

Securities Markets

A rebound in primary market issues, particularly in initial public offerings (IPOs) of equities, was the most significant development in the securities markets of 2004. Household investor participation increased, based on stock market index returns of 72 per cent in 2003 followed by 11 per cent in 2004, and growing confidence in the transparency and robustness of the market design which was put in place over the 1993-2001 period. The number of accounts at NSDL, a proxy for the number of participants in the market, which had nearly stagnated in 2002 at 3.8 million,

grew by 21 per cent and 29 per cent in the two subsequent years, to reach roughly 6 million as of end-2004. On average, in 2004, 5,400 new accounts were opened per weekday.

4.2 Gross turnover on NSE and BSE, putting together spot and derivatives, rose to Rs.86,28,645 crore in 2004, of which Rs.5,47,449 or 5.8 per cent was made up by Foreign Institutional Investors (FIIs). In the bond market, interest rates rose in 2004, in contrast with the declines of the two previous years.