

Capital and Commodity Markets

I. Capital market

Progress on developing India's capital market, which is already more competitive, deep and developed by international markets standards, continued. Business in the country's oldest stock exchange, namely the Bombay Stock Exchange (BSE) dating back to 1875, which is also one of the oldest stock exchanges in the world, continued to thrive. The National Stock Exchange (NSE), which emerged in the mid-1990s and catalysed improvements in trading systems to provide the necessary depth and choice to investors, made sustained progress. With the BSE and NSE emerging as the two apex institutions of the country's capital market, restructuring of other stock exchanges went apace. Overseen by Securities and Exchange Board of India (SEBI), an independent statutory regulatory authority, the country's capital market dealt in

scrips of a large number of listed companies with a wide geographical outreach, providing a world class trading and settlement system, a wide range of product availability with a fast growing derivatives market, and well laid down corporate governance and investor protection measures.

4.2 As a part of the on-going financial and regulatory reforms of the primary and secondary market segments of the capital market, a number of initiatives were taken in 2005-06 and the current year so far. These measures, together with accelerated economic growth and macroeconomic stability, sustained the confidence of investors (both domestic and foreign) in the country's capital market. The stock market scaled new peaks year after year since 2003, with the BSE and NSE indices crossing the 14,000 and 4,000 marks, respectively, in January 2007.