

# EDITORIAL



The Indian stock market has witnessed a colossal transformation ever since trading first started with the formation of the Bombay Stock Exchange (BSE) 147 years ago. Securities market plays a crucial role in promoting and sustaining the growth of an economy. It is an important and efficient channel to mobilize funds to enterprises, and provide an effective source of investment in the economy. It plays a vital role in mobilizing savings for investment in productive assets, with a view to enhancing a country's long-term growth prospects. It thus acts as a major catalyst in transforming the economy into a more efficient, innovative and competitive marketplace within the global arena.

The growth of capital markets will be helpful in raising the per-capita income of the individuals, decrease the levels of unemployment, and thus reduce the number of people who lie below the poverty line. With the increasing awareness in the people, they start investing in capital markets with long-term orientations, which would provide capital inflows to the sectors requiring financial assistance.

The Indian stock market is often interpreted as the NSE BSE market as the majority of the transactions take place there; though there are other smaller stock exchanges. Both the organizations have been instrumental in steering the Indian stock market towards the present position. It is the Securities and Exchange Board of India (SEBI) that monitors the functioning of the stock exchanges besides

protecting the interests of investors in securities in the Indian stock market. The Indian stock market is counted as one of the world's best performing markets. The NSE today is the second fastest growing stock exchange in the world besides being the world's third largest Stock Exchange in terms of the number of trades in equities. The BSE, is the 11th largest stock exchange in the world besides being cited as the world's best performing shares market. The stature of BSE & NSE has elevated the position of the Indian stock market in the world map.

The securities and exchange board of India called SEBI is the regulatory authority established under the SEBI act 1992 and is a regulator for stock exchanges in India. SEBI has major and primary functions include protecting the investor interests, promoting and regulating the Indian securities markets. Recently, SEBI has notified a framework for the Social Stock Exchange (SSE) to provide social enterprises with an additional avenue to raise funds. The SSE is a novel concept in India and is meant to serve the private and non-profit sectors by channeling greater capital to them. The social enterprises will have to engage in a social activity out of 16 activities listed by the regulator. The eligible activities include eradicating hunger, poverty, malnutrition and inequality; among others.

For the past couple of years, there are two emerging trends visible in the Indian capital market-first, the sharp increase in the number of retail investors and the second is the increasing

demand for sustainable finance. In line with these trends, there is an evolving market of rating companies that assess Environmental, Social, and Governance (ESG) risks and opportunities of investments, not only in India but also globally. Aligned with this global trend, SEBI has come up with suggestions to regulate ESG Rating Providers (ERPs). A KPMG report says that globally 85% of institutional investors are driving interest in ESG. There is a prediction that by 2025 one-third of the total global assets will consider ESG for direction. At least, 17 mutual funds based on ESG are already existing in the Indian market.

CMA's play crucial role in the Securities market arena; like - Conducting Internal and Concurrent Audit for depository operations under National Securities Depository Ltd (NSDL); Half-yearly Internal Audit of stock brokers/trading members/clearing members as prescribed by SEBI; Internal Audit for Credit Rating Agencies (CRAs). Security Exchange Board of India has considered the practicing Cost Accountants to carry out share reconciliation audit of issuer companies under the Regulation 76(1) of SEBI (D&P) Regulations, 2018. Further, CMA's have the right to Legal Representations under Clause 22C under Conditions for listing: Chapter IV of Listing of Securities.

This issue presents a good number of articles on the cover story "*The Indian Securities Markets - on the Cusp of Change*" written by distinguished experts. Further, we look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers will enjoy the articles.