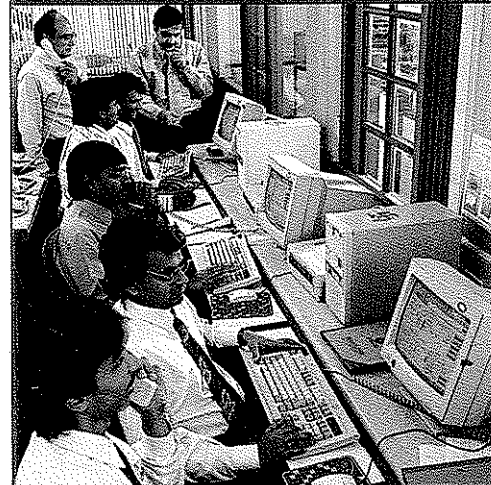
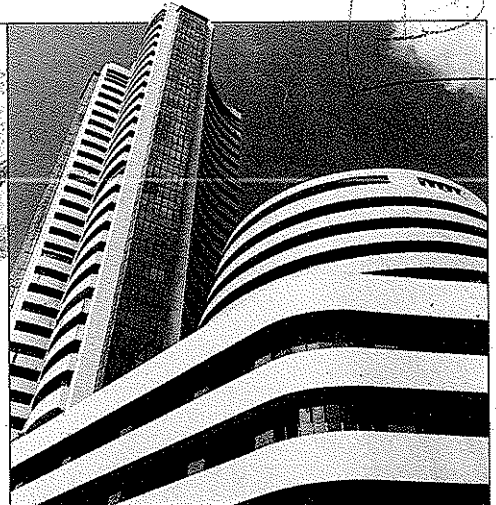
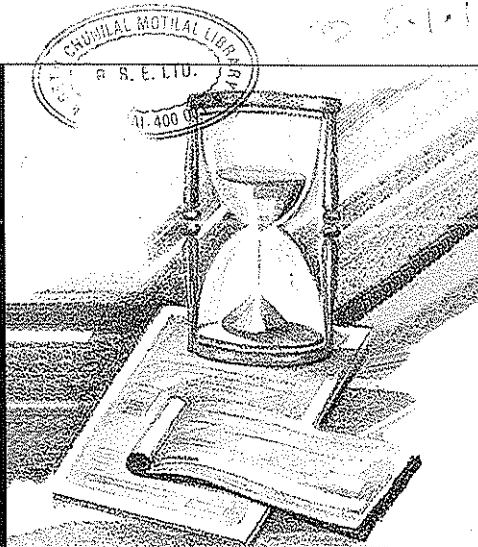
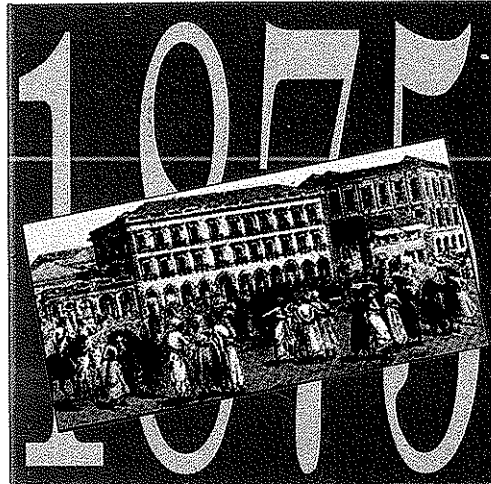
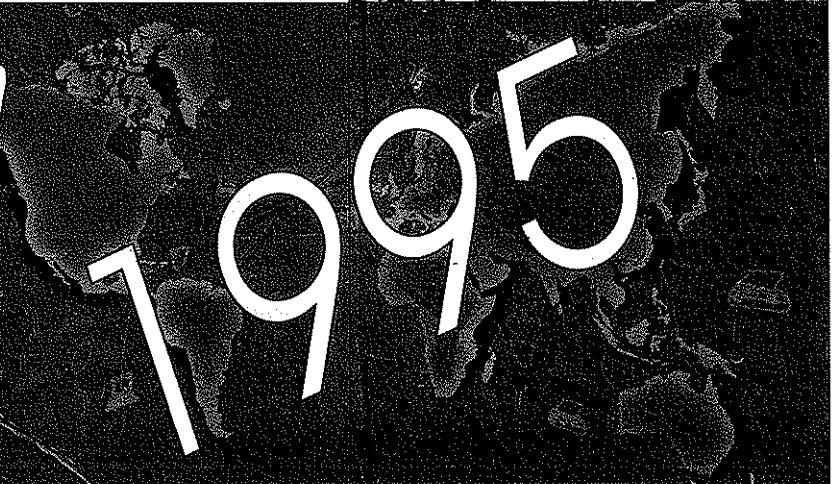
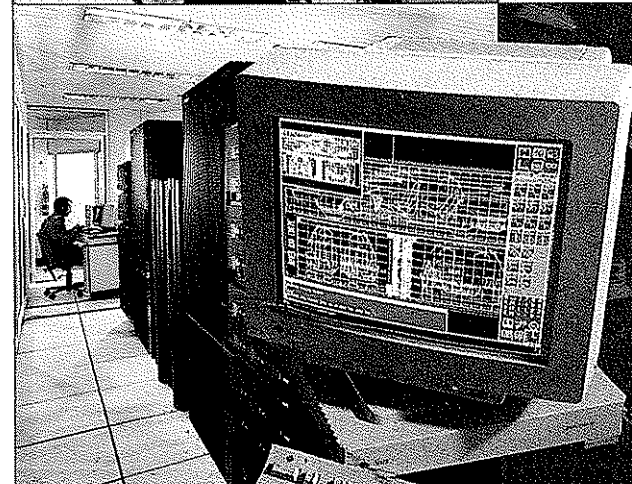
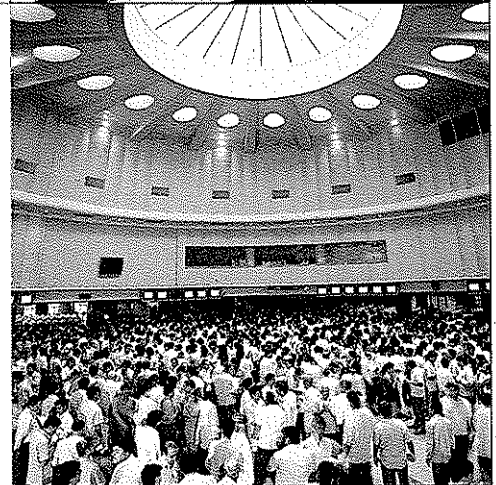


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# HISTORY, REGULATION & ORGANISATION OF THE STOCK MARKET IN INDIA



**THE STOCK EXCHANGE**  
PHIROZE JEEJEBHOY TOWERS,  
25th FLOOR, DALAL STREET,  
MUMBAI - 400 001.

**PRESIDENTS OF THE STOCK EXCHANGE  
MUMBAI**

<b>Sr. No.</b>	<b>Year (April to March)</b>	<b>Names</b>
1.	1887 - 1896	Shri Choonilal Motilal Patwari ( Founder President)
2.	1896- 1919	Sir Shapurji Broacha
3.	1920 - 1922	Sir Kikabhai Premchand
4.	1922	Shri N.P.Karani
5.	1923 - 1966	Shri K.R.P. Shroff
6.	1966	Shri Kantilal Ishwarlal
7.	1966 - 1970	Shri Dhirajlal Maganlal
8.	1971 - 1973	Shri Laldas Jamnadas
9.	1973 - 1977	Shri Jayant Amarchand
10.	1977 - 1979	Shri Mathradas S. Kothari
11.	1980 - 1986	Shri Laldas Jamnadas
12.	1986 - 1987	Shri Ramdas Lallubhai
13.	1987 - 1988	Shri Mahendra N. Kampani
14.	1988 - 1991	Shri G.B. Desai
15.	1991 - 1992	Shri Hemendra Kothari
16.	1992 - 1994	Shri G.B. Desai
17.	1994 - 1995	Shri Bhagirat B. Merchant
18.	<b>1995 - 1996</b>	<b>Shri Kamal S. Kabra</b>

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REGULATION &  
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IN INDIA**

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**THE STOCK EXCHANGE, MUMBAI**  
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# HISTORY OF THE STOCK MARKET IN INDIA

## HISTORY



**I - 1800-1865**

### **EARLY BEGINNINGS**

1.1 The stock market provides a market place for the purchase and sale of security evidencing the ownership of business property or of a public or business debt. The origin of the stock market therefore goes back to the time when securities representing this property or promises to pay were first issued and made transferable from one person to another.

1.2 The earliest records of security dealings in India are meagre and obscure. The East India Company was the dominant institution in those days and business in its loan securities used to be transacted towards the close of the eighteenth century.

1.3 By 1830's, there was a perceptible increase in the volume of business, not only in loans but also in corporate stocks and shares. In Bombay, business passed in the shares of banks like "the Commercial Bank, the Chartered Mercantile Bank, the Chartered Bank, the Oriental Bank and last, though not the least, the old Bank of Bombay", and among other prominent shares were those of cotton presses. In Calcutta, the Englishman reported in 1836 the quotations of 4%, 5% and 6% loans of the East India Company as well as of the shares of the Bank of Bengal for which there were buyers at Rs.5,000 premium and sellers at a premium of Rs.7,500.

1.4 The trading list was broader in 1839 and Calcutta newspapers then gave quotations of banks like the Union Bank and the Agra Bank and of business ventures like the Bengal Bonded Warehouse, the Docking Company and the Steam Tug Company. Brokers then were not a numerous community and in Bombay "between 1840 and 1850 there were half a dozen brokers recognised by the banks and merchants". In 1850, the Companies Act introducing limited liability was enacted and with it commenced the era of modern joint stock enterprise in India

### **STOCKBROKERS' RISE TO POWER UNDER PREMCHAND ROYCHAND.**

2.1 From 1850 to 1865, the history of brokers and their rise to power in Bombay is the history of Premchand Roychand. The 1850's witnessed a rapid development of commercial enterprise. The extension of railways and introduction of telegraphs and the gradual improvement in the system of communications promoted internal trade and commerce; at the same time, the demand for European manufactures increased in this country and was accompanied by the growth of a corresponding demand in Europe for our exports. Stockbrokers shared in this general progress. "The hoondie business was most prosperous and so was that of brokerage".

2.2 Brokerage business attracted many men into the field and by 1860 the number of brokers increased to 60. Their acknowledged leader was the legendary Premchand Roychand who had entered the trade in 1850. He was the first broker who could speak and write English. Within six or seven years, he nearly monopolised the broking business in shares, stocks, bullion and partly exchange and gathered all the strings in his hands. Not only shares but also "all the best gilt-edged securities of those days gave him splendid opportunity for the display of that brilliant financial strategy which crowned him as the Napoleon of Finance and he was acclaimed as such by myriads of his countrymen".

2.3 Although Premchand Roychand remained a broker all his life, in the 1860's he directed his financial genius to other pursuits and manifold activities. He held captive the imagination of Indians and Europeans alike

and all the enterprises were either promoted by him or promoted through his goodwill and help. He "floated banks and financial institutions by the dozen, land and sea reclamations and trading and other Companies of diverse kinds with the rapidity of the prophet's gourd".

2.4 Premchand Roychand wielded the sceptre of kings. The Bank of Bombay Commission put it on record in its Report that the old Bank of Bombay was practically his. It was the same with the Asiatic Bank and a host of other institutions. The story of the boom that followed his activities was indeed "a marvellous history more fascinating in its incidents than many a tale of Arabian Nights. The unconscious maker of that history was primarily Premchand Roychand himself.....His was the master mind in finance which wrought those marvellous miracles on the Stock Exchange".

### SHARE MANIA OF 1860-65

3.1 In 1860-61, the American Civil War broke out and totally stopped the supply of cotton from the United States to Europe. The resulting cotton famine led to a large and unlimited demand on India, and India really meant the Bombay Presidency where alone the largest stocks were available. In four years, exports doubled from 5,66,000 bales to 11,18,000 bales.

3.2 As the Civil War progressed, the price of cotton kept on rising till it reached 27d. per pound against 3d. to 5d. quoted before 1863. The large exports of cotton were paid for in bullion which poured into Bombay from Liverpool in the shape of silver and gold. As shown in Table I, the total import of bullion amounted to Rs. 85 crores between 1861-62 and 1864-65. Out of this, Bombay alone absorbed Rs.52 crores, giving an average of Rs.13 crores per annum.

**TABLE I**

Import of Gold and Silver

Year	India Crores of Rs.	Bombay Crores of Rs.
1861-62	17.73	9.48
1862-63	19.63	13.98
1863-64	18.97	16.13
1864-65	28.49	12.19
Total	84.82	51.78

3.3 The import of all this bullion was in addition to the wealth of the City and served as fresh capital for a number of new ventures. As observed by the Bank of Bombay Commission in its Report:-

"The great and sudden wealth produced by the price of cotton shortly after the commencement of the American War, coupled with the want of legitimate means of investment, was at this time producing its natural result in the development of excessive speculation..... From this period everyone in Bomaby appears to have become wild with the spirit of speculation. Companies were started for every imaginable purpose - banks and

financial associations, land reclamation, trading, cotton cleaning, pressing and spinning, hotel companies, shipping and steamer companies and companies for making bricks and tiles”.

3.4 Between 1863-65, the capital drawn into these new ventures was nearly Rs.30 crores and the premia they fetched in the market amounted to nearly Rs.38 crores. As Table II indicates, more than 1256 concerns were involved and in not a few cases the premia exceeded the paid-up capital.

**TABLE II**

New Company Flotations, 1863-65

No.	Kind of Company	Paid-up Capital Crores of Rs.	Market Premia Crores of Rs.
25	Banks	13.64	10.94
69	Financial Associations	6.22	4.42
7	Land Reclamations Cos.	8.34	17.56
30*	Miscellaneous Cos.	1.56	5.00
131		29.76	37.92

\* Approximate

3.5 The first vital spark of the speculation which eventually burst out into a huge conflagration was kindled by the Asiatic Banking Corporation. Originally named the Bombay Joint Stock Bank, it was established in 1863 with a capital of Rs.50 lakhs which was doubled within a year when a charter was obtained. Its shares were rigged up to a premium of 65 per cent in a few short months and it was the fore-runner of 94 other monetary institutions which came into existence on its heels.

3.6 It was also in 1863 that the charter of the old Bank of Bombay was amended and its capital doubled from Rs.52 lakhs to Rs.104 lakhs. At the same time, the ban on the Bank prohibiting it from making advances on personal security was removed and permission to advance on Government securities was enlarged to cover securities of “other public companies in India”. This new freedom was fully exploited. Premchand Roychand dominated the Bank and under his influence the Bank advanced on a variety of supposed substantial securities with a highly fictitious value. The reckless lending policy of the Bank of Bombay was in a large measure imitated by others and it was in a considerable degree responsible for the speculation that followed.

3.7 From 1861 to the beginning of 1865, there was nothing however wild that was floated whose shares did not command a premium. The Back Bay Reclamation share with Rs.5,000 paid-up was at Rs.50,000 premium, the Port Canning share with Rs.1,000 paid-up was at Rs.11,000 premium, while the Mazgaon Land share was at Rs.9,000 premium and the Elphinstone Land share at more than 500 per cent premium. Some of the banks and financial associations reached a premium of 50 per cent to 100 per cent without being tested by returns. The Asiatic Bank share of Rs.200 was quoted at Rs.460 in August 1864 and the Bank of Bombay share with Rs.500 paid-up reached a maximum price of Rs.2,850.

3.8 It was said that "man and woman, master and servant, employer and employee, banker and merchant, trader and artisan, rich and poor, or all races and creeds, officials in high positions included, were deeply busy from day to day in the art of commuting bits of paper, variously called 'allotments', 'scrips', and shares' into gold and silver". The madness which seized the people at large was indescribable. The people only woke up when the end of the American Civil War came. Then, all rushed to sell their securities but there were no buyers and the entire wealth received during the Civil War was represented by a huge mass of unsaleable paper.

3.9 The fatal day was reached on the 1st July, 1865, when hundreds of time bargains matured which no one was in a position to fulfil. A disastrous slump followed and it so completely overwhelmed the City that the Bank of Bombay share which had previously touched Rs.2,850 could only be sold at Rs.87 and the Back Bay Reclamation share at not more than Rs.1,750 against its peak price of Rs.50,000, while a share of the solid Elphinstone Company could only be sold at Rs.450, of Colaba at Rs.975, Mazgoan at Rs.515 and Frere Land at Rs.115.

3.10 Like the South Sea Bubble and Tulip Mania of the eighteenth century in Europe, the share Mania of 1861-65 caused widespread desolation, and Premchand Roychand and his broker friends were "anthematized". A large number of Companies failed and there were few left solvent in Bombay. A special legislation, being Act XXVIII of 1865, had to be enacted to deal with the mass failures swiftly and expeditiously. The liquidation went on till 1872.

3.11 The depression was long and severe, but the Share Mania had certain lasting effects. The expansion of liquid capital and the establishment of a regular market in securities were its direct results and they helped to make Bombay what it is today - "the chief centre of the money and capital market" and "the financial capital of India".

## II — 1866 -1900

### FOUNDATION OF THE STOCK EXCHANGE IN BOMBAY

4.1 During the Share Mania of 1861-65, the number of brokers greatly increased and they became possessed of great influence, authority and wealth. Between 1840 and 1850, only half a dozen brokers had sufficed for the limited business that then existed and their meeting place was under the widespreading banyan trees in front of the Town Hall at the Cotton Green where the Elphinstone or Horniman Circle is now situated. Brokers continued to meet there till 1855 by which time their number had increased between 30 and 40. After 1855, brokers made their market place again under the shade of some banyan trees, between the old fort Walls and the old Mercantile Bank, on the open site now facing the Central Bank of India Head Office building at the junction of Medows Street and Mahatma Gandhi Road.

4.2 By 1860, the number of brokers was about 60 and during the exciting period of the American Civil War their number increased to about 200 to 250. Brokers were then a privileged class, created as much noise as they pleased and obstructed without let or hindrance the streets, the shops and the lower premises of banks. Bank managers went to their rooms through a serried rank of brokers, bowing to them right and left, and the police had only 'salams' for them.

4.3 The end of the American Civil War brought disillusionment and many failures and the brokers decreased in number and prosperity. Bank Managers all of a sudden discovered that they were a nuisance to their customers and ordered the hamals to clear their steps, and the police drove them from pillar to post. They had to shift from place to place, and wherever they went, through sheer habit they overflowed into the streets, till in 1874, in a street that is now appropriately called Dalal Street after their name, they found a place where they could conveniently assemble; and on the place where they so assembled stood once the office of the Advocate of India.

4.4 It was in those troublesome times between 1868 and 1875 that brokers organised an informal association, and finally, as recited in the Indenture constituting the Articles of Association of the Exchange, "on or about ninth day of July one thousand eight hundred and seventy five a few native brokers doing brokerage business in shares and stocks resolved upon forming in Bombay an association for protecting the character, status and interest of native share and stock brokers and of providing a hall or building for the use of the members of such Association".

4.5 At a meeting held in the Brokers Hall on the 5th day of February, 1887, it was resolved to execute a formal Deed of Association, constitute the First Managing Committee and appoint the first Trustees. Accordingly, an Indenture was executed on the 3rd day of December, 1887, constituting the Articles of Association of the Exchange and the Stock Exchange was thus formally established in Bombay "as a society to be called the Native Share and Stock Brokers' Association". The Association is now also known alternatively as "The Stock Exchange". The word "Native" in the original title which still survives marked no distinction from a parallel foreign association, for none existed. It was a sign of exclusiveness and pride, and Article II of the Articles of Association specifically declared "that no other persons except natives of India shall be admitted as members of the said Association". The Articles of Association so adopted by the Exchange form, with modifications and amendments, the basis of its governance to this day.

4.6 When the Exchange was constituted in 1875, the entrance fee for new members was Re.1 and there were 318 members on the list. The number of members increased to 333 in 1896, 362 in 1916 and 478 in 1920, and the entrance fee was raised to Rs.5 in 1877, Rs.1,000 in 1896, Rs.2,500 in 1916 and Rs.48,000 in 1920.

4.7 At present, there are 641 members and they have the right of nomination, that is, they are entitled to transfer their right of membership with the approval of the Governing Board. The value of the right of nomination — called a "seat" on the London and New York Stock Exchanges and locally known as a "card" — has fluctuated according to the ebb and flow of market activity. The price was Rs.1,800 in 1910 before the First World War, Rs.48,111 in 1920 during the post First World War boom, Rs.6,700 in 1932 during the Great World Depression, Rs.64,000 in 1946 during the post Second World War Boom and Rs.14,000 in 1954 during the slump that followed the War Boom. While ten years later the value was in neighbourhood of Rs.32,000.

## **CONSOLIDATION OF THE STOCK EXCHANGE AT BOMBAY**

5.1 The organisation of the Stock Exchange at Bombay coincided with the recovery from the seven-year depression following the Share Mania of 1861-65. The enterprises promoted by the first generation of brokers, although they ruined the shareholders, were grand conceptions of genius before their time, the fulfillment of which we only see today. Awaking from these grand dreams, the capitalists and the Bombay brokers steadily promoted, after 1872, only those enterprises which were useful and remunerative, such as mills, presses and mining companies. A new departure in commerce and industry was thus taken, credit was restored and prosperity came back to Bombay with the firm establishment of the cotton industry, the building of new docks and the extension of railway facilities for transport of goods.

5.2 The Stock Exchange played an important part in these new developments. The object of forming an association with fixed rules for conduct and settlement of business was "to facilitate the negotiation of the sale and purchase of joint stock securities promoted throughout the Presidency of Bombay. In this the Association entirely succeeded. Outside it, no securities could be negotiated, purchased or sold". In those days, "it was very difficult to float a public company and secure large amounts of capital subscribed. It must be mentioned to the credit of the brokers that they always tried their best to popularise the new issues to enable the companies to secure the necessary capital. "The Stock Exchange thus channelled the flow of investment into stocks, shares and gilt-edged securities and materially helped Government, trade industry.

5.3 As the Exchange grew in size, so did its accommodation. The premises taken in 1874 in Dalal street on a rent of Rs. 130 per month were given up when what is now known as the Stock Exchange Old Building



situated at Dalal Street was acquired for Rs.97,000 in 1895. In the central court-yard of these premises and in what is now the Brokers' Hall flourished two sturdy peepal trees, which still survive. The Brokers' Hall was thrown open on the 18th of January, 1899, by Mr. James M. Maclean, M.P., previously editor of the Bombay Gazette, and in the course of his inaugural address he declared:

"A Bombay native broker is a very useful member of the society, whose virtues are not sufficiently recognised, although his faults are emblazoned forth. With rare exceptions, he is honest to the backbone and pays up for his own misfortunes or the defaults of his customers to the last pie..... Without doubt this is the largest Rupee Paper Market in India, whether as regards the volume of business or the extent of the fluctuations. The Bombay Port Trust and the Bombay Municipality are under a debt of gratitude to them for raising their credit to enable them to borrow at the lowest rates obtainable in India, next to Government Paper. India being the original home of options, a native broker would give a few points to the brokers of the other nations in the manipulations of puts and calls. A native broker has borne a considerable share in the building of the present Bombay..A portion of the prosperity of Bombay is owing to the mill industry and in its every stride forward the brokers have a considerable share."

5.4 The Exchange was at last comfortably housed, though for a time a crowd of dealers in Government Securities preferred to remain outside. After the First World War, the adjoining Old Building which had changed hands for Rs.73,000 in 1913 was bought in 1920 at Rs.10,30,000 to enlarge the trading hall for transacting the increasing volume of business. In 1928, the premises were further extended by acquiring from the Bombay Municipal Corporation for Rs.5 lakhs the adjoining plot of land abutting on Apollo Street and flanked by Dalal Street and Hamam Street. A new building was constructed on the site at the cost of another Rs. 5 lakhs and it was thrown open for public use on the 1st December, 1930. Recently the entire Stock Exchange properties have been rebuilt to provide for the constant growth of the institution. All the while, the two peepal trees on the Stock Exchange premises stand silent witness. The trees shed their leaves every autumn and the foliage is green again in spring, a perennial symbol so characteristic of the cyclical stock market fluctuations.

5.5 And so the Stock Exchange at Bombay has continued to expand in size and grow in its stature and influence. It is not only the oldest Stock Exchange but also the oldest trade association in the country. Among the twenty-two Stock Exchanges recognised by the Government of India under the Securities Contracts (Regulation) Act, 1956, it was the first one to be recognised and it is the only one that has been granted the privilege of permanent recognition. Likewise, it is acknowledged to be the best organised and the largest - be it as a market for gilt-edged securities or for new issues of capital; or in regard to the paid-up capital and market value of listed securities or the average size of listed companies; or from the point of view of turnover, price continuity, liquidity and negotiability, in all of which it enjoys outstanding pre-eminence. The primacy of the Stock Exchange, Bombay places it at the heart of the capital market. The Exchange thus helps materially to make Bombay "the chief centre of the money and capital markets and contributes in no small measure to the importance of the city as "the financial capital of India.

#### **FOUNDATION OF THE AHMEDABAD SHARE AND STOCK BROKER'S ASSOCIATION**

6.1 The cotton textile industry which established the primacy of Bombay also contributed to the development of Ahmedabad as the next important city in the Bombay Presidency. After 1880, a number of mills were set up in Ahmedabad and it rapidly forged ahead. Soon the need arose for trading in the shares of those units which were incorporated as joint stock companies. The businessmen of Ahmedabad had inherited a tradition for dealings in stocks and shares. Many of them had actively participated in the Share Mania of 1861-65 in Bombay and in fact a number of Bombay brokers hailed from Ahmedabad and neighbouring places where they had their homes and where their families resided. Accordingly, as new cotton textile mills were floated, Ahmedabad brokers canvassed subscription for the capital issues of these new companies, and in return were renewed by commission in the Managing Agency shares of the Companies. The volume of business steadily grew till in 1894 the brokers formed themselves into an Association under the name and style of "The Ahmedabad Shares and Stock Brokers' Association".

6.2 The Exchange was organised as a voluntary non-profit-making association with a Trust Deed and a Deed of Association on the same lines as the Stock Exchange in Bombay. It followed the Bombay rules and practice and a few of the members and their relatives were members of the Bombay Exchange. This close correspondence has been maintained ever since. The Ahmedabad market concentrated its business in the shares of local textile mills and of the Managing Agency Houses controlling those companies. After the First World War, a substantial increase in its trading volume led the Exchange to hire a building in the Manek Chowk area where the members used to congregate and trade under the open sky. Business continued to expand and the Exchange thereupon purchased a nearby property and constructed its own Building in the 1920's at a cost of Rs. 3,60,000. In 1950, it again acquired another adjoining property for Rs.70,000.

### III — 1901-1913

#### BEGINNINGS OF THE SWADESHI MOVEMENT

7.1 In the beginning of the 20th century, the industrial revolution was on the way in this country. Its first outposts had already been planted in the middle of the 19th century. There was then a revolution in transport and means of communications with the building up of a network of railways, roads and telegraphs. A new form of industry was also established in the plantations operated by the tea, coffee and indigo estates. Then followed two of the most important industries in India - the cotton mill industry in Bombay financed by Indian capital and enterprise and jute industry in Bengal dominated by the Europeans. The industrial revolution thereafter spread to the mining and other miscellaneous industries such as coal, manganese, mica, rice mills, oil mills and the rest.

7.2 The opening years of the 20th century saw the birth of the 'swadeshi' movement. The institution of the Indian Industrial Conference in 1905 in association with the Indian National Congress was the first definite sign of an alliance between economic and political discontent. The Swadeshi movement let loose a great wave of industrial enthusiasm in the country and an important stage in industrial advance under Indian enterprise was reached with the inauguration of the Tata Iron & Steel Co. Ltd., in 1907. These developments were portents of the industrial progress to come and of the part to be played by the stock exchanges.

#### FOUNDATION OF THE CALCUTTA STOCK EXCHANGE ASSOCIATION

8.1 The Stock Exchange at Bombay and Ahmedabad were well set up as properly organised associations at the commencement of the 20th century, but the Calcutta Stock Exchange was not so constituted. At that time, the only large organised industries on a stable footing were the cotton mill industry of Western India, the jute industry of Bengal and the coal and mining industry in Bihar, Orissa and Bengal. What the cotton textile industry was to Bombay in the West, the jute industry was to Calcutta in the East.

8.2 Jute mills were beginning to spring up on the banks of the Hooghly when Bombay was in the grip of the Share Mania in 1861-65. These were also boom years in Calcutta, and in 1864 there were some 91 joint stock companies in which business was being done. Of these, the largest group was tea consisting of 38 Companies. The coal section was represented by Bengal, Beerbhoom, East Indian, Equitable and other companies, while the miscellaneous group included several steam tug companies. Jute mills attained an important place in the trading list in the following years and in the 1870's there was a boom in jute shares.

8.3 The boom in jute shares was followed by a boom in the tea shares in the 1880's and 1890's. As the century drew to a close, the 4% Government Paper (converted into 3% Government Paper in 1901) was an important market leader in Calcutta and the major industrial groups were teas, jute and coal. Among miscellaneous shares, India Generals was one of the most popular and had a large following in the market.

8.4 A few years after the turn of the century, there was a coal boom in Calcutta, and between 1904 and 1908, coal shares staged a remarkable rise. Burrakur which was quoted at Rs.85 in 1902 jumped up to Rs.540 in

worked round the clock, fabulous profits were earned and large dividends were declared. Cotton and jute textiles, steel, sugar, paper and flour mills and all companies generally enjoyed phenomenal prosperity. Wealth accumulated and the volume of money increased, and the Stock Exchanges "soon became the centre of attraction for all".

10.2 The roaring trade in stocks and shares during the war and post-war boom led to the formation of rival stock exchanges in Bombay and Ahmedabad. A new limited company was formed and incorporated in Bombay under the name and style of the Bombay Stock Exchange, Ltd., in December 1917 and an unincorporated body called the Gujarat Share and Stock Exchange was established in Ahmedabad in 1920.

10.3 The Bombay Stock Exchange, Ltd., had on its Managing Committee a number of well-known industrialists and businessmen like Sir Purshottamdas Thakurdas, Sir Chunilal V. Mehta, Sir Ibrahim Rahimtoolla, Shri Rameshwardas Birla and others - men of high reputation but not conversant with the working of Stock Exchanges. They claimed that they would introduce reforms in matters in which, it was said, the existing Stock Exchange in Bombay was deficient, "but they found the same impracticable and were unable to move an inch further and they had to close their doors within three years". As Shri Bhulabhai Desai commented in his Minority Report of the Stock Exchange Enquiry Committee of 1923, "For some time past no business is being transacted on the new exchange and it is now practically a dead institution. The figures relating to the business of the Association point to the same conclusion". An attempt was made to revive the Bombay Stock Exchange, Ltd., in 1925, it made a last-ditch effort to obtain official recognition under the Act, but Government refused. Thereafter, it went into liquidation and wound up its affairs. The fact was that, in spite of highly influential persons, the new exchange did not command the confidence of the public which continued to support the existing Association.

10.4 Apart from Bombay and Ahmedabad, a new stock exchange was also organised in Madras under the name and style of "The Madras Stock Exchange" on the 6th April, 1920, and in Northern India also Lala Harikishan Lal and others attempted to establish a registered stock exchange in the 1920's but did not succeed. The Madras Stock Exchange had 100 members on its rolls when it started and dealt chiefly in mill shares. However, when the boom faded, followed by company failures and sharp fall in prices in 1921-22, the Madras Stock Exchange became moribund for want of business. By 1923, the number of its members stood reduced from 100 to 3 and so it went out of existence.

## **FOUNDATION OF THE MADRAS STOCK EXCHANGE, LTD**

11.1 The war and post-war boom was followed by a world depression in 1930's. The improvement in business conditions and in stock market activity in 1935 was marked by growing public interest in stocks, shares and securities. In South India, there was a rapid increase in the number of textile mills and many new plantation companies were floated. To cater to this expanding trade in plantation and mill shares, a Stock Exchange was organised in Madras on the 4th of September, 1937, under the name and style of the "Madras Stock Exchange Association (Private) Ltd."

11.2 Long before that, some business in stocks and shares was apparently transacted in Madras by a broker or two after the First World War and a stock exchange was formed in 1920 only to go out of existence in 1923. In the beginning of 1927, there were two broker firms, one European and the other Indian, and a Bombay firm opened a branch in Madras in that year. Less than a dozen transactions were done by these brokers and reported in the press. In the next quinquennium, a few more brokers joined the trade, and though there was no organised exchange, they helped in the flotation of many electricity companies, textile mills, plantations and industrial concerns.

11.3 Up to 1933-34, stock and share business was almost entirely in the hands of two or three European firms and two Indian firms and their daily business was mostly confined to gilt-edged securities and South

Indian plantations, the principal interest being in London shares. With the establishment of trunk telephone facilities in 1933, business gradually broadened as South Indian investors became interested in stocks and shares quoted on the Bombay Exchange and Bombay and Calcutta investors developed interest in scrips quoted on Madras. A few more Indian firms were started in 1935 by former assistants or constituents of English firms, and business continued to develop.

11.4 When the Madras Stock Exchange was established in 1937, it had 5 members and 84 companies on its list of officially quoted securities. Since then, with the rapid industrialisation of Madras and the neighbouring states, the Exchange has expanded in membership and in the scope of its activities. It was reorganised as a new company limited by guarantee under the name and style of the Madras Stock Exchange Ltd., on the 29th of April, 1957, and in May 1961 it acquired a building of its own at a cost of Rs.2,10,000. Its activities are steadily expanding and companies covering all types of industries, including banks and insurance companies, are on its trading list.

## RIVAL STOCK EXCHANGES

12.1 Apart from the Madras Stock Exchange, rival stock exchanges were set up in Bombay and Calcutta in 1937 and 1938 respectively. The steel boom in 1937 stimulated considerable interest in Calcutta, and as prices soared up and the volume of business increased, a number of new entrants invaded the field with a view to exploiting the favorable opportunity and making a fortune for themselves. Accordingly, another stock exchange under the name and style of the Bengal Share and Stock Exchange, Ltd., was organised in Calcutta in 1937 with the object of doing forward business in stocks and shares on a monthly settlement basis.

12.2 Very much for the same reasons, and for the second time in the history of Bombay, a new stock exchange, limited by guarantee, was started in February 1938 under the name and style of Indian Stock Exchange, Ltd. It had an influential Board of Directors consisting of well-known businessmen and industrialists like Sir Choonilal B. Mehta, Sir Behram Karanjia and others. Most of them were ineligible for membership of the existing Stock Exchange because its rules, sanctioned by Government, prohibited members from engaging themselves as principals or employees in any business other than that of stocks and shares. The object of the promoters of the new exchange, therefore, was to force themselves into the stock exchange trade by the back-door through the medium of a new association. Apart from these industrialists and businessmen who also wished to become stock brokers and dealers, the membership of the Indian Stock Exchange Ltd. was drawn at different stages from the speculative elements which had been driven out from the bullion, cotton, seeds and other forward markets after they came under Government control.

12.3 The Indian Stock Exchange, Ltd., had a feverish existence. It functioned sporadically, and whenever it did, its interest was restricted to two or three highly speculative scrips. The Exchange failed to win public support, and its repeated applications for recognition under the Bombay Securities Contracts Control Act were refused by the Government of Bombay. The Government of India also rejected its application for recognition when the Securities Contracts (Regulation) Act came into force in 1957; but in view of the principle of unitary control, twenty-five of its members were then admitted to the membership were then admitted to the membership of the Bombay Exchange on concessional terms. Since then, the Indian Stock Exchange Ltd., has ceased to function and is now in a moribund condition.

12.4 Over and above the two new exchanges in Calcutta and Bombay, the Lahore Stock Exchange was formed in Lahore in 1934. It had a brief career and merged with the Punjab Stock Exchange, Ltd., which was incorporated in 1936. There were thus eight Stock Exchanges in India, two each in Bombay Calcutta and Ahmedabad and one each in Madras and Lahore, when the Second World War broke out in 1939.

## THE SECOND WORLD WAR BOOM - MUSHROOM STOCK EXCHANGES

13.1 The second world war touched off a brief sharp boom which was followed by a slump. The situation changed radically in 1943 when India was fully mobilised as a supply base. Mills, factories and workshops were running day and night. Prosperity was rapidly increasing, inflationary finance expanded, money became cheaper and paper wealth multiplied. This war-time boom brought unprecedented prosperity to the stock exchanges. On account of restrictive controls on cotton, bullion, seeds and other commodities, those dealing in them found in the stock market the only outlet for their activities. They were anxious to join the trade and their number was swelled by numerous others who saw in the expanding volume of business and swiftly rising prices an opportunity for accumulating large fortunes overnight. Many new associations were constituted for the purpose and the organisation of stock exchanges in all parts of the country assumed the proportions of a craze.

13.2 In Ahmedabad, where the Ahmedabad Share and Stock Brokers' Association recognised by Government and the Gujarat Share and Stock Exchange already existed, as many as four new stock exchanges were set up one after another. Two of them disappeared with equal speed, but the Indian Share and General Exchange Association and the Bombay Share and Stock Brokers' Association established in 1943 managed to survive till 1957-58. In that year, some of their members as well as those of the Gujarat Share and Stock Exchange were absorbed on concessional terms by the Ahmedabad Share and Stock Brokers' Association which was the only stock exchange in Ahmedabad recognised by the Central Government under the Securities Contracts (Regulation) Act, 1956.

13.3 In Lahore, which witnessed a great expansion of monetary income during the war, the Punjab Share and Stock Brokers' Association, Ltd., the Lahore Stock Exchange Ltd., and the Lahore Central Exchange, Ltd., were set up, and these were in addition to the Punjab Stock Exchange, Ltd., which was established in 1936.

13.4 In Calcutta, over and above the existing Calcutta Stock Exchange Association, Ltd., and the Bengal Share and Stock Exchange Association, Ltd., a third Exchange called the Stock Exchange Association of Bengal Ltd., was organised.

13.5 In Delhi, two new Stock Exchanges, the Delhi Stock and Share Brokers' Association Ltd., and the Delhi Stocks and Shares Exchange, Ltd., were floated and later, on the 25th of June, 1947, amalgamated into the Delhi Stock Exchange Association, Ltd.

13.6 Two more Stock Exchanges were also formed. The U.P. Stock Exchange, Ltd., was incorporated in Cawnpore in 1940 and the Nagpur Stock Exchange, Ltd., was organised in Nagpur. In Indian States, the Hyderabad Stock Exchange, Ltd., was incorporated in Hyderabad in 1944 as a company limited by guarantee and recognised under the Hyderabad Securities Contracts Control Act which was enacted in that year on the lines of the Bombay Securities Contracts Control Act of 1925. A small Stock Exchange also sprang up in Bangalore City in Mysore State.

13.7 Most of these new Stock Exchanges had a membership ranging from 20 to 100 but the Bombay Share and Stock Brokers' Association had more than 715 members. Among members of these Exchange were businessmen, lawyers, bankers and others, but active members were few and the volume of business was not considerable. While some of the Exchanges claimed to be concerned exclusively with stocks and shares dealings only, others were more forthright in permitting their members to deal in other commodities like cotton, bullion or oilseeds. Most of these Exchanges carried on forward trading either openly or in the guise of cash or

# ORGANISATION OF THE STOCK MARKET IN INDIA

## REGULATION

### THE ATLAY COMMITTEE

1.1 The earliest legislation relating in a sense to the stock market was introduced in the nineteenth century. The Government of Bombay then passed Act XXVIII of 1865 to deal with the situation arising out of the Share mania of 1860-65 which followed the outbreak of the American Civil War. This special Act had no significant influence on the subsequent legislation.

1.2 The next step was taken after the First World War and the post war boom. There were a spate of corners in Bombay which attracted public notice. Lord Llyod, the then Governor of Bombay, therefore proposed the formation of a committee of Appeal or Control, consisting of a member or two of the Exchange and other outside representatives, to supervise the management of the Association. The Exchange, however, refused "any sort of control or interference from outsiders who would not be conversant with the working of the Stock Exchange or who might during times of boom abuse their position on the Exchange and rob wealthy investors and grind down the poor, as was done by well known persons during the last boom". This refusal led to the appointment of the Atlay Stock Exchange Enquiry Committee on the 14th of September, 1923.

1.3 The Committee's Minority Report written by Shri Bhulabhai Desai vindicated the position of the Stock Exchange in regard to corners, and in turn was vindicated by facts and subsequent events. The Minority Report held it "proved by the evidence recorded before us ( and there is no evidence to the contrary) that the majority, if not all, of the corners in recent times were entirely due to capitalist interests attempting to squeeze the members of the Association or their unwary clients". The Minority Report also expressed the view, which later turned out correct, that "within a short time one will hear as little of corners in the Bombay market as of the ruinous speculation which reigned in the boom period".

1.4 On the second main question that there should be constituted a controlling authority on which the various commercial associations of Bombay should be represented, both the Majority and Minority Reports were unanimous. They agreed that the suggestion was not feasible, as it would be difficult to find men of the requisite skill and experience.

1.5 The only other major recommendation of the Atlay Committee was in the matter of Stock Exchange Rules and Regulations. Before 1924, the chief weakness of the Bombay Exchange was in the chaotic condition of its Rules. The Atlay Committee remedied the defect by codifying the Rules, Bye-laws and Regulations. It was a reform of lasting value.

### OFFER OF GOVERNMENT CHARTER

2.1 In its Report, the Atlay Stock Exchange Enquiry Committee had stressed and emphasised the necessity of the Stock Exchange framing and maintaining a systematic and settled body of Rules and Regulations in interests of the general investing public and of the trade itself. In pursuance of that strong recommendation, the Government of Bombay offered a Charter to the Bombay Exchange on the 21st of July, 1925.

2.2 The Charter did not visualise any direct control of the Exchange; what Government sought to do thereby was to assume authority to control the rule-making power of the Exchange and in return to grant it by

## **DEFENCE OF INDIA RULE 94-C**

5.1 Prior to 1956, Central legislation was attempted by Government during the Second World War when the Defence of India Rule 94-C was promulgated in 1943. Its professed object was "to counter speculative operations". As it was felt that there was an "increase in speculative activity", the Defence of India Rule prohibited stock exchanges from offering facilities for carry-over transactions and other than ready delivery transactions — ready delivery transactions being defined as those which had to be fulfilled by delivery and payment within seven days of the date of contract.

5.2 The Defence Rule which was issued by Government without in any way consulting the stock exchanges was mistaken in its operation. It established a one-way market in which bonafide sellers laboured under a handicap while speculative buyers were encouraged. It thus penalised the bonafide sellers of shares and favoured the bulls whose activities were partly responsible for the speculative rise in prices. Not only was the market mechanism distorted in this manner, but also the illconceived ban on the provision of normal and necessary trade facilities had the effect of driving out stock and share business from the organised stock exchanges into the streets and mushroom markets.

5.3 The Defence of India Rules automatically lapsed in September 1946 and so ended the first experiment by Government in Central legislation.

## **DEPARTMENTAL COMMITTEE (1948)**

6. In view of its unfortunate experience of Defence of India Rule 94-C, Government proceeded with circumspection before introducing more permanent legislation. It took no official notice of what passed for a report on the regulation of the stock market in India that was presented in July 1947 by an inexperienced Economic Adviser to the Ministry of Finance. Instead, Government appointed in May 1948 a Departmental Committee to submit a report on suitable legislation for regulation of stock exchanges in India. The Departmental Committee submitted its report in August 1948, in the course of which it expressed the view that legislation for stock exchanges should be finalised only after holding a conference of the representatives of the Central Government, the State Governments concerned and the Reserve Bank as well as the Presidents or other representative of the leading stock exchanges.

## **GORWALA COMMITTEE**

7. On the 26th of January, 1950, the new Constitution of India came into force and under item 48 of the Union List "stock exchanges and futures markets" became exclusively a Central subject. In the following year, a draft Bill for stock exchange regulation was prepared by Government, partly on the basis of the draft suggested by the Departmental Committee of 1948 but more broadly on the lines of the Forward Contracts (Regulation) Bill, 1950, for controlling commodity exchanges that was then pending before the Lok Sabha. The draft Stock Exchange Bill was referred by Government to an Expert Committee under the chairmanship of Shri A.D. Gorwala. The Committee, on which the Bombay, Calcutta and Madras Stock Exchanges were represented by their Presidents, submitted its report on the 14th of July, 1951.

## **THE SECURITIES CONTRACTS (REGULATION) ACT, 1956**

8.1 An official Bill called the Securities Contracts (Regulation) Bill, 1954, prepared on the lines of the draft recommended by the Gorwala Committee was introduced in the Lok Sabha on the 24th of December, 1954. On the 28th of November, 1955, and 5th of December, 1955, the Bill was referred by the Lok Sabha and Rajya Sabha respectively to a Joint Committee which presented its Report on the 29th of February, 1956. The Bill as amended by the Joint Committee was passed with some amendments by the Lok Sabha on the 16th of July, 1956, and by the Rajya Sabha on the 6th of August, 1956.

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Charter a monopoly of organised trading in securities. The President and the other two representatives who had carried on negotiations with Government urged the Exchange to accept the Charter; but the Exchange, fearing official tyranny in matters of free monetary trade, turned down the offer on the 25th of August, 1925. It was a grievous mistake.

2.3 The rejection of the Charter compelled the Government of Bombay to initiate special legislation. The second thought of the members of the Bombay Exchange that the Charter should be accepted came all too late.

### **THE BOMBAY SECURITIES CONTRACT CONTROL ACT, 1925**

3.1 A special legislation for controlling stock exchanges was enacted for the first time in India when the Bombay Securities Contracts Control Act, 1925, was passed by the Bombay Legislative Assembly on the 29th of October, 1925. It came into force in Bombay from the 1st of January, 1926.

3.2 The Act empowered Government to grant recognition to a stock exchange and to withdraw such recognition. It also provided that the Rules of a recognised stock exchange could only be made or amended subject to prior Government approval.

3.3 The Bombay Exchange applied for recognition under the Act and submitted a complete set of Rules and Regulation for Government approval. The Exchange was duly granted statutory recognition and its Rules were sanctioned by Government on the 14th of May, 1927. The Ahmedabad Share and Stock Brokers' Association was recognised under the Act on the 1st of May, 1939, and before sanction its rules were remodelled on those on the Bombay Exchange.

3.4 The Bombay Securities Contracts Control Act remained in force till the Securities Contracts (Regulation) Act, 1956, enacted by the Central Government came into operation on the 20th of February, 1957. However, the Bombay Act proved ineffective in regulating security trading, and Government control thereunder was nominal amounting to practical non-interference.

3.5 The Act defined the term "ready delivery contract" as meaning one for the performance of which no time was specified and which had to be performed within a reasonable time. This definition was found to be vague and ambiguous. The Act was also defective in its principal provision that contracts for purchase and sale of securities, other than those for ready delivery, would be void in law if not entered into through or between members of recognised stock exchanges in accordance with the Rules sanctioned by Government. If the Act was to be effective, such contracts should have been declared not only void but also illegal, as it is permissible in law for agents to claim on void contracts on the basis of indemnity; and further, a specific short period of time should have been prescribed for performance of ready delivery contracts.

### **THE BOMBAY FORWARD CONTRACTS CONTROL ACT, 1947**

4.1 The defects of the Bombay Securities Contracts Control Act were rectified in a Bill that was drafted in 1939. The Bill aimed at uniform control of all forward markets in Bombay, but before it could be introduced in the legislature, the Congress Government then in office resigned. The bill was revived in 1947, but with certain misconceived alterations and it was passed into an Act in that year. The Bombay Forward Contracts Control Act, 1947, as it is called, was applied to cotton, bullion and seeds, Its operation was not extended to stocks and shares because of objections raised by the Bombay Exchange.

4.2 Subsequently, under the new Constitution of India which came into force in 1950, futures markets and stock exchanges became an exclusively Union Subject. In due course, appropriate Central legislation, based largely on the original principles of the Bombay Forward Contracts Control Act, 1947, was enacted for commodity markets in 1952 and for stock exchanges in 1956.

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8.2 The Securities Contract (Regulation) Act, 1956, as it is called, was assented to by the President and published in the Gazette of India on the 4th of September, 1956. By a notification published in the Gazette of India on the 16th of February, 1957, the Act came into force throughout India on the 20th of February, 1957.

Recent amendments in Securities Contracts (Regulation) Act 1956, and Securities Contracts (Regulation) Rules, 1957 are given in Annexures I to VI.

## **RECOGNISED STOCK EXCHANGES**

9.1 The Securities Contracts (Regulation) Act, 1956, permits only those stock exchanges which have been recognised by the Central Government to function in any notified State or area. The recognised stock exchanges are thus placed in a privileged position, but at the same time the Act vests in Government wide powers of supervision and control.

9.2 An exchange is recognised only after Government is satisfied that its Rules and Bye-laws conform to the conditions prescribed for ensuring fair dealings and protection of investors. Government has also to be satisfied that it would be in the interest of the trade and public interest to grant such recognition.

9.3 The Rules of the recognised stock exchange relating in general to the constitution of the Exchange, the powers of management of the governing body and its constitution (including the appointment thereon of not more than three Government nominees), the admission of members, the qualifications for membership, the expulsion, suspension and re-admission of members, the registration of partnerships and the appointment of authorised representatives and clerks must be duly approved by Government. These Rules can be amended, varied or rescinded only with the previous approval of Government. Likewise, the Bye-laws of the recognised exchange providing in detail for the regulation and control of contracts in securities and for every aspect of the trading activities of members must also be sanctioned by Government and any amendments or modifications must be similarly approved. Government's authority extends much further. It is empowered by the Act to make or amend suo moto any Rules or Bye-laws of a recognised stock exchange if it so considers desirable in the interest of the trade and in the public interest.

9.4 The Act arms Government with even more drastic powers - the power to make inquiries into the affairs of a recognised stock exchange and its members, to supersede the governing body and take over the properties of a recognised exchange, to suspend its business and lastly to withdraw the recognition granted to an exchange, should such steps be deemed indispensable in the interest of the trade and in the public interest. Government has thus complete control over the recognised stock exchanges.

## **LICENSED DEALERS**

10. The recognised stock exchanges are the media through which Government regulation of the stock market is made effective. Where there are no stock exchanges, the Securities Contracts (Regulation) Act, 1956, empowers Government to licence dealers in securities and prescribe the conditions subject to which they carry on the business of dealing in securities.

## **ILLEGAL AND VOID CONTRACTS**

11.1 The crux of the Securities Contracts (Regulation) Act is in its provision that, in any notified State or area, all contracts in securities (other than spot delivery contracts) which are not entered into through or between members of recognised stock exchanges shall be illegal and punishable with fine or imprisonment or both. Equally important is the provision that in any notified State or area all contracts in securities entered into in contravention of certain specified Bye-laws of a recognised stock exchange shall be void and unenforceable at law as respects of the rights of the members of the recognised stock exchange who have entered into such

contracts and also as respects of the rights of any other persons who have knowingly participated in the transactions entailing such contravention.

11.2 In order to prevent undesirable speculation, the Act further empowers Government to declare that no contract for the sale or purchase of specified securities shall be entered into in any notified State or area except to the extent and in the manner prescribed in the notification.

## **OTHER IMPORTANT PROVISIONS**

12. The Act contains other important provisions. It imposes certain restrictions on the right of the equitable holders of shares to recover dividend from the registered holder and confers on Government the authority to compel any public company to have its shares listed on a recognised stock exchange by complying with such requirements as may be prescribed for the purpose.

## **SECURITIES CONTRACTS (REGULATION) RULES, 1957**

13. Under the Act, Government has promulgated the Securities Contracts (Regulation) Rules, 1957, for carrying into effect the objects of the legislation. These rules provide, among other things, for the procedure to be followed for recognition of stock exchanges; submission of periodical returns and annual reports by recognised stock exchanges; inquiry into the affairs of recognised stock exchanges and their members; and requirements for listing of securities. The rules are statutory and they constitute a code of standardised regulations uniformly applicable to all the recognised stock exchanges.

## **PATEL COMMITTEE**

14.1 A high-powered 12 member committee under the Chairmanship of Shri G.S. Patel, former Chairman of the Unit Trust of India, was set up by the Union Government on 17th May, 1984 to make a comprehensive review of the functioning of stock exchanges and make recommendations. Besides Shri Patel, the committee consisted of Shri D.R.Mehta, joint Secretary of the Department of Economic Affairs, Shri S.M.Dugar, Member of the Company Law Board, Dr. S.A. Dave, Executive Director of the Industrial Development Bank of India, Shri S.S Nadkarni, Chairman and Managing Director of the Industrial Credit and Investment Corporation of India (ICICI), Dr. D.H.Pai Panandiker, Secretary General of the Federation of Indian Chambers of Commerce and Industry Shri K.V.Shanbhogue, President of the Institute of Company Secretaries of India, Shri M.J. Pherwani, Chairman of the Unit Trust of India, Shri M.R. Mayya, Executive Director Bombay Stock Exchange, Shri E.R. Krishnamurthy, Executive Director of Madras Stock Exchange and Dr. L.C. Gupta, Dean of Development Banking Centre. Shri Paul Joseph, Joint Director in the Department of Economic Affairs, acted as the member - Secretary of the committee.

14.2 The terms of reference of the committee were :

- a) to examine the general functioning of stock exchanges as an integral part of the financial system;
- b) to suggest measures to improve overall service to the investores by the members of stock exchange and to encourage small investors, particularly in semi - urban and rural areas, to invest in industrial securities with a view to mop up a larger volume of capital for productive investments;
- c) to look into the existing system of organisation and management of stock exchanges with a view to broad base it so as to make it representative of all concerned interests, and to suggest a uniform model of organisation,;

- d) to examine the existing procedures relating to stock transactions with a view to simplify and minimise delays;
- e) to look into the existing system of membership of stock exchanges with a view to facilitate periodic increase in membership and to evolve a system of agents of stock exchanges;
- f) to look into the existing of bye-laws and regulations of stock exchanges relating to trading in securities and to suggest measures with a view to ensure smooth functioning of stock exchanges so that they are not disrupted by recurring crisis and that they are able to efficiently handle a much larger volume of securities;
- g) to examine the existing system of rules and regulations relating to listing of securities in stock exchanges and the listing agreement between companies and stock exchanges;
- h) to suggest measures to minimise the cost of public issue of capital;
- i) to suggest a code of conduct for members of stock exchange to safeguard the interest of investors and the members and to suggest guidelines for creation of a customer protection fund and insurance for members;
- j) to suggest methods of acquisition/construction of premises for stock exchanges and the manner of its financing, and;
- k) to make suggestion on any other matter which is relevant to the above for further development of stock exchange activities.

14.3 After deliberation which lasted more than a year, the committee submitted its reports to the Union Finance Minister on 10th December, 1985. In the light of the recommendations made by the committee, Government issued several guidelines and directives to the stock exchanges relating to matters such as bringing down the cost of public issue of securities, listing of securities on the stock exchange, creation of a Customers' Protection Fund and insurance cover for members of stock exchanges.

## **SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)**

15.1 While presenting the Budget for 1986-87, the Prime Minister, who also held the finance portfolio, announced the decision of the Government to set up a separate board for the regulation and orderly functioning of stock exchanges and the securities industry. Accordingly, the Securities and Exchange Board of India (SEBI) was constituted by the Government of India on April 12, 1988, as a non-statutory body to promote orderly and healthy development of the securities market and to provide adequate investor protection. Dr. S.A. Dave, formerly Executive Director, Industrial Development Bank of India, was appointed as the first Chairman of SEBI. The Board has its headquarters in Bombay and its office is at Mittal Court, 'B' Wing, Nariman Point, Bombay-400 021. The Present Chairman is Shri D. R. Mehta.

15.2 The SEBI was given statutory recognition by an Ordinance promulgated in March, 1992. The Ordinance was replaced by the Securities and Exchange Board of India Act, 1992 (referred to as the SEBI Act, 1992, from now on) on 4th April, 1992, deemed to have come into force on 30th January, 1992. Under the provisions of the Act, it shall be the duty of SEBI to protect the interest of investors in securities and to promote the development of, and to regulate the securities market. The Act, inter alia, provides the SEBI with the following powers :

- (a) to regulate the business in stock exchanges;
- (b) to register and to regulate the working of stock brokers, sub-brokers, share transfer agents, bankers

to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;

- (c) to register and to regulate the working of collective investment schemes, including mutual funds;
- (d) to promote and to regulate self-regulatory organisations;
- (e) to prohibit fraudulent and unfair trade practices relating to securities markets;
- (f) to promote investors' education and training of intermediaries of securities markets;
- (g) to prohibit insider trading in securities;
- (h) to regulate substantial acquisition of shares and take-over of companies;
- (i) to call for information from, to undertake inspection, to conduct inquiries and audits of stock exchanges and intermediaries and self-regulatory organisations in the securities markets;
- (j) to perform such functions and to exercise such powers under the provisions of the Capital Issues (Control) Act, 1947 (29 of 1947) and the Securities Contracts (Regulation) Act, 1956, (42 of 1956) as may be delegated to it by the Central Government;
- (k) to levy fees or other charges for carrying out the purposes of this section;
- (l) to conduct research for the above purposes;
- (m) to perform such other functions as may be prescribed.

#### **REGISTRATION OF STOCK BROKERS, SUB-BROKERS, SHARE TRANSFER AGENTS, ETC.**

16. Under the SEBI Act, 1992, no stock-broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with the conditions of a certificate of registration obtained from the Board.

#### **POWERS DELEGATED TO THE SEBI UNDER THE SECURITIES CONTRACTS (REGULATION) ACT, 1956**

17. Also under the SEBI Act, 1992, some of the powers so far exercised by the Central Government under the Securities Contracts (Regulation) Act, 1956, have now been vested with SEBI. They are as under:

- (a) powers to call for periodical returns or direct enquiries to be made from any recognised stock exchange;
- (b) grant approval to any recognised stock exchange to make bye-laws for the regulation and control of contracts;
- (c) powers to make or amend bye-laws of recognised stock exchange;

- (d) licensing of dealers in securities in certain areas;
- (e) powers to compel listing of securities by public companies;
- (f) granting approval to amendments to the rules of recognised stock exchange;
- (g) powers to ask every recognised stock exchange to furnish to SEBI a copy of the annual report containing particulars as may be prescribed;
- (h) powers to direct recognised stock exchanges to make rules;
- (i) powers to supersede the governing body of a recognised stock exchange ;
- (j) powers to suspend business of any recognised stock exchange; and,
- (k) powers to prohibit contracts in certain cases.

### **CURRENT STATUS OF SEBI**

18. On the 27th January, 1995, the Government of India, by an ordinance called the Securities Laws (Amendment) Ordinance 1995, strengthened the regulatory powers of the SEBI over capital market intermediaries and companies. The Government withdrew the provision wherein SEBI had to seek prior approval of the Union Government for effecting changes in existing regulation thereby reinforcing SEBI's autonomy. In addition, Government extended regulatory powers to SEBI over corporate in issuance of capital, the transfer of securities and other related matters, which had earlier vested solely with the Department of Company Affairs. The ordinance empowered SEBI to impose monetary penalties on capital market intermediaries and other participants for a range of violations. The existing SEBI Act provides for suspension and cancellation of registration and for the prosecution of intermediaries. By allowing for monetary penalties, the government brought violation of SEBI Act Provisions under civil law proceedings which was hitherto under criminal law. With a view to inducting more professionals on the SEBI Board, the Government has provided for the deleting of the existing provision which disqualifies a member of the Board once he is appointed as a director of a company. The ordinance also empowers the SEBI to summon the attendance of and call for documents from all categories of stock market intermediaries including person in the securities market. Further, the SEBI has been given power to issue directions to all concerned parties so as to protect investor interest and to ensure orderly development of the securities market. In addition, the Ordinance has brought the listing agreement under the purview of the SEBI Act. Hence any violation of the existing agreement would be punishable under the SEBI Act.

### **REPEAL OF CAPITAL ISSUES (CONTROL) ACT, 1947**

19. By an Ordinance no. 9 of 1992, the Capital Issues (Control) Act 1947, which controlled the issue of capital, was repealed on May 29, 1992. In consequence thereof, issue of capital and pricing of issues by companies has been freed from the requirements of prior approval from the Controller of Capital Issues. However, with a view to ensure proper disclosure and investor protection, the SEBI has issued certain Guidelines for due observance by the companies making issue of capital.

19.1 These Guidelines broadly cover the requirements as to first issue by new companies and existing private/closely held companies; and also further issues of capital by other companies by way of shares, debentures, bonds, etc. These Guidelines will apply to all issues of capital to be made hereafter. However, those companies holding consents from the Controller of Capital Issues obtained prior to the promulgation of the Ordinance may proceed with the issues on the terms and conditions contained therein, subject to the requirement

that the Guidelines now issued by SEBI would also apply to such issues to the extent they are not inconsistent with the terms of the CCI .

19.2 The following are the provisions of the Guidelines:

- (a) Not less than 25 percent of the equity should be offered to the public in case of new issues made either by a new company or by the existing closely held/private companies going to public.
- (b) In case of public issues by the listed companies there should be disclosure of highs and lows of prices of their shares for the last 2 years.
- (c) (i) The promoters contribution shall not be diluted for a lock in period of 5 years from the date of commencement of the production or date of allotment whichever is later. Promoters must bring in their full subscription to issues in advance before public issue.
- (ii) The share certificate issued for firms allotments to promoters, friends, relatives and associates etc. should carry the inscription, "not transferable" for a period of 3 or 5 years as may be applicable from the date of commencement of production or date of allotment whichever is later.

In short, the Securities Contracts (Regulation) Act, 1956, thus sets up a general frame-work of control which makes Government influence all pervasive. At the same time, as an enabling legislative measure, the Act provides Government with a flexible apparatus for the regulation of the stock market in India.

## RECOGNISED STOCK EXCHANGES

20. The stock market in India is regulated under the Securities Contracts (Regulation), Act, 1956. At present, there are twenty-two stock exchanges recognised by Government under the Act. They are at Ahmedabad, Bangalore, Baroda, Bhubaneswar, Bombay, Bombay (OTC), Bombay (National Stock Exchange), Calcutta, Cochin, Coimbatore, Delhi, Gauhati, Hyderabad, Indore, Jaipur, Kanpur, Ludhiana, Madras, Mangalore, Patna, Pune and Rajkot. The Bombay Exchange was granted permanent recognition at the first instance. The other exchanges were given, in the first instance, official recognition for a period of five years and at the end of each term the recognition was renewed for a like period. The exchanges at Calcutta, Delhi, Madras, Ahmedabad, Hyderabad, Indore and Bangalore have now been granted permanent recognition.

## ORGANISATION

21. The recognised stock exchanges at Ahmedabad, Bombay, Indore are voluntary non-profit-making associations, while the Calcutta, Delhi, Bangalore, Cochin, Uttar Pradesh, Ludhiana, Gauhati and Kanara Stock Exchanges are joint stock companies limited by shares and the Madras, Hyderabad, Pune Bhubaneswar, Magadh and Saurashtra Stock Exchanges are companies limited by guarantee. Since the Rules or Articles of Association defining the constitution of the recognised stock exchanges are approved by the Central Government, there is a broad uniformity in their organisation. In fact, the Madras Stock Exchange was re-constituted and the Calcutta Stock Exchange had to undergo a major re-organisation as a condition before their recognition by the Government of India.

## GOVERNING BODY

22.1 The governing body of a recognised stock exchange has wide governing and administrative powers. It has the power subject to Government approval, to make, amend and suspend the operation of the Rules,



Bye-laws and Regulations of the exchange. It also has complete jurisdiction over all members and in practice its powers of management and control are almost absolute.

22.2 Under the constitution, the governing body has the power to admit and expel members; to warn, censure, fine and suspend members and their partners, attorneys, remisiers, authorised clerks and employees; to approve the formation and dissolution of partnerships and appointment of attorneys, remisiers and authorised clerks, and employees; to enforce attendance and information, adjudicate disputes and impose penalties; to determine the mode and conditions of stock exchange business and regulate stock exchange trading in all its aspects; and generally to supervise, direct and control all matters and activities affecting the stock exchange.

## **MEMBERSHIP**

23.1 The regulations governing the admission of members of the recognised stock exchanges are uniform in terms of the provisions of the Securities Contracts (Regulation) Rules, 1957. These statutory Rules provide that no person shall be eligible to be elected as a member if he is less than twenty-one years of age; or is not a citizen of India; or has been adjudged bankrupt or proved to be insolvent or has compounded with his creditors; or has been convicted of an offence involving fraud or dishonesty; or is engaged as principal or employee in any business other than that of securities; or is a member of any other association in India where dealings in securities are carried on or is a director, partner or employee of any company whose principal business is that of dealing in securities. Individuals are ordinarily not deemed to be qualified unless they have had at least two years' market experience as an apprentice or as a partner or authorised assistant or authorised clerk or remisier of a member.

23.2 Firms and companies were hitherto not eligible for membership of a recognised stock exchange. Steps were taken to enlist financial institutions and corporate bodies as members of a recognised stock exchange. During 1993-94, financial institutions and corporate bodies were enlisted as members of the stock exchange. The enrolment of financial institutions and corporate bodies as members of a recognised stock exchange ensure professionalisation of stockbroking and better services to the investors.

## **PARTNERSHIPS AND REPRESENTATIVE MEMBERS**

24. Members of an exchange are entitled to work either as individual entities, or in partnership, or as representative members transacting business on the floor of the market not in their own name but in the name of the appointing members who assume the market responsibility for the business so transacted. The formation of partnerships and appointment of representative members is subject to the approval of the governing body.

## **ATTORNEYS**

25. Members are entitled to appoint attorneys to supervise their stock exchange business. Such persons must satisfy in all respects the conditions of eligibility prescribed for membership of the exchange and their appointment must be approved by the governing body.

## **AUTHORISED ASSISTANTS AND REMISIERS**

26. Active members are also entitled to appoint authorised assistants or clerks to enter into bargains in the market on their behalf and to introduce clientele business. In addition to authorised assistants or clerks, members may appoint remisiers who bring in customers' business and are remunerated with a share of brokerage. Registered remisiers are given entry to the floor of the exchange but are not permitted to transact any business except through the appointed members or their authorised assistants or clerks. The appointment of authorised assistants or clerks and of remisiers is subject to the approval of governing body.

## **BROKERS AND DEALERS**

27.1 All active members are required to maintain with the exchange a security deposit. Their primary function is to negotiate purchase and sale of securities in the market. The working of the market, its liquidity and efficiency depends on the influence exerted by different groups of members engaged in specialised activities of one type or another.

27.2 Broadly speaking, the members of the Exchange perform two clearly distinguishable functions - (a) that of brokers acting as agents buying and selling securities for others on a commission basis; and (b) that of traders or dealers acting as principals buying and selling securities on their own account for a profit or at a loss.

27.3 Members are permitted to act both as brokers and dealers. However, under Section 15 of the Securities Contracts (Regulation) Act, 1956, no member can enter into a contract as a principal with any person other than a member of a recognised stock exchange unless he secures in writing the consent or authorisation of such person and discloses in the note, memorandum or agreement of sale or purchase that he is acting as a principal. In such cases, it is obligatory under the stock exchange Bye-laws and Regulations that the price at which the transaction is completed should be fair and reasonable and justified by the condition of the market.

## **FUNCTIONAL SPECIALISATION**

28. The Stock Exchange Rules, Bye-laws and Regulations do not prescribe any functional distinction between members. However, as a matter of fact, there is on the Bombay Exchange a fairly well-established specialisation under the following main categories: (a) the commission broker; (b) the floor broker; (c) the taravniwalla, akin to a jobber or specialist; (d) the dealer in non-cleared securities; (e) the odd-lot dealer; (f) the arbitrageur or dealer in foreign securities that is, securities listed on other recognised Stock Exchanges; (g) the security dealer or dealer in Government securities. Such specialisation appears in varying degrees on the other stock exchanges also.

## **COMMISSION BROKER**

29. Almost all members act as commission brokers. The commission broker executes on the floor of the exchange buying and selling orders placed by his constituents to whom he renders contracts containing a charge for commission at rates not exceeding the official scale of brokerage.

## **FLOOR BROKER**

30. The floor brokers, not large in number, are not officially attached to other members. The floor broker executes orders for any member and receives as his compensation a share of the brokerage charged by the commission broker to his constituent.

## **TARAVANIWALLA**

31. The taravaniwalla may be a jobber or specialist who specialises in stocks located at the same trading post. He trades in and out of the market for a small difference in price and as such is an important factor in 'making a market', i.e., maintaining a continuous and liquid market in stocks in which he specialises. The taravaniwalla who specialises in stocks that are relatively not so active frequently receives from other members orders that are away from the market price which he records in his book and executes when business is possible.

## **DEALER IN NON-CLEARED SECURITIES**

32. The dealer in non-cleared securities specialises in buying and selling on his own account shares which are not on the active list. He is generally prepared to buy what is on offer and sell what is required but the price at which he deals varies with the activity of the particular stock.

## **ODD-LOT DEALER**

33. The odd-lot dealer specialises in buying and selling in amounts less than the prescribed trading units. He buys odd lots and makes them up into marketable trading units. He likewise sells odd lots obtained by buying or by splitting up round lots. The odd lot dealer does not rely on commission but earns his profit on the difference between the prices at which he buys and sells. His importance has grown in recent times because of the allotment of shares in small lots among many applicants of new issues.

## **ARBITRAGEUR**

34. The arbitrageur specialises in making purchases and sales in different markets at the same time and profits by the difference in prices between the two centres. Arbitrage depends on the number of securities dealt in common on more than one stock exchange and the existence of ready means of communication. The growth in the number of stocks simultaneously listed on different stock exchanges and the development of trunk telephone, telex and teleprinter facilities have contributed to the increase of arbitrage business in recent times. The business is subject to such restrictions as the Governing Board may impose in order to avoid the evil of "joint account" with members of other stock exchanges and the consequent involvement of one exchange in the difficulties of another.

## **SECURITY DEALER**

35. The security dealer specialises in buying and selling gilt-edged securities, that is, securities issued by the Central and State Governments and by statutory public bodies such as Municipal Corporations, Improvement trust and Electricity Boards. He acts mainly as a jobber and is prepared to take risks inherent in the ready and sale of securities to meet current requirements. The gilt-edged market is an over-the-counter market and each purchase and sale has to be separately negotiated. The market therefore tends to be restricted. There are about half a dozen active firms of security dealers in Bombay and the number elsewhere is more limited. They are in daily contact with the Reserve Bank as well as with commercial banks, the Life Insurance Corporation and other institutional investors. They also keep in touch with each other and with other financial centres, and as a result of their activities gilt-edged securities enjoy the benefit of extremely fine quotations.

## **ORGANISED MARKET**

36. The foregoing are the principal elements constituting the stock market and all of them are highly developed in Bombay. They help to make up an extremely well organised and a free, open and active market whose outstanding characteristics are liquidity and price continuity. It is because of the high degree of specialisation that purchases and sales are relatively more easy to put through than in the other markets, that any share or security can always be bought or if so desired sold at a reasonable price almost immediately.

## **DEALINGS**

37. Members of the Exchange are permitted to deal only in listed securities. If the governing body so decided, they are also permitted to deal in securities listed on the other recognised stock exchanges. The listing requirements of a company must comply with, before its share are admitted to dealings, are now uniform for all the recognised stock exchanges.

## BARGAINS

38. Under the Regulations now in force, members of recognised Stock Exchanges are permitted to enter into transactions in securities as under :

- (a) For "spot delivery", i.e., for delivery and payment on the same day as the date of the contract or on the next day.
- (b) For "hand delivery", i.e., for delivery and payment within the time or on the date stipulated when entering into the bargain, which time or date shall not be more than fourteen days following the date of the contract.
- (c) For "special delivery", i.e., for delivery and payment within any time exceeding fourteen days following the date of the contract as may be stipulated when entering into the bargain and permitted by the Governing Board or the President.

## SHARES - DELIVERY AND PAYMENT

39.1 In Bombay, bargains in Equity shares are generally for 14-day settlement. Purchases and sales made on any day of a given period may be crossed-out by subsequent sales and purchases made during the same period. All outstanding bargains at the end of the period have to be settled by delivery and payment on the prescribed days.

39.2 After the last business day, all business done during the period is temporarily adjusted at making-up prices fixed on the basis of the average or closing rates. Amounts due to or from other members are determined on this footing and payment made through the Clearing House.

39.3 In the matter of delivery, equity shares are classified into two groups. For both the groups, there is a computerised system of settlement which eliminates all intermediaries and brings the first and last parties together. Delivery orders and received orders are issued to the first and last parties. Delivery in respect of the A group of securities passes through the clearing house. In the case of the B group, the delivering member hands over directly to the receiving member named in the Delivery order the shares certificates.

## CLEARING HOUSE

40.1 The Clearing House of the Bombay Exchange was established as far back as 1921. It has been managed since its inception by the Bank of India acting under the instructions of the Exchange. All the leading Banks of the country are members of the Clearing House which receives delivery and payment on behalf of their customers. The Clearing House guarantees that, when shares are delivered, payment would be duly made or the shares returned to the Bank in the event of default of the member concerned; and per contra that, when payment is made, the shares would be duly delivered or the moneys returned to the Bank in the event of default.

40.2 The Clearing House is maintained by the Exchange at a heavy cost but it renders a most useful service and offers a measure of protection to the investing public which it can avail of it without any special charge. The large volume of business in Bombay has made it essential to have an organised clearance arrangement and these clearing facilities ensure regular delivery and payment.

40.3 The Ahmedabad Stock Exchange has had a Clearing House from early times. The clearing system was introduced in Calcutta in 1944 and in Madras and Delhi after 1957.

## STATUTORY REGULATION

41. Trading in the market, whether for spot delivery, or for cash or hand delivery, or for the Clearing is governed by Bye-laws and Regulations which are now more or less uniform for all the recognised stock

exchanges. These Bye-laws and Regulations have been approved by Government under the Securities Contracts (Regulation) Act, 1956, and they provide in detail for the regulation and control of dealings in stocks, shares and Government securities.

## **LISTING REGULATIONS**

42. The Securities Contracts (Regulation) Act contains an important provision for compulsory listing of public companies when, having regard to the securities contracts (Regulation) issued by them or to the dealing in them, such a step is considered to be in the interest of the trade or the public interest. In that event, Government has the power to compel such companies to have their shares listed on a recognised stock exchange by complying with the prescribed listing requirements. The importance of these listing regulations approved by Government under the Act is widely appreciated and their usefulness has been acknowledged as under.

"To a not insignificant extent, the stock exchanges in India have functioned as the watch-dog of investors' interest. They have done much to raise the standards of company reporting to build up well-defined practices as regards new capital issues, dividend announcements, closure of transfer books, etc., through rigorous listing requirements. Their standards, in some cases, have been more rigorous than those of Company Law."

## **LISTING REQUIREMENTS**

43. As per the Securities Contracts (Regulation) Rules, 1957, guidelines issued by Securities and Exchange Rules, Bye-laws and Regulations, a company must comply with the following in order to get its shares listed on any recognised stock exchange. Basic listing requirements are as follows :

- (i) The Memorandum and Articles of Association must not contain any provisions that restrict free transfer of shares .
- (ii) The company must offer for public subscription at least 25 percent of its issued capital .
- (iii) The minimum issued capital of the company should be at least Rs.3 crores .
- (iv) Application should be invited in denominations of market units of trading :
- (v) No previous track record is necessary .

## **FLEXIBLE STATUTORY CONTROL**

44.1 Under the Act , Government has promulgated the Securities Contracts (Regulation) Rules ,1957, for carrying into effect the objects of the legislation. These rules provide among other things, for the procedure to be followed for recognition by stock exchanges; enquiry into the affairs of recognised stock exchanges and their members; and requirement for listing of securities. The Rules are statutory and they constitute a code of standardised regulations uniformly applicable to all the recognised stock exchanges.

44.2 The Securities Contracts (Regulation) Act, 1956, thus sets up a general framework of control which makes Government influence all-pervasive. At the same time, as an enabling legislative measure, the Act provides Government with a flexible apparatus for the regulation of the stock market in India.

## AN ORGANISED AND REGULATED MARKET FOR SHARES AND SECURITIES

45.1 The Securities Contracts(Regulation) Act, 1956, is based on the experience gained in Bombay where the Bombay Securities Contracts Control Act, 1925, was in operation for thirty years. The uniform Rules, Bye-laws and Regulations which now govern all the recognised stock exchanges have also been modelled almost entirely on the Rules and Regulations in force on the Bombay Exchange for almost a generation. The Bombay market is fully organised and it is unrivalled in the country for its functional specialisation, liquidity and large volume of business in shares and securities. As pointed out in the June 1960 issue of the Reserve Bank of India bulletin, Bombay is the chief centre of the money and capital markets," and because of this pre-eminence the city of Bombay is recognised as " the financial capital of India ".

45.2 The twenty-two recognised stock exchanges regulated by government under the Securities Contracts (Regulation) Act, 1956 , offer an organised market for joint stock companies and for shares and debentures of joint stock companies. As the tempo of industrialisation increases and new issues of securities are made from year to year, the volume of outstanding securities and the volume of transactions will go on rising more or less simultaneously. The market mechanism will have to be adopted and improved in response to the growing demands. The mobilisation of the savings of the small man for investment in joint enterprise and the broader spread of share ownership are factors which in the course of time are likely to exert a significant influence on the recognised stock exchanges. The stock market must, therefore, so organise itself and develop its activities as to ensure reasonable service, safety and securities to all those who utilise its facilities. Basically, however, the recognised stock exchange must continue to provide an orderly market, price continuity and free negotiability of shares and securities which are of vital significance if investment interest is to grow and expand throughout the country.

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## GROWTH PATTERN OF LISTED STOCK

As at 31st March	1946*	1961*	1971*	1975*	1980*	1993	1994	1995	% increase in 1995						
									Over 1946	Over 1961	Over 1971	Over 1975	Over 1980	Over 1993	Over 1994
1. No. of Stock Exchanges	7	7	8	8	9	21	22	22	214	214	175	175	144	5	-
2. No. of Listed Companies	1,125	1,203	1,599	1,852	2,265	6,925	7,811	9,077	707	655	468	390	301	31	16
3. No. of Stock Issues of Listed Companies	1,506	2,111	2,883	3,230	3,697	11,310	12,026	14,185	842	572	392	339	284	25	18
4. Capital of Listed Companies (Cr. Rs.)	270	753	1,812	2,614	3,973	56,533	152,322	174,819	64,648	23,116	9,548	6,588	4,300	209	15
5. Market Value of Capital of Listed Companies (Cr. Rs.)	971	1,292	2,675	3,273	6,750	252,845	541,050	639,575	65,768	49,403	23,809	19,441	9,375	153	18
6. Capital per Listed Companies (Lakhs Rs.)	24	63	113	141	175	816	1,950	1,925	7,921	2,956	1,604	1,265	1,000	136	-1
7. Market Value of Capital per Listed Company. (Lakhs Rs.)	86	107	167	177	298	3,651	6,926	7,046	8,093	6,485	4,119	3,881	2,264	93	2

\* As on 31st December

## STRUCTURAL PATTERN OF LISTED STOCK ( As On 31st March 1995 )

Exchanges	Comp. Listed	No. of Stock Issues				Capital Listed (Cr. Rs.)				Market Value (Cr. Rs.)			
		Equity	Deb./ Bonds	Pref.	Total	Equity	Deb./ Bonds	Pref.	Total	Equity	Deb./ Bonds	Pref.	Total
Bombay	4702	6798	1649	238	8685	61514	28482	180	90176	435481	33177	179	468837
Calcutta	3115	3951	452	247	4650	41666	63773	188	105557	324374	64275	127	388776
Delhi	3137	4465	299	179	4943	51091	11220	122	62433	325775	11492	116	337383
Ahmedabad	2410	3745	606	74	4425	37321	16917	78	54316	252407	19692	85	272184
Madras	1267	1840	275	65	2180	36613	10944	35	47592	248690	11866	35	260591
Hyderabad	547	547	45	26	618	14962	1832	70	16864	54057	1903	70	56030
M.P. Prades #	140	140	21	5	166	1203	607	4	1814	9216	516	8	9740
Bangalore	456	462	138	42	642	17441	6610	47	24098	95370	7662	47	103079
Pune #	131	131	44	9	184	3259	1583	9	4851	32540	1764	10	34315
Cochin	175	178	41	7	226	6224	2950	3	9177	64887	3350	3	68240
Ludhiana	299	299	26	0	325	5624	521	0	6145	31537	631	0	32168
U.P. #	798	798	0	0	798	12081	0	0	12081	54300	0	0	54300
Guwahati *	218	307	9	6	322	1638	993	1	2632	35946	955	1	36902
Mangalore	36	36	5	1	42	3225	1308	5	4538	14238	1504	5	15747
Patna	46	46	12	4	62	2643	670	2	3315	10328	600	2	10930
Bhubaneswar S	45	48	3	1	52	3349	58	1	3408	7407	36	1	7444
Baroda	363	363	10	0	373	5705	721	0	6426	25404	716	0	26120
Jaipur	513	513	38	11	562	11724	1884	63	13671	27245	1903	63	29211
Rajkot	68	69	9	0	78	2405	853	0	3258	5537	1817	0	7354
OTCEI	49	48	1	0	49	122	1	0	123	671	1	0	672
Coimbatore	106	106	3	2	111	532	37	5	574	2808	37	5	2850
NSE <	0	0	0	0	0	0	0	0	0	0	0	0	0
All India	99077	11407	2145	633	14185	79361	95100	358	174819	538711	100497	367	639575

Source : Daily Official lists published by the Exchanges. < > Information is not available.

\* The figures pertain to 31st March 1992.

# The figures pertain to 31st March, 1993.

@ The figures pertain to 31st March, 1994.

## ANNEXURE I

### AMENDMENT TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

17. In the Securities Contracts (Regulation) Act, 1956 (hereafter in this Chapter referred to as the principal Act), in the preamble, the words " by prohibiting options and " shall be omitted.
18. In section 8, in sub-section (1), for the words "six months", the words "two months" shall be substituted.
19. In section 10 of the Principal Act, in sub-section (3), for the words "six months". the words "two months" shall be inserted.
20. After section 13 of the principal Act, the following section shall be inserted namely:-

"13 A. A stock exchange may establish additional trading floor with the prior approval of the Securities and Exchange Board of India in accordance with the terms and conditions stipulated by the said Board.

Explanation-For the purpose of this section, "additional trading floor" means a trading ring or trading facility offered by recognised stock exchange outside its area of operation to enable the investors to buy, the sell securities through this trading floor under the regulatory frame work of that stock exchange".

21. Section 20 of the principal Act shall be omitted.
22. For Section 21 of the principal Act, the following section shall be substituted namely:-
21. Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with the stock exchange.
23. In section 23 of the principal Act -
- (a) in sub-section (1) clause (d) shall be omitted.
- (b) in sub-section (2) for the words and figures "or who fails to comply with the orders of the Securities and Exchange Board of India under section 21", the words and figures " or who fails to comply with the provisions of section 21 or with the orders of " shall be substituted.
24. In section 30 of the principal Act, in sub-section (3) the words "shall be subject to the condition of previous publication and shall be omitted.



ANNEXURE II

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY PART II, SECTION 3,  
SUB-SECTION (i)

Ministry of Finance  
Department of Economic Affairs  
(ECB and Investment Div.)

.....  
**NOTIFICATION**

New Delhi, dated the 12th October, 94

G.S.R. No. 749 (E) Whereas certain draft rules further to amend the Securities Contracts (Regulation) Rules, 1957 were published as required by sub-section (1) of Section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated, 15th July, 1994 under the Notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. G.S.R. 588 (E) dated the 15th July, 1994, inviting objection and suggestions from all persons likely to be affected thereby before the expiry of 45 days from the date on which the copies of the Gazette of India in which the said notification was published were made available to the public;

And whereas the copies of the said Gazette were made available to the public on 25th August, 1994.

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 30 of the said Act, the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957 namely :-

1. (1) These rules may be called the Securities Contracts (Regulation) Second Amendment Rules, 1994.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957 in rule 8, in clause (4A), sub-clause (iii) shall be omitted.

F.No.2/3/SE/93

(Sd.)  
(P.J.Nayak)

Joint Secretary to the Government of India.

Note:- The Principal Notification was issued under S.O.576 dated 21.2.1957 published in the Gazette of India Part II, section 3, page 619 dated 21.2.1957 and subsequent amendment Notifications Nos. G.S.R. 666 (E) dated 20th July, 1987 and No. G.S.R. 870 (E) dated 13th November, 1992 were published in the Gazette of India, Part II, section 3, sub-section (i).

### ANNEXURE III

Ministry of Finance  
Department of Economic Affairs  
ECB and Investment Div.

.....

### NOTIFICATION

New Delhi, dated the 26th October, 94.

G.S.R. No. 780 (E) Whereas certain draft rules further to amend the Securities Contracts (Regulation) Rules, 1957 were published as required by sub-section (1) of section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), in the Gazette of India, Extraordinary, Part-II, section 3, subsection (i) dated 5th August, 1994, under the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. G.S.R. 608 (E) dated 5th August, 1994 inviting objections and suggestions from all persons likely to be affected thereby before the expiry of 45 days from the date on which the copies of the Gazette of India in which the said notification was published were made available to the public;

And whereas the copies of the said Gazette were made available to the public on 31st August, 1994;

Now, therefore, in exercise of the powers conferred by sub-section (i) of section 30 of the said Act, the Central government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:-

1. (1) These rules may be called the Securities Contracts (Regulation) (Third Amendment) Rules, 1994.  
(2) They shall come into force on the date of their publication in the official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957 (a) in the marginal heading of rule 10, for the words "Government nominees", the words "Nominees of the Securities and Exchange Board of India" shall be substituted.

F.No.1/3/SE/94

Sd/-

(P.J.Nayak)

Joint Secretary to the Government of India

Note : The Principal Notification was issued under No. S.O. 576 dated 21.2.1957 dated 21.2.1957 published in the Gazette of India, Part II, Section 3, page 619 dated 21.2.1957.

## ANNEXURE IV 'A'

Government of India  
Ministry of Finance  
Department of Economic Affairs  
(Investment Division)

.....

### PRESS NOTE

Subject:- Amendments to Rules on listing of shares of companies on Stock Exchanges.

The Ministry of Finance has amended Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 relating to the requirement of a public offer of securities by a company seeking listing on a Stock Exchange by lowering the minimum public offer of capital to be made by a company to 25% of its issued capital, as compared to the earlier requirement of 60% or such other percentage as was admissible under the administrative guidelines of the Ministry. The amendment also incorporates a proviso under which the Central Government can relax this 25% limit for Government Companies. This relaxation has been incorporated in order to facilitate the listing of companies where Government is proposing to disinvest share capital. Finally, the amendment also excludes the reservation of securities to Government or other specified institutions from the minimum 25% of securities to be offered to the public.

2. The amendment so notified eliminates the requirements for companies other than Government companies to seek relaxation of the minimum requirements of public offer of capital from the Stock Exchanges. The amendments is expected to simplify the procedure for listing of shares of companies on Stock Exchanges. It is also expected to encourage the listing of a larger number of companies on Stock Exchanges and thereby broaden the capital market.

3. A copy of the notification dated 20th September, 1993 is enclosed

New Delhi

Dated 20.9.93

E.No.1/33/SE/92

## ANNEXURE V

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY PART, II SECTION 3, SUB-SECTION(i)

Ministry of Finance  
Department of Economic Affairs  
(External Commercial Borrowings and Investment Division)

### NOTIFICATION

New Delhi, dated 9th March, 1995

G.S.R. Whereas certain draft rules further to amend the Securities Contracts (Regulation) Rules, 1957 were published as required by sub-section (I) of section 30 of the Securities Contracts (Regulation) Act, 1956(42 of 1956), in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), dated 19th December, 1994 under the Notification of the Government of India in the Ministry of Finance ( Department of Economic affairs) No G.S.R. 869 (E) dated 19th December, 1994 inviting objection and suggestion from all persons likely to be affected thereby before the expiry of 45 days from the date on which the copies of the Gazette of India in which the said Notification was published were made available to the public;

And, whereas the copies of the said Gazette were made available to the public on 12th January, 1995, and no objections or suggestion have been received from the public on the said date.

Now, therefore, in exercise of the powers conferred by sub-section (i) of section 30 of the said Act, the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:-

1. (1) These rules may be called the Securities Contracts (Regulation) amendment Rules, 1995.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Securities Contracts (Regulation) Rules, 1957 after sub - rule (6) of Rule 19 the following shall be inserted namely:-

" (6A) All the requirements with respect to listing prescribed by these rules, shall, so far as they may be also apply to a body corporate constituted by an Act of Parliament or any State Legislature."

F.No. 1/33/SE/92

(Sd.)

(P.J. Nayak)

Joint Secretary to the Government of India.

Note:- The Principal Notification was issued under No. SRO 576 dated 21.2.1957 published in the Gazette of India Part II, Section 3, page 619 dated 21.2.1957 and subsequent amendment Notification No. GSR 685 dated 3.6.1972 was published in the Gazette of India, Part II, Section 3, Sub-section (i) dated 10.6.1972, page 1556 and Notification GSR No. 617 (E) dated 20.9.1993. was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 20.9.1993.

## ANNEXURE VI

Ministry of Finance  
Department of Economic Affairs  
(ECB and Investment Division)

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### PRESS NOTE

Subject : Amendment to Rule 19 of the Securities Contracts (Regulation) Rules 1957 for enabling listing of Securities of a body corporate constituted by an Act of Parliament or any State Legislature.

.....

Government have published today a Notification in the Gazette of India Extraordinary for inserting a Sub Rule (6A) in Rule 19 of the Securities Contracts (Regulation) Rules, 1957 (SCR/Rules) in order to enable listing of securities of a body corporate constituted by an Act of Parliament or any State legislature.

2. At present, there are various body corporates functioning in the country, which are constituted by an Act of Parliament or State legislature. Since such body corporates are not companies as defined under the companies Act, 1956, they are unable to get their securities listed on a Stock Exchange. The amendment to the SCR rules, 1957 given effect from today would enable listing of their securities on a Stock Exchange by providing that the requirements with respect to listing prescribed by these Rules shall also apply to a body corporate constituted by an Act of Parliament or any State legislature.

3. This amendment is expected to encourage body corporates to raise capital from the public through issue of securities and to list their securities on Stock Exchanges. As a consequence, such body corporates would have access to increasingly larger volume of funds from the market which would enable them to substantially expand their development activities. In addition, this amendment would also contribute to the further growth of the capital market of the country

F. 1/33/SE/92

New Delhi :

Date : 9th March, 1995.

**ADDRESSES OF REGULATING AGENCIES**

Name	Address	Telephone / Telex, Grams
1. Stock Exchange Division	Dept. of Economic Affairs Ministry of Finance North Block New Delhi 110 001	3014871 Telex : 031-66175- FINE- IN Fax : 011 - 3014420 011-3017271
2. Securities and Exchange Board of India	<p>Head office: BOMBAY Mittal Court 'B' Wing 1st Floor, 224, Nariman Point Bombay-400 021</p> <p>Regional offices :</p> <p><b>CALCUTTA</b> FMC Fortuna, 5th Floor 234/3A AJC Bose Road Calcutta 700 020</p> <p><b>DELHI</b> Kailash Building, 5th Floor 26, Kasturba Gandhi Marg New Delhi 110 001</p> <p><b>MADRAS</b> Karumuttu Center 498, Anna Salai, Nandanam Madras 600 035</p>	<p>Tel : 022-2850451, 2850452, 2850453, 2850454, 2850455, 2850456, Telex : 011-85765 SEBI IN Fax : 022-2021073, 2855585</p> <p>Tel : 033-402435 Telex : 021-5091 SEBI IN Fax : 033-404307</p> <p>Tel : 3329266, 3355810, 3329277 Telex : 031-61481 SEBI IN Fax : 011-3329272</p> <p>Tel : 4349568 Telex : 041-23205 SEBI IN Fax : 4346348</p>

**RECOGNISED STOCK EXCHANGES IN INDIA**

Sr. No.	Name & Address of the Exchange	Office Telephone/ Telex/ Fax Nos.
1.	The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	2650536, 2655581 2655860, 2655861 STD : 022 TLX : 011-85925 STEX IN FAX : 022-2658121 GRAM : SHARATION
2.	The Stock Exchange, Manek Chowk Ahmedabad - 380 001	2147149, 2141988, 2112341, 2112342, STD : 079 TLX ; 0121-6789 ASEX IN FAX : 079-2140117 GRAM : SHARATION
3.	The Calcutta Stock Exchange Assn. Ltd. 7, Lyons Range, Calcutta-700 020	2203335/1488/6977 2206957/ 1489/ 9366 2202514/2206136 STD : 033 (ED) 340533 TLX : 021-7414 CSEA IN FAX : 283724, 2202514 GRAM : CALSTOCK
4.	Madras Stock Exchange Ltd. Exchange Building Post Box No. 183 11, Second Line Beach Madras-600 001	510845, 513081, 5221085, 514897, 5221071 (ED) STD : 044 TLX : 041-8059 MSEX IN FAX : 044-514897 GRAM : MASTEX
5.	The Delhi Stock Exchange Ltd. West plaza, I.G. Stadium Indra Prastha Estate New Delhi - 100 002.  &  3 & 4/4B, Asaf Ali Road, New Delhi - 110 002.	335 2951, 335 2952, 335 2953, 335 2954, 332 6803, 332 6804, 375 5314, 372 4387, STD : 011 TLX : 031-65317 DSEA IN FAX : 011-3326182 GRAM : UPKARI
6.	The Hyderabad Stock Exchange Ltd. Kautilya Complex, 4th Floor, Next to	236707, 240818, 242254 231985, 235079, Trading Hall:

**RECOGNISED STOCK EXCHANGES IN INDIA**

Sr.No.	Name & Address of the Exchange	Office Telephone/ Telex/ Fax Nos.
	Syndicate Bank Somajiguda, Hyderabad 500 482	231985, 236746, 235079 235087, 240804, 242375 STD : 040 FAX : 240804 TLX : 240804 TLX : 0425-6053 HSE IN GRAM STOCKXCHAGE
7.	Madyapradesh Stock Exchange Ltd. Rajani Bhavan 3rd Floor, M.G. Road, Opp. High Court, Indore - 452 001.	374 23, 217 73, STD : 0731 TLX : 0735-244 MPSE IN GRAM : INDSTX
8.	Bangalore Stock Exchange Ltd. UNI Building, Millers Tank, Vasanthnagar, Bangalore - 560 052	2204433 (D), 2204481 2204483/84/89/90 STD 080 TLX : 08845-2874 BSE IN GRAM : BANGSTOCKS FAX ; 080-2204479
9.	Cochin Stock Exchange Ltd. Veekshanam Road Ernakulam, P.B. 3529 Cochin - 682 035	367728, 364578, 369020 364528, 364864, 364582 STD : 0484 FAX : 0484-370471 TLX : 885-6298 COST IN GRAM : STOCK
10.	The Uttar Pradesh Stock Exchange Association Ltd. Padam Towers, 14/113, Civil Lines Kanpur - 208 001.	293115, 293174, 293134, 293437, STD : 0512 TLX : 0325-420 UPSE IN GRAM : SHAREBAZAR FAX : 293175.
11.	Pune Stock Exchange Ltd., Shivleela Chambers 752, Sadashiv Peth, R.B. Muthekar Marg, Pune - 411 030	475679, 471584, 475682 STD : 0212 TLX : 0145-462 PSEX IN GRAMS : STOCKEX FAX : 0212-470764
12.	The Ludhiana Stock Exchange Assn. Ltd., Feroze Gandhi Market, Ludhiana-141 001	39318, 39319, 404748 STD : 0161 TLX : 0386-429 LSEA IN GRAM : DEALWELL FAX : 0161-405756
13.	The Gauhati Stock Exchange Ltd., Saraf Bldg. Annexe, A.T.Road, , Gauhati - 781001.	33667/ 33672/ 33670 STD : 0361 TLX : 0235-2412 STX IN GRAM : STOCKS



**RECOGNISED STOCK EXCHANGES IN INDIA**

Sr. No.	Name & Address of the Exchange	Office Telephone/ Telex/ Fax Nos.
14.	Mangalore Stock Exchange Ltd. 4th Floor Rambhavan Complex Kodialbail Mangalore - 575 003	440813/ 440581/ 440582/ 440275 STD : 0824 TLX ; 0832-374 MSEM IN FAX : 440736, 441306 GRAMS : STOCKANARA
15.	The Magadh Stock Exchange Ltd 9th Floor, Ashina Plaza, Budh Marg, Patna- 800,001.	223644, 222852, 220960 262312/2320; 655780 STD : 0612 TLX : 22407 MSEA IN GRAM : MAGEXCHANGE FAX : 0612-220960
16.	Jaipur Stock Exchange Ltd., Rajastan Chamber Bhawan, M.I. Road, Jaipur - 302 001.	563521 (P) 563521 (VP), 563517 (ED), 564962 (Sec), 568335 STD : 0141 TLX : 0365-2648 JSEL IN FAX ; 0414-563517 GRAM : JAISTOCK
17.	Bhubaneshwar Stock Exchange Assn. Ltd. A-22, Falcon House, Jharapara, Cuttak Road, Bhubaneshwar - 751 006	482340/ 41,482140 STD : 0674 TLX : 0675-437 BSTX IN GRAM : STOCKEX FAX : 0674-482283
18.	Saurashtra Kutch Stock Exchange Ltd. 21, New Jagnath, Dr. Yagnik Road, Rajkot-360 001.	56081, 42145/46 STD : 0281 , GRAM: SAURASTOCK TLX : 0169-352 SKSE IN FAX : 0281-43431
19.	The Vadodara Stock Exchange Ltd. 3rd Floor, Fortune Towers, Dalal Street, Sayajigunj Vadodara-390 005.	331452, 340378 (ED) STD : 0265 TLX : 0175-606 VSE IN GRAM : FAIRDEAL FAX : 0265-331452
20.	The Coimbatore Stock Exchange Ltd. Chamber Towers, 8/732 Avanashi Rd., Coimbatore - 641018	215100, 215101 STD : 0422 TLX : 0855-644 CSX IN FAX : 0422-213947 GRAM : COSTOCK
21.	OTC Exchange of India, 92-93 Maker Towers-F Cuffe Parade, Bombay- 400 005	2188164/65/66 2188023, 2180789 STD : 022 FAX : 022-2872462

**RECOGNISED STOCK EXCHANGES IN INDIA**

Sr. No.	Name & Address of the Exchange	Office Telephone/ Telex/ Fax Nos.
22.	National Stock Exchange of India Ltd., Mahindra Towers 1st Floor, A-Wing R.B.C. Worli, Mumbai - 400 018.	4960525 (10 lines) FAX : 4935631

**COMPANY LAW BOARD**

		Office	Residence
Chairman : Shri S Balasubramanian (Acting)	Room No. 514, 5th Floor 'A' Wing Shastri Bhawan Dr. Rajendra Prasad Road New Delhi 110 001	383452	4692128
Member : Shri A. R. Ramanathan	-do- Room No. 512	381236	7115283
<b>REGIONAL DIRECTORS</b>			
Eastern Region :	Nizam Palace, 3rd Floor 2nd MSO Building, 234/4 Acharya Jagdish Chandra Bose Road, Calcutta 700 020	2477380 2470382 2477437	3501928
Northern Region :	10/499-B, Allenganj Khalasi Lines, P. O. 137 Kanpur 208 002	291791 291782 291769	246035
Southern Region :	Block-1, V Floor, Shastri Bhawan 35, Haddows Road Madras 600 006	8271737 8276381 8276882	8250325
Western Region :	100, Marine Drive 5th Floor, Everest Mumbai 400 002	2017259 2053760	

**OFFICE OF THE CUSTODIAN**

THE SPECIAL COURT ( Trial of offences relating to transactions in Securities ) Act, 1992

16, Parliament Street, New Delhi - 110 001

CUSTODIAN

Shri A. K. Menon

Phone : 3326836

Dy. Secretary

Shri Rajiv Bhardwaj

Phone : 3327279

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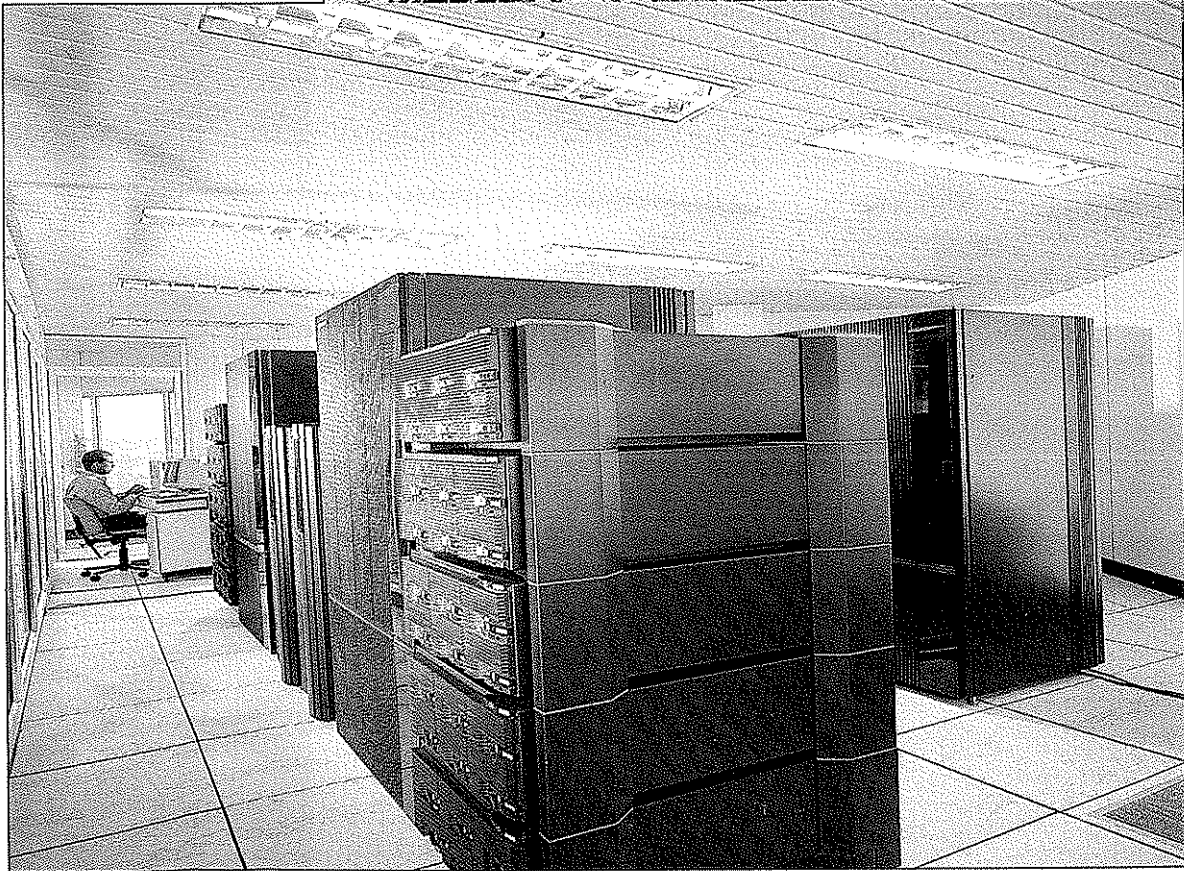
NAME	STATE	ADDRESS	TELEPHONE	
			OFFICE	RESIDENCE
N. R. Sridharan	Andhra Pradesh	1st Floor, Chirag Ali Lane 5-8-525/C, Abid Road Hyderabad 500 001	41030 41307 41324	
D. N. Pegu	Assam, Tripura, Meghalaya	Morellow Building, Ground Floor, Shillong 793 001	223665	227235
S. K. Majumdar	Bihar	Jamal Road Patna 800 001	222172	
V.S. Galgali	Delhi & Haryana	2nd Floor, 'B' Block Paryavaran Bhawan C.G.O. Complex, Lodhi Road New Delhi - 110 003	4362708 4362523 4362771	6885609
M. L. Sharma	Gujarat	Jiabhai Chambers Ashram Road, Navrangpura Ahmedabad 380 009	403328 448460	
R. V. Dani	Goa, Daman & Diu	Daulat Building, 2nd Floor Santa Inner Panaji Goa 403 001	44180	
J. N. Tiku	Jammu & Kashmir	478, Jawahar Nagar Srinagar 190 008	32162	
V. S. Rao	Karnataka	1st Floor, World Trade Centre, EKCCI, K. G. Road, Banglore 560 009	266879	592804
A. V. Menon	Kerala	M. G. Road, Ernakulam Cochin 682 011	355231	312099
Har Lal	Madhya Pradesh	Chamber of Commerce & Industry Building, Nissar Mandir Marg, Lashkar, Gwalior 474009	321907	
G.Srinivasan	Maharashtra	Everest, 100 Marine Drive Bombay 400 002	291977 292627 292645	
K.Ananda Rao	Orissa	Sudam Babu Building Ganga Mandir Marg, Baxi Bazar Cuttack 753001	21561	25608

NAME	STATE	ADDRESS	TELEPHONE	
			OFFICE	RESIDENCE
V.Selvaraj	Pondicherry	27, Mahatma Gandhi Road, Pondicherry	36129	--
K.L.Kamboj	Punjab, Himachal Pradesh & Chandigarh	Kothi No. 286, Defence Colony, Jalandhar 144 033	223843	--
D.K.Gupta	Rajasthan	G-15 Krishna Marg, 'C'Scheme, Jaipur 302004	360492	517760
S. Srinivasan	Tamilnadu	Shastri Bhawan, Block VI, 2nd Floor, 35, Haddows Road, Madras 600 006	8276652 8277182 8272676	--
Gopalkrishnan		Bank of Baroda Building 5th Floor, Eastern Wing 82, Bank Road, Coimbatore 641018	213473	--
R.D.Kureel	Uttar Pradesh	Westcott Building Mahatma Gandhi Road Kanpur 201001	252304 267253	41543
C.D. Paik	West Bengal	Nizam Palace, IIMSO Building 234/4 Acharya Jagdish Chandra Bose Road, Calcutta 700 020	2477359 2477437 2477380	--

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