

Q Discuss various ways in which securities & Exchange Board of India can enable firms to raise capital during crisis.

Securities & Exchange Board of India (SEBI), is a statutory body which regulates the securities & exchange market in India, owned by the Govt. of India. Established under the SEBI Act 1992.

After the govt. declaration of a Rs 20 lakh crore stimulus package during the lockdown to rise the capital investment in business & processes, regulators such as RBI & SEBI have announced a slew of measures to ease liquidity constraints. SEBI offers various measures :-

- ① To protect interest of investors in securities market
- ② To promote development of securities market
- ③ To regulate business on stock exchange
- ④ To register & regulate the working of intermediaries who may be associated with securities market in any manner.
- ⑤ To promote & regulate self-regulatory org.
- ⑥ To register & regulate credit rating agencies etc.

While keeping in mind the need to enhance the self package, recently SEBI has issued & extended several temporary relaxation & one-time measures like →

- extending validity of observations on draft offer documents of companies.
- Reducing the minimum subscription amounts in rights issues by companies
- Allowing permissible issue size variation from 20% to 50%.
- relaxing fast-track eligibility norms, &
- increasing the time period for the declaration of results by listed companies

Steps to raise capital :-

### ① Indian Public Offerings (IPOs)

To revive IPO markets SEBI reduced the mini. subscription requirement for fresh issues from 90% to 75%. It has also considered the extending validity of its observations from the 6 months already granted up to 31<sup>st</sup> March 2021 to a period of 18 months, whichever occurs earlier.

### ② Qualified Institutional Placement (QIPs)

Reducing the time period for calculation of the floor price from the average of weekly high & low from 2 to 1 week, primarily to address the volatility and risk-averse market environment.

Increasing potential discount to floor price from 5% to 15% would make life easier for companies.

### ③ Right Issues

Launched India's largest ever rights issue with Reliance Industries Ltd.

SEBI has provided relaxation to the fast track criteria of compliance.

### Conclusion

During the lockdown & in the post COVID world these measures/relaxation can provide impetus for issues to raise capital, which from institutional investors which will trigger better economic performance of businesses & restore confidence.