

Graded Surveillance Measure (GSM)

Frequently Asked Questions (FAQs)

1) What is the purpose for introduction of GSM framework?

In order to enhance market integrity and safeguard interest of investors, Securities and Exchange Board of India (SEBI) and Exchanges, have been introducing various enhanced surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade for Trade segment from time to time.

The main objective of these measures is to –

- ✚ Alert and advise investors to be extra cautious while dealing in these securities and
- ✚ Advise market participants to carry out necessary due diligence while dealing in these securities.

In continuation with the various measures already implemented including the ones mentioned above, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be Graded Surveillance Measures (GSM) on securities with price not commensurate with financial health and fundamentals of the company which inter-alia includes factors like Earnings, Book value, Fixed assets, Net worth, P/E multiple, Market Capitalisation, etc.

2) When did the GSM framework come into force ?

The GSM framework monitoring has come into force with effect from March 14, 2017. The Exchange, in coordination with other Exchanges, had issued a circular on February 23, 2017 having download reference number NSE/SURV/34262 informing the market participants about introduction of GSM framework. Further, the first list of shortlisted securities qualifying for application of GSM was published on March 03, 2017 having download reference number NSE/SURV/34321.

In the Joint Surveillance meeting of Exchanges and SEBI held on November 28, 2019, the GSM framework was reviewed, and the GSM stages were reduced from 6 to 4. Please refer Exchange circular - NSE/SURV/42790 dated November 29, 2019 issued by the Exchange informing the market participants about the updated GSM framework.

Further, in the Joint Surveillance meeting of Exchanges and SEBI held on November 17, 2023, the extant GSM Framework was extended to Small and Medium Enterprises (SME) stocks subject to certain changes. Please refer Exchange circular - NSE/SURV/59425 dated November 17, 2023 issued by the Exchange informing the market participants about the GSM framework on SME segment.

Subsequently, in the Joint Surveillance meeting of Exchanges and SEBI held on September 20, 2024, the GSM Framework was extended on Public Sector Undertaking (PSU) companies. Please refer Exchange circular - NSE/SURV/64066 dated September 20, 2024 issued by the Exchange informing the market participants about the Extension of Surveillance Measures on PSU companies.

Subsequently, the updated list of companies was published as under:

Circular No.	Date of Circular
NSE/SURV/35167	June 21, 2017
NSE/SURV/36130	October 17, 2017
NSE/SURV/36741	January 12, 2018
NSE/SURV/37218	March 16, 2018
NSE/SURV/38041	June 15, 2018
NSE/SURV/38891	September 14, 2018
NSE/SURV/39659	December 14, 2018
NSE/SURV/40459	March 15, 2019
NSE/SURV/41386	June 21, 2019
NSE/SURV/42135	September 13, 2019
NSE/SURV/42910	December 13, 2019
NSE/SURV/43966	March 20, 2020
NSE/SURV/44715	June 19, 2020
NSE/SURV/45051	July 17, 2020
NSE/SURV/45447	August 21, 2020
NSE/SURV/45676	September 11, 2020
NSE/SURV/46618	December 11, 2020
NSE/SURV/47613	March 12, 2021
NSE/SURV/48660	June 18, 2021
NSE/SURV/49025	July 23, 2021
NSE/SURV/49553	September 09, 2021
NSE/SURV/50571	December 10, 2021
NSE/SURV/50653	December 16, 2021
NSE/SURV/51603	March 11, 2022
NSE/SURV/52657	June 17, 2022
NSE/SURV/53624	September 09, 2022
NSE/SURV/54772	December 09, 2022
NSE/SURV/55932	March 10, 2023
NSE/SURV/57149	June 16, 2023
NSE/SURV/58324	September 08, 2023
NSE/SURV/59674	December 08, 2023

Circular No.	Date of Circular
NSE/SURV/62559	June 21, 2024
NSE/SURV/63791	September 06, 2024
NSE/SURV/65451	December 06, 2024
NSE/SURV/67014	March 07, 2025

All securities moving into GSM framework as per Criteria I and II are initially placed in Stage 0 unless stated otherwise.

3) What are the various criteria for shortlisting of securities under GSM ?

The criteria for shortlisting of securities under GSM framework has been disseminated to the market vide Exchange circulars having download reference no. NSE/SURV/38389 dated July 20, 2018 and NSE/SURV/59425 dated November 17, 2023.

3.1.) The detailed criteria for shortlisting & review of securities (other than SME) under GSM Framework is given below:

Criteria I:

- i) Securities with latest available Net worth (Share Capital + Reserves & Surplus - debit balance in P&L) less than or equal to Rs. 10 crores; **AND**
- ii) Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 25 crores; **AND**
- iii) Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500) **OR** negative PE.

Criteria II:

- i) Securities with full market capitalization less than Rs. 25 crores; **AND**
- ii) Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500); **OR**
- iii) Securities with negative PE, the following should be considered:
 - P/B (Price to Book) value of scrip greater than 2 times the P/B value of Benchmark Index (Nifty 500) **OR**
 - P/B value is negative

3.2.) The detailed criteria for shortlisting & review of SME securities under GSM Framework is given below:

Criteria I:

- i) Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 5 crores; **AND**
- ii) Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 10 crores; **AND**
- iii) Securities with PE greater than PE of Nifty 500 **OR** PE =< 0.

Criteria II:

- i) Securities with full market capitalization* less than Rs. 10 crores; **AND**
- ii) Securities with PE greater than PE of Nifty 500; **OR**
- iii) Securities with negative PE, the following should be considered:
 - P/B (Price to Book) value of scrip greater than P/B value of Nifty 500 **OR**
 - P/B value is negative

*Average Full Market Capitalization

The following securities shall be excluded from the process of shortlisting securities under GSM:

1. Securities where the price discovery is yet to take place as per the provision of SEBI circulars CIR/MRD/DP/01/2012 and CIR/MRD/DP/02/2012 dated January 20, 2012.
2. Securities already under suspension;
3. Securities on which derivative products are available;
4. Securities as a part of any index (NSE or BSE);
5. Securities listed during last 1 year through Initial Public Offering (IPO);
6. Securities which have paid dividend for each of last three preceding years;
7. Securities with Institutional holding greater than 10% only if following conditions are met:
 - If the promoter entity has not offloaded any share in the last 5 years;
AND
 - The current trading price of the security is within the range of High & Low price in last 3 years of the respective security.
8. Securities listed through Scheme of Arrangement involving Merger / Demerger during last 1 year:
 - In case of demerger, the following condition shall be applicable:
 - If the parent company is under purview of GSM, the resultant demerged companies shall also attract GSM.
 - If the parent company is not under purview of GSM, the resultant demerged companies shall not be part of GSM at the time of demerger and shall be considered during the subsequent quarterly review.
 - In case of merger of companies, if any of the securities at time of merger are under the purview of GSM, then the same shall be continued on the resultant entity.

Identification / Review of securities for GSM shall be carried out on a quarterly basis. Securities placed under GSM framework shall be reviewed and securities not meeting the inclusion Criteria - I & II shall be moved out of the GSM framework.

The review shall be carried out based on latest available quarterly (in case of mainboard) or half yearly (in case of SME) consolidated / standalone results filed by the companies as per preference opted by companies under the SEBI (LODR) Regulations, 2015, which are submitted within 45 days from end of quarter and in case of annual results, within 60 days from end of their financial year.

Accordingly, tentative time schedule for publication of securities eligible for GSM framework applicable for next quarters is given below:

Quarter ended	Date of Circular
December 2024	March 7, 2025
March 2025	June 13, 2025
June 2025	September 05, 2025
September 2025	December 05, 2025

In case date of circular falls on trading holiday, the circular shall be published on the following working day.

Market participants may note that GSM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

4) What are the various surveillance actions under GSM ? And what do they signify ?

The underlying principle behind defining various stages under GSM framework is to alert the market participants that they need to be extra cautious and diligent while dealing in such securities as the need has been felt to place them under higher level of surveillance.

At present, there are 04 stages defined under GSM framework viz. from Stage I to Stage IV. Surveillance action has been defined for each stage. Once the security goes into a particular stage, it shall attract the corresponding surveillance action.

The security shall be placed in a particular stage by the Exchange based on monitoring of price movement and predefined objective criteria.

Stage wise Surveillance actions are listed below -

Stage	Surveillance Actions
I	Applicable margin rate shall be 100% and price band of 5% or lower as applicable
II	Trade for Trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 50% of trade value to be deposited by the Buyers
III	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1 st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers
IV	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1 st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers with no upward movement.

5) How will the shortlisted securities move to the various stages of GSM ?

The securities shall move to various stages of GSM in a sequential order from initial shortlisting i.e. Stage 0 to Stage I till Stage IV as and when the criteria for the respective stage is satisfied. These stage movements shall be based on pre-defined objective criteria and is currently not disseminated in the public domain.



6) Some of the securities which have been identified under GSM are already under various surveillance actions mentioned in the GSM framework. What does this mean?

As stated, GSM framework shall work in addition to existing actions undertaken by the Exchange on the company's securities. In case the securities are already attracting any action(s) mentioned in any of the stages of GSM framework, then such action will continue to work in conjunction with appropriate action under GSM framework.

For eg : If a security is in Trade for Trade settlement mode and such a security qualifies for Stage II then transactions in such securities shall not only be in Trade for Trade settlement mode and in 5% price band or lower but shall additionally be liable for Additional Surveillance Deposit (ASD) of 50% of trade value.

7) Where do I get the complete list of GSM securities ?

A file '[List of scripts shortlisted in Graded Surveillance Measure](#)' containing stage wise GSM details is available on our website at the following link:

<https://www.nseindia.com/regulations/graded-surveillance-measure>

Market Participants are requested to refer the latest circulars issued by the Exchange with respect to GSM. The circulars are available on our website at the following link:

<https://www.nseindia.com/resources/exchange-communication-circulars>

8) Will the identified securities remain under GSM permanently?

A review process based on pre-defined objective criteria for moving securities in / out of GSM framework shall be carried out on a quarterly basis as per schedule given in (3) above.

9) Will a security identified under GSM remain in the same stage permanently?

A monthly review of securities (under Stages I & above of GSM) based on pre-defined objective criteria shall be carried out to assess relaxation of surveillance action. If qualified, the applicable securities can be moved back from a higher stage to a lower stage in a sequential manner, say from Stage III to Stage II. These pre-defined objective criteria are not disseminated in the public domain.

10) How will the market participants be made aware of various graded surveillance measures undertaken by the exchanges on securities on short notice ?

The Exchange has already published various circulars giving information to market participants on GSM framework, list of companies and their corresponding stages. Going forward as well, the Exchange shall continue to publish such circulars. All surveillance actions shall be triggered based on certain criteria and shall be made effective, in a coordinated manner across the Exchanges, with a very short notice issued after market hours typically one trading day before the effective date.

Further, while placing an order on a security which is under Graded Surveillance Measure (GSM) /Additional Surveillance Measure (ASM) / Insolvency Resolution Process (IRP) as per Insolvency and Bankruptcy Code (IBC) an alert message "["Security is under Surveillance Measure / Unsolicited SMS \(<relevant surveillance Indicator>\), Would you like to continue?"](#)" shall be displayed on NEAT/NEAT+.

For ready reference, the consolidated list of surveillance indicators assigned to securities under GSM / ASM / ASM-IBC / Unsolicited SMS is as under:

Surveillance Indicator	Description
99	Shortlisted under Graded Surveillance Measure
1	Graded Surveillance Measure - Stage I
2	Graded Surveillance Measure - Stage II
3	Graded Surveillance Measure - Stage III
4	Graded Surveillance Measure - Stage IV
5	Graded Surveillance Measure - Stage V
6	Graded Surveillance Measure - Stage VI
11	Short Term Additional Surveillance Measure (STASM) - Stage I
12	Short Term Additional Surveillance Measure (STASM) - Stage II
13	Long Term Additional Surveillance Measure (LTASM) - Stage I
14	Long Term Additional Surveillance Measure (LTASM) - Stage II
15	Long Term Additional Surveillance Measure (LTASM) - Stage III
16	Long Term Additional Surveillance Measure (LTASM) - Stage IV
20	Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip*
21	Insolvency and Bankruptcy Code (ASM IBC) - Stage I
22	Insolvency and Bankruptcy Code (ASM IBC) - Stage II
23	Inter Creditor Agreement (ASM ICA) - Stage I
24	Inter Creditor Agreement (ASM ICA) - Stage II
25	Company with high promoter Encumbrance
26	Company with high promoter as well as non-promoter Encumbrance
30	Information list (unsolicited SMS)
31	Current watch list (unsolicited SMS)
32	Unsolicited Video
33	Unsolicited Video and LTASM Stage IV
50	LTASM Stage I and GSM Stage 0
51	LTASM Stage II and GSM Stage 0
52	LTASM Stage III and GSM Stage 0
53	LTASM Stage IV and GSM Stage 0
54	STASM Stage I and GSM Stage 0
55	STASM Stage II and GSM Stage 0
56	Company with high promoter as well as non-promoter Encumbrance and GSM Stage 0
57	Company with high promoter Encumbrance and GSM Stage 0
58	ASM IBC Stage I and GSM Stage 0
59	ASM IBC Stage II and GSM Stage 0
60	ASM ICA Stage I and GSM Stage 0
61	ASM ICA Stage II and GSM Stage 0
62	Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip and GSM stage 0

Surveillance Indicator	Description
63	GSM stage I and Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
64	GSM stage II and Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
65	GSM stage III and Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
66	GSM stage IV and Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
34	Enhanced Surveillance Measure (ESM) - Stage I
35	Enhanced Surveillance Measure (ESM) - Stage II
36	ESM Stage I and GSM Stage 0
37	ESM Stage II and GSM Stage 0

*Earlier surveillance indicator was 10 which is now discontinued

(Refer Exchange circular - NSE/SURV/53054 dated July 22, 2022)

11) What will be the price bands of securities identified under GSM ?

The securities under GSM Framework shall attract price bands as per existing price band framework of the Exchange.

12) Besides the actions stated in GSM framework, can there be any other regulatory action against the companies identified therein ?

Surveillance actions under GSM framework are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on case to case basis or holistically depending upon the situation and circumstances as may be warranted.

13) When does the Additional Surveillance Deposit (ASD) become applicable ?

ASD is applicable when securities of the company move to Stage II of the GSM framework and above.

14) Who is liable to pay the ASD ?

The '[buyer](#)' of the security is liable to pay the ASD for securities shortlisted under Stages II and above under GSM and shall be collected from the '[buying](#)' Trading Member. ASD will be debited on a T+1 basis from the primary clearing account for the capital market segment of the aforesaid Trading Members by NSE Clearing Limited. It shall be paid in the form of cash only.

ASD shall be over and above existing margins or deposits levied by the Exchanges on transactions in such companies and shall be interest free.

15) Is ASD applicable to Institutional investors?

ASD shall be applicable on all category of Clients and Exchange shall collect the amount from the '[buying](#)' Trading Member.

16) When shall the ASD be refunded ?

Additional Surveillance Deposit (ASD) collected on securities retained under Stages II and above of GSM framework shall be retained for a period of 1 month and shall be released as per the schedule given below:

ASD Collected in the month of	Will be Released on 2nd Monday (As per calendar)
Jan-25	Mar-25
Feb-25	Apr-25
Mar-25	May-25
Apr-25	Jun-25
May-25	Jul-25
Jun-25	Aug-25
Jul-25	Sep-25
Aug-25	Oct-25
Sep-25	Nov-25
Oct-25	Dec-25
Nov-25	Jan-26
Dec-25	Feb-26

Further, date of release of ASD collected w.r.t. securities moving out of GSM framework during the quarterly review process shall be intimated separately.

17) Can Additional Surveillance Deposit (ASD) be utilized towards further exposure in trading ?

ASD shall not be considered for giving further exposure. ASD shall be over and above the existing margins or deposits levied by the Exchanges on transactions in such securities.

18) Are there any charges levied in case of default in ASD ?

In case of default in payment of ASD, appropriate penal actions may be initiated against the concerned trading member.

19) What is the mode of intimation of ASD payable to Trading members ?

The following files shall be sent to the Trading members through extranet on an end of day basis:

- [TM Code_GSM_DD-MMM-YYYY.csv](#) containing client wise / scrip wise details of all ‘Buy’ transactions pertaining to ‘all’ securities shortlisted under GSM.
- [TM Code_GSM_ASD_DD-MMM-YYYY.csv](#) containing client wise / scrip wise details of all ‘Buy’ transactions pertaining to securities shortlisted under GSM Stage II and above i.e. on which ASD is payable.



File format for the aforesaid files:

Day date	Buy TM Code	Buy Trading member name	Client Code	Client PAN	Symbol	Company Name	Day Buy Value	Surveillance Indicator	Amount of ASD

The above files shall be available for download at the following location under TM Code folder:
[/Surveillance/Dnld](#)

In case of any further queries, you may write to us at surveillance@nse.co.in.

***** End of Document *****

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