FIRST PHIROZE JEEJEEBHOOY
MEMORIAL LECTURE, 1989

THE CAPITAL MARKET

by

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Late Mr. Phiroze J. Jeejeebhoy belonged to a parsi family, well known in the erstwhile Bombay Presidency. He was born at Deolali in 1915. He had his early education in Zoroastrian Boarding High School. He passed his Matriculation in 1931 and had his college education in St. Xaviers College and Sydenham College of Commerce & Economics. He got his Degree of Bachelor of Commerce with Actuarial Science as a special subject with first class in English and Second place in the order of merit.

After a brief period of working during 1937-39 in the office of the Stock Exchange, Bombay, Mr. Jeejeebhoy proceeded to United Kingdom to study in St. John’s College, Cambridge. He took his M.A. Degree from Cambridge University with Honours in English literature and then Honours in Economics. He also took B.Com Degree with Honours and B.Sc. (Economics) with Honours of London University. He was later elected Fellow of the Royal Statistical Society and Royal Economics Society.

On his return to India, he resumed his duties at The

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To be invited to give the first Annual Memorial Lecture instituted by the Bombay Stock Exchange in memory of Mr Phiroze Jeejeebhoy is indeed a great honour for which I am thankful to the Governing Board of the Exchange. I have
rarely come across a person of the type of Jeejeebhoy. His character, his utter devotion and dedication to the management and development of the Bombay Stock Exchange, his integrity, his thoroughness, his simplicity, his firmness, his grasp of details, his vision of the future - such combination of qualities in a single person is rare, indeed unique. The position which Bombay Stock Exchange enjoys is in no small measure due to his single-minded devotion to it. He lived and died for this institution. Not only was he a master builder of a great national institution, he became an institution in himself.

Not only Jeejeebhoy had many academic distinctions, as recently brought out, he also had his business training under the then President of Bombay Stock Exchange, Mr K. R. P. Shroff, who was almost regarded as the last word in Stock Exchange matters. The team work of these two great men added greatly to the prestige and functioning of the Bombay Stock Exchange.

I had known him well and seen him at work for many years. The present edifice of the Stock Exchange is solely the result of his efforts. He was a towering person like the Stock Exchange (2).
Towers he built. I can say much more but I think I should stop with this tribute.

* * *

Though the concept of capital market is a wider concept which encompasses many financial services, the stock exchange is perhaps its most basic constituent. It has its own distinct features. It is colourful, lively and ever-changing. It attracts and allures the investor, the speculator and the gambler.

Operations on the stock market have steadily increased as the country’s economy has expanded; more equity and debenture capital has been issued and came to be traded on the market. The number of investors with growing volume of investible funds flock to the market looking for various types of financial securities suitable for their requirements in short term and long term, often both.

The stock market has grown decade after decade over the last 150 years of its existence, but
in the last 25 years phenomenal progress has taken place resulting in its revolutionary transformation. The dimension it has acquired is quite different from the past.

The stock exchange has evolved over the years, but I propose to limit my observations to the growth and development of the last 25 years. The early years were full of major events of social, political and economic nature which influenced the market year after year. What has made a major impact in recent years is the emergence of specialised investment institutions with rapidly growing funds seeking marketable investment. Like banks and insurance companies, they are also financial intermediaries to accelerate the growth of saving and investment.

The measure of growth of the stock market is best brought out by a few statistics. The number of listed companies on all stock exchanges increased in 15 years (1946 to 1961) from 1125 to 1203. In the next 28 years, by 1988, this number has grown to 5841. While the paid up capital of these companies in the corresponding periods increased from Rs 270 crores to Rs 753 crores between 1946
and 1961, it grew to Rs 10,549 crores by 1988, the larger part of the growth taking place in 1980s'. Market capitalisation of these listed companies was Rs 39,133 crores in 1988. Capital appreciation was the highest in the 1980s. The number of local stock exchanges has also grown in number all over the country.

Resource mobilisation, as indicated by consents for capital issues, doubled from Rs 3640 crores in 1983-84 to Rs 7917 crores in 1988-89. This is inclusive of consents to public sector bonds. It is expected that the figure will soon reach Rs 10,000 crores annually. In the latter half of 1980s, the size of each public issue is getting bigger. Several mega issues ranging between Rs 500 to Rs 1000 crores each have taken place and more are in the pipeline. This is a measure of the capacity of the stock market to provide capital in amounts unimaginable only a few years ago. The total number of investors is estimated to be 10 million, indicating the expanded role and importance of the stock market with a much larger daily turnover in securities.

In the past, banks and insurance
companies dominated the financial scene, each performing its respective role in the short-term money market and the long-term capital market. In the preceding three decades, besides the growth of these institutions, new financial institutions have been established and, over the years, they have become large and so powerful that they have been exercising strong influence on the stock market. To accelerate the growth of industry and to promote new entrepreneurship, Development Finance Corporations such as the Industrial Finance Corporation of India (IFCI), the Industrial Credit & Investment Corporation of India Ltd (ICICI) and the Industrial Development Bank of India (IDBI) have come on the scene one after the other. Together they have enabled the existing industry to expand and to set up new industries. Long-term capital in the form of equity, debentures and loans have resulted in the supply of new marketable securities, thereby broadening and deepening the stock market. The expansion of the secondary market has helped to accelerate the growth of primary market and the new issues market. The rise and buoyancy of the secondary market has stimulated the creation of more and more tradable securities through new issues.
Another milestone was laid by Sri T. T. Krishnamachari as Finance Minister of India in 1964 when he legislated for the establishment of two new financial institutions viz., the Unit Trust of India to mobilise public savings and invest them in industrial securities. The second major institution was the above-mentioned IDBI, as the apex finance institution to provide capital to large and small industrial ventures. Both these corporations have this year celebrated their silver jubilee. They have been serving as pillars of the capital market by the magnitude of their operations. This, in turn, has further influenced activity on the stock exchange.

In earlier years, operations by individual investors and operators dominated the market. Operations of newly established financial institutions have changed that picture. They have brought new life and vigour to the equity market by providing stability, liquidity and buoyancy to the market. Market investors, operators and large and increasing volume of funds have changed the
character of the market. Capital for industries - for expansion, modernisation and promotion of new ventures - is no longer difficult to obtain. During the seventies and eighties equity prices have risen so steeply and so rapidly that a situation has been created leading to rapid capital appreciation of the whole equity market, similar to the rise in prices in the real estate world.

FERA

Another significant development in the capital market was that in early 70's the "FERA" (Foreign Exchange Regulation Act) came into force under which joint venture companies with foreign firms were restricted to holding not more than 40% of capital, if they wanted to be recognised as Indian Companies and expand their operations. Several multinational companies had to lower their parent companies' equity and offer the surplus to the Indian public. Companies affected by this policy had to disinvest their capital either by direct sale of excess holding or by issuing

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further capital in the open market at an attractive price, determined in consultation with the Controller of Capital Issues, on the understanding that the foreign partner would abstain from taking up its proportional share of new capital in favour of the Indian public. As company after company came to the market with offers of its shares to the public, the response of the public was very encouraging as these successful companies with good track record offered Indian investors share capital at relatively attractive prices. A new wave propelled stock market stimulating the upward trend in share prices.

WORLD INFLATION

The seventies and the eighties were the years of world wide inflation caused by Arab-Israel conflict and the resultant oil policy of the Opec countries. In 1973 oil prices rose from $2 to $12 and in 1977 even touched a dizzy height of over $30 a barrel. A period of runaway inflation all over the world, could not leave out India, more so
because, India was a large oil importing country. Heavy cost of importing oil upset India’s balance of payment situation.

One significant consequence of this inflation was that capital values or asset values in India and elsewhere sky rocketed like prices of gold, land and property and equities on the share market touching new high levels. It was a period of shortages of every description, due to real or psychological factors. In the USA interest rates in the money market touched unprecedented level of over 20%. An era of floating rate of interest emerged, reducing the impact of fixed rate system.

This kind of bizarre situation got gradually eased, as oil prices and rates of interest declined. However, that made little difference to the capital values which remained at dizzy levels. In fact, what seemed dizzy at one time became normal in the eighties. The very concept of a reasonable price earnings (P/E) ratio took a new turn.

The Indian share market passed through a period of runaway boom and all types of new ventures were able to raise capital, as the investing
community lost its balance and was swept away by a sense of euphoria, hoping to become rich overnight. By later half of 1986 that illusion was punctured and the market suffered a major collapse.

PLETHORA OF NEW INSTITUTIONS

With the broadening of the money market and capital market a new situation was developing in the financial world. Monetary authorities changed their outlook towards banks and permitted them to promote and participate in new financial service companies jointly or singly. A new class of financial intermediaries entered the field which enabled industry to obtain 100% capital without providing for margin on assets, by proliferation of the leasing companies which benefited in taxation due to depreciation on purchased assets owned and leased to industry. That period has also ended, but some leasing companies have come to stay and many others have stopped or been forced to operate in a limited way,
as margins shrunk, competition increased and new
taxes were imposed on them.

The climate in 1980s’ got surcharged with
every financial institution wanting to innovate.
Banks, insurance companies, unit trust, housing
finance companies joined each other to start
leasing companies, rating companies and above all
mutual funds (as they are called in USA) or unit
trusts (as they are called in UK) to provide under-
writing services and all forms of financial services
required by the corporate world. Several broker
firms have turned more to merchant banking
activities in a big way.

A large number of computer companies
have been set up to provide mechanised methods
of account keeping and to facilitate management
of large scale operations. New computer
technologies for the production processes, for
speedy communication by means of telex and telefax
services are rapidly spreading in all sectors of life,
both in government and public. Space satellites
are having revolutionary impact in the field of fast
communication. This has given rise to global
financial services and global market has

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developed. Geographical frontiers are no longer barriers to transfer of money and capital.

Manual practices in the stock market are getting replaced by computers and so also administration of the stock exchanges is modernised with the use of new computer technology.

**AGE OF COMPETITION**

One major consequence of the institutional broadening of the money market should be to add an element of severe competition in providing financial services. Monopolistic approach of the earlier years is no longer possible. One can survive only by providing the required services quickly and efficiently. Banks and financial institutions are competing with each other, as also the leasing companies operate to some extent to the detriment of banks and institutions by leasing assets as they do not require a margin from the entrepreneurs and too many restrictive conditions of the institutions are not imposed. Rating

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company and stock holding corporation are the newly emerging institutions to remove other bottlenecks. It is a competitive global financial market which is now ruling within India and there is even a limited integration with the international capital market. Leading merchant bankers from abroad are turning to India to get into the Indian capital market.

REFORM OF THE STOCK MARKET

Stock market prices have wildly fluctuated upwards and downwards and large fortunes have been made and also lost. Overtrading has been somewhat controlled by the stock exchange authorities with the imposition of daily margin, a margin on the fortnightly settlement day and an adhoc margin depending upon the vulnerability of the market. Market has been divided into two parts, the “specified” shares and others. The list of specified shares is small compared to the large number of “unspecified” shares. The volume of trading in specified shares,
however, is large. The period of 15 days for settlement in respect of the specified category gives ample opportunities for speculation as it involves payment of differences in cash and also carry over facilities. In the non-specified category ready delivery is compulsory but in practice it is often delayed, leading to some speculation.

In spite of the best efforts of the authorities, the margin system is by-passed to some extent by clever strategies such as treating purchases and sales as two separate transactions on the “badla” day in the books of the operators to avert margin payment. However, by and large, the margin system is working reasonably well; at the most 10 to 20% of the activity goes unaccounted. The margin system has come to be accepted by the majority which is no small achievement. This is a considerable improvement on the old system because it provides some stability to the market and some financial cushion against excessive trading. Some improvement in the stock exchange administration including training in stock broking and a little better sense of public discipline have been helping to improve the market working but there is yet considerable scope for further
improvement with a firm handling against insider trading and companies trading in their own shares and also manipulation of share prices. Investor’s protection against such practices is most difficult to ensure.

I, however, fail to find any justification for the practice, occasionally adopted, of stock exchange authorities taking out temporarily some scrips from the specified category and then putting them back after a short time. Any effort to protect any interested operator by such means is an unfair practice which the authorities should avoid. It gives them a bad name. Efforts to tamper share prices by such and other means weakens the autonomy of the stock exchange.

Investment institutions with large investible funds are a source of major support to the market in times of recession. At the same time it must also be recognised that markets are determined by the lead provided by operators and speculators to price changes, which gives liquidity to the market. Without a moderate degree of speculation no market can function as a market. When moderation ends and excessive trading, verging on
gambling, takes place, it is the crucial time for exercising judgement by the authorities in charge of regulating it and requires firm handling of the situation to restore normalcy.

NEW ISSUES MARKET

So far as the new issues market is concerned and its control by the Government through the Controller of Capital Issues, its main feature is that it has grown enormously in recent years with annual approvals moving towards Rs 10,000 crores,—a tenfold increase in about 10/15 years. The question which, however, arises is that it operates so liberally that the control merely becomes a formality. It would, therefore, seem desirable that the present exemption limit be increased from Rs 1 crore to Rs 10 crores and a closer scrutiny made in cases of bigger applications. All issues over Rs 100 crores can then receive far more detailed scrutiny. In recent times mega issues of between Rs 500 and Rs 1000 crores get easily cleared. How such capital is being raised and
would be used and what is the viability and justification of such issues deserve much closer examination. Unfair practices of rigging up prices before public issues, to tempt the common investors and misuse of the services of brokers result in possible frittering away of large capital funds. Mega issues should not be allowed to pass through easily without proper assessment of the Controller, working with expert advice. The trend towards mega issues is an ominous one. It is not enough to attain a target of Rs 10,000 crores for new issues but the objects for which such capital is raised and how it is utilised is of real importance.

The CCI has adopted a regular practice of allowing 15% excess subscription over what is asked for, to be retained with the entrepreneur. This makes little sense to underwriting by allowing freely more capital than what is asked for, especially in the case of equity issues involving statutory rights of the equity holders.
THE CULT OF EQUITY

The decade of the 1980s' has clearly and firmly established the cult of equity in India. People are now ready and keen to take up equity capital. By the end of this decade, we seem to be reaching the other extreme of equity issues - that any one can get away with any kind of issue with any kind of size, if he has mastered the tricks of the trade. That 4 or 5 mega issues should simultaneously be floated involving investment of something like Rs 4000 crores is both a sign of strength and of weakness of the new capital issues. When some of these issues fail, it will make evident the hollowness of the market; if they all succeed, it will not necessarily prove its strength, because of several questionable and unfair practices and misleading publicity, and through institutional and banking support which would be responsible for it. The common investor is gullible and easily tempted. Even so his recent experience of the stock market crash of 1986-88 has perhaps made him somewhat wiser. Official pressure and high degree of corruption have entered the market, with what dire consequences for the investment market, only
time would show. The equity cult can also be stretched too far as is happening today. Tax incentives and tax liberalisation have also helped the process of investment further, as has the issue of tax-free securities.

**CONVERTIBLE CAPITAL ISSUES**

The equity market has not grown directly so much as through the device of convertible debenture issues. Most of the recent capital issues are made in the form of partly or wholly convertible issues, with varying conversion terms and at premium on par value of equity.

Convertible capital issue is a known and accepted form of raising capital all over the world. In India, even 50 years ago, capital was issued with the option to the investor to convert into equity of the same company on terms specified at the time of issue. But in India we seem to have carried this device to extremes for obvious reasons. Being so called debenture issue, lending as well as

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investing institution can subscribe to it in large amount. Especially banking funds are used to prop up new issues, - not a desirable practice. From optional convertibility for the investor now the issues are made compulsorily and automatically convertible as stipulated. Even the financial institutions when they stipulated conversion upto 20% of their loans, it was an option open to them. Such practice of automatic and compulsory conversion has not been practised anywhere else in the world. It is a unique form of convertibility. The issue is called a debenture issue but in reality only equity certificates are issued from the very start and bonds are not even issued in a majority of cases of total conversion. Where they are partially convertible, the non-convertible part is issued as bond or as warrants. Whatever the price in the market, the rate at which convertibility applies is fixed in advance in first-time issues and there is no choice for the investor (except at the time of issue). A good deal of rigging of prices prior to the date of issue and fictitious underwriting on a buy-back basis by the promoter or his banker offering unofficially heavy discount, as well as market publicity through direct media are adopted to make the issue successful. Normally it is the
market which establishes the price of the new company's share but here it is the issuer himself who sets the future premium price. One other major advantage to the issuer is that on the date of compulsory conversion the premium can be shown as a reserve of the company. In truth it is the investor's own money appearing as a reserve.

Normally reserve fund in a company's books indicates retained profits from operations of the company. Other reserve is shown as capital reserve arising out of revaluation of assets or as premium on new share issue. The reserve arising from convertibility is the subscriber's own money and needs to be mentioned in the accounts of the company as such. The somewhat fictional character of such convertibility requires to be guarded against to protect the gullible investor. After such issues are made, prices often slump and the investing public loses heavily. The equity issues are normally risk bearing, but the new risk from compulsory convertibility is the further risk which the innocent investor is exposed to. He can hope to save himself only by extra vigilance and by remaining extra selective. Such types of convertibility succeed in times of boom but not in times of
falling market. In fact, it can even precipitate market fall or crisis in the market.

**MUTUAL FUNDS**

The Unit Trust of India which celebrated its silver jubilee recently has grown into an institution which has mobilised enormous funds and invested them predominantly in equity. It has altered the face of the capital market and enormously influenced the stock market by its constant operation in shares. This has created a demand for more such agencies and government has also agreed that establishment of more such institutions should be encouraged.

In popular nomenclature such institution is also called “mutual trust or fund”. Both are meant to serve the same purpose as the Unit Trust. Both are open-ended, there being no limit to the amount of capital mobilised. This is to distinguish them from the early investment trusts which were close ended with an initial fixed capital which was invested in equity and other marketable securities.
Many mutual trust funds have now been operating, largely promoted by different banks; because of their proliferation the Reserve Bank has framed guidelines for their formation and operation so as to keep their investment portfolio well balanced so far as banks are concerned.

The basic advantage of Unit Trusts and mutual funds for the investor is their liquidity because the units are both bought and sold at previously declared prices based on their net worth or net asset value. They are required by law to distribute a major part of their income to the holders of such securities. These funds are not taxed, and the income derived from such investment up to a fixed limit of income in the hands of the investor is also not taxed.

All the benefits conferred on the units of UTI are not extended to other funds but the Government is under pressure to put them on par. With the UTI, however, the new institutions will remain at a disadvantage because of the position it has reached due to its lead of 25 years during which the Unit Trust has become a household name. The UTI has introduced many schemes. For India the
most significant schemes are the "India Fund" and "India Growth Fund" which it has successfully promoted in UK and USA. A major portion of these foreign funds is invested in Indian securities through the UTI. This means opening a new source of capital from external sources. Foreign capital is invested in Indian securities. Such funds are being floated by other financial institutions enjoying credibility abroad such as the State Bank of India. The newly formed Mutual funds are pleading for uniform treatment with that of the UTI.

To attract foreign capital, Government earlier laid greater emphasis on investment of Non-Resident Indians or people of Indian origin (NRI). This effort did bring some success. However, it is the international capital market which deals with savings of the world. This has now begun to be tapped with some success. Much more is possible, provided Government finds a way to modify its Foreign Exchange (Regulation) Act so as to make possible free flow of foreign capital in and out of the country. India has been able to raise loans from foreign sources but for investment greater liberalisation is necessary. Unless this is done,
foreign capital only to a very limited extent will get attracted to India.

One important variant of mutual funds is the venture capital funds, now popular in other countries. They arise from readiness to take greater risk and are meant for the investors ready to take greater risk. In India venture capital funds are the need of the day for new innovative entrepreneurs with ideas but no capital.

TAKE OVERS AND MERGERS

The latest corporate trend of take-over bids, friendly or hostile, and merger proposals in the Western world, is a major development in the capital market which has a lot to do with the money game. Leveraged Buy Outs (LBO) involving heavy borrowing through what are called “junk bonds”, are a popular way of doing it. Enterprising merchant bankers work out various types of take-overs or attempts to take over of industrial units. Many players have come forward in the field, old and new, to play this game with high stakes. The
initiators stand to get fat fees in large deals.

In principle, the take over of companies is implicit in the free enterprise system. No one has a monopoly of management. However, this game appears to have gone on too far in the West and at international levels, such as between Japan and USA.

In India, this practice is also gaining ground. One apparent reason for the recent mega issues and the speed with which they are sanctioned and coming in the market, seems to signify that financial resources are first mobilised, more for take-over of existing companies than for development of new projects. This is a new phase in the use of the capital market. There is too much playing around with public funds mobilised by banks and institutions and the public, which creates new problems of fundamental nature. Project financing is turning into company financing for the purpose of take overs, more interest being concentrated on mobilisation of huge funds for whatever use. Whether inflation is the cause or consequence of increase in money supply, its concentration in the hands of new type of
entrepreneurs and adventurers, raises serious policy problems, more so when those efforts are made easy with government support, financial power and politics, which are mutually supportive.

Looking back over the last 10/15 years, it appears to me that this practice first originated abroad when Indian industrialists with incomes made abroad by questionable means, bought over foreign shareholders of joint-sector public companies working in India, at higher than market prices, outside the purview of the Indian Exchange Control, through companies registered in Switzerland and other tax havens. They then bought out in the Indian market more shares and took over the management. The funds were largely raised through other companies in India with funds provided by banks and institutions, much of it as loans.

The recent mega issue funds raised from the market could well be used for such purposes as it is realised that it may be easier and cheaper to buy existing companies than to build them. Such trend is ominous in the sense that a part of new capital is raised not so much for genuine
industrialisation as for money making and gaining power and influence. There is no easy way to regulate this trend. The capital market thereby gets vitiated by means of financial jugglery without any national gain. From speculation in shares we are moving into speculative buy over of companies which may have large liquid resources or with borrowing on a large scale. Where this trend will lead us, I do not know.

One welcome development which has taken place recently is setting up of the Securities and Exchange Board of India by the Government of India. The “SEBI” has started functioning. It can play a very useful role in the field of investor protection by following the day to day development in the market with a view to keep in on the right path and to put a break on unhealthy developments. Excessive trading and reckless speculation as well as raising of share prices, especially of new issues by unscrupulous promoters can at least be restrained by firm handling of the situation. The Chairman of SEBI, in close touch with the Controller of Capital Issues and the stock exchange authorities can remain in constant touch with one another and would be able to act as an effective
regulator. This beginning is on the right lines. Its path is no easy one. What is required is a firm handling of situations when they seem to go out of hand.

CONCLUDING OBSERVATIONS

The first point to remember is that creation of institutions and instruments is not adequate substitute for managerial excellence. India has to go a long way in achieving this by improving the image of company managements.

I have briefly outlined some of the financial highlights in the path of progress of the Indian economy. Investor protection measures are necessary and some progress has been made by the stock market but not against corporate mismanagement. Undoubtedly it is an impressive march forward. However, more hurdles confront us today than what we have overcome. With all the bilateral and multilateral aid we have received and with the enormous internal growth of savings and investment, the economy is under more strain than ever before. We have even tapped the interna-
tional capital market marginally but much more is possible if we follow a wise and balanced policy in utilisation of capital. Inefficiency, waste and corruption have resulted in much less real progress than what financial figures may show. The drastic depreciation of the rupee in the world market is proof of it. Curbs on current spending are required to balance the economy. One can only hope that better times will come and a sane policy would result from the past mistakes.

Large-scale borrowing and spending by governments, industry as well as through consumer credit, all taken together, amounts to a draft on future savings of the community. How far mortgage of future savings can go or should go? I have no answer for it, but I feel far from comfortable about this type of development, in developed and even more in developing countries. If the rate of future savings goes up, then such borrowing can be self liquidating.

The international capital market has become global as a result of speedy communication through satellite. Capital funds move freely from one centre to another due to wide
fluctuations in interest rates and foreign exchange rates. Fixed and floating interest rates are swapped and there has been an increased turn-over between the two.

The process of securitisation of debt so as to have more marketable instruments has also broadened the securities market. Thus more equity instruments and debt instruments are traded, not only within the country but between countries. The internal markets are regulated while international market is free from regulation except what is applicable within a country vis a vis the outside world, as in India by way of Exchange Control Act. The very nature of banking business is undergoing transformation. The services which banks were providing almost exclusively are now also provided through other financial services companies. Intense competition between merchant banking firms and their readiness to risk their own funds are also turning the market into a complex battleground to provide different types of financial services by a variety of institutions. In short, the world capital market is in a state of ferment even in developed countries, new problems are arising and seeking new solutions.
Stock Exchange. He was Asst. Secretary during 1943 to 1946, and Secretary from 1946 to 1966. Then he became the Chairman - a post he held till his death on 9th February 1980. During his earlier association with the Stock Exchange, Mr. Jeejeebhoy was closely associated with the work relating to Morrison Stock Exchange Inquiry Committee of the erstwhile Government of Bombay. This gave him a deep insight into the working of the Stock Exchanges which enabled him later to discharge his duties effectively as Asst. Secretary and Secretary of the Stock Exchange. Alongwith late Padmabhushan K.R.P. Shroff, who was the President of the Stock Exchange from 1923 to 1966, Mr. Jeejeebhoy played a leading role in the preparation of the Securities Contracts (Regulation) Bill and the Securities Contracts (Regulation) Rules framed thereunder. He was also responsible for evolving a model set of rules and bye-laws for all the Stock Exchanges of the country, which he did after a deep and extensive study of the constitution and trading bye-laws of practically all the leading Stock Exchanges of the world.

Mr. Jeejeebhoy worked tirelessly to produce "The Stock Exchange Official Directory" which with its 18 volumes is universally acknowledged today as a dictionary of the corporate world.

Mr. Jeejeebhoy could visualise the development of the Stock Exchanges well ahead of others. The process of computerisation was started by him way back in 1971 despite stiff resistance from the stockbrokers and their employees. Again in the matter of space, it was Mr. Jeejeebhoy who conceived and planned the construction of the huge 28-storeyed structure which is named after him. Despite several obstacles, financial and others, it was his persistent endeavour and indomitable spirit which ensured completion of the building.

Always ahead of his time, Mr. Jeejeebhoy planned for a certificateless society by preparing a blueprint entitled "A Blueprint of Economic Democracy" a decade ago.