

Outlook

4.41 Capital market constitutes an important source of funds for firms in both public and private sectors. The positive response to the proposals contained in the Union Budget for 1999-2000 coupled with reliable signals of industrial revival has reversed the prolonged bear phase in the secondary market. The fiscal incentives combined with the uptrend in share prices have facilitated substantial increase in resource mobilisation by mutual funds in the current financial year. The package of measures based on the recommendations of the Deepak Parekh Committee has restored the financial

health of the flagship scheme of UTI, namely, US-64, and this has, in turn, boosted the prospects of wider investor participation in the secondary market. There are also clear signs of revival in the primary market. The passing of the Securities Laws (Amendment) Bill to facilitate introduction of derivatives trading based on stock index futures has further brightened the outlook for the stock market. The passing of the Insurance Regulatory and Development Authority (IRDA) Bill, opening the insurance sector to private participation, should not only raise resource mobilisation but will also encourage foreign institutional investors, who play a significant role in the Indian Stock market.