

Secondary Market Developments

4.20 Secondary market experienced mostly bearish trends in 1998-99. However, the measures announced in the Union Budget for 1999-2000, coupled with overall improvement in economic performance, reversed the trends in the secondary market during the current financial year. Share prices

in the current financial year therefore showed a prolonged uptrend, which is discernible from Table 4.2 and Figure 4.2. Figure 4.2 depicts the trends in both the average daily closing (simple average of daily closing of BSE Sensex) and the monthly closing of BSE Sensex during April-January 1999-2000.

TABLE 4.2
Stock Market Indicators

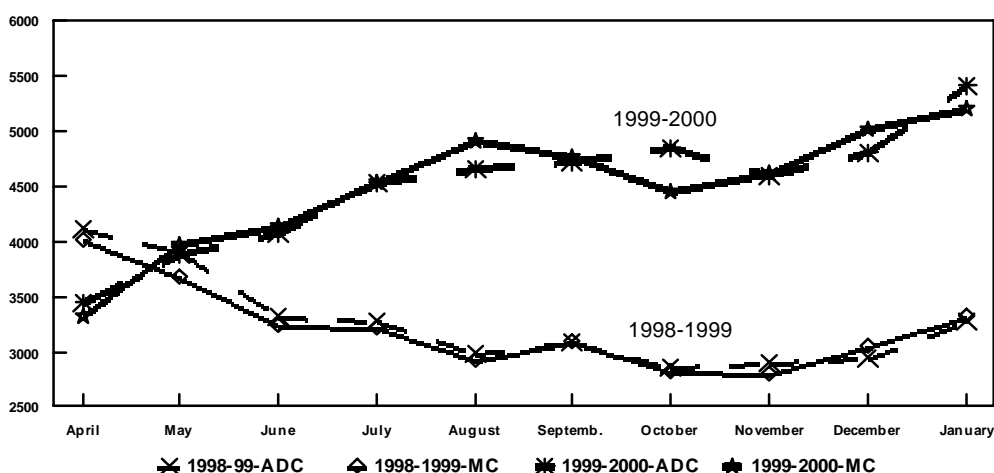
Year/month	Index ¹		Price/Earnings Ratio	Average Daily Turnover (Rs. crore)	
	Sensex	S&P CNX	BSE NiftySensex	BSE	NSE
1998-99					
April	4006.81	1159.35	16.11	1404	1634
May	3686.39	1063.15	14.84	1302	1792
June	3250.69	941.65	12.94	1023	1343
July	3211.31	931.40	12.69	924	1284
August	2933.85	852.80	11.13	911	1151
September	3102.29	904.95	11.30	1257	1422
October	2812.49	824.00	9.83	1243	1435
November	2810.66	817.75	11.12	1011	1154
December	3055.41	884.25	12.08	1213	1565
January	3315.57	966.20	13.10	1711	2351
1999-2000					
April	3325.69	978.20	13.50	1421	1797
May	3963.56	1132.30	15.76	1725	2393
June	4140.73	1187.70	16.53	1511	1840
July	4542.34	1310.15	18.40	2120	2521
August	4898.21	1412.00	19.87	2273	2441
September	4764.42	1413.10	20.41	2218	2661
October	4444.56	1325.45	21.01	2885	3439
November	4622.21	1376.15	19.99	2456	3159
December	5005.82	1480.85	20.91	3565	4481
January	5205.39	1546.20	NA	NA	NA

1. Monthly closing; Sensex (1978-79=100) and S&P CNX Nifty (1995=100).

Source : SEBI.

Fig. 4.2

BSE Sensex Movement: Average Daily Closing (ADC) and Monthly Closing (MC)
(April-January, 1999-2000 and 1998-1999)



Market Capitalisation

4.21 Market capitalisation is an indicator of addition to the wealth of shareowners. The current financial year has been characterised by substantial increase in market capitalisation. As per BSE estimates, market capitalisation (A+B₁+B₂ Groups) increased by about 65 per cent from Rs. 488229 crore in April, 1999 to Rs. 803353 crore in December, 1999. As per NSE estimates, market-capitalisation increased by 92 per cent from Rs. 445380 crore to Rs. 852985 crore during the same period. The steep increase in market capitalisation reflects the uptrend in share prices in the current financial year.

Turnover and Delivery Pattern

4.22 The turnover and delivery pattern till December, 1999 in the current financial year are given in Table 4.3.

Item	BSE	NSE
(a) Total Turnover	424959	528833
(b) Total Delivery	108762	50204
(c) % of (b) to (a)	25.6	9.5
(d) Demat delivery	1450	38587
(e) % of (d) to (b)	1.3	76.9

Foreign Institutional Investors (FIIs)

4.23 FIIs continue to play a significant role in share markets in India. As in previous years, share prices in India have been influenced by

Month	Equity	Debt	Total
April	208.3	16.3	224.6
May	394.1	10.9	405.0
June	82.0	-61.2	20.8
July	359.9	-11.3	348.6
August	-26.7	-1.5	-28.2
Sept.	-170.1	-0.3	-170.4
Oct.	-164.0	24.5	-139.5
Nov.	277.0	5.9	282.9
Dec.	363.2	9.5	372.7
April-Dec.	1323.7	-7.2	1316.5

Source : SEBI

the behaviour of FIIs. The net investment of FIIs in debt and equity became negative from August, 1999, thereby leading to net FII outflow during August-October, 1999. However, there was net inflow in the subsequent period. As on December 31, 1999 the cumulative net FII investment stood at US\$ 10,211 million. Table 4.4 gives the trend in net FII investment during April-December, 1999.