

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5458

ANSWERED ON:28.04.2000

SENSEX OF BSE

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Will the Minister of FINANCE be pleased to state:

- (a) whether senses of NSE/BSE has come down during the first half of March, 2000 and again in the first half of April, 2000;
- (b) if so, the sensex position during that period;
- (c) the main reasons for plunging the sensex;
- (d) whether any inquiry Committee has been set up in this regard;
- (e) if so, the outcome thereof; and
- (f) the steps taken by SEBI/Government in the matter?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) and (b): BSE Sensex index fell in the first half of March by 9.56% from 5642 on 1st March, 2000 to 5102 on 16th March, 2000. It fell by 3.4% in the first half of April from 5053 on 3rd April, 2000 to 4881 on 17th April, 2000. Similarly, NSE Nifty fell in the first half of March by 8.78% from 1713 on 1st March, 2000 to 1562 on 16th March, 2000. It fell by 5.94% in the first half of April from 1535 on 3rd April, 2000 to 1443 on 17th April, 2000. The closing figures of BSE Sensex from 1st March, 2000 to 24th April, 2000 are shown in the Annexure enclosed.

(c): Price fluctuations on stock markets are influenced by multiple factors, which include expectations of investors regarding the performance of the corporate sector and the economy in general, about economic policies of the Government, developments in international capital markets etc.

(d) to (f): The Securities and Exchange Board of India (SEBI) has intimated that SEBI has called for relevant data/details from the major stock exchanges and the analysis so far by SEBI, prima-facie, does not indicate any concerted effort or design on the part of any market participant to bring down the Senses. SEBI has taken various measures to ensure safety of the market and to curb excessive volatility. SEBI has put in place risk containment measures comprising capital adequacy, margining system, exposure controls and price bands. SEBI has been interacting with the stock exchanges regularly and the exchanges have been alerted to keep a close watch over the market and take appropriate action when required. The Exchanges have informed SEBI that they have initiated various actions including imposition of higher margins and curbing of excessive concentration by brokers. SEBI has cautioned investors, through press releases, to exercise caution while transacting in securities.