been built in-house using various open-source large language models, with data privacy at its core. The tool is deployed in assisting officials in a wide range of tasks including document analysis and bulk summarizing. Among other things, the tool is being used for processing of private placement memorandum. During the year, SEBI Analytics Portal has been developed in-house to cater to the complex analytical needs for surveillance and investigation. This portal consists of applications like InfoMerge to streamline and automate the processing of investigations. A new E-Adjudication portal has been introduced to digitize and streamline the adjudication process. A web-based portal, Integrated SEBI Portal for Technical Glitches (iSPOT) has been designed to streamline the reporting of technical glitches by MIs.

1.2.4 Market surveillance

To strengthen its surveillance and investigation capabilities, SEBI set up a lab during 2023-24 with cutting-edge technologies. During 2024-25, SEBI has added multiple new data sources and new data analytics tools in the lab. These tools have significantly streamlined data analysis, reduced time and manual effort, and improved accuracy in identifying connections among entities involved in violation of securities market laws. In order to combat market abuse, a Market Intelligence portal has been developed for market participants to provide market intelligence inputs pertaining to market abuse. The portal has been operational from May 2024.

Major surveillance measures during 2024-25 are:

- i. The scope of expression 'connected person' has been rationalized and the definition of 'relative' has been introduced to cover categories of persons who would be in a position to access unpublished price sensitive information (UPSI) by virtue of their proximity and close relationship with 'connected persons'.

- ii. The scope of information deemed price-sensitive has been broadened by including additional events under the definition of UPSI.
- iii. Framework of financial disincentive for surveillance lapses at MIs has been implemented to take timely administrative action in case of lapses that do not involve any subjective discretionary deviations or value judgements, obviating the need for initiating any enforcement action and quasi-judicial proceedings in such cases.
- iv. Long Term Additional Surveillance Measures framework has been implemented on stocks with derivative contracts. Enhanced Surveillance Measures framework has been extended to stocks listed on mainboard and SME segments with market capitalization of less than ₹1,000 crore. Addressing the abnormal price movement in PSU stocks, the major surveillance frameworks have been extended to PSU stocks.
- v. In respect of stocks with high price volatility, display of certain additional category of alert messages has been mandated for mainboard stocks. Further, display of alert messages has been mandated for SME stocks.

In continuation of its efforts to unearth market misconduct, SEBI conducted search and seizure operations involving 89 entities at 71 locations covering 18 cities across the country during 2024-25.

1.3 LOOKING FORWARD

Nurturing the securities market ecosystem to be future-ready to navigate the dynamic market landscape, SEBI intends to undertake the following initiatives, in harmony with its three-fold mandate of investor protection, market development and regulation, in 2025-26:

1.3.1 Primary markets

A. Mandatory de-materialization of existing securities

To further the progress towards greater dematerialisation of securities, it is proposed that the existing regulatory requirement under Regulation 7(1)(c) of the SEBI ICDR Regulations be expanded by including promoter group, selling shareholders, directors, key managerial persons (KMPs), senior management, qualified institutional buyers (QIBs), current employees and shareholders having special rights.

B. Review of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

SEBI has formed a committee on review of Takeover Regulations, which has been, *inter-alia*, tasked to review the current Takeover Regulations in light of past judicial pronouncements and also to simplify and strengthen the extant regulations by benchmarking global practices.

C. Demystifying draft offer documents

Offer documents are typically large in size and contain a lot of detailed disclosures on several aspects of an issuer company. There is a general perception that preparing an offer document is a difficult process and the information to be provided is immense and repetitive. Further, schedule VI of the SEBI ICDR Regulations that specifies the disclosures to be made in offer documents (applicable to public and rights issues) has seven parts was notified in 2018. While certain rationalization was done in the SEBI ICDR Regulations, disclosure requirements have been increasing since then. Therefore, it is proposed to simplify the offer document preparation process by designing a template-based approach for relevant

sections of an offer document.

1.3.2 Corporate bond markets

A. Provisions pertaining to Electronic Book Provider Platform and Request for Quote Platform are proposed to be reviewed.

B. SEBI may bring certain policy changes with respect to SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015.

1.3.3 Secondary markets

A. Treatment of unclaimed funds and securities

In order to ensure that unclaimed funds and securities of clients lying with the trading members (TMs) are returned to the respective clients in a timely and efficient manner, it is proposed to have a detailed procedure for treatment of unclaimed funds and securities of clients lying with the TMs and the steps to be taken in case the client is not traceable despite the best efforts of the TMs.

B. Review of margining framework under margin trading funding (MTF)

In order to rationalise the applicable risk management framework of the clearing corporations, a comprehensive review exercise is being undertaken with respect to currently applicable margining framework. Along with the same, a review of MTF and the scrips eligible under MTF is also under consideration.

C. Allowing FPIs in non-cash settled commodity derivative contracts

Framework for participation of FPIs in cash-settled non-agri commodity derivatives and their indices was laid down in September 2022. Since then, FPI participation in commodity derivatives has grown in terms

of number of participants and trading turnover. Considering the same, with a view to facilitate ease of doing business as well as to enhance participation of FPIs, SEBI would be reviewing the existing framework and exploring the alternatives to allow FPIs in non-cash settled non-agricultural commodity derivative contracts.

1.3.4 Market intermediaries

A. Review of regulatory frameworks

During 2025-26, review of the following regulations or frameworks are proposed to be undertaken:

- i. Review of SEBI (Stock Brokers) Regulations, 1992 and SEBI (Depositories & Participants) Regulations, 2018 in order to simplify, ease and reduce cost of compliance, while balancing the need for investor protection, thereby facilitating ease of doing business.
- ii. Review of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- iii. Review of parameters for designating a stock broker as qualified stock broker.

B. Technology initiatives

The following technology initiatives are in pipeline or proposed to be undertaken in 2025-26:

- i. For strengthening the business continuity plan of brokers in case of crisis, it is proposed that stock brokers shift their business operations from their primary data centre to disaster recovery (DR) site during mock trading. Further, it is proposed that stock brokers will synchronise their DR drill with that of stock exchanges for better preparedness during crisis situation.
- ii. Comprehensive framework for

software vendors providing services to the stock brokers is proposed, to put in place a mechanism to address the technology based outsourcing risk. The framework would emphasize on the due diligence by vendors, provisions for enhanced supervision, de-empanelment, audit requirements, the soundness of their systems and software provided by them to the stock brokers.

- iii. A system is being developed for online monitoring of system audit of stock brokers.
- iv. Identification of trading terminals for protection against unauthorized trades and misuse of trading terminals.
- v. To address unauthorized trades in client's trading account, a sim binding project entailing "One sim One device One client" is proposed.
- vi. SEBI E-Drive for sharing of inspection data and offsite inspection alerts with stock brokers and depository participants through cloud.

1.3.5 Mutual funds

A. Review of activities of AMCs

Regulation 24 (b) of the SEBI (Mutual Funds) Regulations, 1996 provides for the activities which can be undertaken by AMCs or their subsidiaries. Based on the feedback received from the mutual funds industry including the AMFI, SEBI is in the process of reviewing the restrictions presently prescribed under the extant regulatory framework for AMCs.

B. Review of valuation framework of gold and silver in cases of mutual fund schemes investing in gold and silver

It is proposed to review the guidelines for valuation of gold or silver held by a gold or silver ETF respectively, which presently

refer to the price fixed by London Bullion Market Association (LBMA).

C. Review of guidelines applicable to mutual funds for investments in REITs/ InvITs

The classification of REITs / InvITs as hybrid instruments is proposed to be reviewed, in light of representations from various stakeholders, certain equity like features of the instruments, the development of market ecosystem for such product over the last decade and global practices.

D. Further development of specialized investment funds

The existing framework for SIFs permits AMCs to offer a limited set of investment strategies across equity, debt and hybrid categories. SEBI will consider expanding the categories of permissible investment strategies under SIFs, as part of the continuing evolution of this product.

E. Comprehensive review of Mutual Fund Regulations, 1996

A review of the regulatory framework for mutual funds is proposed to be undertaken, to ensure that the regulations remain effective, adaptable and aligned with the evolving market landscape.

1.3.6 Alternative investment funds

A. Review of angel funds regulatory framework

Angel funds play a pivotal role in channelizing capital of angel investors to start-ups in need of capital. There is a need to review regulatory framework for angel funds with respect to their fundraising processes, investment conditions, operational aspects etc., with the objective of facilitating ease of doing business and streamlining the regulatory mandates.

B. Accredited investor-only regime for AIFs

Given the high-risk nature, it may be imperative that the regulatory framework for AIF facilitate ease of doing business with necessary yet minimal compliance requirement. In this direction, it is being reviewed that whether only the accredited investors are allowed to invest in AIFs, with a regulatory light framework, shifting regulatory focus from investor protection to systemic stability.

C. Comprehensive review of AIF Regulations

SEBI (AIF) Regulations provide the regulatory framework for AIFs in India, focussing on investor protection, disclosure standards and responsible fund management. With the objective of optimal regulations without compromising on the risk based supervision and oversight of AIFs, an exercise to identify scope for simplification of the regulatory framework is being undertaken.

1.3.7 Foreign portfolio investors

A. Single window automatic and generalised access from trusted foreign investors (SWAGAT-FIs) framework

To further ease regulatory provisions for on-boarding and ongoing compliance for an identified category of low risk FPIs such as Sovereign Wealth Funds (SWFs) and appropriately regulated Public Retail Funds with demonstrable diversified investor and investment base with independent fund managers, SEBI is envisaging 'SWAGAT-FI' framework. Under this framework, specified FPIs may be permitted to invest under multiple routes under FEMA with minimal and single window onboarding/KYC requirements.

B. Relaxation in regulatory compliances for FPI applicants investing only in Indian Government bonds

To achieve ease of doing business while also optimizing regulations through a risk-based framework, it is proposed to relax extant compliance requirements for existing and prospective FPIs that invest only in Indian Government Bonds (IGBs).

C. Use of digital signature by FPIs

Use of Digital Signature by FPIs can substantially reduce timelines for processing of registration applications. FPI Outreach Cell of SEBI is exploring the feasibility of offering digital signature from an Indian licensed certifying authority as a value-added service to FPI applicants based on the documentation submitted as part of the common application form.

D. Comprehensive review of FPI Regulations

SEBI (Foreign Portfolio Investor) Regulations, 2019 govern the entry, operations and compliance requirements for FPIs in India, with a focus on investor protection, market integrity and transparency. With the objective of optimal regulations without compromising on the risk based supervision and oversight of FPIs an exercise to identify scope for simplification of the regulatory framework is being undertaken.

1.3.8 Investor education and grievance redressal

A. Unified investor awareness campaign

Going forward, SEBI will further enhance its efforts to raise investor awareness by collaborating with MIs and other stakeholders in the securities market ecosystem to launch a unified investor awareness campaign. This collaboration will amplify the reach of SEBI's key

messages to investors and promote a culture of responsible investing in the securities market.

B. Investor survey

A nationwide investor survey is being conducted, the findings of which will help shape SEBI's investor education and awareness strategy.

C. The master circular for online dispute resolution (ODR) in the Indian securities market is proposed to be amended.

1.3.9 Technology

With an intent to further enhance its technological and cybersecurity capabilities, and to better serve its stakeholders, SEBI intends to undertake various initiatives in the upcoming year as given below:

A. Revamp of SI Portal

SEBI has started the work of revamp of SEBI Intermediaries Portal (SI Portal), with a focus on optimizing the on-boarding process, aiming to on-board new intermediaries within a month, enhancing development efficiency and user experience. The portal is being redesigned using a modular architecture, to enable seamless integration of independent portlets to form a complete system.

B. Revamp of SEBI investor website & SEBI website

Revamp of both SEBI investor website & SEBI website is being undertaken to improve:

- i. Outreach of these websites by providing multi-lingual content;
- ii. Website design and layout as per the present industry trends;
- iii. Ranking of these websites using search engine optimisation.

C. Cyber Security related initiatives

i. Module for monitoring compliance with cyber security framework

SEBI is in the process of developing a generic reporting platform for SEBI regulated entities for compliance reporting with respect to extant cyber security framework. The said platform will be deployed as a module on the existing SI Portal.

ii. Cyber security and information technology examinations

In order to strengthen risk-based supervision in the domain of cyber security, a dedicated function is planned to be set up for conducting cyber security and information technology examinations pertaining to securities market as per the recommendations of Strategic Advisory Committee of the Computer Security Incident Response Team – Finance (CSIRT-Fin).

iii. Cyber security risk supervision framework

Drawing from emerging global supervisory practices, SEBI plans to enhance its oversight by adopting a cyber-risk based supervision approach that includes cyber-threat mapping, promoting sector-wide cyber exercises and enhancing sector-wide cyber resilience.

iv. Cyber security skill-set development

SEBI has taken a proactive initiative to conduct comprehensive sector specific cyber security training in collaboration with NISM. The curriculum designed as part of this initiative shall broadly cover diverse areas such as threat intelligence,

risk assessment, VAPT, incidence response and recovery, cloud security and cyber law etc. Further, collaboration is also proposed with Centre for Development of Advanced Computing, Rashtriya Raksha University, IIT Mumbai and IIT Kanpur to provide structured programs to build a skilled cyber security workforce through foundational to advance level trainings.

v. Next generation security operations center (NG-SOC)

To strengthen the existing cyber security infrastructure at SEBI, refresh of the existing technology stack at Security Operations Centre is envisaged through commencement of NG-SOC project. The major enhancements envisaged in this project include:

a. Enhanced threat detection: While traditional security information and event management tools (SIEMs) rely only on correlation rules for threat detection, the next generation SIEMs employ artificial intelligence, machine learning and behavioural analytics also to analyze vast amounts of logs/data, identify patterns/behaviours and detect anomalies with greater precision.

b. Automation of triage, investigation and incident management: The NG-SOC solution with integration capabilities with multiple security solutions automate the triaging, investigation and remediation measures, thereby ensuring that SOC

- analysts work on more productive jobs.
- c. Threat intelligence and threat hunting: The NG-SOC solutions integrate with multiple threat intelligence sources and use the intelligence to build proactive threat-hunting use cases to complement the automated detection.
 - d. Ready to integrate with Cloud and IoT: The solution is proposed to have the capability to extend the monitoring activity for SEBI's cloud & IoT assets in future.

Chapter 2: REVIEW OF FINANCIAL MARKETS

This Chapter analyses the economic and investment environment in India and presents their comparison with advanced as well as some peer emerging market economies.

2.1 ECONOMY

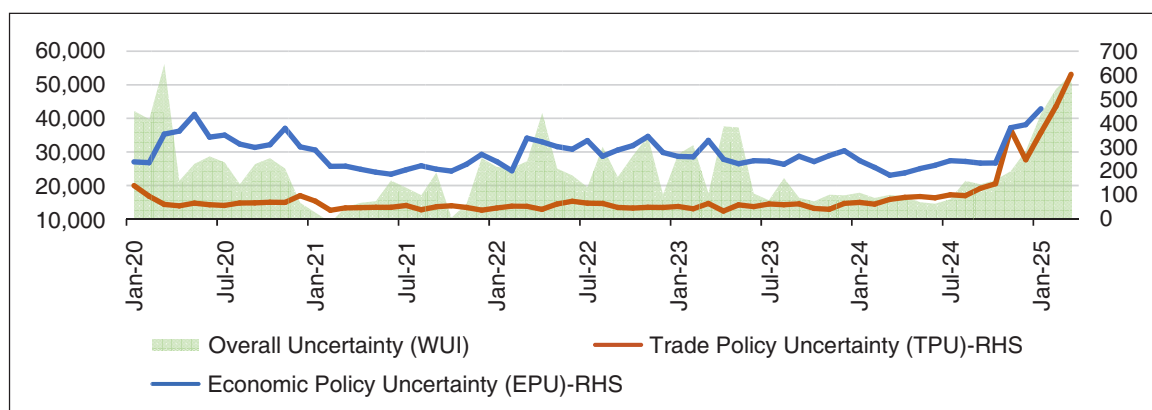
2.1.1 Global

During 2024-25, the global economy demonstrated signs of stabilisation following a prolonged period of exceptional disruptions. Major countries experienced recovery in economic activity although their growth trajectories varied. The moderation in inflation levels prompted central banks to reverse the policy rate hike course during the year. The year was also marked by elections in over half of the world's nations. Notably, the outcome

of the United States elections emerged as a critical inflection point due to substantial shifts in its policy direction. As of March 2025, the global economic landscape remained complex, with escalating trade uncertainties, elevated levels of government borrowing and diminishing economic prospects.

In its April 2025 World Economic Outlook, the International Monetary Fund (IMF) revised the global growth forecast for 2025 to 2.8 per cent, a downward adjustment of 70 basis points from its January 2025 projection. As a result, the global uncertainty indices, encompassing both trade and economic policy uncertainties, has surged to levels surpassing those observed during the pandemic, reaching unprecedented highs since January 2025 (**Chart 2.1**).

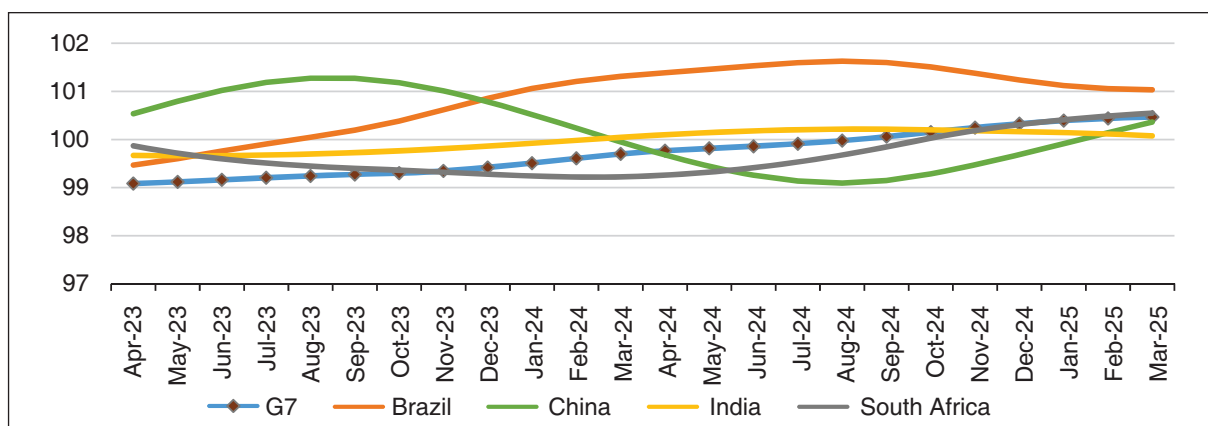
Chart 2.1: Trends in Global Uncertainty Index



Note: The uncertainty measures are news and media-outlets-based indices that quantify media attention to global news related to overall uncertainty (WUI), economic policy uncertainty (EPU), and trade policy uncertainty (TPU).

Source: IMF

Chart 2.2: Composite Leading Indicator



Note: The composite leading indicator (CLI) is designed to provide early signals of turning points in business cycles showing fluctuation of the economic activity around its long term potential level. CLI shows short-term economic movements in qualitative rather than quantitative terms.

Source: OECD

OECD's Composite Leading Indicator (Chart 2.2) for G-7 countries which remained below 100 for most of 2023-24, showed signs of revival during the Q:2 and Q:3 of 2024-25. Among BRICS Nations (except Russia), trends have diverged. India, however, has maintained a steady path of revival throughout 2024-25, supported by conducive domestic conditions.

2.1.2 India

The Indian economy maintained steady growth trajectory in 2024-25, despite the slowdown in second quarter, supported by a strong rebound in agricultural activity and a resilient services sector. A healthy revival in consumption, along with the government's continued emphasis on capital expenditure, reinforced the positive growth outlook. The growth momentum persisted in the midst of global headwinds and heightened uncertainty in international trade.

According to the provisional estimates released by the National Statistical Office, growth of gross domestic product (GDP) for 2024-25 is projected at 6.5 per cent. This is underpinned by a robust 12.0 per cent expansion in aggregate demand, as reflected in private final consumption expenditure (PFCE) at current

prices. Consequently, PFCE as a proportion of GDP is estimated at 61.4 per cent. However, investment activity saw a relative slowdown, with gross fixed capital formation growing by 6.4 per cent in 2024-25, down from 12.6 per cent in the previous fiscal year. This deceleration is attributed to subdued industrial growth, particularly within the manufacturing and construction sectors, due to persistent global trade challenges. Export performance demonstrated a strong recovery, registering a growth rate of 8.3 per cent in 2024-25, compared to 3.3 per cent in 2023-24. On the supply side, gross value added at constant prices is estimated to expand by 6.4 per cent in 2024-25, a moderation from 8.6 per cent in the previous year, driven by robust growth in agriculture and services but tempered by weakness in manufacturing.

Headline inflation, as measured by the consumer price index (CPI), exhibited signs of long-term easing, largely driven by a sustained decline in food prices. Average CPI inflation stood at 4.6 per cent in 2024-25, down from 5.4 per cent in 2023-24. The combined effect of moderating food prices and declining crude oil costs led to a significant reduction in year-on-year CPI inflation, which fell to 3.3 per cent in

March 2025, its lowest level since August 2019. Receding inflation opened up policy space for RBI to reduce the policy rate by 25 bps in February 2025.

2.1.3 Outlook

In the midst of geo-economic fragmentation and prevailing trade policy uncertainties, global growth prospects have been revised downward. Growth is projected at 2.8 per cent in 2025, a reduction of 0.5 percentage points from earlier estimates (**Table 2.1**). The medium-term outlook remains subdued, constrained by a multitude of challenges, including trade disruptions, weakened consumer demand and persistent global headwinds, compounded by lack of substantial momentum. Advanced economies are expected to pursue fiscal tightening in response to escalating public debt levels. In contrast, emerging markets may experience widening of primary fiscal deficits, with an average increase of 0.3 percentage points in 2025, as governments continue to implement supportive measures to stimulate economic activity amidst prevailing uncertainties.

Amid these uncertainties, India's economic outlook looks relatively more stable, despite downward revision in growth forecasts. IMF has estimated India's real GDP growth at 6.2 per cent in 2025, while RBI has projected a growth of 6.5 per cent for 2025-26. Easing inflation, revival in private consumption, government's continued thrust in capital expenditure, resilience of service sector and healthy corporate and bank balance sheets are expected to augur well for domestic growth momentum. The adherence to fiscal consolidation path and well

co-ordinated fiscal and monetary policy are positive for growth-inflation outlook and capital flows.

Table 2.1: Global Macro Economic Trends (per cent)

Parameter/ Countries	2023	2024	2025*
Real GDP Growth (Y-o-Y)			
World	3.5	3.3	2.8
G7	1.9	1.7	1.2
Brazil	3.2	3.4	2.0
China	5.4	5.0	4.0
India	9.2	6.5	6.2
Russia	4.1	4.1	1.5
South Africa	0.7	0.6	1.0
Gross National Savings as per cent of GDP			
World	26.5	26.4	26.0
G7	20.1	20.1	19.9
Brazil	14.5	14.1	14.5
China	42.6	42.7	42.4
India	32.6	32.6	32.4
Russia	29.4	30.0	30.5
South Africa	13.9	13.3	12.1
Gross Capital Formation as per cent of GDP			
World	26.4	26.1	25.9
G7	22.0	22.0	21.6
Brazil	15.8	16.9	16.8
China	41.1	40.4	40.5
India	33.4	33.4	33.4
Russia	27.0	27.1	28.6
South Africa	15.5	13.9	13.4

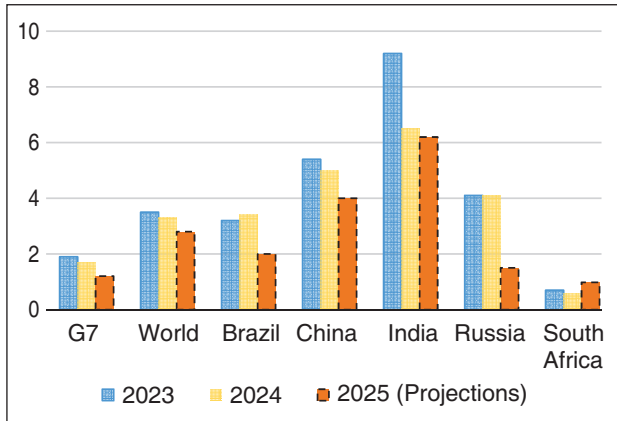
Notes:

- *The figures for year 2025 are projections based on IMF staff estimates
- For India, data and forecasts are presented on a fiscal year basis viz. 2024-25 shown in 2024 column

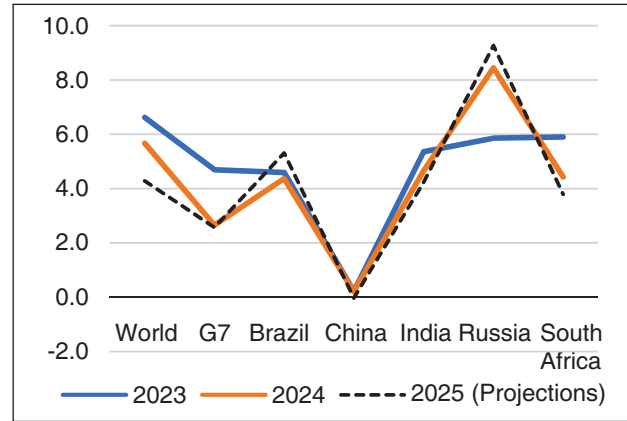
Source: World Economic Outlook, April 2025, IMF

Chart 2.3: Select Economic Indicators - India vis-à-vis Peer Countries and Advanced Economies

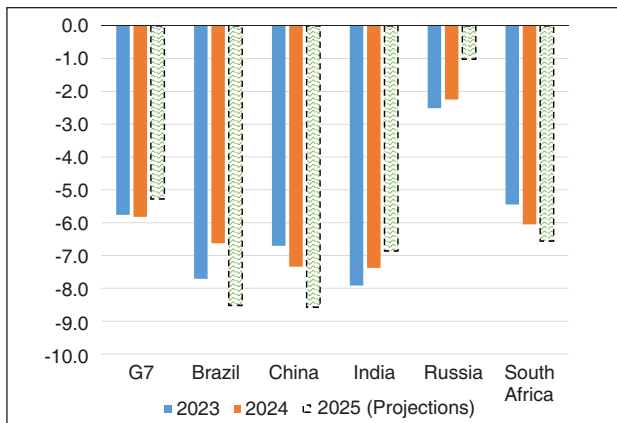
a. Growth Rate (Y-o-Y)



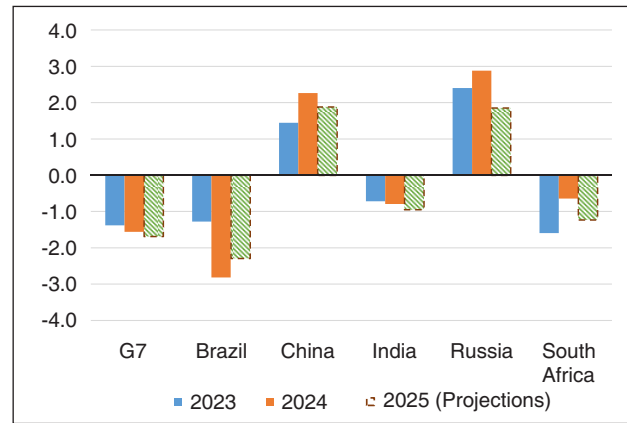
b. Inflation (Y-o-Y)



c. General Government Net Lending/Borrowing (as per cent of GDP)



d. Current Account Balance (as per cent of GDP)



Source: World Economic Outlook, April 2025, IMF

2.2 SECURITIES MARKET

The first half of 2024-25 witnessed robust rally in equity markets and relatively stable movement in bond yields, supported by monetary easing measures by major central banks and buoyant asset prices. However, the second half of the year was marked by episodes of market turbulence. The initial disruption occurred in August following the Bank of Japan’s decision to raise policy rates, which led to the unwinding of yen carry trades and triggered a sharp, albeit short-lived, market reaction. A more sustained downturn in equity markets

emerged in February 2025, precipitated by the United States’ announcement of new trade tariffs.

Against this backdrop, IMF’s Global Financial Stability Report, April 2025, highlights that risks to financial stability remain elevated and may lead to corrections in asset prices and tighter financial conditions. Furthermore, adverse financial market reactions could be exacerbated if corporate earnings fail to meet expectations, particularly in response to abrupt and significant policy shifts.

2.2.1 Equity market

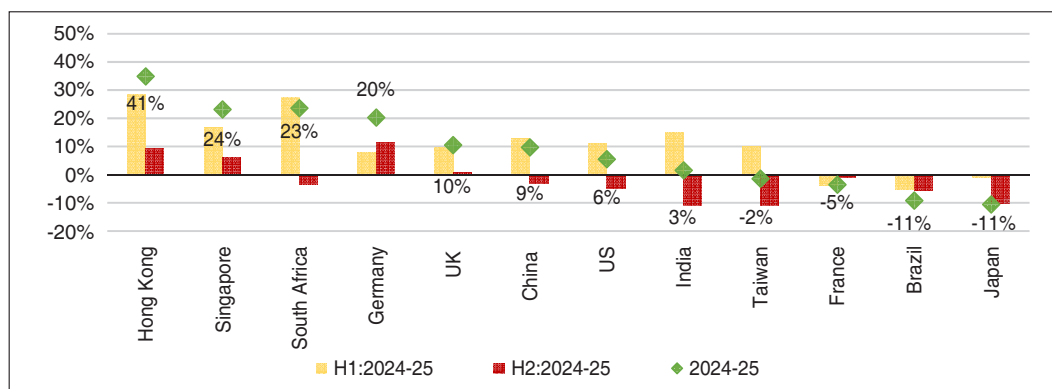
Global equity markets demonstrated resilience during 2024-25 despite heightened policy uncertainties. The first half of the year (H1: 2024-25) was marked by buoyant market conditions, with MSCI World and MSCI EM recording gains of eight per cent and 12 per cent during H1:2024-25, respectively, despite a short bout of sell-off due to unwinding of yen carry trade during August 2024.

However, much of these gains were reversed in the second half of the year due to rising uncertainties surrounding global trade tariffs and as growing "risk-off" sentiment permeated global markets. In India, Nifty 50 outperformed MSCI EM index during the H1: 2024-25. Nonetheless, the momentum was eroded in the latter half as a sustained phase of selling

by foreign portfolio investors (FPIs) began from October 2024 onwards, compounded by depreciation of the Indian rupee against the US dollar.

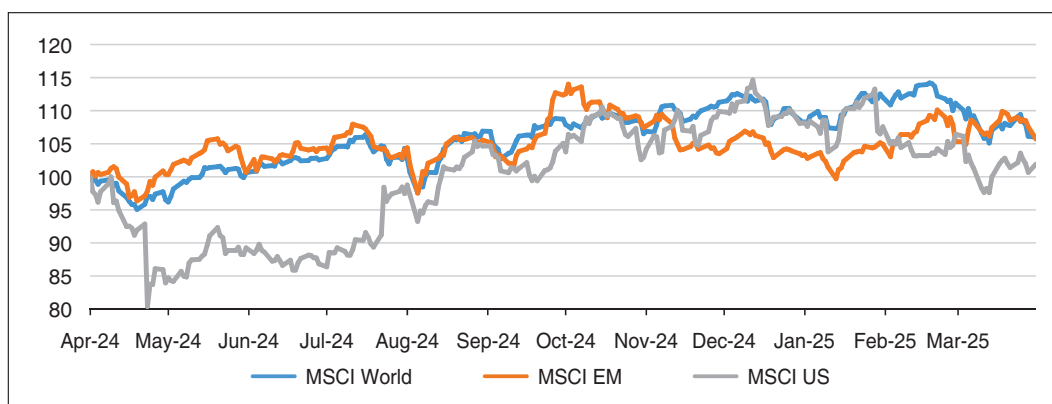
Among major global indices, Hong Kong's Hang Seng index recorded the highest gains in 2024-25, surging by 41 per cent (**Chart 2.4**). This performance was underpinned by a rally in Chinese technology stocks and economic stimulus measures. In contrast, Japanese equity markets declined by 11 per cent though markets staged a significant recovery later in the year as the effects of the Bank of Japan's historic rate hike gradually dissipated. European equity markets also witnessed revival in capital inflows, supported by domestic fiscal stimulus measures and planned investments in infrastructure and defence, particularly in Germany.

Chart 2.4: Returns across Major Markets in US Dollar terms (per cent)



Source: Bloomberg

Chart 2.5: Trends in MSCI Indices

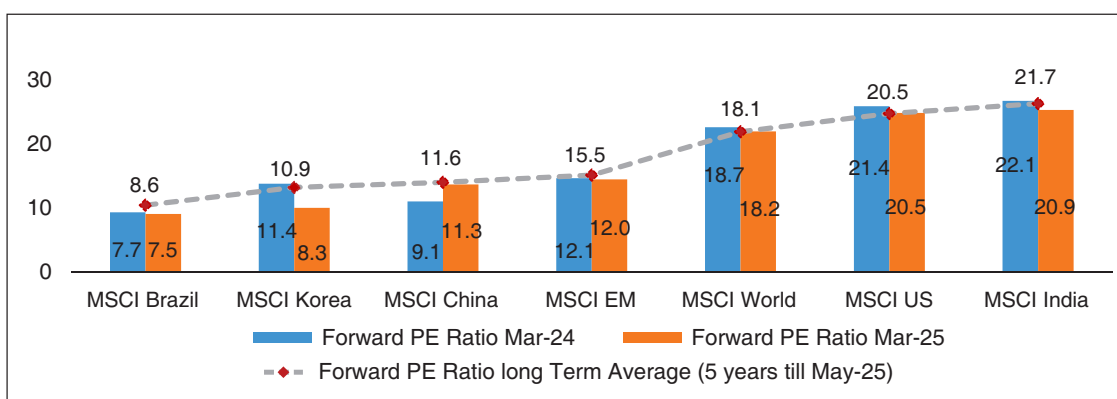


Source: Bloomberg

Following the recent market corrections, forward price-to-earnings (P/E) ratios have moderated across major economies compared to the previous year (**Chart 2.6**). However, equities in India and the United States continued to trade at a premium relative to other markets, supported

by strong economic growth prospects. Going forward, ongoing uncertainty regarding trade tariffs and elevated geopolitical risks may exert downward pressure on short-term corporate earnings.

Chart 2.6: Trends in Forward PE Ratios of MSCI Indices



Source: MSCI Factsheets

2.2.2 Debt market

Sovereign Government bond yields, especially long term, have largely gyrated in line with the economic outlook and the monetary policy expectations within respective jurisdictions. In advanced economies, bond yields have generally firmed since October 2024, driven by persistent inflationary pressures and the postponement of anticipated policy rate cuts. Conversely, most emerging markets, excluding Brazil, have witnessed relatively stable yield movements throughout 2024-25 (**Table 2.2**).

Looking ahead, yields in advanced economies are expected to soften, supported by an accommodative stance from Federal Reserve and the European Central Bank, and on expectation of further interest rate reductions. Nonetheless, a potential tightening of financial conditions in the United States, coupled with elevated market volatility, could pose risks of spill over effects, raising sovereign borrowing costs and exacerbating financial vulnerabilities across emerging and developing economies.

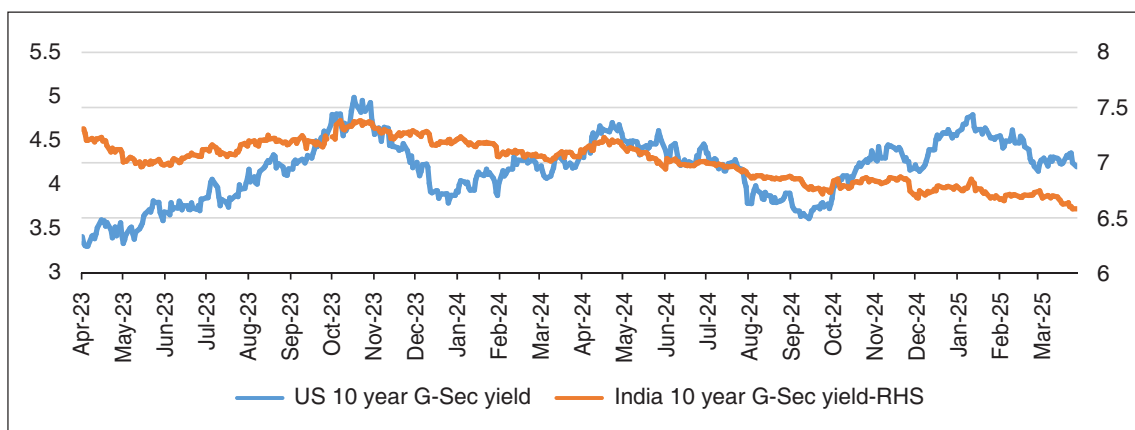
Table 2.2: 10-Year Government Bond Yields across Major Markets

Country	Yield as on		Average yield during 2024-25			
	March 31, 2025	March 31, 2024	Q1	Q2	Q3	Q4
Select G7 Countries						
Germany	2.7	2.3	2.5	2.3	2.3	2.6
Japan	1.5	0.7	0.9	0.9	1.0	1.4
UK	4.7	3.9	4.2	4.0	4.3	4.6
US	4.2	4.2	4.4	3.9	4.3	4.4
BRICS*						
Brazil	15.1	11.1	11.7	11.9	13.2	14.9
China	1.8	2.3	2.3	2.2	2.0	1.7
India	6.6	7.1	7.1	6.9	6.8	6.7
South Africa	10.6	12.3	12.0	10.7	10.4	10.5

*10Y yields for Russia is not available.

Source: Bloomberg

Chart 2.7: Trends in Movements of Sovereign Yields of US and India

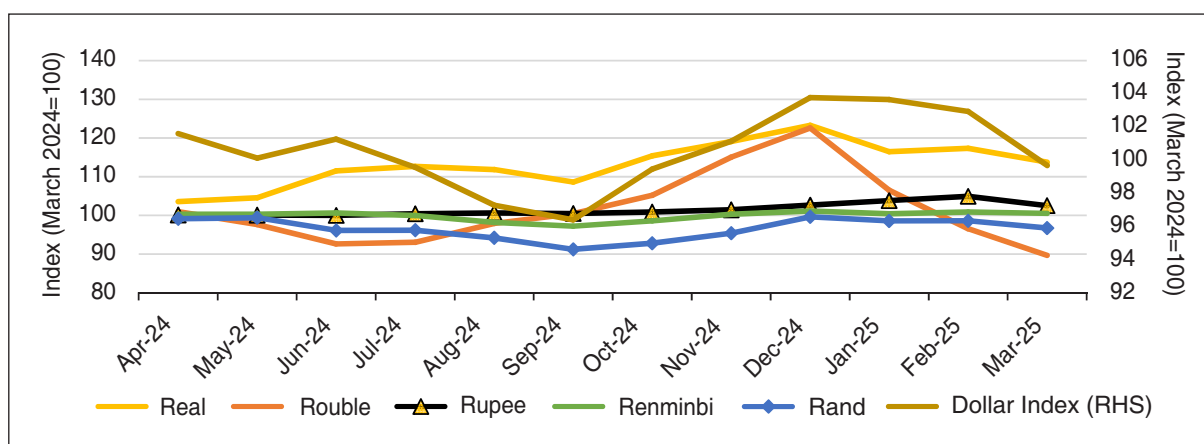


Source: Bloomberg

In India, the 10-year government bond yield exhibited a general softening trend through most of 2024-25. However, during October 2024 to January 2025, yields briefly firmed in response to rising US benchmark yields and escalated trade tensions. Despite these pressures, favourable domestic factors, including improved inflation outlook, robust economic growth prospects and lower-than-expected government borrowing programme have contributed to anchoring yields within a narrow band of 6.6 to 6.7 per cent in Q4:2024-25 (Chart 2.7).

In the foreign exchange market, the US Dollar experienced heightened volatility. The Dollar index peaked at a two-year high in January 2025, before declining by over four per cent during February-March 2025 following the announcement of US tariffs. The INR/USD rate traded within the range of ₹83-84 during the first half of 2024-25, before showing a depreciating trend, particularly in February 2025. This was driven by broad-based dollar strength and significant FPI outflows from Indian markets (Chart 2.8).

Chart 2.8: Trends in Movements of EM Currencies and Dollar Index



Note: Real (Brazil), Rouble (Russia), Renminbi (China) and Rand (South Africa)

Source: Refinitiv

2.2.3 Fund flows

Following a year of record inflows, FPIs withdrew a net amount of ₹1.27 trillion from the Indian equity segment during 2024-25. This marks the second-largest annual equity outflow on record, surpassed only by the withdrawals in 2021-22. The reversal in FPI sentiment was driven by escalating global uncertainties, including rising reciprocal trade tensions, elevated U.S. bond yields and a weakening corporate earnings outlook, all of which adversely affected investor confidence.

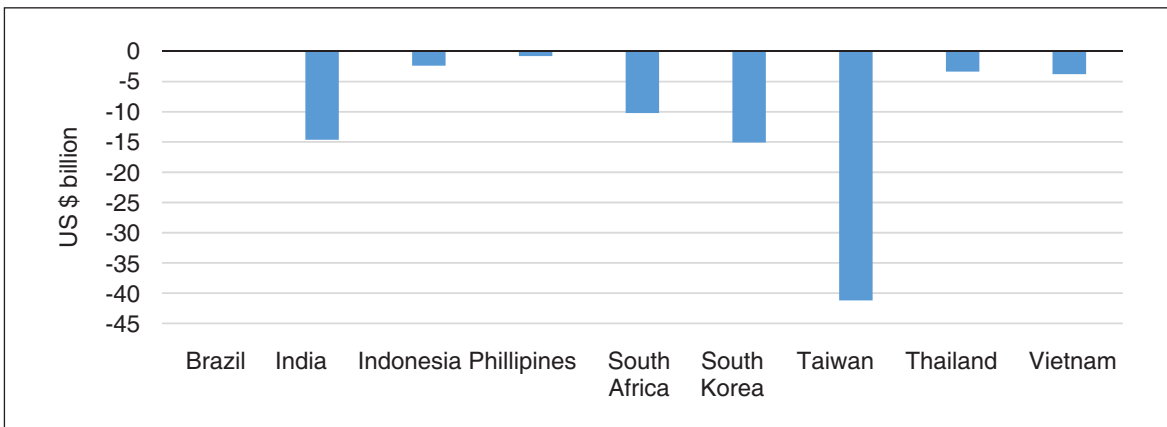
Despite sustained outflows from equities, FPIs remained active in the debt segment, registering robust net inflows of ₹1.4 trillion. This includes investments across conventional debt instruments, the voluntary retention route (VRR) and the fully accessible route (FAR). Approximately ₹0.80 trillion was directed towards FAR-designated securities, reflecting inclusion of Indian government bonds in JP Morgan’s benchmark index from June 2024 and expectation of inclusion in other global indices. The overall net FPI inflows across equity, debt,

and hybrid instruments stood at a modest ₹0.2 trillion in 2024-25, a significant decline from the ₹3.4 trillion recorded in the previous fiscal year.

Domestic institutional investors (DIIs) provided a strong counterbalance to foreign outflows in the equity market. DIIs invested a record ₹6.0 trillion during the fiscal year, with mutual funds accounting for approximately 86 per cent of the total. This trend highlights the growing maturity and resilience of domestic institutions, which continue to play a stabilising role during periods of foreign divestment.

A majority of emerging markets experienced net equity outflows from FPIs, with Taiwan being the most adversely impacted by global headwinds (**Chart 2.9**). As of March 2025, India’s representation in the MSCI Emerging Markets Index rose to 18.5 per cent, up from 17.7 per cent a year earlier. This positions India as the second-largest constituent after China and underscores the enduring structural interest of global investors in Indian equities, despite short-term volatility.

Chart 2.9: Trend in FPI Flows in Equities of Select Emerging Markets in 2024-25



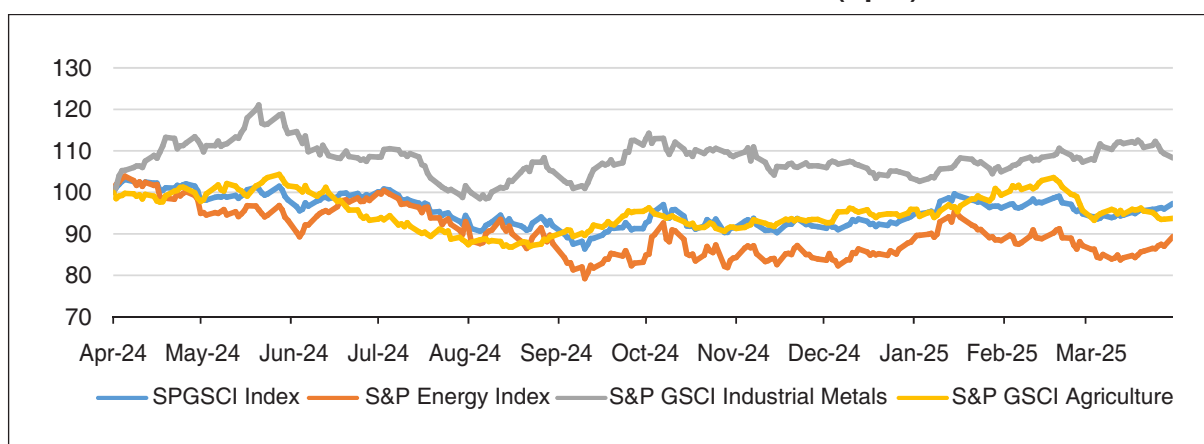
Source: NSDL and Bloomberg

Looking ahead, tighter global financial conditions are expected to continue placing downward pressure on portfolio flows. Investor sentiment remains cautious, with a prevailing risk-off approach toward emerging market assets. Nevertheless, the ongoing reconfiguration of global value chains and the realignment of trade flows are expected to unlock new structural investment opportunities in select emerging economies.

2.3 COMMODITY MARKET

Global commodity markets in 2024-25 recorded significant volatility and a complex interplay of various factors, resulting in divergent price trajectories across different sectors. The trade uncertainty and “trade war” like situation are exerting downward pressure on global commodity demand and prices.

Chart 2.10: Trends in Movement of S&P GSCI (Spot) Indices



Source: Bloomberg

During the first half of 2024-25 (H1:2024-25), the S&P GSCI Composite Commodity Index declined by 8.7 per cent, largely on account of falling energy prices amid weakening global oil demand. In contrast, the industrial metals segment recorded strong performance, with the S&P GSCI Industrial Metal Index rising by 11.4 per cent over the same period. This upward trend was primarily driven by tighter global supply conditions in key base metals such as aluminium and copper, supported by economic stimulus measures in China and a relatively resilient global industrial outlook.

In the second half of the fiscal year (H2:2024-25), rising trade-related uncertainties and a record surge in gold prices pushed the commodity indices higher. The S&P GSCI Composite Commodity Index rose by approximately five per

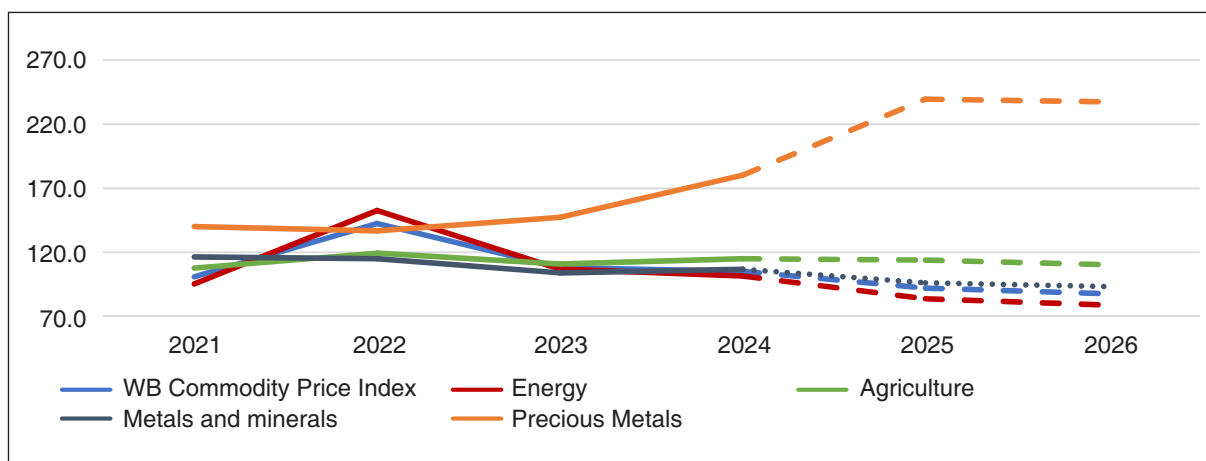
cent during this period. Meanwhile, agricultural commodities continued to exhibit weakness. The S&P GSCI Agriculture Index declined by three per cent in H2:2024-25, reflecting a sustained downtrend in food and edible oil prices. This moderation, which began in October 2024, can be attributed to easing supply constraints and improved harvest prospects across key agricultural regions (**Chart 2.10**).

According to the World Bank’s April 2025 Commodity Markets Outlook, the ongoing uncertainty is making the current decade the most volatile for commodity markets in over 50 years. The global commodity prices are expected to decline by 12 per cent in 2025, followed by a further five per cent reduction in 2026. These trends, adjusted for inflation, would bring prices below the 2015-2019

average, signalling a definitive end to the post-pandemic commodity price boom. A significant contributor to this anticipated decline is energy prices. Crude oil, particularly brent, is projected to average \$64 per barrel in 2025, down from \$81 in 2024, and fall further to \$60 per barrel in 2026. Factors such as ample global supply and weakening demand, driven by growing electric vehicle adoption, improved energy efficiency and the broader economic slowdown stemming from trade-related disruptions may drive the decline.

Prices of metals and minerals are also expected to come under pressure, with a projected decline of 10 per cent in 2025 driven by subdued global industrial activity and weakened demand outlook. Gold prices have surged nearly 26 per cent in 2025 (till April 29th), driven largely by heightened safe-haven demand amid geopolitical uncertainties and increased central bank purchases. Gold is forecasted to average above \$3,000 per troy ounce in 2025, marking an all-time high (**Chart 2.11**).

Chart 2.11: World Bank Commodity Price Index Forecasts



Source: Commodity Markets Outlook Report, April 2025, World Bank Group

Looking ahead, commodity prices face major downside risks, emanating from expectation of weakening economic activity and the potential for larger-than-expected increases in OPEC+ oil production. The risk environment remains tilted to the downside, with prolonged uncertainty in

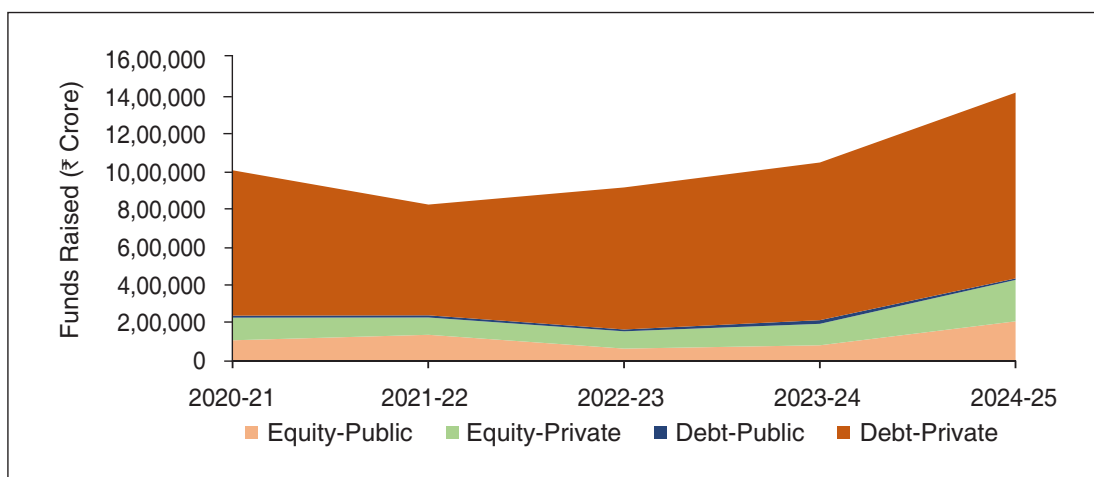
global trade relations likely to further dampen economic momentum. Both crude oil and base metal prices may face additional downward pressure weakening demand, subdued industrial activity and investor caution.

Chapter 3: PRIMARY MARKETS

An efficient primary market is not only a platform for raising capital - it is a public trust mechanism where issuers, investors and intermediaries engage in a transparent and regulated environment. It ensures that capital formation is aligned with investor protection, informed decision making and fair disclosures. A well-functioning primary market channels household savings and institutional capital into productive investments across both equity and debt instruments. SEBI endeavours to enhance

transparency, flexibility and ensure fair access in primary markets - thereby transforming capital formation into a credible and inclusive process. The total resource mobilisation from primary markets (equity and debt) stands at ₹14.2 lakh crore in 2024-25, 35.2 per cent more than 2023-24 (**Chart 3.1**). The following sections detail various policy measures taken by SEBI during 2024-25 for primary markets and the market trends which reflect the robustness of India's primary markets.

Chart 3.1: Trends in Fund Mobilisation through Equity and Debt (₹ crore)



Note: Equity-Public includes IPO, FPO and Rights issue.

Source: BSE and NSE

3.1 EQUITY MARKET

In 2024-25, India's primary equity markets witnessed a historic surge in fund raising. Public equity mobilization (including initial public offers (IPOs), follow-on public offers (FPOs) and rights issues) reached unprecedented levels – about ₹2.1 lakh crore was raised, an increase of 2.5 times from the previous year. This remarkable growth was driven by strong macroeconomic fundamentals and rising retail investor participation, despite challenges such as geo political uncertainties, FPI outflows and domestic market volatility. Notably, according to the EY Global IPO trends 2024 report, India has, for the first time, risen to the number one position globally in terms of IPO volumes. During the year, SEBI continued to fine-tune the regulatory frameworks to sustain capital formation and promote trust in the markets.

A brief of the developmental and regulatory policies taken by SEBI for fostering primary equity markets during 2024-25 is given below:

3.1.1 Policy developments

A. Flexibility in voluntary delisting

In order to facilitate ease of doing business, to protect the interest of investors and to provide flexibility in the voluntary delisting framework, SEBI (Delisting of Equity Shares) Regulations, 2021 has

been amended to bring-in the following measures:

- i. Introduction of a fixed price process as an alternative to reverse book building (RBB) for delisting of companies with frequently traded shares.
- ii. An alternate delisting framework for listed investment holding companies (IHCs) via a scheme of arrangement involving selective capital reduction has been put in place.
- iii. The threshold for making a counter-offer through RBB is reduced from 90 to 75 per cent, provided at least 50 per cent of public shareholding is tendered. Delisting is successful only if acquirer's post-offer shareholding reaches 90 per cent.
- iv. Adjusted book value introduced as an additional parameter to determine the floor price for frequently/infrequently traded shares (excluding PSUs).
- v. Reference date for computing floor price changed from Board approval date to initial public announcement date, aligning with Takeover Regulations.

B. Faster rights issues with flexibility of allotment to specific investors

SEBI has streamlined the rights issue process to enhance speed, flexibility and investor participation (**Box 3.1**).

Box 3.1: Streamlining Rights Issue Framework: Increasing Speed with Flexibility

It was observed that despite apparent benefits associated with the rights issue viz. tradability of rights entitlement, proportional treatment for existing shareholders, the amount raised through rights issues as well as their number, trailed other modes of fund raising like qualified institutional placement (QIP) and preferential allotments.

In this context, to make rights issues a preferred mode vis-à-vis other routes, SEBI undertook a review of the existing rights issue process in consultation with stakeholders under the aegis of Primary Market Advisory Committee. Pursuant to the deliberations, a consultation paper was issued by SEBI for eliciting public comments on various proposals for enabling faster rights issue with flexibility of allotment to selected investors. Following the approval of SEBI Board, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) were amended to

usher in a revamped rights issue process to enable faster rights issue, flexibility of allotment to specific investors and to give an investment opportunity to existing shareholders. The key changes are listed below:

- i. Rights issue to be completed within 23 working days from the Board approval date, significantly faster than current average of 317 days and even faster than a company's preferential allotment (40 working days). This gives existing shareholders a timely opportunity to invest in a company's growth.
- ii. Filing of draft letter of offer with SEBI is discontinued; it will now be filed with stock exchanges for in-principle approval, which will verify compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). Letter of offer content rationalized to include only relevant incremental details like object, price, record date, entitlement ratio etc.
- iii. Merchant banker appointment has been made optional, if the rights issue is completed in 23 working days. Their ancillary roles may be carried out by issuer, registrar and market infrastructure institutions (MIIs). Stock exchanges and depositories to concurrently perform application validation and allotment finalization. An automated system for validation to be developed within six months.
- iv. Promoters are allowed to renounce their rights entitlements to specific investors and the issuer may allot under-subscribed portions to specific investors, with appropriate disclosures via advertisement. Monitoring agency appointment is mandatory for all rights issues, regardless of size, to oversee use of proceeds.
- v. Rights issues with size less than ₹50 crore are now covered under SEBI (ICDR) Regulations, 2018.

C. Facilitating ease of doing business

To facilitate ease of doing business, the provisions of ICDR Regulations and LODR Regulations were harmonised with respect to thresholds for identification of material subsidiary, disclosures related to material litigation, material agreements, qualifications of compliance officer etc.

i. Listed entities under LODR regulations

- a. Single filing system has been introduced in which documents filed on one exchange will be auto-shared with other exchanges.
- b. Integrated Filing Reports (Governance and Financial) were introduced to reduce periodic submissions.
- c. Detailed newspaper advertisements of financial results was made optional.

- d. Additional three months' time was granted for filling Board committee and key managerial persons (KMP) vacancies in listed entities under corporate insolvency resolution process (CIRP).
- e. Relaxation was given in disclosure timelines of material events/information - three hours (instead of 30 minutes) for Board meeting outcomes post-trading hours; 72 hours (instead of 24) for litigations or disputes, subject to maintaining the information in structured digital database; disclosure of tax litigations based on materiality and disclosure of fines/penalties on the basis of new materiality threshold (instead of all fines/penalties, within 24 hours).

ii. Prospective listed entities under ICDR regulations

- a. Combined 'pre-issue' and 'price band' advertisement, with required information has been made accessible via QR code.
- b. Voluntary disclosure of pro-forma financials for acquisitions/divestments funded by issue proceeds was allowed.
- c. Issuers with outstanding stock appreciation rights (SARs) allowed to file draft red herring prospectus (DRHP) where such

SARs are granted to employees only and are fully exercised for equity shares prior to the filing of the red herring prospectus (RHP).

D. Review of SME framework

To strengthen public issues by small and medium enterprises (SME) and to ensure only credible companies access capital markets, several measures were implemented vide amendments to ICDR Regulations and LODR Regulations (**Box 3.2**).

Box 3.2: SME Platforms: Strengthening Regulatory Framework amid Surge in IPO activity

With an increase in activity in SME IPO platforms, many instances emerged involving diversion of IPO issue proceeds to related parties/shell companies and inflation of revenue by circular transactions through them. Through these modus operandi, few SMEs/their promoters tried to create a positive sentiment to induce investors into purchasing such securities. SEBI had taken action against such entities and also issued a press release cautioning investors to remain vigilant. In view of such developments, SEBI, after deliberation in Primary Market Advisory Committee (PMAC), issued a consultation paper inviting public comments on various proposals to strengthen pre-listing and post-listing provisions of SMEs. Following the approval of SEBI Board, ICDR Regulations and LODR Regulations were amended to ensure only credible SMEs access capital markets. The key changes are as follows:

- i. IPO eligibility restricted to SME issuers, with required operating profit of ₹1 crore from operations in any two of last three financial years at the time of filing its DRHP.
- ii. Offer for sale (OFS) limit set at 20 per cent of issue size, with no selling shareholder allowed to sell more than 50 per cent of their holding.
- iii. Lock-in on promoters' holding exceeding minimum promoter contribution to be released in phased manner: 50 per cent released after one year, remaining after two years.
- iv. Non-institutional investors (NIIs) allocation methodology in SME IPOs aligned with main board IPOs.
- v. General corporate purpose amount capped at 15 per cent of issue size or ₹10 crore, whichever is lower.
- vi. Proceeds cannot be used to repay loans from promoters/group/related parties, directly or indirectly.
- vii. DRHP of SME IPOs filed with stock exchanges to be open for 21 days for public comments, with QR code and newspaper announcement.
- viii. Further issues permitted without main board migration, provided issuer complies with LODR provisions applicable to main board.
- ix. Main board related party transaction (RPT) norms extended to SME listed entities, with materiality threshold of 10 per cent of turnover or ₹50 crore, whichever is lower.

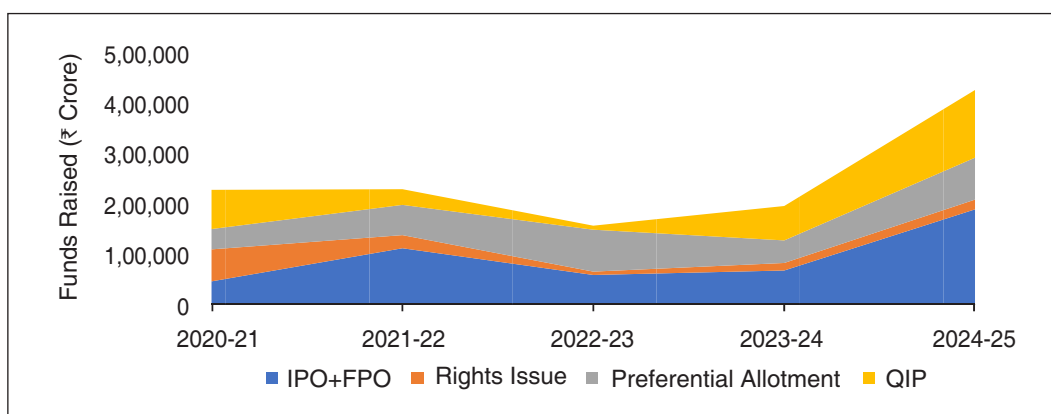
E. Issue of no objection certificates

In order to facilitate ease of doing business to issuer companies, the requirement to deposit one per cent of the issue size available for subscription to the public with the designated stock exchange by the issuer company under SEBI (ICDR) Regulations 2018 has been dispensed with. Consequent to amendment of ICDR Regulations, the master circular on issuance of no objection certificate for release of one per cent of issue amount has been withdrawn

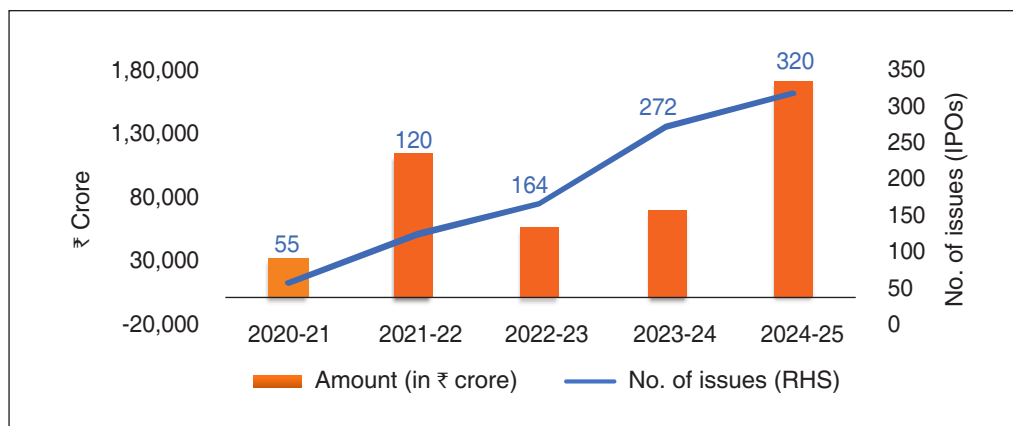
3.1.2 Market activity and trends observed**A. Resource mobilisation through public and rights issues**

During 2024-25, fund raising through

public issues (IPO and FPO) surged 2.8 times compared to 2023-24, reaching ₹1.9 lakh crore (**Chart 3.2(a)**). The number of newly listed companies rose to 320 from 272 in 2023-24. Notably, the SME listings increased from 196 to 241, reaching the peak in 2024-25. The number of main board IPOs totalled 79 during 2024-25, with the median issue size increasing to ₹740 crore, compared to ₹597 crore during 2023-24. These main board IPOs raised ₹1.6 lakh crore, 32 per cent higher than the combined total amount raised across both main board and SME IPOs in 2022-23 and 2023-24.

Chart 3.2(a): Fund Mobilisation through Equity Issues (₹ crore)

Source: BSE and NSE

Chart 3.2(b): Trend in IPO Volumes

Note: Includes issuances in Main Board and SME Platform

Source: BSE and NSE

During 2024-25, the number of rights issues increased to 142 as against 67 in 2023-24 and the amount mobilised increased by 30 per cent (**Table 3.1**). The top two largest

rights issues garnered around one-third of amount mobilised through rights issues during 2024-25.

Table 3.1: Resource Mobilisation through Public and Rights Issues

Particulars	2023-24		2024-25		Percentage Share in Total Amount Raised	
	No.	Amount (₹ crore)	No.	Amount (₹ crore)	2023-24	2024-25
1) Public Issues, of which	273	67,982	322	1,90,478	81.8	90.6
A) IPOs of which	272	67,955	320	1,72,328	81.8	82.0
a) Only OFS Issue *	13	16,839	15	58,994	20.3	28.1
b) Only Fresh Issue	181	14,618	215	22,108	17.6	10.5
c) Both (OFS + Fresh Issue)	78	36,499	90	91,226	43.9	43.4
Breakup of Both (OFS + Fresh Issue)						
OFS component	-	19,910	-	46,630	24.0	22.2
Fresh capital component	-	16,589	-	44,596	20.0	21.2
B) FPOs	1	27	2	18,150	0.03	8.6
2) Rights Issues	67	15,110	142	19,712	18.2	9.4
Total (1+2)	340	83,093	464	2,10,190	100.0	100.0

Note : Data is inclusive of amount raised on the SME platform.

*OFS: Offer for Sale.

Source: BSE and NSE

i. Sector-wise resource mobilisation

In 2024-25, while 463 issues which accessed primary markets were from private sector, one issue belonged to the public sector. The private sector companies garnered 95.2 per cent of the resource mobilisation in 2024-25.

ii. Size-wise resource mobilisation

During 2024-25, 88.5 per cent of the resources amounting to ₹1,85,979 crore was mobilized by 62 issues with size more than ₹500 crore (**Table 3.2**).

Table 3.2: Size-wise Resource Mobilisation

Issue Size	2023-24		2024-25		Percentage Share in Total Amount	
	No.	Amount (₹ crore)	No.	Amount (₹ crore)	2023-24	2024-25
< ₹5 crore	3	9	9	30	0.0	0.0
≥ ₹5 crore & < ₹10 crore	28	219	28	207	0.3	0.1
≥ ₹10 crore & < ₹50 crore	187	5,421	256	8,098	6.5	3.9
≥ ₹50 crore & < ₹100 crore	38	2,474	54	3,694	3.0	1.8
≥ ₹100 crore & < ₹500 crore	29	8,298	55	12,182	10.0	5.8
≥ ₹500 crore	55	66,672	62	1,85,979	80.2	88.5
Total	340	83,093	464	2,10,190	100.0	100.0

Note: Includes public and rights issues

Source: BSE and NSE

iii. Industry-wise resource mobilisation

Industry-wise, the highest resource mobilisation in 2024-25 was from 'Automobile and Auto Components' category which accounted for 17.4 per

cent of the total mobilization followed by 'Consumer Services' (13.7 per cent) and 'Financial Services' (11.4 per cent) (**Table 3.3**).

Table 3.3: Industry-wise Resource Mobilisation

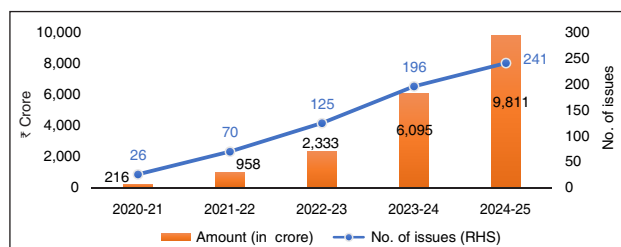
Sector	2023-24			2024-25		
	No.	Amount (₹ crore)	Percentage Share in Total Amount	No.	Amount (₹ crore)	Percentage Share in Total Amount
Automobile and Auto Components	4	1,516	1.8	19	36,659	17.4
Capital Goods	74	12,135	14.6	86	18,127	8.6
Chemicals	9	786	0.9	23	4,611	2.2
Construction	12	771	0.9	26	9,425	4.5
Construction Materials	3	4,497	5.4	1	400	0.2
Consumer Durables	22	4,644	5.6	24	3,128	1.5
Consumer Services	24	8,696	10.5	23	28,696	13.7
Fast Moving Consumer Goods	26	5,481	6.6	38	6,689	3.2
Financial Services	22	17,020	20.5	43	23,962	11.4
Forest Materials	2	77	0.1	2	85	0.0
Healthcare	31	11,188	13.5	23	14,820	7.1
Information Technology	30	6,370	7.7	22	14,566	6.9
Media, Entertainment & Publication	11	796	1.0	8	221	0.1
Metals & Mining	2	80	0.1	4	342	0.2
Power	3	274	0.3	3	10,298	4.9
Oil, Gas & Consumables Fuels	4	1,079	1.3	3	79	0.0
Realty	6	1,256	1.5	8	2,643	1.3
Services	34	5,581	6.7	64	9,306	4.4
Telecommunication	4	135	0.2	4	22,725	10.8
Textiles	13	272	0.3	29	1,597	0.8
Utilities	4	435	0.5	10	1,803	0.9
Diversified	0	-	0.0	1	7	0.0
Total	340	83,092	100.0	464	2,10,190	100.0

Source: BSE and NSE

iv. Resource mobilisation on SME platform

The SME platform continued its uptrend both in terms of number of companies listed as well as the amount raised in 2024-25. During 2024-25, 241 companies were listed on the SME platform mobilising ₹9,811 crore which is more than 1.5 times of amount raised in 2023-24 (**Chart 3.3**) The average issue size in 2024-25 increased to ₹40.7 crore as compared to ₹31.1 crore in 2023-24. Investor enthusiasm and participation in SME IPOs during 2024-25 breached past levels. The weighted average of number of times subscription (weights being issue size) to SME IPOs increased from 122.2 times during 2023-24 to 167.6 times during 2024-25.

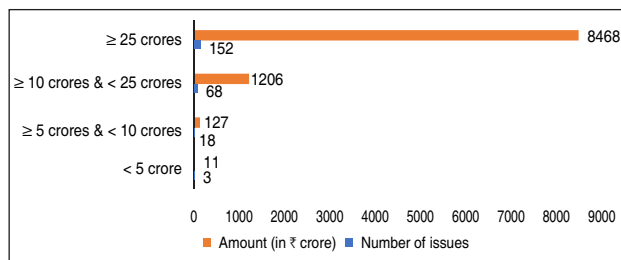
Chart 3.3: Resource Mobilisation through SME IPOs



Source: BSE and NSE

During 2024-25, out of 241 issues listed on the SME platform, three issues were of issue size less than ₹5 crore, 18 issues were of issue size of ₹5 crore or more but less than ₹10 crore, 68 issues were of issue size of ₹10 crore or more but less than ₹25 crore and 152 issues were of issue size of ₹25 crore or more (**Chart 3.4**). A total of 13 companies (of which five companies listed at NSE and eight companies at BSE) migrated from SME platform to main board compared to 30 companies (of which 11 companies listed at NSE and 19 companies at BSE) in the previous year.

Chart 3.4: Size-wise Resource Mobilisation by SME Issuers



Source: BSE and NSE

B. Resource mobilisation through QIP

QIP is an alternative mechanism for the listed companies to raise funds from qualified institutional investors in the domestic market. In the backdrop of buoyant markets, QIPs emerged as key equity fund raising mechanism for the corporates during 2024-25, garnering 31.5 per cent of the total fund mobilisation through equity. During 2024-25, ₹1,35,597 crore were raised through QIPs (including institutional placement programme (IPP) as against ₹68,972 crore raised during 2023-24, around two fold surge year-on-year (**Table 3.4**). The average QIP issue size also increased to ₹1,490 crore from ₹1,131 crore in the previous year. Out of total of 91 QIPs in 2024-25, eight were of size less than ₹100 crore, 29 were of size ₹100 crore or more but less than ₹500 crore and 54 were of issue size of ₹500 crore or more, constituting 93.1 per cent of total fund raised through QIPs.

Table 3.4: Resource Mobilisation through Qualified Institutional Placement

Year	Total	
	No. of Issues	Amount (₹crore)
2023-24	61	68,972
2024-25	91	1,35,597

Source: BSE and NSE

C. Resource mobilisation through preferential allotments

Preferential allotment is another mode of resource mobilization used by the listed companies wherein shares or convertible

securities are issued to a select group of investors. During 2024-25, ₹84,084 crore were raised through preferential issues against ₹45,155 crore raised during the previous year (**Table 3.5**).

Table 3.5: Resource Mobilisation through Preferential Allotments

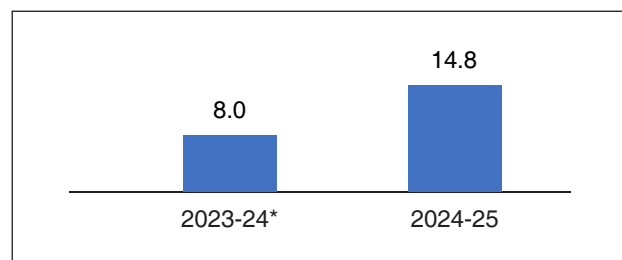
Year	Only NSE		Only BSE		Only MSEI		Common		Total	
	No. of Issues	Amount (₹ crore)	No. of Issues	Amount (₹ crore)	No. of Issues	Amount (₹ crore)	No. of Issues	Amount (₹ crore)	No. of Issues	Amount (₹ crore)
2023-24	73	1,011	354	10,393	5	41	257	33,710	689	45,155
2024-25	149	4,198	478	20,194	6	87	355	59,604	988	84,084

Source: BSE, MSEI and NSE

D. Resource mobilisation through social stock exchange

During 2024-25, six non-profit organisations (NPOs) were listed at social stock exchange (SSE) of BSE/NSE, raising ₹14.8 crore as against ₹8 crore mobilised in 2023-24 (from Dec-23) (**Chart 3.5**).

Chart 3.5: Fund Mobilisation through Social Stock Exchange (₹ crore)



*From Dec-23

Source: BSE and NSE

E. Regulatory approvals

SEBI received 190 applications for public issuances during 2024-25 as compared to 106 in 2023-24. About 164 offer documents were processed in 2024-25 as compared to 97 in 2023-24. The median time for processing of applications was 26 working days in 2024-25. Around 61 applications remained pending with SEBI at the end of 2024-25 as compared to 35 at the end of 2023-24 (**Table 3.6**).

Table 3.6: Time Taken for Regulatory Approval of Applications for Public Issues

Year	Total Applications received	Processed	Pending	Median Time for Processing of Applications
2023-24	106	97	35	26 (28)
2024-25	190	164	61	26 (28)

Note:

1. Median time taken at SEBI for processing of applications (excluding time for which the application is pending with intermediary or with the other regulator) in working days.
2. The figures in parentheses represent average number of working days taken at SEBI for processing of applications (excluding time for which the application is pending with intermediary or with the other regulator).

3.2 DEBT MARKET AND HYBRIDS

Indian corporate bond markets are growing at a steady pace backed by conscious and continuous efforts of government and SEBI to strengthen the critical building blocks of corporate bond market. In 2024-25, corporate bond issuances reached historic high, with companies raising approximately ₹9.9 lakh crore, marking 16.1 per cent increase over the previous year. Deepening the markets through

broadening retail participation, improving liquidity, usage of technology, facilitation of ease of doing business through streamlining regulations and reducing timelines have been SEBI's priority focus areas.

Important policy measures taken by SEBI towards development of corporate debt markets during 2024-25 are summarised below:

3.2.1 Policy developments

A. Reduction in denomination of face value

To enhance participation of the non-institutional investors in the bond market as well as to safeguard the interest of investors, face value of privately placed non-convertible debentures (NCDs) or non-convertible redeemable preference shares (NCRPS) was reduced (**Box 3.3**).

Box 3.3: Deepening Non-Institutional Investor Participation in Corporate Bond Market

In 2022, SEBI had reduced the face value of each debt security or NCRPS issued on private placement basis to ₹1 lakh from existing ₹10 lakh. It was also mandated that trading lot would be equal to face value. Pursuant to the introduction of the regulatory framework for online bond platforms in November 2022, many non-institutional investors started participating in the corporate bond market. However, the market feedback was that higher ticket size of ₹1 lakh acted as a deterrent and restricted ability of non-institutional investors to access the corporate bond market. For such non-institutional participants, this was an entry barrier as they were unable to invest higher amount in one single asset.

In view of this, after SEBI's public consultation and Board approval process, Chapter V of master circular non-convertible securities (NCS) was revised to provide that issuers shall have the option to issue NCDs or NCRPS through private placement mode at a face value of ₹10,000 along with requirement to appoint a merchant banker. Such NCDs and NCRPS shall be plain vanilla, interest/dividend bearing instruments without any structured obligations. This measure is expected to further deepen investor participation in corporate bond markets.

B. UPI mandate for individual investors

It is mandated that all individual investors applying for public issues of debt securities and NCRPS through intermediaries (such as syndicate members, registered stock brokers, registrar and transfer agents, and depository participants) to use UPI for application amounts up to ₹5 lakh. This move aimed to streamline and align the process of applying in the public issue of debt securities and NCRPS with that of public issues of equity shares and convertibles.

C. Regulatory framework for securitised debt instruments (SDI)

Several amendments have been introduced SEBI (Issue and Listing

of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (ILSDI Regulations). SDI issuance and transfer have been mandated to be in dematerialised form and a minimum ticket size has been specified for both initial subscription and subsequent purchases by a single investor. The offer period for SDIs has been updated, with a minimum of two working days and maximum of 10 working days. Key amendments related to structural elements include introduction of provisions for advertisement requirements, minimum retention requirement (MRR), minimum holding period (MHP), clean-up call option and liquidity facility, along with an amendment in the definition of debt/receivables. Trustee related changes

include revised eligibility - only SEBI-registered debenture trustees can act for Special Purpose Distinct Entities (SPDEs) trustee - as well as relaxation in SEBI approval for trustee removal or replacement. Amendments to 'Duties of trustees' and Trustee Code of Conduct have been made to enhance clarity, transparency and accountability. Investor rights have been strengthened through the introduction of e-voting for SDI investors. Additionally, SPDEs have been permitted to register with SCORES at the trustee level.

D. Expanding the scope of sustainable finance framework

To expand the scope of sustainable finance, NCS Regulations were amended to include the issuance of social bonds, sustainability bonds and sustainability-linked bonds, collectively referred to as

Environmental, Social and Governance (ESG) debt securities (along with green debt securities). These issuances will adhere to international frameworks, adapted or adjusted to suit Indian requirements as specified by SEBI from time to time. A detailed framework would be specified for ESG Debt Securities (excluding green debt securities), including definitions, disclosure requirements and measures to mitigate risks of purpose-washing and not being "True to Label" through appropriate circulars. This will enable issuers to raise funds through the issuance of ESG debt securities.

E. Municipal bond market

To strengthen the municipal bond market and promote informed participation, SEBI has undertaken key initiatives focused on improving awareness, transparency and capacity building (**Box 3.4**).

Box 3.4: Developments in Municipal Bond Market

Various initiatives have been undertaken in 2024-25 to enhance the depth and transparency of the municipal bond market:

Launch of dedicated municipal bond portal: The launch of NSE's dedicated municipal bond website marks a significant step toward enhancing the credibility and visibility of the municipal bonds market in India. This initiative aims to bridge the information gap and attract greater investor participation in financing urban development projects. As municipalities seek to raise funds for infrastructure growth, such measures are crucial to building a robust municipal bond ecosystem. Serving as a centralized information hub, the portal offers comprehensive data on municipal bond issuances, credit ratings, trading volumes, yields, prices and the historical performance of the Nifty India Municipal Bond Index—India's first Municipal bond index. By improving transparency, accessibility and investor awareness, this initiative is expected to boost confidence in municipal bonds as a reliable investment avenue.

E-Learning course on municipal bonds: SEBI and NISM launched an e-learning course on municipal bonds, specifically designed to equip officials of municipal corporations and urban local bodies, with the knowledge and the practical skills to leverage municipal bonds as a powerful tool for financing development projects. The course has been conceptualised and designed by SEBI in collaboration with NISM.

F. Measures taken to streamline timelines

i. Reduction in listing timeline

The listing timeline for public issues of debt securities and NCRPS was reduced from T+6 to T+3 working days. This is available as an option to issuers for a period of one year and will become mandatory thereafter (w.e.f. November 01, 2025), ensuring that all listings occur on a T+3 basis. The change enables faster access of funds to issuers and faster availability of securities to investors.

ii. Reduction in the subscription timeline

To facilitate faster access to funds for issuers, the minimum subscription period for public issues of debt securities and NCRPS has been reduced from three to two working days. Additionally, in case of a revision in the price band or yield, the bidding period is now required to be extended by only one working day, instead of earlier specified three working days.

iii. Seeking public comments on draft offer documents

To ensure faster access to funds for issuers, the period for seeking public comments on offer documents filed with stock exchanges has been reduced. For issuers whose specified securities are already listed on a recognised stock exchange, the timeline has been shortened from seven working days to one working day. For all other issuers, the revised timeline is five working days.

iv. Intimation of record date to stock exchanges

The timeline for advance intimation of the record date to stock exchanges by

entities having listed NCS has been reduced from 'at least seven working days' to 'at least three working days', excluding the date of intimation and record date. This change enhances procedural efficiency and ensures parity between provisions under LODR Regulations for equity and debt listed entities

G. Flexibility on advertisement

Issuers have been provided flexibility to advertise public issues through electronic modes, including online newspapers, the issuer's website and the stock exchange's website. Issuers opting for electronic advertisements are required to place a notice in newspapers that includes a QR code and a link to the full advertisement. This approach aimed to reduce the cost of issuance for public issues of debt securities and NCRPS while offering greater flexibility to issuers.

H. Streamlining disclosures in the offer document

i. Audited financial disclosure-through web-link

To reduce the size of the offer document or placement memorandum, issuers with listed outstanding NCS as on the date of the offer document/ placement memorandum may disclose audited financials for the last three years through insertion of a web-link and QR code within the document. Issuers opting for this mode shall disclose comparative key operational and financial parameters as specified vide NCS Regulations on a standalone and consolidated basis, certified by the statutory auditor.

ii. Details of branches or units of the issuer

To reduce the bulkiness of the

offer document, details regarding branches or units of the issuer, as on the date of the offer document, is to be provided through a static QR code and web-link. These details may also be shared with the debenture trustee and made available for inspection. Additionally, a checklist item is included in the 'Security and Covenant Monitoring System'.

iii. Deletion of personal data of promoters

To prevent misuse of personal and sensitive data of individuals, the requirement to disclose the terms 'personal address' and 'PAN' specified under NCS Regulations have been removed. Further, only a declaration that the said information is submitted to the stock exchanges to be provided in the offer document.

iv. Alignment of time period

To provide clarity to issuers, period for disclosure of key operational and financial parameters in the offer document has been aligned with the period for disclosure of financial information under NCS Regulations.

v. Alignment of disclosure requirement

The clause pertaining to use of issue proceeds in NCS Regulations has been aligned with the respective clause in ICDR Regulations to enhance the quality and clarity of disclosures related to the use of such proceeds. Break-up of the cost of the project for which the money is being raised shall be applicable for all projects i.e. existing and new projects. Additionally, disclosures on the use of proceeds must be presented in the order of priority.

These changes aim to broaden the scope of disclosure and offer investors a more comprehensive understanding of how the raised funds will be utilised.

vi. Rationalising disclosure requirements on vendors

To provide investors with material information regarding vendors and to reduce unnecessary disclosure burden that may not materially affect investors' decision making, modifications were made to clause 3.3.41(b) of Schedule I of NCS Regulations. The detailed disclosures as mentioned in clause 3.3.41(b) (i) to (iv) shall be provided for top five vendors and for the remaining vendors may be provided on aggregate basis in the offer document and detailed disclosures may be provided by way of QR code and web link in the offer document.

I. Other measures

i. Relaxation from the ISIN restriction limit

Unlisted ISINs, outstanding as on December 31, 2024, which are converted to listed ISINs subsequent to introduction of Regulation 62A in the SEBI (LODR) Regulations, 2015 have been exempted for the purpose of computation of the limit of 14 ISINs specified in Chapter VIII of the master circular for issue and listing of NCS, SDIs, security receipts, municipal debt securities and commercial paper.

ii. Providing flexibility in the signatories

To provide flexibility and ease of doing business for issuers, multiple combinations of signatories have been permitted for the purpose of

providing attestation in the offer document. Additionally, the issuer is required to disclose a copy of the Board resolution delegating the power for such attestation. No changes to the offer document can be made pursuant to passing of resolution and approval by the Board of Directors unless fresh approvals are obtained.

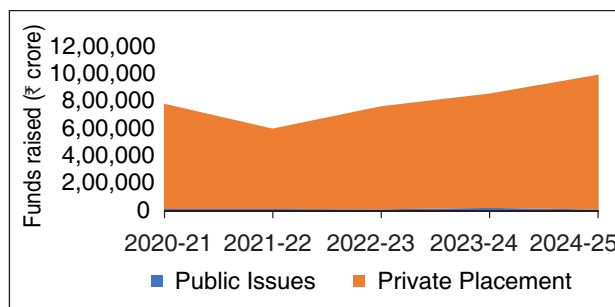
3.2.2 Market activity and trends observed

A. Corporate bonds

Despite global headwinds and domestic market volatilities, corporate bond market had a robust performance in 2024-25 with increase in fund mobilisation and number of issues. The rise in investor interest, falling yields, receding inflation and surplus liquidity were possible drivers for surge in fund mobilisation. During 2024-25, ₹9,94,884

crore was mobilised through 1,702 debt issues which was 16.1 per cent higher than previous year (**Chart 3.6 and Table 3.7**). Nearly, 99 per cent of the amount mobilised was through private placement, which rose by 17.8 per cent over the previous year. However, the resource mobilization through public issuances during 2024-25 declined by 57.5 per cent.

Chart 3.6: Fund Mobilisation through Debt Issues (₹ crore)



Source: BSE and NSE

Table 3.7: Resource Mobilization through Debt Issues

Category	2023-24		2024-25	
	No. of Issues	Amount (₹ crore)	No. of Issues	Amount (₹ crore)
Public Issues#	45	19,168	43	8,149
Private Placement*, of which	1,347	8,37,757	1,659	9,86,735
EBP Issues	1,125	8,16,356	1,347	9,52,521
Total	1,392	8,56,924	1,702	9,94,884

Note: #Data for public debt issues have been taken on the basis of final post issuance reports received.

*Listed issues; EBP - Electronic Book Provider issues included in the total.

Source: BSE and NSE.

During 2024-25, ₹8,149 crore were raised through 43 public issues, of which 42 were from financial sector and one was from non-financial sector. Size-wise comparison shows that 65.4 per cent of the funds mobilised through public issues

was for issue size between ₹100 crore to ₹500 crore. Similarly, 22.1 per cent of the funds mobilised through public issues was for issue size above ₹500 crore (**Table 3.8**).

Table 3.8: Size-wise Resource Mobilization through Public Debt Issues

Issue Size	2023-24			2024-25		
	No. of Issues	Amount (₹ crore)	Percentage Share in Total Amount	No. of Issues	Amount (₹ crore)	Percentage Share in Total Amount
< ₹ 50 crore	0	0	0	0	0	0
≥ ₹ 50 crore & < ₹100 crore	6	441	2.3	14	1,022	12.5
≥ ₹100 crore & < ₹ 500 crore	28	6,307	32.9	27	5,327	65.4
≥ ₹ 500 crore	11	12,420	64.8	2	1,800	22.1
Total	45	19,168	100.0	43	8,149	100.0

Source: BSE and NSE

B. Listed commercial papers (CPs)

The value of CPs listed on exchanges increased by 14.8 per cent to ₹15,48,091

crore in 2024-25 as compared to ₹13,48,466 crore in 2023-24 (Table 3.9).

Table 3.9: Details on Listed Commercial Papers

Year	No. of Issuers which Listed CPs	No. of Unique ISINs	Value of Listed CPs (₹ crore) at the end of the Period	Total Amount Outstanding of Listed CPs at the end of the Period (₹ crore)
2022-23	228	3,412	13,43,719*	3,48,342
2023-24	219	3,814	13,48,466*	3,78,089
2024-25	245	4,222	15,48,091	4,30,663

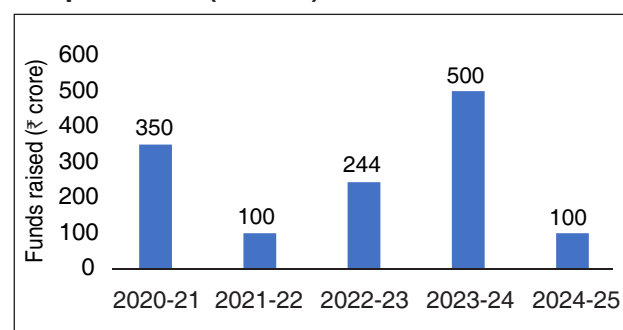
Note: The above information pertains to total number of issuers who listed their CPs and unique ISINs listed

*Revised

Source: BSE and NSE

C. Issuance of municipal bonds

In 2024-25, there was one issue of municipal bond which raised ₹100 crore as against three issues during 2023-24, which raised ₹500 crore (Chart 3.7). In addition, six municipal corporations have filed preliminary placement memorandum on private placement basis for issuance of municipal bonds during 2024-25.

Chart 3.7: Fund Mobilisation by Municipal Corporations (₹ crore)

3.3 CORPORATE GOVERNANCE AND CORPORATE RESTRUCTURING

The following sections highlight the major policy measures taken by SEBI in 2024-25 for enhancing transparency and governance of listed entities and also show key trends in corporate restructuring.

3.3.1 Policy developments

A. Revisions to BRSR framework on ESG disclosures

To facilitate ease of doing business for listed entities and their value chain partners with respect to ESG disclosures under the Business Responsibility and Sustainability Reporting (BRSR) framework and to introduce voluntary disclosure on green credits, several relaxations were introduced. ESG disclosures for the value chain have been deferred by one year, applicable from 2025-26, while “assessment or assurance” thereof will apply from 2026-27. These disclosures for value chain are voluntary, replacing the earlier ‘comply-or-explain’ requirement. The scope of value chain reporting has been narrowed to cover only top upstream and downstream partners contributing two per cent or more to the entity’s purchases and sales (by value), respectively, with an overall cap of disclosure to limit at 75 per cent of total purchases and sales. A leadership indicator has been introduced under Principle 6 of BRSR for disclosure

of green credits generated or procured by the entity and its top-10 value chain partners. Further, the term “assurance” has been expanded to “assessment or assurance” under the LODR Regulations, with assessment defined as third-party evaluation based on standards developed by the Industry Standards Forum in consultation with SEBI.

B. Facilitating ease of doing business for buy-back

Amendments have been introduced to the SEBI (Buy-Back of Securities) Regulations, 2018 to improve transparency. Accordingly, if promoters opt out of the buy-back, their shares will be excluded from the entitlement ratio calculation and this shall be disclosed in the public announcement. The entitlement ratio is also required to be shown on the cover page of the letter of offer, along with a link for shareholders. Companies are permitted to issue shares for subsisting obligations which are convertible during the buy-back period provided disclosures of the same have been made in the public announcement.

C. Review of provisions for high value debt listed entities

To facilitate ease of reference and ease of doing business for high value debt listed entities (HVDLEs), while promoting good governance on par with equity-listed entities, several key provisions have been introduced (**Box 3.5**).

Box 3.5: Review of Provisions for High Value Debt Listed Entities: Promoting Ease of Doing Business with Good Governance

The corporate governance norms in LODR Regulations had been framed from an equity perspective and as such, was not fully relevant from the perspective of the debt listed entities. Out of total 812 debt listed entities as on March 31, 2024, 264 entities were both equity and debt listed whereas 538 entities were only debt listed. Hence, it was felt necessary to facilitate ease of reference and ease of doing business for HVDLEs, while promoting good governance on par with equity-listed entities. Based on the public consultation process and Board approval, amendments were made to LODR Regulations to facilitate the same.

The threshold for identification of HVDLEs has been increased from ₹500 crore to ₹1,000 crore. A separate chapter and sunset clause have been introduced for HVDLEs. Greater flexibility has been provided in the constitution of the Nomination and Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee. HVDLEs will now be included in the computation of listed entities for determining the ceiling on the number of directorships, memberships or chairpersonships. The restriction on maximum number of directorships shall not apply for directorships that arise due to ex-officio position by virtue of statute or applicable contractual framework in case of PSUs and entities set up under the Public Private Partnership (PPP) mode respectively. For HVDLEs where shareholding is wholly/substantially held by one or a few related party shareholders, material related party transactions (RPTs) shall require a no-objection certificate (NOC) from the debenture trustee. Without such NOC, the matter cannot proceed to shareholder resolution. This requirement will apply to RPTs from April 01, 2025. Voluntary reporting under the BRSR framework has also been introduced for HVDLEs. Additionally, entities set up under the PPP mode are granted relaxation from board composition norms under the LODR Regulations, similar to PSUs and statutory bodies.

3.3.2 Merger and acquisition deals

A. Open offer

During 2024-25, 71 open offers with open offer size of ₹15,457 crore were closed compared to 77 open offers with open offer size of ₹10,858 crore during

2023-24. Out of the 71 open offers closed during the year, 70 open offers with offer size of ₹15,451 crore were made with the objective of change in control and one open offer of size ₹6 crore was made with the objective of consolidation of holdings (**Table 3.10**).

Table 3.10: Trends in Open Offers

Year	Objectives						Total	
	Change in Control		Consolidation of Holdings		Substantial Acquisition		No. of Offers	Amount (₹ crore)
	No. of Offers	Amount (₹ crore)	No. of Offers	Amount (₹ crore)	No. of Offers	Amount (₹ crore)		
2023-24	74	10,849	1	3	2	5	77	10,858
2024-25	70	15,451	1	6	-	-	71	15,457

B. Buy-back

Buyback is a process by which a company purchases its own shares from the market. The total buyback offer size during 2024-25 was ₹7,897 crore compared to the buyback offer size of ₹49,836 crore during 2023-24, a decrease of 84.2 per cent. It is also observed from the buyback offers that the average utilization was 98.8 per cent of

the total offer size in 2024-25 compared to 99.2 per cent during 2023-24. All 36 buy-back offers received during 2024-25 were through the tender offer, as compared to 38 buyback offers in 2023-24 (two through open market purchase method and 36 through tender offer) (**Table 3.11**). Open market buy-backs are being phased out completely from April 01, 2025.

Table 3.11: Buy-back Cases

Particulars	2023-24			2024-25		
	No. of Cases	Buy-back Size (₹ crore)	Actual Amount Utilized for Buy-back (₹ crore)	No. of Cases	Buy-back Size (₹ crore)	Actual Amount Utilized for Buy-back (₹ crore)
Buy-back through Open Market						
Cases Received and Closed	2	65	58	-	-	-
Cases Received but not Closed	0	0	0	-	-	-
Buy-back through Tender Offer						
Cases Received and Closed	34	49,540	49,155	36	7,897	7,800
Cases Received but not Closed	2	231	NA	-	-	-

3.3.3 Regulatory actions taken by SEBI

Regulatory actions taken by SEBI is provided in Chapter 10 (Section 10.2).

3.3.4 Issuance of observations on offer documents**A. Observations on offer documents**

During 2024-25, 107 draft letters of offer were filed. Out of the 130 draft letters of offer processed, observations were issued in respect of 86 draft letter of offers, one draft letter of offer was withdrawn and 43 draft letter of offers are pending with SEBI for issuance of observation letter as on March 31, 2025 (**Table 3.12**).

Table 3.12: Status of Draft Letters of Offers for Open Offers

Status	2023-24	2024-25
Pending Draft Letters of Offer at the Beginning of the Year	16	23
Draft Letters of Offer received during the Period*	90	107
Total	106	130
Observations Issued by SEBI during the Year	83	86
Offers Withdrawn	-	1
Draft Letter of Offers in Process at the end of the Year	23	43

*Under New Takeover Regulations

Regulation 11 of the Takeover Regulations deals with applications for seeking exemption from open offer obligations. During 2024-25, 43 additional applications were filed with SEBI seeking exemption as compared to 45 during 2023-24. Among the outstanding 58 applications, 19 applications were granted exemption from making open offer vis-à-vis eight during 2023-24, 26 applications were returned/withdrawn/not maintainable (disposed without passing an order) and 13 applications are under process as on March 31, 2025 (Table 3.13).

Table 3.13: Exemption Applications under Regulation 11 of Takeover Regulations

Status	2023-24	2024-25
Application Pending at the Beginning of Year	2	15
Applications Received during the Year	45	43
Total Applications	47	58
Applications Disposed during the Year	32	45
<i>Of which</i>		
<i>Exemption Granted</i>	8	19
<i>Exemption not Granted</i>	-	-
<i>Returned / Withdrawn/ Not Maintainable (without passing Order)</i>	24	26
Applications in Process at the end of the Year	15	13

B. Schemes of arrangement

Listed entities undertaking a scheme of arrangement are required to file the draft documents related to scheme of arrangement with the stock exchange(s) for obtaining observation letter or no-objection letter, before filing such scheme with any Court or Tribunal. SEBI receives the draft documents from stock exchanges

and issues observations. SEBI issued observations on total 65 draft schemes documents in 2024-25 as against 56 in 2023-24 (Table 3.14).

Table 3.14: Schemes of Arrangement

Year	Observations Issued
2023-24	56
2024-25	65

3.3.5 Details of listed companies being wound up

Table 3.15 provides the number of listed companies that are being wound up due to liquidation orders by National Company Law Tribunal (NCLT).

Table 3.15: Number of Listed Companies being Wound Up

Year	NSE	BSE	MSEI	Reasons
2023-24	4	18	1	Liquidation orders by National Company Law Tribunal (NCLT)
2024-25	3	11	0	

3.3.6 Details of defaulter companies listed at exchanges and penal action

SEBI issued a Standard Operating Procedure (SOP) outlining the punitive measures to be taken by stock exchanges in case listed entities are non-compliant with the provisions of SEBI (LODR) Regulations, 2015. The SOP encourages better compliance culture by outlining a well-defined procedure for stock exchanges to follow while levying penalties and taking subsequent actions. In the past two years, some listed companies have defaulted for which various actions have been taken by the exchanges under the SOP circular. The statistics on these actions are enumerated in Table 3.16.

Table 3.16: Actions Taken by Exchanges for Non-Compliance

Actions Taken	2023-24			2024-25		
	BSE	NSE	MSEI	BSE	NSE	MSEI
Fines Levied# (in ₹crore)	43.8	56.1	3.6	34.5	29.8	2.9
No. of Companies in which Demat Account of Promoter(s) were Frozen	338	70	49	457	73	36
No. of Companies Suspended (Non-Compliance with SOP)	28*	3	7	32	9	0

#Data for 2024-25 is provisional.

*Note: Suspended under SEBI SOP Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.

3.3.7 Regulatory co-ordination with MCA and consequent steps taken by the Board

In the wake of increasing need for surveillance on a collaborative basis, SEBI had signed a Memorandum of Understanding with the Ministry of Corporate Affairs (MCA) in 2019 for sharing data and information between SEBI and MCA on an automatic and regular basis ensuring that both SEBI and MCA have seamless linkage for regulatory purposes. This framework was used for data sharing during 2024-25 as well. Further, when MCA receives applications from LLPs/companies for striking off name from the Register of Companies, MCA sends the details of such LLPs/companies to SEBI with the request to inform any objection about the action of striking off. SEBI verifies the details sent by MCA and adverse comments, if any are communicated. Information is also sought from MCA for verification of inquiries and investigation being conducted by SEBI/ completed against the companies.

3.4 INTERMEDIARIES ASSOCIATED

Intermediaries hold a place of prominence in the securities market, as they function as connecting links between issuers and investors which enable the seamless functioning of the securities market. SEBI regulates functioning of various intermediaries associated with the market via various regulations so as to ensure fair and appropriate market conduct, protect

investors and also facilitates ease of doing business of intermediaries. The following sections outline the major policy developments and the market trends related to intermediaries associated with primary market.

3.4.1 Policy developments

A. Registrar and share transfer agents

i. Master circular

In order to enable the stakeholders to have access to provisions of all applicable requirements at one place, all circulars issued till May 07, 2024 were rescinded and replaced with the master circular for registrar to an issue and share transfer agents dated May 07, 2024.

B. Debenture trustee

i. Harmonization of the format of due diligence certificate

To bring uniformity between the NCS and Debenture Trustee (DT) Regulations, the formats of due diligence certificates specified in NCS Regulations have been aligned with those under the DT Regulations. Corresponding amendments have also been made to Regulation 40 and Regulation 44(3) of the NCS Regulations. Additionally, stock exchanges have been mandated to disclose the due diligence certificate

provided by the DT on their websites alongside the offer document or placement memorandum.

ii. Debenture trustee agreement in NCS regulations, 2021

To streamline disclosures related to the appointment of DT and provide greater clarity on their roles and responsibilities, the term 'consent letter' has been replaced with 'debenture trustee agreement' (DTA) in respective clause of NCS Regulations. The said copy of the DTA shall be made accessible to investors through a QR code or web-link in the offer document. However, listed entities opting for General Information Document (GID) – Key Information Document (KID) mechanism or shelf-tranche prospectus mechanism, shall disclose: a) copy of the consent letter given by the DTs; and b) copy of the DTA as part of the KID or tranche prospectus.

C. Merchant bankers

In order to facilitate ease of doing business for merchant bankers, amendments have been made to SEBI (Merchant Bankers) Regulations, 1992, during 2024-25. The requirement for submitting a separate statement specifying the responsibilities of merchant bankers has been discontinued.

Additionally, a common independent director between issuer and merchant banker shall be exempted from the definition of associate, subject to recusal by the said independent director on both the boards. Merchant bankers acting as underwriters are required to fulfil their underwriting obligations before finalizing the basis of allotment, i.e. before T+2. Further, foreign degrees in finance, law, accountancy or business management are now recognized for the purpose of granting a certificate of registration as a merchant banker.

D. Bankers to an issue

In addition to managing issue related activities permitted under SEBI (Bankers to an Issue) Regulations, 2014, bankers to an issue have been permitted to carry out activities as required under applicable regulations such as open offers, buy-backs and such other activities as may be specified by SEBI.

3.4.2 Market activity and trends observed

A. Registered intermediaries associated with the primary market

During 2024-25, new registrations were granted to 17 merchant bankers, eight registrar to issue and share transfer agents and four bankers to an issue (**Table 3.17**).

Table 3.17: Status of Registration of Intermediaries

Type of Intermediary	Opening Balance	Applications Received during 2024-25	Registration Granted during 2024-25	Applications Rejected/ Returned/ Withdrawn during 2024-25	Pending as on March 31, 2025	Median time for Processing Applications (in Working Days)	
						2024-25	2023-24
Merchant Banker	6	32	17	20	1	39	41
Registrar to Issue and Share Transfer Agent	2	26	8	18	2	50	50
Bankers to an Issue	1	5	4	1	1	39	31

As on March 31, 2025, there were 230 merchant bankers, 77 registrar to issue and share transfer agents, 60 bankers

to an issue and 25 debenture trustees registered with SEBI (**Table 3.18**).

Table 3.18: Registered Intermediaries Associated with the Primary Market

Type of Intermediary	No. of Registered Intermediaries			
	Registered as on March 31, 2024	Registration Granted during 2024-25	Registration Surrendered/ Cancelled during 2024-25	Registered as on March 31, 2025
Merchant Bankers	220	17	7	230
Registrar to Issue and Share Transfer Agent	75	8	6	77
Bankers to an Issue	57	4	1	60
Debenture Trustees	25	0	0	25

Chapter 4: SECONDARY MARKETS

Over the past three decades, India has emerged as a bright and resilient capital market globally. At the end of March 2025, India's equity market ranks fifth largest in terms of market capitalization. This growth is marked by rise in investor participation (19.2 crore demat accounts as on March 31, 2025), the highest number of listed companies on a single exchange (5,452 listed companies at BSE as of March 31, 2025), robust equity market performance (10.5 per cent CAGR over 15 years) and rising participation of domestic institutional investors (₹6 trillion during 2024-25). The sustained expansion has been driven by strong macro fundamentals, corporate profitability over the years, rapid advancements in digital financial infrastructure and structural reforms.

The year 2024-25 was eventful commencing with Indian general elections, winding off Japan's yen carry trade, China's economic stimulus package, escalation of Middle East conflict, US Presidential elections and culminating with global trade uncertainties. During January-March 2025, while markets like Hong Kong (15.3 per cent) and Germany (11.3 per cent)

reported positive returns, other few markets including USA NASDAQ saw decline (10.4 per cent). India, despite the market corrections in early 2025, continues to be one of the robust markets for businesses and investors. During the year, SEBI implemented several measures aimed at enhancing transparency, reducing speculative activities and strengthening the market infrastructure across equity-cash, debt and derivatives segments. This chapter provides an overview of key policy initiatives, market trends, trading volumes and the evolving role of intermediaries in the secondary market ecosystem.

4.1 CASH MARKET: EQUITY

4.1.1 Policy developments

A. Pay-out of securities directly to client demat account

To protect clients' securities, SEBI mandated that the securities for pay-out shall be credited directly to the respective client's demat account by the clearing corporation (CC) (**Box 4.1**).

Box 4.1: Direct Securities Payout to Clients: Enhancing Operational Efficiency and Risk Reduction

SEBI, in a move to protect client's securities, avoid inconvenience to the clients and ensure segregation of client's securities, has taken various steps including making block mechanism for early pay-in mandatory and validation of pay-in instructions against the respective client's obligations and direct pay out of securities into client demat account. Earlier, the pay-out of securities was provided by clearing corporations in clearing member (CM)/trading member (TM) pool account. All such securities received in pay-out were pooled by the broker and then credited to the respective clients' demat accounts. The securities being in the pool account of the broker were prone to misuse by the broker.

In order to protect clients' securities and to ensure that the stock broker segregates securities of the client(s) and does not use the securities for themselves or for any other client, SEBI vide circular dated June 05, 2024 mandated that the securities for pay-out shall be credited directly to the respective client's demat account by the CCs, thereby mitigating the risk of misuse of securities of the client by the broker. As a result, timings for securities pay-out under T+1 rolling settlement schedule have been changed from 1:30 p.m. to 3:30 p.m. on T+1 day. Under the direct pay-out regime, securities shall be credited to the clients' demat accounts by 3:30 p.m. on T+1 day itself.

B. Trading using UPI block mechanism

In order to leverage significant advances in India's payment and settlement mechanisms, it was felt that the UPI mandate service of single block and multiple debits can be integrated with equity secondary markets to provide a block mechanism. Through this, investors would be able to block funds in their own bank account for trading in secondary market, instead of transferring them upfront to their broker or TM. This would in turn provide enhanced protection of cash collateral for the investors, besides allowing them to earn interest on such balances. This also addresses risks associated with misreporting of client collateral by TM, possible misappropriation of client funds and would result in reducing the number of investor complaints. All qualified stock brokers (QSBs) have been mandated to provide either the facility of trading supported by blocked amount in the secondary market (cash segment) using UPI block mechanism (ASBA-like facility for the secondary market) or the 3-in-1 trading account facility for optional use by

their investor clients in addition to existing processes.

C. Maintenance margin for margin trading facility

To alleviate the burden of additional collateral towards maintenance margin for Margin Trading Facility (MTF) and for ease of doing business, SEBI has allowed cash collateral collected by the broker from the client in form of margin for availing MTF and where the TM has given the said cash collateral to the CC towards settlement obligation of the said client, as maintenance margin.

D. Modification in duration for call auction

In order to prevent manipulation and false demand during the call auction in pre-open session for certain initial public offers (IPOs) or relisted scrips, the duration of the pre-open call auction session has been modified. In the call auction session held between 9:00 a.m. to 10:00 a.m., the order entry, modification and cancellation window of 45 minutes, shall close randomly (system driven) during the last ten minutes

i.e. anytime between the 35th and 45th minute of the order entry window. Stock exchanges have been advised to have adequate surveillance mechanisms during the pre-open call auction session. Further, a reporting framework has been mandated to facilitate informed decision making by the investors.

E. Special call auction mechanism

In order to address the issue of variance in the market price and book value of listed Investment Companies (ICs) & listed Investment Holding Companies (IHCs), whose market price are at significant discount to their book value and which adversely affects the liquidity, fair price discovery and the overall interest of investors in scrips of such companies; a framework has been employed for “special call auction with no price bands” for effective price discovery of scrips of such ICs and IHCs.

F. Enhancement in scope of optional T+0 settlement cycle

To enhance the scope of the optional T+0 settlement cycle from the existing beta version, measures have been implemented such as – a) gradual increase in the number of eligible scrips from top 25 to top 500 based on market capitalization; b) allowing all registered stock brokers to participate in T+0 settlement; c) enabling custodian trades; d) mandating QSBs, market infrastructure institutions (MIIs) and custodians to put in place necessary systems and process for seamless participation by all investors in the optional T+0 settlement cycle; and e) enabling block deal window on optional basis to reduce the risk of slippage in this window.

G. Safer participation of retail investors in algorithmic trading

In order to facilitate safer participation of retail investors in algorithmic trading through brokers, a regulatory framework has been notified (**Box 4.2**).

Box 4.2: Safeguarding Retail Investor Participation through Algo Trading

Algo trading provides significant advantages of timed and programmed order execution. At present, there are mechanisms such as Direct Market Access facility, which enable institutional investors to trade through algorithms. There has been an increasing demand for algo trading by retail investors.

In this context, in order to facilitate safer participation of retail investors in algo trading, with stock brokers and stock exchanges playing the required roles in risk management, SEBI vide circular dated February 04, 2025 issued a regulatory framework to facilitate safer participation of retail investors in algorithmic trading through brokers. The said framework has outlined the rights and responsibilities of the main stakeholders of the trading ecosystem viz. investors, stock brokers, algo providers/vendors and MIIs to enable algo facilities to retail investors with appropriate safeguards.

H. Settlement of accounts of clients

To facilitate ease of doing business for TM and mitigate procedural inefficiencies, SEBI decided that the funds of clients who have not traded in last 30 calendar days shall be settled by TM on the upcoming settlement dates. Earlier it was required to be settled within next three working days of monthly

running account settlement cycle as notified by exchanges from time to time.

I. Demat account for association of persons

In order to foster ease of doing business, SEBI has permitted opening of demat account in the name of Association of

Persons (AoP) for holding securities such as units of mutual funds, corporate bonds and Government Securities in demat account.

4.1.2 Market activity and trends observed

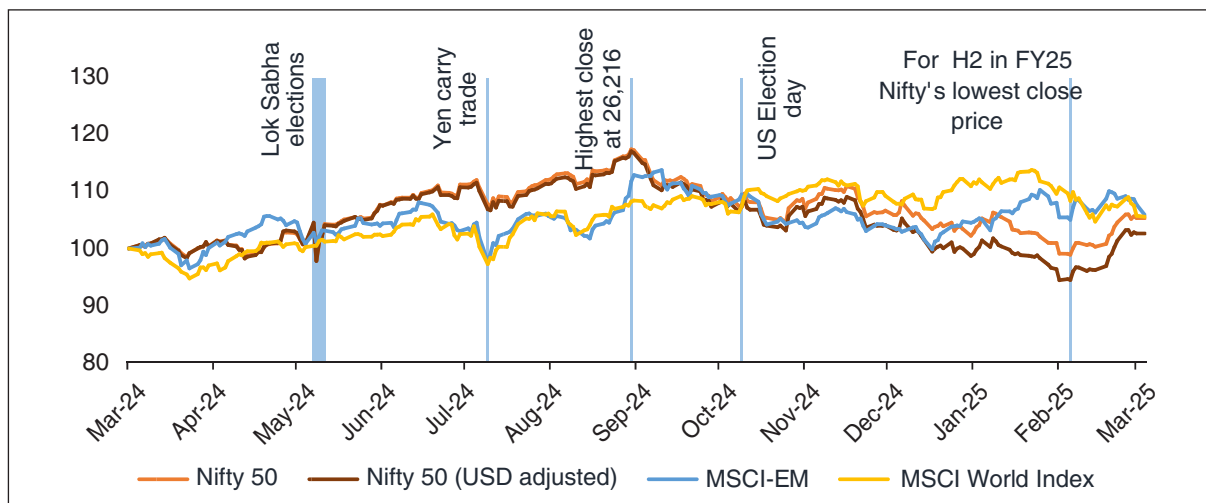
During 2024-25, the trajectory of Indian equity markets exhibited a tale of two halves. The first half was characterized by significant gains (Indian benchmark indices recorded all time high) fuelled by strong domestic macroeconomic indicators, expected outcome from the Indian general elections, robust corporate earnings and consistent participation from both retail and institutional investors. Conversely, the second half was a period of consolidation and corrections due to increased global uncertainties, worries about high market valuations, sluggish GDP growth in Q2 and ambiguity regarding the USA's tariff policies. Nevertheless, the benchmark indices, Nifty and Sensex concluded the fiscal year with modest

positive returns of 5.3 per cent and 5.1 per cent, respectively, highlighting the resilience of the domestic economy and investor confidence. This positive performance occurred despite foreign portfolio investment (FPI) outflows (₹1.3 trillion from equity) as strong participation from DIIs and retail investors counter balanced the outflows.

A. Performance of indices

During the first half (H1) of 2024-25, the benchmark indices viz., Nifty 50 and BSE Sensex recorded an increase of 15.6 per cent and 14.5 per cent, respectively over March 31, 2024. However, this bullish trend reversed in the second half (H2), with both indices witnessing correction. Nifty 50 declined by 8.9 per cent, while the Sensex registered a drop of 8.2 per cent during the period. As at the end of the year, Sensex recorded a return of 5.1 per cent and Nifty 50 exhibited 5.3 per cent gain, on a point to point basis, over last financial year.

Chart 4.1: Movement of Stock Market Benchmark Indices



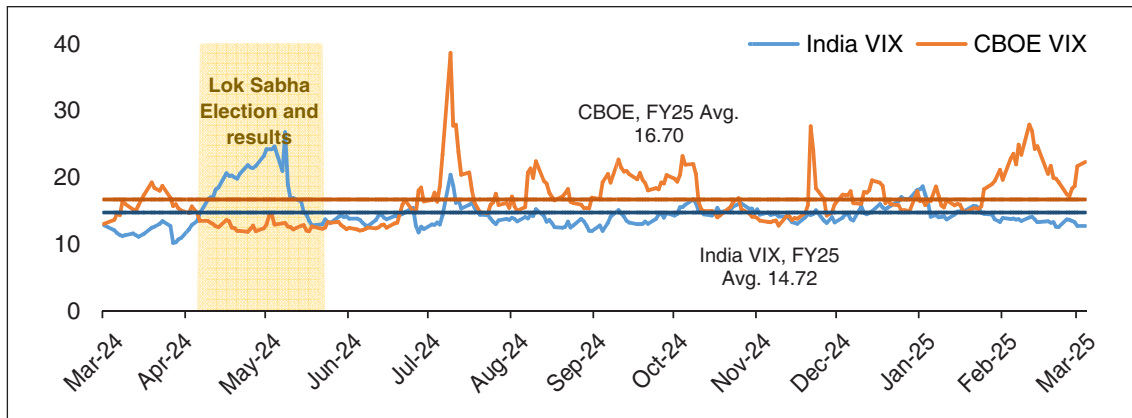
Note: All the indices have been indexed to 100 as on March 28, 2024

Source: Refinitiv

During 2024-25, heightened global uncertainties contributed to increased market volatility across most major international markets compared to the previous year. India VIX remained consistently lower than CBOE VIX, which

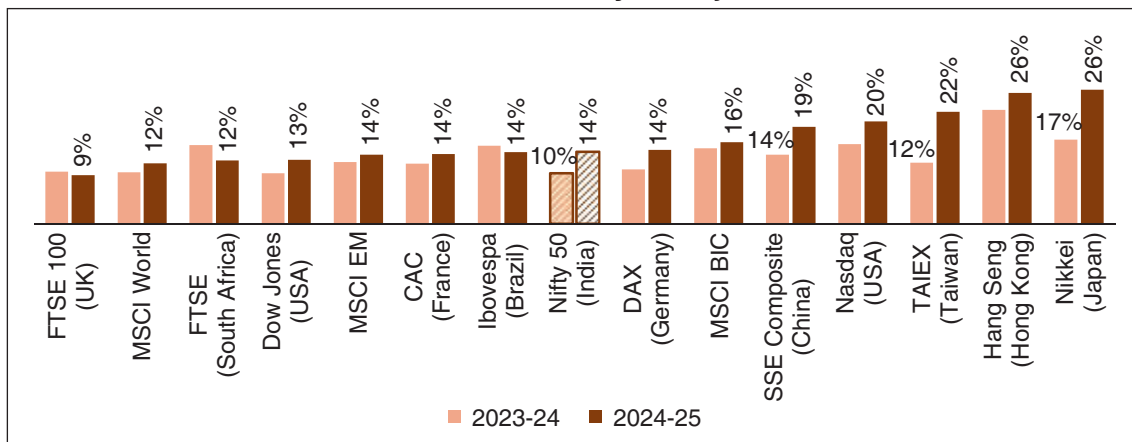
is widely regarded as a key indicator of expected volatility in the US equity market. Among global markets, Japan exhibited the highest level of volatility, followed by Hong Kong and Taiwan (Chart 4.2 and 4.3).

Chart 4.2: Movement of India VIX



Source: NSE, CBOE

Chart 4.3: Annualized Volatility of Major Stock Indices

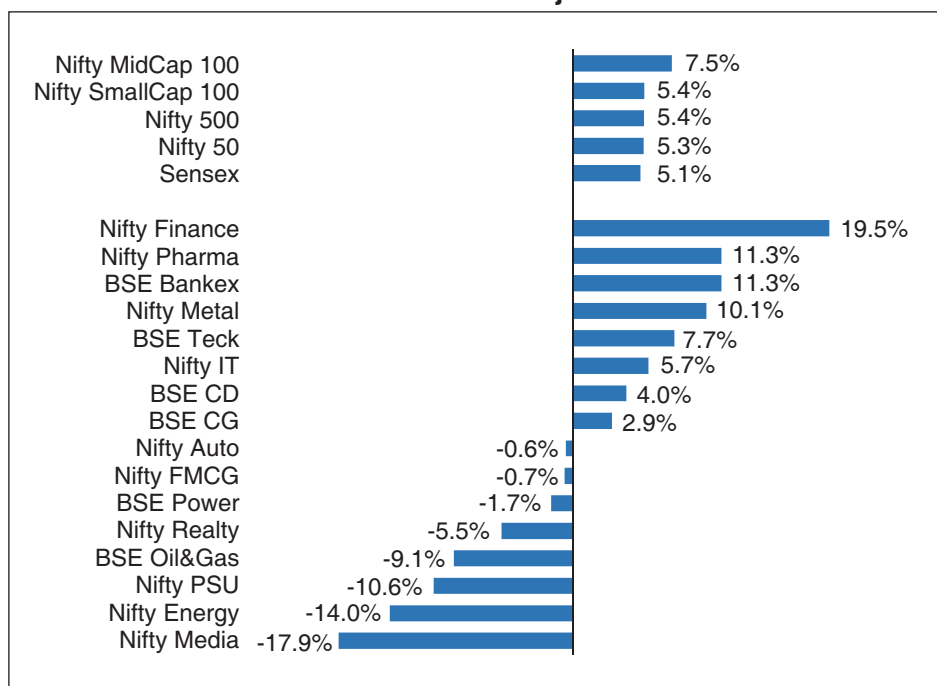


Source: Refinitiv

Among the other indices, mixed trends have been observed during the year. The midcap indices with 7.5 per cent returns outperformed the benchmark indices - Nifty 50 and BSE Sensex. Sector-wise, the Nifty finance emerged as top performer (19.5 per cent) followed by Nifty Pharma (11.3 per cent), BSE Bankex (11.3 per

cent) and Nifty Metal (10.1 per cent). Conversely, sectoral indices such as Nifty Media (-17.9 per cent), Nifty Energy (-14.0 per cent), Nifty PSU (-10.6 per cent) and BSE Oil & Gas (-9.1 per cent) were among the worst performers during the year (Chart 4.4).

Chart 4.4: Annual Returns in Major Indices in 2024-25



Note: BSE CG: BSE Capital Goods, BSE CD: BSE Consumer Durables

Source: NSE and BSE

B. Turnover and market capitalisation in cash segment

During 2024-25, trading activity in the cash segment witnessed a substantial increase compared to the previous year. The aggregate turnover in cash segment increased by 38.3 per cent to ₹301 trillion over 2023-24. The average daily turnover (ADT) rose by 38.2 per cent at NSE, reaching ₹1,12,963 crore and by 17.3

per cent at BSE, reaching ₹7,767 crore (Table 4.1). Increasing interest from individual investors & DIIs and sustained IPO activity have made Indian markets an attractive destination, leading market cap to surpass USD 5 trillion during May 2024. At the end of March 31 2025, the all India market capitalisation, expanded by 6.9 per cent to ₹414 trillion, ranking fifth in the world.

Table 4.1: Exchange-wise Trading Statistics for Cash Segment

Stock Exchange	2023-24	2024-25	Variation (per cent)
Turnover (₹ crore)			
NSE	2,01,03,439	2,81,27,848	39.9
BSE	16,29,038	19,33,907	18.7
MSEI	29.34	26.24	-10.6
Total	2,17,32,507	3,00,61,781	38.3
All India Market Capitalisation (₹ crore)			
All India	3,86,97,658	4,13,75,586	6.9

Source: BSE, NSE and MSEI

Geographical distribution of the turnover (based on broker terminal location) shows that 61.3 per cent of total cash segment turnover (NSE and BSE combined) was concentrated at Mumbai in 2024-25. Share of Ahmedabad has been rising over the years to reach at 17.5 per cent in 2024-25 from 15.2 per cent last year. Other cities having share higher than one per cent turnover are Bangalore, Hyderabad, Delhi and Kolkata (Table 4.2).

Table 4.2: City-wise Distribution of Turnover in the Cash Segment (per cent)

City	NSE and BSE	
	2023-24	2024-25
Mumbai/Thane	63.2	61.3
Ahmedabad	15.2	17.5
Bangalore	1.7	3.5
Hyderabad	2.5	2.3
Delhi	2.5	2.0
Kolkata	1.9	1.5
Chennai	0.6	0.7
Rajkot	1.4	0.6
Pune	0.4	0.3
Ernakulam	0.3	0.2
Others	10.2	10.1
Total	100.0	100.0

Note: City-wise turnover is calculated on gross basis

Source: NSE and BSE

C. Stock market indicators

Market capitalisation to gross domestic product (GDP) ratio is indicative of size of capital market vis-à-vis that of the

economy. India's market capitalisation to GDP ratio has improved significantly over the last five years to 125.1 per cent in 2024-25. The turnover to GDP ratio rose to 90.9 per cent in cash segment. For equity derivatives segment, turnover (premium) to GDP ratio increased to 193.8 per cent from 161.6 per cent last year (Table 4.3).

Table 4.3: Select Ratios Relating to the Stock Market (per cent)

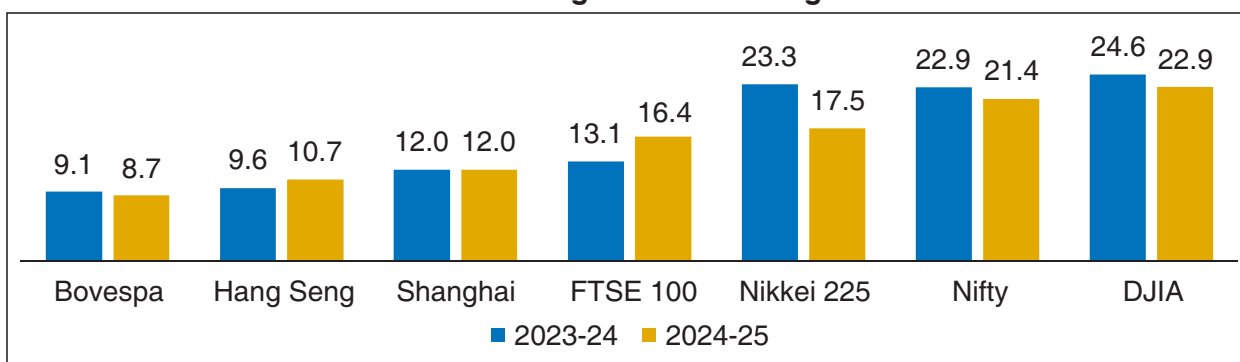
Year	Market Capitalisation to GDP Ratio (All India)	Total Turnover (NSE + BSE) to GDP Ratio	
		Cash Segment	Equity Derivatives Segment (Premium)
2023-24	128.5	72.1	161.6
2024-25	125.1	90.9	193.8

Notes: First revised estimate of GDP at current prices for 2023-24 and provisional estimate for 2024-25 have been taken for computation; For Options, premium turnover has been considered

Source: BSE, NSE and National Statistical Office (NSO)

The financial performance of listed companies impact their stock prices and trading volumes. Strong earning reports attract more investors, leading to higher turnover in those specific stocks and the broader market. The PE ratios (trailing) for Nifty 50 fell to 21.4 at the end of March 31, 2025 from 22.9 at end of 2023-24. However, the valuation of Nifty 50 remained high compared to Brazil, China and other developed markets, except USA (Chart 4.5).

Chart 4.5: Trailing Price to Earnings Ratio



Source: Refinitiv, NSE

D. Trading frequency

During 2024-25, equity stocks trading for more than 100 days increased to 91.6 per cent (from 90.3 per cent in 2023-24) at NSE. At BSE, it rose to 90.0 per cent

(from 88.3 per cent in 2023-24). Further, the share of equity stocks trading for less than 20 days declined to 2.4 per cent (from 3.4 per cent) at BSE, indicating increase in trading activity during the year (**Table 4.4**).

Table 4.4: Trading Frequency of Listed Stocks (No. of Stocks Traded)

Trading Frequency (Range of Days)	2023-24		2024-25	
	BSE	NSE	BSE	NSE
Above 100	3,799	2,151	4,022	2,444
91-100	37	21	23	18
81-90	33	16	41	22
71-80	28	17	32	16
61-70	54	29	33	22
51-60	51	16	49	15
41-50	57	15	53	16
31-40	57	18	53	13
21-30	41	23	53	23
11-20	56	25	37	11
1-10	89	51	71	69
Total	4,302	2,382	4,467	2,669

Note: Stocks include only equity stocks

Source: NSE, BSE

E. Participation of DIIs

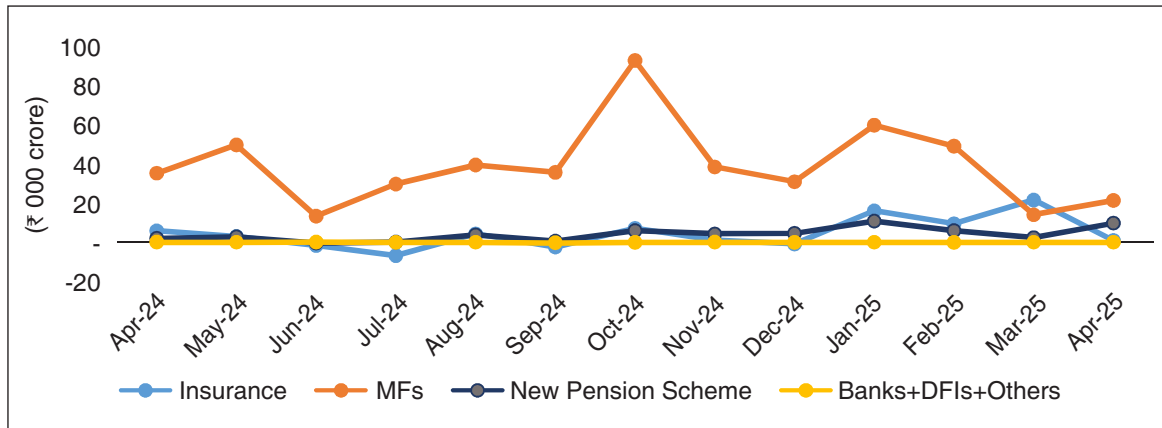
Domestic institutional investors (DIIs) (comprising banks, domestic financial institutions (DFIs), insurance companies, mutual funds and National Pension Scheme (NPS)) continued to play their countervailing role in the Indian

equity market, in the face of significant large scale net FPI outflows during 2024-25. DIIs invested ₹6 trillion (highest ever net investment) against net outflow of ₹1.3 trillion by foreign portfolio investors (FPIs) from equity segment during the

same period. The surge in net investment was led by mutual funds (net investments of ₹4.9 trillion vs. ₹2.5 trillion in 2023-24), with 83.1 per cent share in total net investments by DIIs. At the end of March 2025, FPI ownership in all the listed companies (at NSE) stood at 17.5 per cent, which was 13

year low. Conversely, mutual funds and individual investor share rose all-time high to 10.4 per cent and 9.5 per cent respectively. This highlights the growing depth and penetration of Indian capital markets (**Chart 4.6**).

Chart 4.6: Trends in the Domestic Institutional Investment in Cash Segment



F. Settlement

Clearing corporations carry out clearing and settlement functions according to the settlement cycles outlined in the settlement schedule. The clearing function is designed to ascertain the obligations of members to deliver and the entitlements of members to receive on the settlement date. Settlement is a reciprocal process that entails the transfer of funds and securities on the designated settlement date. A multilateral netting procedure is being employed to calculate the net settlement obligations (delivery/receipt positions) of the clearing members. Consequently, a clearing member will have either pay-in or pay-out obligations for funds and securities separately. In case of securities in the trade for trade - surveillance segment and auction trades, obligations are determined on a gross basis. During 2024-25, aggregating across all CCs, the ratio of shares delivered to total shares traded rose to 23.6 per cent

from 21.3 per cent in 2023-24. Conversely, the proportion of value of shares delivered to total turnover saw a marginal decline to 24.4 per cent from 24.6 per cent during the same period. CC-wise delivery statistics is given in **Table 4.5**.

Table 4.5: Delivery Statistics (per cent)

Clearing Corporation	Quantity Delivered (as per cent of Quantity Traded)		Value Delivered (as per cent of Value Traded)	
	2023-24	2024-25	2023-24	2024-25
NCL	20.8	22.6	25.3	24.7
ICCL	23.7	28.9	20.2*	21.9
Total	21.3	23.6	24.6	24.4

*Revised

Source: ICCL and NCL

G. Dematerialisation

Over the years, Indian capital market has witnessed significant increase in individual and DII participation. Post Covid-19, ease of investing through digital platforms and

proliferation of mobile trading applications from discount brokers have significantly boosted individual investor engagement. At the end of 2024-25, the number of demat accounts registered across both the depositories stood at 19.2 crore, of which, 15.65 crore accounts were opened since April-2020. The number of listed companies signed up for dematerialization with NSDL and CDSL increased by

5.8 per cent and 5.3 per cent (Y-o-Y), respectively, at the end of March 2025. The value of securities in the demat form at NSDL and CDSL increased by 9.6 per cent and 9.8 per cent respectively, at the end of March 2025. At the end of 2024-25, NSDL had 78.5 per cent share in terms of market value of demat securities (**Table 4.6**).

Table 4.6: Depository Statistics

Particulars	NSDL		CDSL	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
No. of Investor Accounts (lakh)	358	395	1,156	1,530
No. of Listed Companies Signed up to make their Shares Available for Dematerialisation	5,945	6,290	6,322	6,657
Quantity of Listed Equity in Demat Form (crore)	71,917	85,230	34,044	41,628
Value of Listed Equity in Demat Form (₹ crore)	3,28,31,976	3,52,07,811	57,11,832	61,13,471

Source: NSDL and CDSL

4.1.3 Risk management measures

A. Suspension of scrips

During 2024-25, 90 scrips at BSE, 37 scrips at NSE and 24 scrips at MSEI were suspended on account of surveillance measures, non-payment of fees and

non-compliance of various regulations and procedures. At NSE, the majority of the suspensions were due to procedural reasons. At BSE, 28 companies and at MSEI, 24 companies were suspended due to non-payment of annual fees (**Table 4.7**).

Table 4.7: Details on Suspended Scrips

Reason for Suspension	BSE		NSE		MSEI	
	2023-24	2024-25	2023-24*	2024-25	2023-24*	2024-25
Non-Payment of Annual Fees	33	28	6	0	36	24
Surveillance Measures	1	0	0	0	-	-
Non-Compliance of LODR Regulations (Corporate Governance Related) [Regulation 17(1), 18(1), 27(2)]	2	3	0	3	-	-
Any Other (Reg. 31, 33, 34 and Reg. 76 of SEBI (Depositories and Participant) Regulation 2018)	26	29	3	7	6	0
Procedural	39	30	35	27	-	-
Total	101	90	44	37	42	24
Suspensions Revoked during the Year	72	88	2	4	7	10

*Data for NSE and MSEI for 2023-24 has been revised

Source: BSE, NSE, MSEI

B. Delisting

During 2024-25, 85 scrips were delisted from BSE, 12 from NSE and four from MSEI. At BSE, 10 companies were voluntary delisted and 67 were compulsory delisted. At NSE, number of companies

under voluntary and compulsory delisting stood at five and six, respectively (**Table 4.8**). During 2024-25, one company was suspended on account of liquidation at MSEI.

Table 4.8: Details on Delisted Scrips

Reason for Delisting	BSE		NSE		MSEI	
	2023-24	2024-25	2023-24*	2024-25	2023-24*	2024-25
Voluntary Delisting	15	10	10	5	6	3
Compulsory Delisting	194	67	2	6	14	-
Delisting pursuant to Liquidation	0	0	2	0	2	1
Any Other (Procedural Delisting)	12	8	1	1	0	0
Total	221	85	15	12	22	4

Note: With respect to compulsory delisting, common companies between NSE and BSE for 2024-25 and 2023-24 are five and for two respectively and for 2023-24 one company is common between MSEI and BSE.

*Data for 2023-24 has been revised.

Source: BSE, NSE and MSEI

4.1.4 Market concentration**A. Share of participants in annual cash segment turnover**

During 2024-25, share of proprietary traders and mutual funds in annual cash market turnover increased to 29.7 per cent and 8.7 per cent respectively. Share of others, which include individual domestic

investors, partnership firms/LLPs, trusts/societies, alternative investment funds (AIFs), depository receipts, portfolio management service (PMS) clients, statutory bodies, venture capital funds (VCFs), non-banking financial companies (NBFC) etc. declined at NSE. However, it increased at BSE (**Table 4.9**).

Table 4.9: Participant-wise Share in Cash Segment Turnover (per cent)

Category	BSE		NSE		Total	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Proprietary Traders	34.4	37.4	28.2	29.2	28.7	29.7
Domestic Institutions [*]	2.8	1.8	2.3	2.3	2.3	2.2
FPIs	13.0	6.7	14.8	14.9	14.7	14.3
MFs	3.3	3.1	7.8	9.1	7.4	8.7
Corporates	5.6	6.1	5.6	5.0	5.6	5.1
Others ^{**}	40.9	45.1	41.29	39.6	41.3	40.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes: ^{*}Domestic institutions (excluding mutual funds) include banks, DFIs, insurance companies and the New Pension Scheme.

^{**}Others include individual domestic investors, Partnership Firms/LLPs, Trusts/Societies, AIFs, Depository Receipts, PMS clients, Statutory Bodies, VCFs, NBFC etc.

Source: BSE and NSE

The dominant mode of trading at exchanges during 2024-25 was through co-location, and the share of value traded through

co-location increased at BSE and NSE as compared to the last year (**Table 4.10**).

Table 4.10: Mode of Trading in the Cash Segment (per cent)

Mode of Trading	BSE		NSE		Total	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Co-location	36.7	39.6	34.3	36.9	34.5	37.1
Mobile	20.3	24.9	19.5	20.6	19.6	20.9
Non- Algo	26.4	20.1	18.3	14.1	18.9	14.5
Internet Based Trading	7.4	7.9	8.4	7.7	8.3	7.7
Algorithmic Trading	6.2	4.7	12.8	13.1	12.3	12.5
Direct Market Access	0.2	0.4	5.8	6.8	5.4	6.4
Smart Order Routing	2.0	1.7	0.9	0.8	1.0	0.8
FOW-NOW	0.8	0.7	0.0	0.0	0.1	0.0

Source: BSE and NSE

B. Share of top-100 brokers/securities

The share of top 100 brokers in the annual cash market turnover in 2024-25 marginally rose to 90.1 per cent at BSE. At NSE, it increased to 90.6 from 88.7 as compared

to the last year. However, share of the top 100 securities in the annual cash market turnover declined to 43.7 per cent and 51.0 per cent, at BSE and NSE respectively in 2024-25 (**Table 4.11**).

Table 4.11: Share of Top-100 Brokers/Securities (per cent)

Particulars	BSE		NSE		Total	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Share of Top-100 Brokers in Annual Cash Market Turnover	90.0	90.1	88.7	90.6	88.8	90.6
Share of Top-100 Scrips/Securities in Annual Cash Market Turnover	47.0	43.7	53.2	51.0	52.7	50.5

Source: BSE and NSE

The top 10 brokers in the cash segment of BSE, who represent 32.6 per cent of the total clients, contributed 54.3 per cent of its gross turnover in 2024-25. On the other

hand, top 10 brokers in the cash segment of NSE, who represent 48.3 per cent of the total clients, contributed 41.5 per cent to its gross turnover (**Table 4.12**).

Table 4.12: Top-10 Brokers in the Cash Segment

Exchange	Percentage Share in Gross Turnover		Percentage Share in the Total Clients (as on)	
	2023-24	2024-25	March 31, 2024	March 31, 2025
BSE	47.5*	54.3	17.7	32.6
NSE	38.6	41.5	63.7	48.3

*Revised

Source: NSE, BSE

4.2 SECONDARY MARKET : DEBT MARKET AND HYBRIDS

4.2.1 Policy developments

During 2024-25, SEBI launched several initiatives to enhance trading efficiency, simplify processes and improve transparency in the debt market. These include:

A. Introduction of liquidity window facility
Low levels of secondary market transactions in corporate bonds (majorly due to a large number of institutional investors holding such bonds to maturity) has resulted in the corporate bond market being perceived as illiquid. To address this issue, especially for retail investors, a Liquidity Window facility in debt securities has been introduced. The initiative aims to enhance liquidity by allowing issuers to offer a put option on debt securities at pre-specified intervals through stock exchange mechanism. The said facility will be optional for issuers to offer and will be available only for new/prospective issuances of debt securities, after a period of one year from the date of issue. The policy is aimed to boost investor confidence by providing a structured exit route and help in market development.

B. Alignment of provisions

The provision for approval and authentication of financial results for equity and debt listed entities has been aligned. Accordingly, for authentication of financial results, entity having listed debt securities is required to obtain signature by the chairperson or managing director or a whole time director or any other director of the listed entity who is duly authorized. In addition, as there was no specific definition of fraud/default for debt listed entities, provision regarding disclosure of fraud/default in respect of price sensitive information for entities having listed non-convertible securities (NCS) was aligned with that of equity-listed entities. Also, to ensure parity between provisions under SEBI (Listing of Securities and Disclosure Requirements) Regulations (LODR Regulations), filing of disclosures for debt listed entities was mandated in XBRL format as specified for equity listed entities.

C. Alignment in the timeline

The timeline for submission of status regarding payment obligations for listed commercial paper has been aligned with listed debt securities i.e. within one working day of payment becoming due.

D. Publication of financial results in newspapers

Listed entities with only NCS are allowed to notify newspapers about their financial results instead of providing full disclosures, provided they obtain prior approval from the debenture trustee. The notification will include a QR code and a link to the website to access the financial results.

E. Standardization of record date

Issuers have been directed to fix a standard record date for identifying eligible investors 15 days before the payment of interest (or dividend)/repayment of principal of debt securities/non-convertible redeemable

preference shares (NCRPS) at 15 days prior to the due date of payment obligations.

F. Timeline for intimation of record date

Timeline for giving notice in advance about intimation of record date to stock exchanges by entity having listed non-convertible securities is reduced from 'at least seven working days' to 'at least three working days', excluding the date of intimation and the record date.

4.2.2 Market activity and trends

A. Settled trades

During 2024-25, the value of corporate bonds settled through CCs increased by

24.9 per cent, reaching ₹16.6 trillion, up from ₹13.3 trillion in 2023-24. Of all trades settled, 97.0 per cent were related to listed bonds (**Table 4.13**). Additionally, the value of trades settled off-market increased by 12.9 per cent, amounting to ₹53,950 crore in 2024-25, compared to ₹47,769 crore in 2023-24. The majority of off-market trades involved unlisted corporate bonds, accounting for 78 per cent of value traded in 2024-25 and 60 per cent in 2023-24. However, there was a notable decline of 82.3 per cent in the number of trades settled for listed bonds off-market this year.

Table 4.13: Settlement of Corporate Bonds

Period	Settled through Clearing Corporations*				Off-market Transfer**			
	Listed Corporate Bonds		Unlisted Corporate Bonds		Listed Corporate Bonds		Unlisted Corporate Bonds	
	No. of Trades Settled	Amount (₹ crore)	No. of Trades Settled	Amount (₹ crore)	No. of Trades Settled	Amount (₹ crore)	No. of Trades Settled	Amount (₹ crore)
2023-24	10,91,055	12,19,539	32,806	1,06,085	1,32,578	18,900	34,998	28,869
2024-25	11,00,916	15,52,176	32,239	1,03,807	23,456	11,827	34,211	42,122

Note: *Trades executed on OTC + RFQ + anonymous platforms and settled through clearing corporations (ICCL and NCL)

**Trades settled through Off-market at depositories (CDSL and NSDL)

Source: NCL, ICCL, NSDL & CDSL

B. Request for quote platform (RFQ)

The Request for Quote (RFQ) platform was created to revitalise trading in the corporate bond market by shifting from traditional OTC - based trading to a fully electronic trading system. This platform serves as a comprehensive market place for various debt securities, including corporate bonds, commercial papers, certificates of deposit, government securities, state development loans and treasury bills. Launched by exchanges in February 2020, it was designed to meet the unique needs of the bond market, inspired by the success of

similar platforms worldwide. In compliance with regulatory mandates, different categories of investors, such as mutual funds, AIFs, portfolio managers, stock brokers and FPIs are required to execute a threshold percentage of their corporate bond trades through the RFQ platform of stock exchanges. Since its launch, the platform has experienced a gradual adoption in usage, with market participants actively trading and reporting corporate bond volumes on the RFQ platform (**Table 4.14**).

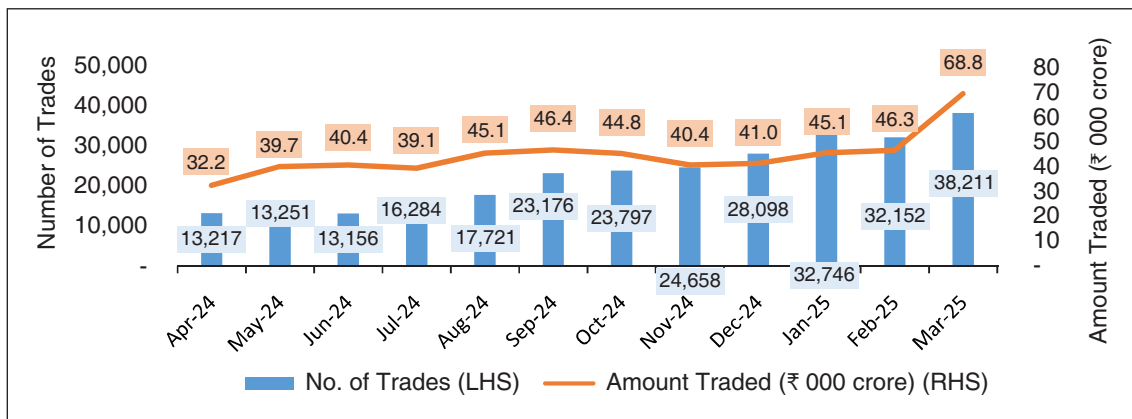
Table 4.14: Activity and Trends on RFQ Platform for Corporate Bonds (consolidated for NSE and BSE)

Period	No. of participants registered during the year	No. of participants	No. of unique participants [^]	Total no. of RFQs initiated	Total no. of responses to the RFQs	Number of trades	Traded Value (in crore)
2023-24	374*	40,911	520*	64,987	53,900	44,169	3,40,525
2024-25	182	2,04,507	595	3,13,656	3,01,949	2,76,467	5,29,147

*revised; [^]sum of unique participants at NSE and unique participants at BSE
Source: NSE and BSE

During 2024-25, the number of trades initiated via the RFQ platform increased approximately five times. This led to a 5.3 fold increase in trades on the RFQ platform, contributing to a 55.4 per cent rise in the total amount traded over the

last year. The average monthly turnover on the RFQ platform reached ₹44,096 crore during 2024-25, compared to ₹28,377 crore in the previous year (Chart 4.7).

Charts 4.7: Trends in RFQ Platform during 2024-25

C. Participants in debt and hybrid market
Mutual funds are the leading participants in the corporate bond market, followed by banks and DFIs. In 2024-25, bank

participation in corporate bond trades increased by 48.0 per cent over last year while mutual funds' participation grew by 23.5 per cent (Table 4.15).

Table 4.15: Participant-wise Share in Trading in the Corporate Bond Market

Category	Amount (₹ lakh crore)				Percentage Share			
	BSE		NSE		BSE		NSE	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Mutual Funds	0.5	0.2	6.5	8.4	11.8	6.1	29.2	29.0
Banks	0.2	0.2	4.0	6.1	19.7	20.2	18.2	21.1
Insurance Companies	0.1	0.1	2.2	2.6	2.5	2.7	9.8	8.8
Trading Members	0.7	0.7	1.4	1.8	15.6	18.3	6.1	6.1
Corporates	1.0	0.9	1.9	2.0	21.8	23.9	8.5	7.0
Primary Dealers	0.1	0.0	1.3	1.7	1.2	1.2	6.0	5.8
FPIs	0.0	0.0	1.0	1.7	0.5	0.7	4.5	5.9
Domestic Financial Institutions (other than MFs, Insurance, Banks)	1.0	1.0	3.7	4.5	22.5	24.5	16.6	15.4
Others	0.9	0.7	0.2	0.2	4.6	2.5	1.1	0.9
Total	4.5	3.9	22.1	29.0	100.0	100.0	100.0	100.0

Note: Data for 2023-24 is revised.

Source: BSE, NSE

D. Limited purpose clearing corporation

AMC Repo Clearing Limited (ARCL) serves as a limited purpose clearing corporation (LPCC), functioning as a central counterparty for all trades executed on the exchange for tri-party repo transactions involving corporate debt securities. During 2024-25, the monthly average trading volume in corporate bonds under ARCL has increased by 5.6 times to ₹24,816.7 crore from ₹3,753.1 crore in 2023-24. Further, the average daily fund settled has also increased three-fold to ₹366.9 crore from ₹92.7 crore during the period.

4.3 EQUITY DERIVATIVES MARKET

The Indian equity derivatives market has experienced phenomenal growth over the last few years. Enhanced digital access, the proliferation of mobile trading applications from discount brokers, simplified account opening processes, shorter contract durations and the widespread

availability of trading tutorials on social media have significantly contributed to the growth of index options over the last five years. During 2024-25, the volume of contracts traded in index options (across both BSE and NSE) surged 29 times compared to 2019-20. The average monthly premium turnover for index options rose 15 times, reaching ₹13 trillion during this period. Activity in stock options, saw nine-fold rise in both contracts traded and premium turnover over 2019-20. The average monthly premium turnover for stock options grew to ₹1.6 trillion in 2024-25. However, excessive speculative activity in the derivatives market, poses risks to investor protection and market stability. SEBI's study also revealed that nine out of 10 individual investors lost their money in derivatives trading during 2018-19 to 2023-24. Even 73 lakh individual investors incurred an average net loss of ₹1.2 lakh during 2023-24. During 2024-25, SEBI implemented many measures to strengthen equity derivatives market, which are listed below:

4.3.1 Policy developments

A. Strengthening equity index derivatives framework

With the objective to foster investor

protection and to ensure market stability, SEBI implemented a set of measures to contain the voluminous activities on expiry day in index options segment (**Box 4.3**).

Box 4.3: Measures to Strengthen Equity Index Derivatives

Derivatives markets play a crucial role in enhancing price discovery, improving market liquidity and enabling investors to manage their risks more effectively. Post-covid, the multi-fold growth in index options trading, particularly on expiry days, had raised concerns regarding the investor protection and systemic stability. Notably, the trading volume in index options was heavily concentrated on expiry days, with an average of 90 per cent trading on expiry day and 30 per cent occurring in the last 60 minutes. A study conducted by SEBI revealed that 9 out of 10 individual investors incurred losses while trading in index options.

In light of this, to mitigate excessive speculative activity on expiry day and reduce systemic risk associated with potential black swan event during contract expirations, six measures were announced on October 01, 2024, which included inter-alia, upfront collection of option premiums from buyers, removal of calendar spread treatment on expiry days, intraday monitoring of position limits, adjustment of contract sizes for index derivatives, rationalization of weekly index derivative products and increase in tail risk coverage on options expiry day.

Subsequent to these risk containment measures, equity derivatives segment witnessed fall in trading activity across the products. Average daily traded value in exchange traded derivatives (option premium + futures) declined by 20.7 per cent in December-March 2025 over April-October 2024 period. While average daily premium turnover in index options declined by 19.5 per cent during the same period, the average daily turnover in futures segment declined by 21.4 per cent.

B. Review of eligibility criteria for entry/ exit of stocks

In light of the evolution in domestic markets since 2018 marked by a multi-fold increase in broad market parameters, the eligibility criteria for the entry and exit of stocks in the derivatives segment have been revised. The updated criteria aim to ensure that only stocks with adequate market depth and liquidity are eligible for trading in the derivatives segment. Additionally, recognizing the role of derivatives in enhancing price discovery and liquidity, a new exit criterion based on the Product Success Framework (PSF) has been introduced. This measure ensures that only stocks with sustained interest from market participants continue to remain in the derivatives segment.

C. Stress testing framework

In addition to the existing stress testing methodologies, new stress-testing approaches have been adopted to improve the assessment and measurement of the prevalent tail risk in the equity derivatives segment. These enhanced methodologies aim to provide a more accurate estimation of the default fund requirements for CCs. Furthermore, keeping in view the increased funding needs of CCs post adoption of new stress testing methodologies, provisions were incorporated for inter-segment transfer of settlement guarantee fund (SGF) from cash to equity derivatives segment and staggered contribution to the core SGF of equity derivatives segment.

D. Revision of the position limits

To ensure a level playing field for smaller stock exchanges and to support the growth of newly launched derivative products, the position limits for TMs, cumulatively for client and proprietary trades, in index futures and options contracts were revised at the higher of ₹7,500 crore (from the earlier limit of ₹500 crore) or 15 per cent of the total market open interest (OI). Position limits would be monitored based on OI at end of previous day's trade (earlier this was current day OI). No penal provisions to apply in cases where a market participant breaches the position limits due to drop in market OI compared to previous day's market OI.

E. Enhancement of dynamic price bands for scrips

Based on feedback received from various stakeholders, as well as discussions held with the Secondary Market Advisory Committee of SEBI and the stock exchanges, the framework for price band formulation for scrips in the derivatives segment has been modified as follows:

- i. To address issues related to sudden price movements and fat finger errors, the criteria for flexing price bands have been strengthened. The flexing of price was enhanced to 50 trades, 10 unique client codes and three trading members.
- ii. Price bands between underlying and its future contracts has been aligned.
- iii. To facilitate orderly price movement and reduce pressure on settlement systems, the cooling-off period of 15 minutes, was increased and the flexing threshold of five per cent was reduced in a calibrated manner.
- iv. Whenever price band of a scrip or futures contracts is flexed in one direction, the price band on the other side would be flexed concurrently by

equivalent amount in the direction of price movement.

- v. A temporary price floor or ceiling for options in the sentimental direction of price trend in the underlying, as applicable, would be placed in the options, once underlying scrip triggers cooling off.

F. Cross margin benefits for offsetting positions

Cross margin benefits are provided for offsetting positions where the correlated indices or an index and its constituents, share the same expiry date. Following discussions with MIIIs and the Risk Management Review Committee of SEBI, the cross-margin benefit was extended to offsetting positions even when they have different expiry dates.

4.3.2. Market activity and trends observed**A. Trading activity**

In India, BSE and NSE offer trading in equity derivatives. As on March 31, 2025, at NSE, 217 stocks and five indices were eligible for trading in equity derivatives segment whereas, at BSE, 212 stocks and three indices were eligible. Both BSE and NSE used to offer weekly options contracts for all the eligible index options, however, with the implementation of SEBI guidelines, BSE and NSE had to discontinue the weekly expiry of all indices except for Nifty 50 and Sensex w.e.f. November 2024. During 2024-25, the aggregate futures turnover (BSE and NSE) in the equity derivatives market increased by 40.8 per cent to ₹465 trillion from ₹330 trillion in 2023-24. In case of options, the aggregate premium turnover increased by 13.4 per cent to ₹178 trillion from ₹157 trillion during the same period (**Table 4.16**).

Table 4.16: Trading Activity in Equity Derivatives Market

Contracts	Parameter	BSE		NSE		
		2023-24	2024-25	2023-24	2024-25	
No. of Contracts Traded (in crore)	Options	Index	1,130	3,055	9,365.2	10,090.9
		Stock	0	0	113.8	174.8
	Futures	Index	0.03	0.06	8.6	11.7
		Stock	0	0	32.5	51.9
Notional Turnover (₹ lakh crore)	Options	Index	8,028	27,556	78,676.9	76,585.6
		Stock	0	0.03	921.1	1,311.2
Premium Turnover (₹ lakh crore)	Options	Index	4.93	22.4	138.2	135.8
		Stock	0	0	13.8	19.8
Turnover (₹ lakh crore)	Futures	Index	0.2	0.5	74.2	87.5
		Stock	0	0.0	255.5	375.4
Open Interest at the end of the Year	No. of Contracts Outstanding (in lakh)		1.2	18.1	150.4	165.2
	Value (₹ lakh crore)		0.1	2.8	13.0	17.8

Source: NSE and BSE

During 2024-25, 637 million contracts were traded in the futures segment, a significant increase from 412 million in 2023-24. Concurrently, the options segment experienced growth with traded contracts rising to 133 billion from 106 billion during the same period. It is important to note that both BSE and NSE raised the lot size for index derivatives in November 2024 and January 2025, respectively, which also contributed to a fall in number of contracts traded in the later part of the year.

B. Settlement

In India, index futures and options are cash settled both in daily mark to market (MTM) and on expiry day. On the other hand, physical settlement is compulsory if a trader holds stock futures & options contracts that are eligible for physical delivery upon expiry. During 2024-25, the daily MTM in futures segment increased to ₹5 trillion compared to ₹2.5 trillion in 2023-24. In case

of options premium, the settlement amount stood at ₹2 trillion, from ₹1.2 trillion. The total settlement amount was ₹7.7 trillion in 2024-25 as against ₹3.9 trillion in 2023-24 (Table 4.17).

Table 4.17: Settlement Statistics in Equity Derivatives Segment

Year	Index/Stock Futures		Index/Stock Options		Total
	MTM Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
2023-24	2,45,706	4,105	1,16,075	24,845	3,90,731
2024-25	5,20,012	5,150	1,97,639	45,424	7,68,225

Source: ICCL, NCL

4.3.3. Market concentration and risk management measures

Among the two exchanges, while both stock and index derivatives are predominantly traded at NSE, BSE is only active in trading index derivatives. In the case of index futures, NSE maintained a dominant position with 98.0 per

cent market share in 2024-25. However, in terms of index options premium turnover, NSE's share fell to 85.9 per cent in 2024-25 from 96.6 per cent in 2023-24, whereas BSE's share rose to 14.1 per cent from 3.4 per cent during the same period.

A. Market concentration

i. Product-wise

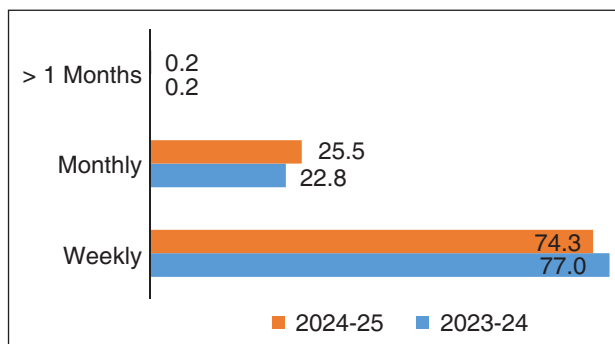
Index options are the most traded products in the equity derivative segment of the BSE and NSE. In notional terms, share of index options stood at 98.3 per cent of aggregate turnover. At BSE, almost 100 per cent trading activities in equity derivatives is concentrated in index options, of which, share of Sensex was 80.3 per cent and of Bankex was 19.7 per cent. On the other hand, at NSE, index options contributed 97.7 per cent of total notional turnover during 2024-25, with five indices as underlying. Of this, share of Nifty 50 was highest at 45.4 per cent, followed by Bank Nifty (34.8 per cent), Fin Nifty (13.7 per cent) and Midcap Nifty (6.2 per cent). In the futures segment, the highest share was of Nifty futures at 58.6 per cent, followed by Bank Nifty (37 per cent), Midcap Nifty (3.5 per cent), Fin Nifty (0.7 per cent) and Nifty Next50 (0.2 per cent).

ii. Maturity-wise

While BSE has permitted weekly index futures, contracts at NSE have monthly expiry. Both BSE and NSE offer weekly index options. In case of stock derivatives, both futures and options are monthly expiry only. The weekly index options are the most actively traded options in India. At NSE, the share of weekly options to total Index options turnover stood at 73.0 per cent during 2024-25, compared to 76.7 per cent

in 2023-24. The share of the weekly index options turnover at BSE also decreased to 76.2 per cent from 80.4 per cent during the period (**Chart 4.8**).

Chart 4.8: Maturity-wise Share in Index Options (per cent)

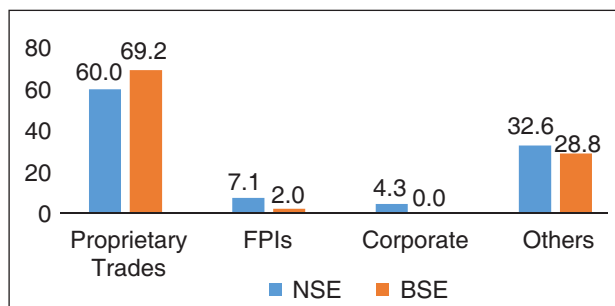


Note: Notional turnover
Source: BSE and NSE

iii. Participant-wise

While there was 24.2 per cent increase in the notional turnover (₹25,740 lakh crore) by proprietary traders, that for FPIs also rose by 24.1 per cent (₹2,382.7 lakh crore) in 2024-25. Simultaneously, an increase of 9.5 per cent (₹580.6 lakh crore) was witnessed in the notional turnover of equity derivatives traded by corporates (**Chart 4.9**).

Chart 4.9: Participant-wise Share in Notional Turnover of Equity Derivatives Segment (Per cent)



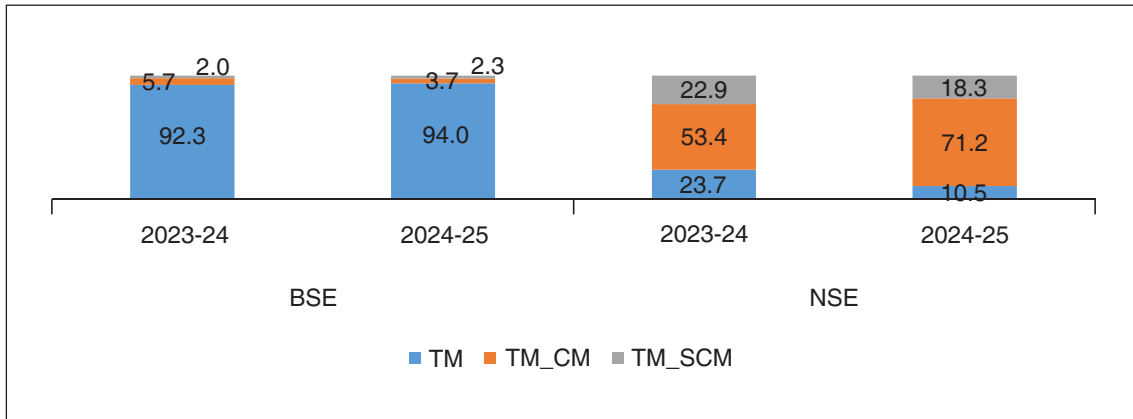
iv. Member-wise

In terms of member category, during

2024-25, trading cum clearing members (TM-CM), who are capable of clearing both their own trades and those of others, represented 71.2 per cent of total notional turnover at NSE, followed by trading members cum self-clearing members

(TM-SCM) (18.3 per cent) and TM (10.5 per cent). In case of BSE, trading member's contribution was the highest 94.0 per cent followed by TM-CM (3.7 per cent) and TM-SCM (2.3 per cent) during 2024-25 (Chart 4.10).

Chart 4.10: Member-wise Share in Notional Turnover (Per cent)

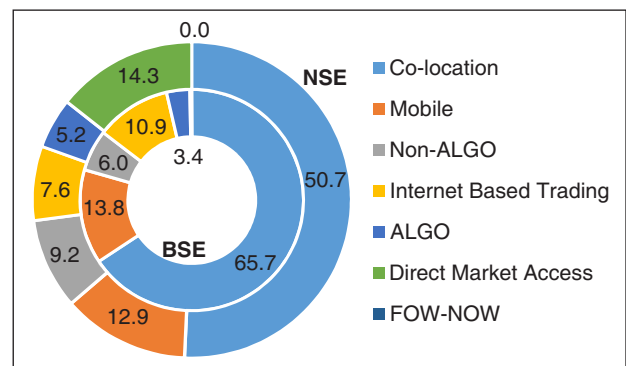


The top 10 brokers (including proprietary traders) in the equity derivatives segment of BSE accounted for 43.6 per cent of the total client base and contributed 75.1 per cent of the overall notional turnover at BSE for the year 2024-25. Conversely, the top 10 brokers (including proprietary traders) in the equity derivatives market of NSE, represented 40.2 per cent of total clients and contributed 64.0 per cent of the notional turnover (Table 4.18).

v. Mode of trading

During 2024-25, co-location emerged as the predominant mode of trading, followed by direct market access (DMA) and mobile trading. There has been a notable increase in DMA, rising from 4.6 per cent in 2023-24 to 14.3 per cent in 2024-25 at NSE (Chart 4.11).

Chart 4.11: Mode of Trading during 2024-25 (Per cent)



Source: NSE, BSE

Table 4.18: Top-10 Brokers in the Equity Derivatives Segment

Exchange	Percentage Share in the Gross/ Notional Turnover		Percentage Share of the Total Clients	
	2023-24	2024-25	31-Mar-24	31-Mar-25
NSE	41.6	64.0	45.2	40.2
BSE	76.8	75.1	36.9	43.6

4.4 COMMODITY DERIVATIVES MARKET

The commodity derivatives market in India have been under the regulatory oversight of SEBI since 2015. As of March 31, 2025, the Government of India has notified 104 distinct commodities and their variants for trading on recognized stock exchange platforms, showcasing the breadth of the market's scope. Currently, commodity derivatives trading is facilitated on four prominent exchanges: BSE, MCX, NCDEX and NSE. As of March 31, 2025, a diverse range of 34 unique commodities are available for trading, encompassing 23 agricultural commodities and 11 non-agricultural commodities.

Over the years, trading activity within the Indian commodity derivatives space has witnessed a consistent upward trajectory, particularly pronounced in non-agricultural commodities such as gold, silver, crude oil and natural gas, reflecting their significance in industrial and investment portfolios.

4.4.1 Policy developments

A. Reduction of staggered delivery period

In May 2024, the minimum staggered delivery period was shortened from a minimum of five working days to three working days. Staggered delivery refers to the timeframe prior to a contract's expiration during which buyers and sellers with open positions can express their intent to either receive or provide delivery. This would benefit the market participants in terms of reduced margin requirement etc.

B. Revision of eligibility criteria

To enhance the ease of doing business and to strengthen the commodity derivatives market, the requirement for a retention/gestation period has been eliminated, allowing stock exchanges to decide when to launch contracts. Additionally, it has been

determined that all commodity contracts, once approved by SEBI, shall be allowed to trade on stock exchanges without requiring further approval from SEBI, unless SEBI advises/directs otherwise. The process for stock exchanges to obtain approval for derivative contracts has also been streamlined.

C. Modification in requirement of inspection of accredited warehouses

To promote the ease of doing business, the mandate for two inspections per calendar year has been eliminated for accredited storage facilities that have maintained 'nil' stock continuously for the previous six months. Consequently, these facilities will now only undergo one inspection by an independent agency each calendar year.

D. Comprehensive guidelines for IPF and ISF

SEBI issued comprehensive guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) at stock exchanges and depositories for commodity derivatives segment.

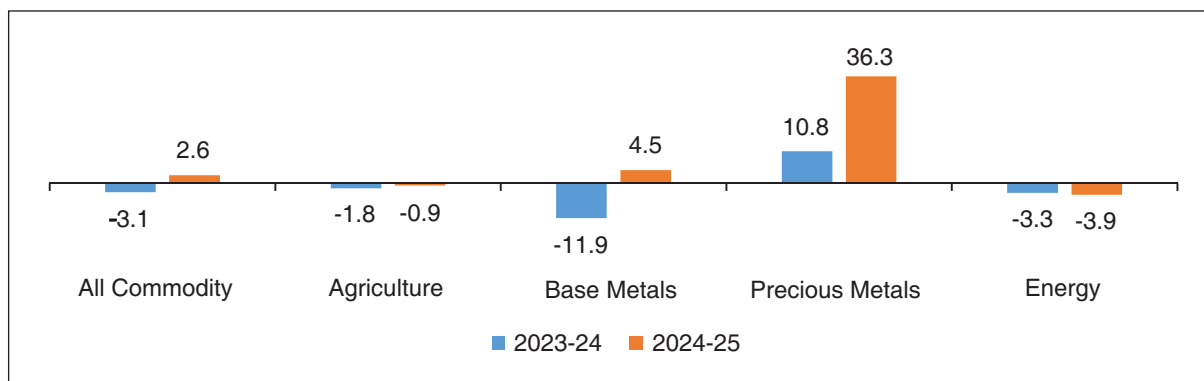
4.4.2 Global commodity price movements

The World Bank's April 2025 Commodity Markets Outlook has projected a downward trend, a 12 per cent fall in global commodity prices in 2025, followed by an additional five per cent decline in 2026, potentially reaching levels not seen since 2020. During 2024-25, the IMF's 'All Commodity Price Index', registered an increase of 2.6 per cent, primarily driven by a surge in precious metals, gold (38.1 per cent) and silver (35.7 per cent). Among the sub-indices, while the precious metal, index increased by 36.3 per cent, the base metal index saw a rise of 4.5 per cent. In contrast, the energy index and the agriculture index experienced decline of 3.9 per cent and 0.9 per cent, respectively. Within

the energy index, only natural gas recorded a substantial increase (66.3 per cent), while other key commodities like crude oil and coal

decreased significantly by 15.8 per cent and 18.2 per cent, respectively (**Chart 4.12**).

Chart 4.12: Movement of IMF Commodity Price Indices (per cent)



Index is based at 2016=100, the return is calculated for March 2025 over March 2024

Source: IMF

While early in 2024-25, extreme weather events in South America had caused supply disruptions and price increase for certain agricultural commodities, the prices of most agricultural goods decreased in February and March 2025 due to growing concerns about the potential impact of escalating trade tensions on global demand. Notably, precious metal prices surged to record highs in 2024-25, largely driven by safe haven demand amidst increasing trade uncertainties. The World Bank's April 2025 outlook projected that with elevated geopolitical tensions, gold prices are expected to reach an all-time high in 2025, while strong demand is anticipated to lift silver prices to record levels as well. The energy index decreased by 3.9 per cent during the year. While the first and third quarters saw increase in energy prices, the second and fourth quarters witnessed sharp decline due to sudden deterioration in the demand outlook amid the Middle East conflict and rising trade tensions. This downward pressure was further amplified by the announcement of a larger-than-expected increase in oil production by OPEC+.

4.4.3 Price discovery in Indian markets

A. Movement of commodity futures indices

During 2024-25, the MCX iCOMDEX Composite index increased by 16.7 per cent over the last year due to increase in prices of seven out of eight commodities (except crude oil). Among sectoral indices, MCX iCOMDEX Bullion recorded gain of 25.5 per cent followed by MCX iCOMDEX Metal index (16.5 per cent) and MCX iCOMDEX Energy (1.3 per cent) (**Table 4.19**).

Table 4.19: Domestic Commodity Futures Indices

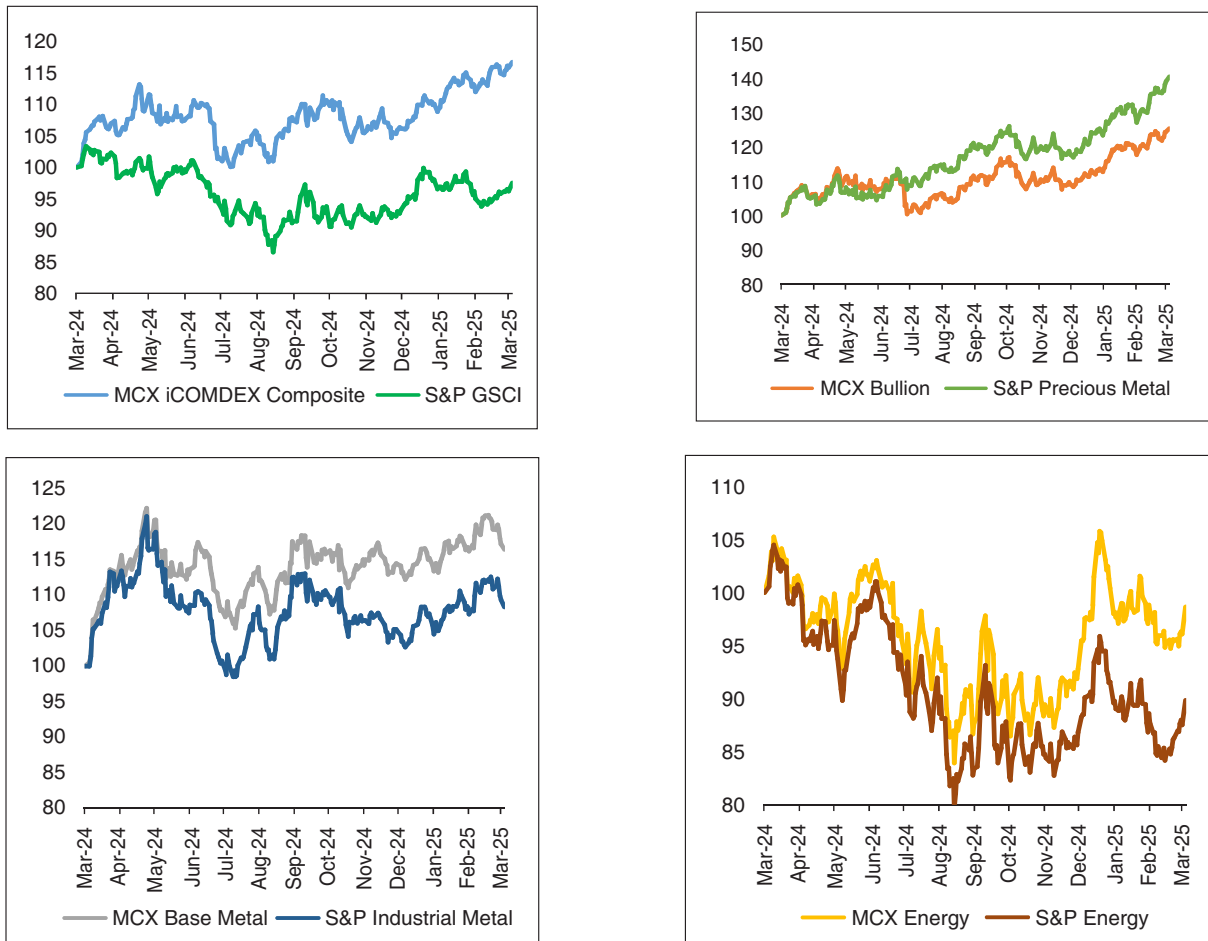
Particulars	2023-24	2024-25	Variation (per cent)	Annualised Volatility (per cent)
MCX iCOMDEX Composite	13,268	15,483	16.7	13.7
MCX iCOMDEX Bullion	17,038	21,375	25.5	16.0
MCX iCOMDEX Metal	15,318	17,840	16.5	15.1
MCX iCOMDEX Energy	5,833	5,755	-1.3	23.7

Source: MCX

During 2024-25, significant disparity in returns was observed between the MCX iCOMDEX Index and the S&P GSCI Index. The highest difference in return was recorded between the MCX Composite and the S&P GSCI Composite at 19.2 per cent, followed by Energy at 8.8 per cent, Base Metals at 8.1 per cent and Bullion at -15.1 per cent. This variation

can be attributed to the composition and weighting of the indices. Notably, key global commodities such as corn, soybeans, wheat and coffee are excluded from the MCX index. Additionally, while the S&P GSCI incorporates both WTI and Brent Crude Oil, the MCX index includes only crude oil (**Chart 4.13**).

Chart 4.13: Trends in Domestic and Global Commodity Indices during 2024-25



Note: All indices have been based to 100 on March 31, 2024.
Sources: MCX and S&P.

B. Commodity price movements for key traded commodities

The year 2024-25 was marked by pronounced volatility and unpredictability in global commodity markets, driven by fluctuating prices, evolving policy landscapes and unexpected market

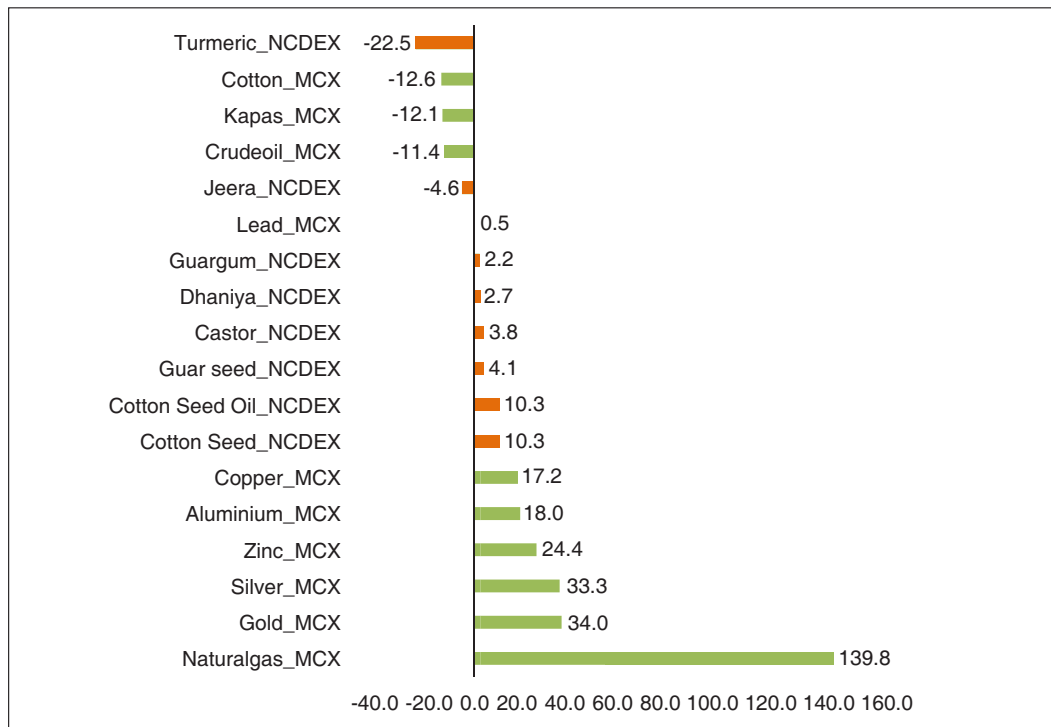
disruptions. A total of 42 commodity futures contracts were traded on Indian exchanges during 2024-25, including four newly introduced contracts. Of these, 29 commodities posted gains, while nine recorded decline. Natural gas futures on MCX led the gains, soaring by 139.8 per

cent, followed by a 52.0 per cent rise in sunflower futures, driven by increased import duties on edible oil. The bullion segment also showed strong growth, with gold prices climbing 34.0 per cent and silver by 33.3 per cent. Conversely, several agricultural commodities saw notable declines. Turmeric futures fell by 22.5 per cent as of March 2025, followed by cotton (12.6 per cent), Kapas (12.1 per cent), crude oil (11.4 per cent), and Jeera (10.6 per cent).

During 2024-25, four out of the five most actively traded commodities on Indian exchanges namely gold, silver, natural gas and copper have experienced upward price movements, with the exception of crude oil. The spot price at MCX (based on the 2nd session) of natural gas surged by 142.9 per cent, followed by silver at

36.0 per cent, gold at 32.4 per cent and copper at 18.4 per cent. In contrast, crude oil saw a decline of 12.4 per cent as of March 31, 2025. During 2024-25, both turmeric and jeera experienced a downward trend. The spot and futures prices for turmeric decreased by 19.0 per cent and 22.0 per cent, respectively, while jeera saw a decline of approximately 10.0 per cent and 4.2 per cent. Projected rise in turmeric production, the arrival of new crops starting in January 2025 contributed to easing of supplies, which exerted downward pressure on prices. For jeera, despite an anticipated production drop of 14.0 per cent, the substantial (two times) carryover from the previous year, led to subdued market trend. The prices of cotton and cotton seed oil cake (Cocud), witnessed surge on account of unseasonal rains and fall in production (**Chart 4.14**).

Chart 4.14: Trends in Prices of Select Commodities during 2024-25 (Per cent)



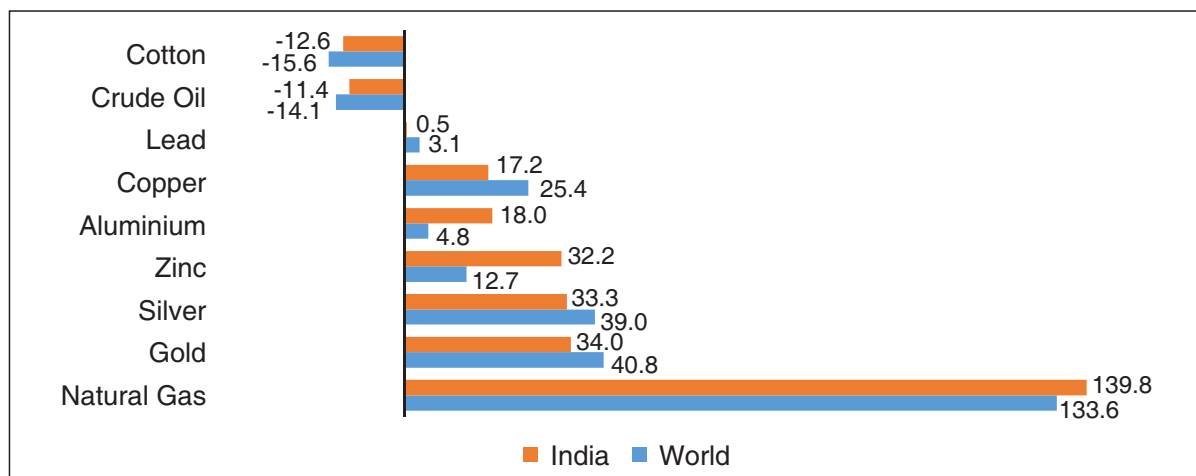
Note: Variation is computed based on the closing prices of March 31, 2025 of near-month contracts over the closing prices in 2023-24. The prices include only standard contracts (e.g. crude oil not crude oil mini).

Source: MCX and NCDEX

The analysis of closing prices of major commodity futures contracts traded in domestic and international markets reveals unidirectional trends for most commodities.

The domestic prices for bullion and energy commodities were closely aligned with the international market (**Chart 4.15**).

Chart 4.15: Divergence between Domestic and International Commodity Futures Prices (Per cent)



Note: Change in calculated based on future prices at the end of March 31, 2025 over March 31, 2024

Sources: MCX and Refinitiv

4.4.4 Market activity and trends observed

42 commodity contracts of 24 unique commodities were traded. Exchange-wise commodities traded are given in **Table 4.20**.

A. Market activity

During 2024-25, across all the exchanges,

Table 4.20: Permitted and Traded Contracts at Domestic Exchanges during 2024-25

Exchanges	No. of Permitted Commodities		No. of Commodities Available for Trading		No. of Traded Commodities	
	Non-Agri	Agri	Non-Agri	Agri	Non-Agri	Agri
MCX*	10	4	10	4	10	4
BSE	10	1	10	1	4	0
NCDEX	1	19	1	19	1	13
NSE	9	0	9	0	4	0

Note: Commodities include unique commodities, not the commodity variants. All variants considered as one commodity.

*In addition, One index (Bullion) derivative contract traded during 2024-25 at MCX.

Source: All Exchanges

i. Trends in turnover

During 2024-25, in aggregate, the futures turnover increased by 37.4 per cent to ₹71.4 trillion, whereas the options turnover (notional) increased

by 122.3 per cent to ₹508.3 trillion in 2024-25. The premium turnover also increased by 88.2 per cent to ₹8.1 trillion from ₹4.3 trillion during the period (**Table 4.21**).

Table 4.21: Turnover of Commodity Derivatives Market

Particulars	2023-24	2024-25	Change year-on-year (per cent)
All-India Total Turnover (₹ crore)			
Futures	51,99,100	71,41,361	37.4
Options (Notional)	2,28,64,227	5,08,30,600	122.3
Options (Premium)	4,31,700	8,12,420	88.2
MCX			
Futures	49,87,564	70,05,485	40.5
Options (Notional)	2,26,67,916	4,95,12,692	118.4
Options (Premium)	4,31,177	8,07,693	87.3
BSE			
Futures	5	5	7.6
Options (Notional)	31	275	795.5
Options (Premium)	0	1	264.8
NCDEX			
Futures	2,06,102	1,35,621	-34.2
Options (Notional)	10	12,427	1,24,165.7
Options (Premium)	0	104	2,08,860.0
NSE			
Futures	5,429	250	-95.4
Options (Notional)	1,96,270	13,05,206	565.0
Options (Premium)	523	4,621	783.5

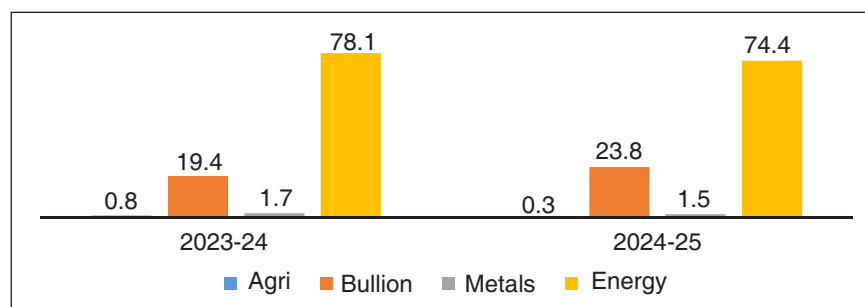
Source: All Exchanges

ii. Turnover of agri and non-agri contracts

The suspension of trading in derivatives contracts of major essential agricultural commodities (initially started on December 2021) was extended till March 31, 2026, to curb excessive speculation

and volatility in the commodity markets. The suspension of trading in agricultural commodities had impacted the volume of agri contracts negatively. Hence, the trading activities were concentrated on non-agri segment through the year.

Chart 4.16: Product-wise Share of Notional Turnover (per cent)



Source: BSE, MCX, NCDEX and NSE

During 2024-25, the notional turnover in the agri segment decreased by 28.5 per cent to ₹1.5 trillion from ₹2.1 trillion in 2023-24. In the non-agri segment the notional turnover increased to ₹578 trillion in 2024-25 from ₹279 trillion in 2023-24. Within non-agri segment, the notional turnover of energy contracts increased by 96.8 per cent to ₹432 trillion over the previous year. Similarly, notional turnover of bullion contracts increased by 153.6 per cent to ₹138 trillion while that of base metal contracts increased by 76.9 per cent to ₹8.6 trillion over the previous year (**Chart 4.16**).

The rise in non-agri segment was mainly due to significant trading activities in options segment since October 2024. In the energy segment at MCX, during 2nd half of 2024-25, the monthly average number of contracts traded increased by 1.2 times to 3.5 crore over first half of 2024-25. In case of bullion and metal, the monthly

average number of contracts traded increased by 1.7 times and 2.1 times respectively, during the period.

iii. Participant-wise turnover

In the agri segment, the proportionate share to total turnover of farmer producer organisations (FPOs)/farmers and value chain partners (VCPs)/hedgers has shown declining trend over the past year. Specifically, the share of FPOs/farmers fell to 0.2 per cent of total turnover in 2024-25, down from 0.5 per cent in 2023-24, while the share of VCPs/hedgers decreased from 8.1 per cent to 7.3 per cent. Conversely, the activities of proprietary traders have seen an increase to 43.7 per cent from 39.3 per cent during this period. In the non-agricultural sector, proprietary traders accounted for 58.2 per cent of the total turnover, followed by others at 38.5 per cent, FPIs at 1.8 per cent and VCPs/hedgers at 1.4 per cent in 2024-25 (**Table 4.22**).

Table 4.22: Participant-wise Share in Turnover of Commodity Derivatives Market (Per cent)

Segment	Year	FPOs/ Farmers	VCPs/ Hedgers	Proprietary Traders	Domestic Financial Institutional Investors	Foreign Participants	Others*
Agri	2023-24	0.5	8.1	39.3	0.0	0.0	52.2
	2024-25	0.2	7.3	43.7	0.0	0.0	48.8
Non-Agri	2023-24	0.0	2.2	48.7	0.1	0.0	49.0
	2024-25	0.0	1.4	58.2	0.1	1.8	38.5

Note: Data for 2023-24 is revised.

* Others include Hindu Undivided Family (HUF), individual proprietary firms, partnership firms/limited liability partnership, public and private companies or body corporates.

Source: BSE, MCX, NCDEX and NSE

B. Details of new products approved by SEBI

During 2024-25, SEBI approved three commodity futures contracts and eight

options in futures contract. The details of new contracts approved by SEBI and time taken for regulatory approval are given in **Table 4.23**.

Table 4.23: New Commodity Derivatives Contracts Approved during 2024-25

Sr. No.	Contract Type	Contract Name	Applicant Exchange	No. of Applications Approved	Median Time Taken for Approval (no. of working days)
1	Commodity	Yellow peas	NCDEX	3	12
	Futures contracts	Cotton wash oil futures	MCX and NCDEX		
		Cardamom	MCX		
2	Options in futures contract	Turmeric	NCDEX	5	8
		Jeera	NCDEX		
		Coriander	NCDEX		
		Guar Gum Refined Splits	NCDEX		
		Guar seed	NCDEX		

Note 1: For calculation of Median Time Taken (working days), processing time has been taken from latest date of receipt of complete information from the exchanges.

2. The average number of working days taken for processing of applications from the latest date of receipt of complete information from the exchanges for commodity futures is 20.6 days and for Option on futures is 29.6 days.

C. Commodities physically delivered through the platform

During 2024-25, the quantity of physical delivery across all exchanges decreased by 19.5 per cent to 2.4 lakh MT. In agri segment, the physical delivery stood at 1.7 lakh MT compared to two lakh MT recorded last year. In case of non-agri, the physical delivery fell to 0.7 lakh MT from one lakh MT during the same period. During 2024-25, the quantity of physical delivery at commodity level was the highest in case of castor seed at NCDEX (57,620 MT), followed by NCDEX Cotton Seed Oilcake (42,610 MT), NCDEX Guar seed (30,195 MT), MCX Copper (23,513 MT), MCX Aluminium (16,090 MT), MCX Zinc (14,750 MT) and NCDEX Dhaniya (13,810 MT). Though, silver and gold recorded highest

trading activities during 2024-25, the delivery of gold and silver stood at seven MT (0.2 per cent of traded amount) and 672 MT (0.3 per cent of traded amount), respectively.

D. Warehouse capacity utilization

The warehousing capacity indicates storage space available for various clearing members and their respective constituents/depositors who are willing to store goods and give delivery on respective CC's platform. During 2024-25, NCDEX had utilised 52.1 per cent of agri warehouse capacity for storage, in case of MCX, the storage capacity utilisation for bullion and metal were 33 per cent and 18.9 per cent, respectively (**Table 4.24**).

Table 4.24: Warehouse Capacity Utilisation at Exchanges (as on March 31, 2025)

Particulars	Total No. of Registered Warehouses	No. of Warehouse Service Providers	Capacity of Warehouses (MT)	Capacity Utilised (MT)	Percentage of Capacity utilised
MCX					
Agri	12	3	13,605	743	5.5
Bullion	9	4	11,375	3,804	33.0
Metal	13	3	39,497	7,446	18.9
BSE					
Agri	1	1	125	0.0	0.0
Metal	1	1	700	1.0	0.0
NCDEX					
Agri	112	7	3,07,896	1,60,543	52.1
NSE					
Bullion	4	1	420	0.0	0.0
Metal	3	1	1500	0.0	0.0

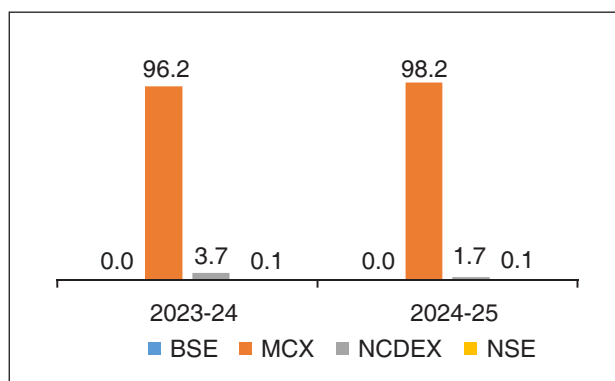
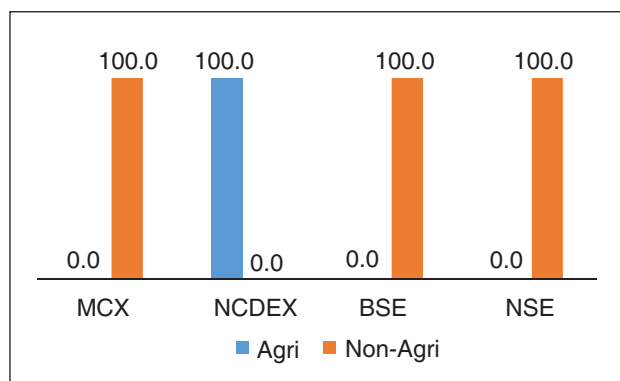
Note: The warehousing capacity at MCX includes the details of WSP (for other than bullion) and VSP (for bullion)

Source: BSE, MCX, NCDEX and NSE

4.4.5 Risk management measures

In the commodity derivatives segment, MCX is the dominant player, with a share of 98.2 per cent in total turnover. During 2024-25, the options notional turnover at MCX increased

significantly by 118.4 per cent over the previous year. Trading in energy segment accounted for 74.4 per cent of the total turnover across exchanges, followed by bullion at 23.8 per cent, metal at 1.5 per cent and agri segment at 0.3 per cent in 2024-25 (**Chart 4.17**).

Chart 4.17: Distribution of Trading Activity in Commodity Derivatives (Per cent)

Note: Based on Notional Turnover

Source: BSE, MCX, NCDEX and NSE

4.4.6 Discontinued contracts from trading

During 2024-25, no commodity contracts have been discontinued from MCX and NSE. The details of discontinued contracts from BSE and NCDEX are provided in (Table 4.25).

Table 4.25: Discontinued Commodity Contracts during 2024-25

Contract Name	Exchange
Commodity Futures	
Copper	BSE
Zinc	
Options in Goods	
Maize Feed/Industrial Grade	NCDEX
Guar Gum	
Guar Seed	
Turmeric	
Coriander	
Jeera	

Source: BSE and NCDEX

4.5 CURRENCY DERIVATIVES MARKET

Exchange traded currency derivatives are financial instruments that allow businesses and investors to hedge and/or speculate on the movements of currency exchange rates. These instruments are primarily used to mitigate foreign exchange risk resulting from currency rate fluctuations. In India, currency futures were introduced in August 2008, followed by options in October 2010. Three exchanges namely BSE, MSEI and NSE offer currency derivatives products, which include futures and options. Presently, the trading in currency derivatives is allowed in four major INR-based pairs viz., USD-INR, EUR-INR, GBP-INR and JPY-INR.

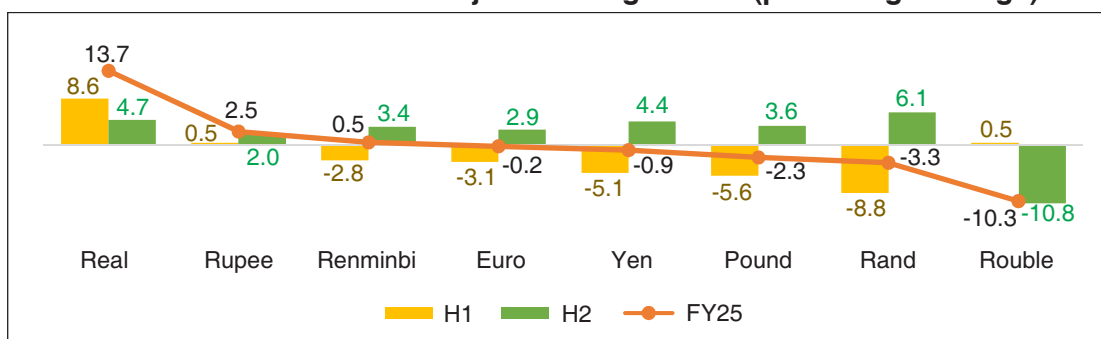
Additionally, cross-currency pairs including EUR-USD, GBP-USD and USD-JPY are also permitted for trading on these exchanges.

4.5.1 Policy developments

No specific policy development w.r.t. currency derivatives was initiated during 2024-25, however, the overall policy developments for various products traded in derivatives market are detailed in sections 4.3 and 4.4.

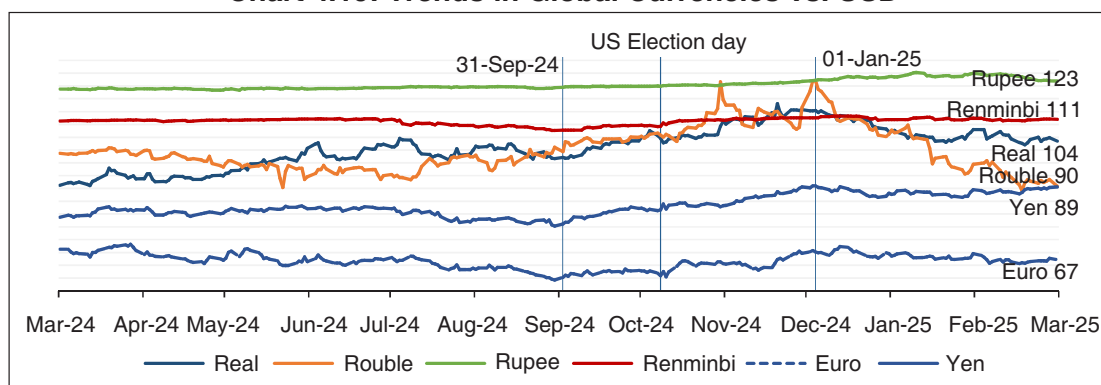
4.5.2 Global currency movements and performance of Indian Rupee

During 2024-25, the foreign exchange market faced significant turbulence, with major currency pairs undergoing heightened volatility and rapid fluctuations. Central banks' policy actions along with rising geopolitical tensions and trade conflicts, impacted both business operations and the economic outlook. While US dollar and various other currencies showed intermittent periods of strength, weaknesses emerged in the latter half of the year due to adverse global economic and trade war situation. At the end of 2024-25, Indian Rupee depreciated by 2.5 per cent to close at 85.5 against USD after touching its historic low of 87.4 on February 05, 2025. Among other currencies, Russian Rouble appreciated the highest by 10.3 per cent over USD, followed by South African Rand (3.3 per cent), British Pound (2.3 per cent), Japanese Yen (0.9 per cent) and Euro (0.2 per cent). On the other hand, along with Indian Rupee, Brazilian Real and Chinese Renminbi depreciated 13.7 per cent and 0.5 per cent respectively during the year (Chart 4.18 and 4.19).

Chart 4.18: Variations in Major Exchange Rates (percentage change)

Note:

- H1 (Mar-24 to Sep-24) and H2 (Oct-24 to Mar-25) are first and second half of 2024-25.
- Brazil: Real; India: Rupee; China: Renminbi; Japan: Yen; UK: Pound; South Africa: Rand; Russia: Rouble

Chart 4.19: Trends in Global Currencies vs. USD

Note: All the exchange rates have been indexed to 100 as on March 29, 2024

Source: Refinitiv

4.5.3 Market activity and trends observed

In the currency derivatives segment, the total premium turnover from futures and options across all exchanges fell by 84.8 per cent to ₹14.7 lakh crore in 2024-25, down from ₹96.7 lakh crore in 2023-24 (**Table 4.26**). On January 05, 2024, the RBI issued a notification titled 'Risk Management and Inter-Bank Dealings,' which

took effect on May 03. This directive stipulated that derivatives could only be utilised for hedging against foreign exchange rate fluctuations, thereby limiting market participation to hedgers only. This limited the participation of proprietary traders, who accounted for a predominant 67.7 per cent share in 2023-24 (which includes speculators and arbitrageurs) in the Indian currency derivatives market.

Table 4.26: Trends in the Currency Derivatives Segment

Exchange	No. of Contracts Traded (Lakh)		Turnover (₹ crore)	
	2023-24	2024-25	2023-24	2024-25
BSE	2,831	47	21,89,744*	39,304
MSEI	299	63	2,47,738	54,103
NSE	42,222	1,829	72,32,147*	13,75,014
Total	45,352	1,939	96,69,629*	14,68,421

Note: *Revised

For Options, premium turnover has been considered.

Source: BSE, NSE, MSEI

During 2024-25, currency options recorded steep fall in settled trades with premium and exercise settlement falling off by 97.3 per cent and 95.8 per cent, respectively, when compared to 2023-24. Even in currency futures, MTM settlement fell by 27.4 per cent to ₹9,574 crore

from ₹13,196 crore in 2023-24. Overall, value of settled trades in currency derivatives declined to ₹10,426 crore in 2024-25 from ₹26,093 crore in 2023-24, a significant fall of 60.0 per cent (Table 4.27).

Table 4.27: Settlement in Currency Derivatives (₹ crore)

Year	Currency Futures		Currency Options		Total
	MTM Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
2023-24	13,196	405	11,365	1,127	26,093
2024-25	9,574	495	310	47	10,426

Source: ICCL, NCL

4.5.4 Market concentration and risk management measures

A. Market concentration

During 2024-25, market share of NSE rose further to 96.0 per cent from 74.9 per cent in 2023-24, while share of BSE continued to decline from 22.6 per cent to 0.2 per cent in 2024-25. The share of options in total currency derivatives notional turnover at NSE, BSE and MSEI combined declined to 10.7 per cent in 2024-25 compared to 74.5 per cent in the previous year. The trading activity, which was mainly concentrated in USD-INR options, has now shifted to USD-INR futures (at 86.3 per cent share) (Table 4.28).

Table 4.28: Product-wise Market Share in Currency Derivatives Segment (per cent)

Type	Currency Pair	Exchanges	
		2023-24	2024-25
Futures	USD-INR	21.6	86.3
	EURO-INR	1.3	1.1
	GBP-INR	2.2	1.6
	Others	0.4	0.4
Options	USD-INR	74.3	10.7
	EURO-INR	0.0	0.0
	GBP-INR	0.2	0.0
	Others	0.0	0.0

Source: BSE, NSE, MSEI

In the currency derivatives market, proprietary traders (at 73.3 per cent) were the largest participants followed by FPIs and corporates (Table 4.29).

Table 4.29: Participant-wise Share in Currency Derivatives Segment (per cent)

Category\Year	NSE, BSE and MSEI	
	2023-24	2024-25
Proprietary Trades	67.7	73.3
FPIs	8.4	7.6
Banks	0.8	5.2
Corporates	5.3	7.3
Others	17.7	6.6

Source: BSE, NSE, MSEI

4.6 INTEREST RATE DERIVATIVES MARKET

Exchange traded interest rate derivatives (IRDs) are the standardised contracts traded on a recognised stock exchange and the value of the contracts is derived from reference interest rates or the market prices of interest-rate securities. Currently, in India, interest rate futures contracts are available on Gov securities, Treasury bills and MIBOR, whereas interest rate options contracts are available on Gov securities only. Institutional investors like banks,

corporate, insurance companies, among others, use IRDs to hedge the interest rate risks in their underlying government securities portfolio.

4.6.1 Policy developments

No specific policy development w.r.t. interest rate derivatives was initiated during 2024-25, however, the overall policy developments for various products traded in derivatives market are detailed in sections 4.3 and 4.4.

Table 4.30: Trends in Interest Rate Derivatives

Exchange	No. of Contracts Traded (Lakh)		Turnover (₹ crore)		Open Interest at the End of Year (₹ crore)	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
BSE	14	0	28,700	0	20	0
NSE	15	12	29,571	25,307	721	830
Total	29	12	58,271	25,307	741	830

Source: BSE and NSE

A. Settlement

During 2024-25, MTM settlement in interest rate futures declined by 36.6 per cent to ₹332.6 crore from ₹524.4 crore in the previous financial year. Whereas final settlement rose to ₹13.1 crore from ₹7.1 crore in the same time period (Table 4.31).

Table 4.31: Settlement in Interest Rate Derivatives (₹ crore)

Year	Index/Stock Futures		Total
	MTM Settlement	Final Settlement	
2023-24	524.4	7.1	531.4
2024-25	332.6	13.1	345.7

Source: ICCL, NCL

4.6.3 Market concentration and risk management measures

During 2024-25, interest rate futures constituted 99.8 per cent share of the total turnover in IRDs at NSE. Corporates and proprietary traders were the major participants in IRDs. At NSE, 72.7 per cent of turnover in IRDs segment

4.6.2 Market activity and trends observed

During 2024-25, the aggregate turnover in the IRDs segment across all exchanges fell by 56.6 per cent to ₹25,307 crore, as compared to an increase of 16.9 per cent in the previous year. Turnover in IRDs segment of NSE decreased by 14.4 per cent and at BSE no trading happened in 2024-25 (Table 4.30). Open interest in the IRD market at the end of 2024-25 stood at ₹830 crore as compared to ₹741 crore in 2023-24.

was contributed by corporate category, while proprietary traders had 10.6 per cent share (Table 4.32).

Table 4.32: Participant-wise Share in Interest Rate Derivatives

Category\Year	NSE and BSE	
	2023-24	2024-25
Proprietary Trades	53.3	10.6
Corporate	33.3	72.7
Insurance Companies	0.8	0.0
FPIs	0.1	0.2
Banks	0.1	0.0
Others	12.4	16.5

Source: BSE and NSE

4.7 INTERMEDIARIES ASSOCIATED

According to section 12(1) of the SEBI Act, 1992, no intermediary associated with the securities market shall buy, sell or deal in securities except under and in accordance with the certificate of registration obtained from the board in accordance with regulations made under the SEBI Act.

4.7.1 Stock brokers

SEBI grants certificates of registration to brokers under the SEBI (Stock Brokers) Regulations, 1992. During 2024-25, there was a fall in the number of registered stock brokers operating in the cash segment of exchanges. BSE reported a decline of 3.0 per cent and 2.1 per cent in the number of registered stock brokers in the cash segment and currency derivatives segment,

respectively. However, the number of registered stock brokers went up for equity derivatives, debt and commodity derivatives segments.

The number of registered stock brokers declined by 3.6 per cent at NSE in currency derivatives segment, whereas, it went up by 7.4 per cent, 4.8 per cent and 0.9 per cent for commodity derivatives, debt and equity derivatives segments, respectively (**Table 4.33 and 4.34**).

Table 4.33: Registered Stock Brokers

Details	Exchange	Registered Stock Brokers as on March 31, 2024	Addition during the Year 2024-25	Cancellation/ Surrender of Memberships	Registered Stock Brokers as on March 31, 2025	Net Addition during the Year
Cash Segment	BSE	1,265	67	105	1,227	(38)
	NSE	1,212	53	52	1,213	1
	MSEI	295	4	8 [#]	291	(4)
Equity Derivatives	BSE	927	81	76	932	5
	NSE	1,138	54	44	1,148	10
	MSEI	274	3	8 [#]	269	(5)
Currency Derivatives	BSE	559	22	34	547	(12)
	NSE	754	40	67	727	(27)
	MSEI	470	2	12 ^{\$}	460	(10)
Debt	BSE	282	27	14	295	13
	NSE	271	23	10	284	13
	MSEI	14	-	1	13	(1)
Commodities Derivatives	BSE	288	16	9	295	7
	NSE	352	39	13	378	26
	MCX	546	24 [*]	25	544	(2)
	NCDEX	250	1	27	225 ^{&}	(26)

Note:

- ^{*}Includes 1 earlier Member removed due to SEBI Order for cancellation of certification, subsequently added back pursuant to the SAT Stay order obtained against SEBI Order for cancellation of certificate.
- [#]contains 1 TM which has been expelled/defaulters.
- ^{\$}contains 2 TMs which have been expelled.
- [&]contains 1 member status change from suspended to disabled others pursuant to SEBI order in NSEL matter.

Source: All exchanges

Table 4.34: Classification of Registered Stock Brokers

Segment	Name of Stock Ex-change	Total No. of stock brokers	Number						Percentage Share			
			Proprietor ship	Partner ship	Corporate	LLP	Others (if any)	Proprietor ship	Partner ship	Corporate	LLP	Others (if any)
Cash Segment	BSE	1,227	100	28	1,066	33	-	8.1	2.3	86.9	2.7	-
	NSE	1,213	45	41	1,090	37	-	3.7	3.4	89.9	3.1	-
	MSEI	291	15	7	266	3	-	5.2	2.4	91.4	1.0	-
Equity Derivatives	BSE	932	29	16	858	29	-	3.1	1.7	92.1	3.1	-
	NSE	1,148	36	38	1,032	42	-	3.1	3.3	89.9	3.7	-
	MSEI	269	14	7	247	1	-	5.2	2.6	91.8	0.4	-
Currency Derivatives	BSE	547	8	5	499	13	22	1.5	0.9	91.2	2.4	4.0
	NSE	727	10	12	689	16	-	1.4	1.7	94.8	2.2	-
	MSEI	460	25	16	400	3	16	5.4	3.5	87.0	0.7	3.5
Debt	BSE	295	4	-	285	3	3	1.4	0.0	96.6	1.0	1.0
	NSE	284	3	2	278	1	-	1.1	0.7	97.9	0.4	-
	MSEI	13	-	-	12	-	1	-	-	92.3	-	7.7
Com-modities Derivatives	MCX	544*	14	24	497	9	-	2.6	4.4	91.4	1.7	-
	NCDEX	225 ^{&}	6	12	206	1	-	2.7	5.3	91.6	0.4	-
	NSE	378	6	10	348	14	-	1.6	2.6	92.1	3.7	-
BSE	295	2	4	280	9	-	0.7	1.4	94.9	3.1	-	

Note:

1. *Includes 1 Member, earlier (2023-24) removed due to SEBI Order for cancellation of certification, added back pursuant to the SAT stay order obtained against SEBI Order for cancellation of certificate

2. & contains one-member status change from suspended to disabled others pursuant to SEBI order in NSEL matter.

Source: All exchanges

4.7.2 Clearing members

In 2024-25, the number of registered clearing members in cash and currency derivative segment at ICCL and NCL declined. However, number of CMs at ICCL witnessed an increase

of 11.0 per cent and 12.2 per cent in equity derivatives and debt segments respectively. The number of registered clearing members at NCL has increased by 6.6 per cent in the commodities segment (Table 4.35 and 4.36).

Table 4.35: Registered Clearing Members

Segment	Clearing Corporations	Registered Clearing Members as of March 31, 2024	Addition during 2024-25	Cancellation/ Surrender of Memberships	Registered Clearing Members as of March 31, 2025	Net Addition during the Year
Cash Segment	ICCL	1,276	14	45	1,245	(31)
	NCL	1,084	19	37	1,066	(18)
Equity Derivatives	ICCL	182	23	3	202	20
	NCL	628	23	23	628	-
Currency Derivatives	ICCL	116	9	10	115	(1)
	NCL	283	9	16	276	(7)
Debt	ICCL	49	10	4	55	6
	NCL	122	5	5	122	-
Commodities Derivatives	MCXCCL	214	23*	14	220	6
	NCCL	114	2	10	106	(8)
	NCL	91	8	2	97	6
	ICCL	37	5	2	40	3

Note: * Includes 3 Clearing Members who have upgraded their membership from TCM to ITCM during the FY 2024-2025.
Source: Clearing corporations

Table 4.36: Classification of Clearing Members as at the end of 2024-25

Segment	Name of Clearing Corporations	Total No. of Clearing Members	Number					Percentage Share				
			Proprietorship	Partnership	Corporate	LLP	Others (if any)	Proprietorship	Partnership	Corporate	LLP	Others (if any)
Cash Segment	ICCL	1,245	134	28	1,059	24	-	10.8	2.2	85.1	1.9	-
	NCL	1,066	37	29	969	7	24	3.5	2.7	90.9	0.7	2.3
Equity Derivatives	ICCL	202	1	1	198	2	-	0.5	0.5	98.0	1.0	-
	NCL	628	10	10	578	13	17	1.6	1.6	92.0	2.1	2.7
Currency Derivatives	ICCL	115	1	-	112	2	-	0.9	-	97.4	1.7	-
	NCL	276	1	1	242	24	8	0.4	0.4	87.7	8.7	2.9
Debt	ICCL	55	-	-	55	-	-	-	-	100.0	-	-
	NCL	122	-	-	113	-	9	-	-	92.6	-	7.4
Commodities Derivatives	MCXCCL	220	3	4	206	7	-	1.4	1.8	93.6	3.2	-
	NCCL	106	3	4	98	1	-	2.8	3.8	92.5	0.9	-
	NCL	97	1	1	87	3	5	1.0	1.0	89.7	3.1	5.2
	ICCL	40	1	-	39	-	-	2.5	-	97.5	-	-

Source: Clearing Corporations

In 2024-25, 93.6 per cent of CMs at ICCL and 96.1 per cent of CMs at NCL in cash segment were SCMs. Conversely, only 63.7 per cent of CMs at ICCL and 68 per cent of CMs at NCL, were SCMs in equity derivatives segment. Only 57.4 per cent of CMs at ICCL and 43.8 per cent of CMs at NCL in currency derivative segment were SCMs. Likewise, only 63.6 per cent of CMs at ICCL and 57.4 per cent of CMs in debt segment are SCMs. The SCMs proportion in commodity derivatives in the ICCL, NCL, MCXCCL and

NCCL is 55 per cent, 60.8 per cent, 88.2 per cent and 95.3 per cent respectively.

4.7.3 Depository participants

In the fiscal year 2024-25, there was a net increase of seven depository participants, which included reduction of six participants in CDSL and an addition of 13 participants in NSDL (**Table 4.37**).

Table 4.37: Registered Depository Participants

Depository	Registered Depository Participants as on March 31, 2024	Addition during 2024-25	Cancellations / Surrender of Memberships during 2024-25	Registered Depository Participants as on March 31, 2025	Net Addition during the year
NSDL	281	14	1	294	13
CDSL	580	16	22	574	-6

Source: NSDL and CDSL

4.7.4 Other registered intermediaries

The status of the registration of various intermediaries shows that there is a decrease

of 30.0 per cent in the number of registered investment advisors alongside the increase of 17.3 per cent in the number of research analysts in 2024-25 (**Table 4.38**).

Table 4.38: Registered Intermediaries

Type of Intermediary	Registered Intermediaries as on March 31, 2024	New Registrations during 2024-25	Cancellations/ Surrender during 2024-25	Pending as on March 31, 2025	Registered Intermediaries as on March 31, 2025
KRA	6	0	1	0	5
RTA	76	8	7	2	77
Stock Brokers	4,854	104	214	5	4,744
Depository Participants	848	30	23	1	855
Investment Advisers	1,329	95	493	26	931
Research Analyst	1,344	424	191	99	1,577

Note: Table pertains to unique number of intermediaries across MIIIs

4.7.5 Process of registration of various intermediaries

the applications for stock brokers and depository participants was 24 working days and 16 working days, respectively (**Table 4.39**).

During 2024-25, the median time for processing

Table 4.39: Median Time Taken for Approval of Registrations of Intermediaries

Type of Intermediary	Balance Carried Forward from March 31, 2024	During 2024-25			Pending as on March 31, 2025	Median Time for processing Applications (in working days) 2024-25
		Application Received	Registration Granted	Applications Rejected/ Returned/ Withdrawn		
Stock Brokers	10	101	104	2	5	24
Depository Participants	2	47*	30	8	1	16

*10 applications were received under change in control and all were approved.

4.7.6 Policy developments

A. Stock brokers/clearing members

i. Super app

In order to provide investors with a bird's eye view of their

securities related data across stock brokers and depository participants, a unified app was launched on February 20, 2025 (**Box 4.4**).

Box 4.4: Super App: A Unified App for Investors

The Unified Investor App is a collaboration between NSDL, CDSL and SEBI to provide investors with an integrated solution across stock brokers and depositories. Its salient features are:

- i. Consolidated view of securities of client across both the depositories eliminating the need for multiple login.
- ii. Transaction and holding statements at one place improving portfolio management by investors.
- iii. Monitoring of open positions and margin details across exchanges and CCs.
- iv. E-voting on company resolutions

Going forward, the said app will have more features such as recommendations of proxy advisers, ability to view contract notes etc. Earlier, the opportunity to view positions across exchanges was available only to institutional investors. However, with the launch of unified investor app, the same facility has been extended to retail investors, as a step towards democratisation of securities market.

ii. Institutional mechanism for prevention of fraud or market abuse

To prevent and detect fraud or market abuse, stock brokers are required to comply with the obligations/mechanisms as laid down in Chapter IVA of the SEBI (Stock Brokers) Regulations, 1992. These include systems for surveillance of trading activities and internal controls, obligations of stock broker and its employees, escalation and reporting mechanisms and whistle blower policy.

iii. Enabling stock brokers to trade in G-Secs

SEBI facilitated registered stock brokers' access to the Negotiated Dealing System - Order Matching (NDS-OM) platform for trading in G-Secs through separate business units (SBUs) for ease of doing business and to align with RBI's policies. This allows SEBI-registered non-bank brokers to access NDS-OM, aiming to broaden participation and enhance liquidity in the G-secs market. The securities market-related activities of stock brokers will be segregated and ring-fenced from NDS-OM related activities of the SBU through the maintenance of separate accounts and net worth. Furthermore, the grievance redressal mechanism and Investor Protection Fund of the stock exchanges and SCORES will not be available to investors availing services from the SBU.

iv. Internet based trading (IBT) for stock brokers

Stock brokers are required to apply to the respective stock exchange for formal permission to provide

IBT Service. The timeline of communication of stock exchange's decision in this regard has been reduced to seven from 30 calendar days from the date of application submission. The requirement for periodic confirmation of IBT statistics by stock brokers before publication by the stock exchanges, was also eliminated.

v. Modification to enhanced supervision

To facilitate easier business operations for stock brokers and depository participants, the deadline for submitting annual audited accounts and net worth certificates by stock brokers and depository participants, has been extended from September 30th to October 31st of the relevant year.

vi. Master circular for stock brokers

In order to enable the stakeholders to have access to provisions of all applicable requirements at one place, all circulars issued till August 09, 2024 were rescinded and replaced with the master circular for stock brokers dated August 09, 2024.

vii. System audit framework of professional clearing members (PCMs)

All PCMs are required to conduct system audit for each financial year. SEBI prescribed the audit process, audit selection norms, audit report guidelines, terms of reference, exceptional observation reporting format etc. Further, PCMs are required to complete the audit within two months from the end of the audit period and audit report is required to be submitted to clearing corporations

within one month of completion of the audit, after approval of the Governing Board.

B. Investment advisers and research analysts

i. Review of regulatory framework

In order to simplify and reduce

the compliance requirements of investment advisers (IAs) and research analysts (RAs), their respective regulatory frameworks were amended during 2024-25 (**Box 4.5**).

Box 4.5: Simplifying and Enhancing Ease of Doing Business for Investment Advisers and Research Analysts

In order to simplify, ease and reduce the requirements of compliance for IAs and RAs as well as bring in regulatory changes commensurate with the continually evolving nature of their businesses, the Board in its meeting held in September 2024, approved the proposals for changes in the regulatory framework for IAs and RAs. Pursuant to the Board decision, amendments to SEBI (Investment Advisers) Regulations, 2013 and the SEBI (Research Analysts) Regulations, 2014 have been notified in December 2024 and the guidelines to investment advisers and research analysts have been issued vide circular dated January 08, 2025. The measures are aimed to facilitate ease of doing business by providing relaxation in eligibility criteria for registration and simplifying the compliance requirements for IAs and RAs and are expected to accelerate the growth of number of registered IAs and RAs to cater to the needs of rapidly increasing number of domestic investors. This is expected to provide wider access to services of IAs and RAs to investors enabling them to take informed investment decisions. Some of the key changes in regulatory framework for IAs and RAs include the following-

- i. The minimum qualification requirement has been reduced to graduate degree in specified fields.
- ii. There shall be no requirement of experience for registration as IAs and RAs.
- ii. IAs/RAs shall be required to have base certifications (NISM Series-XA and XB for IAs and NISM-Series-XV for RAs) only initially at the time of registration. There shall be no requirement to obtain base certifications afresh subsequently and only certification based on incremental changes/developments would be required to be obtained.
- iv. Networth requirement shall be replaced with a reduced requirement of deposits.
- v. Flexibility in change of modes of charging fee to clients by IAs.
- vi. Appointment of independent professional as compliance officer is allowed.

ii. Optional mechanism for fee collection by IAs and RAs

The “Centralised Fee Collection Mechanism for IA and RA” (CeFCoM) has been implemented from October 01, 2024, to facilitate optional fee collection by SEBI-registered investment advisers and research analysts. This mechanism has been collaboratively developed by BSE Limited alongside various

stakeholders. It aims to establish a closed ecosystem that assures investors that they are engaging with registered IAs and RAs, thereby fostering trust within the ecosystem.

iii. Past risk and return verification agency

In order to facilitate persons regulated by SEBI, to market their risk-return performance to investors, SEBI Board

approved the proposal to recognise a “Past Risk and Return Verification Agency (PaRRVA)” which shall verify the risk-return in respect of services IAs, RAs, algorithmic trading and any other intermediaries permitted by the Board to offer these services. The detailed circular in this regard will be issued by SEBI in 2025-26.

iv. Master circulars for IAs and RAs

To enable stakeholders to access all applicable requirements in one place, all circulars issued until May 15, 2024, were rescinded and replaced with two separate master circulars for investment advisers and research analysts dated May 21, 2024.

C. All regulated intermediaries

i. Association of persons regulated by the SEBI with unregulated entities/finfluencers

To address concerns about unregulated entities and finfluencers misleading investors into securities dealings based on inappropriate claims, amendments to the SEBI (Intermediaries) Regulations, 2008, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, and the SEBI (Depositories and Participants) Regulations, 2018 have been made. These amendments include provisions regarding the association of SEBI-regulated persons, MIIs and their agents with specified parties. SEBI-regulated persons, MIIs and their agents shall not have any direct or indirect association, such as any transaction involving money or money’s worth, referral of a client, interaction of information technology systems or any other association of a similar

nature or character, with another person who directly or indirectly, provides advice or recommendations, or makes any implicit or explicit claim of return or performance, expressly or impliedly, in respect of or related to securities unless registered or otherwise permitted by the Board to provide such advice, recommendations or claims. The above restriction shall not apply to associations with individuals who are solely engaged in investor education and do not directly or indirectly, provide advice, recommendations or claims regarding return or performance.

ii. Summary proceedings

SEBI (Intermediaries) Regulations, 2008 have been amended to handle cases of certain violations of securities laws by intermediaries in an expeditious and more efficient manner by notifying provisions for summary proceedings. These provisions shall enhance SEBI’s ability to act efficiently in protecting the interests of investors and maintaining the integrity, transparency and efficiency of the securities market in instances of certain violations. Summary proceedings will be applicable in cases of member expulsion by stock exchange(s) or clearing corporation(s), termination of depository participant agreements by depositories, claims for return or performance that SEBI doesn’t permit, non-payment of specified fees to SEBI or any designated body, inability to trace a person, failure to submit periodic reports for three or more consecutive periods as outlined by SEBI and situations where a person admits to violating any

securities laws or directives issued by SEBI.

4.8 MARKET INFRASTRUCTURE INSTITUTIONS

Market infrastructure institutions in India, including stock exchanges, clearing corporations and depositories, facilitate the essential frameworks for trading, clearing, settlement and record-keeping of securities, ensuring the financial market's transparency, efficiency and security. They uphold the integrity of the market ecosystem through robust governance, effective risk management and adherence to international standards.

4.8.1 MIs functioning

The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations), govern the functioning of stock exchanges and clearing corporations, while the functioning of depositories is governed by the SEBI (Depositories and Participants) Regulations, 2018 (D&P Regulations) and various circulars issued thereunder.

4.8.2 Ownership and governance of MIs

The SECC Regulations, D&P Regulations, along with various circulars issued thereunder prescribe the framework for ownership and governance of MIs. These norms, prescribed by SEBI, have been periodically updated to reflect the evolving role of MIs as systemically important public utilities entrusted with

regulatory and supervisory responsibilities under various statutes. As per the SECC and D&P Regulations, eligible domestic and foreign entities are allowed to hold up to 15 per cent equity in an MI, while all other individuals or entities are restricted to a maximum holding of five per cent. The regulations further require entities intending to acquire or hold shares in an MI to meet specific eligibility criteria and to seek prior or post-facto approval from SEBI, depending on the level of shareholding being acquired.

A. Stock exchanges

Stock exchanges in India are recognised under Section 4 of the Securities Contracts (Regulation) Act, 1956 (SCRA). As of March 31, 2025, there were five permanently recognised stock exchanges (BSE, NSE, CSE, MCX and NCDEX) in India. Among them, MCX and BSE have been listed since 2012 and 2017, respectively. The Indian Commodity Exchange Ltd. (ICEX) applied for voluntary surrender of recognition in 2023-24. The recognition granted to the ICEX as a stock exchange stands withdrawn with effect from December 26, 2024. CSE has applied for exit and the same is under process. SEBI renewed the MSEI's recognition vide notification dated September 13, 2024, for one year to September 15, 2025. As of March 31, 2025, individuals were the largest shareholders in MSEI and NCDEX. While domestic shareholding increased in NSE, MCX and NCDEX during 2024-25, it has declined in BSE (**Table 4.40**).

Table 4.40: Ownership pattern of Stock Exchanges (per cent)

Category	BSE		NSE		MSEI		MCX		NCDEX	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
Foreign Shareholding (A)	18.6	23.0	36.5	29.2	2.3	4.2	24.2	22.8	-	0.8
FDI	0.1	-	29.3	22.9	-	-	-	-	-	-
FPI	13.0	18.3	7.2	6.3	-	-	23.2	21.8	-	-
Others	5.5	4.8	-	-	2.3	4.2	0.9	1.0	-	0.8
Domestic Shareholding (B)	81.4	77.0	63.5	70.8	97.7	95.8	75.8	77.2	10-	99.2
Banks	0.1	0.1	4.6	4.7	13.5	10.8	15.0	15.0	13.3	13.3
Insurance Companies	8.9	11.0	19.3	19.4	-	-	-	-	11.1	11.1
Mutual Funds	8.6	10.6	-	-	-	-	34.7	35.6	-	-
Pension Funds	-	-	-	-	-	-	-	-	-	-
Domestic Financial Institutions (Other than Mutual Funds, Banks, Insurance and Pension Funds)	1.5	0.5	3.7	5.3	-	-	7.2	7.5	24.3	11.1
Corporates	44.6	41.1	16.5	21.6	60.7	46.0	16.1	16.3	7.2	23.2
Individuals	15.2	11.6	17.2	19.7	17.8	34.2	2.7	2.5	44.1	39.3
Others*	2.5	2.1	2.2	-	5.6	4.8	0.2	0.2	-	1.2
Total (Foreign + Domestic)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Data as on March 31, 2024 is revised.

*Others include HUF & Trust in NCDEX.

Source: Mentioned exchanges

As at the end of March 2025, the shareholding of top 10 shareholders at BSE, NSE and MSEI stands at 19.7 per cent, 39.6 per cent and 36.2 per cent, respectively.

B. Clearing corporations

Clearing corporations perform essential functions, including clearing, settlement, collateral management and risk management. As of March 31, 2025, there are four CCs, namely Indian Clearing Corporation Limited, NSE Clearing Limited, National Commodity Clearing Limited and Multi Commodity Exchange Clearing

Corporation Limited and one Limited Purpose Clearing Corporation. In India, the CCs are owned by the parent stock exchanges. As of March 31, 2025, all the four CCs are wholly-owned subsidiaries of the respective exchanges. AMC Repo Clearing Limited (ARCL), which was incorporated in April 2021, functions as a limited-purpose clearing corporation and is sponsored by asset management companies in proportion to their respective assets under management for open-ended debt-oriented mutual fund schemes (**Table 4.41**).

Table 4.41: Clearing Corporation and its Parent Exchange

Clearing Corporation	Parent Exchange
Indian Clearing Corporation Limited,	Bombay Stock Exchange
NSE Clearing Limited,	National Stock Exchange
National Commodity Clearing Limited	National Commodity and Derivative Exchange
Multi Commodity Exchange Clearing Corporation Limited	Multi Commodity Exchange
AMC Repo Clearing Limited	AMCs in proportion to their respective assets under management for open-ended debt-oriented mutual fund schemes

C. Depositories

CDSL and NSDL are the two principal central securities depositories operating in Indian capital market infrastructure. Their core mandate involves the custody and maintenance of investors' financial instruments in dematerialised and electronic format, thereby facilitating enhanced security, efficiency and accessibility in securities transfer to the beneficiary owners. These depositories predominantly channel their services

through a network of authorised intermediaries known as depository participants, who function as operational conduits between the depositories and the investors. As on March 31, 2025, domestic shareholding of NSDL increased by 26.0 per cent to 100.0 per cent. Individual investors are the largest shareholders in CDSL, holding 53.1 per cent, whereas banks are the largest shareholders in NSDL, holding 59.3 per cent (**Table 4.42**).

Table 4.42: Ownership Pattern of Depositories (per cent)

Category	CDSL		NSDL	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
Foreign Shareholding	14.0	13.8	26.1	-
- FDI	-	-	-	-
- FPI	11.4	11.3	-	-
- Others	2.6	2.5	26.1	-
Domestic Shareholding	86.0	86.2	74.0	100.0
- Banks	-	-	37.0	59.3
- Insurance Companies	8.9	8.1	3.0	1.4
- Domestic Financial Institutions (Other than banks and corporates) (including MFs, NBFCs, AIFs)	14.2	7.3	6.8	7.5
- Individuals	42.7	53.1	1.6	3.8
- Corporates	18.3	17.5	25.5	27.8
- Others	1.9	0.3	0.1	0.2
Total (Foreign + Domestic)	100.0	100.0	100.0	100.0

Source: NSDL and CDSL

4.8.3 Policy developments

A. Rationalizing of reports and committees of MIs

Following the feedback received from various stakeholders and the Industry Standard Forum (ISF) for MIs the Securities Contracts (Regulation), the SECC Regulations, 2018 have been amended to rationalize the reporting of the shareholding pattern by stock exchanges and CCs by making it similar to the requirement under the LODR Regulations, 2015. Further, the name of

“Member and Core Settlement Guarantee Fund Committee (MCSGFC)” has been changed to “Member Committee” to ease the compliance requirements. Further, in order to ensure effective oversight of the functioning of MIs, the functions, composition and Terms of Reference (ToR) of the statutory committees of MIs were reviewed and revised guidelines were issued.

B. SOP for payment of financial disincentives

The issue of financial disincentives on

individuals viz., managing director (MD) and chief technology officer (CTO) of MII was reviewed. A representation received from MII indicated that such automatic penalties were creating a hindrance in attracting good talent. Imposition of financial disincentive and fixing individual liability would require application of mind and assessment of facts. Therefore, automatic imposition of financial disincentive on the MD and CTO of MII, if predefined criteria in handling of technical glitches are not adhered to, has been discontinued. MII have been directed to put in place a mechanism to fix individual responsibility on account of a technical glitch.

C. Parameters for performance evaluation

In order to strengthen the governance of MII, it has been determined that, in addition to internal evaluations, the performance evaluation of MII and their statutory committees shall be conducted by an external independent agency once every three years. To bring consistency and uniformity across such evaluations, a set of basic minimum standards and guiding principles including defined weights have been developed. For evaluation, broad criteria, the weightage for each criterion, sub-parameters under each criterion, sample Key Performance Indicators (KPIs), both quantitative and qualitative in nature, were issued in consultation with Industry Standards Forum of MII. The first such evaluation shall be for 2024-25.

D. Mechanism for internal evaluation of performance

MII were instructed to develop a set of criteria for comprehensive internal evaluation of performance of the MII and its statutory committees and a framework to report the same to the governing board of MII. The first report in this regard shall be

for 2024-25. Further, MII were mandated to ensure that their internal performance evaluation metrics have allocated sufficient weightage towards Verticals 1 (Critical Operations) and Vertical 2 (Regulatory, compliance, risk management and investor grievances) related outcomes, so as to ensure that such evaluation effectively reflects the efforts of the MD and Key Managerial Personnel (KMPs) towards outcomes of various functions under these verticals. The performance evaluation of MD and KMPs shall include the minimum criteria as specified for the MII.

E. Monitoring shareholding of MII

To ensure ease of compliance and effective monitoring of the provisions related to minimum public shareholding of MII, other shareholding limits and fit & proper criteria, the framework for monitoring and ensuring compliance with shareholding norms currently applicable to listed stock exchanges and listed depositories are made applicable for all MII. Further, all MII have to disclose their shareholding pattern as per the requirements and formats specified for listed companies under LODR Regulations, 2015 on their respective websites. Furthermore, every MII is mandated to appoint a depository as Designated Depository for monitoring of its shareholding limits. Further, various provisions have been prescribed for disclosure, consequential actions of freezing of voting rights & corporate benefits upon breach of the fit & proper criteria and various threshold limits for shareholding of MII.

F. Norms for acceptable collaterals and exposure of CCs

In order to further strengthen the risk management framework of CCs, the existing collaterals accepted by CCs

were reviewed and based on the recommendations of Risk Management Review Committee, SEBI and subsequent deliberations, a detailed framework for eligibility of collaterals to be accepted by CCs and their haircuts have been prescribed. Further, prudential norms for exposure of CCs to various entities through investments and FDs have been prescribed.

G. Guidelines to MIs

Based on the recommendations of the Committee on Strengthening of Governance of MIs and subsequent deliberations with ISF, detailed guidelines have been prescribed to enhance accountability (i.e. meetings of Public Interest Directors (PIDs) and their reporting; quarterly reporting by compliance officer; half yearly reporting by chief risk officer; disclosure of board meeting agenda and minutes; SOP for disciplinary actions against KMPs; and whistle blower policy of MIs), enhancing supervision and monitoring mechanism of MIs (i.e. mechanisms to monitor their members or participants; and internal policies for periodic monitoring of back office vendors or outsourced agencies); training or knowledge upgradation of directors on governing board of MI; policy on data sharing, appointment or re-appointment of directors on the governing board; and reporting lines of KMPs.

H. Norms for sharing of real time price data to third parties

To address virtual trading services or fantasy games based on real-time share prices of listed companies, SEBI has prescribed provisions for sharing real-

time price data with third parties. MIs and registered market intermediaries must ensure that no real-time price data is shared with any third party, including various platforms, unless necessary for the orderly functioning of the securities market or regulatory requirements. They must enter appropriate agreements outlining how the real-time price data will be used. Market price data may be shared for investor education and awareness without monetary incentives, with a one-day lag. Furthermore, MIs and market intermediaries shall take necessary steps to avoid misuse of price data by shared entities.

I. Charges levied by MIs

Existing processes for charges levied by MIs on members (i.e. stock brokers, clearing members) involve a volume-based slab charge structure. Members typically recover these charges daily from end clients, while MIs receive monthly aggregate payments based on the slab structure. Consequently, the aggregated charges collected by members from clients exceed the end-of-month payments made to MIs. In order to maintain transparent and True to Label fee structures that accurately reflect services provided, the following changes have been made:

- i. MII charges to be recovered from the end client should be true to label.
- ii. The charge structure of the MI should be uniform and equal for all its members rather than slab-wise.
- iii. The new charge structure designed by MIs should give due consideration to the existing per unit charges realized by MIs so that the end clients benefit from the reduction of charges.

J. Review of appointment process of PIDs and KMPs

Given the pivotal role played by PIDs as a part of governing board in MIIs and role of specific KMPs, the process of their appointment was reviewed by SEBI Board and the following have been decided:

- i. The existing process for appointment of PIDs shall continue i.e. with prior approval of SEBI and without the approval of the shareholder.

- ii. Appointment of specific KMPs shall be with the approval of the governing board of the MII.
- iii. SEBI shall no longer prescribe the cooling off period for PIDs joining another MII. The same shall be prescribed by the governing board of the MII.

In this regard, amendments to SECC Regulations, 2018 and D&P Regulations, 2018 will be notified in 2025-26.

Chapter 5: FUND MANAGEMENT ACTIVITIES

India's financial landscape is undergoing significant transformation, marked by shift from traditional investments mostly in physical assets to a growing preference for financial assets. This transition is being driven by increasing financial literacy, technological advancements, simplified investment processes and initiatives promoting financial inclusion and education. The asset management industry especially the mutual funds (MFs) is playing a pivotal role in accelerating financialisation by channelizing domestic savings into capital markets. Other key components of asset management ecosystem which include alternative investment funds (AIFs) and portfolio management services (PMS), real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) are also poised to play a crucial role in this journey. SEBI with its mandate towards investor protection, development and regulation of securities market continues to strengthen the regulatory framework to enhance transparency and broaden investor base in collaboration with the industry.

5.1 MUTUAL FUNDS

With rising financial literacy, growing disposable incomes, technological advancements and regulatory support, the mutual funds industry is witnessing an impressive growth in terms of assets under management (AUM) and investor participation in recent years. AUM of mutual funds have tripled, rising from ₹22.3

lakh crore in March 2020 to ₹65.7 lakh crore by March 2025. The number of unique investors increased from 4.5 crore at the end of March 2024 to 5.4 crore at the end of March 2025. This impressive growth has been underpinned by the growing popularity of systematic investment plans (SIPs), which promote disciplined, long-term investments and accessible investment platforms. SEBI has been instrumental in steering this growth through targeted reforms aimed at improving transparency, operational efficiency and investor protection. These initiatives have strengthened investor trust, attracted new investors and positioned mutual funds as a preferred vehicle for wealth creation. The following section outlines the key policy measures introduced by SEBI for mutual funds during 2024-25:

5.1.1 Policy developments

A. Enhancing accessibility through 'Chhoti SIP'

To enable financial empowerment of the underserved section of the economy and enable fund houses to expand their footprints to even remote locations in the country, SEBI proposed to introduce 'sachetisation' of mutual funds. In line with this initiative of SEBI, mutual funds have introduced SIP with minimum amount of ₹250, referred as 'Chhoti SIP'. This initiative is expected to play important role for financial inclusion (**Box 5.1**).

Box 5.1: Chhoti SIP- Laying the Path for Larger Financial Inclusion

In order to increase the reach of mutual funds across the country, to facilitate participation from low income groups and to achieve the larger objective of financial inclusion, SEBI in collaboration with mutual fund industry and Association of Mutual Funds in India (AMFI) conceptualised the idea of 'sachetisation' of mutual funds. This will enable small ticket investment in mutual funds on periodic basis thereby helping in financial empowerment of the underserved section and also nudge fund houses to expand their footprints to remote locations in the country.

In this regard, 'Chhoti SIP' has been introduced to allow investors to start investing with a minimum amount of ₹250. This initiative aims to democratize mutual fund investments by making them more accessible to a wider pool of investors, particularly for first-time investors and those from underserved segments. Further, to support financial inclusion and ensure the viability of low-ticket SIPs, key market infrastructure institutions (MIIs) - including KYC registration agencies (KRAs), registrars to an issue and share transfer agents (RTAs), stock exchanges and depositories - have rationalized their charges for such investments.

B. Mutual fund lite

To simplify and streamline the launch and management of passively managed mutual fund schemes, the framework for MF Lite was introduced in 2024-25. This

initiative aims to make passive investing more accessible and cost-effective for both investors and asset management companies (AMCs). The key features of the framework are outlined in **Box 5.2**.

Box 5.2: Mutual Fund Lite: A Simplified Regulatory Framework for Passive Schemes

SEBI, vide amendments to the SEBI (Mutual Funds) Regulations, 1996 and a circular dated December 31, 2024, introduced a simplified regulatory regime for passive mutual fund schemes - termed the "MF Lite Framework". The framework is designed to promote ease of entry, encourage new players, reduce compliance requirements, increase penetration, facilitate investment diversification, increase market liquidity and foster innovation within the passive investment space. Key provisions of the framework include:

- i. The eligibility criteria for the sponsors have been relaxed both in cases of the main eligibility and alternate eligibility routes for applying under the MF Lite framework.
- ii. While various responsibilities for the trustees of MF Lite have been relaxed, the existing requirements for trustees to oversee related party transactions, conflicts of interest, undue influence of sponsor, mis-selling, misconduct including market abuse/ misuse of information including front running etc. has been retained.
- iii. The roles and responsibilities of the Board of AMC have been enhanced.
- iv. A new category of passive schemes 'Hybrid Passive Funds' has been introduced, enabling investment in a single product tracking a composite index comprising both equity and debt instruments.
- v. AMCs allowed to launch close-ended debt passive schemes based solely on target maturity indices.
- vi. The investment limits for individual brokers - both associate and non-associate - have been increased for purchase and sale of securities by a mutual fund.

- vii. Out of the total amount transferrable by AMCs to AMFI, certain minimum percentage has been earmarked for focused investor education and awareness towards promoting passive funds, distinct from AMFI's general investor education initiatives.
- viii. Various compliance and disclosure requirements such as updation of scheme information document (SID) and key information memorandum (KIM), portfolio disclosure frequency, disclosure of unaudited half yearly financials etc. have been relaxed under the MF Lite framework.

C. Regulatory framework for Specialized Investment Funds introduced as a new investment product under the existing mutual fund's regulatory framework (Box 5.3).
Specialized investment fund (SIF) was

Box 5.3: Ushering Portfolio Flexibility for Investors through Specialized Investment Funds

Over the years, a gap had emerged between mutual funds and PMS in terms of portfolio flexibility. To bridge this gap, the SEBI (Mutual Funds) Regulations, 1996 have been amended to introduce new investment product, namely, Specialized Investment Fund. The broad regulatory framework offers enhanced portfolio flexibility while maintaining regulatory oversight. The key features of the SIF framework are outlined below:

- i. Registered mutual funds fulfilling prescribed eligibility criteria related to AUM and track record or having appointed eligible fund managers may apply for prior approval from SEBI for establishing a SIF.
- ii. SIFs are required to operate under a distinct brand name, logo and website, clearly differentiated from the mutual fund business. Limited usage of the sponsor/mutual funds brand name is permitted for a period of five years, subject to specific conditions.
- iii. The framework permits various investment strategies across equity, debt, and hybrid categories. Investment strategies are allowed to take up to 25 per cent unhedged exposure in exchange traded derivatives.
- iv. Investors, except accredited investors, are required to invest a minimum of ₹10 lakh across all strategies under the SIF.
- v. Flexibility has been provided to AMCs in structuring redemption and subscription frequencies including daily, weekly, monthly, etc. along with the option to implement notice periods up to 15 working days.
- vi. Comprehensive disclosure requirements are specified for the SIFs including alternate month portfolio disclosures, scenario analysis and risk depiction through a risk-band.

This regulatory initiative is a significant step towards diversifying domestic pooled investment landscape. The introduction of SIFs is expected to encourage innovation in investment strategies while ensuring appropriate safeguards for investor protection and market integrity.

D. Investments in overseas mutual funds/unit trusts

Indian mutual fund schemes were allowed to invest in overseas mutual funds/unit trusts (UTs) that have exposure of up to 25 per cent to Indian securities. While investing in such overseas MFs/UTs, the Indian mutual funds have been mandated to ensure that:

- i. Contribution of all investors in such overseas MFs/UTs is pooled into a single investment vehicle, with no side-vehicles.
- ii. All investors in such overseas MFs/UTs have pari-passu and pro-rata rights in the fund.
- iii. Such overseas MF/UT is managed independently, disclose portfolios at least quarterly and have no advisory agreement with the Indian mutual fund.

Additionally, the prescribed guidelines also specified the steps that may be taken by the AMC in case of breach of the 25 per cent limit by the overseas MF/UT.

E. Flexibility in participation of mutual funds in CDS

Mutual funds were allowed greater flexibility to both buy and sell credit default swaps (CDS), provided there is adequate risk management in place. Such flexibility to participate in CDS shall serve as an additional investment product for mutual funds and aid in increasing liquidity in the corporate bond market.

F. Review of alignment of interest of designated employees with unit holders

SEBI (Mutual Funds) Regulations, 1996 were amended to ease the regulatory framework pertaining to the "skin in the game" requirements, aiming to align the interests of the designated employees of the AMCs with the interest of the unitholders. The revised guidelines which

are applicable from April 01, 2025 includes the following:

- i. Cost to company (CTC) based slabs have been made applicable for minimum investment under skin in the game requirements instead of flat percentage requirement. AMCs are provided with the option for exclusion of employee stock ownership plan (ESOPs) in the computation
- ii. For employees related to liquid fund schemes only, lower percentage requirement i.e., slab one is made applicable. Further, to reduce the impact on asset allocation, up to 75 per cent of the minimum investment amount required to be invested in liquid schemes is allowed to be invested in schemes with equivalent or higher risk as compared to liquid schemes of the same mutual fund. To provide flexibility to the designated employee, the requirement of auto redemption of units of liquid schemes post expiry of lock-in period has been removed.
- iii. For employees retiring/resigning before superannuation, lock-in period is reduced from three years to one year.
- iv. For clawback of units, it has been stipulated that the Nomination and Remuneration Committee of AMCs shall provide recommendations to SEBI after approval from trustees for consideration of action, if any.
- v. The restrictions on redemption after the expiry of the lock-in period has been removed. After the revision, post lock-in redemption of investments under skin in the game shall be as per the requirements specified under the SEBI (Prohibition of Insider Trading Regulations, 2015 (PIT Regulations).
- vi. The frequency of disclosure of investments made under skin in the

game requirements by designated employees has been reduced from monthly to quarterly.

G. Institutional mechanism for identification and deterrence of market abuse

SEBI (Mutual Funds) Regulations, 1996, were amended in order to address instances of market abuse including front running and fraudulent transactions in securities. The AMCs were mandated to:

- i. Put in place a structured institutional mechanism for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
- ii. Enhance responsibility and accountability of management of AMCs for an institutional mechanism.
- iii. Foster transparency by requiring AMCs to have a whistle blower mechanism.

H. Inclusion of mutual fund units in PIT Regulations, 2015

Mutual fund units have been included under the PIT Regulations, with effect from November 01, 2024. In this regard, the requirements related to disclosure and formats for holdings of designated persons, threshold amount for reporting to compliance officer for investment made by designated person and formats for reporting of transactions/observed violation of PIT Regulations, were also specified.

I. Minimising mis-selling

In order to discourage mis-selling of mutual fund schemes by mutual fund distributors, in case of switch transaction to new fund offer (NFO) of a regular plan of mutual fund scheme from an existing scheme managed by the same AMC, the AMC is required to ensure that the

distribution commission paid is lower of the commissions offered under the two schemes of switch transaction.

J. Streamlining of prudential norm for passive schemes

Equity-oriented exchange traded funds (ETFs) and index funds, which are based on widely tracked and non-bespoke indices, were allowed to make investments in accordance with the weightage of the constituents of the underlying index. This is subject to an overall cap of 35 per cent of net asset value of the scheme in the sponsor's group companies.

K. Timelines for deployment of funds by AMCs

To promote the responsible collection of funds by AMCs during NFOs and to prevent the mis-selling of NFOs of mutual fund schemes, AMCs have been mandated to deploy funds raised in NFOs within 30 business days in accordance with the scheme's asset allocation strategy. The Investment Committee may extend the timeline by 30 business days, while also making recommendations on how to ensure deployment within 30 business days going forward and monitoring the same. In case funds are not deployed within the specified timeline or as per the asset allocation mentioned in the SID, the AMC will not be permitted to receive fresh flows in the same scheme and to levy exit load.

Further, in case of switch transaction to NFO of a regular plan of mutual fund scheme from an existing scheme managed by the same AMC, the AMC has been mandated to ensure that the distribution commission paid is lower of the commissions offered under the two schemes of switch transaction.

L. Disclosure of information ratio

Equity-oriented mutual fund schemes were mandated to disclose risk-adjusted returns using the Information Ratio (IR). This ratio measures a portfolio's ability to generate excess returns relative to its benchmark, adjusted for risk, providing a clearer picture of a portfolio manager's skill. The direction was effective within three months from the issuance of the circular.

M. Disclosures on mutual fund schemes

Separate disclosure of expenses, half-yearly returns and yields were mandated for both direct and regular plans of mutual fund schemes. Further, a standardized format and colour scheme for the risk-o-meter, applicable for all digital and polychrome printed promotion materials/disclosures for the scheme has been specified. For ease of understanding of the change in risk level for unitholders, a format for disclosure of change in scheme's risk level has been specified.

N. Other measures

- i. The appointment of a dedicated fund manager for mutual funds investing in commodities and overseas securities has been made optional.
- ii. SEBI (Mutual Funds) Regulations, 1996 were amended exempting the requirement to record face-to-face communications, including out-of-office interactions, during market hours for fund managers and dealers of AMCs.
- iii. In order to align the valuation methodology with the recommendation of National Financial Reporting Authority (NFRA), it was mandated that the valuation of Additional Tier 1 Bonds by mutual funds shall be based on 'yield to call'.

- iv. To ensure uniformity across money market and debt instruments, it was mandated that the valuation of repurchase (repo) transactions by mutual funds including treasury bill repurchase/tri-party repo (TREPS) with tenors of up to 30 days shall be valued at mark-to-market basis.
- v. Detailed guidelines were issued for the internal audit framework of mutual funds, addressing the scope of the internal audits, independence of internal auditor, rotation of independent auditor, frequency of audits etc. The guidelines effective from 2025-26, require internal audits to identify and report potential issues promptly.

5.1.2 Market activity and trends observed**A. Mutual funds registered with SEBI**

As on March 31, 2025, 46 AMCs were registered with SEBI (Table 5.1) of which, five were from public sector.

Table 5.1: Number of Mutual Funds Registered with SEBI

Sector	2023-24	2024-25
Private Sector	39	41
Public Sector	6	5
Total	45*	46**

*excluding four inactive mutual funds;

**excluding three inactive mutual funds

B. Schemes launched

During 2024-25, new schemes launched rose by 32.8 per cent, from 186 schemes at the end of March 2024 to 247 schemes as of March 2025 (Table 5.2). Among the 247 schemes, 245 were open-ended schemes, while two were close-ended schemes.

Table 5.2: Mutual Fund Schemes Launched

S. No.	Scheme Category	No. of Schemes Launched	
		2023-24	2024-25
A	Open-Ended Schemes	166	245
I	Income/Debt Oriented Schemes	10	10
II	Growth/Equity Oriented Schemes	58	70
III	Hybrid Schemes	19	12
IV	Solution Oriented Schemes	2	3
V	Other Schemes	77	150
B	Closed-Ended Schemes	20	2
I	Income/Debt Oriented Schemes	19	2
II	Growth/Equity Oriented Schemes	1	0
III	Other Schemes	0	0
C	Interval Schemes	0	0
Grand Total (A+B+C)		186	247
Fund of Funds Schemes (Domestic)		5	14

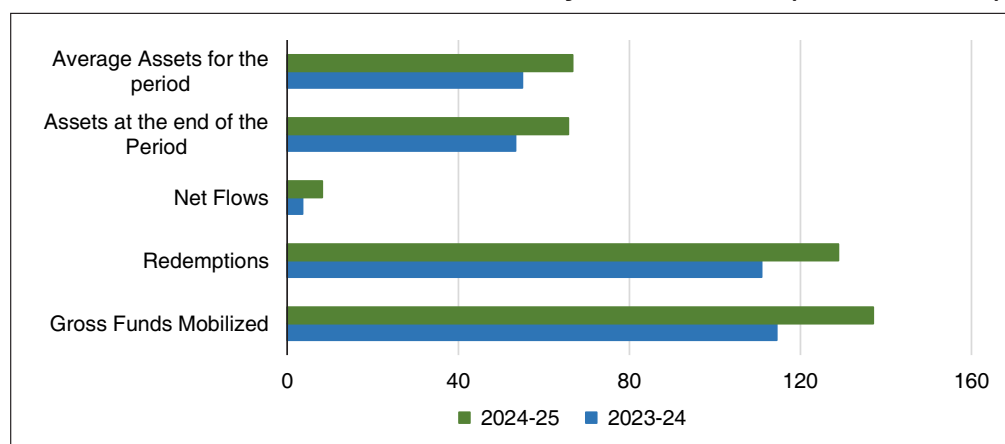
Note: As on March 31 of respective year-end

C. Resource mobilisation by mutual funds

The year 2024-25 was remarkable for the mutual fund industry in terms of resource mobilization (**Chart 5.1**). Gross resource mobilization for 2024-25 amounted to ₹137.0 lakh crore, marking a 19.7 per cent increase from ₹114.5 lakh crore mobilized

in the previous year. Redemptions also rose by 16.2 per cent during the same period. Net inflows surged from ₹3.5 lakh crore to ₹8.2 lakh crore, representing a growth of 129.8 per cent. This marked the highest net inflows recorded in any financial year.

Chart 5.1: Mobilisation of Resources by Mutual Funds (in ₹ lakh crore)



In line with the last year, the share of private sector mutual funds in gross resource mobilisation exhibited an increase of 78.5 per cent in 2024-25 (**Table 5.3**). Net fund

inflows in private sector mutual funds exceeded the public sector funds this year as well with 88.2 per cent share in total inflow of funds.

Table 5.3: Sector-wise Resource Mobilisation (in ₹ crore)

Financial Year	Private sector Mutual Funds				Public Sector Mutual Funds				Grand Total
	Open	Close	Interval	Total	Open	Close	Interval	Total	
Mobilisation of Funds									
2023-24	88,37,761	3,267	537	88,41,565	26,05,893	757	-	26,06,650	1,14,48,215
2024-25	1,07,54,242	509	0.04	1,07,54,751	29,48,600	-	-	29,48,600	1,37,03,351
Redemptions/Repurchases									
2023-24	85,23,575	8,067	1,025	85,32,667	25,51,159	9,688	-	25,60,847	1,10,93,513
2024-25	1,00,33,055	2,125	444	1,00,35,624	28,51,709	902	-	28,52,611	1,28,88,236
Net Inflows/Outflows									
2023-24	3,14,185	-4,800	-487	3,08,898	54,735	-8,931	-	45,803	3,54,701
2024-25	7,21,188	-1,617	-444	7,19,127	96,891	-902	-	95,989	8,15,115

Note: As on March 31 of respective year-end

AUM of mutual funds grew by 23.1 per cent, reaching ₹65.7 lakh crore by the end of 2024-25. Open-ended schemes accounted for more than 99 per cent of the total AUM. Among open-ended schemes, growth/equity-oriented schemes saw a net inflow of ₹4.2 lakh crore, driven by investments in sectoral/thematic funds, flexi-cap funds, multi-cap funds, small-cap funds, mid-cap funds and large & mid-cap funds.

Upward trend in passive investing continued this year as well. The number of registered index funds increased to 309 in 2024-25 from 208 in previous year. Net inflows through passive schemes increased to ₹59,306 crore in 2024-25 from ₹15,690 crore in 2023-24. Net inflows to Gold ETFs, saw a three-fold increase, rising to ₹14,852 crore in 2024-25 compared to ₹5,248 crore in 2023-24, driven by an upward trend in gold prices.

There was net inflow of ₹1,38,380 crore in open-ended income/debt-oriented schemes during 2024-25 (**Table 5.4**). Within this category, largest net inflow of ₹66,582 crore was in money market funds, followed by liquid funds (₹38,349 crore) and low duration funds (₹14,729 crore). Conversely, banking & PSU funds experienced outflows of ₹7,903 crore, followed by floater funds (₹5,827 crore), overnight funds (₹4,996 crore) and credit risk funds (₹4,490 crore).

All hybrid schemes, except conservative hybrid funds (wherein there was an outflow of ₹968 crore) saw positive inflows. Highest inflows were into arbitrage funds (₹50,800 crore), followed by multi-asset allocation funds (₹34,786 crore), dynamic asset allocation/balanced advantage funds (₹18,559 crore), equity savings funds (₹10,866 crore) and balanced/aggressive hybrid funds (₹4,990 crore) during 2024-25.

Table 5.4: Scheme-wise Resource Mobilisation and AUM

Sr. No.	Scheme Category	No. of Schemes	No. of Folios	Funds Mobilized (₹ crore)	Repurchase/ Redemption (₹ crore)	Net Inflow/ Outflow (₹ crore)	Net AUM as on March 31, 2025 (₹ crore)
		(As on March 31, 2025)		(April 01, 2024 to March 31, 2025)			
A	Open ended Schemes	1,652	23,39,87,130	1,37,02,842	1,28,84,764	8,18,079	65,47,583
I	Income/Debt Oriented Schemes	321	69,49,759	1,20,49,402	1,19,11,022	1,38,380	15,20,706
II	Growth/Equity Oriented Schemes	510	16,38,24,672	8,19,776	4,02,723	4,17,053	29,45,306
III	Hybrid Schemes	166	1,56,67,477	4,52,726	3,33,693	1,19,032	8,83,444
IV	Solution Oriented Schemes	41	60,72,801	6,334	3,042	3,292	51,182
V	Other Schemes	614	4,14,72,421	3,74,605	2,34,285	1,40,320	11,46,946
B	Close Ended Schemes	100	5,19,598	509	3,027	-2,519	26,607
I	Income/Debt Oriented Schemes	85	2,60,258	509	2,651	-2,142	22,572
II	Growth/Equity Oriented Schemes	15	2,59,340	-	377	-377	4,035
III	Other Schemes	-	-	-	-	-	-
C	Interval Schemes	8	1,343	0	444	-444	97
I	Income/Debt Oriented Schemes	8	1,343	0	444	-444	97
II	Growth/Equity Oriented Schemes	-	-	-	-	-	-
III	Other Schemes	-	-	-	-	-	-
Grand Total (A+B+C)		1,760	23,45,08,071	1,37,03,351	1,28,88,236	8,15,115	65,74,287
Fund of Funds Scheme (Domestic)		94	34,81,432	25,827	15,471	10,356	97,261

D. Trends in transactions on stock exchanges

Aggregate net investments by mutual funds in secondary markets doubled from ₹1.8 lakh crore in 2023-24 to ₹3.9

lakh crore in 2024-25 (Table 5.5). During 2024-25, mutual funds in the equity segment reported net purchase of ₹4.8 lakh crore, while in the debt segment, net sale was ₹87,461 crore.

Table 5.5: Trends in Transaction on Stock Exchanges by Mutual Funds (₹ crore)

Financial Year	Equity			Debt			Total		
	Gross Purchase	Gross Sales	Net Purchase/ Sales	Gross Purchase	Gross Sales	Net Purchase/ Sales	Gross Purchase	Gross Sales	Net Purchase/ Sales
2023-24	19,56,739	17,48,577	2,08,162	38,26,411	38,50,557	-24,146	57,83,151	55,99,134	1,84,016
2024-25	30,80,655	26,01,488	4,79,167	40,81,258	41,68,718	-87,461	71,61,912	67,70,205	3,91,707

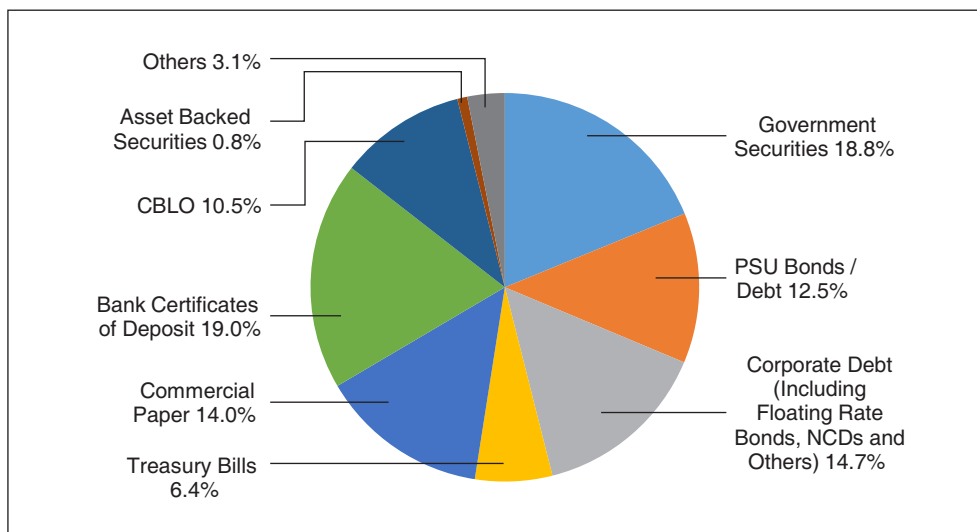
E. Deployment of Funds

i. Scheme-wise sectoral deployment

As on March 31, 2025, 19.0 per cent of the total assets under debt

schemes were deployed in bank certificates of deposit followed by 18.8 per cent in G-secs and 14.7 per cent in corporate debt (Chart 5.2).

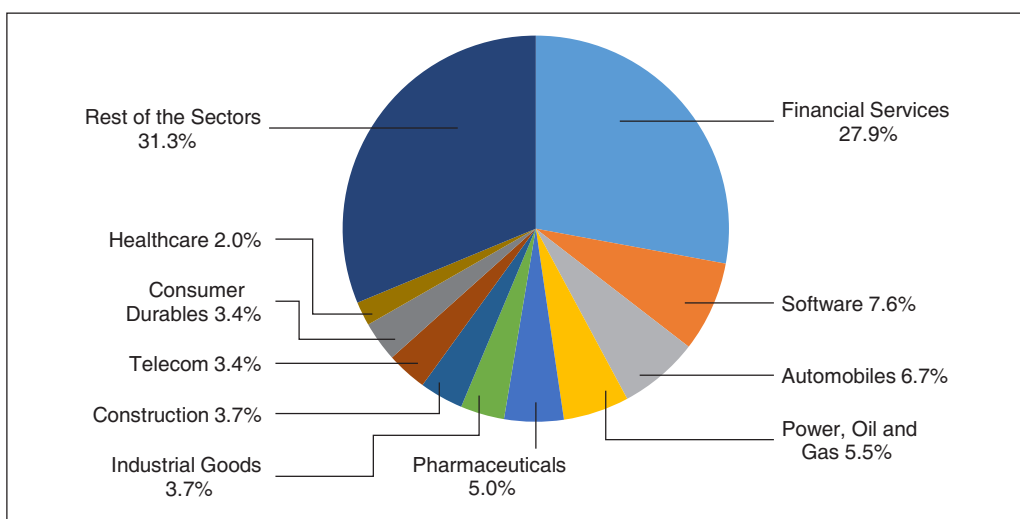
Chart 5.2: Deployment of Funds by Debt Schemes as on March 31, 2025



As on March 31, 2025, 52.6 per cent of the total assets under equity schemes were deployed in five major sectors. Financial services accounted for the highest investment

share at 27.9 per cent, followed by software (7.6 per cent), automobiles (6.7 per cent), power oil and gas (5.5 per cent) and pharmaceuticals (5.0 per cent) (**Chart 5.3**).

Chart 5.3: Deployment of Funds by Equity Schemes as on March 31, 2025



ii. Asset class-wise deployment of funds

In 2024-25, mutual funds witnessed substantial rise in overall deployment of funds across asset classes.

The total value of deployed funds increased from ₹53.69 lakh crore in 2023-24 to ₹66.12 lakh crore in 2024-25 – an increase of 23.2 per cent. A notable increase of 23.4 per cent was

observed in equity investments while debt deployments also registered an increase of 22.1 per cent. Allocations under the 'Others' category increased by 36.6 per cent reflecting continued diversification in mutual fund investments (Table 5.6).

Table 5.6: Asset Class-wise Deployment of Funds (₹ crore)

Financial Year	Equity	Debt	Others	Total
2023-24	34,03,678.4	18,68,791.5	96,157.4	53,68,627.3
2024-25	41,99,030.0	22,81,136.9	1,31,339.2	66,11,506.1

Note: As on March 31 of respective year-end

iii. Mutual fund scheme-wise annual returns

Weak corporate earnings and valuation concerns have resulted in a correction in mid-cap and small-cap stocks, which has impacted returns on schemes focussed on these sectors. The distribution of mutual fund schemes by annual return indicates a broad shift towards moderate performance. The number of mutual fund schemes with negative annual returns surged significantly from 96 in 2023-24 to 243 in 2024-25. Conversely, the number of schemes yielding returns exceeding five per cent fell from 1,326 in 2023-24 to 1,156 in 2024-25 (Table 5.7). Further, the number of schemes generating returns above

10 per cent declined from 822 to 304, reflecting a more tempered return environment due to market volatility or sectoral corrections.

Table 5.7: Mutual Fund Scheme-wise Annual Returns

Annual Return Range (per cent)	Number of Schemes	
	2023-24	2024-25
<= -10	12	30
from -10 to <= -5	10	41
from -5 to <=0	74	172
from 0 to <=5	51	218
from 5 to <=10	504	852
> 10	822	304

Note: Annual Returns for Direct Plan Growth Option of Schemes are considered

F. Growth of mutual fund investors

i. Unit holding pattern

During 2024-25, the mutual funds witnessed addition of 5.7 crore folios, bringing the total number of investor folios to 23.5 crore. Individual investors held 97.4 per cent of the total folios and 58.1 per cent of the AUM during the year (Table 5.8). While non-resident Indians/overseas corporate bodies represented only 1.8 per cent of folios, they accounted for four per cent of total AUM. Corporates and institutions, on the other hand, represented 0.9 per cent of the total folios but owned 37.9 per cent of the total net assets.

Table 5.8: Unit Holding Pattern of Mutual Funds

Category	Year (As on March 31)	No. of Folios	Percentage to Total Folios	AUM (₹ crore)	Percentage to Total Net Assets
Individuals	2023-24	17,29,62,233	97.2	31,14,766.07	58.3
	2024-25	22,84,44,305	97.4	38,17,886.14	58.1
NRIs/ OCBs	2023-24	31,88,072	1.8	2,14,255.65	4.0
	2024-25	40,20,149	1.7	2,59,787.67	4.0
FPIs	2023-24	153	0.0	4,479.35	0.1
	2024-25	196	0.0	3,951.62	0.1
Corporates / Institutions / Others	2023-24	17,06,302	1.0	20,06,693.60	37.6
	2024-25	20,43,421	0.9	24,92,661.85	37.9
Total as on March 31, 2024		17,78,56,760	100.0	53,40,194.67	100.0
Total as on March 31, 2025		23,45,08,071	100.0	65,74,287.27	100.0

ii. Unique investors

The mutual fund industry witnessed a significant expansion in its investor base during 2024-25, with the number of unique investors rising from 4.5 crore at the end of March 31, 2024 to 5.4 crore at the end of March 31, 2025, registering a growth of 21.7 per cent. Tier III cities accounted for the largest share, growing from 2.6 crore to 3.3 crore, indicating deepening penetration of mutual funds beyond metro and urban centres. Tier II investors also rose from 85.2 lakh to 1.02 crore. This broad-based growth reflects the success of outreach efforts and growing investor awareness (**Table 5.9**).

Table 5.9: Unique Investors in Mutual Funds

Financial Year	Tier I	Tier II	Tier III	Total
2023-24	95,75,879	85,24,290	2,64,88,148	4,45,88,317
2024-25	1,13,23,349	1,02,91,153	3,26,34,133	5,42,48,635

iii. Systematic investment in mutual funds

SIPs remained a vibrant channel for fostering equity investment culture in India, channelizing household savings into capital markets through a disciplined and accessible approach. SIPs witnessed a robust growth in both account numbers and fund flows during 2024-25. During the year, the number of SIP accounts increased by 19.7 per cent, from 8.4 crore at the end of March 31, 2024, to 10.1 crore by March 31, 2025. During 2024-25, 6.8 crore SIPs were registered while 5.1 crore SIPs were discontinued/tenure completed. Both the gross and net values of SIPs also saw positive growth, with the average net monthly SIP inflow rising by 79.8 per cent, from ₹7,259 crore to ₹13,052 crore (**Table 5.10**).

Table 5.10: Trends in SIP Investor Accounts and Fund Flows

Financial Year	No. of SIP Accounts (in Lakh)	AUM through SIPs (₹ crore)	Gross Inflows through SIPs (₹ crore)	Net Inflows through SIPs (₹ crore)	Average Net Monthly Inflows (₹ crore)
2023-24	839.71	10,71,666	1,99,219	87,112	7,259
2024-25	1,005.39	13,35,188	2,89,352	1,56,621	13,052

Table 5.11: Distribution of SIP Folios

Folio Value	Number of SIP Folios	
	2023-24*	2024-25
less than ₹500	54,02,530	1,11,51,596
501 to 1,000	3,17,84,267	3,19,83,946
1,001 to 3,000	2,79,98,022	3,33,41,841
3,001 to 5,000	1,10,66,106	1,40,22,581
5,001 to 10,000	45,99,053	58,73,018
10,001 and above	22,60,208	27,94,040

*Revised

G. Number of defaults and restructurings in debt securities

During 2024-25, there were two instances of defaults of debt securities held by mutual fund schemes (**Table 5.12**). Percentage of default and restructured amount to total debt schemes' AUM declined to 0.002 per cent in 2024-25 from 0.234 per cent in the previous year.

Table 5.12: Defaults and Restructuring in Debt Securities held by Mutual Fund Schemes

Year	No. of Instances of Defaults	No. of Instances of Restructuring	Default and Restructured Amount**	Total (Cumulative) Amount Recovered @ after Default of the (₹ crore)	Outstanding Default and Restructured Amount (₹ crore)	% of Default and Restructured Amount to Total Debt Schemes AUM
2023-24	1	-	763.7	45.4	1,739.0	0.2
2024-25	2	-	550.5	318.5	1,559.7	0.0

** as on date of default/ restructuring; @ Security or after Restructuring

H. Quantum of unclaimed amount

The unclaimed redemption amount of mutual funds increased by 10.1 per cent rising from ₹1,024 crore at the end of 2023-24 to ₹1,128 crore at the end of 2024-25 (**Table 5.13**). Meanwhile, the unclaimed dividend amount registered an increase of 26.5 per cent reaching ₹2,324 crore in 2024-25 from ₹1,838 crore in 2023-24.

Table 5.13: Quantum of Unclaimed Amount (₹ crore)

As on March 31	Unclaimed Redemption Amount	Unclaimed Dividend Amount
2024*	1,024.2	1,837.7
2025	1,127.7	2,324.4

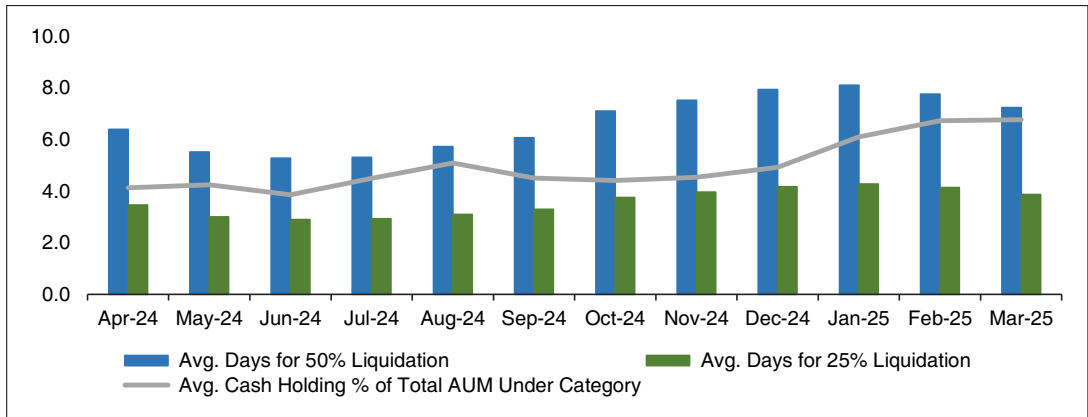
*Revised

I. Mutual fund stress test

Stress testing of mutual funds provides insights into portfolio liquidity under simulated pressure scenarios. For mid-cap mutual funds, the average number of days required to liquidate 50 per cent of the portfolio increased to seven days in March 2025 as compared to six days in April 2024. In contrast, small cap funds required more time (16 days) on an average to liquidate

50 per cent of their portfolio compared to 13 days in April 2024. The stress test further revealed that in March 2025, the top seven mid cap schemes would take up to 19.1 days (average) to liquidate 50 per cent of their portfolio. Notably, under midcap schemes, the mutual fund scheme with the highest AUM will take 43 days to liquidate 50 per cent of their portfolio (**Chart 5.4**).

Chart 5.4: Mid Cap Schemes - Average Number of Days for Liquidation

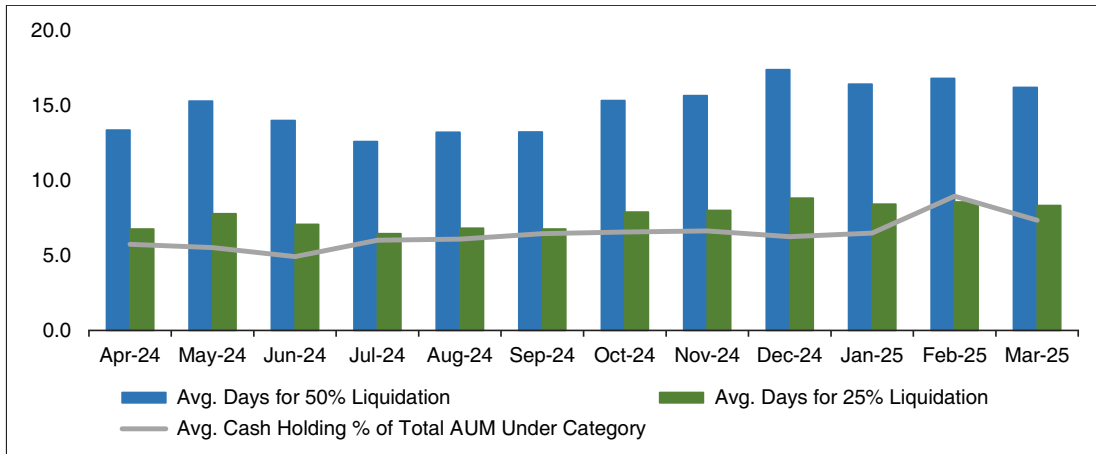


Note: Pro-rata liquidation after removing bottom 20% of portfolio based on scrip liquidity (considering 10% PV with 3x volumes)

In case of small cap, the stress test of mutual funds reveals that the top eight schemes will take as long as 41.5 days (average) to liquidate 50 per cent of their

portfolio in March 2025. However, the top three mutual fund schemes will take 50 days to liquidate 50 per cent of their portfolio (**Chart 5.5**).

Chart 5.5: Small Cap Schemes - Average Number of Days for Liquidation



Note: Pro-rata liquidation after removing bottom 20% of portfolio based on scrip liquidity (considering 10% PV with 3x volumes)

J. Distributors

To safeguard the interest of first holder and other joint holders of mutual fund folios, AMFI, under consultation with SEBI, issued best practice guidelines on the process to be adopted where a mutual fund distributor is a joint holder.

Table 5.14: Registered Distributors with AMFI

As on	Number of Distributors
March 31, 2024	1,56,698
March 31, 2025	1,78,289

Source: AMFI

5.2 ALTERNATIVE INVESTMENT FUNDS

In line with the continued growth of the alternative investment funds ecosystem and

evolving market needs, several policy measures were introduced by SEBI during the year to strengthen regulatory oversight, enhance operational flexibility and support capital formation. These initiatives aimed to address investor concerns, facilitate smoother fund operations and promote deployment of capital. The major policy developments introduced in 2024-25 are summarised below:

5.2.1 Policy developments

A. Flexibility to deal with unliquidated investments

To facilitate AIFs in managing unliquidated investments, a framework was put in to enable flexibility in handling such investments (**Box 5.4**).

Box 5.4: Framework to Deal with Unliquidated Investments: Enhancing Operational Flexibility of AIFs

SEBI had received representations from AIF industry highlighting the concerns w.r.t. launching a liquidation scheme and selling the unliquidated investments to the liquidation scheme. Setting up and managing liquidation scheme and winding up the original scheme of AIF involved time, cost, and efforts, which was ultimately paid by investors. Certain tax related issues also impacted the efficient implementation of such liquidation schemes.

Hence, in order to facilitate AIFs in managing unliquidated investments that remain unsold due to liquidity constraints during the winding-up process, a provision was introduced allowing AIFs to continue holding such investments within the same scheme and enter into a 'dissolution period'. The value of such investments carried forward into the dissolution period will be recognized according to specified norms for tracking the manager's performance and reporting to performance benchmarking agencies. The said facility of entering into dissolution period replaced the option of launching a new scheme (viz. liquidation scheme).

While enabling, it was also ensured that such flexibility does not become means to delay proper recognition and disclosure of true asset quality, asset liquidity and performance by AIFs and their managers, since these are the core regulatory principles to ensure integrity and trust in the AIF ecosystem.

B. Flexibility to create encumbrance

To enhance the ease of doing business and promote private capital investment in infrastructure financing, Category I and II AIFs were allowed to create encumbrances on the equity of its investee companies in infrastructure sector. This flexibility is intended to facilitate the raising of debt or loans by such investee companies, subject to certain conditions, including compliance with RBI regulations.

C. Modification in eligibility criteria

To ensure objectivity and facilitate skill-based approvals for AIF schemes, the experience requirement for key investment team members has been replaced with a certification requirement. It was mandated that at least one member of the key investment team of an AIF manager must obtain relevant certification as specified by SEBI, encouraging the inclusion of first-time managers in the AIF space.

D. Flexibility to VCFs for optional migration into AIF Regulations

Venture capital funds (VCFs) registered under the erstwhile SEBI (VCF) Regulations, 1996, were provided flexibility for migrating to SEBI (Alternative Investment Fund) Regulations, 2012 to, *inter-alia*, avail the facility of dealing with unliquidated investments of their schemes upon expiry of tenure. The aforesaid flexibilities are subject to modalities specified for migration of VCFs to AIF Regulations.

E. Obligation on AIF/manager to carry out specific due-diligence

SEBI had observed several instances of AIFs facilitating circumvention of extant financial sector regulations. In this context, SEBI introduced an obligation on AIF/manager to carry out specific due diligence, with respect to investors and investments

of the AIF, to prevent facilitation of circumvention of such laws as may be specified by SEBI from time to time. In this regard, implementation standards were issued by Standard Setting Forum for AIFs (SFA) in consultation with SEBI, to prevent facilitation of various circumventions through AIFs. These include standards pertaining to compliance with:

- i. Regulations of RBI specifying prudential norms for regulated lenders on income recognition, asset classification, provisioning and restructuring stressed assets.
- ii. Provisions of SEBI (ICDR) Regulations, 2018, and other regulations of SEBI under which benefits or relaxations are provided to entities designated as QIBs.
- iii. Rule 6 of Foreign Exchange Management (Non-Debt Instruments) Rules for investment from countries sharing land border with India (Press Note 3 of FDI Policy 2020).
- iv. Provision under Section 7(1) of SARFAESI Act for definition of qualified buyers and provisions under IBC providing benefits to qualified buyers in the resolution process.

F. Pro-rata and pari-passu rights of investors of AIFs

To clarify the regulatory intent of AIFs being pooled investment vehicles and to ensure fair and equal treatment of investors of an AIF, it has been specified in the AIF Regulations that the rights of the investors in investments of and distributions of the returns from a scheme of an AIF shall be pro-rata to their commitment in the scheme and that in all other respects (subject to specified exemptions), the rights of the investors of a scheme of an AIF shall be pari-passu. Further, to facilitate blended finance structures that enable private capital investment in sectors in need, in

addition to managers/sponsors of AIFs already being allowed to take first loss, SEBI also allowed entities such as those owned or controlled by Governments, multilateral or bilateral development financial institutions, State Industrial Development Corporations to subscribe to junior classes of units of AIFs to accept returns lesser or share losses more than their pro-rata rights in the investments of the scheme.

G. Guidelines for borrowing by Category I and II AIFs

To provide operational flexibility, Category I and Category II AIFs were allowed to borrow for the purpose of meeting temporary shortfall in amount called from investors for making investments in investee companies (drawdown amount), subject to the conditions specified by SEBI. Also, the maximum period for which tenure of a large value funds (LVF) can be extended was also specified.

H. Standardization of the private placement memorandum audit report

To streamline the compliance and reporting processes, a standardized reporting format for the private placement memorandum (PPM) audit report applicable across various categories of AIFs was prescribed.

I. Other measures

Many other measures were taken to facilitate ease of doing business and rationalise the compliance cost for AIFs. These include:

- i. Guidelines were issued for relaxation in timelines for holding AIFs' investments in dematerialised form and reporting of differential rights issued by AIFs.
- ii. Changes were specified in the terms of PPM, which may be filed directly with SEBI, and not through merchant

banker.

- iii. Guidelines were issued to provide clarification and relaxation on certain aspects of the framework for valuation of investment portfolio of AIFs.

5.2.2 Market activity and trends observed

A. Category-wise registration of AIFs

As of March 31, 2025, the total number of registered AIFs increased to 1,526, from 1,283 at the end of March 31, 2024 (Table 5.15). At the end of 2024-25, the number of registered AIFs in Category I, II and III increased by 11 per cent, 17 per cent, and 33 per cent, respectively, as compared to the previous year.

Table 5.15: Registered Alternative Investment Funds

Category of AIFs	No. of AIFs registered as on	
	March 31, 2024	March 31, 2025
Category I	288	321
Infrastructure Fund	19	17
Social impact Fund	13	12
Venture Capital Fund (Including Angel fund)	235	266
SME Fund	14	15
Special Situation Funds	7	11
Category II	737	862
Category III	258	343
Total	1,283	1,526

B. Category-wise investment in AIFs

As on March 31, 2025, the AIF industry continued its expansion, with total commitment raised by all categories of AIFs increasing by 18.9 per cent to ₹13,49,051 crore, up from ₹11,34,900 crore a year earlier (Table 5.16). Fund raised and investment made increased by 24.7 per cent and 32.2 per cent, respectively, in 2024-25. At the end of 2024-25, the cumulative investment made by Category I,

II and III AIFs increased by 32 per cent, 20.3 per cent and 65.5 per cent, respectively, as compared to end of 2023-24. Category II AIFs remained dominant, raising the highest commitments and deploying the largest share of capital. Within Category I, VCFs

led the activity. Notably, special situation funds and SME funds recorded steady increases in both funds raised and capital deployed. The AUM which is the cumulative net investment made by the AIFs amounted to ₹5,38,161 crore at the end of 2024-25.

Table 5.16: Investment by AIFs (₹ crore)

Type of AIF	As on March 31, 2024			As on March 31, 2025		
	Commitments Raised	Funds Raised	Investments Made	Commitments Raised	Funds Raised	Investments Made
Category I	76,865	40,790	32,523	89,083	49,373	42,931
Infrastructure Fund	18,850	8,466	5,450	19,650	8,969	7,530
Social Venture Fund	2,120	735	453	2,121	441	540
Venture Capital Fund	53,355	29,709	24,927	61,932	36,728	31,814
SME Fund	1,169	714	624	1,219	854	747
Special Situation Fund	1,371	1,166	1,069	4,161	2,381	2,300
Category II	9,12,903	3,21,227	2,76,033	10,30,041	3,66,621	3,32,201
Category III	1,45,132	89,950	98,491	2,29,927	1,47,435	1,63,029
Grand Total	11,34,900	4,51,967	4,07,047	13,49,051	5,63,429	5,38,161

*All figures are cumulative

C. Instrument-wise deployment of funds

As on March 31, 2025, 38.5 per cent of total funds in AIFs were invested in unlisted equity shares, equity-linked instruments and LLP interests followed by

27.9 per cent in listed equity (excluding listed or to-be-listed on SME exchanges) and 21.2 per cent in debt and securitized debt instruments (**Table 5.17**).

Table 5.17: Instrument-wise Deployment of Funds by AIFs

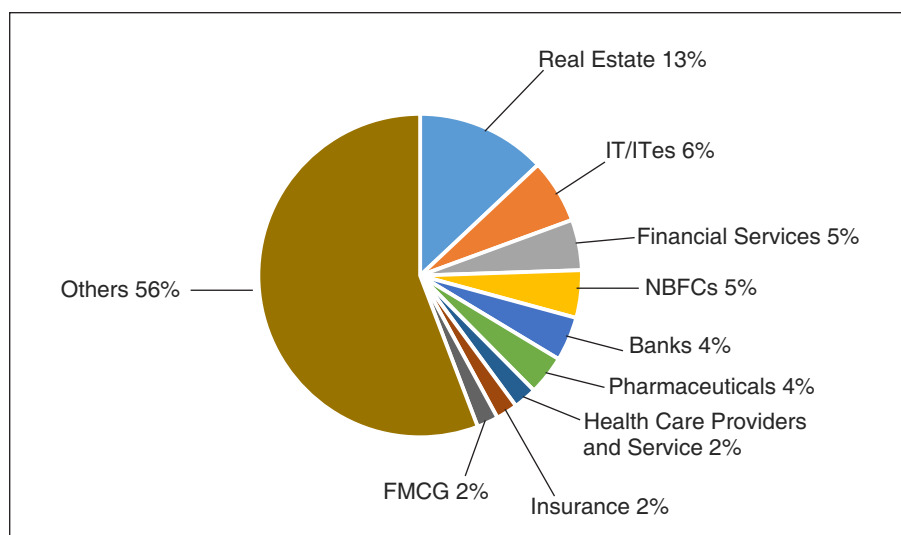
Type of Instruments	As on March 31, 2024		As on March 31, 2025	
	Funds Invested	Share (%)	Funds Invested	Share (%)
Unlisted Equity Shares / Equity Linked Instruments / LLP Interest	1,72,334	42.3	2,07,292	38.5
Listed Equity (excluding Listed / to be listed on SME exchange)	89,880	22.1	1,50,171	27.9
Debt / Securitized Debt Instruments	1,14,348	28.1	1,14,167	21.2
Units of other AIFs	8,838	2.2	22,934	4.3
Liquid Funds	926	0.2	823	0.2
Listed/ to be Listed Securities on SME Exchange	204	0.1	378	0.1
Others	20,517	5.0	42,396	7.9
Total	4,07,047	100.00	5,38,161	100.00

D. Sector-wise deployment of funds by AIFs

At end of March 31, 2025, AIFs had deployed major portion of funds in real estate (13.0 per cent), followed by IT/ ITeS (6.4 per cent), financial services (5.1 per cent), non-banking financial companies (4.8 per cent), banks (4.4 per cent) and pharmaceuticals (3.9 per cent) (**Chart 5.6**).

The top six sectors accounted for around 37.6 per cent of total deployment of funds by AIFs as at the end of March 2025. While top 10 of the Category I funds contributed to 40 per cent of overall investments by Category I AIFs, under Category II and III, the proportions for Top 10 were 30 per cent and 61 per cent of respective total investments.

Chart 5.6: Sector-wise Deployment of Funds by AIFs



Note: Banking and Financial Services exclude NBFCs

E. Investment in MSMEs and Start-ups by AIFs

As on March 31, 2025, the investments made by AIF in start-ups stood at ₹19,610

crore followed by micro enterprises at ₹662 crore, medium enterprises at ₹606 crore and small enterprises at ₹227 crore (**Table 5.18**).

Table 5.18: AIF Investments in Start-ups

Category of AIF	Investments made in Medium Enterprise	Investments made in Small Enterprise	Investments made in Micro Enterprise	Investments made in Start-up
Category I Total	316	122	176	8,695
Category I AIF - SME Fund	22	11	-	-
Category I AIF - Social Impact Fund	-	-	30	-
Category I AIF - VCF (Angel Fund)	4	-	-	2,054
Category I AIF - Venture Capital Fund	290	111	146	6,641
Category II AIF	290	105	486	10,915

Note: All figures are cumulative and in ₹ crore

F. Assets under management

The AUM which is the cumulative net investment made by the AIFs amounted to ₹5,38,161 crore at the end of 2024-25.

G. Fund inflow/outflow

As of March 31, 2025, the gross cumulative funds raised by the AIFs stood at ₹7,95,143 crore whereas the cumulative principal/capital distributions made to the investors stood at ₹2,31,713 crore.

5.3 PORTFOLIO MANAGERS

As a part of its ongoing efforts to promote ease of doing business and enhance transparency in the PMS ecosystem, several policy measures were introduced during 2024-25 as well. The measures reflect SEBI's continued commitment to strengthen regulatory frameworks while facilitating operational flexibility and investor protection in the PMS space.

5.3.1 Policy developments**A. Facilitating oversight of distributors through APMI**

As part of the ease of doing business initiatives, to enable collective oversight of PMS distributors at the industry level,

it was mandated that any individual or entity involved in the distribution of portfolio management services must obtain registration with the Association of Portfolio Managers of India (APMI) and adhere to the criteria laid down by APMI.

B. Facilitating ease in digital on-boarding process

Under the ease of doing business initiatives, the requirement of a handwritten note during digital on-boarding process of clients was relaxed to allow typed note using keyboard or electronic writing using fingers/a stylus pen. Further, measures were introduced which include additional disclosures such as fees illustrations in the PMS-client agreement, providing fees calculation tool, details of the fees calculations in the client reporting and providing "Most Important Terms and Conditions (MITC)" document to the client.

5.3.2 Market activity and trends observed

The year 2024-25 witnessed rise of 12.4 per cent in the total number of registered portfolio managers from 420 in 2023-24 to 472 in 2024-25 (**Table 5.19**).

Table 5.19: Registered Portfolio Managers

Type of Intermediary	No. of Registered Intermediaries as on March 31, 2024	New Registrations during 2024-25	Cancellation/ Surrender during 2024-25	No. of Registered Intermediaries as on March 31, 2025
Portfolio Managers	420	79	27	472

The total number of clients with portfolio managers increased by 22.7 per cent from 1,62,513 in 2023-24 to 1,99,379 in 2024-25. Number of clients registered under discretionary, non-discretionary, advisory and co-investment category increased by 22.7 per cent, 22.0 per cent, 2.1 per cent and 222.6 per cent respectively during the same period (**Table 5.20**).

The total AUM of the portfolio management industry witnessed a growth of 13.9 per cent during 2024-25, increasing from ₹33.2 lakh

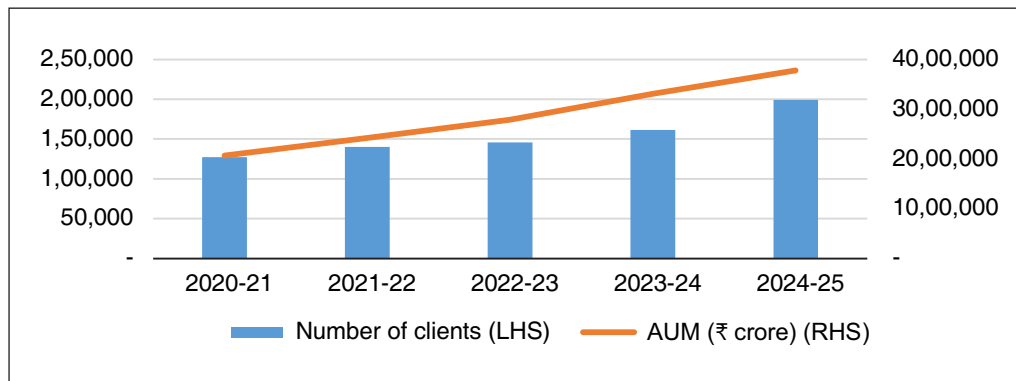
crore at end of 2023-24 to ₹37.8 lakh crore at the end of 2024-25. This growth was primarily driven by an expansion in the discretionary portfolio segment. Specifically, AUM under the discretionary (EPFO/PFs) category rose by 15.8 per cent and the discretionary (non EPFO/PFs) category saw a 9.7 per cent increase. Co-investment AUM grew by 212.0 per cent, advisory segment by 4.8 per cent whereas non-discretionary AUM grew by 11.9 per cent. These trends reflect a broad-based growth across all service models in the PMS space.

Table 5.20: Assets Managed by Portfolio Managers

Year Ended	No. of Clients					AUM (₹ crore)					
	Discretionary	Non-Discretionary	Advisory	Co-investment	Total	Discretionary (EPFO/PFs)	Discretionary (Non EPFO/PFs)	Non-Discretionary	Advisory	Co-Investment	Total
2023-24	1,55,779	5,243	1327	164	1,62,513	23,73,639	3,91,595	2,70,965	2,82,323	1,213	33,19,734
2024-25	1,91,099	6,396	1,355	529	1,99,379	27,47,827	4,29,386	3,03,090	2,96,010	3,785	37,80,099

Note: The data has been compiled on the basis of information submitted by portfolio managers to SEBI.

Chart 5.7: Trends in AUM and Clients in PMS



During 2024-25, both discretionary portfolio management category and non-discretionary portfolio management category registered gross inflows of ₹4,05,322 crore and ₹76,577 crore

respectively (**Table 5.21**). Both the categories witnessed net inflows amounting to ₹2,39,375 crore and ₹10,748 crore respectively during 2024-25.

Table 5.21: Total Fund Inflows/ Outflows under Portfolio Management Services

Year	Discretionary (₹ crore)			Non-Discretionary (₹ crore)		
	Inflow	Outflow	Net Inflow	Inflow	Outflow	Net Inflow
2023-24	2,48,328	89,520	1,58,808	64,844	52,449	12,395
2024-25	4,05,322	1,65,947	2,39,375	76,577	65,829	10,748

Note: The data has been compiled on the basis of information submitted by portfolio managers to SEBI

5.4 COLLECTIVE INVESTMENT SCHEMES

Registration and regulation of the working of collective investment schemes: As on March 31, 2025, there was only one registered collective investment management company (CIMC), i.e. M/s. Gift CIMC Ltd., which was registered during 2008-09. However, no collective investment schemes have been launched by the aforementioned CIMC till date.

5.5 REAL ESTATE INVESTMENT TRUSTS AND INFRASTRUCTURE INVESTMENT TRUSTS

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) are innovative pooled investment vehicles that enable developers to monetise revenue-generating real estate and infrastructure assets, while allowing investors to gain exposure to these assets without direct ownership. These instruments offer regular income and portfolio diversification, making them attractive to both institutional and retail investors. SEBI is playing major role in nurturing the REIT and InvIT ecosystem by continuously strengthening the regulatory framework and streamlining operational process. Below are key measures taken by SEBI during 2024-25 to enhance the REITs and InvITs ecosystem:

5.5.1 Policy developments

A. Framework for issuance of subordinate units by privately placed InvITs

Vide gazette notification dated May 27, 2024, InvIT regulations were amended to provide a framework for issuance of subordinate units by a privately placed InvIT upon acquisition of an infrastructure project. The framework is provided to enable usage of subordinate units to bridge the valuation gaps that may arise as a result of difference in the valuation of an asset assessed by the sponsor (in its capacity of the asset seller) and the InvIT (in capacity of the asset buyer). The framework is designed to also include risk mitigation measures in respect of such units.

B. Framework for unit based employee benefit

Vide gazette notification dated July 12, 2024 and July 13, 2024, REIT Regulations and InvIT Regulations were amended to provide a framework for offering unit based employee benefit scheme by a manager of a REIT and an investment manager of an InvIT respectively, to align employee interest with unitholders and to provide flexible compensation structures.

C. Review of statement of investor complaints

To improve the compliance efficiency, reduce procedural burden and align timelines with broader regulatory frameworks, following measures were introduced:

- i. No prior review of the statement of investor complaints by the trustee and the Board of Directors of the investment manager/manager will be required,
- ii. Statement of investor complaints will be required to be placed on a quarterly basis, before the Board of Directors of the investment manager/manager and the trustee for review,
- iii. Submission of statement(s) of deviation(s) or variation(s) in the use of proceeds from the stated objects, to the stock exchange(s) shall be made along with the submission of financial results instead of twenty-one days from the end of the quarter.

D. Measures towards ease of doing business

To reduce administrative burden, increase operational efficiency, to enhance ease of doing business and provide greater flexibility in governance and investor engagement, following amendments were made to InvIT Regulations and REIT Regulations:

- i. Convening of unitholders meetings was allowed with shorter notice of less than 21 days, in line with similar provisions in Companies Act 2013;
- ii. In line with LODR Regulations, statement of investor complaints is mandated to be placed, on a quarterly basis, before the Board of Directors of the investment manager/manager and the trustee for review;
- iii. Timeline for disclosure of statement of deviation(s) was aligned along with

financial results;

- iv. Clarification was issued on voting thresholds in terms of percentage and providing electronic meeting and e-voting option to unitholders for all unitholder meetings;
- v. Maintenance of records was allowed in electronic form along with backup and disaster recovery norms for such records;
- vi. Trading lot for privately placed InvITs was reduced to ₹25 lakh;
- vii. Provisions related to change in sponsor for InvIT Regulations were aligned with REIT Regulations;
- viii. Timelines for distribution were revised to five working days from record date.

E. Amendment to REITs master circular

Guidelines for preferential issues and follow-on offers of REITs and InvITs were amended to align the quantum of units required to be locked-in with Regulation 11(3) of the REIT Regulations and Regulation 12(3) of the InvIT Regulations applicable at the time of initial offer. These amendments also permitted inter-se transfers of locked-in units among sponsor and sponsor groups. Further, guidelines for follow-on offers by publicly offered REITs and InvITs were laid down to provide a structured mechanism to raise further capital through the issuance of additional units.

F. Clarification regarding Board nomination rights

To promote ease of doing business it was clarified that the restriction relating to the right to nominate a unitholder nominee director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.

G. Other measures

- i. To promote ease of doing business and facilitate the acquisition of units by the employee benefit trust and the subsequent transfer of units to the employees under unit-based employee benefit scheme of REITs and InvITs, such trusts are exempted from the lock-in and allotment related restrictions applicable under the guidelines for preferential issue and institutional placement.
- ii. Further, to ensure uniformity across the industry, Indian REITs Association (IRA) and Bharat InvITs Association (BIA), were advised to specify the format for the quarterly report and compliance certificate to be submitted by the manager of the REIT/InvIT.
- iii. Master circular for REITs and InvITs was modified to align the timelines for making distributions by REITs/InvITs with those specified under relevant

- Regulations.
- iv. SEBI (Investor Charter) (Amendment) Regulations, 2025 were introduced which revised various SEBI Regulations, including those governing REITs and InvITs. The amendment mandates managers and investment managers of REITs and InvITs to comply with the investor charter specified by SEBI.

5.5.2 Market activity and trends observed

As on March 31, 2025, the number of registered InvITs increased to 26 (22 listed) compared to 24 in the previous year. Further, the number of registered REITs increased to six (four listed) from five at the end of 2023-24. During 2024-25, 11 InvITs mobilised ₹26,715 crore, marking a 19.3 per cent decline from ₹33,119 crore mobilized by 14 InvITs during 2023-24. REITs raised ₹4,728 crore through two issues in 2024-25 (**Table 5.22**).

Table 5.22: REITs and InvITs

Particulars	REITs		InvITs		SM REITs*	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Registered Trusts at the End of the Period	5	6	24	26	0	4
No. of Entities Listed on Stock Exchanges	4	4	19	22	0	1
Funds Raised during the year (Amount in ₹ crore)	5,905	4,728	33,119	26,715	0	352.9
Assets under Management (₹ crore)	1,39,992	1,63,298	599,672	7,03,367	0	359.43

Note: Funds raised include through initial offer, preferential issue, institutional placement and rights issue and funds raised by unlisted InvITs. Net asset values are as on latest available dates.

*SM REITs were introduced in March 2024.

Table 5.23: Registration of REITs/InvITs and Median Time for Approval

Type	Balance Carry Forward from March 31, 2024	Application Received during FY 2024-25	Registration Granted during FY 2024-25	Application Rejected/ Returned/ Withdrawn during 2024-25	Median Time for Processing Application (in Working Days)	Pending as on March 31, 2025
InvITs	2	0	2	0	65	0
REITs	0	2	1	0	61	1
SM REITs	0	7	4	0	70	3

5.5.3 Risk management measures

The REIT Regulations and InvIT Regulations include various provisions aimed at enhancing risk management, which are as follows:

- i. The units issued by REITs and InvITs are required to be in dematerialized form. For public issues, applications can only be made through the Applications Supported by Blocked Amount (ASBA) mechanism, which blocks funds in the investor's account until the application is processed. Further, to enhance convenience for investors, the Unified Payments Interface (UPI) mechanism is offered for applications up to ₹5 lakh in the public issuance of REITs and InvITs units.
- ii. REITs and InvITs are required to maintain at least 25 per cent public unit holding. In addition to this unit holding requirements, REITs and InvITs are required to have a specified minimum number of unit holders to avoid any concentration of unit holding.
- iii. Units of REITs and InvITs are required to be listed and the issuers are required to adhere to the listing agreements.
- iv. Privately placed InvITs, which are permitted to invest in underconstruction projects are mandated to have a higher minimum investment threshold of ₹1 crore and can only be offered to institutional investors and body corporates.
- v. While issuing units through institutional placement or preferential allotment, REITs and InvITs are required to follow a process similar to equity issuances, ensuring fairness and transparency in the allocation process.
- vi. To promote transparency and accountability, REITs and InvITs are required to make regular disclosures regarding related party transactions, unit holders' meetings and unit holding patterns.
- vii. The sponsor and sponsor group are required to maintain a mandatory unitholding of at least 15 per cent of the total outstanding units of the REIT/InvIT for the first three years from the date of listing of the units in the initial offer. After three years, the sponsor and sponsor group of REIT/InvIT are required to mandatorily hold units of REIT and InvIT as under:

Sr. No.	Period from the Date of Listing of Units Issued on Initial Offer	Mandatory Unitholding Requirement
1	4-5 years	5% of total outstanding units or INR 500 crores whichever is lower
2	6-10 years	3% of total outstanding units or INR 500 crores whichever is lower
3	11-20 years	2% of total outstanding units or INR 500 crores whichever is lower
4	Post 20 years	1% of total outstanding units or INR 500 crores whichever is lower

Chapter 6:**FOREIGN PORTFOLIO INVESTORS AND FOREIGN VENTURE CAPITAL INVESTORS****6.1 FOREIGN PORTFOLIO INVESTORS**

Foreign portfolio investors (FPIs) and foreign venture capital investors (FVCIs) play an important role in deepening capital markets by investing in listed securities, bonds, derivatives etc. Since the early 1990s, India has continued to attract FPI investment for most of the years. After record inflows in 2023-24, foreign portfolio flows to India moderated in the second half of 2024-25 in the backdrop of rise in US bond yields and geopolitical uncertainties. SEBI remains committed to drawing in foreign investments to fund capital formation in India. This chapter presents details of important policy developments for facilitating FPIs and market activities and trends.

6.1.1 Policy developments**A. Simplified registration**

In order to facilitate ease of on-boarding for FPI applicants and reduce duplication of information that is already available in the depositories' Common Application Form (CAF) module, SEBI provided an option to certain categories of applicants to either fill the entire CAF or fill only those fields of the CAF which are unique to them.

B. Framework for providing flexibility

In order to facilitate ease of doing business, SEBI (Foreign Portfolio Investors) Regulations, 2024 (FPI Regulations) were amended, inter-alia, for providing flexibility to FPIs in dealing with their securities post

expiry of their registration. Accordingly, vide circular dated June 05, 2024, reactivation of registration after expiry, disposal of securities post expiry of prescribed timelines and mechanism of dealing with written-off securities were provided for.

C. Establishment of FPI outreach cell

SEBI has established a dedicated FPI outreach cell with focus on direct engagement with FPIs and to support them in accessing the Indian securities market seamlessly. The outreach cell will provide necessary guidance to prospective FPIs during the pre-application stage, including assistance with documentation and compliance processes, to offer support during the on-boarding phase and to resolve any operational challenges that may arise during the registration process or thereafter.

D. Availability of sales proceeds

In order to enhance operational efficiency and respond to concerns raised by FPIs, SEBI has introduced measures to speed up the availability of sale proceeds for FPIs, bringing them on par with domestic institutional investors in this regard. Under the new system in place since September 09, 2024, tax certificates for FPI sale trades executed on 'T' day are issued by tax consultants by 9:00 am IST on 'T+1' day. This allows FPIs to access sale proceeds, either for repatriation or for reinvestment, on the same 'T+1' day.

E. Facilitating increasing participation in SEBI registered FPIs based in IFSCs in India

To facilitate greater participation of non-resident Indians (NRIs), overseas citizens of India (OCIs) and resident Indian individuals (RIs) in the corpus of FPIs, SEBI (FPI) Regulations, 2024 were amended. The amendments, among other things, allowed up to 100 per cent aggregate contribution by NRIs, OCIs and RIs in the corpus of FPIs based in IFSCs in India, which are regulated by International Financial Services Centres Authority (IFSCA). The operational modalities were issued on June 27, 2024. Further, this flexibility was extended to both existing and new FPIs in October 2024.

F. Disclosures of material changes and other obligations

In order to facilitate ease of compliance by FPIs, SEBI (FPI) Regulations, 2024 were amended, inter-alia, to relax the timelines for disclosure of material changes/events and other obligations by FPIs.

G. Amendment to additional disclosure framework

To facilitate ease of compliance by FPIs, additional disclosures framework (specified on August 24, 2023) was amended on August 01, 2024 to provide exemption to university funds and university related endowments, registered or eligible to be registered as Category I FPI, subject to certain conditions.

H. Procedure for reclassification of FPI investment to FDI

SEBI, modified the framework to be followed by FPI for reclassification of an FPI investment to foreign direct investment (FDI), in an Indian company, in case of breach of the prescribed investment threshold of 10 per cent of the paid-up capital of the company.

I. Modifications related to ODIs and FPIs with segregated portfolios

To address the regulatory arbitrage concerns related to offshore derivative instruments (ODIs) and FPIs with segregated portfolios vis-à-vis FPIs, SEBI specified the following requirements:

- i. The additional disclosure framework specified vide SEBI circular dated August 24, 2023, will be directly applicable to ODI subscribers, sub-fund structures, separate classes of shares and other equivalent structures of FPIs with segregated portfolios, to ensure their disclosure requirements are on par with those of FPIs.
- ii. ODI issuing FPI shall not (a) issue ODIs with derivatives as reference or underlying and (b) hedge their ODIs with derivative positions on stock exchanges. Accordingly, ODIs shall only have securities (other than derivatives) as underlying and shall be fully hedged with the same securities on a one-to-one basis, throughout the tenure of the ODI.
- iii. ODI issuing FPI shall issue ODIs (other than those with government securities as underlying) only through a separate dedicated FPI registration, with no proprietary investments under such registration.

6.1.2 Market activity and trends observed

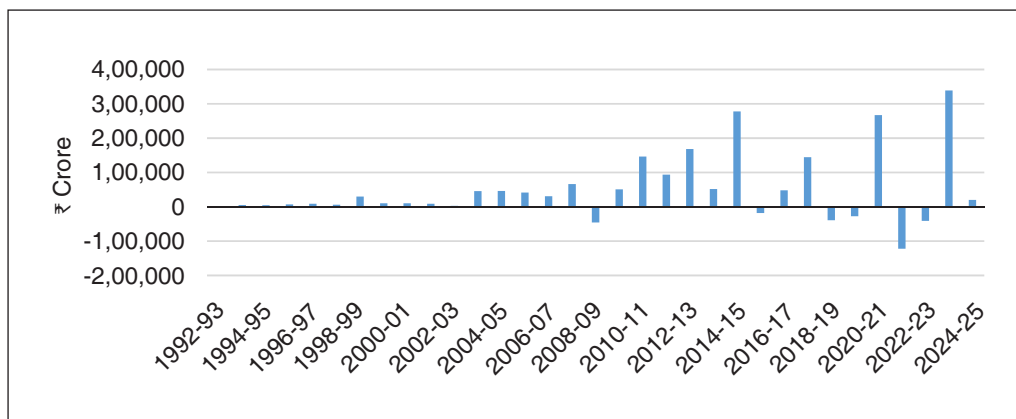
A. Fund inflow/outflow

After witnessing record inflows of ₹3.4 lakh crore in 2023-24, the FPI investment turned volatile in 2024-25. The overall net investment by FPIs in 2024-25 was positive at ₹20,018 crore, though they were net sellers in equities at ₹1.3 lakh crore. Factors such as rising US treasury yields, global economic uncertainties and perceived expensive valuations of

Indian equities impacted the investment trend during the year. The debt segment recorded robust FPI investment on account of inclusion of Indian government bonds in JP Morgan emerging market bond index from June 2024 and also

announcement of Bloomberg Emerging Market index to include Indian government bonds from January 2025. **Chart 6.1** presents annual trends in net investment by FPIs since 1992-93.

Chart 6.1: Trend in Net Investments by FPIs (₹ crore)



Source: NSDL

B. Instrument-wise FPI investments

During 2024-25, FPIs were net sellers in equity segment, divesting ₹1.3 lakh crore as compared to a purchase of ₹2.1 lakh crore in 2023-24. On the other hand, in the debt segment (including all routes), FPIs invested ₹1.4 lakh crore in 2024-25, compared to ₹1.2 lakh crore during the last fiscal. Investment through fully accessible route (FAR) contributed ₹80,691 crore,

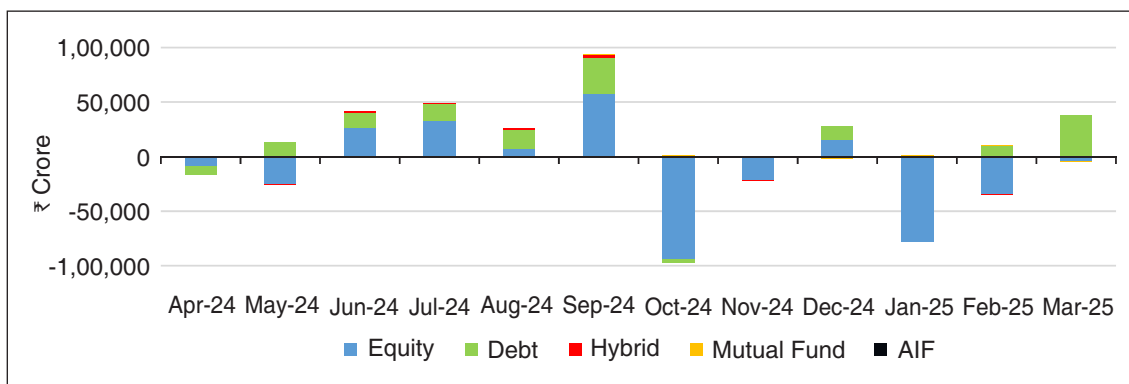
while through voluntary retention route contributed ₹6,737 crore to debt inflows in 2024-25. The hybrid instruments also witnessed net inflow of ₹4,425 crore in 2024-25, although lower than the net inflows of ₹12,767 crore recorded in last fiscal. **Table 6.1** presents segment-wise annual net investment of FPIs and **Chart 6.2** presents instrument-wise monthly trends in FPI net investments.

Table 6.1: Net Investment of FPIs (₹ crore)

Year	Equity	Debt-General Limit	Debt-VRR	Debt-FAR	Hybrid	Mutual fund					AIF	Total
						Equity	Debt	Hybrid	Solution Oriented	Other		
2023-24	2,08,212	1,21,059	-2,972	-	12,767	-	-	-	-	-	-	3,39,066
2024-25	-1,27,041	55,734	6,737	80,691	4,425	-667	-124	-9	-	271	-	20,018

Source NSDL

Chart 6.2: Instrument-wise Trends in Net Investment by FPIs (₹ crore)



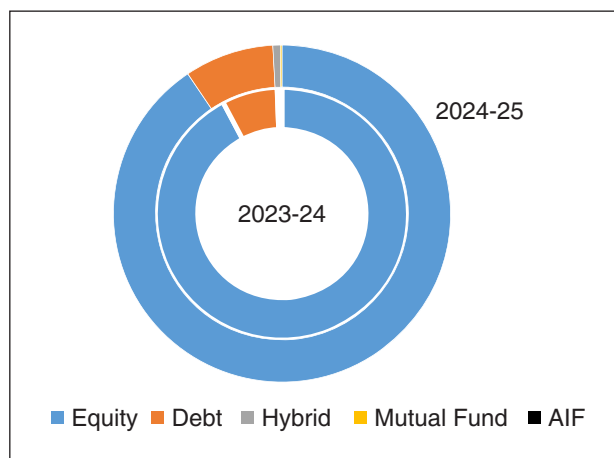
Source: NSDL

C. Assets under custody of custodians

As on March 31, 2025, assets under the custody (AUC) of custodians of FPIs increased by 6.1 per cent to ₹73.8 lakh crore compared to ₹69.5 lakh crore at the end of March 31, 2024. Equity

assets constituted 90.6 per cent of total assets held by FPIs as on March 31, 2025. FPI's AUC in equity and debt instruments increased by 4.1 per cent and 27.7 per cent respectively during 2024-25 over the previous year (Chart 6.3).

Chart 6.3: Assets of FPIs in India



Source: NSDL

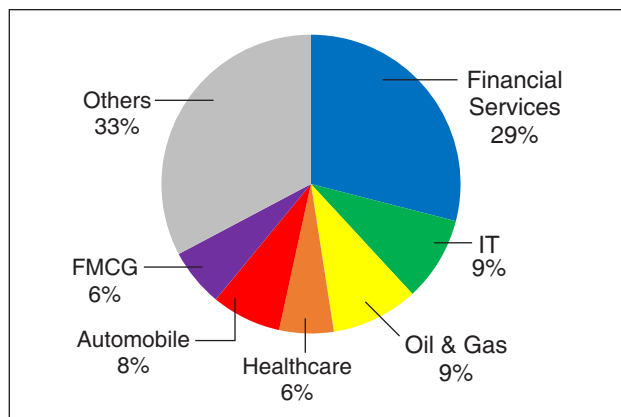
D. Sector-wise and country-wise distribution of AUC

Sector-wise breakup shows that, of the total ₹66.8 lakh crore equity assets held by FPIs, ₹20.9 lakh crore were invested in

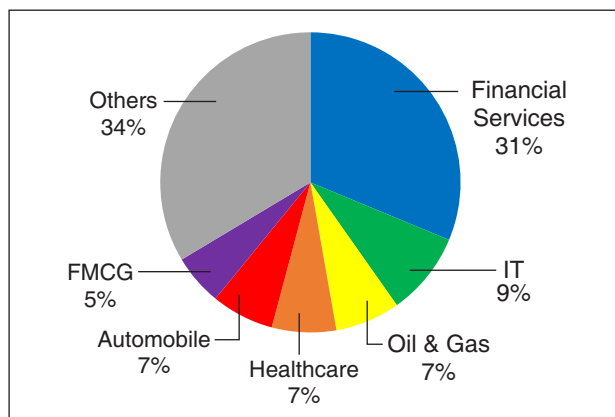
financial services, followed by information technology (₹6.0 lakh crore), oil, gas & consumable fuels (₹4.7 lakh crore) and healthcare (₹4.6 lakh crore) (Chart 6.4).

Chart 6.4: Sector-wise Distribution of FPI Equity Assets

2023-24



2024-25



Source: NSDL

As on March 31, 2025, 11,866 FPIs were registered in India from various jurisdictions. Highest registration was from USA (3,571) followed by Luxembourg (1,448) and Ireland (846). As on March 31, 2025, 39.8 per cent of the total assets of the FPIs in India were from USA, followed by Singapore

(9.4 per cent), Luxembourg (7.5 per cent) and Ireland (5.7 per cent). The AUC of FPIs from USA, Singapore, Luxembourg and Ireland has increased while AUC of FPIs from Mauritius has reduced during 2024-25 as compared to last year (**Table 6.2**).

Table 6.2: Geographical Distribution of Registered FPIs

Sr. No.	Country	No. of FPIs as on			AUC as on (₹ crore)				
		March 31, 2024	March 31, 2025	YOY Change %	March 31, 2024	March 31, 2025	% change	Share (%) as on Mar 31, 24	Share (%) as on Mar 31, 25
1	USA	3,457	3,571	3.3	27,24,420	29,38,081	7.8	39.2	39.8
2	Singapore	588	631	7.3	6,80,078	6,93,651	2.0	9.8	9.4
3	Luxembourg	1,393	1,448	3.9	4,97,193	5,50,966	10.8	7.1	7.5
4	Ireland	739	846	14.5	3,83,609	4,23,013	10.3	5.5	5.7
5	Mauritius	604	596	-1.3	4,18,964	3,57,244	-14.7	6.0	4.8
6	United Kingdom	632	655	3.6	3,33,106	3,42,027	2.7	4.8	4.6
7	Norway	26	24	-7.7	2,30,613	2,64,594	14.7	3.3	3.6
8	Japan	430	480	11.6	1,80,097	2,22,407	23.5	2.6	3.0
9	Canada	804	825	2.6	1,97,722	2,00,465	1.4	2.8	2.7
10	Netherlands	118	124	5.1	1,26,952	1,59,831	25.9	1.8	2.2
11	Other	2,428	2,666	9.8	11,81,234	12,24,215	3.6	17.0	16.6
	Total	11,219	11,866	5.8	69,53,988	73,76,494	6.1	100.0	100.0

Note: AUC amounting to 16.6 per cent share as on March 31, 2025 is collectively held by FPIs from 62 countries

Source: NSDL

E. FPI Limits in corporate bonds and their utilisation

In 2024-25, overall upper limit for the investment by the FPIs in corporate bonds increased to ₹7,63,503 crore from ₹6,67,871 crore in 2023-24. However,

the overall debt utilisation as percentage of total investment limits in the corporate bond category decreased from 16.2 per cent as on March 31, 2024 to 15.8 per cent as on March 31, 2025 (**Table 6.3**).

Table 6.3: Foreign Investment Limits in Corporate Bonds (₹ crore)

FY	Upper Limit (A)	Investment (B)	Unutilised Auctioned Limits available with FPIs (C)	Total Investment (D)=(B)+(C)	% of Limits Utilised (E)	Limit Available for Investment (F)
2023-24	6,67,871	1,08,177	0	1,08,177	16.2	5,59,694
2024-25	7,63,503	1,20,559	0	1,20,559	15.8	6,42,944

Source: NSDL

F. Offshore derivatives instruments

ODIs or participatory notes (PNs) are issued by a registered FPI to overseas investors, who wish to invest in Indian stock market without registering themselves with SEBI. Investments in ODIs provide the foreign investors exposure to Indian

securities and derivatives market. The value of investments in ODIs on equity and debt (including derivatives) decreased by nine per cent from ₹1,49,120 crore as on March 31, 2024 to ₹1,35,764 crore as on March 31, 2025 (**Table 6.4**).

Table 6.4: Value of ODIs/PNs (₹ crore)

As at the end of	Notional Value of ODIs	Notional Value of ODIs on Equity	Notional Value of ODIs on Debt	Notional Value of ODIs on Hybrid Securities	AUC of FPIs	Notional Value of ODIs as a % of AUC of FPIs
2023-24	1,49,120	1,27,968	20,806	346	69,53,988	2.1
2024-25	1,35,764	98,669	36,597	498	73,76,495	1.8

Source: NSDL

6.2 FOREIGN VENTURE CAPITAL INVESTORS**6.2.1 Policy developments**

A. Amendment to SEBI (Foreign Venture Capital Investor) Regulations, 2000
SEBI (Foreign Venture Capital Investors) Regulations, 2000 (FVCI Regulations) were amended vide notification dated September 05, 2024. The said amendment notification, inter alia, specified provisions

related to registration of FVCI through designated depository participants (DDPs), eligibility conditions, renewal of registration, etc. In order to ensure smooth transition to the amended FVCI regime, necessary guidance in the form of operational guidelines were issued.

B. Reporting by FVCIs

SEBI, revised the format for quarterly report on venture capital activity to be submitted by FVCIs.

6.2.2 Market activity and trends observed

As on March 31, 2025, there were 275 registered FVCIs in India, including nine

new registrations and 13 cancellations/surrender during 2024-25. The sector-wise cumulative net investment by FVCIs is given in **Table 6.5**.

Table 6.5: Cumulative Net Investments by FVCIs (₹ crore)

Sectors	2023-24	2024-25	Variation(%)
Information Technology	2,040	1,023	-49.9
Telecommunication	494	328	-33.6
Pharmaceuticals	658	51	-92.2
Media / Entertainment	219	64	-70.8
Services sector	1,649	254	-84.6
Industrial products	188	-	-
Others	48,674	45,945	-5.6
Total	53,922	47,665	-11.6

Chapter 7: CREDIT RATING AGENCIES

Credit rating agencies (CRAs) play a pivotal role in deepening capital markets by serving as key information intermediaries. Through evaluations, CRAs provide investors and market participants with an independent assessment of credit risk, thereby enhancing transparency and enabling more efficient pricing of debt instruments. Their opinions influence investment decisions, impact capital raising ability of issuers and serve as benchmarks for regulatory frameworks. Recognising their systemic importance, SEBI has consistently worked towards strengthening the CRA ecosystem by refining rating methodologies, improving disclosure norms and fostering greater standardisation across the industry. This chapter highlights the initiatives undertaken in 2024-25 to enhance regulatory clarity, promote innovation and safeguard investor confidence in the credit rating process.

7.1 POLICY DEVELOPMENTS

A. Enabling CRAs and ERPs under IFSCA

While CRAs and ESG rating providers (ERPs) were permitted to undertake rating activities as required by other financial sector regulators or authorities, as per norms prescribed by them, International Financial Services Centres Authority (IFSCA) was explicitly not mentioned in list of such regulators by SEBI. Therefore, IFSCA was included in the list of financial sector regulators or authorities as specified in the master circulars for CRAs/ ERPs. This enabled SEBI-registered CRAs

and ERPs to undertake rating activities in IFSC-GIFT city without setting up a separate entity.

B. Measures for ease of doing business: timelines and disclosures

- i. Timelines were specified for dealing with appeals made by an issuer pursuant to periodic surveillance of ratings and the period/frequency of disclosures for non-cooperative issuers, ratings not accepted by an issuer and delay in periodic review. Specification of timelines brought uniformity in dealing with such appeals and also helped in maintenance of archives of the specified disclosures on CRAs' websites.
- ii. CRAs were facing challenges in adhering to certain timelines for review of ratings and publication of press release as they depend on external entities viz. bankers and debenture trustees, to conclusively establish and substantiate delays and defaults in debt servicing. It was difficult for them to obtain such information on holidays/non-working weekends. Therefore, the timeline for certain requirements prescribed in the master circular for CRAs, for rating reviews and press release publication by CRAs were modified from 'days' to 'working days'.

- iii. In view of the operational challenges faced by ERPs while undertaking review of ESG ratings for a large pool of listed companies pursuant to publication of Business Responsibility and Sustainability Report (BRSR) by such companies, timeline in respect of review of such ESG ratings was relaxed from 10 days to 45 days of publication of BRSR.

C. Clarification on specified scenarios

The term 'technical default' was omitted from the master circular for CRAs. Further, for specified scenarios of non-payment of debt (principal and/or interest), arising due to reasons beyond the control of the issuer, CRAs were mandated to confirm and verify availability of adequate funds with the issuer including proof and reasons for failure of the required payment of debt (principal and/or interest) and the required amounts being duly paid into a separate escrow account maintained with a scheduled commercial bank by the issuer on the due date of payment. This is expected to result in prompt rating actions/default recognition, wherever applicable.

D. Measures pertaining to ERPs

The Board, during its meeting held on December 18, 2024, approved the following amendments to SEBI (Credit Rating Agencies) Regulations, 1999 to enhance ease of doing business for ERPs:

- i. In case of ERPs following a subscriber-pays model, requirement of sharing draft ESG rating report with rated issuer and subscribers at the same time was stipulated;
- ii. Provisions were made for dealing with appeal and representation by rated issuer in case of ERPs

following a subscriber-pays model;

- iii. Activity based regulations were specified for ERPs.

Specification of an activity-based regulation for ERPs addressed industry's demand for ESG rating of products or issuers under the purview of other financial sector regulators/ authorities.

E. Key Initiatives by AIRA

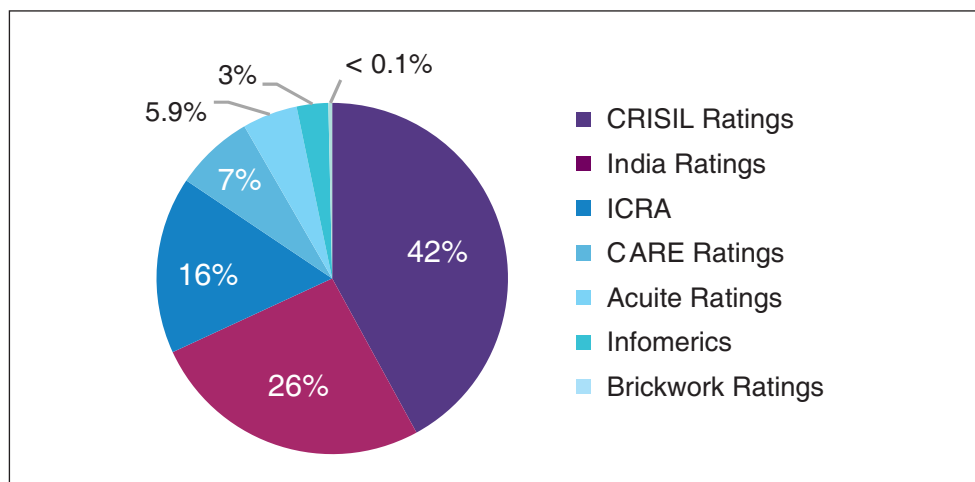
The Association of Indian Rating Agencies (AIRA) incorporated in 2021, has played a pivotal role in advancing key initiatives on behalf of the rating industry. Some notable developments achieved through its engagement in 2024-25 include:

- i. Establishing standardized treatment for non-payment of debt in exceptional circumstances beyond an issuer's control.
- ii. Alignment of operational timelines with working days to streamline regulatory processes.
- iii. Developing a common framework across CRAs for reporting data related to listed debt securities.
- iv. Revision of the standard operating procedure for monitoring agency activities.

7.2 MARKET ACTIVITY AND TRENDS OBSERVED

As of March 31, 2025, seven CRAs were registered with SEBI, of which, two viz. CARE Ratings and ICRA Ltd. were listed. During 2024-25, CRAs collectively assigned ratings to 552 new issuances. Among these, CRISIL accounted for the largest share, rating 42 per cent of the issuances, followed by ICRA (26.1 per cent) and India Ratings (16.3 per cent) (**Chart 7.1**).

Chart 7.1: Proportion of Fresh Ratings Issued by CRAs during 2024-25

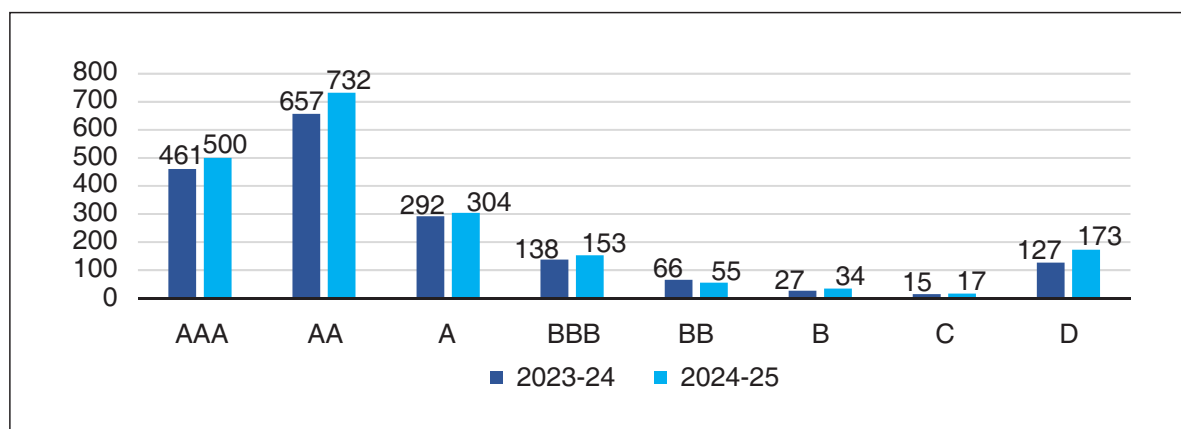


Note: The data on ratings is limited to listed securities or securities proposed to be listed
Source: All CRAs

As on March 31, 2025, the total number of outstanding ratings across all CRAs stood at 1,966. Of these, 85.9 per cent were rated above investment grade (BBB and above) reflecting a

marginal decline from 86.5 per cent of above investment grade as on March 31, 2024 (**Chart 7.2**). The highest concentration of ratings was in the AA category.

Chart 7.2: Outstanding Ratings Distribution

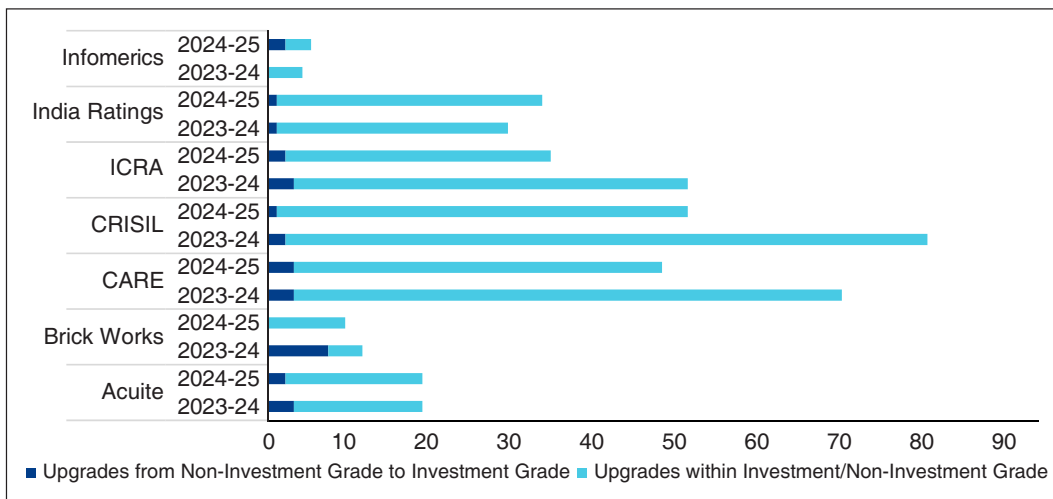


Note: Data for 2023-24 is revised for all CRAs.
Source: All CRAs

During 2024-25, the overall number of rating upgrades witnessed decline, dropping 254 (including 19 upgrades from non-investment to

investment grade) in 2023-24 to 192 (including 11 upgrades from non-investment to investment grade) during 2024-25 (**Chart 7.3**).

Chart 7.3: Rating Upgrades



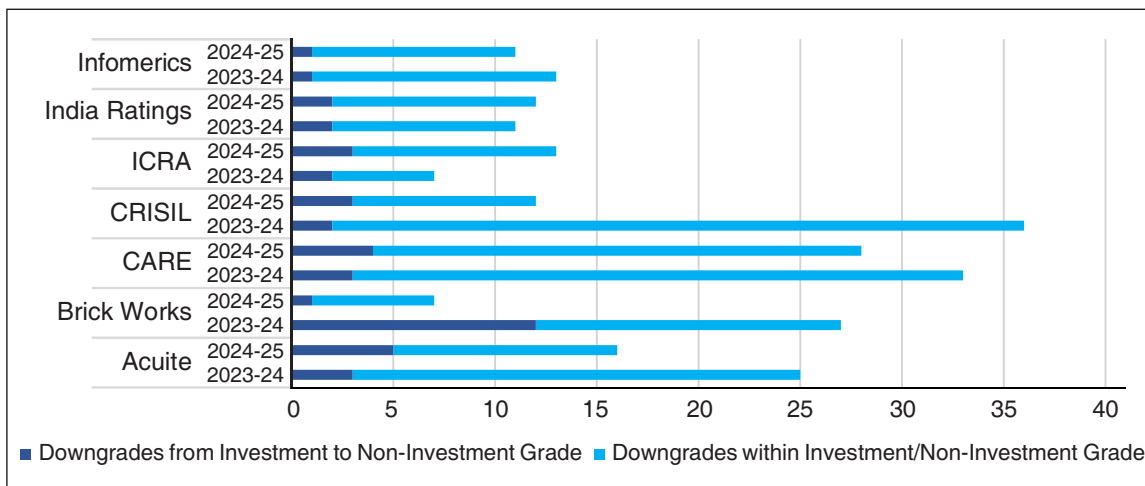
Note: Rating upgrades were revised for 2023-24 from 319 to 254.

Source: All CRAs

During 2024-25, the total number of rating downgrades declined to 99 from 152 in the previous year (**Chart 7.4**). Specifically, downgrades from investment to non-investment grade fell from 25 to 19 while downgrades within investment or non-investment categories declined from 127 to 80. Among the CRAs,

CARE Ratings reported the highest number of downgrades (28), followed by CRISIL (12) and India ratings (10). The moderation in downgrades across agencies suggests relative stability in credit quality among listed issuers, though select vulnerabilities remain.

Chart 7.4: Rating Downgrades



Source: All CRAs

The number of defaults increased to 22 in 2024-25 compared to 15 in 2023-24 (Table 7.1).

Table 7.1: Defaults Reported by CRAs

Particulars	Year	Total Defaults	Defaults from Non-Investment Grade	Defaults from Investment Grade
Acuite	2023-24*	3	3	0
	2024-25	5	2	3
BrickWorks	2023-24	1	1	0
	2024-25	1	1	0
CARE	2023-24	4	3	1
	2024-25	4	2	2
CRISIL	2023-24	1	0	1
	2024-25	2	1	1
ICRA	2023-24	0	0	0
	2024-25	3	0	3
India Ratings	2023-24	3	2	1
	2024-25	3	1	2
Infomerics	2023-24*	3	3	0
	2024-25	4	4	0
Total	2023-24	15	12	3
	2024-25	22	11	11

*For 2023-24, data for Acuite Ratings & Research Ltd. and Infomerics Valuation and Ratings Private Ltd. are revised.

Source: All CRAs

Chapter 8:

PROTECTION OF THE INVESTOR INTERESTS

Investor protection is the core mandate outlined in the preamble of SEBI Act, 1992. Towards this end, SEBI has consistently emphasized the importance of investor education and the need for investors to fully understand the risks associated with investment and trading. Frequent communications from SEBI and MIIs highlight the risks of unsolicited investment advice and importance of thorough research and due diligence before acting on investment tips. Investors have also been cautioned against false promises, misleading SMS tips, fraudulent investment schemes etc. from time to time. This chapter covers SEBI's i) education and awareness initiatives taken for investor empowerment, ii) major investor centric policy measures and iii) measures adopted for redressal of investors grievances during 2024-25.

8.1 INVESTOR EDUCATION AND AWARENESS

SEBI has the prime mandate to protect interest of investors in the securities market. Based on the premise that “an educated investor is a protected investor,” SEBI focuses on creating awareness among investors and the public about the basic concepts related to the securities market. This includes elucidating the risks involved, the rights and obligations of investors, do's and don'ts of investing, availability of different kinds of products and services in securities market etc. These initiatives encourage responsible and informed investing while reducing the likelihood of

investors being misled by false promises or unsolicited advice.

8.1.1 Investor education and awareness programmes

SEBI, in coordination with market infrastructure institutions (MIIs), which include recognized stock exchanges and depositories, conducts large number of investor education and awareness programmes across the country. Additionally, the Association of Mutual Funds in India (AMFI), along with respective asset management companies (AMCs), organises awareness programmes specifically related to mutual fund (MF) investments. These programmes are free of cost for participants and are conducted in various regional languages in addition to Hindi and English. The following section provides details of SEBI's various investor awareness initiatives:

A. Securities market trainers (SMARTs) programmes

To enhance investor education and ensure outreach across all districts of India, SMARTs programmes are conducted. These programmes are conducted by trainers empaneled by SEBI under the SMARTs Operational Guidelines. As of March 31, 2025, SEBI has empaneled a total of 742 SMARTs (comprising 647 individuals and 95 organizations) spread across the country covering 240 districts. During 2024-25, 364 new SMARTs (299 individuals and 65 organizations) were

empaneled, while 40 (37 individuals and three organizations) were de-empaneled or not renewed. SMARTs programmes are directly organized and conducted by MIIs under SEBI's overall supervision, with expenditure from the investor protection or service funds maintained by respective MIIs. In 2024-25, a total of 33,950 SMARTs programmes were conducted, covering 724 districts across 36 States/UTs (**Table 8.1**).

B. Regional investor seminars for awareness (RISA)

RISAs are conducted by MIIs and SEBI across cities and towns to provide information on the securities market. These seminars cover basic investment concepts, recent market developments, grievance redressal mechanisms and do's and don'ts of investing. To educate the public about cyber-crime and preventive steps, a collaborative approach was adopted by inviting cyber police officials during RISAs. These seminars serve as platforms for interaction between investors and officials from SEBI and MIIs. In 2024-25, 1,540 RISA programmes were held, covering 489 districts in 33 States/UTs.

C. Programmes by AMFI and AMCs

AMFI and AMCs also play an important role in investor awareness in the mutual fund sector. During 2024-25, AMFI and AMCs conducted 15,055 programmes across 517 districts in 33 States/UTs.

D. Programmes by investor associations

SEBI recognises investor associations (IAs) working for investor education and grievance redressal. As of March 31, 2025, there were 23 SEBI-recognised IAs. IAs conduct workshops primarily in Tier-II and Tier-III cities, covering topics such as the basics of securities markets, investment precautions and grievance mechanisms and provide policy feedback to SEBI. During 2024-25, IAs conducted 104 programmes covering 46 districts across 12 States/UTs. Since 2010, IAs have conducted 2,504 awareness programmes.

E. Visit to SEBI/visit by SEBI

Under the 'Visit to SEBI' initiative, students from educational and professional institutions visit SEBI offices to learn about the securities market. Additionally, SEBI officials visit institutions to conduct on-site awareness programmes. SEBI also conducts awareness sessions for officials of various government departments/bodies. In 2024-25, a total of 140 such programmes were conducted, covering approximately 7,649 participants across 31 districts in 14 States/UTs. Since 2010, a total of 4,209 such programmes have been held, reaching approximately 1.89 lakh participants.

F. In total, 50,789 investor awareness programmes were conducted across 36 States/UTs during 2024-25. The detailed breakdown is provided in **Table 8.1**.

Table 8.1 : State-wise Details of Investor Awareness Programmes

Sr. No.	State/UTs	SMARTs Programmes		Regional Investor Seminars for Awareness (RISA)		Programmes by AMFI and Mutual Fund AMCs		Programmes by Investor Associations (IAs)		Visit to SEBI/ Visit by SEBI Programmes		Total Programmes	
		No.	Participants	No.	Participants	No.	Participants	No.	Participants	No.	Participants	No.	Participants
1	Maharashtra	7,254	3,98,620	197	14,180	2,581	1,99,809	13	940	45	1,562	10,090	6,15,111
2	Uttar Pradesh	4,682	2,32,721	160	14,199	1,447	91,107	1	105	9	766	6,299	3,38,898
3	Gujarat	2,073	1,06,144	97	7,664	2,847	3,18,097	23	2,100	3	94	5,043	4,34,099
4	Rajasthan	2,684	1,39,440	83	6,374	724	47,949	-	-	1	29	3,492	1,93,792
5	Madhya Pradesh	2,212	1,13,112	70	5,246	452	34,010	-	-	-	-	2,734	1,52,368
6	Tamil Nadu	1,723	1,02,938	86	10,905	559	39,551	6	514	12	515	2,386	1,54,423
7	Karnataka	1,362	84,014	87	8,655	831	66,158	-	-	1	250	2,281	1,59,077
8	West Bengal	817	31,998	85	7,824	989	86,338	27	1,862	5	309	1,923	1,28,331
9	Haryana	1,250	66,050	41	3,203	593	38,134	-	-	2	75	1,886	1,07,462
10	Punjab	867	46,123	38	3,767	641	31,033	9	615	-	-	1,555	81,538
11	Bihar	1,051	55,023	73	14,137	351	26,797	-	-	-	-	1,475	95,957
12	Delhi	830	41,830	83	6,879	461	53,954	4	303	44	2,654	1,422	1,05,620
13	Kerala	943	60,843	46	5,979	264	14,611	-	-	1	200	1,254	81,633
14	Odisha	779	44,676	64	5,098	327	23,686	8	717	-	-	1,178	74,177
15	Jharkhand	657	37,085	48	4,650	271	20,228	-	-	1	21	977	61,984
16	Andhra Pradesh	753	39,337	41	4,215	172	15,177	-	-	-	-	966	58,729
17	Telangana	498	30,211	52	3,975	295	23,854	-	-	-	-	845	58,040
18	Jammu Kashmir	606	28,377	29	2,157	143	9,953	4	232	10	700	792	41,419
19	Chhattisgarh	485	26,426	22	1,649	175	13,150	-	-	-	-	682	41,225
20	Uttarakhand	321	17,937	22	1,698	126	9,162	-	-	3	194	472	28,991
21	Himachal Pradesh	214	12,399	18	1,433	202	6,507	-	-	-	-	434	20,339
22	Assam	285	15,148	37	4,384	111	6,836	-	-	-	-	433	26,368

Sr. No.	State/UTs	SMARTs Programmes		Regional Investor Seminars for Awareness (RISA)		Programmes by AMFI and Mutual Fund AMCs		Programmes by Investor Associations (IAs)		Visit to SEBI/ Visit by SEBI Programmes		Total Programmes	
		No.	Participants	No.	Participants	No.	Participants	No.	Participants	No.	Participants	No.	Participants
23	Goa	185	10,108	6	346	121	7,623	-	-	-	-	312	18,077
24	Chandigarh	139	6,999	9	919	90	7,547	2	169	3	280	243	15,914
25	Dadra and Nagar Haveli and Daman and Diu	101	4,610	1	43	17	828	-	-	-	-	119	5,481
26	Puducherry	56	3,314	7	447	10	921	-	-	-	-	73	4,682
27	Tripura	54	2,693	6	347	8	751	-	-	-	-	68	3,791
28	Meghalaya	39	1,866	4	218	20	3,483	-	-	-	-	63	5,567
29	Nagaland	45	2,213	6	394	5	793	-	-	-	-	56	3,400
30	Mizoram	22	1,165	3	323	-	-	4	354	-	-	29	1,842
31	Sikkim	14	,644	5	393	3	462	3	242	-	-	25	1,741
32	Arunachal Pradesh	17	716	5	559	3	471	-	-	-	-	25	1,746
33	Manipur	14	677	2	170	3	582	-	-	-	-	19	1,429
34	Andaman and Nicobar Islands	4	183	-	-	3	619	-	-	-	-	7	802
35	Ladakh	5	277	-	-	-	-	-	-	-	-	5	277
36	Lakshadweep	1	51	-	-	-	-	-	-	-	-	1	51
37	PAN INDIA*	908	47,172	7	878	210	16,405	-	-	-	-	1125	64,455
	Total	33,950	18,13,140	1,540	1,43,308	15,055	12,16,586	104	8,153	140	7,649	50,789	31,88,836

*Includes those programs open to all the participants, and not specific to any state.

8.1.2 Training programs

A. Training for SMARTs

As a part of investor awareness and education initiative, entities/individuals interested in working in the field of investor education are empaneled as “SMARTs” for conducting investor awareness programs (IAPs). Eligible applicants for SMARTs undergo training before empanelment. During 2024-25, SEBI, in co-ordination with NISM, provided training to 299 individuals and 65 organizations.

B. Training for officials of common investor service centres

The common investor service centres (CISCs), a joint initiative of SEBI, NSE and BSE, act as a single-window contact point for investors. CISCs facilitate investors to lodge complaints on SEBI Complaint Redressal System (SCORES) platform against MIs and SEBI-registered intermediaries. SEBI, in co-ordination with NISM, conducted training programmes for CISC officials on various topics such as overview of operations of a listed company, SEBI registered or regulated entities, PACL and Sahara-related complaints, SCORES 2.0, SMART on-line dispute resolution (ODR), centralized mechanism for reporting the demise of Investor etc., which may help them in discharging their responsibilities.

8.1.3 Digital channels for investors

In addition to physical programs conducted across the country, SEBI also leverages digital platforms to further enhance its investor education and awareness initiatives.

A. SEBI investor website

Considering the importance of investor education and awareness, SEBI maintains a dedicated website, <https://investor.sebi.gov.in>. The website has comprehensive

education and awareness contents available free of cost. The resources available on the website include 24 financial calculators categorized in 13 buckets, spot a scam tool, booklets on securities market in multiple Indian languages etc. The website also features schedules of various investor and financial education programs, list of web links for authorised mobile applications of registered trading members as sourced from stock exchanges and a section on video based learning, which is a vast repository of videos on investor awareness and education created by the MIIs, AMFI, National Centre for Financial Education (NCFE) and neutral educational sources. This year, the videos uploaded on the website have been translated in multiple vernacular languages and some are also available in sign language to cater the audience with special needs. Details on various ongoing and past investor awareness events including a photo gallery is also available in the investor website. During 2024-25, SEBI investor website had a total of 21,50,076 visitors with an average of 1,79,173 visitors per month.

B. SAARTHI mobile app

To extend the reach of SEBI’s financial education and investor awareness initiatives, the Saarthi mobile app was launched on January 19, 2022. Subsequently, the app was revamped for better user interface and relaunched on May 23, 2024. The revamped app is available on both iOS (<https://apps.apple.com/in/app/saa%E2%82%B9thi/id1589426387>) and android platforms (<https://play.google.com/store/apps/details?id=com.sebi.invapp>). The app features financial calculators and modules that introduce and explain KYC procedures, mutual funds, exchange traded funds (ETFs), buying and selling shares on stock

exchanges, investor grievances redressal mechanism and the online dispute resolution (ODR) platform. Additionally, the app features a range of videos designed to assist investors in their personal finance planning. The app has approximately 5.7 lakh downloads.

C. SEBI investor awareness test

On March 18, 2024, SEBI, in coordination with NISM, launched the online “SEBI investor awareness test” (earlier known as SEBI investor certification examination). The general public can register for online test free of cost from anywhere through the link <https://sice.nism.ac.in/>. In 2024-25, registration process of test has been simplified to enable taking test immediately after registration. The registrants can access study material and e-learning based learning material available on SEBI investor website. During 2024-25, approximately 1.73 lakh participants enrolled and approximately 1.13 lakh attempted the test.

8.1.4 New initiatives for investor education

A. Mega regional investor seminar for awareness (Mega RISA)

The concept of mega RISAs was introduced during 2024-25 and these programmes are conducted under the aegis of SEBI, MIIs and AMFI. Mega RISA is a full-day investor awareness programme designed to engage larger audience. It includes topics such as financial planning, investment, fraud prevention etc. In 2024-25, the mega RISAs were held at Indore, Lucknow, Guwahati, Nagpur, Vijayawada and Thrissur.

B. Interactive programs on DD channels

To leverage the broad reach of television, SEBI collaborated with Doordarshan to

conduct interactive programs aimed at investor awareness in regional languages. In these programs, SEBI senior officials who are well-versed with the regional language, interact with investors and potential investors. During 2024-25, SEBI participated in four such programs - two in Marathi, one in Bengali and one in Tamil.

C. National financial literacy quiz (NFLQ) 2024

SEBI, in co-ordination with NISM conducted NFLQ 2024 for undergraduate and postgraduate (UG/PG) college students. The quiz was available at <https://nflq.nism.ac.in/> without any participation fee. There were 5,255 colleges and 3,77,811 students registered for the quiz and 62,525 students attempted the quiz. The first round of screening was at the college level, while regional and national rounds were held at NISM campus during June 29-30, 2024. National winners were announced for UG/PG category. SEBI, in collaboration with NISM, has also launched NFLQ 2025.

8.1.5 Joint programmes with stock exchanges and depositories

SEBI adopted a collaborative approach, where different stakeholders of securities market ecosystem join hands with SEBI to amplify its investor education and awareness initiatives.

A. Digital strategy for investor education and awareness

To harness the power of digital technology and to reach out to investors in cost efficient and effective manner through social media platforms, digital content in the form of videos, shorts, reels, infographics, quizzes, podcasts, crosswords, newsletters etc. have been created by MIIs and AMFI and placed on their respective social media handles (Youtube, Meta, X, LinkedIn),

TV, radio etc. Further, WhatsApp is also used by the MIIIs to circulate messages on investor awareness and education. In 2024-25, the campaign addressed key behavioural biases such as herd mentality, loss aversion and overconfidence. Further, new video series launched by MIIIs included 'Parsi Café' by the NSE, 'an Atmanirbhar Investor (AI)', 'AtmaNirb(HER)' and 'Unboxing by CDSL', 'IPO ki ABC' by the NSDL and 'Bond Voyage' by BSE. During 2024-25, the dissemination efforts of all MIIIs across various social media platforms witnessed a substantial surge in reach and engagement. The following key metrics for 2024-25 highlight high levels of user engagement:

- i. Total impressions across platforms increased to 190 crore, up from 96 crore in 2023-24.
- ii. Cumulative number of subscribers/followers more than doubled, reaching approximately 1.2 crore from 57 lakh.
- iii. Over six crore WhatsApp messages were disseminated under targeted campaigns.
- iv. There were approximately 12 crore engagements, including likes, shares, comments and interactions.
- v. MIIIs collectively achieved around 64 crore video views across all platforms.

Box 8.1: Digital Investor Awareness Campaign on Investment Scams relating to Securities Market

To safeguard investors from fraudulent schemes and misleading financial advice, SEBI launched an awareness campaign on investment scams, collaborating with MIIIs to educate the public about common scams in the securities market and promote informed decision-making. The campaign strategically leverages social media platforms like YouTube, Instagram, Facebook, X and WhatsApp to share impactful educational content.

SEBI, in collaboration with MIIIs and AMFI, has developed digital creatives such as videos, podcasts and infographics to highlight various scams and their modus operandi. Innovative outreach efforts included an Augmented Reality (AR) filter game on Instagram for avoiding a scam, the multilingual 'Slam the Scam' rap song and an 'Audio Stories' series, targeting the younger audience. Additionally, several notable educational videos were released on social media cautioning against unregistered investment advisors, fake trading app scams, phishing links, FPI scams, pump and dump schemes, finfluencers and deep fake scams etc. Other important themes include risks of taking loans for trading, dangers of courses promising guaranteed returns and distinguishing genuine investment advice from fraud. The overarching message was to encourage investors to be cautious and research thoroughly before acting on any investment tips.

B. Campaign on nomination

In order to reduce unclaimed assets in the securities market and facilitate a smooth and quick transfer of investments to the designated person(s) in the event of an investor's demise, a targeted campaign on nomination awareness was conducted by CDSL and NSDL. As reported by the depositories, over 1.2 crore WhatsApp messages including videos/infographic were sent to

investors encouraging them to complete the nomination process. Following the campaign, nominations were completed for approximately 2.75 lakh demat accounts, covering a custody value of around ₹1.8 lakh crore.

C. State project initiative

SEBI, in collaboration with the MIIIs and AMFI, launched an initiative to educate and upskill young individuals

in Punjab, Haryana, Himachal Pradesh, Uttarakhand, Bihar, Meghalaya, Chhattisgarh, Telangana, Andhra Pradesh and Kerala. This new initiative will provide youth/students aged between 18 to 30 years with the necessary knowledge and skills to navigate the complex world of finance. Participants will undergo self-paced learning, attend investor awareness programs and prepare for NISM certification exams, which help candidates for careers in securities market. This initiative aims to enhance employability and career prospects for young individuals in securities market ecosystem.

D. Informative video series on personal finance

To help investors make informed financial decisions, AMFI has created video series on personal finance. These series will provide guidance on managing money, budgeting, saving, investing and planning to ensure a stable financial future etc.

E. BSE Nivesh Mitra App

BSE has developed the BSE Nivesh Mitra app, an investment learning platform aimed to educate and empower both new and existing investors with practical knowledge of investing across equities, mutual funds and derivatives. The app uses market data with a lag of over three months, providing a realistic yet controlled environment for users to learn and practice investment strategies. The app combines interactive education with simulation, offering hands-on experience. It also offers a guided on-boarding experience for beginners, including instructions on opening of demat, trading and mutual fund accounts, the prerequisites for these

and video tutorials with sample contract notes. A dedicated "Learn" section further enhances financial literacy by covering basic concepts of investment, market principles and investor behaviour, making BSE Nivesh Mitra a comprehensive tool for experiential investment education. The beta version of the app is available at https://play.google.com/store/apps/details?id=com.bseindia.nivesh_mitara.

8.1.6 Other investor awareness initiatives

A. Celebration of global and national events

i. World Investor Week 2024

SEBI was the national coordinator of the 8th edition of World Investor Week (WIW) 2024 (October 14-20, 2024), an initiative of International Organization of Securities Commissions (IOSCO). The key themes of WIW 2024 were 'Technology and Digital Finance', 'Frauds and Scam prevention' and 'Basics of Investing' and the key message was: 'A smart investor uses digital tools to simplify investing and conducts independent research.' The WIW-2024 witnessed several unique launches, such as the pan-India theatrical competition 'Nivesh ka Rangmanch', cyclothon, multilingual rap song, audio stories on apps, sand art by renowned artist, an augmented reality filter on META platforms with the message 'Slam the Scams', a financial investment game, release of personal finance booklet - Primer, etc. Over 2,600 webinars and investor awareness programs were organised with reach of approximately 1,50,000 people, while the number of viewers reached out through TV shows, interviews and radio programs were around 161 million.

ii. Global Money Week

Global Money Week (GMW) is an annual global initiative led by the OECD International Network on Financial Education (INFE) aimed at promoting financial awareness and literacy among children and youth. SEBI was the national co-ordinator for the 2025 edition, during March 17-23, 2025. The theme for GMW 2025 was “Think before you follow, wise money tomorrow”, complemented by the slogan “Learn. Save. Earn.” and its Hindi version: “सूझ-बूझ से करें अमल, सुरक्षित रहेगी पूँजी कल”. A series of initiatives were undertaken nation-wide to raise awareness and foster financial literacy among the youth. Highlights of GMW included digital awareness initiatives such as banners and tickers on the websites of SEBI, NCFE and other participating organizations. A special online capacity-building program was organized for trainers to enhance their outreach and effectiveness. Approximately, 5.5 million people were reached through digital media during GMW 2025.

B. Participation in book fairs and trade fairs

During the year, SEBI participated in several popular events across eastern India to promote investor awareness and education. These include Odisha State Book Festival 2024, Assam Book Fair at Guwahati, Hornbill Festival 2024 in Nagaland, Agartala Book Fair 2025 at Agartala, Kreta Suraksha Mela and 16 District Book Fairs in West Bengal, the International Kolkata Book Fair (IKBF) 2025 and the Bihar Diwas celebrations 2025 at Patna.

SEBI, along with MIIs, AMFI and National Institute of Securities Market (NISM), participated in the IKBF 2025 from January 28 to February 09, 2025, to promote investor awareness and investor education. This year, SEBI explored a novel way of reaching out to a wider audience through the medium of art - the theme of SEBI stall at IKBF was ‘Awareness through Art’. Eminent artists created live artworks on themes related to investor protection, financial literacy, and economic growth, reinforcing key investment principles. Panel discussions covered career opportunities, mutual fund investing and investor precautions. The SEBI stall witnessed a visitor footfall above 64,000 this year.

Similar activities were organised at other fairs such as CII Chandigarh Fair, 2024, held during October 25-28, 2024. This fair featured “Bharat Ka Share Bazaar” (BSB) pavilion, organized by SEBI in association with MIIs and AMFI, which attracted nearly 8,000 attendees daily. At the India International Trade Fair (IITF), SEBI together with MIIs/AMFI set up a pavilion “Bharat ka Share Bazaar”. At the pavilion, various activities such as street plays, quizzes etc. were organized aimed towards promoting investor awareness. The activities of the pavilion won ‘Gold Medal’ Award in the category of “Public communication and Outreach”.

C. Specialized awareness programmes

During 2024-25, SEBI conducted specialized financial awareness programs. These includes:

- i. Hon’ble Governor of Uttarakhand released the 2nd edition of the book “MERI YOJNA - Kendra Sarkar”, which includes a page on SEBI’s tie-up with Uttarakhand Government and IAPs by SEBI in Uttarakhand.

- ii. Promoted financial awareness amongst ‘Heroes in Uniform’ for the Indian Police, Army and Air Force at Western Air Command, New Delhi and at Awantipur Air Force Station, Jammu and Kashmir.
- iii. Programs for Punjab Police Academy (Phillaur), CISF officials, Indian Corporate Law Service Academy, Competition Commission of India, the Comptroller & Auditor General of India, Safdarjung Hospital, Delhi Development Authority, CBI Academy (Ghaziabad), Law Association (Ayodhya), UP State Government officials (Ayodhya) and Administrative Trading Academy (Nainital) etc.
- iv. A session on legal framework of SEBI and frauds in securities market for cyber police officials.
- v. An elaborate training session for officials of the Subsidiary Intelligence Bureau, Ahmedabad.
- vi. Training sessions conducted at Rashtriya Raksha University, Gandhinagar, during Indian Technical and Economic Cooperation Programme organized by Ministry of External Affairs.
- vii. A joint campaign on cyber security and investor awareness with Kolkata Police.
- viii. An investor-educational drama series in Bangla, titled “Vivek Da & Paro Boudi” has been recorded for uploading on the SEBI Investor website, so as to reach the Bangla audience from the eastern region of the country.

D. Co-ordination with international organizations

SEBI remains actively engaged in policy initiatives and conferences organized by international bodies like IOSCO, OECD-INFE etc. This includes active

participation in the IOSCO Committee 8 on retail investors, the Retail Investor Co-ordination Groups (RICG) and working group on finfluencers. SEBI regularly provides valuable inputs to reports, surveys and policy documents by IOSCO Committee 8 and OECD-INFE, with a focus on promoting investor education and preventing investment frauds. Notably, SEBI's scam awareness campaign designed to educate the public about common securities market frauds was recognized and featured in the IOSCO Asia-Pacific Regional Committee (APRC) toolkit on innovative public education approaches. This highlights SEBI's proactive measures in strengthening investor awareness and addressing online financial frauds.

E. Co-ordination with domestic organizations

SEBI also participates in various investor-centric measures taken by organizations, such as NCFE. SEBI, along with other financial sector regulators viz. RBI, IRDAI and PFRDA, is the co-promoter of NCFE. According to NCFE, 6,782 financial education programs were conducted during 2024-25.

8.2 INVESTOR-CENTRIC POLICY MEASURES

The objective of investor protection is intrinsic to most of the policy measures taken up by SEBI, which are detailed in the respective Chapters. A few key investor centric policy measures adopted during 2024-25 include:

8.2.1 Digital investor survey

SEBI had conducted a digital investor survey to assess investors' basic understanding about the securities market, analyse their attitude and behaviour towards investing, identify knowledge

gaps, gather feedback on existing investor education and awareness measures and obtain input for framing new investor education and awareness policies. The survey collected over 60,000 responses between October 2023 and January 2024, through various investor awareness events, including book fairs and specific programs. The survey was available in five languages, namely, English, Hindi, Bengali, Assamese and Odia. The major findings of the survey are:

- i. F&O trading is more prevalent among younger males aged under 36 years with annual incomes below ₹10 lakh.
- ii. Individuals over 36 years old and those earning above ₹10 lakh are less likely to participate in derivatives market.
- iii. Males are 14 per cent more likely to trade in derivatives than females.
- iv. Mutual fund activity positively correlates with higher age, income, education, marital status and urban dwelling.
- v. Female participation in the securities market was notably low.
- vi. 45.3 per cent of surveyed women lacked demat account compared to 12.5 per cent of men.
- vii. Income, education and marital status positively influence demat account ownership.
- viii. Males are 24.1 per cent more likely to invest or trade in stocks than females.

As the survey was non-randomised, SEBI has now initiated a more detailed, nationwide survey to build comprehensive understanding of investors and non-investors for future policy formulation.

8.2.2 Unclaimed assets in securities market

- A. DigiLocker to prevent unclaimed assets**
In order to reduce unidentified, unclaimed assets (UA) in the securities market, SEBI has collaborated with National

e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), to harness digital public infrastructure viz. DigiLocker, a digital document wallet of the Government of India. SEBI specified that users/ investors will now be able to fetch and store their mutual fund and demat holding statements through DigiLocker. The users/ investors can also provide nominee(s) in the DigiLocker, who will be authorised to access the digital information of the user, upon the demise of the user. SEBI has also facilitated an automatic notification system, whereby DigiLocker notifies the nominees through SMS and e-mail in the event of user's demise. After identity authentication, nominees can access the deceased users' DigiLocker account and view relevant documents, thus, streamlining the transmission process.

B. Nomination - revise and revamp

Nomination norms for demat accounts and mutual fund folios were revised to prevent the generation of UA in the securities market. The revised norms ensure a uniform approach across securities market. Additionally, SEBI introduced new provisions, including an increase in the maximum number of nominees from three to ten and empowering nominee to represent incapacitated investor.

8.2.3 Review of basic services demat account

With the objective to further boost participation in securities market and enhance ease of doing investments, the facility of Basic Services Demat Account (BSDA) was reviewed and the limit for a demat account to be categorized as BSDA was enhanced to ₹10 lakh. The charge structure has also been revised as follows:

Value of Holdings in the Demat Account (Debt and other than debt securities)	Maximum Annual Maintenance Charges
Up to ₹4 lakh	Nil
More than ₹4 lakh but up to ₹10 lakh	₹100
More than ₹10 lakh	Not a BSDA. Regular annual maintenance charges

Depository participants (DPs) were advised to open only BSDA and convert all such existing eligible accounts into BSDA unless there is consent from beneficial owner by way of an email registered with DP.

8.2.4 Safer participation of retail investors in algorithmic trading

The growing interest in algorithmic trading among retail investors necessitated a review of the regulatory framework to facilitate their participation with proper checks and balances. To outline the rights and responsibilities of the stakeholders, a regulatory framework was issued to ensure safer participation of retail investors in algorithmic trading through brokers.

8.2.5 Mutual fund investment tracing and retrieval assistant

The mutual fund investment tracing and retrieval assistant (MITRA) has been launched to provide investors with a searchable database of inactive and unclaimed mutual fund folios at an industry-level, thereby empowering them in various aspects, such as under:

- i. Identify the overlooked investments or any investments made by any other person for which he or she may be rightful legal claimant;
- ii. Encourage investors to do KYC as per the current norms, thus, reducing the number of non-KYC compliant folios;
- iii. Reduction of the unclaimed MF folios;

- iv. Building a transparent financial ecosystem, which is reliable medium for investors to find their inactive and unclaimed mutual fund investments; and
- v. Build safeguards to mitigate fraud.

8.2.6 Enabling provision for investor charter in SEBI Regulations

In addition to the circular issued by SEBI to registered intermediaries/entities on the investor charter, an enabling provision related to investor charter has been inserted in appropriate SEBI Regulations requiring the registered intermediaries/regulated entities to adhere to the investor charter.

8.2.7 Investor charter for regulated entities

In view of the recent developments in the securities market including introduction of ODR platform and SCORES 2.0, the investor charter for regulated entities (stock exchanges, depositories and stock brokers) has been modified to provide detailing of the services provided to investors, rights of investors, various activities of regulated entities with timelines, do's and don'ts for investors, responsibilities of investors, code of conduct for regulated entities and grievance redressal mechanism.

8.2.8 Advisory on unauthorized virtual trading/gaming platforms

SEBI had noticed that certain applications and website platforms were offering virtual trading services, including paper trading or fantasy games, based on the stock price data of listed companies, in violation of Securities Contract (Regulation) Act, 1956 and SEBI Act, 1992. In this regard, a press release was issued advising investors to invest and undertake trading activities in the securities markets only through registered intermediaries and not to engage with or undertake investment or trading

activities through unregistered intermediaries or web applications or mobile application, as recourse to SCORES or SMART ODR will not be available to investors in such cases.

8.2.9 SMS and e-mail alerts to investors

In a move to protect investors from unauthorized trading in their accounts, SEBI had earlier issued guidelines regarding SMS and e-mail alerts to investors by stock exchanges. To further enhance ease of compliance for investors, it was clarified that the stock broker may, at the specific written request of a client, upload the same mobile number/e-mail address for more than one client, provided such clients belong to one family (in case of individual clients) or such client is the authorised person of a Hindu undivided family (HUF), corporate, partnership or trust (in case of non-individual clients).

8.3 REDRESSAL OF INVESTORS' GRIEVANCES

8.3.1 SCORES 2.0

SCORES was launched in 2011 for the benefit of the aggrieved investors, whose grievances against (a) listed company, (b) registered intermediary or (c) market infrastructure institution remain unresolved. To enhance the efficiency of grievance redressal process, SEBI launched an upgraded version, SCORES 2.0 (<https://scores.sebi.gov.in>), on April 01, 2024. This upgrade reduced timelines, introduced auto-routing of complaints to relevant entities, and auto-escalation of complaint to SEBI for unresolved issues. Further, there is a provision for two level review process which has made complaint redressal effective.

SEBI also receives complaints through Centralized Public Grievance Redress and Monitoring System (CPGRAMS) of Department of Administrative Reforms and Public Grievances. The CPGRAMS portal has been

integrated with SCORES 2.0 portal, thereby, enabling processing of such complaints through SCORES 2.0. Salient features of the SCORES 2.0 portal are as under:

- i. Ease of complaint registration system with the help of seamless integration with database of KYC Registration Agency (OTP based PAN validation). Alternatively, provision of an option for manual filling of registration is also provided, in which, PAN is validated to ensure the authenticity of the investor through Protean e-gov.
- ii. The timeline for redressal of the investor grievances has been reduced to 21 calendar days uniformly across all the SEBI registered intermediaries, listed companies and MIs.
- iii. The complaints are auto-routed to the concerned SEBI registered intermediaries, listed companies, MIs or/and designated bodies, eliminating delay in complaint processing.
- iv. The complaints are auto-escalated to the next level in case the timelines stipulated are not adhered to.
- v. "Designated bodies" are required to monitor timely redressal of the investors' complaints filed against the entities. In case of 1st level review complaints, designated bodies are required to submit the action taken report (ATR) within 10 calendar days.
- vi. If not satisfied with the resolution, complainants are provided sufficient time of 15 days' post submission of ATR to opt for review.
- vii. A mobile app version of SCORES 2.0 is made available on Play Store at <https://play.google.com/store/apps/details?id=com.sebi> and App Store at <https://apps.apple.com/us/app/sebiscotes/id6478849917>.
- viii. Acknowledgements and subsequent communications are sent to the investor through e-mail, SMS and WhatsApp for convenience of the investors.

- ix. The audit trail of the entire cycle of the complaint can be tracked by the investors in a transparent manner.

8.3.2 SECURE portal and market intelligence portal

An online portal named SECURE (<https://secure.sebi.gov.in>) was launched on April 01, 2024, for dealing with complaints related to freezing and unfreezing of accounts pursuant to orders of Whole Time Members of SEBI/Courts/Tribunals or completion of debarment period. Further, Market Intelligence (MI) Portal (<https://mi.sebi.gov.in/>), was developed for market participants to provide inputs pertaining to market abuse and the same

has been operational from May 2024. A total of 356 inputs/alerts were received in MI portal during 2024-25. Any regulatory actions pursuant to the same are published on the SEBI website.

8.3.3 Status of investor grievances received, disposed and pending

Since SCORES 2.0 was launched on April 01, 2024, along with the new workflow, accordingly, data of investor grievances is disseminated in **Table 8.2** from 2024-25. The pending actionable complaints (3,425) and review complaints (502) as at the end of 2023-24, were either disposed on old SCORES tab or moved to Regulatory Action tab.

Table 8.2: Investor Grievances Received and Redressed

Year	Grievances Received			Grievances Disposed			Pending Actionable Grievances#		
	SCORES	CPGRAMS	SECURE	SCORES	CPGRAMS	SECURE	SCORES	CPGRAMS	SECURE
2024-25	68,132	2,973	365 [^]	63,971	2,858	309 [^]	4,074 [*]	115	56

With entities, designated bodies, SEBI and investors awaiting review.

[^]Excludes one complaint related to freezing and unfreezing of account received via email from pgportal@sebi.gov.in.

^{*} Excludes 87 Regulatory Action (RA) complaints.

Out of 56 'pending actionable grievances' under SECURE, as on March 31, 2025, there was only one complaint pending with SEBI. The aging analysis of 'pending actionable grievances' at SEBI level for SCORES 2.0 is given in **Table 8.3**.

Table 8.3: Aging Analysis of Pending Actionable Complaints with SEBI

Particulars	Total Pending Actionable Cases (As on Mar 31, 2025)	
	SCORES 2.0	CPGRAMS
Complaints Pending for Less than 3 Months	749	96
Complaints Pending for More than 3 Months	20	19
Total Complaints Pending	769	115

SCORES enables the investor to directly lodge the complaints online and such complaints

are considered as 'e-complaints'. Also, any physical complaint (P-complaint) along with mandatory details received against any registered entity is uploaded on SCORES which are then handled in SCORES online. Similarly, SEBI also receives complaints through mobile app (M-complaint). Out of 68,132 complaints received during 2024-25, 61,106 (89.7 per cent) were e-complaints, while 4,441 (6.5 per cent) were paper based complaints and remaining 2,585 (3.8 per cent) were M-complaints.

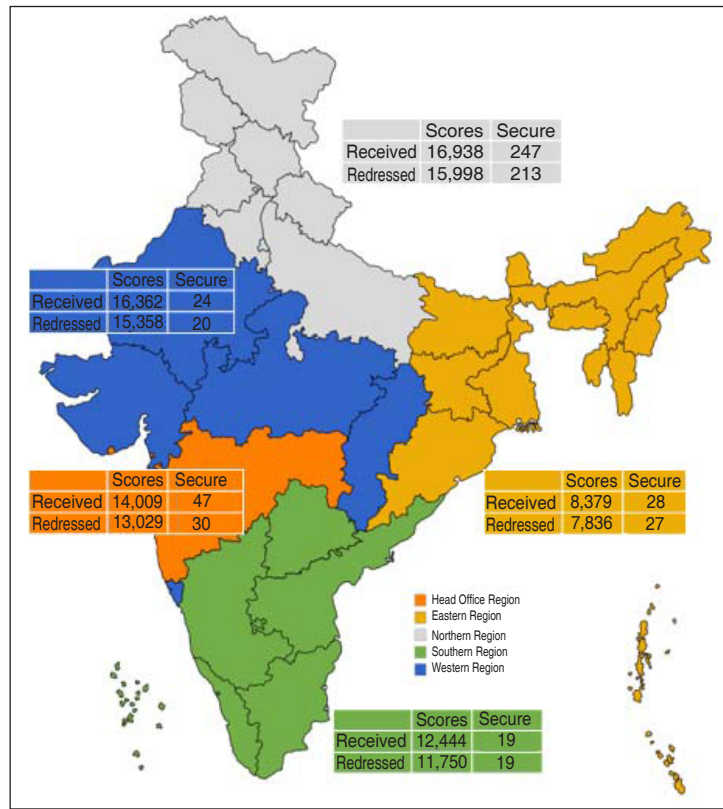
As SCORES 2.0 was launched with the new workflow, it has rationalized categories and accordingly certain categories/sub-categories have been added/modified/removed. The category-wise and region-wise break up of SCORES 2.0 and SECURE complaints is given below in **Table 8.4** and **Chart 8.1** respectively.

Table 8.4: Category-wise Distribution of Complaints during 2024-25*

Sr. No.	Category	SCORES	SECURE
1	Stock Broker	26,073	-
2	Listed Company- Equity Issue (Dividend/Transfer/Transmission/ Duplicate Shares/Bonus Shares etc.)	11,424	3
3	Registrar and Share Transfer Agent	9,018	154
4	Mutual Fund	5,326	54
5	Stock Exchange	2,694	89
6	Listed Company-IPO/Prelisting/Offer document (shares)	2,421	2
7	Depository Participant	2,334	63
8	Research Analyst	2,333	-
9	Investment Advisors	1,158	-
10	Bankers to the issue	998	-
11	Listed Company-IPO/Prelisting /Offer Document (Debenture and Bonds)	991	-
12	Depository	876	-
13	KYC Registration Agency	559	-
14	Listed Company-Delisting of securities	493	-
15	Listed Company- Debt Issue (Interest/Redemption/Transfer/ Transmission etc.)	287	-
16	Portfolio Manager	260	-
17	Mutual Fund trading on Exchange Platform	196	-
18	Clearing Corporation	130	-
19	Listed Company- Buy Back of Securities	129	-
20	Merchant Bankers	122	-
21	Debenture Trustee	116	-
22	Category 2 Alternative Investment Fund	53	-
23	Category 1 Alternative Investment Fund	43	-
24	Venture Capital Fund	30	-
25	Category 3 Alternative Investment Fund	24	-
26	Credit Rating Agencies	18	-
27	Vault Manager	10	-
28	Infrastructure Investment Trust	7	-
29	Real Estate Investment Trust	5	-
30	Collective Investment Scheme	2	-
31	Securitised Debt Instruments (SDIs)	1	-
32	Small and Medium Real Estate Investment Trusts	1	-
Grand Total		68,132	365

*excludes complaints which were received from CPGRAMS i.e. Public Grievance portal (Ministry).

Chart 8.1: Region-wise Break-up of Complaints



8.3.4 Analysis of investors' feedback

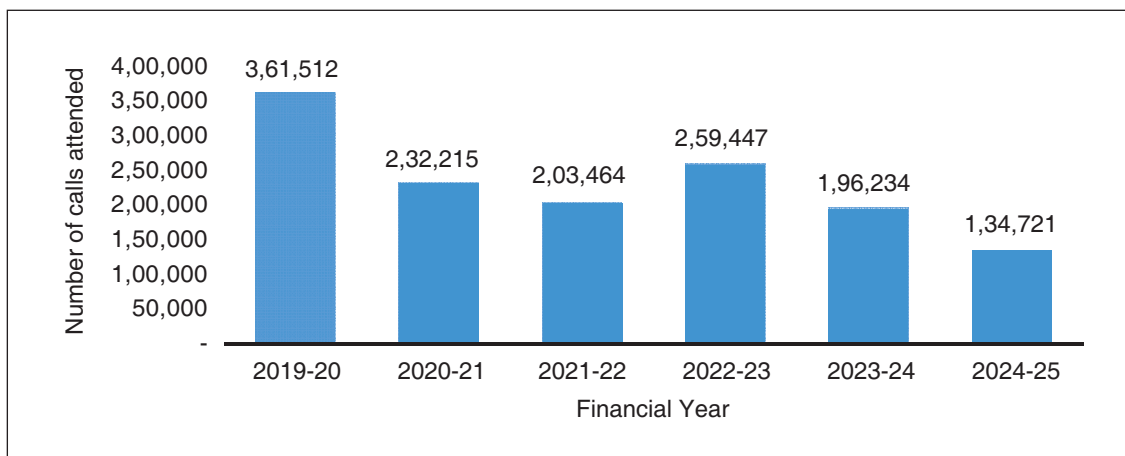
During 2024-25, out of 68,132 complaints received on SCORES, 11,007 complaints (16.2 per cent) were escalated to SEBI.

8.3.5 SEBI toll-free helpline

SEBI, in 2011, had launched toll free helpline service numbers 1800 266 7575/1800 22 7575

to facilitate replies to various queries of the general public on matters pertaining to securities market. This service is available every day from 9:00 a.m. to 6:00 p.m. (except on declared public holidays in Maharashtra and Sundays) in English, Hindi and six other regional languages, namely Marathi, Gujarati, Tamil, Bengali, Telugu and Kannada. The details of calls attended through SEBI toll free helpline numbers is depicted in **Chart 8.2**.

Chart 8.2: SEBI Toll Free Helpline Calls



Source: SEBI

8.3.6 Investor Assistance

SEBI provides investor assistance via e-mail at asksebi@sebi.gov.in by replying to the queries received.

8.3.7 Complaints/arbitration cases with stock exchanges

During 2024-25, the number of complaints received by the exchanges against trading

members increased to 24,950, up from 14,495 during 2023-24, while the number of complaints pending declined to 55, as compared to 95 at the end of previous year. In addition, 288 cases for arbitration were received during year as compared to 270 in the previous year. The details of complaints received, resolved and pending are given in **Table 8.5**.

Table 8.5: Trading Member related Complaints/Arbitration Cases

Details	2023-24			2024-25		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints against Trading Members						
Non-Receipt of Payment/Securities	1,446	1,457	116	1,756	1,773	99
Unauthorized Trades	2,201	2,130	184	5,348	5,160	372
Brokerage and Charges	695	707	31	1,310	1,232	109
Service Related	7,446	7,205	416	9,520	9,382	554
Others	2,707	2,699	140	7,016	6,855	301
Total	14,495	14,198	887	24,950	24,402	1,435
B. Arbitration Cases						
	270	338	95	288	328	55

Source: BSE, NSE, MSEI, MCX, and NCDEX

The number of complaints against listed companies received by the stock exchanges also increased to 12,473 cases from 8,726 received during previous year. The number of

complaints resolved during the year have also increased to 12,248 from 8,976 during previous year, resulting in pendency of 691 complaints (**Table 8.6**).

Table 8.6: Complaints/Arbitration Cases on Listed Companies

Details	2023-24*			2024-25		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints against Listed Companies						
Public/Further Offerings	618	582	44	842	874	12
Corporate Actions	3,017	3,156	115	2,586	2,566	135
Transfer of Securities	1,954	1,950	102	3,343	3,235	210
Miscellaneous	3,137	3,288	205	5,702	5,573	334
Total	8,726	8,976	466	12,473	12,248	691
B. Arbitration Cases						
	5	5	0	35	28	7

*Revised figures

Source: BSE, NSE, and MSEI

The details of complaints/arbitration cases with stock exchanges related to other

intermediaries through SMART ODR is given in **Table 8.7**.

Table 8.7: Complaints/Arbitration Cases on Other Intermediaries via SMART ODR

Details	2023-24*			2024-25		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints						
Non-Receipt of Payment/Securities	25	24	1	36	36	1
Brokerage and Charges	2	1	1	20	18	3
Service Related	286	233	53	877	868	62
Others	190	155	35	778	744	69
Total	503	413	90	1,711	1,666	135
B. Arbitration Cases						
	17	1	16	28	21	23

* Revised figures

Source: BSE, NSE and MSEI

8.4 INVESTOR PROTECTION AND EDUCATION FUND

A brief account of the inflow and utilization of Investor Protection Funds of SEBI and MIIIs is given below:

8.4.1 Investor protection and education fund of SEBI: inflow and utilization

The details of the inflow of money into Investor Protection and Education Fund (IPEF) of SEBI is provided in **Table 8.8**.

Table 8.8: Inflow into SEBI IPEF (₹ crore)

Particulars	As at the end of	
	March 31, 2024*	March 31, 2025*
A. Opening Balance	240.2	533.2
B. Additions to the Fund	323.4	231.0
a. Income from Investments (a)	27.7	42.9
b. Other Receipts (b)	295.7	188.1
C. Utilisation of Fund		
a. Expenses incurred from IPEF Fund	2.8	2.7
b. IPEF Expenses refunded to SEBI Fund	11.9	-
c. IPEF Expenses payable to SEBI Fund	0	-
d. Amount transferred to SEBI-IPO Reallocation Tranche 3 Account	15.8	
D. Net Balance G = (A+B-C)	533.2	761.4

*Subject to audit by Comptroller and Auditor General. Net balance does not include ₹2.24 crore recovered during 2021-22 from IPEF.

The details of the utilization of IPEF of SEBI during 2024-25 is provided in the **Table 8.9**.

Table 8.9: Utilization of SEBI IPEF

Utilization of IPEF	Amount (₹)
Investor Education	2,25,48,060.8
Seminar/Workshop by IA's	23,49,330.0
Financial Literacy	19,39,168.2
Committee Meeting	27,020.0
Seminar/workshop by CoTs	-
Seminar/workshop by SMARTs	-
Others	47,434.0
Total	2,69,11,012

8.4.2 Investor protection funds of MIIIs: inflow and utilization

The stock exchanges and depositories have been mandated to establish an investor protection fund (IPF). The common objectives for setting up IPF include promoting investor education, awareness and research etc. The specific objective for IPF of stock exchanges is to compensate investors in the event of defaulter members' assets not being sufficient to meet the claims of investors, while that for depositories is to meet the claims of the beneficial owners. However, capital expenditure is permissible only with respect to setting up of investor service centre by stock exchanges. The income earned on IPF corpus can be utilized in other manner as prescribed/ permitted by SEBI from time to time. The details regarding the inflow of fund into and utilization of IPFs of MIIIs are given in **Table 8.10**.

Table 8.10: Investor Protection Funds of MIs (₹ crore)

Particulars	As at end of	
	March 31, 2024	March 31, 2025
Investor Protection Fund of Exchanges		
A. Opening Balance	2,338.6	2,760.8
B. Additions to the Fund (a+b)	540.9	630.7
a. Income from Investments	161.4	193.0
b. Other Receipts	379.6	437.7
C. Utilisation/Expenses incurred from the Fund (a+b+c)	118.8	84.4
a. Investor Awareness and Education	38.1	31.7
b. Other Expenses	17.4	17.5
c. Payment to Clients of Defaulters	63.3	35.2
Net Balance (A+B-C)	2,760.8	3,307.2
Investor Protection Fund of Depositories		
A. Opening Balance	107.8	130.0
B. Additions to the Fund (a+b)	39.3	48.4
a. Income from Investments	8.1	10.4
b. Other Receipts	31.3	38.0
C. Utilisation/Expenses incurred from the Fund (a+b)	17.1	21.6
a. Investor Awareness and Education	15.6	21.5
b. Other Expenses	1.5	0.1
Net Balance (A+B-C)	130.0	156.8

Data for 2023-24 is audited and that for 2024-25 is unaudited and provisional.

Source: Exchanges and Depositories

Chapter 9: TECHNOLOGY

Over the past few years, rapid technological advancements have significantly altered the structure of securities markets, type of market participants, trading strategies, payment and settlement systems, compliance etc. SEBI, while endeavouring to keep pace with the technological advancements, is also adopting its own innovative solutions for supervision and surveillance. Through robust policy initiatives, collaborative engagements and technological innovations, SEBI continues to safeguard market integrity and promote trust among investors.

9.1 CYBER SECURITY

The expanding use of technology, inter connectivity of systems and reliance on digital infrastructure have heightened the risk and impact of cyber threats. Recognizing this evolving landscape, SEBI has taken proactive steps to strengthen the cybersecurity framework across SEBI regulated entities (REs).

9.1.1 Cyber security and cyber resilience framework

Technology has rapidly evolved over the last few years and has created a world where data is constantly flowing across systems, devices and networks. This inter-connectedness, while enhancing connectivity and efficiency, has also expanded the cyber threat landscape. To tackle the risk, SEBI had published a consultation paper in July 2023, on consolidated 'Cybersecurity and Cyber Resilience Framework' (CSCRF) for REs. Subsequently, a circular was issued by SEBI on CSCRF for its REs on August 20, 2024. The framework has five cyber resiliency goals adopted from CERT-In Cyber Crisis Management Plan (CCMP) for countering cyber-attacks and cyber terrorism. Further, cyber resiliency goals have been mapped with cybersecurity functions: Identify, Protect, Detect, Respond and Recover.

		Cyber Resilience Goal: EVOLVE					
Cyber Resilience Goal		ANTICIPATE				WITHSTAND & CONTAIN	RECOVER
Cybersecurity Function		GOVERNANCE	IDENTIFY	PROTECT	DETECT	RESPOND	RECOVER
		Establish and monitor the RE's cybersecurity risk management strategy, expectations and policy with appropriate roles and responsibilities.	RE's data, personnel, devices, systems and facilities are identified and managed as per organization's risk strategy	Safeguards to ensure RE's cyber resiliency are put in place to forestall compromises of mission/business functions from adversary attacks	Identify and analyze possible cybersecurity attacks and compromises	Targeted actions, processes and procedures are executed with respect to a detected cybersecurity incident	Restore systems and Services that were impacted by a cybersecurity incident
		Organizational Context Roles, Responsibilities and Authorities Policy Oversight Risk Management Cyber Security Supply Chain Risk Management	Asset Management Risk Assessment	Identify Management, Authentication and Access Control Awareness and Training Data Security Information Protection Processes and Procedures Maintenance	Security Continuous Monitoring Detection Process	Incident Management Incident Response Reporting and Communication Incident Analysis Improvements	Incident Recovery Plan Execution Incident Recovery Incident Recovery Communication Improvements

CSCRF provides a common structure for multiple approaches to cybersecurity and cyber resilience. Further, as opposed to a one-size-fits-all approach, CSCRF introduced a graded approach and classified the REs in five categories based on their span of operations

and thresholds like number of clients, trade volume, asset under management etc. **Table 9.1** provides details on the applicability of key CSCRF provisions and their applicability on various categories.

Table 9.1: Applicability of Key CSCRF Requirements for REs

Major CSCRF Requirements	REs categories	MIs	Qualified REs	Mid-Size REs	Small-Size REs	Self-Certification REs
Awareness and Training		✓	✓	✓	✓	✓
Identification and Classification of Critical Assets		✓	✓	✓	✓	✓
Effective Access Controls		✓	✓	✓	✓	✓
IT Committee		✓	✓	✓	x	x
Threat-based Risk Assessment		✓ (Half-yearly)	✓ (Annually)	✓ (Annually)	x	x
Cyber Capability Index (CCI)		✓ (half-yearly third-party assessment)		x	x	x
Red-Teaming		✓		x	x	x
Threat Hunting		✓		x	x	x
Onboarding to CERT-In National Cyber Coordination Centre (NCCC)		✓	x	x	x	x
Secure Domain Controller		✓	x	x	x	x

This framework provides a structured methodology to implement diverse solutions for cybersecurity and cyber resiliency. Key benefits of adopting CSCRF are:

- i. Harmonization of cybersecurity practices across all REs and elimination of overlapping or inconsistent requirements.
- ii. Standardization of security controls, standards and guidelines for all REs.

To sensitize the REs about the framework, SEBI had conducted six webinars on CSCRF during 2024-25, of which five were held in collaboration with National Institute of Securities Markets (NISM).

9.1.2 Market security operations centre implementation

As per CSCRF mandate, BSE and NSE established Market Security Operation Centre (M-SOC), especially for small and self-certifying category of securities market REs. This has empowered small and self-certified REs to respond to cyber threats more effectively, minimizing potential disruptions to market operations while protecting organizational assets and maintaining customer trust. M-SOC is operational and on-boarding of REs is in progress. The key functions performed by

M-SOC are as follows:

- i. 24x7 continuous monitoring of RE endpoint and network security logs.
- ii. Collecting, maintaining and reviewing security logs of all end-points and network activities. M-SOC provides online log retention for six months and offline for 18 months.
- iii. Alerting the REs about known threats in RE on-boarded systems through threat intelligence from multiple sources including CERT-In and National Critical Information Infrastructure Protection Centre (NCIIPC).
- iv. Guiding the REs in incident management.
- v. The on-boarded REs are deemed compliant to the CSCRF requirement of functional efficacy of SOC. Respective exchanges are required to submit compliance of functional efficacy of M-SOC to SEBI.

Box 9.1: Market Security Operation Centre: A Cost Effective Approach for Enhancing Ease of Compliance

To maintain a proactive and robust security posture for an organization, it is essential to have a Security Operations Centre (SOC) that monitors, detects, analyses and responds to cybersecurity threats. SOC serves as a central location for cybersecurity operations, bringing together a gamut of SOC professionals and technologies. Cybersecurity and cyber resilience framework for SEBI REs mandates that all REs are required to establish appropriate security monitoring mechanisms through SOC. The on-boarding of SOC can be done through RE's own/group SOC or market SOC or any other third-party managed SOC for continuous monitoring of security events and timely detection of anomalous activities.

It may be onerous for smaller REs to establish and maintain their own SOC, as it necessitates technical expertise in SOC, human resources, investment, retention of SOC resources etc. Therefore, CSCRF has mandated BSE and NSE to setup market SOC (M-SOC), i.e., a centralized SOC for the REs. The objective of this initiative is to provide SOC benefits to all such categories of REs. Hence, small and self-certified REs have been mandated to on-board M-SOC. When mid-size, small-size and self-certified REs are on-boarded on market SOC, they will receive specific exemptions from CSCRF provisions. Additionally, BSE and NSE are mandated to provide compliance with the submission of report on functional efficacy of M-SOC on behalf of all such on-boarded REs.

Since M-SOC serves as the securities market's central SOC, it can help coordinate efforts among various REs to address market-wide cyber security threats and strengthen market-wide preparedness against cyberattacks. M-SOC offers continuous monitoring, threat detection and round-the-clock oversight of REs systems, network and data. It also timely detects potential threats before they escalate. As a result, M-SOC initiative of SEBI helps in reduction in cost and ease of compliance for REs.

9.1.3 Special purpose comprehensive validation audit

To analyse cyber hygiene, cybersecurity posture and resilience of the securities market, SEBI initiated a special purpose comprehensive validation audit of market infrastructure

institutions (MIIs) and systemically important REs by examining Cyber Audits, Vulnerability Assessment and Penetration Testing (VAPT) and Cyber Capability Index during 2024-25. These audits are intended to refine and improve the audit process by validating the collected artefacts that substantiate the audit

observations. SEBI identified CERT-In empanelled information security auditing organizations to conduct Special Purpose Comprehensive Validation Audit of cybersecurity controls on the MIIIs. In 2025-26, the scope of these audits will be extended to include REs such as KYC registration agencies (KRAs), qualified registrar and transfer agents (QRTAs), asset management companies (AMCs) and stock brokers.

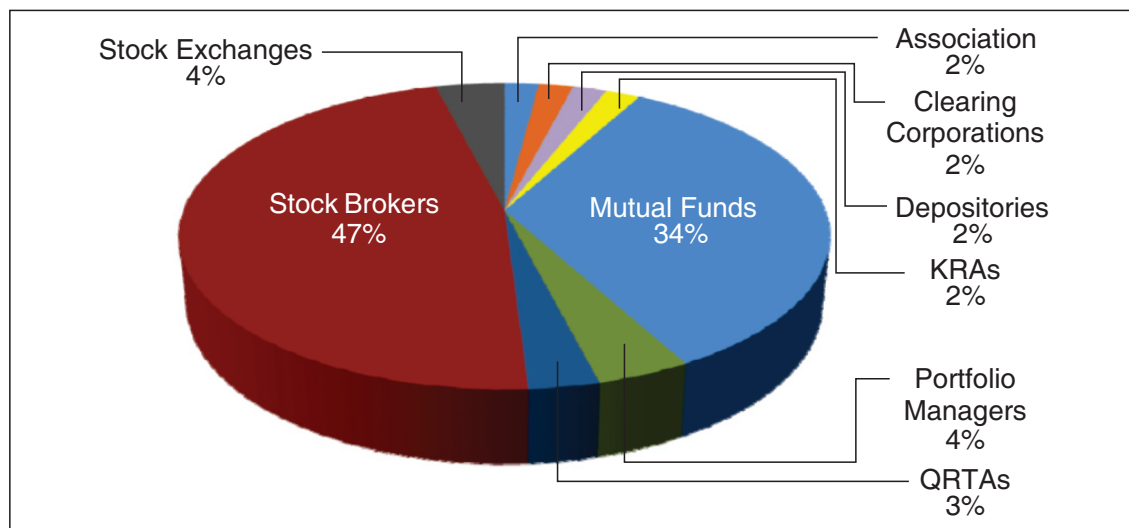
9.1.4 Table top exercise for REs

SEBI conducts cyber security Table Top exercises (TTX) on a quarterly basis in coordination with CERT-In, under the guidance of a High Powered Steering Committee on Cyber Security (HPSC-CS). The purpose is to assess state-of-readiness of REs with respect to

cyber incident response and recovery plans and enhance the cybersecurity awareness among them. TTX is a confidence building and learning exercise which is based on ongoing cyber security attacks/hypothetical crisis scenarios that resemble real life cyber security crisis situations. It tests the participants' response to cybersecurity incidents and reveals valuable insights regarding their preparedness.

In 2024-25, four TTX were conducted, wherein, 129 REs including all recognised stock exchanges, both depositories, three clearing corporations, three KRAs, four QRTAs, 43 AMCs, 61 stock brokers, five portfolio managers (PMs) and three associations participated. The 235 participants from the REs included top management, CISOs/CTOs, analysts, senior technical resources and their compliance officers.

Chart 9.1: Participation of REs in TTX



TTX exercises emphasized on importance of having appropriate policies, playbooks, incidence response plan, crisis management plan and coordination with relevant government agencies. Discussions with participants highlighted that in addition to the chief information security officer, the Board members should also have visibility of the cybersecurity posture of the organisation. It is expected that, insights thus gained will assist organization's

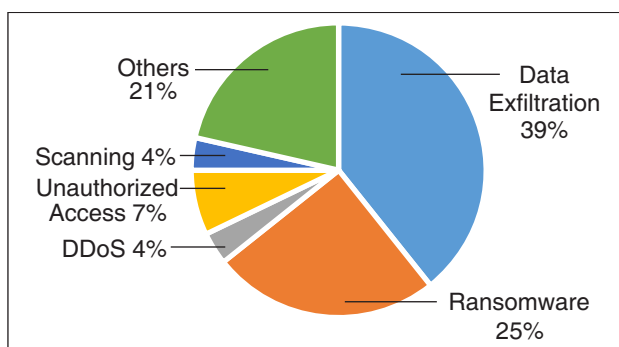
strategic decisions, oversight and resource allocation to strengthen their cyber resiliency. TTX also provided an excellent opportunity for participants to self-assess their cybersecurity preparedness.

9.1.5 Analysis of cyber incidents at REs

SEBI has instituted a robust cyber incident reporting mechanism ensuring that cyber

incidents in the securities market are reported to SEBI in a timely manner and are actively monitored until closure. Depending on severity of an incident, certain incidents are put forth before the HPSC-CS of SEBI for guidance and recommendations to strengthen cybersecurity and cyber resilience. Root cause analysis (RCA) submitted by the RE is minutely analysed and cyber-incidents due to non-compliances are highlighted and necessary actions are initiated. The cyber incidents at REs are reported through the cyber incidents reporting portal of SEBI. During 2024-25, 28 cyber incidents were reported to SEBI, of which incidents related to data exfiltration and ransomware constitute the major part.

Chart 9.2: Type of Cyber Incidents Reported to SEBI during 2024-25



9.1.6 Cyber Swachhta Kendra

To proactively mitigate cyber incidents in securities market, SEBI on-boarded itself and its REs to the Cyber Swachhta Kendra (CSK). CSK is a part of Government of India's Digital India initiatives under the MeitY, operated by CERT-In. CSK is a botnet cleaning and malware analysis centre, which regularly monitors perimeter of the information technology (IT) infrastructure of REs for presence of botnets and malwares. Upon detection of any such threat, it is immediately notified to the on-boarded entities, enabling quick cleaning and securing the systems of end users to prevent further infections. As of 2024-25, 160

REs had been on-boarded onto the CSK. During 2024-25, 671 issues were reported in respect of REs by CERT-In CSK, which were addressed and duly closed.

9.1.7 Inspection of SEBI intermediaries

Inspections of IT systems of MIs are conducted annually to ensure compliance with the directions, guidelines, circulars and instructions issued by SEBI from time to time. This includes the coverage of the IT systems comprising systems audit, cyber security audits, system and network audits, VAPT, business continuity plan (BCP), disaster recovery (DR), asset inventory, access management, applications etc. Apart from compliance assessment, IT inspection focusses on gap analysis, risk mitigation, IT security, accountability, transparency and operational efficiency of the entity. The inspections are conducted using a combination of document reviews submitted by the MIs, face-to-face discussions/meetings, on-site visits, documentary evidences including pre-inspection questionnaire document, policy documents and audit and assessment reports. An inspection report including any gap/non-compliance/violation observed during inspection period is communicated to respective MIs and appropriate regulatory actions are taken based on the nature/criticality of the observations. During 2024-25, SEBI conducted annual IT inspections of 11 MIs.

9.1.8 Collaborative work in association with exchanges

To mitigate vendor concentration risk posed to cybersecurity, SEBI collaborated with the MIs for streamlining their product empanelment. In this regard, MIs formulated standard operating procedure (SOP) for product empanelment outlining baseline requirements such as security patch levels for the operating system, databases, network devices, mobile devices etc. SEBI also directed stock exchanges to incorporate

CERT-In mandate with respect to Software Bill of Materials (SBOM) in the SoP. SBOM enables identification of possible vulnerabilities in the applications/software solutions.

9.2 TECHNOLOGY IN SECURITIES MARKET ECOSYSTEM

9.2.1 Offsite inspections of mutual funds and portfolio managers

Leveraging technology in its supervisory process has been one of the SEBI's thrust areas in recent years. Towards this endeavour, offsite inspections are conducted through the use of algorithm-based alert monitoring system, based on various quantitative regulatory requirements for alert generation. The project is deployed in SEBI's Data Warehouse and Business Intelligence System (DWBIS). The alert based offsite inspection system enabled SEBI in transition from sample-based supervision of selected entities to supervision of all mutual funds and portfolio managers. The offsite inspection process necessitates submission of standardized data from market participants. Centralizing and integrating data from various sources like asset management companies, registrar and share transfer agents, valuation agencies, index providers, custodians of securities etc., has facilitated validation of data, thereby providing a holistic view of their market activities and risks. In 2024-25, to expand the system further, more alerts were developed and a portal was developed for digitisation of documentary submissions to automate all major regulatory compliances, which are checked through physical inspections.

9.2.2 Surveillance technology

SEBI had set up a surveillance lab in 2023-24 with cutting-edge technologies in the form of various tools to enhance its surveillance and investigative capabilities. During 2024-25, SEBI incorporated multiple new data sources and

new data analytics tools in the lab. These tools have significantly streamlined data analysis, reduced time and person-hours and have improved accuracy in identifying connections among entities involved in violation of securities market laws. SEBI also demonstrated tools and technologies deployed in the lab to other enforcement agencies and securities market regulators internationally to foster knowledge sharing and closer co-operation.

9.2.3 Business continuity

SEBI stipulated a framework for business continuity for interoperable segments of stock exchanges. To ensure continuity, the said framework, inter-alia, covers availability of identical or correlated trading products on another trading venue, creation of reserve contracts for scrips and single stock derivatives not traded on their exchange for invocation at the time of outage on the other exchange. This provides an alternative trading venue to end investors in case of outage of a trading venue.

9.2.4 Real time performance monitoring framework of MIs

SEBI stipulated a revised framework for capacity planning and real time performance monitoring framework of IT systems of MIs (except commodity derivative segment). The said framework, inter-alia, covers formulating proactive capacity planning methodology (taking into account trend analysis of system utilization, historical volume, maximum allowed volume to all members/participants taken together such as number of orders/messages per second, projection of customer growth/transaction volume, system performance issues, implication of any new business initiatives, possible surge in transaction volume etc.), ensuring adequate system capacity, stress testing on a quarterly basis to identify the impact on throughput/performance/latency metrics and ensuring horizontal and vertical scalability of applications etc.

9.2.5 Development of iSPOT for reporting of technical glitches

SEBI mandated all MIs to submit preliminary and final RCA reports of technical glitches via Integrated SEBI Portal for Technical glitches (iSPOT). This has improved data quality, traceability of historical submissions of technical glitches at the end of SEBI and MIs, system generated reports for monitoring of various compliance requirements in a more focused manner and automated intimation to MIs for submission of RCA report within SEBI defined timelines pursuant to submission of preliminary report by concerned MI.

9.2.6 Modifications in guidelines for business continuity of MIs

SEBI modified guidelines for business continuity planning (BCP) and disaster recovery (DR) of MIs, mandating them to ensure that Recovery Point Objective (RPO) - the maximum tolerable period for which data might be lost due to any major incident, shall be near zero. MIs are required to have a documented methodology for data reconciliation, while resuming operations from DR Site or any other site as applicable. Further, considering the high traded volume, all stock exchanges were mandated to have a near site to ensure near zero data loss (instead of zero data loss).

9.3 TECHNOLOGY IN SEBI

9.3.1 AI based conversational platform

SEBI launched an Artificial Intelligence (AI) based conversation platform (chatbot) named SEVA (SEBI's Virtual Assistant), that helps investors to learn about Indian securities market. It uses technologies like artificial intelligence (AI), machine learning (ML), natural language processing (NLP) and large language model (LLM) for generative content and context based auto-suggestion. SEVA is trained to

answer questions related to general information on securities market, latest master circulars, grievance redressal process etc. and has features like citations for generated response, speech-to-text and text-to-speech functionality for accessibility, follow-up questions etc. The chatbot is currently available on SEBI's investor website and SAARTHI mobile app.

9.3.2 SEBI's intelligent Gen-AI tool for multi-faceted analytics (SIGMA)

In 2024-25, SEBI designed and developed a powerful and versatile Generative AI (GenAI) tool in-house to enhance productivity and assist officers in a wide range of tasks, including:

- i. Content creation: Generating ideas, writing emails and creating office note contents.
- ii. Document analysis: Summarizing and analysing text documents such as PDFs.
- iii. Bulk Summarizer: Useful in scenarios such as having long list of complaint texts, pre-bid queries and textual data.

The tool has been built with data privacy at its core and uses various open-source LLM models with pre-trained data. The tool has a fluent user interface which allows users to interact with GenAI in a conversational manner, upload a document and analyse it using a question-answer approach and summarize bulk data from spreadsheets with a common prompt. The tool is being used within SEBI for processing of private placement memorandum (PPM) and analysis of bulk email dump for identifying implicit approvals.

9.3.3 Code-a-thon

To foster innovation among its workforce, SEBI conducted an in-house competition named 'Micro Innovations Code-a-thon'. Code-a-thon provided an opportunity for technology enthusiasts in SEBI to showcase their technical prowess and creativity in building tech-based solutions for various problems faced by them in their day-to-day work. It consisted

of 2 stages – Stage I - idea presentation and Stage II - development of working prototype and its demonstration.

9.3.4 E-Services portal

In order to accelerate the pace of software development, SEBI has procured a low code software development platform. Using the features and capabilities of the platform, a portal providing a wide gamut of applications/services has been developed. Some of the applications hosted on the E-Services portal are as follows:

- i. SEBI e-drive: Enables secure file sharing with external entities using workflows and audit logs.
- ii. Payment module: Facilitates submission of various types of payments by intermediaries, which is forwarded to ERP for further processing.
- iii. SCN delivery tracker: Tracks delivery of show cause notices/orders through MIs.
- iv. SUPCOMS: Initiates supervisory communications as a regulator with registered Intermediaries.
- v. CFID digital library: Serves as an institutional memory for the Corporate Finance Investigation Department.
- vi. LAD reference: Stores details of all opinions/guidance shared by the Legal Affairs Department which can be referred in subsequent requests.

9.3.5 SEBI analytics portal

During the year, SEBI analytics portal was developed in-house to cater to the complex analytical needs for surveillance and investigation. The analytics portal is built on scalable micro services based architecture. The analytics portal consists of applications viz., automation module (InfoMerge) for investigation, front running graph visualization and reports, alert allocation and processing of front running and WGL alerts, price movement around corporate announcement, price volume

(PV) analysis with PV Chart, integrated trading reports across cash and derivatives and centralized repository for RTI, PQ, annual reports, board notes and CAG queries/responses.

9.3.6 InfoMerge: SEBI's investigation tool

An in-house application in analytics portal, called InfoMerge, was developed to streamline and automate the processing of cases in Investigation Department. The automation of case processing is carried out in three phases. In Phase I, process of obtaining data for preliminary analysis for alleged PIT and PFUTP violations are automated. The application fetches KYC details of suspects/insiders from SEBI's data warehouse system and identifies entities connected to the suspect/insiders using internal connection database. The remaining preliminary data such as trade details, call data records, bank statements etc. are obtained from various sources using automated emails through InfoMerge application. The system can also send email reminders to source, in case of non-receipt of any response. By automating the data collection mechanism, the system has enhanced the speed of the investigation process. While Phase I has been implemented, Phase II and III would be rolled out in 2025-26.

9.3.7 Enterprise network

SEBI undertook the revamp of existing Multi-Protocol Label Switching (MPLS) connectivity between the Head Office (HO) and Regional/Local Offices (RO/LOs) and augmented the Internet Leased Line (ILL) during 2024-25. As part of this exercise, bandwidths of MPLS and ILL links were enhanced by almost 200 per cent, which enabled congestion-free data flow over the intra-office network as well as internet traffic. The new connectivity follows an active-active methodology which allows data to flow simultaneously over both primary

and secondary links, providing redundancy in case of any equipment or link failure.

9.3.8 Capacity augmentation of SEBI private cloud

SEBI carried out the in-box upgrade of storage and memory of servers in SEBI Private Cloud Infrastructure (SPCI) during the year to cater to the compute requirements of the newly proposed/existing projects. Pursuant to the augmentation, total memory available in SPCI has doubled.

9.3.9 E-adjudication portal

To digitize and streamline adjudication process, a new e-adjudication portal was introduced. The portal consists of six modules, viz., 'SCN module', allows the dealing officer to upload show cause notice (SCN) for noticee to download; 'Reply module' enables the noticee to submit their response to SCN; 'Request module' allows noticee to raise requests for cross-examination, document inspection or time extensions; 'Hearing module' facilitates sharing of hearing notices, scheduling web meetings and providing access to meeting recordings and transcripts; 'Post-hearing submission module' enables noticee to submit further replies after hearing and 'Order module' provides easy access to final orders on the portal.

9.3.10 Data upload and reports generation for offsite surveillance of portfolio managers

A new functionality was introduced for intermediaries for uploading portfolio managers offsite surveillance reports on the SEBI intermediary (SI) portal to enhance user experience. 'NIL' submission feature allowed users to easily report cases with no data. Reporting process was further improved by introducing a group report upload feature, which significantly reduced erroneous filings by PMs.

Additionally, a canned report was developed as a single source of information, providing submission statuses for multiple PMs and mutual fund reports and automatically sending email notifications to the concerned departments.

9.3.11 Upgrade of collaboration suite

The SHARE portal's collaboration suite was upgraded and new range of features were added to enhance user experience and streamline teamwork. Key additions include real-time file sharing with version control, tools for organizing and reusing project activities and social features like blogs, forums and communities for ideas exchange. The upgrade also includes a reimagined intuitive user interface, making it easier for teams to manage tasks, share information and work together efficiently.

9.3.12 Document number verification system

In line with SEBI's commitment to public interest and transparency, the Document Number Verification System (SEBI-DNVS) has been introduced to ensure the verifiability of all documents issued by SEBI. This new functionality requires that all physical communications, such as letters, notices, show-cause notices, and summons include a unique outward number. Recipients or their representatives can verify the authenticity of these communications by entering the outward number and other details, after authenticating via an OTP sent to the recipient's mobile number. This system ensures the integrity of SEBI communications.

9.3.13 Launch of vigilance module

Vigilance module has been developed on SEBI website providing public access to chief vigilance officer (CVO) details. Vigilance module organizes Chief Vigilance Commission (CVC) & SEBI's vigilance initiative under one roof and

also enables ease of access to complaint system like SEBI vigilance complaint system, CVC integrity pledge website and CVC complaint management system. It also hosts various documents related to messages from highest offices of Govt, CVC booklets, important circulars/policies/manuals, Public Interest Disclosure and Protection of Informers (PIDPI) awareness content etc. Link to vigilance module is prominently displayed in navigation bar of SEBI website reaffirming SEBI's strong commitment to integrity.

9.3.14 SAP enterprise resource planning (ERP)

During 2024-25, major process automation and enhancements undertaken in SEBI's SAP ERP system were:

- i. New digitalization initiatives in human resource applications such as employee exit module (for online resignation or voluntary retirement), extension of employee transfer module to allow staff members eligible for transfer to provide their preference, prior intimation & prior approval of acquisition or disposal of property.
- ii. Overhaul of behavioural based performance assessment of Annual Performance Appraisal Report (APAR) module to process evaluation based on objective review parameters.
- iii. Digitalization initiatives in establishment applications, such as provident fund withdrawal module and auto generated email to employees for their unclaimed staff entitlements.
- iv. Creation of system for establishment processes and continuous changes in existing claims modules and interfaces due to revision with respect to SEBI circulars, automatic computation of claim and arrear entitlement vis-a-vis applicable scenarios.
- v. Creation of standard operating procedures for streamlining of payroll process

and implementation of functionality for changing loan tenure with respect to SEBI circulars.

- vi. Digitalization initiatives in treasury & accounts applications, such as budget portal which marked a significant step towards handling budget requirement of all departments online.

9.3.15 Ease of doing business

To enhance operational efficiency and user convenience, SEBI undertook several digital initiatives in 2024-25:

A. RA single login functionality

Subsequent to the recognition of BSE Administration and Supervision Limited (BASL) for administration and supervision of research analysts (RAs), a single login functionality was introduced in SI Portal for BSE. This enabled BSE to access RAs information, allowing it to manage the registration, post registration and renewal activities of various RAs. In addition, BASL was enabled to generate Management Information Systems (MIS) reports for specific RAs easily under one login.

B. DigiLocker

SEBI has integrated its SI Portal with DigiLocker enabling sharing of e-documents as part of the registration process. This has enabled the intermediaries to share their documents (such as PAN Card) from their DigiLocker account to SEBI while filling the registration application. Presently, this functionality is enabled for merchant bankers (MB) and bankers to an issue (BTI).

C. Post-listing compliance monitoring system for REITs and InvITs

New modules were added to SI Portal for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts

(InvITs) during 2024-25. These modules facilitated REITs and InvITs in periodic submissions related to their quarterly compliance. Based on the data uploaded by these intermediaries, alert reports are auto-generated on the SHARE Portal of SEBI to ensure effective compliance monitoring.

D. Development of ticker system for tracing overseas investment of alternative investment funds

A ticker system was developed in SI Portal to track overseas investments made by alternative investment funds (AIFs) and venture capital funds (VCFs). It efficiently monitors utilization of overseas investment limits, displaying both the used and available limits at the user and checker levels. Additionally, it maintains an audit trail of all application status viz. approved, rejected etc. and updates the ticker in real time accordingly.

9.3.16 Other internal tools

In 2024-25, digitization of SEBI Board meeting agenda sharing mechanism was completed under the project SEBI SAMVAD. Further, to boost Rajbhasha policy adoption and Hindi usage, three projects were implemented, namely, Kanthasth (Hindi translation tool), Lipyantran (Hindi transliteration tool) and Shrutiekhan (text-to-speech and speech-to-text tool).

9.4 FINTECH AND REGTECH

9.4.1 IOSCO's Fintech task force

SEBI is a member of IOSCO's Fintech Task Force (FTF). FTF has a mandate to develop, oversee, deliver and implement IOSCO's regulatory agenda with respect to fintech and crypto-assets. There are currently three working groups of FTF, working on crypto

and digital assets, AI and tokenization. Key activities undertaken during the year included:

- i. Publication of a report, detailing current and near-term use cases that incorporate emerging AI technologies, as well as issues, risks and challenges emanating from such use.
- ii. Implementation and monitoring of IOSCO's policy recommendations for Crypto and Digital Asset (CDA) markets.
- iii. Assessing the current level of tokenization adoption globally and to identify whether IOSCO's policy recommendations on CDA and decentralized finance (DeFi) are adequate to mitigate any risks arising out of tokenization in capital markets.

9.4.2 Regulatory compliance management information system

The Regulatory Compliance Management Information System (RCMIS) project has been implemented to digitize the process of monitoring compliances of rules and regulations applicable to SEBI. RCIMS provides the following functionalities - identification of all compliances applicable to SEBI and their registry; tasks assignment to owners and approvers; maker-checker on compliance submission; dashboard and reporting; electronic compliance certificate generation; ease of tracking and monitoring of applicable compliances and alerts, reminders and updates.

9.4.3 Innovation sandbox

SEBI operationalized an innovation sandbox to facilitate development and adoption of innovative fintech solutions in securities market. Under innovation sandbox, stock exchanges, depositories and QRTAs provide access to market related data and test environments to applicants to test their solutions offline before introduction of such solutions in a live environment. During 2024-25, two applications were inducted in the innovation sandbox.

9.5 OTHER DEVELOPMENTS

9.5.1 Security operations centre at SEBI

During 2024-25, annual maintenance contract for security operations centre (SOC) was renewed for a period of two years starting from March 01, 2025 through open tender process. Current SOC technology landscape at SEBI as per cybersecurity framework is categorized as below:

Sr. No	Cyber security Framework	SOC Technologies/Services
1	Identify	ITSM (Asset onboarding and ticketing tool), Firewall Analyzer, Anti-Malware Services, Brand Monitoring and Anti Phishing Services, Threat Intelligence Services, Threat Hunting Services, Forensic Services.
2	Protect	DDOS, NGIPS, WAF, PIM, DAM, DNS Security, DLP, EPP, Email Gateway, Proxy, Sandboxing, Anti-Apt, MTP, Data Classification
3	Detect	SIEM, NMS, PCAP, ETM, Decoy and Honeypot
4	Respond	EDR, SOAR
5	Recover	DC-DR Drill
6	Govern	Reporting and Dashboards

9.5.2 Development of SOC dashboards

To enhance visibility and observability of SOC, SEBI developed comprehensive dashboards that aggregates and visualizes data from multiple cybersecurity technologies. The dashboard provides a unified view of IT assets and threat landscape, supporting monitoring

and anomaly detection. The dashboard is structured in alignment with cybersecurity framework. By integrating data across these functions and presenting it in intuitive visual formats – such as time series charts and trend graphs, the dashboard enhances monitoring of security controls, thereby, supporting informed decision-making.

9.5.3 Threat hunting

To proactively detect and mitigate security threats within SEBI's network, SEBI conducts quarterly threat hunting exercises. The quarterly threat hunting reports for the year 2023-24 were presented to Information Systems Security Committee (ISSC) of SEBI and based on committee's recommendation, IoCs (Indicator of Compromise) based threat hunting process were automated.

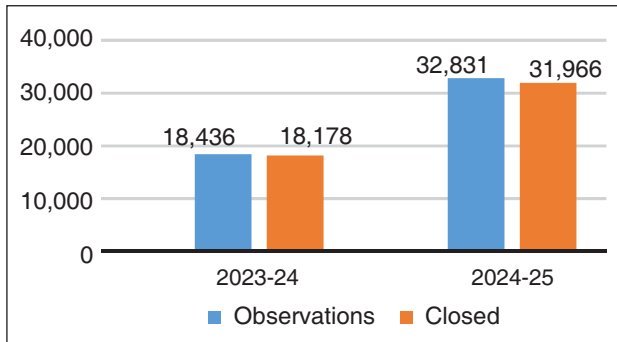
9.5.4 Threat intelligence

During the year, SEBI received a total of 1,620 threat intel advisories from CERT-In and NCIIIPC. Appropriate actions were taken against these advisories.

9.5.5 VAPT at SEBI

SEBI conducts annual VAPT of its IT systems. For the consecutive second year, SEBI was able to achieve more than 97 per cent VAPT observation closure spanning across its vivid landscape of systems that consists of desktops, standalone blade servers, hypervisor based systems hosting multiple virtual machines along with dedicated network and security equipment. There was nearly 80 per cent rise in VAPT observations for 2024-25, compared to the previous year.

Chart 9.3: VAPT at SEBI



9.5.6 IT Systems audit and cybersecurity audit

System and cybersecurity audits identify effectiveness of internal controls, ensuring compliance with the organisation’s IT and cybersecurity policies and improve overall organizational performance. SEBI successfully completed its IT systems audit and cybersecurity audit for 2024-25. The

observations identified in both the audits are in process of closure in a time bound manner.

9.5.7 ISO 27001: 2022 certification for SEBI-surveillance audit

SEBI successfully acquired certification under ISO 27001:2022 standard on March 26, 2024, with a validity of three years. This certification marked establishment of a standardized Information Security Management System (ISMS) for SEBI's IT Systems. After the award of certification, the ISMS needs to be operated and maintained in strict compliance to ISO 27001:2022 standard. The effectiveness of the ISMS was subjected to the first annual surveillance audit in March 2025 and auditors recommended for continuation of ISO 27001:2022 certification of SEBI ISMS. It not only reinforces SEBI's commitment to information security management, but also demonstrates its alignment with globally accepted standards.

Chapter 10: REGULATORY ACTION, SUPERVISION AND ENFORCEMENT

Maintaining the integrity and stability of the securities market is central to SEBI's mandate. This is achieved through a calibrated mix of regulatory vigilance, supervisory oversight and timely enforcement. SEBI continually refines its regulatory architecture to remain aligned with the shifting contours of market behavior and innovation. As market structures evolve, driven by technological advancement, increased retail participation and the growing complexity of financial instruments, the need for dynamic and responsive regulation becomes paramount. SEBI undertakes comprehensive inspections of regulated entities to assess their compliance with regulatory standards. Investigations are conducted to detect violations of securities laws and potential corporate misconduct. Based on the findings, enforcement measures are initiated to address infractions - ranging from cautionary advisories to monetary sanctions and where warranted, market access restrictions. This chapter outlines the various supervisory and enforcement measures undertaken by SEBI during 2024-25, underscoring its proactive role in strengthening market discipline and safeguarding investor interests.

10.1 MANNER OF OVERSEEING MARKETS

10.1.1 Surveillance

The role of surveillance has become increasingly critical in ensuring the integrity and stability of the securities market, particularly in light of the substantial rise in trading activity in recent years.

Factors such as growing direct retail participation, rising share of derivatives segment and the adoption of complex trading strategies by market participants have further heightened the need for enhanced oversight. Stock exchanges perform real-time surveillance of market segments to identify irregularities. Complementing these efforts, SEBI has a robust in-house surveillance infrastructure, capable of monitoring activities across equity, equity derivatives and commodity derivatives segments. This system is designed to detect market abuse, including emerging and sophisticated manipulative practices. Together, these mechanisms form a comprehensive framework to safeguard market integrity.

A. Major surveillance measures during 2024-25

i. Rationalisation of the scope of 'connected person' and 'immediate relative'

It was observed that certain categories of persons, who are not deemed to be connected persons as per existing regulations, would be in a position to have access to unpublished price sensitive information (UPSI), by virtue of their proximity and close relationship with 'connected persons' and hence, can indulge in insider trading and present enforcement challenges. To address this, following amendments were made in the SEBI (Prohibition

of Insider Trading) Regulations (PIT Regulations):

- a. Rationalize the scope of the expression “connected person”;
- b. Introducing the definition of “relative” as new regulation and consequently do away with the “Note” from the existing definition of “immediate relative”. The definition of relative was introduced only for the limited purpose of establishing insider trading during the course of investigation and no additional requirements of disclosures are prescribed.

These amendments aim to bring such categories of persons within the ambit of ‘deemed connected persons’, while not increasing compliance requirements on such persons.

ii. Review of definition of UPSI

A study was conducted by SEBI along with stock exchanges, after the removal of the expression, “*material events in accordance with the listing agreement*” from the definition of UPSI in the PIT Regulations in 2018. The study revealed that companies were by and large, categorizing only the events explicitly mentioned in the PIT Regulations as UPSI. Hence, it was felt that there exists a need to review the definition of UPSI by aligning it with events from Para A and Para B of Part A of Schedule III as enumerated under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR Regulations), 2015. Accordingly, the following amendments were made in the Regulation 2(1)(n) of the SEBI PIT Regulations, 2015:

- a. Additional events have been included in the existing illustrative list of items under the definition of UPSI under regulation 2(1)(n) of SEBI PIT Regulations, 2015, thereby broadening the scope of information considered price-sensitive.
- b. For identification of events as UPSI, threshold limits as prescribed for events from Para B of Part A of Schedule III of SEBI (LODR) Regulations, 2015 have been made applicable, to enhance ease of doing business for listed companies.

These amendments aim at reducing subjectivity in determining what constitutes UPSI, discouraging selective disclosures, preventing trading based on unequal access to information, bringing regulatory clarity, certainty and uniformity in compliance for the listed companies. These amendments were notified in official gazette on March 11, 2025, and will come into force 90 days from the notification.

iii. Financial disincentive for surveillance lapses

There may be certain surveillance related lapses, which largely indicate the inefficiency of the market infrastructure institutions (MIIs) and may be arising out of the inadequate resources of the surveillance function and/or training and/or focus of senior management. Initiating any enforcement action and quasi-judicial proceedings for such lapses may not be warranted and if initiated, would be time consuming and resource intensive. Further, such actions

would clog the system and divert the efforts of SEBI from pursuing matters that are more impactful. Hence, a framework was implemented to deal with such lapses by taking timely administrative action in the form of financial disincentives, applicable to such surveillance related lapses at MIs, that do not involve any subjective discretionary deviations or discretionary value judgments and that emanate from:

- a. Non-adherence to the requisite surveillance activities, or
- b. Any lapse observed in implementation of decisions taken in the surveillance meetings held with SEBI.

The financial disincentive amount as per the framework would be credited by MIs to Investor protection and education fund (IPEF) maintained by SEBI. In this regard, the framework of financial disincentives was made applicable by SEBI from July 01, 2024.

iv. Implementation of long term additional surveillance measures

In continuation to various surveillance measures already implemented, such as, graded surveillance measure (GSM), additional surveillance measure (ASM), reduction in price bands, periodic call auction and transfer of securities to trade for trade segment etc., the long term ASM framework was extended to derivative stocks.

v. Review of enhanced surveillance measures

The enhanced surveillance measures (ESM) framework introduced in 2023,

was further reviewed in 2024 and was extended to main board companies with market capitalization of less than ₹1,000 crore.

vi. Extending ESM to SME segment

In 2023-24, in order to address potential surveillance concerns in the small and medium enterprises (SMEs), surveillance measures such as short term ASM, GSM and trade for trade (TFT) frameworks were extended to SME segment. Subsequently, in 2024-25, ESM framework was also extended to stocks listed on SME segment with market capitalization of less than ₹1,000 crore.

vii. Introduction of surveillance measures on PSU stocks

The surveillance measures viz. GSM, ASM and ESM, which were mandated to check the abnormal rise in the price of securities and curb price manipulation, were not applicable to public sector undertakings (PSU) stocks. However, considering the price movement in PSU stocks and exemptions granted to these stocks under major surveillance frameworks, the existing surveillance measures applicable on main board and SME segment stocks were extended to PSU stocks as well.

viii. Display of alert messages

In order to increase awareness and caution investors while dealing in stocks, stock exchanges in consultation with SEBI have mandated trading members to *inter-alia* display cautionary/alert

messages, as applicable, on their trading terminals at the time of order entry by investors. In this regard, six indicative parameters for showing alert messages were implemented in 2023-24. During 2024-25, to further caution investors, with respect to stocks with high price volatility, display of certain additional category of alert messages was mandated by the exchanges for stocks listed on main board. Further, display of alert messages was also mandated for SME stocks.

B. Surveillance index

The Surveillance index score arrived on the basis of specified parameters is intended to provide guidance to the Boards of MIIs to act as a performance benchmark to assess effectiveness of the surveillance function of the MIIs and to initiate measures for strengthening of the same. This is envisaged to be supplementary to the

surveillance inspections of the MIIs carried out by SEBI. In this regard, the evaluation of self-assessment, as submitted by the stock exchanges (viz. BSE, NSE and MSEI) and depositories (viz. CDSL and NSDL), has been carried out by SEBI and the observations/suggestions have been communicated to these MIIs for implementation.

C. Surveillance measures

During 2024-25, at main board, 2,185 scrips were moved under ASM, whereas, 2,294 scrips were moved out of ASM. At SME platform, 555 scrips moved under ASM, while 558 scrips moved out of ASM during 2024-25. As compared to previous year, while the number of scrips moved under ASM at main board fell marginally, scrips moved under ASM at SME platform rose sharply by 56.3 per cent. The number of scrips moved under GSM, fell by 12.4 per cent in 2024-25 (**Table 10.1**).

Table 10.1: Surveillance Measures

Surveillance Measures	Main Board		SME Platform	
	2023-24	2024-25	2023-24	2024-25
Scrips Moved to ASM	2,202	2,185	355	555
Scrips Moved out of ASM	2,145	2,294	347	558
Scrips Moved to GSM	373	337	39	24
Scrips Moved out of GSM	414	360	3	27
Scrips Moved to Promoter "Encumbrance"	48	41	-	-
Scrips Moved out of Promoter "Encumbrance"	55	40	-	-
Scrips Moved to ASM Insolvency Resolution Proceedings (IBC Inclusions)	73	43	5	3
Scrips Moved out of ASM Insolvency Resolution Proceedings (IBC exclusions)	78	33	4	4

Source: BSE and NSE

10.1.2 Inspections

Inspections constitute a vital element of SEBI's supervisory framework aimed at ensuring market discipline and regulatory compliance. SEBI regularly undertakes inspections of MIIs and other regulated entities to evaluate their adherence to applicable legal and regulatory requirements. These inspections are carried out both independently by SEBI and in collaboration with MIIs, with broader goals of encouraging ethical practices, preserving market integrity and proactively identifying emerging risks.

A. Market infrastructure institutions

With the objective to have an oversight of the activities carried out by MIIs, during 2024-25, comprehensive inspections of NSE, BSE, MCX, MSEI, NCDEX, CDSL, NSDL, NCL, ICCL, NCCL and ARCL were conducted by SEBI. The objectives of such inspections were to assess their compliance with the relevant regulations/guidelines and improve the systems and procedures of the MIIs. During 2024-25, SEBI has also conducted off-site supervision by way of analysis of various automation alerts, minutes of meetings, reports, filings etc. submitted by the MIIs. Separate inspections of the surveillance functions of stock exchanges viz. NSE, BSE and MSEI and depositories viz. NSDL and CDSL were also initiated in line with the prevailing practice during 2024-25. One inspection was conducted at depositories to inspect their compliance with respect to corporate bond database. The inspections were also conducted with the objective of improvement in the surveillance systems and procedures at MIIs.

B. Brokers and depository participants

During the year, offsite inspection alerts were developed for monitoring of stock brokers, depository participants (DPs),

investment advisers and registrar and transfer agents as a part of continuous supervision. Development of SEBI e-drive for sharing of inspection data and offsite inspection alerts with stock brokers and depository participants through cloud is under process. Details of the inspections of stock brokers (including commodity derivatives brokers) and depository participants carried out during 2024-25 are given in **Table 10.2 a**.

Table 10.2 (a): Inspection of Stock Brokers and Depository Participants

Particulars	2023-24	2024-25
Stock Brokers	146	312
Stock Brokers in Debt Segment	3	15
Depository Participants	40	90

In addition to the above, the stock exchanges also carried out inspections as per SEBI directives (**Table 10.2 b**).

Table 10.2 (b): Inspections of Stock Brokers by Stock Exchanges

Particulars	BSE	NSE	MSEI	MCX	NCDEX
2023-24	700	536	11	401	75
2024-25	375	599	10	507	34

Additionally, stock brokers are required to carry out internal audit on a half-yearly basis by independent auditors. Stock exchanges levy penalties for delay in filing the internal audit reports by stock brokers.

C. Entities associated with fund management activities

SEBI follows a risk-based inspection policy for inspection of mutual funds covering various risk parameters, such as, liquidity risk, credit risk, financial risk, market risk, technological risk, operation risk etc. and impact parameters, such as, total assets under management (AUM),

retail AUM etc. During 2024-25, inspection of 24 mutual funds and their respective registrar and transfer agents (RTAs) and inspection of 13 portfolio managers were initiated. Thematic inspections were also conducted for mutual funds and portfolio managers for specific areas of concern. During 2024-25, 15 themes were selected for mutual funds and nine themes for portfolio managers. Supervisory process also includes analysis of periodic filings made by asset management companies (AMCs) viz. compliance test reports and half-yearly trustee reports. Appropriate actions are taken on exceptions and non-compliances observed in these reports. In addition to onsite inspections, offsite inspections of all mutual funds and portfolio managers are conducted through algorithm based alert generation. As on March 31, 2025, 184 and 48 alerts were deployed for mutual funds and portfolio managers respectively to identify potential cases of non-compliance of regulatory requirements (**Table 10.3**).

Table 10.3: Inspections of Entities Associated with Fund Management Activities

Particulars	2023-24	2024-25
Mutual Fund and its respective RTA	25	24
Portfolio Manager	13	13
Alternative Investment Fund	17	16
Venture Capital Fund	1	2
Real Estate Investment Trust	6	5
Infrastructure Investment Trust	6	17

D. Other entities associated with securities market

During 2024-25, inspections of other entities/intermediaries associated with securities market were also conducted to examine their functioning, compliance level in terms of their systems, procedures, operations and safeguards, maintenance

of books of accounts, records, grievance handling mechanism, compliance with regulations, amendments thereto and various circulars issued from time to time (**Table 10.4**). There has been a substantial rise in the number of inspections conducted for investment advisers, research analysts and RTAs during 2024-25 vis-à-vis 2023-24.

Table 10.4: Inspections of other Entities Associated with Securities Market

Particulars	2023-24	2024-25
Merchant Banker *	56	51
Registrar to an Issue and Share Transfer Agent	20	56
Investment Adviser	21	207
Research Analyst	15	149
KYC Registration Agency	3	3
Credit Rating Agency	9	8
Debenture Trustee	3	11
ESG Ratings Provider	-	2
Designated Depository Participant	6	7
Custodian**	6	7

Note:

*Includes 48 inspections pertaining to equity segment and 8 inspections pertaining to debt segment for 2023-24. Further, for 2024-25, data includes 42 inspections pertaining to equity segment and 9 inspections pertaining to debt segment.

**Inspection of foreign venture capital investors is included as part of Custodian inspection

10.1.3 Investigation

SEBI conducts investigation, if it has reasonable ground to believe that a person/entity has violated provisions of SEBI Act, 1992 and regulations framed thereunder like SEBI (Prohibition of Fraudulent and Unfair Trade) Regulations, 2003 (PFUTP Regulations), PIT Regulations, 2015 etc. Investigation is initiated based on reference received from sources, such as, SEBI's Integrated Surveillance Department (ISD), other operational departments of SEBI,

exchange reports, government agencies, media reports, complaints etc. The steps involved during investigation process include an analysis of market data (order and trade log, transaction statements etc.), exchange report, depository data, KYC documents obtained from brokers, depository participants etc., bank records like account statements and KYC details, information about the company including financial results and shareholding pattern, major corporate developments including events around them, call data records obtained from telecom service providers, information obtained

from other market intermediaries and alleged entities etc. The purpose of investigation is to gather evidence and to identify persons behind manipulation, frauds, irregularities and violations of securities laws so that appropriate and suitable regulatory action(s) can be taken, wherever required.

A. Trends and nature of investigation cases

During 2024-25, 400 cases pertaining to various violations of securities laws were taken up for investigation and 301 cases were completed (Table 10.5).

Table 10.5: Nature of Investigation Cases

Nature of Violation	No. of Investigations Taken Up		No. of Investigations Completed	
	2023-24	2024-25	2023-24	2024-25
Insider Trading	175	287	130	192
Market Manipulation and Price Rigging	160	106	57	105
Takeover	0	0	1	0
Miscellaneous*	7	7	9	4
Total	342	400	197	301

*Note: *Miscellaneous includes alleged violations of/related to routing of funds, non-payment of dividend, delisting offer, FPI Regulations, minimum public shareholding etc. Since several investigation cases involve multiple allegations of violations, water-tight classification under specific category becomes difficult. Therefore, cases have been classified on the basis of main charge/violations.*

In-house surveillance system of SEBI generates alerts for any abruptness in trading pattern. Based on these alerts and on the basis of complaints received, inputs provided by the examination reports of the stock exchanges etc, SEBI investigates

the matters in detail. These cases include matters actionable under the PFUTP Regulations, 2003. Details of FUTP cases taken up and completed during the year are given in Table 10.6.

Table 10.6: Fraudulent and Unfair Trade Practices Cases

Type of FUTP	No. of Cases Taken-up		No. of Cases Completed	
	2023-24	2024-25	2023-24	2024-25
Price and Volume Manipulation	77	61	39	46
Front Running	83	44	17	51
Others#	0	1	1	8
Total	160	106	57	105

Note: #Others include cases related to issue of debt securities and minimum public share holding.

B. Corporation finance investigation

SEBI investigates allegations of mis-statement in financial statements of listed companies. The mis-stated financial statements may have direct or indirect effect on the prices of securities of such listed companies, resulting in violations of SEBI Act, 1992, SCRA 1956, PFUTP Regulations, 2003 and

LODR Regulations, 2015. Based on the findings of the investigation, appropriate enforcement actions are initiated. During 2024-25, 59 cases were taken up while 55 cases (financial statement category) were concluded (**Table 10.7**). Details of regulatory actions initiated by the department are given at **Table 10.8**.

Table 10.7: Corporation Finance Investigation: Cases Taken-up and Completed

Nature of Violation	No. of Investigations Taken Up		No. of Investigations Completed	
	2023-24	2024-25	2023-24	2024-25
Financial Statements Fraud	63	59	33	55
Miscellaneous*	1	0	1	0
Total	64	59	34	55

Note: *Miscellaneous includes alleged violations of/by - i) Listing Conditions ii) Statutory Auditors ii) Disclosure requirements.

Table 10.8: Regulatory Action Taken pursuant to Corporate Finance Investigation

Particulars	No. of Entities	
	2023-24	2024-25
Administrative Warnings/ Warning Letters Issued	0	9
Proceedings u/s 11 of SEBI Act, 1992	64	670
Proceedings u/s 11C(6) and Section 24 of SEBI Act, 1992	1	21
Adjudication Proceedings under Chapter VI of SEBI Act, 1992	78	81

10.1.4 Enforcement function

Effective enforcement plays a vital role in promoting a culture of compliance and accountability in the securities market. It acts as a deterrent against misconduct and ensures that market abuses are promptly addressed. Strong enforcement mechanisms uphold transparency, fairness and investor confidence, relying on timely, consistent and proportionate regulatory actions. SEBI adopts a dual track approach to enforcement – administrative/civil proceedings and criminal proceedings.

A. Enforcement mechanisms

SEBI invokes its enforcement powers upon identifying violations of securities

laws with an aim to safeguard market integrity. SEBI's enforcement approach is anchored in a robust legal framework, that enables it to take calibrated actions against violations of securities laws. Depending on the nature and severity of the breach, SEBI employs a range of mechanisms to ensure accountability and investor protection. Under section 11/11(4)/11B/11D of the SEBI Act, 1992, SEBI is empowered to issue interim and final directions in the interest of investors and the securities market. These include actions, such as, restraining entities from accessing the markets, impounding proceeds of transactions under investigations, directing intermediaries to comply with regulatory

requirements and issuing cease and desist orders in cases of imminent or ongoing violations.

In addition, SEBI may initiate enquiry proceedings against intermediaries, which could result in suspension or cancellation of registration following the due process laid down under applicable regulations. For breaches that warrant monetary penalties, SEBI undertakes adjudication proceedings. For serious and substantive violation, SEBI may pursue criminal prosecution by filing complaints before designated Special Courts for SEBI. Through this layered enforcement architecture, ranging from preventive directives to punitive prosecution, SEBI ensures that regulatory breaches are addressed effectively, thereby reinforcing market discipline and investor confidence.

B. Enforcement actions taken

Enforcement actions are initiated as approved by the competent authority, wherever violations of laws and obligations relating to the securities market are observed. Actions are determined based on the principles of objectivity, consistency, materiality and quality of evidence available after a thorough analysis and appreciation of facts. During 2024-25, prohibitive directions under section 11 of the SEBI Act, 1992, were issued against 560 entities and prosecutions were filed against 69 entities (**Table 10.9**).

Table 10.9: Type of Enforcement Actions Taken (including Interim Directions)

Enforcement Action Taken	No. of Entities against whom Enforcement Action was Taken	
	2023-24	2024-25
a) Prohibitive Directions Issued under Section 11 of the SEBI Act, 1992	439	560
b) Prosecutions Filed	94	69
Action taken under SEBI (Intermediaries) Regulations, 2008		
a) Cancellation	76	28
b) Suspension	73	9*
c) Warnings Issued	12	3
Total	694	669

**includes directions of prohibition from taking new assignments etc.*

i. Proceedings under section 11/11(4)/11B/11D of SEBI Act, 1992

During 2024-25, 113 cases were added under sections 11/11(4)/11B/11D, while 89 cases were disposed of. In addition, six cases remanded by Supreme Court (SC)/High Court (HC)/Securities Appellate Tribunal (SAT) were also disposed. At the end of March 31, 2025, 169 cases were pending (**Table 10.10**).

Table 10.10: Age-wise Analysis of Enforcement Actions u/s 11, 11(4), 11B & 11D of the SEBI Act, 1992 Proceedings

Particulars	No. of Cases	
	2023-24	2024-25
Cases Pending at the Beginning of the Period	160	145
Cases Added During the Period	118	113
Cases Disposed of During the Year	133	89
Cases Pending at the End of the Period	145	169
Break-up of Pending Cases at the End of the Period		
Cases Older than 2 Years	25	37
Cases Older than 1 Year but Less than 2 Years	41	50
Cases Less than 1 Year	79	82
Total	145	169

ii. Enquiry proceedings

Under the Intermediaries Regulations, 2008, enquiry proceedings have two stages. The first stage is before the designated authority (DA), who is appointed to prepare a report recommending one of the measures stipulated in the regulations such as suspension/cancellation of certificate of registration, issue of censure etc. The second stage is before the designated member (DM), who after considering the recommendations made by the DA passes appropriate orders. Both the DA and the DM are required to issue show cause notice and provide opportunity of personal hearing to the noticees. However, pursuant to SEBI (Intermediaries) Amendment Regulations, 2021, opportunity of personal hearing before the DM is to be given, only if, the DM is of prima facie view that it is a fit case for cancellation of certificate of registration.

a. Enquiry proceedings by designated authority (DA)

During 2024-25, enquiry was initiated in 25 cases under various regulations and reports were submitted in 50 cases. Enquiry was pending in 31 cases at the end of the year (Table 10.11).

Table 10.11: Age-wise Analysis of Enquiry Proceedings by Designated Authority

Particulars	2023-24	2024-25
Cases Pending at the Beginning of the Period	16	56
Cases Added During the Period	73	25
Enquiry Reports Submitted During the Year	33	50*
Cases Pending at the End of the Period	56	31
Break-up of Pending Cases at the End of the Period		
Cases Older than 2 Years	2	1
Cases Older than 1 Year but Less than 2 Years	2	16
Cases Less than 1 Year	52	14
Total	56	31

**In one enquiry matter, proceedings were infructuous as the registration of the notice already got cancelled; and hence, the net disposal is 49.*

b. Proceedings before the designated member (DM)

Upon submission of enquiry reports, the recommendations made by the DA are placed before the DM for passing of final orders under Regulation 27 of SEBI (Intermediaries) Regulations. During 2024-25, 51 enquiry cases were added, while 27 were disposed of and 36 enquiry proceedings were pending at the end of the period (Table 10.12).

Table 10.12: Age-wise Analysis of Enquiry Proceedings before Designated Member

Particulars	2023-24	2024-25
Cases Pending at the Beginning of the Period	149	12
Cases Added During the Period	33	51
Cases Disposed of During the Year	170	27
Cases Pending at the End of the Period	12	36
Break-up of Pending Cases at the End of the Period		
Cases Older than 2 Years	3	8
Cases Older than 1 Year but Less than 2 Years	3	19
Cases Less than 1 Year	6	9
Total	12	36

iii. Adjudication proceedings

Pursuant to enquiry, if sufficient evidences of violations are found, adjudication proceedings are initiated. Under chapter VIA of the SEBI Act, 1992, SEBI appoints an Adjudicating Officer (AO) for conducting an enquiry and imposing monetary penalties

for contravention of any provision of the SEBI Act, 1992 or any rules or regulations made thereunder. During 2024-25, SEBI initiated adjudication proceedings in 204 cases, while disposing of 962 cases. At the end of March 31, 2025, 478 cases were pending for action (**Table 10.13**).

Table 10.13: Age-wise Analysis of Adjudication Proceedings

Particulars	2023-24	2024-25
Cases Pending at the Beginning of the Period	1,950	1,236
Cases Added During the Period	269	204
Cases Disposed of During the Year	983	962
Cases Pending at the End of the Period	1,236	478
Break up of Pending Cases at the End of the Period		
Cases Older than 2 Years	1,028	315
Cases Older than 1 but Less than 2 Years	42	49
Cases Less than 1 Year	166	114
Total	1,236	478

iv. Prosecution proceedings

SEBI is empowered to initiate prosecution, if any person contravenes or attempts to contravene or abets the contravention of provisions of securities law or of any rule or regulations made thereunder. SEBI is also empowered to initiate prosecution proceedings in instances of non-payment of penalty imposed by the adjudication

officer or the Board or if the person does not comply with the directions or order issued by the Board under relevant Acts or with summons issued by the Investigating Authority appointed by the Board. These proceedings are based on complaints filed by SEBI for violation of the securities laws and are tried by the SEBI Special Courts/ Sessions Court. During 2024-25,

SEBI initiated 42 prosecution cases, while the Courts disposed of 100 cases. At the end of March 31, 2025, there were 1,048

prosecution cases pending before various Courts (**Table 10.14**).

Table: 10.14: Age-wise Analysis of Enforcement Actions - Prosecution Proceedings

Particulars	2023-24	2024-25
Cases Pending at the Beginning of the Period	1,166	1,106
Cases Added During the Year	42	42
Cases Disposed of During the Period	102	100
Cases Pending at the End of the Period	1,106	1,048
Break up of Pending Cases at the End of the Period		
Cases Older than 2 Years	1,005	967
Cases Older than 1 Year but Less than 2 Years	60	40
Cases Less than 1 Year	41	41

10.2 REGULATORY ACTIONS

10.2.1 Nature of violation in section 11/11(4)/11B/11D proceedings

Analysis of the number of entities pertaining to 89 disposed of cases during 2024-25 under these proceedings shows that 155 entities

were related to violation of PFUTP regulation (market manipulation), 41 entities pertained to violation of IA regulations, 116 entities related to LODR regulations and 27 entities were related to violation of PIT regulations. A total penalty amounting to ₹813.83 crore was imposed, against various securities market violations during the year (**Table 10.15**).

Table 10.15: Nature of Violation in Section 11/11(4)/11B/11D Proceedings (Final Disposal)

Nature of Violation	No. of Entities	
	2023-24	2024-25
PFUTP Regulations	207	155
Investment Advisor Regulations	99	41
LODR Regulations	61	116
Prevention of Insider Trading	20	27
Deemed Public Issue	21	17
Others*	221	107
Total	629	463

Note: There may be more than one violation against an entity; for the purpose of this table, the most relevant nature of violation is considered while computing the numbers.

**inter alia include entities who have availed settlement, proceedings disposed against entities without any further direction etc.*

A. Statutory warning/enquiry (under intermediaries regulations)

Upon submission of enquiry reports, the recommendations made by the DA are placed before the DM for passing of final orders. During 2024-25, enquiries were completed and recommendations were given in 50 cases for further necessary action (Table 10.16).

Table 10.16: Enquiry Reports Submitted against Intermediaries/Institutions

Particulars	2023-24	2024-25
Broker/Commodity Derivatives Broker	8	21
Depository Participant	0	0
Broker & Depository Participant	0	0
Registrars to Issue and Share Transfer Agent	1	3
Credit Rating Agency	1	0
Alternative Investment Fund	0	1
Investment Advisor	16	10
Research Analyst	5	6
Portfolio Manager	0	1
Merchant Banker	1	7
Mutual Fund	1	0
Foreign Venture Capital Investor	0	1
Total	33	50

B. Debarment/disgorgement

In 2024-25, direction of debarment was issued against 202 entities, both debarment and disgorgement directions were issued against 89 entities and only disgorgement direction was issued against 15 entities.

C. Interim and final orders

During 2024-25, 29 interim orders and 13 final orders were passed (where interim orders were passed in 2024-25 or before), including three interim and two final

orders pursuant to surveillance detection, respectively (Table 10.17).

Table 10.17: Interim Orders and Final Orders under section 11/11(4)/11B/11D Proceedings

Nature of violation	Interim Orders		Final Orders passed	
	2023-24	2024-25	2023-24#	2024-25*
PFUTP Regulations	7	7	5	7
PIT Regulations	-	-	4	2
LODR Regulations	1	3	1	1
MB Regulations	2	2	-	-
IA Regulations	2	2	11	-
PMS Regulations	-	2	1	-
Others**	5	11	3	3
Total	17	29	25	13
Orders passed pursuant to Surveillance Detection				
PFUTP Regulations	3	3	1	2

Note: There may be more than one violation in a given case. For the purpose of this table, the most relevant nature of violation is considered while computing the number of cases.

#Final Orders passed in 2023-24, where interim orders are passed during or before 2023-24.

*Final Orders passed in 2024-25, where interim orders are passed during or before 2024-25.

** includes order passed for violations of ICDR Regulations, NCS Regulations, RA Regulations, SAST Regulations, Delisting Regulations, NCRPS Regulations AIF Regulations, CIS Regulations, Stock Broker Regulations, etc.

10.2.2 Other regulatory actions

SEBI issues administrative warnings, deficiency letters and advice letters against intermediaries/institutions, pursuant to inspections and investigations. The details of such actions during 2024-25 are covered in the following section.

A. Investigation/corporation finance investigation

Investigations department of SEBI issued administrative warnings to 343 entities during 2024-25, as against 141 entities during 2023-24, whereas pursuant to investigations, nine administrative warnings were issued by Corporation Finance Investigation Department during 2024-25.

B. Regulatory action pursuant to inspection/supervision

i. Market infrastructure institutions

Pursuant to the inspections and offsite supervision undertaken during the year, various actions were initiated, which inter alia include administrative warnings, deficiency letters and advisory letters. Details of such actions against the MIIs and/or their associated entities are provided in **Table 10.18**.

Table 10.18: Action Taken against MIIs and/or their Associated Entities

Particulars	2023-24	2024-25
Administrative Warnings/ Warning Letters Issued	24	27*
Deficiency Letters Issued	20	44
Advisory Letters Issued	127	118#

#One advisory letter issued in the context of monitoring of Foreign Portfolio Investors.

* includes three administrative warnings with respect to equity listed securities issued to stock exchanges.

ii. Entities associated with fund management activities

During 2024-25, 66 warning letters and 43 deficiency letters were issued to mutual funds/asset management companies on account of non-compliance with SEBI regulations/guidelines observed in CTR, HYTR, inspection reports etc. Regulatory actions taken against various other entities associated with fund management activities are provided in **Table 10.19**.

Table 10.19: Actions Taken against Entities Associated with Fund Management Activities

Intermediaries/Funds	Administrative Warning		Deficiency Letter		Advisory Letter	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Mutual Fund and its respective RTA* #^	31	66	5	43	2	36
Portfolio Manager#^	16	128	3	134	3	101
Designated Depository Participant	6	4	0	0	0	13
Foreign Portfolio Investor	1,314	956	0	0	0	0
Custodian	6	8	0	0	0	10
Alternative Investment Fund	377	44	0	262	78	19
Venture Capital Fund	1	0	0	0	0	0
Real Estate Investment Trust (REIT)	3	3	1	2	9	8
Infrastructure Investment Trust (InvIT)	9	9	5	10	12	28

Note: *Mutual Funds/AMCs/Individuals associated with the AMCs.

#Includes action taken through offsite alerts

^Data for 2024-25 includes instance wise action against entities whereas data for 2023-24 is based on entity wise action.

iii. Other entities associated with securities market

The regulatory actions taken/initiated

against various types of the entities are provided in **Table 10.20**.

Table 10.20: Regulatory Actions against Other Entities

Intermediaries/Funds	Administrative Warning		Deficiency Letter		Advisory Letter	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Merchant Banker*	62	55	4	0	3	4
Stock Broker	66	132	1	22	0	17
Registrars to an Issue and Share Transfer Agent	8	43	0	18	0	0
Depository Participant	7	5	0	3	0	4
Investment Adviser	3	36	1	4	0	3
Research Analyst	1	40	0	1	0	5
KYC Registration Agency	2	0	0	0	0	0
Credit Rating Agency	12	6	10	4	11	12
Debenture Trustee	13	28	4	29	10	62
Debt Listed Company	0	1	0	1	1	7
Equity Listed Entity	64	70	0	0	1	1

Note: * The figures for 2023-24 include eight administrative warnings, four deficiency letters and one advisory letter against MBs engaged in public issue of debt securities.

10.2.3 Adjudication proceedings

During 2024-25, SEBI completed adjudication proceedings against 1,293 entities through 374 orders. Out of these, 332 are adjudication

orders passed against 633 entities and 42 are settlement orders passed against 660 entities. The types of violations for which these entities were penalized are given in **Table 10.21**.

Table 10.21: Snapshot of Adjudication Orders Passed

Particulars	No. of Entities	
	2023-24	2024-25
Nature of Violation		
PFUTP	796	239
Disclosure under SAST and PIT	37	4
Takeover	0	0
Investor Grievances	1	0
Listing/LODR	49	7
Stock Broker Regulations/Circulars	31	44
Non-Compliance with SEBI Orders	8	19
Insider Trading	55	15
CIS Regulations, 1999	1	1
Non-Compliance with Summons	25	2
Others	122	195
No Penalty/Settlement		
No Penalty/Not Applicable	294	107
Settlement	41	660*
Total	1,460	1,293

*Inclusive of ISO client matters settled under the ISO Settlement Scheme, 2024.

Table 10.22: Penalties Imposed in 2024-25

Nature of Violation	Number of Entities	Amount (₹ crore)
PFUTP	239	28.2
Insider Trading	15	0.3
Disclosure Related	4	0.2
Others#	352	21.6

Note: #inclusive of Non-compliance, LODR, Stock Broker Regulations, Listing Related violations, FPI Regulations, AIF Regulations, Merchant Banking Regulations, CIS Regulations, Investor Grievance Related violations etc.

The penalties, with respect to various adjudication proceedings imposed during 2024-25 are given below:

- i. Adjudication proceedings were completed against 239 entities for engaging in FUTP and penalties amounting to ₹28.24 crore was levied.
- ii. Adjudication proceedings were completed against 15 entities for engaging in insider trading and levied penalties amounting to ₹0.30 crore.
- iii. Adjudication proceedings were completed against four entities for violating disclosure requirements and penalties amounting to ₹0.15 crore was levied.
- iv. Adjudication proceedings were completed against 352 entities for other violations pertaining to non-compliance with SEBI Orders/Summons, Stock Broker Regulations, LODR/listing related violations, FPI Regulations, AIF Regulations, Merchant Banking Regulations, CIS Regulations, Investor Grievance related violations etc. Penalties worth ₹21.62 crore were levied.
- v. Penalties were not levied against 107 entities and settlement orders were passed in case of 660 entities.

During 2024-25, 116 adjudication orders were passed against registered intermediaries, of which, maximum pertained to brokers (58), followed by investment advisors (12) and remaining against various other intermediaries/institutions (**Table 10.23**).

Table 10.23: Adjudication Orders Passed against Intermediaries/Institutions

Intermediary/Institution	2023-24	2024-25
Stock Broker/Commodity Derivatives Broker	33	58
Depository Participant	3	1
Merchant Banker	7	10
Investment Adviser	16	12
Registrars to Issue and Share Transfer Agent	3	6
Debenture Trustee	4	5
Stock Exchange	1	0
Alternative Investment Fund	0	5
Mutual Fund/AMC	1	4
Portfolio Manager	3	2
Designated Depository Participant	3	4
Research Analyst	6	4
Credit Rating Agency	2	4
Banker to an Issue	1	0
KYC Registration Agency (KRA)	1	1
Venture Capital Fund	1	0
Total	85	116

10.2.4 Recovery proceedings

Section 28A of the SEBI Act, 1992 and the corresponding provisions of Securities Contracts (Regulation) Act, 1956 (SCRA) and the Depositories Act, 1996 empower SEBI to recover money from persons who fail to pay

the penalty imposed by an AO or fail to comply with any directions of the Board for refund of money or fail to comply with the direction of

disgorgement order or fail to pay any fees due to the Board. Details on recovery proceedings for 2024-25 is given in **Table 10.24**.

Table 10.24: Recovery Proceedings by SEBI

Description	CIS and DPI Matters		Penalty / Disgorgement / Fee Matters		Total	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
No. of Recovery Certificates / Notice of Demand drawn by SEBI	91	31	1,246	911	1,337	942
No. of Certificates Cancelled	1	2	111	90	112	92
Amount Covered under Certificates (₹ crore)	188	84.8	381 [#]	1,758.5 [#]	569	1,843.3
Amount Recovered* (₹ crore)	61	320	72	184.0	133	504.0
No. of Certificates where Recovery is Completed	1	2	556	384	557	386
No. of Certificates Pending at the End of Financial Year	497	524	3,374	3,811	3,871	4,335

Notes: [#]Amounts in Penalty/Disgorgement/Fee cases includes interest and costs till the date of issuance of Recovery Certificate. *Figures are subject to reconciliation with the banks. Further, recovery amount includes recovery from certificates issued previous years.

A. Outstanding recovery proceedings

A total of 7,723 recovery certificates were generated till March 31, 2025, out of which 4,335 recovery certificates are pending

as on March 31, 2025. Category-wise pending recovery certificates are given in **Table 10.25**.

Table 10.25: Category-wise Pending Recovery Certificates

Category	No. of Recovery Certificates Pending		Amount Due as per Recovery Certificate (₹ crore)	
	2023-24	2024-25	2023-24	2024-25
Collective Investment Schemes	204	153	75,913	71,869.2
Deemed Public Issues	293	272	22,351	26,200.0
Disgorgement	110	252	3,235	4,361.77
Penalties	3,261	3,656	1,316	2,142.9
Fees	3	2	16	9.5
Total	3,871	4,335	1,02,831	1,04,583.3

Out of the total amount of ₹1,04,583.32 crore to be recovered, ₹63,206 crore (which is 61.43 per cent of the total amount due) pertains to collective investment schemes (CIS)/deemed public issue (DPI) matters of PACL Ltd. and Sahara India Commercial Corporation Ltd., respectively. A total amount of ₹75,733.13 crore (which is 72.41 per cent of the total amount due, i.e. ₹1,04,583.32 crore) is subject to parallel proceedings before various Courts and Court appointed committees. In these cases, SEBI's recovery proceedings are subject to directions/approvals of respective Court/committee. Matters where Insolvency and Bankruptcy Code (IBC) is invoked, SEBI's recovery proceedings are affected by the moratorium under the said code.

B. Difficult to recover dues

Difficult to recover (DTR) dues are the dues which could not be recovered even after exhausting all the modes of recovery and therefore for optimal utilisation of allocated resources, the policy was made by SEBI for including certain parameters based on the practice prevalent in Income Tax Department. Segregation of such DTR dues is purely an administrative act and this will not preclude the recovery officers from recovering the amount so segregated as DTR as and when there is a change in any of the DTR parameters. As on March 31, 2025, out of the pending 4,335 recovery certificates, 899 recovery certificates have been certified as DTR and the total amount under these DTR certificates is ₹77,800.4 crore (Table 10.26).

Table 10.26: Break-up of Difficult to Recover Cases

Particulars	As on March 31, 2024		As on March 31, 2025	
	No.	Amount (₹ crore)	No.	Amount (₹ crore)
Death (No Assets Left Behind)	12	0.4	11*	0.4
Defaulter is Alive but has No Attachable Assets	94	32.9	94	66.3
Parallel Proceedings Pending before State PID Courts, NCLT, NCLAT and Supreme Court	36	12,198.7	36	12,341.2
Pending before Court Appointed Committees	60	59,969.7	72	61,204.0
Defunct Company	380	1,948.5 [#]	430	1,970.4
Untraceable	140	29.0	143	29.7
Under Liquidation	16	12.0	19	12.3
Stay/Moratorium by Courts	69	2,101.8 [#]	94	2,176.1
Total	807	76,292.9	899	77,800.4

[#]Revised

*In one matter (RC 5498/2022), Hon'ble SAT vide order dated December 12, 2024 has inter-alia directed that the amount already recovered shall be treated as penalty, the impugned order shall stand modified and there shall be no further recovery. Therefore, the certificate is complete.

Out of the 143 DTR certificates falling under untraceable category, 136 relate to individuals and seven relate to companies amounting to ₹15.39 crore and ₹14.34 crore, respectively.

C. Matters sub-judice before various fora
There are 539 cases pending before various Courts, Tribunals and other fora related to matters where recovery certificates are drawn. Majority of these matters are sub-judice before the Hon'ble Securities Appellate Tribunal (SAT) (Table 10.27).

Table 10.27: Number of Recovery Matters Pending before Various Fora

Court/Forum	Number of Cases		No. of Recovery Certificates		Total amount as per Recovery Certificate (₹ crore)	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Supreme Court*	74	54	48	49	72,156	53,717
High Court#	89	84	130	67	18,472	58,808
Securities Appellate Tribunal	196	329	181	377	265	15,425
State PID Courts, NCLT/NCLAT, Civil Courts, Consumer Forum, etc.	59	72	19	36	4,453	64,123
Total	418	539	378	529	95,347	1,92,073^s

Note: *including the matter of PACL where Justice (Retd.) R. M. Lodha Committee has been appointed by Hon'ble Supreme Court.

#including several matters where Justice S.P. Talukdar Committee has been appointed by Calcutta High Court.

\$Figures include multiple counting as some matters are pending across multiple foras, viz. PACL (₹49,100 crore) is counted thrice, HBN Dairies & Allied Ltd. (₹1,136 crore) is counted twice and Kuber Planters Ltd. (₹2,462.17 crore) is counted twice.

D. Special enforcement cell

The Special Enforcement Cell was constituted by SEBI to implement the directions of the Supreme Court with regard to refund of the amounts collected from investors of Sahara India Real Estate Corporation Ltd. (SIRECL) and Sahara Housing Investment Corporation Ltd. (SHICL) under the Red Herring prospectus (RHP) issued by them. In accordance with the directions contained in the judgment of the Supreme Court, the actions of SEBI are overseen by Justice (Retd.) B. N. Agarwal, appointed by the Supreme Court in this matter. The progress relating to this case is provided in the status reports filed before the Supreme Court from time to time. As on March 31, 2025, SEBI has filed 23 status reports.

Pursuant to various orders passed by the Supreme Court in this case and the attachment orders dated February 13, 2013 passed by SEBI, an aggregate amount of around ₹16,138 crore has been recovered as on March 31, 2025. This amount along with interest earned on them after making refunds to the eligible bondholders, has been deposited in nationalized banks in terms of the judgment dated August 31, 2012 of the Supreme Court. As on March 31, 2025, the total amount deposited in nationalized banks through fixed deposits (FDs) is around ₹24,227 crore. As reported in SEBI annual report 2023-24, all the applications received upto July 02, 2018 (cut-off date for receiving applications) were processed by SEBI and refunds for an aggregate amount of

₹138.07 crore were made to the eligible bondholders. The remaining applications were closed either due to their records not being traceable in the documents/data provided by SIRECL and SHCIL or on account of no response received from the bondholders on the queries raised by SEBI. There is no change in status of refunds from 2023-24, as SEBI (after processing of all the applications received up to cut-off date i.e. July 02, 2018) is awaiting for further directions from the Hon'ble Supreme Court.

SEBI had also filed an Interlocutory Application (IA) on October 21, 2021 seeking further directions from the Supreme Court in the matter of Saharas including directions to deposit remaining amount to Government of India. During the hearing held on February 12, 2025, the Hon'ble Supreme Court issued notice to the Secretary, Ministry of Environment, Forest and Climate Change and the Secretary, Ministry of Housing and Urban Affairs as well as the Chief Secretary, State of Maharashtra, to inform the Court about the present status of the Versova land. The Hon'ble Supreme Court also directed that two officers/nominee, each of the SEBI and SICCL along with two property consultants/real estate experts belonging to Mumbai, nominated by SEBI, to have joint meeting to explore the terms and conditions on which the Versova land can be monetized to get maximum value. The said meeting will be chaired by Amicus Curiae Shri Shekhar Naphade. Currently, the matter

is pending for due course before the Hon'ble Supreme Court.

The order(s) of Supreme Court in this regard is available on SEBI website under the link - www.sebi.gov.in > Home > Enforcement > Orders > Orders of Courts.

E. PACL Cell

For the purpose of disposing of the properties of PACL Ltd. and the distribution of sake proceeds to the investors of PACL Ltd., a committee under the Chairmanship of Justice (Retd.) R. M. Lodha was constituted. In furtherance to its mandate, the Committee has taken the following steps:

i. Status of refunds made

The committee had initiated the process of refund (first process) to the investors of PACL Ltd. in 2018. Thereafter, the committee invited claim applications (second process) from all investors having outstanding claims with PACL Ltd. through an online portal in 2019. Due to limited corpus available for disposal, the committee, decided to pay the claims of investors in a staggered manner. As on March 31, 2025, the committee has effected refunds in respect of 22,16,132 eligible applications with outstanding claim (principal) amount upto ₹20,000, aggregating to a total disbursement of ₹1,163.02 crore. The details of refunds made to the PACL investors till March 31, 2025 are given in **Table 10.28**.

Table 10.28: Refunds Made to the PACL Investors till March 31, 2025

Refund Process	Type of Claim Applications	No. of Claim Applications	Amount Refunded (₹ crore)
First Refund Process (From January 02, 2018 till March 03, 2018)	Having claim amount upto ₹2,500	1,89,103 eligible applications with claim amount of upto ₹2,500	18.2
Second Refund Process (From February 08, 2019 till July 31, 2019)	Having any outstanding claim amount	20,27,029 eligible applications with claim amount of upto ₹20,000	1,144.9
Total		22,16,132 applications	1,163.0

ii. Sale of properties

In its report dated September 24, 2021, the committee, suggested two proposals/options for the sale of properties of PACL Ltd. for the consideration of the Hon'ble Supreme Court:

- a. Proposal I - to sell 1000 properties of the highest book value; and
- b. Proposal II - to sell all the properties in a cluster (all properties in a district to be considered as one unit).

The Hon'ble Supreme Court vide its order dated August 08, 2024, in Civil Appeal No. 13301/2015 had accepted 'Proposal II' and accordingly, the committee has initiated the process for auction of properties of PACL.

10.2.5 Prosecution proceedings

During 2024-25, 42 prosecution cases were launched against 69 persons/entities as compared to 42 prosecutions launched against 94 persons/entities in 2023-24 (**Table 10.29 and 10.30**).

Table 10.29: Prosecutions Filed

Year	During the Year		Total till the end of the Year	
	No. of cases	Against No. of Persons / Entities	No. of cases	Against No. of Persons / Entities
2023-24	42	94	2,036	8,501
2024-25	42	69	2,078	8,570

Table 10.30: Nature of Violations in Prosecutions Filed

Nature of Violation	No. of cases filed during	
	2023-24	2024-25
Non-payment of Penalty Imposed by Adjudication Officer/Whole Time Member	29	30
Violation of CIS Regulations, 1999	0	1
Non-compliance with Directions Issued by the Board	0	5
Violation of PFUTP Regulations, 2003	1	0
SEBI Act r/w Indian Penal Code/Bharatiya Nyaya Sanhita, 2023	0	1
Non-compliance with Summons Issued by the Investigating Officer	12	3
Violations under Companies Act, 1956/2013	0	2
Total	42	42

Out of the total prosecution cases filed upto March 31, 2025, the share of Head Office and Western Region was 63 per cent and the corresponding pendency was 59 per cent. The region-wise data on prosecution cases filed and pending are given in **Table 10.31**.

Table 10.31: Region-wise Data on Prosecution Cases Filed and Pending

Region	No. Cases Filed upto		No. of Cases Pending upto	
	2023-24	2024-25	2023-24	2024-25
Head Office/ Western Region	1,266	1,306	658	615
Northern Region	390	392	162	154
Southern Region	126	126	94	91
Eastern Region	254	254	192	188
Total	2,036	2,078	1,106	1,048

SEBI initiates prosecutions for violation of provisions of the SEBI Act, 1992, Companies Act, 1956/2013, Depositories Act, 1996, SCRA, 1956 and the Indian Penal Code, 1860/ Bharatiya Nyaya Sanhita, 2023. A total of 2,078

prosecution cases were filed up to March 31, 2025, out of which 1,763 cases pertained to violation of the provisions under the SEBI Act, 1992 (**Table 10.32**).

Table 10.32: Nature of Prosecution Cases Filed (from 1992)

Violation Alleged w.r.t.	Number of Cases Launched upto	
	March 31, 2024	March 31, 2025
SEBI Act, 1992	1,724	1,763
SEBI Act, 1992 & SCRA, 1956	100	100
SEBI Act, 1992, SCRA & Companies Act 1956/2013	2	2
SEBI Act, 1992 & Companies Act 1956/2013	74	75
SEBI Act, 1992 & Indian Penal Code, 1860/(Bharatiya Nyaya Sanhita, 2023)	5	6
Companies Act, 1956	86	87
SCRA, 1956	7	7
Depositories Act, 1996	29	29
Indian Penal Code, 1860	9	9
Total	2,036	2,078

As on March 31, 2025, the Courts have disposed of 1,030 prosecution cases filed by SEBI, out of which 276 cases resulted in convictions and 378 cases were compounded (**Table 10.33**).

Table 10.33: Number of Prosecution Cases decided by the Courts (from 1992)

Type of Decision by the Courts	March 31, 2024	March 31, 2025
Convictions	256	276
Compounded	347	378
Abated	55	61
Dismissed/Discharged	162	173
Withdrawn	104	109
Adjourned Sine Die/Filed for the Present*	0	0
Acquitted	6	33
Total	930	1,030

**four cases early reported under this category have been excluded as these cases would be revived upon traceability of the accused.*

10.2.6 Settlement and compounding

A. Settlement

During 2024-25, SEBI received 703 applications for settlement and disposed of 284 applications by passing appropriate settlement orders, while 272 applications were returned, rejected or withdrawn. Settlement orders were passed for alleged violations of various regulations, viz., SAST Regulations, 2011, PIT Regulations, 2015, PFUTP Regulations, 2003, LODR Regulations, 2015, FPI Regulations, 2019, AIF Regulations, 2012, RTA & STA Regulations, 1993 and Mutual Fund Regulations, 1996. For 284 applications settled during the year, SEBI collected ₹798,86,99,421 (Rupees seven hundred and ninety-eight crore eighty-six lakh ninety-nine thousand four hundred and twenty one only) towards settlement charges (**Table 10.34**). In addition to this, ₹64,84,08,017 (Rupees sixty-four crore eighty-four lakh eight thousand seventeen only) was collected as disgorgement charges.

Table 10.34: Settlement Applications Filed with SEBI

Year	2023-24	2024-25
Pending at the Beginning of the Period	137	282
No. of Settlement Applications Received	434	703
No. of Applications Disposed of by Passing Orders ¹	114	284
No. of Applications Rejected/Withdrawn/Returned	169	272
Pending at the End of the Period	282*	429
Settlement Amount (₹ crore) ²	94.5	798.9

*Revised

Note:

- The number of applications may include disposed applications filed during the previous financial years.
- Out of total amount of ₹7,98,86,24,421, ₹1,55,04,823 was received towards summary settlement charges. Additionally, ₹64,84,08,017 was received towards disgorgement charges and ₹2,76,798 was received towards legal charges.

SEBI had introduced third Illiquid Stock Options (ISO) settlement scheme in 2024 in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018, to provide an opportunity to those entities against whom proceedings had been initiated and appeals against the said proceedings are pending before any forum or authority. Out of 1,956 eligible entities, a total of 768 entities had availed the scheme and ₹10.8 crore received towards settlement terms were credited to Consolidated Fund of India. Legal costs incurred with regard to this schemes was ₹25.1 lakh.

B. Compounding

During the year, 88 compounding applications were filed before the Courts. 36 applications were compounded and ₹708.84 lakh was received towards compounding charges. As on March 31, 2025, there were 107 applications pending with Courts for compounding (**Table 10.35**).

Table 10.35: Compounding Applications Filed by the Accused in Criminal Courts

Year	2023-24	2024-25
Pending at the Beginning of the Period	65	65
Number of Applications Filed	66	88
Number of Applications Compounded	34	36
Number of Applications Rejected	32	10
Pending at the End of the Period	65	107
Compounding Charges Received by SEBI (₹ lakh)	166.2	708.8

10.3 LITIGATIONS

10.3.1 Appeals in Securities Appellate Tribunal

Justice P.S. Dinesh Kumar, Presiding Officer and Dr. Dheeraj Bhatnagar, Technical Member, took charge w.e.f. April 29, 2024, constituting a Full Bench of SAT. During 2024-25, 533 new appeals pertaining to SEBI were filed before the Hon'ble SAT, compared to 821 in the previous financial year. Out of new appeals filed during the year, 422 appeals were disposed of wherein 308 appeals (73 per cent) were dismissed, 23 appeals were allowed (five per cent), 42 appeals were upheld with modification (10 per cent), 21 appeals were remanded (five per cent) and 28 appeals were withdrawn (seven per cent) (**Table 10.36**).

Out of the majority of the disposed appeals, 61.8 per cent pertained to the violation of PFUTP Regulations, 2003. Of these, approximately 80 per cent of the appeals were dismissed, 2.7 per cent were allowed and 3.1 per cent were remanded. Further, 1.4 per cent of the disposed appeals pertained to the violation of Insider Trading Regulations.

Table 10.37(a): Status of Litigation before Supreme Court

Particulars	2023-24			2024-25		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases Filed by SEBI	77	17	275	7	10	272
Cases Filed by Parties	51	32	244	74	70	248
Total	128	49	519	81	80	520

Note: Figures are excluding 15Z matters, Prosecution and Recovery Litigations.

Out of the total 520 cases pending before the Hon'ble Supreme Court, 395 matters (76 per cent) are appeals against orders of the Hon'ble SAT and the remaining 125 matters (24 per cent) are writ petitions, special leave petitions (civil and criminal), criminal appeals, contempt petitions etc. Out of the 395 appeals filed

Table 10.36: Status of Appeals before SAT

Status of Appeals	2023-24	2024-25
Appeals Pending at the Beginning of the Year	758	849
Appeals Filed During the Year	821	533
Appeals Dismissed	380	308
Appeals Remanded	57	21
Appeals Allowed	157	23
SEBI Orders Upheld with Modifications	113	42
Appeals Withdrawn	23	28
Appeals Pending at the End of the Year	849	960

10.3.2 Litigations in Supreme Court

As on March 31, 2025, there were 520 cases pending before the Supreme Court, compared to 519 pending in the previous year (**Table 10.37 a**). This does not include litigations pertaining to prosecution, recovery and 15Z. Of the 80 cases disposed of during the year, 72 cases (90 per cent) were disposed of in favour of SEBI, while eight (10 per cent) were disposed of against SEBI.

against the SAT orders, 232 (58.7 per cent) are filed by SEBI, whereas, the remaining 163 appeals (41.3 per cent) are filed against SEBI. The appeals filed by SEBI are predominantly group cases having common issues, viz. liability of directors, liability of auditors, manipulation by way of miniscule trades, effect of moratorium

under the IBC on enforcement proceedings initiated by SEBI, interpretation of section 23E of the SCRA, etc.

Apart from above, as on March 31, 2025, there were five cases pertaining to prosecution

litigations which were pending before the Supreme Court compared to four cases in the previous year (**Table 10.37 b**). Of the four cases disposed of during the year, two cases were disposed of in favour of SEBI, while two cases were disposed of against SEBI.

Table 10.37(b): Status of Prosecution Litigation before Supreme Court

Particulars	2023-24			2024-25		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases Filed by SEBI	1	0	2	0	1	1
Cases Filed by Parties	2	2	2	5	3	4
Total	3	2	4	5	4	5

10.3.3 Litigations in High Courts and other forums

As on March 31, 2025, there were 886 cases pending before the High Courts (excluding prosecution litigation), compared to 1,162 cases

in the previous year including litigation arising out of prosecution (**Table 10.38 a**). Of the 188 cases disposed of during the year, 185 cases (98.4 per cent) were disposed of in favour of SEBI, while three (1.6 per cent) were disposed of against SEBI.

Table 10.38(a): Status of Litigation before High Courts

Particulars	2023-24			2024-25		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases Filed by SEBI	13	7	89	15	18	52
Cases Filed by Parties	215	191	1,073	166	170	834
Total	228	198	1,162	181	188	886

Note: Figures for the year 2024-25 excludes Prosecution and Recovery Litigations.

As on March 31, 2025, there were 313 cases pertaining to prosecution litigations which were pending before various High Courts compared to 269 cases in the previous year (**Table 10.38 b**).

Of the 27 cases disposed of during the year, 20 cases (74 per cent) were disposed of in favour of SEBI, while seven cases (26 per cent) were disposed of against SEBI.

Table 10.38(b): Status of Prosecution Litigation before High Courts

Particulars	2023-24			2024-25		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases Filed by SEBI	7	3	39	24	3	60
Cases Filed by Parties	24	25	230	47	24	253
Total	31	28	269	71	27	313

As on March 31, 2025, there were 539 cases pending before 'Other Forums' (apart from Supreme Court, High Court, SAT and prosecution cases filed by SEBI before the Special Court) compared to 556 cases in the previous year (Table 10.39). Of the 127 cases

disposed of during the year, 118 cases (92.9 per cent) were disposed of in favour of SEBI, while nine cases (7.1 per cent) were disposed of against SEBI. The details on fora-wise status of cases are provided in Tables 10.40 a.

Table 10.39: Status of Litigation before Other Forums

Particulars	2023-24			2024-25		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases Filed by SEBI	14	11	18	12	12	18
Cases Filed by Parties	186	76	538	98	115	521
Total	200	87	556	110	127	539

Note: Figures are excluding recovery litigations.

Table 10.40(a): Fora-wise Status of Cases

Forum	Pending as on March 31, 2024	Filed during 2024-25	Disposed during 2024-25	Pending as on March 31, 2025
Civil Court	119	29	34	114
Consumer Forum	345	32	44	333
NCLT	70	31	38	63
NCLAT	7	13	7	13
Labour Commissioner/Labour Court	8	0	0	8
Commissioner of GST & CX/Sales Tax Appellate Tribunal	1	0	1	0
Commissioner of Income Tax	1	2	1	2
Permanent Lok Adalat	3	1	2	2
The Debt Recovery Tribunal	1	0	0	1
Bar Council of India	1	0	0	1
Other	0	2	0	2
Total	556	110	127	539

Note: Figures exclude Supreme Court, High Court, SAT, Prosecution and Recovery Litigations.

As on March 31, 2025, there were eight criminal cases filed by parties which were pending before various subordinate courts across the country, compared to four cases in the previous year

(Table 10.40 b). Of the four cases disposed of during the year, two cases were disposed of in favour of SEBI, while other two were disposed of against SEBI.

Table 10.40(b): Fora-wise Status of Criminal Cases Filed by Parties

Forum	Pending as on March 31, 2024	Filed during 2024-25	Disposed during 2024-25	Pending as on March 31, 2025
SEBI Special Court	1	0	1	0
Sessions Court, Tis Hazari, Delhi	0	3	0	3
ACB Court, Mumbai	0	1	1	0
Chief Judicial Magistrate, Jalandhar	0	3	0	3
Judicial Magistrate, Kalyan, Thane	1	0	1	0
Metropolitan Magistrate, Bandra, Mumbai	0	1	1	0
Metropolitan Magistrate, Chandigarh	2	0	0	2
Total	4	8	4	8

10.3.4 Important court pronouncements

A. Supreme Court of India

i. Common order dated November 25, 2024 - Mukesh Kumar Goyal vs. SEBI (civil appeal no. 6371 of 2021) and other connected appeals

These civil appeals were filed challenging the order of Securities Appellate Tribunal dated July 26, 2021 in the case of IKF Technologies Limited, upholding the order of adjudicating officer dated June 24, 2020, imposing penalty of ₹12 crore (under section 15HA of the SEBI Act) and ₹10 lakh (under section 15A(a) of the SEBI Act) on IKF Technologies Limited, ₹1 crore on Sunil Kumar Goyal and ₹1 crore on Mukesh Kumar Goyal under section 15 HA of SEBI Act for violation of the provisions of section 12A(a), (b), (c) of the SEBI Act read with regulations 3(b), (c), (d) and 4(2)(c), (f), (k) and (r) of the PFUTP Regulations.

IKF Technologies Limited had issued two global depository receipts (GDRs) on March 30, 2007 for \$11 million and on May 15, 2009 for \$10.98 million. Pan Asia Advisors Ltd. was the lead manager for both the issues and had arranged for loan for subscription of the GDRs from two banks i.e. Banco Efisa and Euram Bank,

proceeds of which were agreed to be deposited with the respective banks. IKF Technologies Limited entered into account charge agreement with the respective bank and pledged the proceeds of its GDR issues as security for the loan given for subscribing to the GDRs.

SAT vide its Order dated July 26, 2021, had upheld the penalties while observing that there were two separate parallel proceedings on same set of facts against the entities involved i.e., one for directions under section 11B of the SEBI Act and another under section 15HA of the SEBI Act for imposition of penalty. As the order passed in section 11B proceedings remained unchallenged, the findings of facts had attained finality. SAT had rejected the contention of the company that the GDR money had returned as the same was not supported by any credible evidence.

Hon'ble Supreme Court considering the value of GDRs, the fraud perpetrated in the GDR scheme etc., refused to consider the contentions of the appellants. After detailed submissions, the appellants sought permission to withdraw the appeal, accordingly, the Hon'ble Supreme Court dismissed the appeal as withdrawn.

ii. Common order dated February 17, 2025 – Nirmal N. Kotecha vs. SEBI (civil appeal no. 3388 of 2020) and another connected appeal

There were certain media reports (on December 21 and 22, 2008) stating that SEBI had directed one P.S. Saminathan, the promoter of company viz. Pyramid Saimira Theatre Ltd. (PSTL), to make an open offer at ₹250 per share for violating creeping acquisition norms under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. As a result, share price of PSTL surged when markets opened on the next day. PSTL had denied receiving such a letter and SEBI later clarified via press release dated December 23, 2008 that the letter was forged. Based on this, a detailed investigation was conducted into the trading activities around the event.

The investigation had revealed that Nirmal Kotecha was instrumental in issuance of the forged SEBI letter. Further, front entities were used to execute synchronized, circular and reversal trades to create artificial volume in the scrip of PSTL. While doing the same, Kotecha offloaded his holding in PSTL (at inflated prices) hours before the false nature of the letter was revealed, thus, unlawfully benefitting from such sales.

Considering the serious nature of violations, vide interim order dated April 23, 2009, Nirmal Kotecha and others were debarred from the securities markets till further directions. Vide order dated March 22, 2018, Nirmal Kotecha was debarred from accessing the securities market for a period of 14 years and was also directed to disgorge unlawful gains for the violation of the provisions of section 12A (a), (b), (c) of SEBI Act, 1992 and regulations 3(a), (b), (c), (d), 4(1), 4(2)(a), (b), (d), (e), (f), (g), (k)

and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The challenge to this Order was dismissed by the SAT vide its Order dated March 02, 2020.

Aggrieved by the same, subject appeal was filed before the Hon'ble Supreme Court. Hon'ble Court vide its order dated February 17, 2025, while considering that the material available on record is sufficient for bringing home the charge, found no merits in the questions of law formulated by the appellant before the Hon'ble Supreme Court. The connected appeal of Rajesh Jayantilal Shah and others was dismissed as withdrawn.

iii. Order dated February 07, 2025 in the matter of Digvijay Laxhamsingh Gaekwad vs. Sapna Govind Rao and others [SLP (Civil) no. 6576 of 2025] and Sapna Govind Rao vs. Union of India and others [SLP (Civil) no. 3726 of 2025]

The acquirers had made the public announcement of an open offer dated September 25, 2023 to acquire up to 26 per cent shares of Religare Enterprises Ltd. (REL), a listed Core Investment Company (CIC), registered with the Reserve Bank of India (RBI) as a non-deposit taking non-banking financial company, as per the applicable provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations). Thereafter, pursuant to the approval by RBI on December 09, 2024 and comments by SEBI on December 20, 2024, the letter of offer was published on January 18, 2025 and tendering period for open offer commenced on January 27, 2025. One Ms. Sapna Govind Rao, a shareholder of REL, filed a Writ Petition before the Hon'ble Delhi High Court, inter-alia, seeking stay on the open offer

process initiated by the acquirers and seeking stay on the notice calling for the conducting of the annual general meeting of REL. In the mean-time, a competing offer was proposed by Mr. Digvijay Laxhamsinh Gaekwad of M/s Danny Gaekwad Developments & Investments, Florida and an application under regulation 11 of the SAST Regulations, was filed with SEBI on February 01, 2025, seeking exemption from the strict timelines for a competing offer (exemption application).

As the prayers for interim relief were not granted by the Ld. Single Judge of the Hon'ble Delhi High Court, letters patent appeals ('LPAs') were preferred by the petitioner. Hon'ble Delhi High Court vide its order dated February 04, 2025, directed SEBI to decide the exemption application, within shortest possible write time in accordance with law and also directed that the open offer process of REL shall continue and that the same shall be subject to the outcome of the proceedings of the LPA.

Against the said order dated February 4, 2025 in the LPA's, the special leave petitions (SLPs) were filed before the Hon'ble Supreme Court and vide order dated February 07, 2025, the SLPs were disposed of directing Mr. Digvijay Laxhamsinh to deposit a sum of ₹600 crore in terms of SAST Regulations, in the form of cash and/or bank guarantee, on or before February 12, 2025 and that in case the amount is not deposited by the said date, the directions in the present order would be automatically vacated without further reference to the Court. The Hon'ble Court further directed that the offer will continue till the end of third day, post the date of the order to be passed by SEBI on the exemption application. Thereafter, a miscellaneous application was filed praying for extension of time to

comply with the directions passed vide order dated February 07, 2025 and upon consideration, the Hon'ble Court extended the time till 02:00 PM on February 13, 2025. However, Mr. Digvijay Laxhamsinh Gaekwad failed to deposit the said amount within the extended timelines granted by the Hon'ble Supreme Court. Vide order dated February 14, 2025, SEBI rejected the exemption application, inter alia, holding that a competing offer, which is not backed by financial capability would disrupt market dynamics and erode investor confidence.

B. High Court

i. Order dated March 11, 2025 in the matter of Bikash Kumar Jain vs. SEBI before the Hon'ble Delhi High Court [WP(C) - 806/2024]

SEBI vide adjudication order dated September 22, 2022 had imposed a penalty of ₹14,00,000 against the petitioner for violating the provisions of the SEBI (Research Analyst) Regulations, 2014. Against the said order, the petitioner had preferred an appeal before the SAT along with an application for condonation of delay since the appeal was filed with a delay of 188 days. SAT rejected the said application for condonation of delay and consequently the appeal was also dismissed by the SAT.

Thereafter, petitioner filed a Writ Petition against the SAT order on the premise that the SAT ought to have condoned the delay since the impugned order was not received by the petitioner himself and the same was received by his advocate on his email ID, while contending that such service is not in compliance with the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

The Hon'ble High Court preferred to dismiss the petition vide order dated

March 11, 2025, while holding that the remedy of appeal is creature of statute and the petitioner should file an appeal under Section 15Z of the SEBI Act, 1992, when it pertains to a question of law. Further, the Hon'ble Court also noted that it possesses a limited scope while considering any petition filed under article 226 and 227 of the constitution and it cannot sit as an Appellate Court and evaluate the correctness of SAT Order.

ii. Order dated November 11, 2024 in the matter of Abans Enterprises Limited & Anr. vs. SEBI before the Hon'ble High Court of Bombay [W. P. no. 4457/2024]

Abans Enterprises Limited and Shri Abhishek Bansal (Petitioners) had challenged the constitutional validity of regulation 13(2)(b) read with regulation 6(1)(f) and regulation 11A of the SEBI (Settlement Proceedings) Regulations, 2018 (Settlement Regulations) and any consequential action taken by SEBI pursuant to and relying upon the aforementioned impugned provisions including actions culminating into the issuance of the impugned letter dated July 31, 2024 of SEBI rejecting the settlement application filed by the petitioners. The petitioners also sought postponement of proceedings before the quasi-judicial authority (QJA) by raising preliminary issues like cross-examination of witnesses, inspection of documents etc. and prayed for stay in the proceedings before the QJA.

The Hon'ble High Court held that a challenge based on excessive delegation or manifest arbitrariness has no merit. The Hon'ble High Court found no infirmity whatsoever regarding the impugned rejection letter dated July 31, 2024. The Hon'ble High Court held that the condition precedent(s), imposed by the

internal committee (IC), did not prevent the petitioners' proposal from being considered by the High Powered Advisory Committee (HPAC) and, finally, the panel of WTMs. The Hon'ble High Court did not find anything unreasonable, irrational or capricious in the conditions itself. The Hon'ble High Court held that merely because such conditions (conditions precedent imposed by the IC) may not be to the liking of the petitioners, such conditions cannot be styled as arbitrary or unreasonable.

The petitioners have filed S.L.P. (C) no. 247/2025 (Abans Enterprises Ltd. & Anr. vs. SEBI) before the Hon'ble Supreme Court and the same is pending.

iii. Order dated December 09, 2024 in the matter of Nalwa Sons Investments Limited & Ors vs. SEBI before the Hon'ble High Court of Bombay [W. P. No. 5080 of 2024]

The petitioners challenged the show cause notice (SCN) dated August 20, 2024 issued by SEBI, inter-alia, on the ground of delay and laches in issuance of SCN.

The Hon'ble High Court dismissed the petition, inter-alia, observing as under:

- The argument about delay or laches would involve an investigation into factual matters and considerations of prejudice.
- Laches is not mere physical running of time. Laches consists of the creation of parallel rights in the party, which it would be inequitable to disturb, given the delay involved in the proposed action.
- Considerations of prejudice are also relevant in such matters, therefore, by merely alleging delay or laches or merely construing delay or laches as mere physical running of time, no

case can be made out to quash the impugned SCN.

- The rule of laches, particularly in the context of the litigant approaching the Court of law, is not a rule of law but a rule of practice based on sound and proper exercise of discretion.

iv. Order dated December 02, 2024 in the matter of Harsh Mehta vs. SEBI and others before the Hon'ble High Court of Bombay [W. P. No. 4844 of 2024]

The petitioner challenged the validity of regulation 3(2)(b)(i) of the SEBI (Delisting of Equity Shares) Regulations, 2021 as being ultra-vires to the SEBI Act, 1992. The petitioner also challenged the order dated February 27, 2024 passed by the Hon'ble NCLT which approved the resolution plan providing for the delisting of shares of Reliance Capital Limited (RCL) and the further consequent circulars issued by NSE and BSE announcing suspension of trading in the scrip of RCL. Regulation 3(2)(b)(i) provides that the SEBI (Delisting of Equity Shares) Regulations, 2021 shall not apply to the delisting of a listed company made pursuant to the resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 (IBC), if such plan provides for delisting of such shares or an exit opportunity to existing public shareholders at a specified price.

The Hon'ble High Court dismissed the petition inter-alia observing as under:

- There is nothing in the objects of the two parent enactments or its specific provisions to suggest the grant of such an exemption would be in excess of the powers conferred by the two enactments upon the SEBI, which is constituted as the regulator to regulate the securities market and the matters incidental thereto or connected therewith.

- The impugned regulation cannot be considered ultra-vires based on a consultation paper or a review that, in any event, does not bind the SEBI or statutorily curtail its quasi-legislative powers to frame regulations.
- The SCRA, SEBI Act, IBC and the rules and regulations framed thereunder are examples of economic legislation. The Hon'ble Supreme Court has repeatedly held that when dealing with issues of constitutionality of economic legislation, the legislature must be given a wide berth and free play in the joints. Apart from the presumption of constitutionality, the Courts must defer to the economic choices made by the legislature.
- Economic legislation is essentially empiric. It is based on experimentation and, therefore, cannot anticipate all possible situations or abuses. Complicated experimental economic legislation may contain crudities and inequities, but they cannot be struck down solely on that ground. The system of checks and balances must be used with the primary objective of accelerating economic growth rather than suspending it by doubting its constitutional efficacy at the threshold itself.
- The Hon'ble High Court further held that to stay experimentation in things social and economic is a grave responsibility and denying the right to experiment may have severe consequences for the nation. The Courts do not substitute their social and economic beliefs for the judgment of the legislative bodies elected to pass laws. The legislative bodies must be given a broad scope to experiment with financial problems.

v. Order dated February 02, 2025 in the matter of Tathagat Satapathy vs. HDFC Bank Ltd., Mumbai & Ors. before the Hon'ble High Court of Orissa [WP(C) No. 875/2024]

Petitioner alleged that freezing of his demat account due to non-linking of his PAN and Aadhaar is illegal, arbitrary and contrary to the decision of the Hon'ble Supreme Court. His submissions, inter alia, were that he does not possess Aadhaar as it is not a mandatory document and has been held as such by the Hon'ble Supreme Court.

During the pendency of the petition, demat account of the petitioner was made operative in view of the circular issue by SEBI which never made Aadhaar mandatory. Hence the matter became infructuous. However, for bringing clarity to the public on whether the Aadhaar requirement is valid or not, the Hon'ble High Court analysed various judgments in the matter and after applying the 'triple test' of legality, necessity and proportionality laid down in Justice K.S. Puttaswamy case held that provision mandating Aadhaar-PAN linkage for demat account stands on firm constitutional and legal footing and it serves a legitimate state interest in curbing tax evasion and ensuring financial transparency.

However, the court was also concerned regarding data security and privacy and acknowledged that they do not outweigh the compelling need of regulatory oversight.

C. Securities Appellate Tribunal

i. Order dated December 11, 2024 in appeal no. 380 of 2022 ICAP IL India Pvt. Ltd. vs. SEBI in the Matter of ICAP IL Pvt. Ltd.

SEBI had re-computed the fee-liability of

the appellant along with simple interest at the rate of 15 per cent per annum amounting to ₹9,79,28,344 and communicated the same to the appellant vide letter dated May 18, 2022. This was challenged in the subject appeal.

SAT upheld the authority of SEBI to charge interest on unpaid amount towards registration fees. SAT held that Regulation 5 of Schedule III of SEBI (Stock Brokers) Regulations, 1992 mandates interest on delayed payments, leaving SEBI no discretion to waive or reduce it. SAT also held that charging of interest is in the nature of compensation for accretion to capital and cannot be compared with levy of penalty which involves exercise of discretion based on the facts and circumstances of each case.

However, SAT noted that for the period from September 06, 2003, to October 01, 2003 (25 days), the appellant had a credit balance of ₹74,55,793 and hence directed SEBI to grant 15 per cent per annum simple interest for this period. Accordingly, SAT partly allowed the appeal. Aggrieved by the order of SAT, the appellant has filed an appeal before the Hon'ble Supreme Court.

ii. Order dated December 20, 2024 in appeal no. 762 of 2023 - Pegasus Holdings III, LLC vs SEBI in the matter of Federal Mogul Goetze (India) Ltd.

Pegasus Holdings III, LLC entered into a merger agreement with Tenneco Inc. and its subsidiary, triggering an indirect acquisition under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations, 2011).

A public announcement was made in this regard by the manager to the offer, Bank

of America Securities India Limited on behalf of Pegasus Holdings III LLC on February 23, 2022, followed by a detailed public statement on November 24, 2022 and submission of a draft letter of offer on December 01, 2022. The per share value was disclosed in the draft letter of offer as ₹275 calculated under section 8(3)(f) read with section 8(5) of the SAST Regulations, 2011.

SEBI sought clarifications from the manager to the offer on the methodology adopted for calculating the per share value. Regulation 8(5) of the SAST Regulations, 2011 mandates that in cases, where the target company's net asset value or sales turnover or market capitalization exceeds 15 per cent of the acquirer, the acquirer must disclose in the letter of offer, a detailed description of the methodology adopted for computing the per share value of the target company taken into account for the acquisition.

The manager submitted that the per share value of ₹275 was determined based on the market price methodology. Since per share value has not been determined in accordance with the SAST Regulations, 2011 and in absence of clarification to the satisfaction of SEBI, an independent chartered accountant was appointed by SEBI on August 30, 2023, in terms of regulation 8(16) of the SAST Regulations, 2011, for valuation of the shares of the target company, i.e., Federal Mogul Goetze (India) Ltd. The appellant challenged the appointment of the independent chartered accountant by SEBI before the SAT.

The Hon'ble SAT, by a 2:1 majority, ruled in favour of the appellant, holding that regulation 8(16) of the SAST Regulations, 2011 applies only in the scenarios mentioned in regulations 8(2)(e) and

8(4) of the SAST Regulations, 2011. The Hon'ble SAT held that Federal Mogul's shares were frequently traded on the exchanges, therefore regulation 8(2)(e) is not applicable to the facts of this case. Furthermore, regulation 8(4) applies only when the offer price is incapable of being determined under any of the parameters specified in regulation 8(3) of SAST Regulations 2011. However, in this case, the appellant had chosen to value the shares based on the volume-weighted average market price (VWAP) of the shares, as per clause (e) of regulation 8(3) of SAST Regulations, 2011. Therefore, it is unambiguous that the price was capable of being determined under regulation 8(3) (e) of the SAST Regulations, 2011 as the scrip was 'frequently traded' and the appellant had used the VWAP over a 60-day period. Thus, invoking regulation 8(16) of SAST Regulations, 2011 to appoint an independent chartered accountant for valuation was unwarranted.

The minority judgment, inter-alia, held that the acquirer presented valuation of company in per share value terms, by dividing the company's valuation with number of shares, which is a primitive mathematical exercise, apparently to justify compliance with regulation 8(3)(f) of SAST Regulations, 2011. It was also observed that the acquirer did not adopt any appropriate valuation method for the purpose of special provision of regulation 8(5) and rather indicated the VWAP methodology as the chosen method, already a prescribed method under regulation 8(3)(e) of SAST Regulations, 2011 instead of calculating the per share value in terms of regulation 8(3)(f) of the SAST Regulations, 2011. Therefore, the provisions of regulation 8(4) read with 8(16) of SAST Regulations, 2011 were rightly applied by SEBI to appoint an independent

chartered accountant since the offer price was incapable of being determined.

SEBI has filed an appeal before the Hon'ble Supreme Court against the said order of Hon'ble SAT on the aspect of the interpretation of provisions of regulation 8 of the SAST Regulations, 2011.

iii. Order dated January 24, 2025 in appeal no. 687 of 2024 - Trafiksol ITS Technologies Ltd. vs. SEBI & Anr. in the matter of initial public offer of Trafiksol ITS Technologies Ltd.

Trafiksol ITS Technologies Ltd. (Trafiksol) filed the appeal against the SEBI order dated December 03, 2024 passed by the Whole Time Member (WTM), SEBI, directing it to refund the proceeds of initial public offer (IPO) to the allottees within one week from the date of the order for violating the provisions of the ICDR and PFUTP Regulations. The order had also found that Trafiksol had published material mis-statements in the prospectus related to the objects of the issue.

On May 31, 2024, Trafiksol filed a draft red herring prospectus with BSE Ltd. for its proposed IPO on the small and medium enterprises platform of BSE. The IPO involved fresh issuance of ₹64.1 lakh equity shares of the company and ₹44.9 crore was raised through the issue. Post the closure of the issue and allotment of shares, a complaint was received by SEBI and BSE from small investors welfare association in respect of the IPO, inter-alia, alleging that the objects of the aforesaid issue included purchase of software valued at ₹17.7 crore from a vendor which had questionable financials and had failed to file its annual financial statements with the Ministry of Corporate Affairs.

In view of the complaint, BSE in consultation with SEBI deferred the listing of the shares of Trafiksol. Subsequently, SEBI passed an ad interim ex-parte order dated October 11, 2024, directing an investigation to be undertaken by SEBI in the matter. The said ad interim order also directed BSE to maintain the proceeds of the issue in an interest bearing account till further directions.

Investigation by SEBI revealed that Trafiksol along with its Managing Director and Whole Time Directors had devised a scheme/devise/artifice to defraud the investors by publishing material mis-statements in the prospectus regarding the object of the issue, i.e., purchase of software of ₹17.7 Crore (40 per cent of the issue size), based on quotation of a shell company with the intent of diversion of issue proceeds.

Accordingly, a notice to show cause dated November 14, 2024 was issued to Trafiksol alleging violations of material mis-statements in the prospectus regarding the objects of the issue to mislead the investors. Subsequently, the impugned order was passed by the WTM on December 03, 2024 which was under challenge in the instant appeal. The Hon'ble SAT, while upholding the impugned order, held that the quotation relied upon by the company in the prospectus was obtained from a shell entity and was a mis-statement in the prospectus. SAT observed that a listed entity has an additional responsibility to its shareholders and when it comes out with an issue for the public at large, it is required to ensure that the disclosures made in the prospectus are not only adequate and correct but genuine. SAT further observed that in the instant case, the appellant had scant regard to the disclosure norms of

the ICDR Regulations and the concerns of public shareholders, and hence, no public purpose would be served by allowing the IPO to proceed further.

Accordingly, the Hon'ble SAT dismissed the appeal with no order as to costs.

D. National Company Law Tribunal

i. Order dated August 02, 2016 in the matter of SEBI vs. Liquidator of Talwalkars Healthclubs Ltd. before NCLT, Mumbai Bench [IA 3588 (MB) 2024 and appeal (IBC)/ 06 (MB) 2024]

SEBI filed an application before NCLT seeking condonation of delay of 495 days in filing its claim in form C under the insolvency proceedings of Talwalkars Health clubs Ltd. The liquidator rejected the claim due to delay, prompting SEBI to file an appeal under section 42 of IBC. The key Issues involved were whether the delay of 495 days in filing form C could be condoned by the Tribunal and whether liquidator's rejection of the claim was legally valid given the absence of power to condone delay.

The Tribunal noted that the liquidator had correctly refused to condone the delay as no such power is vested with the liquidator. However, the Tribunal observed that SEBI is a statutory authority and had reasonable cause for the delay. The Tribunal emphasized that strict technicalities should not defeat substantial justice, particularly when public interest and regulatory oversight are involved.

Thus, the Tribunal allowed SEBI's appeal setting aside liquidator's rejection order and directed the liquidator to consider SEBI's claim of ₹12,00,000 on merits.

ii. Order dated October 25, 2024 in the matter of SEBI vs. Resolution Professional of Sheltrex Karjat Pvt. Ltd. before NCLT, Mumbai Bench - [IA/4304/2023 in CP (IB) no. 3126 /MB /2019]

SEBI filed an application under section 60(5) of IBC seeking direction to the resolution professional (RP) of Sheltrex Karjat Pvt. Ltd. to admit its claim of statutory dues amounting to ₹1,51,32,335. Since there was delay in filing the claim by SEBI, RP rejected the claim.

The key issues involved was whether SEBI's claim, being statutory in nature, could be admitted despite delay and whether the RP erred in rejecting such claim on procedural grounds.

The Tribunal held that SEBI is a statutory authority performing sovereign functions and its claim cannot be equated with ordinary creditors. The delay in filing was condoned and RP was directed to include SEBI's claim of ₹1.51 crore in corporate insolvency resolution process (CIRP) of Sheltrex Karjat Pvt. Ltd. The Bench emphasized that CIRP should ensure compliance with statutory obligations and uphold public interest.

iii. Order dated August 27, 2024 in the matter of Exicom Technologies India Pvt. Ltd. vs. Liquidator of Bharati Defence & Infrastructure Ltd. before NCLT, Mumbai Bench [IA No. 1749/ MB/ C-I/2024 in CP (IB) no. 292/MB/C-I/2017]

An application was filed under section 60(5) of IBC by Exicom Technologies India Pvt. Ltd., the successful resolution

applicant, before NCLT Mumbai, seeking approval and record of the acquisition plan dated March 19, 2024, pursuant to the successful bid under CIRP of Bharati Defence & Infrastructure Ltd. The key issue involved was whether the acquisition plan submitted by the successful bidder under the CIRP process is valid and should be taken on record by the adjudicating authority.

The Tribunal observed that the acquisition plan was in line with the resolution plan approved earlier. The liquidator and financial creditors did not raise objections to the plan. The Bench found no legal impediment to take the acquisition plan on record. Additionally, the Tribunal noted that the extinguishment of existing share capital and the issuance of fresh capital shall be subject to necessary consents, approvals and no-objection from SEBI and/or relevant stock exchanges.

The Tribunal allowed the application and directed that the acquisition plan dated March 19, 2024 be taken on record.

E. SEBI Special Court, Mumbai
i. Order dated April 24, 2024 in SEBI Spl. Case No.391/2014 - SEBI vs. Gopal Kupposwamy & Ors.

Prosecution was launched by SEBI against six directors of Twilight Litika Pharma Ltd., for non-payment of the declared dividend amount thereby making them liable under section 207 of the Companies Act, 1956.

The company in its annual general meeting held on September 29, 2011, declared dividend of ₹1.50 per share (30 per cent dividend on the equity shares having face value of ₹5) for the year ended on March 31, 2011. However, the company failed to pay the required dividend and instead the said declaration was cancelled by the

company by conducting an extra ordinary general meeting which was held on September 29, 2012 with the approval of the shareholders.

The Hon'ble Court observed that, in terms of section 207 of Companies Act, 1956, after declaration of dividend, the company is required to pay the same within 30 days of the date of declaration of dividend. Since the dividend was not paid to its shareholders, as declared by company, the accused directors were held responsible for the said default.

Accordingly, the Hon'ble Court convicted the three directors, whereas, the proceedings against the other three directors, since deceased, got abated. The convicted directors were sentenced with simple imprisonment of six months and with fine of ₹5 lakh each and further simple imprisonment of three months, in default of payment of fine.

ii. Order dated April 26, 2024 in Spl. Case no. 1592/2021 – SEBI vs. Kanaiyalal Baldevbhai Patel

Prosecution was launched by SEBI against Kanaiyalal Baldevbhai Patel under section 24(2) of the SEBI Act, 1992 for his failure to pay the penalty of ₹5 crore imposed by the adjudicating officer under section 15HA of the SEBI Act, 1992 vide order dated September 30, 2011 for the violation of regulation 3(a), (b), (c) and (d) of the PFUTP Regulations, 2003.

The Hon'ble Court held that SEBI had proved beyond reasonable doubt that the accused was well aware of the adjudication order and knowingly did not pay the penalty and therefore, committed an offence punishable under section 24(2) of the SEBI Act, 1992.

Accordingly, the accused was sentenced with simple imprisonment of three years and with fine of ₹10 lakh and further simple imprisonment of six months, in default of payment of fine.

iii. Order dated May 7, 2024 in Spl. Case no. 1041/2021 - SEBI vs. Sirish C Shah

Prosecution was launched by SEBI against Sirish C Shah under section 24(1) of the SEBI Act, 1992 for violating the provisions of regulations 4(a), (b), (c) and (d) of the PFUTP Regulations, 1995.

Sirish C Shah was alleged to have created an artificial market in the scrip of Spanco Tele systems and Solutions Limited (STSL) for the period commencing from October 2000 to July 2001 by introducing several clients to several brokers and sub-brokers to trade in the scrip of STSL and operated the scrip by placing buy/sell orders on behalf of clients. The accused was alleged to have traded in the scrip of STSL on behalf of 17 clients and thereby generated volume of more than 48 per cent of gross volume of the exchange.

During the course of trial, the accused accepted the commission of the offence and pleaded guilty.

As such, the Hon'ble Court convicted the accused of the charge made against him and imposed a fine of ₹10 lakh and further simple imprisonment of three months, in default of payment of fine.

iv. Order dated May 07, 2024 in Spl. Case no. 239 of 2020 - SEBI vs M/s Money Management Services

Prosecution was launched by SEBI against M/s Money Management Services under section 24(1) of the SEBI Act, 1992 and section 23 (1) (g) and (h) of the SCR Act, 1956.

SEBI had received a complaint dated May 11, 2020 against M/s Money Management Services for allegedly acting as an unregistered sub-broker. Pursuant to the receipt of the complaint, SEBI had issued a letter dated June 23, 2000, advising the entity to seek registration immediately failing which the entity would be liable for penal action and also to redress the investor complaint within 15 days. However, the entity neither sought registration with SEBI nor resolved the investor complaint.

Accordingly, SEBI initiated prosecution against the accused entity for acting as an unregistered sub-broker and thereby committing an offence under section 12 of the SEBI Act, 1992 and section 17 of the SCR Act, 1956 r/w regulation 3 of Stock Broker and Sub-Broker Regulations, 1992.

The Hon'ble Court convicted M/s Money Management Services through its partner Mr. Paul Donald Moses for the offence punishable under section 24(1) of SEBI Act, 1992 and imposed a fine of ₹5,000 on the accused.

v. Order dated August 17, 2024 in Spl. Case no. 1566/2021 - SEBI vs. Prem Mohanlal Parikh

Prosecution was launched by SEBI against Prem Mohanlal Parikh under section 24(2) of the SEBI Act, 1992 for his failure to pay the penalty of ₹5 lakh imposed by the adjudicating officer (AO) under section 15HA of the SEBI Act, 1992 vide order dated December 22, 2014 for the violation of regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a), (b), (e) & (g) of the PFUTP Regulations, 2003.

The Hon'ble Court held that SEBI has proved beyond reasonable doubt that despite the service of the adjudication order, the accused did not pay the penalty

and therefore committed an offence punishable under section 24(2) of the SEBI Act, 1992. Accordingly, the accused was sentenced to simple imprisonment for one month and with fine of ₹10 lakh, and further simple imprisonment of six months, in default of payment of fine.

vi. Order dated September 04, 2024 in SEBI Spl. Case no. 256/2014- SEBI vs. Shila Baburao Suryavanshi

Prosecution was launched by SEBI against Shila Baburao Suryavanshi under section 24(2) of the SEBI Act, 1992 for his failure to pay the penalty of ₹5 lakh imposed by the adjudicating officer under section 15HA of the SEBI Act, 1992 vide order dated February 29, 2012 for the violation of regulations 4 (1), (2)(a), (b), (g) and (n) of the PFUTP Regulations, 2003.

The Hon'ble Court held that SEBI has proved beyond reasonable doubt that despite the service of the adjudication order, the accused did not pay the penalty imposed on him and therefore, committed an offence punishable under section 24(2) of the SEBI Act, 1992. Accordingly, the accused was sentenced to pay fine of ₹7 Lakh and further simple imprisonment of six months, in default of payment of fine.

vii. Order dated October 16, 2024 in SEBI Spl. Case no. 259/2014 – SEBI vs. Nisarga Forests (I) Ltd. & Ors.

Prosecution was launched by SEBI against Nisarga Forests (I) Ltd. and its seven directors under section 24(1) r/w section 27 of the SEBI Act, 1992 for their failure to file an application with SEBI seeking registration as a collective investment scheme (CIS) and winding up of the existing CIS by the accused company. The company was also alleged to have failed to formulate a scheme of repayment and make repayment to its investors resulting

in the violation of the provisions of section 12(1B) of the SEBI Act r/w regulation 5(1), 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

During the course of proceedings, the case against one director was dismissed in default and against the other two directors, since deceased, got abated.

The Hon'ble Court held that accused no. 1 - company had mobilized funds of ₹10.66 crore in contravention of the provisions of the SEBI Act, 1992 and the CIS Regulations, 1999 and four of the co-accused, being the directors of the company, are liable for the violation committed by the company for being in charge of and responsible to, the company for the conduct of the business of the company.

Accordingly, the four directors were convicted for offence punishable under section 24(1) r/w section 27 of SEBI Act, 1992 and sentenced with simple imprisonment of one month and with fine of ₹5 lakh each and further simple imprisonment of six months, in default of payment of fine.

viii. Order dated November 19, 2024 in SEBI Spl. Case No. 233/2014 – SEBI vs. Shiv Kumar Agarwal & Anr.

Prosecution was launched by SEBI against directors of Gujarat Arth Limited (GAL). As GAL was under liquidation and winding up order of the company was already passed by the High Court of Gujarat, the complaint was filed only against natural persons under section 24(1) r/w section 27 of the SEBI Act, 1992 alleging that the company had made misleading corporate announcements, concealed sensitive information and thereby presented falsified financial status of the company in order to create artificial price and volume in the scrip

through artificial means, to the detriment of public/investors at large and that the directors of the company who were in charge of, and responsible to, the company for the conduct of the business of the company were guilty of the same and that the act of concealing sensitive information and not disclosing correct financials status of the company was in violation of the provisions of the PFUTP Regulations, 2003.

The Hon'ble Court held that the accused, being the directors of the company, had failed in discharging their duty to take care that the company should not engage in committing the violations alleged in the complaint and thus, were found to have committed the offence punishable under section 24(1) r/w Section 27 of the SEBI Act, 1992.

Accordingly, the Hon'ble Court convicted the accused and sentenced them with simple imprisonment for one month and with fine of ₹11 lakh each and further simple imprisonment of six months, in default of payment of fine.

ix. Order dated December 21, 2024 in SEBI Spl. Case no. 261/2014 – SEBI vs. Diamond Tree Teak Plantation & Ors.

Prosecution was launched by SEBI against Diamond Tree Teak Plantation, a division of Rock Resorts and Hotels Ltd., and its eight directors under section 24(1) r/w section 27 of SEBI Act, 1992 for their failure to make an application seeking registration as a collective investment scheme (CIS) and winding up of the existing CIS. The company also failed to formulate the scheme of repayment and make repayment to its investors resulting in the violation of the provisions of section 12(1B) of the SEBI Act, 1992 r/w regulation 5(1), 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

During the course of proceedings, the case against two directors, since deceased, got abated and against two directors got separated.

The Hon'ble Court held that the accused company had mobilized funds of more than ₹11 lakh contravening the provisions of the SEBI Act, 1992 and the CIS Regulations, 1999 and four of the co-accused, being the directors of the company were liable for the violation committed by the company for being in charge of and responsible to, the company for the conduct of the business of the company.

Accordingly, the four directors were convicted for offence punishable under section 24(1) r/w section 27 of SEBI Act, 1992 and were sentenced with imprisonment till the rising of the Court and with fine of ₹5 lakh each and further simple imprisonment of six months, in default of payment of fine.

x. Order dated January 22, 2025 in SEBI Spl. Case no. 161/2014 – SEBI vs. Roofit Industries Ltd. & Ors.

Prosecution was launched by SEBI against Roofit Industries Ltd. and its six directors under section 11(3) r/w 24(1) and 27 of the SEBI Act, 1992 for non-compliance of summons issued by the Investigating Authority.

SEBI conducted investigation into the alleged violations of the provisions of SEBI Act, 1992, rules and regulations made thereunder, in the matter of Roofit Industries Ltd. During the course of investigation, SEBI issued summons to several entities, including the accused company for furnishing information. In spite of providing sufficient opportunities, the accused failed to provide the information as sought by the investigating authority.

During the course of proceedings, the case was separated against two of the directors. The Hon'ble Court held that SEBI has proved beyond all reasonable doubt that accused company and its directors have failed to furnish the information as required by the summons. Accordingly, the Hon'ble Court held the company and its four directors guilty of the offence punishable under section 24(1) r/w 27 of SEBI Act, 1992 and sentenced the four directors with imprisonment till rising of the Court and with fine of ₹10 lakh and further simple imprisonment of one month, in default of payment of fine.

xi. Order dated February 1, 2025 in SEBI Spl. Case no. 86/2014 – SEBI vs. M/s Bhu Bhairav Agro Tech Ltd. & Ors.

Prosecution was launched by SEBI against Bhu Bhairav Agro Tech Limited and three directors under section 24(1) r/w section 27 of the SEBI Act, 1992 for the alleged violation of the provisions of section 12(1B) of the SEBI Act, 1992 and regulation 5(1) r/w section 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

During the course of proceedings, the case against two directors got separated and the name of the company was struck off from the register of companies. After the stage of evidence, the case against the remaining director, since deceased, got abated.

The Hon'ble Court held that SEBI proved its case beyond reasonable doubt and the accused company had mobilized funds of ₹14.41 lakhs in contravention of the provisions of the SEBI Act, 1992 and the CIS Regulations, 1999. Accordingly, the Hon'ble Court convicted the company and imposed a fine of ₹5 lakh on the company, in terms of section 248(7) of the Companies Act, 2013.

xii. Order dated February 06, 2025 in SEBI Spl. Case no. 005/2019- SEBI vs. Sunil Purohit

Prosecution was launched by SEBI against Sunil Purohit under section 24(2) of the SEBI Act, 1992 for his failure to pay the penalty of ₹6 Lakh imposed under section 15HA of the SEBI Act, 1992 vide order dated August 31, 2018 for the violation of regulations 4(1), (2)(a), (b), (e) and (g) of the PFUTP Regulations, 2003.

The Hon'ble Court held that SEBI has proved beyond reasonable doubt that despite the service of the adjudication order, the accused did not pay the penalty imposed on him and therefore committed an offence punishable under section 24(2) of the SEBI Act, 1992. Accordingly, the accused was sentenced with simple imprisonment for one month and with fine of ₹10 lakh and further simple imprisonment of one month, in default of payment of fine.

F. SEBI Special Court, Delhi

i. Order dated October 05, 2024 in CC no. 541/2023 – SEBI vs. Ideal Hotels & Industries Ltd. & Ors.

Prosecution was launched by SEBI against Ideal Hotels & Industries Ltd., its associated entities and its directors under section 24 r/w section 27 of the SEBI Act, 1992 for the alleged violation of regulations 4(a) and 4(e) of the PFUTP Regulations, 1995 r/w regulations 6, 8 and 10 of the SAST Regulations, 1994, mainly for price rigging in the scrip of the company.

Out of the twenty-three accused persons, case against three accused, since deceased, got abated. Further, two accused were discharged and two accused were declared proclaimed offender and proceeding against one accused was quashed.

During the course of trial, all the accused persons, who were appearing before the court, accepted the commission of offence and pleaded guilty and submitted that in the parallel proceeding of adjudication initiated against them for the same cause of action, they have paid the penalty imposed vide the adjudicating order dated June 19, 2001.

Accordingly, the Hon'ble Court sentenced the seven companies with fine of ₹50,00,000 each, and eight directors/partners with imprisonment till rising of the court and with a fine of ₹50,00,000.

ii. Order dated October 22, 2024 in CC no. 539/2023 - SEBI vs. Kuber Planters & Ors.

Prosecution was launched by SEBI against Kuber Planters Ltd. and its three directors under section 24(1) r/w section 27 of the SEBI Act, 1992 for the alleged violation of provisions of section 12(1B) of the SEBI Act, 1992 and regulation 5(1) r/w section 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

During the course of proceedings, case against one director, since deceased, was abated and the other director was declared as proclaimed offender.

The Hon'ble Court held that the company had mobilized funds to the tune of ₹86.37 crore in violation of the provisions of the CIS Regulations and the co-accused, being the directors of the company were liable for the violation committed by the company under section 27 of the SEBI Act, 1992.

Accordingly, Kuber Planters Ltd. was sentenced with fine of ₹50 crore and one of the accused directors was sentenced with simple imprisonment of one year and

with a fine of ₹25 crore and further simple imprisonment of three months, in default of payment of fine.

iii. Order dated January 27, 2025 in CC no. 739/2023 - SEBI vs. Hariyali Plantations Ltd. & Ors.

Prosecution was launched by SEBI against Hariyali Plantations Ltd. and its seven directors under section 24(1) r/w section 27 of the SEBI Act, 1992 for the alleged violation of the provisions of 12(1B) of the SEBI Act, 1992 r/w regulation 5(1), 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

The Hon'ble Court found the accused company and its two directors guilty under section 24(1) r/w 27 of the SEBI Act, 1992 and held that the company had mobilized an amount of ₹2.78 crore from the general public and had failed to file the winding up and repayment report.

Accordingly, the Hon'ble Court imposed a fine of ₹75 lakh on the company and sentenced one director with simple imprisonment of one year and with fine of ₹10 lakh and further simple imprisonment of three months, in default of payment of fine. Further, the Hon'ble Court sentenced the other director with imprisonment till the rising of the Court and with fine amount of ₹5 lakh, and in case of default, the same to be recovered out of her estate. The remaining five directors were acquitted of the charges framed against them.

G. SEBI Special Court, Chennai
i. Order dated November 21, 2024 in Sessions Case no. 454/2010 - SEBI vs. Brammaputhra Plantations Pvt. Ltd. & Ors.

Prosecution was launched against Brammaputhra Plantations Private Limited

and its two directors under section 24(1) read with 27 of the SEBI Act for the alleged violation of provisions of section 12(1B) of the SEBI Act, 1992 and regulation 5 (1) r/w Regulations 68(1), 68(2), 73 and 74 of the CIS Regulations, 1999.

The Hon'ble Court found accused nos. 1 and 2 guilty under section 24(1) r/w 27 of the SEBI Act, 1992, and held that SEBI has proved that the accused floated CIS and continued to function as CIS without compliance of the CIS Regulations, 1999 and had neither sent the information memorandum to the investors nor refunded the entire amount to the said number of investors, and hence, were liable for the

contravention of the provisions of the CIS Regulations, 1999.

Accordingly, the Hon'ble Court imposed a fine of ₹10 lakh on the accused company and sentenced one director with simple imprisonment of three years and with fine of ₹5 lakh, and further simple imprisonment of one year, in default of payment of fine. Another director was acquitted of the charge framed against her.

10.4 AMENDMENTS TO REGULATIONS

The details of the amendments of regulations have been given in respective chapters.

Sl. No.	Date	Title
Principal Regulations – 1		
1	Feb 15, 2025	SEBI (Procedure for Making, Amending and Reviewing of Regulations) Regulations, 2025
Amendment Regulations – 61		
1	Apr 25, 2024	SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2024
2	Apr 26, 2024	SEBI (Investment Advisers) (Amendment) Regulations, 2024
3	Apr 26, 2024	SEBI (Research Analysts) (Amendment) Regulations, 2024
4	Apr 26, 2024	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2024
5	May 06, 2024	SEBI (Employees' Service) (Second Amendment) Regulations, 2024
6	May 10, 2024	SEBI (Depositories and Participants) (Amendment) Regulations, 2024
7	May 10, 2024	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2024
8	May 17, 2024	SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024
9	May 18, 2024	SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024
10	May 18, 2024	SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2024
11	May 18, 2024	SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024
12	May 18, 2024	SEBI (Buy-Back of Securities) (Amendment) Regulations, 2024
13	May 27, 2024	SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2024
14	Jun 03, 2024	SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2024
15	Jun 26, 2024	SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024
16	Jun 26, 2024	SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024

Sl. No.	Date	Title
17	Jun 29, 2024	SEBI (Stock Brokers) (Amendment) Regulations, 2024
18	Jul 01, 2024	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2024
19	Jul 02, 2024	SEBI (Mutual Funds) (Amendment) Regulations, 2024
20	Jul 10, 2024	SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024
21	Jul 10, 2024	SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024
22	Jul 11, 2024	SEBI (Credit Rating Agencies) (Amendment) Regulations, 2024
23	Jul 13, 2024	SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2024
24	Jul 13, 2024	SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2024
25	Jul 20, 2024	SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024
26	Jul 30, 2024	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Third Amendment) Regulations, 2024
27	Aug 02, 2024	SEBI (Mutual Funds) (Second Amendment) Regulations, 2024
28	Aug 07, 2024	SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024
29	Aug 21, 2024	SEBI (Research Analysts) (Second Amendment) Regulations, 2024
30	Aug 29, 2024	SEBI (Intermediaries) (Amendment) Regulations, 2024
31	Aug 29, 2024	SEBI (Depositories and Participants) (Second Amendment) Regulations, 2024
32	Aug 29, 2024	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024
33	Sep 06, 2024	SEBI (Foreign Venture Capital Investors) (Amendment) Regulations, 2024
34	Sep 18, 2024	SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024
35	Sep 25, 2024	SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024
36	Sep 27, 2024	SEBI (Infrastructure Investment Trusts) (Third Amendment) Regulations, 2024
37	Sep 28, 2024	SEBI (Real Estate Investment Trusts) (Third Amendment) Regulations, 2024
38	Nov 18, 2024	SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024
39	Nov 20, 2024	SEBI (Bankers to an Issue) (Amendment) Regulations, 2024
40	Nov 20, 2024	SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2024
41	Nov 28, 2024	SEBI (Attestation of Documents) (Amendment) Regulations, 2024
42	Nov 29, 2024	SEBI (Merchant Bankers) (Amendment) Regulations, 2024
43	Dec 02, 2024	SEBI (Depositories and Participants) (Third Amendment) Regulations, 2024
44	Dec 06, 2024	SEBI (Intermediaries) (Second Amendment) Regulations, 2024
45	Dec 06, 2024	SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024
46	Dec 11, 2024	SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024
47	Dec 13, 2024	SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024
48	Dec 16, 2024	SEBI (Mutual Funds) (Third Amendment) Regulations, 2024
49	Dec 16, 2024	SEBI (Investment Advisers) (Second Amendment) Regulations, 2024
50	Dec 16, 2024	SEBI (Research Analysts) (Third Amendment) Regulations, 2024
51	Feb 10, 2025	SEBI (Investor Charter) (Amendment) Regulations, 2025
52	Feb 10, 2025	SEBI (Depositories and Participants) (Amendment) Regulations, 2025
53	Feb 10, 2025	SEBI (Intermediaries) (Amendment) Regulations, 2025

Sl. No.	Date	Title
54	Feb 10, 2025	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2025
55	Feb 17, 2025	SEBI (Mutual Funds) (Amendment) Regulations, 2025
56	Mar 08, 2025	SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025
57	Mar 12, 2025	SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025
58	Mar 21, 2025	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2025
59	Mar 21, 2025	SEBI (Credit Rating Agencies) (Amendment) Regulations, 2025
60	Mar 21, 2025	SEBI (Intermediaries) (Second Amendment) Regulations, 2025
61	Mar 28, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025

10.5 NEW REGULATIONS (AIMS AND OBJECTIVES)

During 2024-25, the SEBI (Procedure for Making, Amending and Reviewing of Regulations) Regulations, 2025 was notified. As a statutory body, SEBI's legislative powers involve making of regulations to protect the interest of investors, develop and regulate the securities market effectively. Despite SEBI's strong commitment to stakeholder engagement and transparency in the regulation making process, the public consultation practices had not been so far codified into law. Therefore, a need was felt for codifying and mandating such processes through regulations, which would also set a benchmark for excellence in legislative drafting in the financial sector in India. Such codified framework would also ensure uniformity in the consultation process, provide clarity to stakeholders and minimize the risk of challenges to the regulations due to procedural lapses. Accordingly, these regulations were framed to specify the process of regulation making and for mandating public consultation and engagement of stakeholders in the interest of transparency and for matters incidental or connected therewith.

10.6 PROGRESS OR IMPACT ASSESSMENT OF THE NEW REGULATIONS/RULES

A. Upstreaming of client's funds to clearing corporations

The policy of upstreaming of clients' funds by stock brokers/clearing members to clearing corporations was introduced to reduce the risk of misuse of client's funds maintained by stock brokers. This policy has resulted in reduction of clients' funds retained by brokers in their bank accounts from approximately 9.78 per cent in the first quarter of 2023-24 to approximately 3.66 per cent in first quarter of 2024-25.

B. Online dispute resolution portal

Online dispute resolution (ODR) portal, hosted by the stock exchanges and depositories under the name SMART ODR, went live from September 16, 2023 and covers disputes of investors against almost all regulated entities. Number of disputes filed by investors against the regulated entities on this portal increased to 3,964 in 2024-25 from 1,976 in 2023-24.

At the end of 2024-25, 2,212 cases were resolved at pre-conciliation level only as compared to 862 cases a year prior. As

on March 31, 2025, 1,155 disputes were under process (**Table 10.41 and 10.42**).

Table 10.41: Status of Disputes at ODR Portal

Category of Dispute	2023-24*		2024-25	
	No. of Disputes	Notional Value (₹crore)	No. of Disputes	Notional Value (₹crore)
(I) B2C (Schedule 'A') Investor Vs. Regulated Entity				
Net No. of Cases Lodged	1,976	138.5	3,964	323.3
Case Status				
Resolved at Pre-Conciliation	862	17.0	2,212	116.4
Resolved at Conciliation	216	17.9	450	23.8
Resolved at Arbitration	18	04.2	147	22.1
No. of Disputes Under Process	880	99.36	1,155	160.97
(II) B2B (Schedule 'B') Disputes Amongst Regulated Entities				
Net No. of Cases Lodged	5	1.07	4	0.009
Case Status				
Resolved at Pre-Conciliation	2	0.0	2	0.0
Resolved at Conciliation	0	0.0	0	0.0
Resolved at Arbitration	0	0.0	1	0.0
No. of Disputes Under Process	3	0.1	1	0.0

*Since inception i.e., from September 16, 2023 to March 31, 2024

Table 10.42: Entity-wise Details of Disputes Filed on ODR Portal

Sr. No	Entities	2023-24		2024-25	
		No. of Disputes Filed	Value (₹ crore)	No. of Disputes Filed	Value (₹ crore)
Investor vs. Regulated Entity (Schedule A)					
1	AIFs – Fund Managers	1	0.0	6	1.1
2	Banker to an Issue and Self-Certified Syndicate Banks	14	0.3	24	0.3
3	CIS – Collective Investment Management Company	0	-	0	-
4	Commodities Clearing Corporations	0	-	0	-
5	Depository Participants	118	1.4	225	20.5
6	Investment Advisors	28	4.0	54	2.0
7	InvITs - Investment Manager	0	-	0	-
8	Merchant Bankers	3	0.9	8	0.7
9	Mutual Funds - AMCs	63	1.8	224	3.4

Sr. No	Entities	2023-24		2024-25	
		No. of Disputes Filed	Value (₹ crore)	No. of Disputes Filed	Value (₹ crore)
10	Portfolio Managers	19	2.2	13	0.5
11	Registrars and Share Transfer Agents (RTAs)	454	18.0	1,256	79.2
12	REITs – Managers	0		0	-
13	Research Analysts	5	0.2	159	12.6
14	Stock Brokers (including Online Bond Platforms & Online Bond Platform Providers)	1,271	109.8	1,995	203.1
Total		1,976	138.46	3,964	323.27
Disputes Amongst Regulated Entities (Schedule B)					
1	KYC Registration Agency and their Clients / Intermediaries	1	0.1	0	-
2	Mutual Funds and Mutual Fund Distributors	1	0.0	0	-
3	Registrars and Share Transfer Agents and their Clients	2	-	1	-
4	Research Analysts and their Clients	0	-	1	-
5	Stock Brokers and their Authorised Persons	1	0.1	2	0.1
Total		5	0.1	4	0.1

C. Suggestion box

The 'Suggestion in-box' initiative was introduced on the SEBI website under 'Contact Us', in March 2023 for feedbacks/suggestions from stakeholders. Investors/stakeholders can drop-in their suggestions 24 x 7 x 365 on any area of concern/for improvement in securities market without any restriction on timeline or topic, as in the case of public consultation. During

2024-25, SEBI received 473 inputs and were responded through measures, which include proposing policy recommendations, forwarding to dealing departments for their consideration, responding through 'asksebi' and simultaneously adding to the standard replies in FAQs and SEBI Helpline, and guiding to file grievance/dispute resolution.

Chapter 11: INTERNATIONAL ENGAGEMENTS

11.1 INTERNATIONAL ENGAGEMENTS HAVING IMPLICATIONS FOR INDIAN MARKETS

SEBI actively collaborates with foreign regulators, international standard-setting bodies and global forums to advance regulatory and enforcement co-operation. Some major areas of international engagement during 2024-25 are outlined in this chapter:

A. Engagement with the IOSCO

The International Organization of Securities Commissions (IOSCO) serves as the global standard-setting body for the securities sector and brings together securities market regulators from across the world. Its members regulate more than 95 per cent of the world's securities markets in more than 130 jurisdictions. IOSCO also works closely with G20 and the Financial Stability Board (FSB) to support the global regulatory reform agenda. SEBI is an ordinary member of IOSCO and also serves on its Board. SEBI is also a member of IOSCO's eight policy committees and its Board-level Financial Stability Engagement Group, which focuses on strengthening IOSCO's engagement with FSB and refining its approach to financial stability. The following section outlines SEBI's major engagements with IOSCO during 2024-25:

- i. SEBI participated in three meetings of IOSCO Board held during 2024-25, which inter alia, discussed

issues on sustainable finance, protection of retail investors, financial stability, finance and audit matters etc.

- ii. SEBI is a member of the Asia-Pacific Regional Committee (APRC) constituted by IOSCO, which focuses on regional issues relating to securities regulation. During the year, APRC discussed topics such as sustainable finance, use of technologies in enforcement, scams and online harms, use of Suptech and broader digital strategies of APRC regulators and use of generative AI in financial supervisory and Regtech compliance.

B. Engagement with FSB

SEBI is one of the three members representing India on FSB. During the year, SEBI participated in many discussions and provided inputs with respect to FSB's recommendations on non-bank financial intermediation (NBFII) sector.

C. Other international engagements

i. Memorandum of understanding for international co-operation

The Multilateral Memorandum of Understanding (MMoU), established in 2002, sets an international benchmark for cross-border co-operation in securities regulation. Through consultation, co-operation and information exchange, the MMoU strengthens regulatory

enforcement and promotes financial market integrity. SEBI is signatory to the IOSCO's MMoU and the enhanced MMoU (EMMoU) for mutual co-operation and exchange of information for enforcement purposes. At present, 130 jurisdictions are MMoU signatories.

Further, SEBI has signed bilateral Memorandum of Understanding (MoU) with several foreign securities regulators to enhance co-operation and information exchange for regulatory and enforcement purposes. As of March 31, 2025, SEBI is a signatory to 32 bilateral MoUs, which facilitate sharing of technical domain expertise and support the effective enforcement of laws and regulations governing the securities market. Additionally, SEBI and securities market regulators of 28 member states of the European Union/European Economic Authority signed bilateral MoU concerning consultation, co-operation and exchange of information related to the supervision of the alternative investment fund managers.

ii. Exchange of information with foreign regulators for enforcement purpose

The MoUs, including the IOSCO MMoU and EMMoU signed by SEBI, have been instrumental in facilitating information exchange with foreign counterparts for investigation and regulatory enforcement. In 2024-25, SEBI received 111 requests from overseas regulators seeking assistance, which were responded to, in accordance with the provisions of the applicable MMoU. Conversely, SEBI made 37 requests to its

counterparts in other jurisdictions. Additionally, SEBI received information through two unsolicited references from IOSCO members and sent one unsolicited reference to foreign authority (**Table 11.1**).

Table 11.1: International Regulatory Assistance

Type of References	2023-24	2024-25
Requests Received by SEBI from Foreign Authorities	85	111
Requests Made by SEBI	90	37

iii. Issue-specific information exchange- non enforcement matters

SEBI also engages with regulators/ organizations globally in order to exchange information on topical issues. During the year, information was exchanged on wide-ranging issues including instantaneous settlement, automation of financial statements, sustainable finance, valuation of perpetual bonds, implementation of XBRL etc.

D. Participation in international programmes/conferences/study tours

Engagement in international conferences, seminars, training programs and study tours offers deep insights into international regulatory practices and market developments for SEBI officials. During 2024-25, SEBI officers participated in many such programs which include (i) 31st Annual U.S. SEC International Institute for Securities Market Growth and Development; (ii) Event on Regulatory Approaches to Transition Finance organized by Financial Conduct Authority, UK; (iii) 8th IOSCO/PIFS-Harvard Law School Global Certificate Program

for Regulators of Securities Markets;
 (iv) 27th Session of India-Russia Working Group on Banking and Financial Matters;
 (v) Toronto Centre 18th Regional Leadership Programme for Securities Regulators with Monetary Authority of Singapore;
 (vi) Event organized by Embassy of Seoul in partnership with Financial Supervisory Service.

E. Engagements with foreign delegations/signatories

SEBI interacts with and hosts foreign delegations from governments, regulatory authorities and market participants. These engagements enhance collaboration and promote a deeper understanding of the Indian securities market. Some of the key engagements during the year are outlined below:

- i. SEBI hosted the delegates from Securities Board of Nepal (SEBON) for two-day study tour on securities markets in India. The programme covered various aspects of securities market including its legal framework, enforcement practices, public issue process (with focus on the book-building system and the SME platform), supervisory structure of market intermediaries (emphasizing risk-based supervision), integrated automated market surveillance systems and investigation of securities offenses. The program further explored the certification of market intermediaries, along with the licensing and supervision of the commodity derivatives market in India.
- ii. In November 2024, SEBI conducted a benchmarking program for delegates from Otoritas Jasa Keuangan (OJK), Indonesia, focusing on the development of investment management products in Indian capital market.
- iii. Delegates from Securities and Exchange Commission (SEC), Ghana, visited SEBI in November, 2024, to explore supervisory technology and risk based supervision and get insights on the securities markets in India including market surveillance infrastructure and operations.
- iv. In December 2024, the delegation from Nigeria which visited SEBI, were updated about the latest market developments in India and policy initiatives undertaken by SEBI.
- v. Ms. Lindy Cameron, the British High Commissioner, paid courtesy visit to SEBI in July 2024. Ms. Cameron was accompanied by Mr. Harjinder Kang, His Majesty's Trade Commissioner for South Asia and the British Deputy High Commissioner for Western India, along with other officials. During the visit, views were exchanged on the state of the Indian securities market and discussed various regulatory developments.



Ms. Lindy Cameron, British High Commissioner, with SEBI Chairperson

- vi. In August 2024, Chief Executive of Dubai Financial Services Authority, Mr. Ian Johnston, met the Chairperson. Discussions were inter alia held on various facets of the market and on the use of AI tools in the functioning of both the regulators.
- vii. In November 2024, Chairperson, SEBI, had a formal meeting with Mr. David Schwimmer, CEO, London Stock Exchange Group (LSEG). During the meeting, Mr. Schwimmer emphasized on LSEG's commitment to the Indian market and desire for continued collaboration with SEBI to support the development of the capital markets, including the capital markets connectivity work under the India-UK Financial Partnership. Mr. Schwimmer also expressed his interest to continue to engage with SEBI on FTSE's planned expansion

into India.

- viii. Ambassador of the Netherlands, Ms. Marisa Gerards visited SEBI and met Mr. Ashwani Bhatia (Whole Time Member, SEBI) as a courtesy engagement.
- ix. During the year, a delegation from USA, as well as AMUNDI Indian Sales Ambassadors Conclave visited SEBI to confer with Shri Ashwani Bhatia, WTM on Indian capital markets and its regulatory ecosystem.
- x. A delegation from Mauritius, led by Hon. Soomilduth Bholah, Minister of Financial Services and Good Governance, had a courtesy meeting with WTM, Shri Ananth Narayan G. and with the team of Alternative Investment Fund and Foreign Portfolio Investors Department, in August 2024. Discussions were held on various aspects of the market, inter alia, including the requirements under SEBI circular dated August 24, 2023, regarding mandating additional disclosures by foreign portfolio investors that fulfil certain objective criteria.



Ms. Marisa Gerards, Ambassador of Netherlands, with SEBI WTM, Shri Ashwani Bhatia

F. Contribution to international treaties and dialogues: Ministry references

During 2024-25, SEBI provided inputs on various issues and agenda items relating to the securities markets for international dialogues including UK, New Zealand, Japan, Korea etc. Inputs were provided for high level bilateral meetings/engagements with the foreign dignitaries viz. Netherlands, Qatar, Vietnam, Malaysia, Singapore, Poland, Thailand, Brunei, Egypt, Japan, Russia etc. Further, inputs were also given for various Free Trade Agreements (FTAs) negotiations of India with UK, European Union (EU) on

‘financial services chapter’. These inputs covered the relevant terms of reference for various partnership agreements with international jurisdictions, such as, Comprehensive Economic Partnership Agreement with Chile, Bilateral Agreement on Trade and Economic Co-operation with Nigeria, India-Malaysia Comprehensive Economic Partnership Agreement etc.

Table 11.2: Ministry References Including FTA

Year	No. of References
2023-24	199
2024-25	252

Box 11.1: SMART 2025 - Symposium on India’s Securities Market Tech Stack

The Indian securities market has undergone rapid evolution in the past few years, in terms of depth and breadth. A significant milestone in this journey is the implementation of T+1 settlement cycle. The critical element in this success story is the use of technology, both by SEBI and market participants. To celebrate this journey and to share experiences in this area, a Symposium on India’s securities market ‘Tech Stack - SMART 2025’ was organized, along with NSE, BSE, NSDL, CDSL, AMFI and other market participants, during January 16-17, 2025. The event saw participation of regulatory authorities from 12 foreign jurisdictions, officials from MoF and MCA, officials from RBI, IRDAI, PFRDA and IFSCA, domestic market participants, among others.



Over the two-day event, the first day featured an introductory session followed by two parallel tracks—one for market participants and the other for regulators—where various demos on market infrastructure, RegTech and SupTech tools used in the Indian markets were showcased by market participants and SEBI officials. The second day focused on in-depth discussions among international and domestic regulators, SEBI officials and MIIIs, covering key technological aspects in securities markets. Participants in the regulators' track expressed specific interests, leading to curated deep dive sessions tailored to their priorities.

11.2 FINANCIAL SECTOR ASSESSMENT PROGRAMME

The Financial Sector Assessment Program (FSAP), a joint program of the International Monetary Fund (IMF) and the World Bank (WB), undertakes comprehensive and in-depth analysis of a country's financial sector on a periodic basis. Last FSAP for India was conducted in 2017 and the Financial System Stability Assessment (FSSA) report was published by IMF on 21st December, 2017. The IMF and World Bank jointly initiated the FSAP, 2024, for India. The first mission was held in March 2024 and second mission began in June 2024.

In terms of evolution of financial sector landscape, the FSSA report acknowledges that the regulatory framework in securities markets has been enhanced with international practice to manage and prevent emerging risks.

Notable improvements include establishing the Corporate Debt Market Development Fund (CD MDF), introducing swing pricing and liquidity requirements for bond mutual funds. The regulatory scope has also been expanded over emerging areas such as sustainability and investor protection measures for fast growing equity derivatives products.

The recommendations in case of India FSAP are mainly focussed on bringing about further improvements in the structure and functioning of the financial system. Many of the detailed recommendations are in conformity with the concerned authorities'/ regulators' own developmental plans. India remains committed to adoption of internationally accepted standards and best practices in a phased manner, attuned to domestic needs and economic conditions, wherever necessary.

Chapter 12: NATIONAL INSTITUTE OF SECURITIES MARKETS

The National Institute of Securities Markets (NISM) is a public trust established by the Securities and Exchange Board of India (SEBI). It functions as SEBI's capacity-building arm, dedicated to enhancing the quality, compliance and efficiency of securities market participants through skill development, professional training and certification. As a key institution for empowering investors, intermediaries and market professionals, NISM undertakes wide range of initiatives to promote financial literacy, improve regulatory compliance and develop skilled market participants. This Chapter presents the key activities and achievements of NISM during the year, underscoring its

contribution in building a more informed, efficient and resilient securities market.

12.1 ACADEMIC PROGRAMS

NISM continues to offer a diverse range of programs tailored for students and market participants, emphasizing a learner-centric approach to education. These offerings utilize the state-of-the-art facilities available at NISM's advanced simulation and data science labs, providing a cutting-edge learning experience. Details about the courses and the number of students enrolled during the academic year 2024-25 is given in **Table 12.1**.

Table 12.1: Academic Programs

Sr. No.	Name of the Program	No. of Students Enrolled	
		2023-24	2024-25
1	Post Graduate Program in the Securities Market (Portfolio Management/ Investment Advisory/Research Analysis)*	60	86
2	Certificate Program in Data Science (Basic)*	43	38
3	Certificate Program in Data Science (Advance)*	28	27
4	Post Graduate Certificate in Securities Markets (PGCSM) for ICICI Bank*	-	23
5	Post Graduate Program in Investments & Securities Markets (PGPISM)#	-	62
6	Corporate and Securities Markets Compliances (Executive) Program#	-	42
7	Certificate Program in Financial Analytics (CPFA)#	-	15
8	Certificate Program in Custodian Services (CCS)* for ICICI Bank	29	-
9	LLM (Investment and Securities Laws)*	52	-

*Existing, # Newly launched in 2024-25

To enrich classroom learning with practical insights, students at NISM were given opportunities to engage with seasoned professionals from the securities market

through expert-led interaction sessions. Participation in prominent conferences and events hosted by MIIs and other reputed organizations further enabled students to stay

abreast of current market trends and regulatory developments. There was 100 per cent placement (with many established institutions and leading companies) for the Post Graduate Program in Investments & Securities Market (PGPISM) during the academic year 2024-25. The students of the Corporate and Securities Markets Compliance (Executive) Program were also placed with reputed organizations.

12.2 TRAINING PROGRAMS

A. Management development programs

NISM conducts training and creates awareness of the securities markets through Management Development Programs (MDPs) for Regulators (including SEBI, IFSCA, and RBI), Government Officials (including IRS, IES, ICAS, IDAS, IP&TAFS, NCIIPC), other market participants (including market infrastructure institutions (MIIs) and intermediaries), international participants etc. During 2024-25, NISM conducted 100 such programs, facilitating 5,255 candidates. The training programs were conducted on various topics including securities law, risk management, investigating economic crimes, anti-money laundering guidelines, securities market products and processes and for improving soft skills.

B. Faculty development programs and student development programs

NISM has conducted 17 faculty development programs (both online and offline) in 2024-25, attended by 1,350 participants, covering seven NISM certifications. Additionally, teaching toolkits related to the seven certifications were provided to these faculty members. NISM also organized 10 online student development programs aimed at raising awareness among students about

investment and career opportunities in securities markets.

12.3 RESEARCH, PUBLICATIONS AND CONFERENCES

During 2024-25, NISM faculty continued to contribute to academic research through publications and conference participation. Two research papers authored by faculty members were published/presented at reputed journals and conferences, reinforcing NISM's commitment to thought leadership in the securities market domain. NISM, in collaboration with its partners, organized following conferences during 2024-25:

- i. Fifth annual international research conference on "Securities Market: Harnessing technology, Innovations and Regulations for Sustainable Growth" was held during February 13-14, 2025, at the NISM Campus, Patalganga. The conference was organized by NISM in collaboration with SEBI, Systemic Risk Centre and the Financial Markets Group at the London School of Economics. Out of a total 154 research papers submitted, 18 were selected through a double-blind peer review process for presentation at the conference.
- ii. "Samvad", a Symposium on securities market was organized by SEBI and NISM in association with NSE, BSE, NSDL and CDSL on the theme 'Capital for Growth'. The Symposium was held during January 10-11, 2025, in physical mode at Mumbai and was also live-telecasted. The objective of the annual Symposium was to foster discussion on the way forward for the Indian securities market by bringing together experts and stakeholders in the ecosystem.

12.4 INVESTOR EDUCATION AND FINANCIAL LITERACY

NISM has played a pivotal role in conceptualizing and executing a range of capacity-building initiatives on behalf of SEBI and MIIs, strengthening the professional ecosystem of securities markets. During 2024-25, it conducted the following programs:

A. Capacity building support to SEBI and MIIs

During 2024-25, nine training programs were conducted for empanelment of Securities Market Trainers (SMARTs) at Delhi, Chandigarh, Lucknow, Bengaluru, and NISM campus for 364 SMARTs (299 individual SMARTs and 65 organization SMARTs). A training program was also conducted for investor service centre officials of BSE and NSE at NISM campus, which was attended by 53 participants.

B. Financial literacy programs

NISM has successfully organized 19 financial awareness programs in 2024-25, both in physical and online modes, catering to market participants, army personnel, homemakers and partner organizations,

with a total participation of approximately 3,650 individuals.

C. Webinars

NISM conducted 71 webinars during the year. The webinars were conducted for promotion of certification and e-Learning programs or for capacity building initiatives. Some of the webinars were held jointly with industry participants. These webinars offered valuable insights on various topics i.e. anti-money laundering, financial planning, REITs, equity derivatives, mutual funds, cyber security, bond markets, technical analysis, ESG, municipal finance etc.

D. Investor education through CSR sponsorships

NISM conducts various investor education programs to educate young citizens on securities market investments and career opportunities. These programs are executed on behalf of sponsoring organizations who intend to use their Corporate Social Responsibility (CSR) funds in this area. During 2024-25, NISM has conducted CSR Programs sponsored by four entities. The details of the programs are given in **Table 12.2**.

Table 12.2: Investor Education through CSR Sponsored Projects

Particulars	2023-24					2024-25				
	Kotak Securities Ltd.	Axis Bank	Aditya Birla Capital Foundation	Prodi G-Geojit Foundation	Total	Kotak Securities Ltd.	Aditya Birla Capital Foundation	Prodi G-Geojit Foundation	Finlit-Vivrit Capital	Total
Resource Persons in the Project*	166	75	117	21	379	164	124	21	40	349
No. of Colleges Covered**	833	393	426	74	1,726	906	384	68	125	1,483
No. of Programs Completed	921	500	444	80	1,945	1,000	403	70	131	1,604
No. of Student Attendees**	75,126	37,193	35,088	7,200	1,54,607	74,182	30,450	5,178	9,840	1,19,650

Note: *Some of the resource persons are common across all sponsors. **All colleges and students are different across all sponsors

E. E-learning modules for financial courses

NISM has developed 15 additional e-learning courses in 2024-25, some of which were created in collaboration with industry participants. With 13 new launches during the year and two courses relaunched/renewed and one course discontinued during 2023-24, the total number of e-learning courses offered by NISM in 2024-25 was 31. The list of NISM's e-learning courses can be accessed at <https://www.nism.ac.in/e-learning-programs>.

F. National financial literacy quiz

In collaboration with SEBI, NISM successfully organised the National Financial Literacy Quiz (NFLQ) 2024 during June 29-30, 2024. Designed to foster financial acumen among the youth and promote long-term financial well-being, the initiative recorded over 2.51 lakh students' registrations from more than 7,300 colleges for the online quiz, of which approximately 1.26 lakh students actively participated.

12.5 CERTIFICATION OF ASSOCIATED PERSONS IN SECURITIES MARKETS

As mandated under sub-regulation (3) of Regulation 7 of the SEBI (Certification of Associated Persons in Securities Markets) Regulations, 2007, NISM is entrusted with the development and administration of certification examinations across various segments of the securities markets.

During 2024-25, NISM offered 25 mandatory certification examinations prescribed by financial market regulatory boards and six non-mandatory certification examinations. Three new certification examinations were launched

during the year - Series X-C: Investment Adviser Certification (Renewal) and Series XV-B: Research Analyst Certification (Renewal) were launched as mandatory examinations while Series XXIV: AML and CFT Provisions in securities markets certification examination was launched as non-mandatory examination. Additionally, the NISM Series XIX-C: AIF managers was reclassified from non-mandatory to mandatory certification examination in accordance with SEBI's directive. NISM also undertook a comprehensive revision of 31 certification examinations (25 mandatory and six non-mandatory) and 17 continuing professional education (CPE) programs during the year, ensuring their continued relevance and alignment with evolving regulatory and market requirements (**Table 12.3**). The list of NISM certifications can be accessed at <https://www.nism.ac.in/nism-certifications/>.

Table 12.3: NISM Certifications

Particulars	2023-24	2024-25
Mandatory Certification Modules	22	25
Non-Mandatory Certification Modules	9	6
Test Centers	249	307
Cities/Locations Covered	193	209
Candidates Enrolled	3,31,962	3,86,775

12.6 DEVELOPMENT AND ADMINISTRATION OF CONTINUING PROFESSIONAL EDUCATION PROGRAM

During 2024-25, a total of 1,20,229 enrollments were recorded across CPE programs. Of these, 60,778 enrollments (51 per cent) were for the classroom-based and 59,451 enrollments (49 per cent) were for the online e-CPE programs, reflecting a balanced preference among the market participants for both learning modes (**Table 12.4**). The list of CPE programs can be accessed at <https://www.nism.ac.in/continuing-professional-education-cpe-ecpe/>.

Table 12.4: Continuing Professional Education Programs

Particulars	2023-24	2024-25
CPE & e-CPE Modules	17	17 [#]
Programs	1,794	2,089
Locations	103	110
Trainers Empaneled (Cumulative)	312	327
Enrolments	96,489	1,20,229

[#]Research Analyst CPE was discontinued and renewal exam for the same was made effective from March 01, 2025.

12.7 OTHER INITIATIVES

NISM entered into five Memorandum of Understanding (MoUs) and three collaboration agreements with market intermediaries and educational institutions during 2024-25 (Table 12.5).

Table 12.5: MoUs/MoA/CAs/LoA Signed by NISM

Sr. No.	Organisation	Scope
Memorandum of Understanding		
1.	Geojit Foundation	To promote financial literacy in Tamil Nadu by conducting the awareness program on Financial Education for Young Citizens
2.	FPSB Institute Pvt. Ltd.	To promote mutual objectives to establish and service, accounting and finance education, grow skills and deliver through mutual areas of expertise.
3.	Central University of Jammu	To promote capacity building in the securities markets
4.	Indian Institute of Technology, Madras	To offer an e-learning course on the SWAYAM Plus Portal
5.	Hari & Company Investments Madras (P) Ltd.	To provide financial literacy for college students pan -India
Collaboration Agreements		
1.	The Fixed Income Money Market and Derivatives Association of India	Collaborate to organize joint workshops, training programs, seminars and conferences in the areas of finance with specific focus on fixed income markets/money markets/derivatives
2.	Crisil Ltd.	Collaboration for certification courses
3.	NSE Academy	Collaboration for joint short term/longterm certification programs and joint custom-designed program.

Letters of Arrangement (LoAs) were signed with Association of Portfolio Management in India (APMI) and three other market participants to facilitate delivery of training programs,

workshops, seminars, content development, long-term and short-term programs and conduct NISM certification and e-learning programs. In addition, 199 Letters of Understanding (LoUs) were signed with higher educational institutions

during the year to encourage and facilitate their students to give NISM certification exams. In its endeavour to provide continuous learning for NISM certified candidates, 112 regulatory alerts were sent to keep them abreast with market developments and NISM certification examinations during 2024-25.

12.8 SOURCES OF FUNDS AND EXPENDITURE

NISM is at present a fully self-funded organization and its sources of funds and expenditure during 2024-25 are given in **Table 12.6**.

Table 12.6: Sources of Funds and Expenditure: 2024-25 (Unaudited)

Expenditure	Amount (₹ crore)	Income	Amount (₹ crore)
Salaries & Allowances	22.8	Income from Certifications & Programs	103.1
Expenses towards Certifications & Programs	21.6	Income from Rent (Including Hostel Fee & Food)	5.7
Depreciation	5.8	Interest Income	24.7
Unavailable Cenvat Credit A/c	5.3	Other Income	0.2
Honorarium Charges	3.2		
Professional & Consultancy Fees	2.3		
Purchase of Fixed Assets including Capital Work in Progress	3.0		
Other Establishment Expenses*	24.6		
Total	88.6	Total	133.7

*Other establishment expenses include, electricity charges, housekeeping expenses, food & beverages, support service charges, rent (expense), repairs and maintenance, maintenance of public facing applications, annual maintenance charges for machinery, security expenses, maintenance charges for buildings and internal applications, hiring charges and other expenses.

Chapter 13: ORGANIZATIONAL MATTERS

This chapter outlines key internal activities that support effective functioning of SEBI as securities market regulator. It covers the roles and operations of various internal departments including the SEBI Board, Human Resource Department (HRD), Department of Economic Policy and Analysis (DEPA), Official Language Division (OLD), Internal Investigation Department (IID), Vigilance Cell, Right to Information Cell and Parliament Questions Cell, among others.

13.1 SEBI BOARD

The Securities and Exchange Board of India (SEBI) is governed by a Board comprising Chairperson and Members appointed/nominated in accordance with SEBI Act, 1992. The composition of the SEBI Board as on March 31, 2025, is given in **Table 13.1**.

Table 13.1: Composition of SEBI Board as on March 31, 2025

Name	Position	Provision under the SEBI Act, 1992
Shri Tuhin Kanta Pandey	Chairman	Appointed under Section 4(1)(a)
Shri. Ashwani Bhatia	Whole Time Member (WTM)	Appointed under Section 4(1)(d)
Shri. Ananth Narayan Gopalakrishnan		
Shri Amarjeet Singh		
Shri Kamlesh Chandra Varshney	Part-Time Member (PTM)	Nominated under Section 4(1)(b)
Shri Ajay Seth		
Ms. Deepti Gaur Mukerjee		
Shri M Rajeshwar Rao	Part-Time Member (PTM)	Nominated under Section 4(1)(c)

The Government of India (GoI), vide notification dated February 28, 2025, appointed Shri Tuhin Kanta Pandey as the Chairman of SEBI, under clause (a) of sub-section (1) of section 4 of the SEBI Act, 1992 for a period of three years from the date of assumption of charge of the post or until further orders, whichever is earlier. Shri Tuhin Kanta Pandey assumed the office of the Chairman of SEBI with effect from March 01, 2025. Ms. Madhabi Puri Buch, Chairperson, relinquished the charge of Office of the

Chairperson of SEBI on expiry of term of appointment on February 28, 2025.

Ms. Deepti Gaur Mukerjee, Secretary, Ministry of Corporate Affairs, GoI, was nominated as one of the Members on the SEBI Board in terms of GoI notification dated September 03, 2024 in place of Dr. Manoj Govil. Dr. V. Ravi Anshuman, relinquished the office of Part Time Member (PTM) on expiry of terms of appointment on August 19, 2024. During 2024-25, the SEBI Board met on five occasions (**Table 13.2**).

Table 13.2: Board Meetings during 2024-25

Name	No. of Meetings Held during the Tenure	No. of Meetings Attended
Chairman/Chairperson		
Shri Tuhin Kanta Pandey	1*	1
Ms. Madhabi Puri Buch	4#	4
Whole Time Member		
Shri Ashwani Bhatia	5	5
Shri Ananth Narayan Gopalakrishnan	5	5
Shri Amarjeet Singh	5	5
Shri Kamlesh Chandra Varshney	5	5
Part-Time Member		
Shri Ajay Seth	5	1
Dr. Manoj Govil	2 #	1
Ms. Deepti Gaur Mukerjee	3 *	3
Shri M Rajeshwar Rao	5	4
Dr. V. Ravi Anshuman	2 #	2

*Number of meetings held after assuming charge.

#Number of meetings held prior to demitting the Office.

13.2 AUDIT COMMITTEE

During the year, the Audit Committee met four times. The present Audit Committee of SEBI is chaired by Shri Ananth Narayan G, Whole Time Member (WTM). Shri Ashwani Bhatia, WTM and Shri Amarjeet Singh, WTM are members of the Committee.

During 2024-25, the Audit Committee reviewed the financial statement of accounts as presented to it from time to time and held discussions with the management of SEBI and internal auditors. Relying on the review and discussion conducted with the management and internal auditors, the Audit Committee believes that SEBI's annual statement of accounts are fairly presented in conformity with the Generally Accepted Accounting Principles (GAAPs) in all material

aspects. The committee also reviewed the internal control systems put in place and expressed its satisfaction with the same. The members of the committee discussed among themselves, without the management or the internal auditors being present, the information disclosed in the Annual Statement of Accounts. The committee fulfilled its responsibilities in compliance with its charter.

13.3 SEBI OFFICES

SEBI maintains a pan-India presence with its headquarters located in Mumbai and regional offices in Delhi, Chennai, Kolkata and Ahmedabad. In Mumbai, in addition to the Head Office which is located in Bandra Kurla Complex, SEBI operates through three additional office premises, two within Bandra Kurla Complex and one at Nariman Point. A local office is also functional in Indore.

13.4 HUMAN RESOURCE ACTIVITIES

During 2024-25, the Human Resources Department (HRD) implemented a range of initiatives aimed at enhancing organization-wide productivity and employee welfare.

13.4.1 Staff strength, recruitment, resignation

As of March 31, 2025, the total staff strength across various grades of SEBI stood at 1,105 (excluding the Chief Vigilance Officer, who is appointed by the Government of India at the rank of executive director). Of these, 1,037 employees are officers while 68 employees comprised of secretarial and other staff. The male and female composition is 787 and 318, respectively. To meet emerging challenges and evolving responsibilities, particularly those related to an expanding marketplace and mitigation of investment related frauds – regular manpower assessments are undertaken. In the year 2024-25, the exercise to recruit 96 officers across streams in Grade A was completed.

A. Grade-wise distribution

The grade-wise distribution of staff members as on March 31, 2025, is detailed in **Table 13.3** below.

Table 13.3: Grade-wise Distribution of Staff Members

Grades	2023-24	2024-25
Executive Director	10*	10*
Chief General Manager	42	55
General Manager	63	68
Deputy General Manager	151	136
Assistant General Manager/Manager/Assistant Manager	729	768
Secretarial Staff	70	67
Jr. Assistant	1	1
Messenger	1	0
Total	1,067	1,105

Note: *Excludes Chief Vigilance Officer appointed by the GoI in the rank of Executive Director

During 2024-25, 42 staff members, across various grades exited from the services of the Board either by way of retirement/

resignations/ death (**Table 13.4**).

Table 13.4: Staff Members-Retired/Resigned/Deceased

Grades	2023-24	2024-25
Executive Director	3	3
Chief General Manager	1	7
General Manager	4	1
Deputy General Manager	1	2
Assistant General Manager/Manager/Assistant Manager	28	25
Secretarial Staff	1	3
Cook/ Messenger	0	1
Total	38	42

B. Age profile

As on March 31, 2025, approximately 59.9 per cent of SEBI's staff members were in the age group of 21 to 40 years, reflecting the organisation's young and vibrant workforce. The average age of the employees stood at around 39 years. A detailed age-wise distribution of staff members is presented in **Table 13.5** below.

Table 13.5: Age-wise Distribution of Staff Members

Age (Years)	2023-24		2024-25	
	No. of Staff Members	Per cent	No. of Staff Members	Per cent
51 - 60	192	18.0	194	17.6
41 - 50	245	23.0	249	22.5
31 - 40	363	34.0	382	34.6
21 - 30	267	25.0	280	25.3
Grand Total	1,067	100.0	1,105	100.0

C. Promotions

Promotion exercises were conducted across various grades during 2024-25 in

a time-bound manner. The details of the employees promoted during the year are provided in **Table 13.6** below.

Table 13.6: Promotions of Staff Members

Promoted From	Promoted To	No. of Employees Promoted	
		2023-24	2024-25
Chief General Manager	Executive Director	1	3
General Manager	Chief General Manager	0	23
Deputy General Manager	General Manager	0	29
Assistant General Manager	Deputy General Manager	5	16
Manager	Assistant General Manager	0	29
Assistant Manager	Manager	0	3
Secretary - Grade B	Secretary - Grade C	35	12

D. Job rotation

In order to fill up the vacancies for meeting organizational needs and to provide wider exposure to employees for gaining an all-round experience, officers in various grades are posted/transferred as part of inter-departmental and inter-office job rotation measures. In all, 339 officers were rotated/posted among/in different departments/Regional/Local Offices during 2024-25. Reallocation of departments amongst the WTMs and Executive

Directors was also undertaken during the year.

E. Region-wise distribution

As on March 31, 2025, 89 staff members (approximately 8.96 per cent of the total employees) in various grades were posted at the Regional and Local Office(s) of SEBI. The detailed distribution of staff across Head Office and Regional Offices, including Local Office, is provided in **Table 13.7** below.

Table 13.7: Region-wise Distribution of Staff Members

Location	2023-24		2024-25	
	No. of Employees	Percentage of Total	No. of Employees	Percentage of Total
Head Office	964	90.4	1,015	91.9
Northern Regional Office	38	3.6	32	2.9
Eastern Regional Office	19	1.8	19	1.7
Southern Regional Office	19	1.8	20	1.8
Western Regional Office [#]	19	1.8	18	1.6
Others (On Deputation)	8	0.8	1	0.1
Total	1,067	100.0	1,105	100.0

[#]Includes 4 staff members posted in Indore Local Office, which is under the jurisdiction of Western Regional Office.

13.4.2 Policy initiatives

The various policy initiatives taken by HRD for the employees during 2024-25 are listed below:

- A. To provide officers with accommodation in reasonable proximity to the Head Office of the Board and enhance quality of life by reducing commute time, a scheme for leased accommodation was introduced in lieu of the Board's accommodation in Mumbai for all officers in Grade 'A' to Grade 'F'. This initiative aims to improve employee convenience and organizational productivity.
- B. The housing loan scheme was revised by enhancing the loan eligibility limit, extending repayment tenures and incorporating additional safeguards.
- C. The house allowance (HA) scheme applicable for employees was reviewed to enhance the HA and to institute an annual review mechanism.
- D. In order to enhance the avenues of career progression of officers, two cut-off dates were introduced for considering eligibility of officers for non-vacancy based promotions, i.e. promotion to Grade 'B' and Grade 'C'. To enhance the knowledge base of employees in the securities markets and to ensure that employees have relevant and up-to-date knowledge of respective work areas, the promotion policy was reviewed to introduce mandatory certification requirements for promotion to Grade 'B' and Grade 'C'. Criteria for upgradation of Secretarial Cadre and Junior Assistant Cadre was enhanced.
- E. To encourage continuous learning, enhanced monetary incentives were introduced for officers completing the specified number of certifications within each financial year. In addition, professional qualification allowance and PhD allowance were introduced to incentivize officers completing designated professional qualifications or PhD in specified subjects.
- F. With a view to better assess the performance of employees in the Secretarial Cadre and Junior Assistant Cadre, bell curve based performance appraisal system was stipulated and Key Result Areas (KRAs) were also defined to enable better evaluation and accountability.
- G. The ceiling of gratuity payable to eligible employees of the Board for the first 20 years of service was enhanced.
- H. In order to enable the staff members to have access to all applicable reimbursements/benefits at one place, office circulars/intimations and addendums on reimbursements/benefits to staff members from time to time were integrated in the form of a comprehensive master circular.
- I. Considering traffic situation of Mumbai, enhanced flexibility has been provided to employees for reporting to and leaving from office, subject to completion of the stipulated working hours. This initiative aims to enhance work-life balance and enable employees to manage their schedules more effectively.

13.4.3 Training and development

Training and development remained a key focus area for skill enhancement, covering functional, technical and behavioral competencies. Emphasis was placed on conducting behavioral training, which

plays a vital role in enhancing productivity, employee engagement and creating a more positive workplace culture. During 2024-25, approximately 1,169 nominations were made for various domestic training programmes in collaboration with reputed institutes. These programmes spanned a broad spectrum of subjects to strengthen both functional expertise and behavioral capabilities. Further, to encourage employees to stay abreast with the latest developments in the securities market other than the departments, they are posted in and to make the training process more dynamic and rewarding, three online quiz contests were conducted during 2024-25.

13.4.4 Welfare measures

With the objective to create a sense of community, belongingness and inclusiveness among employees and their families, initiatives were taken up in the form of 'Bonding Beyond Work'. Under this initiative, the following employee-engagement programmes were organised:

- i. A talent show offering employees a platform to showcase their talents in various forms like dancing, singing, playing musical instruments, skits, etc.
- ii. A session on power yoga on the occasion of International Yoga Day.
- iii. A traditional attire day on Dussehra and Diwali.

13.4.5 Internal complaints committee (ICC)

In accordance with its mandate to provide a safe working environment and in compliance with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", an Internal Committee at Head Office and separate committees for each of the four Regional Offices (and Local Office under their purview) are in place. During 2024-25, no complaints were received.

13.4.6 Rewarding the children of employees

In recognition of academic excellence, SEBI awarded 15 children of employees during 2024-25 for outstanding performance in their 10th/12th standard examinations.

13.4.7 Disciplinary matters

During 2024-25, 14 disciplinary proceedings were initiated under Employee Service Rules (ESR) against employees. Out of the same, 12 proceedings have been concluded, while two proceedings are pending at the end of 2024-25. Further, four disciplinary proceedings, initiated in the previous financial year were also concluded during 2024-25.

13.5 RESEARCH, DATA INITIATIVES AND SYSTEMIC STABILITY

The Department of Economic and Policy Analysis (DEPA) is responsible for a range of functions including policy-oriented research, data analytics, data management, data democratization, financial stability, regulatory co-ordination and reporting, publications, organizing international conferences etc. During 2024-25, DEPA undertook several initiatives as detailed below:

A. Research

To support policy formulation/decision making at SEBI, many research studies were undertaken during the year. Some of the impactful research papers published in SEBI website along with a press release, generated wide discussion among the stakeholders and media. These include:

- i. Analysis of Profits & Losses in the Equity Derivatives Segment
- ii. Analysis of Investor Behavior in Initial Public Offerings
- iii. Analysis of Royalty Payments by Listed Companies to Related Parties

iv. Analysis of Intraday Trading by Individuals in Equity Cash Segment
In addition, research and data analysis were carried out on many topics to support policy making and analysis internally.

B. Regulatory reporting and publications

In compliance with Section 18 (2) of SEBI Act, 1992, Annual Report of SEBI for 2023-24 was submitted to the Central Government in June 2024. DEPA also released the 'Handbook of Statistics' offering historical data upto the end of calendar year. Monthly bulletins were released to provide insights on market performance, global financial trends, policy updates and key statistics pertaining to Indian securities market. All publications are accessible via SEBI website. Through SEBI Discussion Forums organised by DEPA, domain experts and thought leaders shared their insights with officers

on emerging regulatory, market and policy issues.

C. Investor survey

During 2024-25, SEBI initiated a pan-India survey in co-ordination with MIIs and AMFI. The survey, with the broad objectives of enhancing securities market inclusion and risk-aware investing, intends to cover investors, potential investors and retail-facing market intermediaries. The survey results are expected to be released in 2025-26.

D. Project Dharohar

On the occasion of the 76th Republic Day, SEBI has launched an innovative digital initiative titled, "Dharohar - The Milestones in the Indian Securities Market" (www.mism.org) (Box 13.1).

Box 13.1: Dharohar: Capturing the Legacy of Indian Securities Market

The Indian securities market, with its rich legacy spanning over 150 years is characterized by a wide array of products, participants and institutions. To document and showcase this rich heritage and remarkable journey of the Indian securities market for posterity, SEBI has conceptualised and created an online repository, named Dharohar: Milestones in Indian Securities Market.

The platform, features a website with an interactive timeline of events, 3D galleries and archival exhibits, offering an immersive and informative experience to the visitors. Dharohar currently houses over 2,000 assets, including articles on important milestones and regulations, interviews with notable personalities, newspaper clippings of historic events, infographic videos, collection of committee reports and share certificates and links to valuable resources published by SEBI, NISM etc. This has been designed to cater to a wide audience, including students, investors, researchers, journalists, market participants and the general public. As the platform evolves, users can expect continuous updates featuring the latest developments, additional interviews with market personalities and historical archives. The platform can be accessed at <https://www.mism.org>.

E. Samvad- A Symposium

SEBI and NISM in collaboration with NSE, BSE, NSDL and CDSL successfully organized 'Samvad- A Symposium on Securities Market' on the theme 'Capital for Growth' held during January 10-11, 2025 at NSE in Mumbai. The event was

conducted in hybrid mode and was live-streamed by the organizing partners. The event was graced by Shri Suman Bery, Vice Chairman of NITI Aayog, as the Chief Guest and Shri Challa Sreenivasulu Setty, Chairperson of SBI, delivered the keynote address. Ms. Madhabi Puri Buch,

the then Chairperson of SEBI, addressed the gathering, sharing her vision on the way forward for India's capital market. The symposium was structured into two key thematic segments:

i. **Plotting the future path**

This segment was focused on issues like ideas on capital formation, digitization and AI adoption by market intermediaries, investor trust-building and scaling the social stock exchange. These sessions were moderated by WTM's of SEBI.

ii. **Reflections and ideas**

This segment had discussions on topics as bonds for Viksit Bharat, financial inclusion through securities markets, RegTech and SupTech and infrastructure financing.

The two-day Symposium reaffirmed SEBI's commitment to address policy challenges through consultation and collaboration. Ideas emanating from this Symposium would go a long way in formulation of policies towards sustained capital formation and growth. These sessions are accessible at: <https://www.sebi.gov.in/reports/nism-research-conference/jan-2025/samvad-a-symposium-on-securities-markets.html>.

F. Inter-Regulatory interface group

The Inter-Regulatory Interface Group (IRIG) housed within DEPA serves as SEBI's nodal unit for coordination and contribution to various fora under the Financial Stability and Development Council (FSDC). Besides the FSDC, the IRIG handles matters related to the Sub-Committee of the FSDC (FSDC-SC), Inter-Regulatory Technical Group (IRTG), Inter-Regulatory Forum (IRF), and Early Warning Group (EWG) as well as the Information Sharing Mechanism (ISM) between the RBI and SEBI. During 2024-25, IRIG handled a total of 26

meetings. During 2024-25, IRIG also contributed towards providing SEBI's inputs for June 2024 and December 2024 issues of the Financial Stability Report (FSR) published by the RBI.

G. Data democratization initiatives

The Market Data Advisory Committee (MDAC) of SEBI seeks to enhance the accessibility and usability of securities market data for users. The key initiatives implemented through MDAC in 2024-25 include:

- i. Unified Distilled File Formats (UDiFF), an exercise on harmonization, rationalization and standardization of file formats exchanged between MIs and their members, initiated in 2023-24, was fully implemented and a press release to this effect was also issued. Further, new file formats subsequent to introduction of ASBA in secondary market were also standardized in line with the UDiFF formats.
- ii. To enable the stakeholders to access securities market data directly from the original sources, MIs were directed to have a uniform policy for sharing data for research/research publications undertaken by accredited academic institutions.
- iii. During 2024-25, the intermediary fact sheet was further enhanced by providing information on brokers' financial health, track record, complaints and grievance redressal statistics, disciplinary actions including SEBI orders etc. A similar template was also developed and published for authorised persons on the respective stock exchange websites.
- iv. To enhance transparency and investor awareness, a uniform information template for depository

- participants was developed and made available on the respective depositories' websites.
- v. In order to further strengthen SEBI's data dissemination framework and address the evolving requirements of stakeholders, a review of the data fields and tables provided in SEBI publications was undertaken. Based on the feedback received from market experts and policy makers, relevant enhancements will be incorporated in the forthcoming editions of SEBI Bulletin/Handbook of Statistics.

13.6 PROMOTION OF THE OFFICIAL LANGUAGE

During 2024-25, various initiatives were taken to implement the official language Hindi in SEBI Offices to ensure compliance with various requirements of the Official Language Policy of the Government of India and to promote use of Hindi in SEBI. A summary of such initiatives is given below:

A. Bilingualisation

During 2024-25, all regulations, notifications, public notices and registration certificates granted to various market participants, intermediaries etc. were issued in both Hindi and English. All the papers were submitted before various Parliamentary Committees in diglot form.

B. The Rajbhasha portal

The Rajbhasha portal, exclusively developed for the SEBI staff members, provides a single point of access to all the relevant information pertaining to the official language Hindi and serves as a learning hub for using Hindi in day to day official work. Standard documents and other material frequently used by various departments were also made available

on the Rajbhasha portal in diglot form, so that the concerned officers may use the same while carrying out their day-to-day official work in Hindi without a hitch. Rajbhasha portal also facilitates online submission of quarterly progress reports. During the year, awareness of Rajbhasha portal was spread among the staff members via screen savers of desktops provided in all SEBI offices. This practice was commenced to apprise the staff members of the resources available on Rajbhasha portal, in order to encourage them to use Hindi in their day-to-day official work.

C. Official language policy implementation and inspections

- i. During the year, meetings of the Official Language Implementation Committee were conducted in the Head office and all the regional offices, to ensure compliance with the Official Language Policy of the GoI and for policy decisions in this regard. During a joint meeting of the Official Language Implementation Committees of all the offices of SEBI with representatives from the Head Office and Regional Offices, the progress of Hindi language implementation across SEBI was reviewed and several key decisions were taken to promote use of Hindi within the organization.
- ii. In accordance with the requirements of the Official Language Policy of the Government and in view of the targets assigned in the annual programme issued by the Department of Official Language, Ministry of Home Affairs, GoI, inspections of one Regional Office and 17 departments of the Head Office were conducted by Official Language Division.

D. Initiatives towards automation

- i. A software equipped with the “speech-to-text” facility, namely “**SEBI Shrutlekhan**” software, was provided to the staff members. This speech-to-text software is enabled for both the languages, i.e. Hindi and English. This software will surely prove to be instrumental in achieving the targets set out by the Government of India towards the implementation of Official Language Hindi.
- ii. A software equipped with “Transliteration” facility, namely “**SEBI Lipyantaran**” software, was made available to all the staff members. This is equipped with the facility to transliterate the names and addresses from English to Hindi and vice-versa. In first phase, these softwares have been made available only to the staff members who possess proficiency in Hindi. These softwares will also be provided to other staff members in the next phase.

E. Incentive schemes and initiatives to spread Hindi usage

- i. To ensure timely compliance with various requirements of the Official Language Policy of the Government and to encourage use of Hindi in daily official work, staff members were awarded with cash incentives upon passing the examination under one of the incentive schemes, namely, Hindi Kaa Karyasadhak Gyan - Puraskar Yojana. Results were also announced for ‘Hindi Karya Puraskar Yojna’ and “Rajbhasha Shield Yojana”.
- ii. In order to encourage the staff members to use Hindi in their official work, five Hindi competitions were organised for staff members during the year. These events witnessed

enthusiastic participation with 159 employees taking part across SEBI offices.

- iii. Hindi Pakhwada was observed across all SEBI offices from September 14 to 29, 2024, to commemorate Hindi Day and to promote the usage of Hindi as the official language. A special message from the Chairperson was released to encourage staff to embrace Hindi in their professional roles. The celebration featured a variety of activities, such as display of banners and competitions for employees.
- iv. During 2024-25, a Rajbhasha Samaroh was conducted to honor and recognize the winners and participants of Hindi competitions. The “Rajbhasha Gaurav” Shield was awarded to a department at Head Office and one Regional Office received the “Rajbhasha Pratishtha” Shield under the “Rajbhasha Shield Yojana” for putting in maximum efforts towards the effective implementation of the Official Language Policy.
- v. Staff were informed about the availability of Hindi books at SEBI’s library at Head Office, with key excerpts from notable authors highlighted to foster greater engagement.

F. Capacity building on Hindi usage

- i. As part of the induction programme, newly recruited officers were briefed on the requirements of the Official Language Policy of the Government of India, so that they may use Hindi in their day-to-day official work and ensure timely implementation of the policy while discharging their duties. Officers were also introduced to the Rajbhasha portal and guided on preparing and submitting quarterly progress reports.

- ii. To build capacity and awareness among staff members, ten Hindi workshops were conducted during 2024-25 for officers and staff. These workshops were designed to enhance understanding of the Official Language Policy of the Government of India. Participants were also trained on navigating the Rajbhasha portal and the mandatory submission deadlines for the quarterly progress report, along with the relevant provisions.

G. During the year, SEBI published “Viniyamika,” - an issue of its Hindi magazine, which highlighted the literary talents of staff members and their families through a diverse collection of articles, stories and poetry. Staff members also took part in the competitions announced in the magazine.

13.7 INTERNAL INSPECTION DEPARTMENT

The Internal Inspection Department (IID) serves as SEBI’s internal oversight mechanism, aimed at evaluating the performance and compliance of various departments. The IID assesses adherence to internal benchmarks, identifies areas for improvement and recommends corrective actions to enhance departmental productivity. Inspections conducted by IID are classified into three categories:

- i. Comprehensive inspections;
 - ii. Management information system (MIS) report based reviews; and
 - iii. Thematic and case specific examinations.
- During 2024-25, the IID carried out inspections across multiple SEBI departments, reviewing the efficacy of systems and procedures in place. It also monitored the implementation status of its previous recommendations and evaluated their impact on departmental performance on ongoing basis.

13.8 VIGILANCE DEPARTMENT

The Vigilance Department of SEBI plays a critical role in fostering integrity, transparency and fairness in decision-making within the organisation. It functions in accordance with guidelines issued time to time by the Central Vigilance Commission (CVC).

A. Training

During 2024-25, the Vigilance Department organized training sessions across all levels of SEBI officers covering themes such as ethics and governance, conduct rules, systems & procedures of the organization, cyber hygiene & security and procurement. Trainings were also conducted to sensitize the officers of SEBI at all levels and create awareness among them on the need for maintaining probity and integrity and honesty in public life. An interaction and training on public procurement was also organized on October 24, 2024 by Dy. CVO, South Western Railway for the benefit of SEBI officials dealing with the procurements in user departments. Additionally, the Chief Vigilance Officer, SEBI, has also delivered various sessions at HAL, Bengaluru, DIPAM, Delhi, ONGC, Mumbai, RBI, BKC-Mumbai, HPCL, Mumbai and RBI, addressing functions of vigilance administration, changing dynamics & applicability of PC Act and Prohibition of Insider Trading.

B. Vigilance awareness week 2023

Vigilance Awareness Week for the year 2024 (VAW 2024) was observed in SEBI during October 28 - November 01, 2024, on the theme of “सत्य निष्ठा की संस्कृति से राष्ट्र की समृद्धि” “**Culture of Integrity for Nation’s Prosperity**”. The opening ceremony held on October 28, 2024, at SEBI, Mumbai, was attended by the Chairperson and other senior officials of SEBI. The occasion

was graced by Shri T.R. Raghunandan, former IAS officer, as the Chief Guest. Banners on VAW 2024 were prominently displayed at all offices of SEBI. The messages of the dignitaries, viz., Hon'ble President, Vice President, Prime Minister and the Central Vigilance Commission on the theme of VAW 2024 were displayed in SEBI offices. Information about VAW 2024 was also displayed on SEBI website (<https://sebi.gov.in>), SEBI investors website (<https://investor.sebi.gov.in/>), and NISM website (<https://nism.ac.in>). A voice message was added to the Interactive Voice Response (IVR) in the toll-free SEBI Helpline numbers, informing callers about VAW 2024 and e-pledge initiative of CVC. At the behest of SEBI, MII, AMFI and the AMCs carried out the following activities:

- i. Publication of information about observance of VAW 2024 on their websites and social media accounts and encouraged people to take the e-pledge by providing a link to the e-pledge website of CVC (<https://pledge.cvc.nic.in/>), and
- ii. Sending out bulk SMS/emails to the stakeholders, including intermediaries, investors etc. during the week, informing them same.

Contests on slogan writing, essay writing, rangoli drawing, skit performance, quiz, debate and short video making contests on the theme of VAW 2024 were held during September-October 2024. As per CVC instructions, as a precursor to VAW 2024, SEBI had carried out various preventive activities during the three-month campaign period (August 16th - November 15th, 2024) on five focus areas.

C. Reports and returns

The Vigilance Department regularly submits reports such as quarterly progress report of works/purchase/consultancy, quarterly performance report and annual

report on vigilance activities to DoPT/CVC. Information is also uploaded on the Probity portal and the Solve portal of DoPT.

D. Liasoning with CBI

Vigilance Department in SEBI, functioning as a nodal office, had effectively liaised with Central Bureau of Investigation (CBI) on relevant matters. The department has also contributed to activities of Vigilance Study Circle, Mumbai.

13.9 RTI ACTIVITIES

As a public authority, SEBI, continues to implement the provisions of the Right to Information Act, 2005 (RTI Act) in both letter and spirit. Shri Santosh Kumar Sharma, Chief General Manager, served as the Central Public Information Officer (CPIO) at its Head Office till February 28, 2025. Upon his superannuation, Shri B. J. Dilip, Chief General Manager, was designated as CPIO from March 01, 2025. Shri B. Rajendran (until June 28, 2024) and Shri Pramod Rao (till February 02, 2025) were designated as First Appellate Authority (FAA) for appeals filed against the response provided by the CPIO. Subsequently, Dr. Ruchi Chojer and Shri Aliasgar Mithwani have been designated as FAA from July 01, 2024 and February 02, 2025, respectively. In line with Central Information Commission (CIC) directives, Shri G. P. Garg, Executive Director, was designated as Transparency Officer till his superannuation. He is succeeded by Shri Shashi Kumar Valsakumar, Executive Director, with effect from December 26, 2024.

SEBI has endeavored to provide information sought by the applicants within the stipulated time, irrespective of whether the information being sought is voluminous, pertaining to a number of issues or handled by multiple departments of SEBI. SEBI has also been providing additional information/guidance voluntarily to the applicants about the securities

market. Applications are received in various regional languages, which are internally translated and replied. Applications received in Hindi are replied in Hindi. Applications filed at the various Regional/Local Offices are referred to the CPIO-HO by the respective Central Assistant Public Information Officers (CAPIOs). The senior most officials posted at Regional/Local Offices are appointed as CAPIOs for the respective Regional/Local Offices. 85.77 per cent of the RTI applications received by SEBI in 2024-25 were through the RTI Request & Appeal Management Information System (RTI MIS web portal). For applications received in physical mode, the Office of CPIO, while replying to the RTI application, requests the applicants to file their applications/appeals online at <https://rtionline.gov.in>, which enables them to receive replies online, thus, encouraging the use of automated systems.

Section 4(2) read with 4(1)(b) of the RTI Act lays down the information which should be disclosed by Public Authorities on a suo motu basis. Section 4(3) prescribes the method of dissemination of this information. The purpose of disclosures under Section 4 is to place a large amount of information in the public domain on a suo motu basis to make the functioning of the Public Authorities more transparent and also to reduce the need for filing individual RTI applications. SEBI, in compliance with Section 4(1)(b) of the RTI Act, has made available suo motu disclosures on the SEBI website www.sebi.gov.in. As a public authority, it is SEBI's continual endeavor to fulfill all the obligations cast upon it, in terms of Section 4 of the RTI Act, to make disclosures on a suo motu basis and ensure transparency and accountability in its functioning. The details of RTI applications and appeals to the FAA of SEBI for 2023-24 and 2024-25 are given as under:

Table 13.8: Trends in RTI Applications and First Appeal to SEBI Appellate Authority

Particulars	2023-24	2024-25
No. of Applications Received (including Applications Transferred from other Public Authorities)	1,795	2,460
Total No. of Issues Raised in Applications	6,462	8,410
No. of Appeals Received by the Appellate Authority, SEBI	326	380
No. of Orders Passed by the Appellate Authority, SEBI	328	392
No. of Appeals Rejected/Dismissed by the Appellate Authority, SEBI	283	343
No. of Appeals Allowed/Partially Allowed	45	49

The details of appeals before the CIC against orders passed by the FAA of SEBI for the years 2023-24 and 2024-25 are given in **Table 13.9**.

Table 13.9: Trends in Appeals before Central Information Commission

Particulars	2023-24	2024-25
No. of Hearings Held Before CIC in SEBI Matters	26	34
No. of Appeals Rejected/Dismissed by CIC	21	33
No. of Appeals with Directions by CIC to Furnish Information	5	1

13.10 PARLIAMENTARY QUESTIONS CELL

The Parliament Questions (PQ) Cell of SEBI is the crucial interface between SEBI and the Government of India for Parliament Questions and Parliament Committee meetings. The PQ Cell deals with the various Ministries of the Government of India to address issues relating to Parliamentary questions and any assurances thereof. PQ Cell also co-ordinates for Parliamentary Committee meetings and their

study tours/visits in co-operation with the Lok Sabha Secretariat and nodal organizations.

During 2024-25, SEBI received a number of Parliament questions, referred by the Government of India, mainly from the Ministry of Finance and the Ministry of Corporate

Affairs. Of the 158 questions referred/taken up, 22 questions were admitted, to which SEBI furnished information and material for replies. The number of Parliamentary questions received session-wise is given in **Table 13.10**.

Table 13.10: Session-wise Details of Parliament Questions

Parliament Session	Period	No. of Questions Received/Taken-Up		Admitted Questions	
		Starred	Unstarred	Starred	Unstarred
Monsoon Session	July 22 - August 12, 2024	9	29	1	6
Winter Session	November 25 - December 20, 2024	19	24	2	2
Budget Session	January 31 - April 4, 2025	31	46	2	9
Total		59	99	5	17

During 2024-25, SEBI provided the required information and clarifications desired by the Ministry of Finance (MoF)/Ministry of Corporate

Affairs (MCA) in a time-bound manner, the details of which are given in **Table 13.11**.

Table 13.11: Parliamentary Committees/Material Provided

Sr. No.	Responses provided to MoF/MCA
1	Inputs submitted to MoF for implementing qualitative improvements in Grievance Redressal Systems and enhancing ease of doing business.
2	Inputs submitted to MoF requesting an updated ATR regarding the 46 th Report of the Standing Committee on Finance on the subject "Strengthening Credit Flows to the MSME Sector."
3	Inputs given to the MoF regarding the measures taken to accelerate financial inclusion in the North Eastern Region
4	Inputs provided to MoF on Action taken replies on the recommendations contained in the 64 th Report of the Committee on Petitions branch presented to Lok Sabha regarding representation of Shri Chandra Shekhar
5	Inputs provided to MCA on the updated status of SEBI's response to Lok Sabha Starred Question No. 4 pertaining to "Steps to reduce pending litigation under Companies Law", which has been treated as Assurance

13.11 FEES AND OTHER CHARGES

Details of the amount of fees and other charges (2024-25 unaudited*) collected by SEBI from market intermediaries on both recurring and non-recurring basis is provided in **Table 13.12** below. During 2024-25, the total amount of fees and other charges received was ₹2,334.08 crore as against ₹1,851.48 crore in 2023-24 (audited). The recurring fee was 76.3 per cent in 2024-25, as compared to 79.7 per cent in

2023-24, of the total fee collected. During 2024-25, the largest recurring fee of ₹1,265.91 crore was collected as regulatory fee from stock exchanges, followed by ₹197.48 crore collected from registration fee from members (equity derivatives segment) and ₹131.82 crore from custodian of securities. In non-recurring fee category, the highest fee was collected from primary market offer document (₹266.25 crore) followed by takeover fees (₹87.30 crore) and foreign portfolio investor fee (₹ 73.26 crore).

Table 13.12: Fees and Other Charges (₹ crore)

Particulars	2023-24*			2024-25*		
	Recurring Fees #	Non-Recurring Fees ##	Total Fees Received	Recurring Fees #	Non-Recurring Fees ##	Total Fees Received
	1	2	(1+2)	1	2	(1+2)
Offer Documents and Prospectus Filed (Primary Market – Equity)	-	100.3	100.3	-	266.3	266.3
Merchant Bankers	6.4	2.6	9.0	5.3	3.0	8.3
Underwriters	-	-	-	-	-	-
Portfolio Managers	4.2	7.4	11.6	6.0	8.7	14.7
Registrars to an Issue and Share Transfer Agents	0.3	0.2	0.4	0.7	0.4	1.1
Bankers to an Issue	1.3	0.0	1.3	2.3	0.0	2.4
Debenture Trustees	0.6	-	0.6	0.5	0.2	0.7
Takeover Fees	-	53.2	53.2	-	87.3	87.3
Buy Back of Shares	-	97.6	97.6	-	34.2	34.2
Mutual Funds	18.7	7.1	25.9	20.6	12.4	33.0
Stock Brokers and Sub-Brokers (CM segment)	45.3	-	45.3	58.1	-	58.1
Foreign Portfolio Investors	21.3	47.3	68.6	-	73.3	73.3
Foreign Venture Capital	-	2.0	2.0	-	0.8	0.8
Domestic Venture Capital	-	-	-	-	-	-
Infra Investment Trust	-	-	-	-	-	-
Depositories	1.8	-	1.8	1.0	-	1.0
Custody Charges – Depositories	8.2	-	8.2	11.2	-	11.2
Depository Participants	3.1	0.5	3.6	3.5	0.9	4.5
Custodian of Securities	103.5	0.2	103.7	131.8	0.2	132.0
Approved Intermediaries under Securities Lending Scheme	0.0	-	0.0	0.0	-	0.0
Credit Rating Agencies	0.3	0.3	0.6	0.2	1.5	1.6
Listing Fees Contribution from Stock Exchanges	33.8	-	33.8	41.1	-	41.1
Alternative Investment Scheme	-	28.8	28.8	-	35.1	35.1
KYC Registration Fees	0.0	0.1	0.1	0.0	0.0	0.1
Registration Fee from Members (Equity and Derivatives Segment)	137.7	-	137.7	197.5	-	197.5
Registration Fee from Members (Commodity Derivatives Segment)	15.2	0.0	15.2	20.6	0.0	20.7
Investment Advisor	0.0	0.2	0.2	0.0	0.5	0.5
Infrastructure Investment Trust	-	15.8	15.8	-	8.9	8.9

Particulars	2023-24*			2024-25*		
	Recurring Fees #	Non-Recurring Fees ##	Total Fees Received	Recurring Fees #	Non-Recurring Fees ##	Total Fees Received
	1	2	(1+2)	1	2	(1+2)
Informal Guidance Scheme	-	0.1	0.1	-	0.1	0.1
Share Based Employee Benefits	-	0.0	0.0	-	-	-
Regulatory Fees - Stock Exchanges	1,066.2	-	1,066.2	1,265.9	-	1,265.9
Regulatory Fees - Stock Exchanges (Commodity)	4.2	-	4.2	9.4	-	9.4
Public Issue of Debt	-	0.2	0.2	-	0.1	0.1
Private Issue of Debt	2.1	-	2.1	2.1	-	2.1
Delisting of Shares	-	0.1	0.1	-	0.1	0.1
Research Analyst	-	4.9	4.9	-	3.3	3.3
ICDR Exemption Fees	-	3.6	3.6	-	1.3	1.3
FPI Regulatory Fees for ODI Subscription	0.5	-	0.5	2.6	-	2.6
Scheme of Arrangement Fees	-	3.9	3.9	-	4.7	4.7
Real Estate Investment Trust	-	(0.8)	(0.8)	-	7.0	7.0
Collective Investment Scheme	-	-	-	-	-	-
Vault Manager	-	-	-	-	-	-
Processing Fee - Compounding of Offence	-	0.7	0.7	-	2.0	2.0
Processing Fees-Consent Order	-	0.5	0.5	-	1.2	1.2
Total	1,474.8	376.7	1,851.5	1,780.5	553.6	2,334.1

Notes:

- * Subject to audit by Comptroller and Auditor General
- # Recurring fees: Fees which is received on annual/3-yearly/5-yearly basis (includes Fee/ Service Fee/ annual fee/ Listing Fees from exchanges/ Regulatory Fees from stock exchanges).
- ## Non-recurring fees: Fees which is received on one-time basis. Includes fee for Offer Documents Filed/ Registration Fee/ Application Fee/ Takeover Fees/ Informal Guidance Scheme/ FPI Registration/Conversion etc.
- Since the amount realized by way of penalties on or after 29.10.2002 has been credited to the Consolidated Fund of India, therefore, the same has not been included in the fees income of SEBI since 2003-04.
- Stock brokers and sub-brokers fee includes annual fees and turnover fees. Stock brokers and derivatives fees are of recurring nature and depend on the trading turnover of the stock brokers and members.

13.12 CHANGES MADE TO THE DELEGATION ORDER

The SEBI (Delegation of Statutory and Financial Powers) Order, 2019 (DoP Order) dated July 31, 2019, provides for the delegation of the statutory and financial powers of the Board to its various officials. During 2024-25, the delegation of certain powers and functions under the SEBI

Act, 1992, the SCRA, 1956, the Depositories Act, 1996, and the rules, regulations, and laws made thereunder, which were to be appropriately provided for in the DoP Order, were suitably incorporated. For administrative convenience, the delegation of functions that are routine or incidental or consequential in nature was effectively delegated to various officials.

13.13 SOURCES OF FUNDS AND MAJOR AREAS OF EXPENDITURE

of expenditure for 2024-25 is provided in Table 13.13 below.

Details of the sources of fund and major areas

Table 13.13: Sources of Funds and Major Expenditure (2024-25) (₹ crore)

Source of Fund Receipts*		Major Areas of Expenditure Payments*	
Interest Earned from Investments	325.5	Establishment Expenses	734.4
Interest on Loans, Advances etc.	15.2	Administrative Expenses	196.6
Other Interest	-	Gratuity and Leave Encashment	27.5
Registration Fees	395.8	Purchase of Fixed Assets	202.6
Annual Fees/Subscription	1,446.3	Capital Work in Progress	117.3
Application Fees	16.2		
Renewal Fees	18.6		
Filing Fees for Offer Documents	405.1		
Fees for Takeover Regulations	11.0		
Listing Fees Contributions	41.1		
Fees under Informal Guidance Scheme	0.1		
Miscellaneous Income	21.9		
Lease Rentals	16.0		
Sale of Assets	(0.3)		
Total	2,712.4	Total	1,278.3

* Subject to audit by Comptroller and Auditor General

13.14 OTHER MATTERS

A. Office of informant protection

In order to strengthen the investigation and enforcement mechanism to curb instances of insider trading, a need was felt to provide for a mechanism that incentivises people having personal knowledge of any incidence of insider trading to report the same to SEBI. For the said purpose, Chapter IIIA of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) was published in the Official Gazette on September 17, 2019 and the provisions came into force on December 24, 2019. Accordingly, the Office of Informant Protection (OIP) has been established under Chapter IIIA of the PIT Regulations for receiving and processing the information pertaining to

the violation of the insider trading laws submitted through the Voluntary Information Disclosure form (VID Form). The VID form has been made available for download on the website of SEBI. A separate inward and outward channel has been put in place for communicating with the informants while maintaining confidentiality. OIP also maintains a dedicated hotline number for providing information relating to the submission of the VID Form. During 2024-25, OIP has received four VID forms, out of which 'original information' in terms of regulation 7A(1)(h) of the PIT Regulations was submitted in only one VID form. Three VID forms which did not contain 'original information' were closed while information submitted through one VID form is being examined.