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THE NIGERIAN CAPITAL MARKET: DEVELOPMENTAL AND OPERATIONAL SURVEY (1960 – 2000)

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ABSTRACT

This is a research work carried out to determine the various development and operations in the Nigerian capital market (1960-2000).

The researcher made use of secondary data in which journals, fact books, annual reports and statement of accounts, text books, note books, hand outs, and unpublished project works were made use of.

The researcher, based on the data collected and analyzed, found out the following:

In the late 1980's the capital market was characterized by securitization as a major companies raised funds in the bonds market to beat the effect of credit ceiling on banks and moderate the impact of interest rate changes in a deregulated financial environment. In 1990, the role of the Securities and Exchange Commission (SEC) as the regulatory body for the capital market was enlarged by the companies and Allied Matters Decree, 1990. The Decree vested SEC with the powers to approve and regulate mergers and acquisitions and authorize the establishment of unit trusts. In 1991, most indicators pointed to a decline from previous year; but share prices continued to climb and the pace of activity in the primary market decelerated.

In 1992, the number of deals increased by nearly 20% and the value ›y over 100%. In 1993, activities role significantly over previous years evels as total market capitalization rose to N46.9billion from N32.5 billion. n 1995, there were improvements over the previous two years due to :elative calm industrial environment devoid of frequent and widespread disruptions and strikes. In March 1996, the government set up a panel to review the history, structure, conduct and performance of the market and to make appropriate recommendations. Developments in the capital market in 1997 were mixed. On the positive side, trading in equities and new issues increased significantly.

1998, transactions in secondary market recorded increased activities in both volume and value of shares traded, the primary market transactions increased only in volume. In 1991, the number of listed bonds dropped to 58, the number of listed equities/preference shares rose to 269 in 1999 at the Nigerian Stock Exchange. All share index dropped to 5.266.4 the lowest level in 3 years. The number of dealing members increased from 290 in 1999 by 37% in year 2000. The volume of shares increased to 3,920.3million shares in 2000. In this same year, value of stock rose by over 100% for industrial securities. But the number of listed securities dropped ly to a level lower than the previous 7 years with government stock sting of only 4.6% of the total number of listed securities.

Conclusively, more procedures need to be in place for the NSE to the requirement of a gradually integrating global market. And this can iplemented through training of capital market operators, exchange of through seminars and workshops and other means through which laws rocedures are harmonized.