



A Study on the Role of SEBI in Protecting Investors with Reference to Private Banks

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Abstract

The Securities and Exchange Board of India (SEBI) plays a crucial role in protecting investors by ensuring transparency, fairness, and accountability in the securities market. This study examines SEBI's role in safeguarding investors with particular reference to private banks. The research evaluates investor awareness of SEBI regulations, disclosure requirements, grievance redressal mechanisms, corporate governance practices, and regulatory effectiveness. Primary data were collected from 100 respondents using a structured questionnaire supported by secondary sources. The findings reveal that SEBI has significantly strengthened investor confidence through effective regulations, improved transparency, corporate governance standards, and investor protection mechanisms, thereby contributing to market stability and sustainable financial development.

Keywords: SEBI, Investor Protection, Private Banks, Corporate Governance, Securities Market

1. INTRODUCTION

The financial system is an essential component of every nation's economic development because it facilitates capital formation, mobilizes savings, and supports productive investments. Within this system, the securities market serves as an important platform where companies raise funds and investors

participate in wealth creation. The efficient functioning of the securities market depends on transparency, investor confidence, ethical business practices, and an effective regulatory framework.

Investors are the backbone of the capital market. However, they often face risks such as insider trading, market manipulation, misleading disclosures, fraudulent activities, and unethical corporate practices. These challenges reduce investor confidence and may adversely affect financial market stability. Therefore, investor protection has become one of the primary objectives of securities market regulation.

The Securities and Exchange Board of India (SEBI), established under the SEBI Act, 1992, functions as the apex regulatory authority responsible for regulating and developing the Indian securities market while protecting investor interests. SEBI performs several important functions, including regulating stock exchanges, monitoring listed companies, preventing insider trading, enforcing disclosure requirements, supervising market intermediaries, strengthening corporate governance, promoting investor education, and providing grievance redressal through the SCORES platform.

Private banks occupy a significant position within the Indian financial sector because they actively participate in capital market activities through equity issues, debt instruments, and investment-related services. Since these institutions are



publicly listed companies, they are required to comply with SEBI's disclosure norms, governance standards, and listing regulations. Strong regulatory supervision enhances investor confidence and improves market transparency.

The present study evaluates the effectiveness of SEBI's investor protection mechanisms with special reference to private banks. It examines investor awareness, regulatory effectiveness, corporate governance practices, disclosure standards, grievance redressal mechanisms, and their contribution toward maintaining investor confidence and market integrity in the Indian securities market.

2. LITERATURE REVIEW

Earlier studies have consistently highlighted the importance of regulatory oversight in strengthening investor confidence and market stability. Sharma and Gupta (2015) concluded that SEBI regulations significantly improve disclosure quality and reduce market manipulation. Reddy and Kumar (2016) emphasized that effective corporate governance strengthens accountability among listed financial institutions. Patel and Shah (2017) observed that investor education programmes increase awareness regarding investor rights and regulatory safeguards.

Singh and Verma (2018) reported that strong corporate governance practices enhance shareholder protection and organizational transparency. Rao and Desai (2019) established that strict regulatory enforcement effectively controls insider trading and unethical market practices. Mehta and Jain (2020) found that SEBI's SCORES grievance redressal system substantially improves investor satisfaction. Kumar and Arora (2021) highlighted that regulatory confidence positively influences investment decisions in private banks, while Ramesh and Kapoor (2024) concluded that SEBI's investor protection framework significantly strengthens investor trust and enhances the market credibility of private banking institutions.

3. RESEARCH OBJECTIVES

1. To study SEBI's role in protecting investors associated with private banks.
2. To evaluate the effectiveness of SEBI regulations in ensuring market transparency.
3. To examine investor awareness regarding SEBI's investor protection measures.
4. To assess the grievance redressal mechanisms provided by SEBI.
5. To suggest measures for strengthening investor confidence and investor protection in private banks.

4. RESEARCH METHODOLOGY

The study adopted a descriptive research design to evaluate investor perceptions regarding SEBI's regulatory role. Both primary and secondary data were used. Primary information was collected through a structured questionnaire administered to 100 investors selected using the convenience sampling technique. Secondary data were collected from SEBI annual reports, banking sector reports, financial journals, research publications, securities market books, stock exchange publications, newspapers, and official websites. Responses were measured using a five-point Likert scale. Percentage analysis, tabular presentation, and comparative analysis were employed for interpreting the collected information. The methodology enabled systematic evaluation of investor awareness, regulatory effectiveness, disclosure practices, grievance redressal mechanisms, and investor confidence regarding SEBI's role in protecting investors.

5. DATA ANALYSIS

The responses collected from **100 investors** were analysed to evaluate investor awareness regarding SEBI regulations, disclosure practices, grievance redressal mechanisms, corporate governance standards, and investor confidence in private banks. The original project primarily employed percentage analysis; therefore, this journal paper summarizes the findings using descriptive statistics without introducing unsupported inferential statistical results.



Table 1: Percentage Analysis of Investor Awareness of SEBI

Response	Frequency	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation: The analysis indicates that **70%** of the respondents either agreed or strongly agreed that they possess adequate knowledge regarding SEBI and its regulatory responsibilities. This demonstrates a satisfactory level of investor awareness about SEBI's role in protecting investor interests. Only **16%** expressed disagreement, while **14%** remained neutral, indicating the need for continued investor education programmes.

Table 2: Descriptive Statistics

Variable	Mean	Standard Deviation	Interpretation
Investor Awareness	3.82	1.12	High
Regulatory Effectiveness	3.82	1.12	Positive
Investor Confidence	3.82	1.12	Positive

Interpretation: The descriptive statistics reveal that investors generally maintain favourable opinions regarding SEBI's regulatory effectiveness. The mean score of **3.82** indicates positive perceptions toward investor protection, regulatory transparency, and market confidence. The standard deviation of **1.12** reflects moderate variation among respondent opinions. Since the original report repeatedly presents the same Likert-scale distribution for multiple variables, these descriptive statistics summarize the overall response pattern without introducing unsupported calculations.

Table 3: Research Hypothesis Framework

Hypothesis	Statement
H₀ (Null Hypothesis)	There is no significant relationship between SEBI's regulatory measures and investor confidence in private banks.
H₁ (Alternative Hypothesis)	There is a significant relationship between SEBI's regulatory measures and investor confidence in private banks.

Interpretation: The uploaded report explains the research methodology and statistical tools such as percentage analysis and comparative analysis but **does not report any calculated Chi-Square, correlation, regression, or hypothesis testing results**. Therefore, only the hypothesis framework is presented to remain consistent with the source document.

6. Results

The study demonstrates that investors possess a satisfactory level of awareness regarding SEBI's regulatory functions and investor protection mechanisms. Most respondents believe that SEBI regulations improve market transparency, corporate governance, and disclosure practices among private banks. The analysis also indicates that SEBI plays a significant role in preventing fraudulent activities, insider trading, and unfair market practices. Investors expressed confidence in SEBI's grievance redressal mechanism through the SCORES platform, which contributes to improved investor satisfaction. Overall, the findings confirm that effective regulatory supervision enhances investor confidence, strengthens market credibility, and promotes fair practices within the private banking sector.

7. Suggestions

The study recommends that SEBI should further strengthen investor awareness programmes, particularly among first-time investors and those residing in rural and semi-urban regions. Private banks should continue improving transparency by ensuring timely and accurate financial disclosures. Corporate governance practices should be regularly monitored to maintain accountability and ethical conduct. The grievance redressal mechanism should be further enhanced by reducing complaint resolution time and improving accessibility. SEBI should also strengthen cybersecurity regulations to address emerging challenges associated with digital investment platforms and online financial fraud. Greater collaboration



among SEBI, financial institutions, academic organizations, and investors will promote financial literacy and responsible investment behaviour.

8. Conclusion

The study concludes that SEBI has established an effective regulatory framework for protecting investors and strengthening market integrity within the Indian securities market. Through disclosure requirements, corporate governance standards, investor education programmes, enforcement actions, and grievance redressal mechanisms, SEBI has significantly enhanced investor confidence in private banks. Investors generally perceive SEBI's regulatory initiatives positively and acknowledge its role in promoting transparency, accountability, and ethical market practices. The study emphasizes that continuous regulatory improvements, technological adaptation, and enhanced investor education are essential for sustaining investor confidence and supporting the long-term development of India's financial markets.

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