GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1546
ANSWERED ON:13.12.2013
RISE IN SENSEX NIFTY QUESTION
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Will the Minister of FINANCE be pleased to state:

(a) the details of the rise in the Sensex/ Nifty during each of the last 12 months;

(b) whether the Government has examined the reasons for the abnormal rise;

(c) if so. the details thereof;

(d) whether the Government has any policy to protect the economy of the country and the investors from violent fluctuations; and

(e) if so, the details thereof and the action taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) The details of rise i n Sensex and Nifty, in terms of number of trading days they rose in each of the month, during the last 12 months for the lime period 01 January 2013 to 06 December 2013 is given below:

Month	Sensex	Nifty
January	14	14
February	7	8
March	8	8
April	12	12
May	14	14
June	9	8
July	12	11
August	11	10
September	12	11
October	13	12
November	8	8
December	3	3

As on 1st January 2013, Sensex and Nifty were at 19580.81 and 5950.85 and on 6th December 2013 they stood at 20996.53 and 6259.9, respectively recording a rise of 7.23 percent and 5.19 percent.

(b) and (c) Securities and Exchange Board of India (SEBI) keeps a constant vigil on the market, irrespective of the levels of the indices and has taken action wherever warranted. SEBI has also been conducting regular meetings with officials of the stock exchanges and depositories and they have been advised to step up their own surveillance measures and to initiate expeditious demonstrative action wherever warranted so as to protect investors` interest and ensure orderly functioning of the stock market.

(d) and (e) As a risk management measure, SEBI vide its circular dated June 28, 2001 advised stock exchanges to implement a system of `Index based market wide circuit breaker1 which would be triggered upon index movement either way of 10%, 15% and 20% of either BSE Sensex or the NSE Nifty, whichever is breached earlier, and briag a coordinated nationwide trading halt in all equity and equity derivative markets. In addition, individual scrip wise price bands of 20% either way were also mandated for all scrips in the compulsory rolling settlement except for the scrips on which derivatives products are available or scrips included in indices on which derivatives products are available.

For scrips excluded from the requirement of price bands and for Index and Stock futures, SEBI vide its circular dated December 13, 2012 directed stock exchanges to implement a mechanism of dynamic price bands to prevent acceptance of orders that are placed beyond the price limits set by the stock exchanges. Initial dynamic price bands are set at 10% of the previous closing price of the securities. Further, dynamic price bands are relaxed by the stock exchanges as and when a market-wide trend is observed in either direction.