

Stock exchanges in India

The first organised stock exchange in India was started in Bombay in 1870 name as Bombay Stock Exchange BSE.

in 1894 Ahmedabad stock exchange was started to facilitate dealings in the shares of textile mills there. The Calcutta stock exchange was started in 1908. gradually stock exchanges at other places have also been established and at present there are 23 stock exchanges operating in India. Out of these only the National Stock Exchange and Over The Counter Exchange of India (OTCI) have been established by the all-India financial institutions other stock exchanges are operating as associations.

The National Stock Exchange of India NSE was incorporated in November 1992 by Industrial development Bank of India and other all India financial institutions and became recognised stock exchange from 26th April 1993 to provide nationwide stock trading facilities.

The NSE has a fully automatic electronic screen based trading system The basic idea of setting up of NSE was to facilitate computerized trading in debt market instruments.

NSE has an order driven system which allows members to undertake jobbing in securities or their choice it allows two kinds of traded securities such as listed and permitted. It prevents the price rigging and insider trading. the pherwani committee recommended to establish the NS with a view to provide single market.

Objectives of the NSE are as follows:

1. To provide nationwide equal access and fair efficient completely transparent securities trading system to investors by using suitable communication network.
2. To provide shorter settlement cycles and book entry settlement system.
3. To bring the Indian stock market in line with international markets.
4. To promote the secondary market in debt instruments such as government and corporate bonds.
5. To provide delisting facilities to public sector undertakings.

NSE was intended to establish a viable and vibrant market which was in an underdeveloped stage now it provide the traditional retail market for securities and also operates a wholesale tab market does NSE has two separate segments

(I) wholesale debt market segment (WDMS)

(II) the capital market segment (CMS)

Wholesale Debt Market Segment deals with commercial banks, financial institutions, other institutional participants and in PSU bonds, treasury bills, government securities, call money, commercial papers, certificate of deposits etc. In this segment everything is big there are mega players, mega investors and mega deals in it.

The WDMS consists of two parties. They are trading members and participants. The trading members are recognised as the members of NSE. Generally the financial institutions, body corporate, commercial banks are eligible to become the trading members. The trading member should possess at least 2 years experience regarding the financial services .

The participants are another party in this segment participants involved in buying and selling of the securities they are responsible for the settlement of trade the participants can be

treated as the buyers of the securities for their own requirements their transactions are executed through trading members the participants can monitor all the market movements. Capital market segment covers trading in equities convertible debentures this segment include the securities which are traded on other stock exchanges also. This particular segment comprises the securities of medium and large companies with nationwide investors base.this provides good trading and investment opportunities increases the volume of trade and increases the liquidity considerably.

Over the Counter Exchange of India (OTCEI)

Over the counter Exchange of India was set up in 1989 as a company, and registered under the Companies Act. Securities Control Regulation Act,section 4 recognises the OTCEI as a stock exchange.It became operational in September 1992. OTCEI was the first stock exchange in India to introduce screen based automated ringless trading system.It was promoted by UTI,ICICI,IFCI,LIC,GIC,SBI capital markets, IDBI,CAN BANK Financial Services.

OTCEI was established to to fulfill the needs of the small companies.It is floor less the activities are computerised. It allows the designated dealers to operate through their computers. The dealers are scattered throughout the country and have the access to the central computers.

Objectives of OTCEI

- 1.to help companies to raise capital from the market at the cheapest cost and on optimal terms;
2. to help investors to access capital market safely and conveniently;
- 3.to cater the needs of the companies which cannot be listed on other official exchanges;
4. to eliminate the problems of illiquid securities, delayed settlements and unfair prices faced by the investors.

Salient Features of OTCEI

- 1.OTCEI has nation wide network. Hence by listing on OTCEI the securities of a company can be traded across the country through centres in different cities.
 - 2.This was the first stock exchange to introduce automated screen based trading in place of conventional trading ring found in other stock exchanges.
 3. It provides transparency in transactions. Investor can see the quotations on the computer screen at the dealers office before placing the order.
 - 4.OTCEI a T+3 settlement system which is the fastest in the provides a liquid cash market for retail investors.
- there are large number of interconnected counters for facilitating for trading is available at the counter of sponsors.
- 5.OTCEI provides an opportunity to small and medium-sized companies to enter the capital market.