

## **PRESS RELEASE**

### **INDIA THIRD LARGEST IN NUMBER OF STOCK TRADES**

#### **UK and India urged to democratise Africa through business initiatives**

“India has scored several first mover positions in its market reform. Its growth has surpassed some of the developed economies. It is the world’s 12<sup>th</sup> largest in market capitalisation. Its market participation has significant presence of retail investors. NSE (India’s National Stock Exchange) is the third largest in the world in the number of trades after NYSE and NASDAQ. India’s capital market is recognised amongst the world’s best regulated. Its QIBs are replacing GDRs with tremendous cost advantage. It has T+ 2 rolling settlement as opposed to T+3 in NYSE. The transactions are totally electronic with separate windows for blocked deals. It has several protective safeguards for the retail investor such as grading system of public offering, retail quota of 25%, standardised disclosures and cleaning up of the free structure of mutual funds. Discretionary allotments by financial institutions have been discontinued.”

This was stated by M Damodaran, Chairman, Securities & Exchange Board of India at a meeting organised yesterday by the World Council For Corporate Governance at the House of Lords in London. Mr Damodaran added, “SEBI has been effective in ensuring compliance in the appointment of independent directors, periodicity of board meetings and timely disclosures not through legislation but through Clause 49 of the listing agreements. It has launched Capital Protection Fund and Gold Exchange Traded Fund. It is in the process of setting up an Alternative Investment Market on the lines of London Stock Exchange’s AIM to boost investment in small and medium-sized companies. Setting up of the National Institute of Securities Market and corporatisation of stock exchanges is on the cards”.

Earlier in his opening remarks, Dr Madhav Mehra, president of the World Council stated “India faces an awesome challenge. India’s market reforms have created a new world of aspirations that simply did not exist earlier. The record growth of 8% has created a new dynamism. This dynamism coupled with India’s digital and demographic advantage has resulted in India’s upper class witnessing one of the fastest period of growth in history while the country is still home to a third of the world’s poor. With 54% of India’s population under 25 this divide does not augur well.”

Dr Mehra added, “India needs its capital market to be an instrument of sustainable and inclusive growth by setting new standards in corporate governance, transparency, accountability, environmental sustainability and social inclusion to reinforce public confidence in business and ensure globalisation works for the poor. Quarterly reports that put a gloss on company’s performance need to be replaced by internet based real time accounting to enable shareholders to see the results not on quarterly basis but weekly, daily and even hourly basis. Climate change is our generation’s greatest challenge. The cost of combating climate

change can be reduced substantially by factoring social and environmental costs alongside financial parameters in company balance sheets.”

“Few Britons are aware of the enormous opportunity unleashed by India’s growth. Imagine a country with the world’s fastest growing economy comprising middle class of 300 million people, sound banking system and the youngest workforce that speaks your language, has adopted your legal system, your penal code, your own administrative framework, has common history, shared values and exceptional entrepreneurial ability. Can any other country match this advantage?” asked Dr Mehra.

Dr Mehra lamented that despite 300 years of shared history the trade between India and the UK is just 1% of Britain’s overall trade of £600 billion. He said, “The expansion of free, fair and ethical trade is the best way to alleviate poverty, improve environment and discourage terrorism. India and the UK should not restrict their collaboration to expanding bilateral trade but explore business opportunities jointly in other countries specially the African market. Africa, the continent of the future, could become the future Middle East unless UK and India join together and use historic links to develop democratic processes through business initiatives”. Dr Mehra warned, “with China already opening a “New Silk Road” to Africa the time is not on our side”.

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17 November 2006