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**Full Text** | Trade Journal

Capital markets: Securities regulations, derivatives and debt markets  
Awasthi, Prathana. International Financial Law Review; **London** (2001):  
13-23.

## Full text preview

A noticeable development in the Indian securities markets has been the emerging trend towards integration of the stock market with other financial markets. The behaviour of stock prices is being influenced by a variety of factors, including exchange rate movements arising out of foreign portfolio flows into the market. Much of the growth in India's market has been driven by the economic reforms in the wider economy, which freed industry from controls on investment and expansion. These have been amply supplemented by regulatory reforms and infrastructure development in the securities markets.

Several international financial institutions participate in India's capital markets in various capacities. Such financial institutions have also been active in underwriting offshore securities issues by Indian companies, and in managing and marketing mutual funds.

The Securities and Exchange Board of India (SEBI) is responsible for the development and regulation of India's securities, investor protection, and collaboration with the government and the Reserve Bank of India on

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securities market development.

## DESCRIPTION OF THE MARKET

### Capital market growth

The present process of economic reform, which began in 1991, has focused on increasing output. Improved efficiency is hoped to contribute to the greater competitiveness of Indian industry at home and abroad: efforts include pulling down artificial entry barriers for industry, removing restrictions on firm growth, and eliminating licensing requirements. The aim of the current regulatory move has been to increase the role of the private sector in the economy and to allocate capital more efficiently through market mechanisms. This has led to the development of a well-capitalized and professionally run securities market in India.

In addition to conventional equity/preference shares and debentures, Indian securities firms are now able to offer a wide variety of instruments. The stock market scams of 1992 and 2001 have not dampened the enthusiastic reaction of the...

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