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Though not the sole criterion, Stock Market is a strong indicator toward judging the health of any economy. Conversely stated, a developed capital market provides impetus to economic growth. Not surprising therefore, the capital market reforms have been one of the major planks of the economic policies pursued in the post-liberalisation period. On that count, the Bombay Stock Exchange (BSE) Sensex continues to scale new highs and India continues to be a major destination for foreign institutional investors. Are these signals, by themselves, any indication of the development and maturity of Indian capital market? The recent exuberance in the Sensex has been a subject matter of considerable debate. Can this be taken as a sign of sustainable buoyancy or just a lust of few for making fast bucks, and for that matter, whether higher and increasing level of trading volumes reflect increased level of confidence in equities? While the debate continues and seems unending, there is a consensus on the rapid strides made, over a period of last one decade, toward trans-

formation of regulatory and institutional framework. The vigil exercised by Securities and Exchange Board of India (SEBI) has further strengthened the investor confidence in the market. High quality standards of accounting and financial reporting have made financial statements more transparent and comparable internationally.

While a lot has been achieved, much more needs to be done. With a market capitalization of \$500 billion, Indian capital market accounts for just 1.26% of global market capitalization. Investment in equity constitutes a meagre 1.5% of total household savings. The challenge before us is to convert a nation of savers into a nation of investors. Further, the studies undertaken, world over, establish a strong co-relation between good governance on the one hand, and high return on equity on the other. Measures to ensure quality of governance, in letter and spirit, would greatly help in stabilizing capital markets.

The Chartered Accountants play a critical role in development and functioning of the capital markets— much beyond their role as accountant and auditor. They perform various other functions as advisors, investment bankers, funds managers, traders, research analysts, and many more. Realising the criticality, ICAI has kept capital market, corporate gover-

nance and related developments on the top of its agenda. Focus on improvement in the quality of financial reporting has not been confined to corporate sector only but also extended, with special emphasis, to intermediaries involved in 'supply chain' in the capital market transactions. With the role of independent director gaining importance in recent times, ICAI has been organizing training programmes for equipping the Chartered Accountants to play that role effectively. Guidance Note on Certification of Corporate Governance is also under review. The Accounting Standard on Financial Instrument, currently under exposure, when issued would bring relevant standards of accounting in harmony with the international standards.

This issue of the Journal focuses on capital markets removing mystery surrounding the 'rapidly breaking the barriers' sensex, and gives detailed insight into some of the important capital market processes, and intriguing tax issues. The Issue also helps in exploring enormous professional opportunities that exist for the Chartered Accountants in an emerging capital market, which is at the threshold of becoming one of the largest worldwide.

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