

DO YOU KNOW?

STOCK EXCHANGES IN INDIA

What is BSE ?

The Bombay Stock Exchange (BSE) first ever stock exchange in Asia (established in 1875) and the first in the country to be granted permanent recognition under the Securities Contract Regulation Act, 1956, BSE Limited has had an interesting rise to prominence over the past 137 years. BSE has facilitated the growth of the Indian corporate sector by providing it with an efficient capital raising platform.

Today, BSE is the world's number 1 exchange in terms of the number of listed companies (over 4900). It is the world's 5th most active exchange in terms of number of transactions handled through its electronic trading system.

BSE Limited is the oldest stock exchange in Asia. What is now popularly known as the BSE was established as "The Native Share & Stock Brokers' Association" in 1875.

What is NSE ?

The National Stock Exchange (NSE) of India Limited has genesis in the report of the High Powered Study Group on Establishment of New Stock Exchanges. It recommended promotion of a National Stock Exchange by financial institutions (FIs) to provide access to investors from all across the country on an equal footing. Based on the recommendations, NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country.

NSE operates a nation-wide, electronic market, offering trading in Capital Market, Derivatives Market and Currency Derivatives segments including equities, equities based derivatives, Currency futures and options, equity based ETFs, Gold ETF and Retail Government Securities. Today NSE network stretches to more than 1,500 locations in the country and supports more than 2, 30,000 terminals.

With more than 10 asset classes in offering, NSE has taken many initiatives to strengthen the securities industry and provides several new products like Mini Nifty, Long Dated Options and Mutual Fund Service System. Responding to market needs, NSE has introduced services like DMA, FIX capabilities, co-location facility and mobile trading to cater to the evolving need of the market and various categories of market participants.

NSE has made its global presence felt with cross-listing arrangements, including license agreements covering benchmark indexes for U.S. and Indian equities with CME Group and has also signed a Memorandum of Understanding (MOU) with Singapore Exchange (SGX) to cooperate in the development of a market for India-linked products and services to be listed on SGX. The two exchanges also will look into a bilateral securities trading link to enable investors in one country to seamlessly trade on the other country's exchange.

What is Sensex and Nifty?

The Sensex is an "index" which is basically an indicator and gives a general idea about whether most of the stocks have gone up or most

of the stocks have gone down. Sensex is an indicator of all the major companies of the Bombay Stock Exchange (BSE) and the Nifty is an indicator of all the major companies of the National Stock Exchange (NSE).

If the Sensex goes up, it means that the prices of the stocks of most of the major companies on the BSE have gone up. If the Sensex goes down, this tells that the stock price of most of the major stocks on the BSE have gone down. Just like the Sensex represents the top stocks of the BSE, the Nifty represents the top stocks of the NSE.

The BSE is situated at Bombay and the NSE is situated at Delhi. These are the major stock exchanges in the country. There are other stock exchanges like the Calcutta Stock Exchange etc. but they are not as popular as the BSE and the NSE. Most of the stock trading in the country is done through the BSE and NSE.

Introduction of SMEs Platform by BSE.

The Prime Minister's Task Force (Jan. 2010) has recommended to set-up a dedicated Stock Exchange/ Platform for SME (Small and medium enterprises). SEBI has also laid down the regulation for the governance of SME Platform. Bombay Stock Exchange Ltd, an Exchange which has founded the equity cult in the country has witnessed many companies becoming big from small by raising funds from Capital Market. The necessary changes and amendments are being made in the rules, bye-laws and regulations of the cash market for making a provision for SME Platform. □