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Development of Bombay Stock Exchange in post reform in India

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1. Introduction

The stock exchange is really an essential pillar of the corporate economy. Stock exchange performs multitasks and help the cause of industrial development and economic growth. It helps to raise capital for enterprises, mobilizes savings for investment, facilitates the growth of the enterprises, create investment opportunities for small investors and facilitates rising of capital for various projects. The stock exchange facilitates the industrial growth by providing finance for the enterprises. A well developed and ably regulated stock market facilitates sustainable development of the country in general and industry in specific, by providing long run funds in exchange for financial assets to the inverters. It creates market for company's shares. It also helps in increasing the esteem and status of the company. The stock exchanges also promote the company by creating public interest in it with additional fund by means of issuing new shares or other securities. BSE popularly known as Bombay Stock Exchange has a great history it was established 1875 as first organized and Asia's first stock exchange. Over the last 143 years, the Fastest Stock Exchange in world with the speed of 6 micro seconds and one of India's leading exchange groups. , BSE has facilitated the growth of the Indian corporate sector by providing it an efficient capital-raising platform. In 2017 BSE become the 1st listed stock exchange of India. BSE is a corporatized and demutualized entity, with a broad shareholder-base which includes two leading global exchanges, Deutsche Bourse and Singapore Exchange as strategic partners. BSE provides an efficient and transparent market for trading in equity, debt instruments,

derivatives, mutual funds. Its vision is *"Emerge as the premier Indian stock exchange with best-in-class global practice in technology, products innovation and customer service."*

It also has a platform for trading in equities of small-and-medium enterprises (SME). Total 5352 companies are listed on BSE, making it world's No. 1 exchange in terms of listed members. Bombay stock exchange though is one of the oldest stock exchange did not expand rapidly. Even after the independence the market capitalization of companies registered in the BSE raised from 5 per cent of GDP in 1980 to 13 per cent in 1990. However the stock market also remained primitive and poorly regulated.

BSE is the world's 10th largest stock exchange with an overall market capitalization was 1,46,87,010 crore as on 2019-20. BSE also provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE systems and processes are designed to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments. BSE is the first exchange in India and second in the world to obtain an ISO 9001:2000 certification. It is also the first Exchange in the country and second in the world to receive Information Security Management System Standard BS 7799-2-2002 certification for its On-Line trading System (BOLT). It operates one of the most respected capital market educational institutes in the country (the BSE Institute Ltd.). BSE also provides depository services through its Central Depository Services Ltd. (CDSL arm. BSE's popular equity index - the S&P BSE SENSEX - is India's most widely tracked stock market benchmark index. It is traded internationally on the EUREX as well as leading exchanges of the BRICS nations (Brazil, Russia, China and South Africa). BSE has won several awards and recognitions that acknowledge the work done and progress made by it. The important among them are, 'IT Genius Awards 2017' in the category 'Data Centre Excellence' for setup of the India INX Data Centre by CORE (Centre of Recognition & Excellence), Digital Innovation Award 2017 for the Social Media Analytics Project by Netmagic, Business World Digital Leadership and CIO Award, The IDC Digital Transformation Awards 2017, The Best Exchange of the year award for equity and currency derivatives in Tefla's Commodity Economic Outlook Award 2017, Best Brand award 2017 by Economic Times, The Golden Peacock Global CSR Award for its initiatives in Corporate Social Responsibility, NASSCOM - CNBC-TV18's IT User Awards, 2010 in Financial Services

category, Skoch Virtual Corporation 2010 Award in the BSE STAR MF category and Responsibility Award (CSR) by the World Council of Corporate Governance. Its recent milestones include the launching of BRICSMART indices derivatives, BSE-SME Exchange platform, S&P BSE GREENEX to promote investments in Green India.

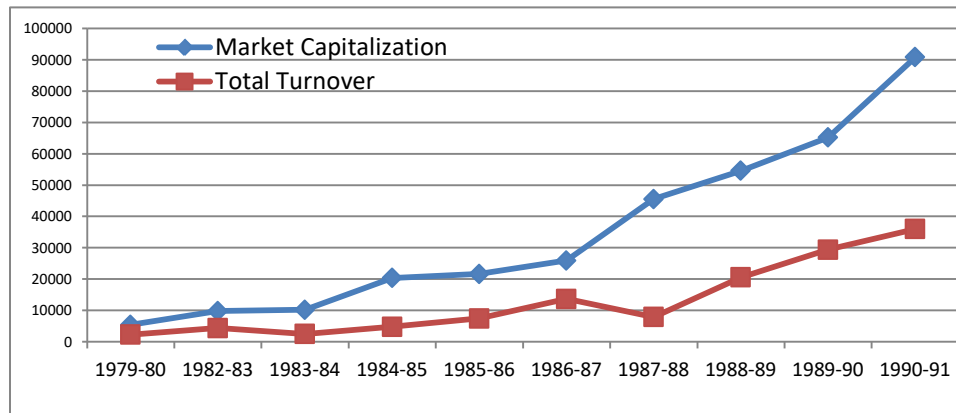
1. Developments of Bombay Stock Exchange in pre reform period (Amount in Crore)

Table No. 1

Year	Listed Companies	Market Capitalization	Total Turnover
1979-80	992	5421	2283
1980-81	NA	NA	2476
1981-82	NA	NA	6851
1982-83	1161	9769	4357
1983-84	1295	10219	2488
1984-85	1529	20378	4796
1985-86	1911	21636	7429
1986-87	2095	25937	13691
1987-88	2240	45519	7913
1988-89	2275	54560	20563
1989-90	2247	65206	29386
1990-91	2471	90836	36012

Source RBI Hand book statistics of Indian economy

The above table presents activity on the Bombay stock exchange in terms of listed companies, Market Capitalization and total turnover in pre financial reform. Number of domestic listed companies in BSE was 992 in 1979-80 which increased to 2471 in 1990-91. Market capitalization which represents the size market stock Rs.5421 Crore in 1979-80 which increased to Rs.90836 Crore in 1990-91. Total stock turnover was Rs.2283 Crore in 1979-80 which increased Rs.36012 Crore in 1990-91. Overall stock market development in terms of listed companies, Market Capitalization and total turnover during pre-economic reforms were progressive in Bombay stock exchange.



2. Growth of BSE in Post reforms period

Bombay Stock Exchange is the third largest stock exchange in the world. The 1991 Liberalization policy in terms of capital market brought radical development in the BSE. The brokers are mediator between company and investor for buying and selling of shares. The corporate broker of BSE which are affluent knowledgeable about the share and other financial markets. They will advise companies on fund raising and on issuing the new issues of share. They will also generate interest among investors on the company's securities.

Table No. 2: Total Brokers and Corporate Brokers of BSE (1994-95 to 2017-18)

Years	Total brokers	Corporate brokers	Corporate brokers as a % of total broker
1994-95	597	25	4.2
1995-96	608	71	11.7
1996-97	628	97	15.4
1997-98	651	311	47.8
1998-99	637	352	55.3
1999-00	631	385	61
2000-01	689	463	67.2
2001-02	660	463	70.2
2002-03	665	468	70.4
2003-04	673	479	71.2
2004-05	726	534	73.6
2005-06	840	661	78.7

2006-07	901	722	80.1
2007-08	946	767	81.1
2008-09	984	805	81.8
2009-10	1003	826	82.4
2010-11	1301	1087	83.6
2011-12	1376	1164	84.6
2012-13	1,361	1,162	85.4
2013-14	1,316	1,120	85.1
2014-15	1,323	1,103	83.4
2015-16	1,351	1,129	83.6
2016-17	1394	1197	86
2017-18	1,295	1,105	85.3
2012-13	1,361	1,162	85.4
2013-14	1,316	1,120	85.1
2014-15	1,323	1,103	83.4
2015-16	1,351	1,129	83.6
2016-17	1394	1197	86
2017-18	1,295	1,105	85.3

Source: Hand Book of Statistics of the Indian Securities Market, 2019, SEBI

The above table presents that total broker and corporate broker of Bombay Stock Exchange during 1994-95 to 2017-18. There were 597 stock brokers registered in BSE in 1993-94 which increased to 1295 in 2017-18. The number of total brokers increased more than double within 30 years. Whereas the corporate brokers increased from 25 in 1994-95 to 1105 in 2017-18. The corporate brokers grew 46 percent in 17 years. The Corporate brokers as a % of total broker was 4.2 percent in 1994-95 and it increased to 85.3 percent in 2017-18.

3. The number of Companies listed on BSE

BSE has the largest number of companies listed in the world it is the market leader with 64% of total fund raised from stock market. It providing financial supporting for companies and it determine the standardization of company stock.

Table No. 3: the number of Companies listed on BSE

Years	Number of Listed companies in BSE
1991-92	2,601
1992-93	2,861

1993-94	3,858
1994-95	4,702
1995-96	5,603
1996-97	5,832
1997-98	5,853
1998-99	5,849
1999-00	5,815
2000-01	5,869
2001-02	5,782
2002-03	5,650
2003-04	5,528
2004-05	4,731
2005-06	4,781
2006-07	4,821
2007-08	4,887
2008-09	4,929
2009-10	4,975
2010-11	5,067
2011-12	5,133
2012-13	5,211
2013-14	5,336
2014-15	5,624
2015-16	5,911
2016-17	5,834
2017-18	5,619
2018-19	5,262
2019-20	5,352

Source: Hand Book of Statistics of the Indian Securities Market, 2019, SEBI

The above table depicts that there was a manifold increase in the number of companies listed on the Bombay stock exchange. The number of listed on BSE was 2601 in 1991-92 which increased to 5352 companies by 2019-20. There is a steep increase in the companies listed in BSE are utilizing the stock market as offering for their growth.

4. Trading statistics of BSE

The Number of shares traded refers to people owning shares by means of subscribing to IPO, if one requires liquidity they will sell shares in the stock market. The shares that are more in demand price go up and those that are low in demand go down. The investors in the share/stock market make money

by the principle of buying low and selling high. The Number of Share delivered means the share which was issued in primary market is purchased by investor in stock market. Value of shares refers to the amount of share delivered in stock market. The trading statistics represents the stock transaction in Bombay Stock exchange.

Table No. 4

Years	No of shares traded (in Lakh)	No of shares delivered (in Lakh)	Value of shares delivered (in Crore)
1994-95	107,248	44,696	26,641
1995-06	77,185	26,763	11,527
1996-97	80,926	21,188	10,993
1997-98	85,877	24,360	22,512
1998-99	129,272	50,570	85,617
1999-00	208,635	94,312	174,740
2000-01	258,511	86,684	166,941
2001-02	182,196	57,668	59,980
2002-03	221,401	69,893	48,741
2003-04	385,806	133,240	107,153
2004-05	477,174	187,519	140,056
2005-06	664,467	300,653	271,227
2006-07	560,780	229,685	297,660
2007-08	986,005	361,628	476,196
2008-09	739,600	196,630	230,332
2009-10	1,136,513	363,578	311,364
2010-11	990,776	376,890	302,126
2011-12	654,137	255,999	181,560
2012-13	5,67,218	2,43,217	1,68,490
2013-14	4,79,949	2,31,247	1,80,243
2014-15	8,60,695	4,32,112	2,99,835
2015-16	7,62,549	3,57,015	2,46,883
2016-17	7,07,223	3,03,782	4,64,996
2017-18	7,71,564	3,08,291	3,95,999
2018-19	5,18,108	1,95,612	2,61,208
2019-20	4,89,410	1,87,439	1,75,282

Source: Annual Reports of SEBI 2019-20

The above table presents that the quantity of Number of shares traded, No of the share delivered and the value of shares delivered from 1994-95 to 2019-20 in Bombay Stock Exchange. The number of shares traded during the year 1994-95 was 107248 lakh and it reached 489410 lakh in 2019-20. The highest number of shares traded was 1136513 lakh in 2009-10. The number of share delivered or purchased was 44696 lakh in 1994-95 and highest delivered was 4,32,112 lakh in 2014-15. The value of share delivered was Rs.26641 Crore in 1994-95 which increased to 175282 Crore in 2019-20. The highest value of shares delivered was in 2007-08 when it reached 476196 crores.

5. Distribution of Turnover at Cash Segment of BSE

It is the barometer of the size of the stock market and market value of investors' wealth. The turnover signifies market liquidity which is calculated by dividing the total number of shares traded over a period by the average number of shares outstanding for the period. The higher the share turnover, the more liquid is the share of the company.

Table No. 5

YEAR	Turnover (Rs. Crore)	% Change
1991-92	71,777	-
1992-93	45,696	-36.34
1993-94	84,536	85
1994-95	67,749	-19.86
1995-96	50,063	-26.11
1996-97	124,284	148.26
1997-98	207,644	67.07
1998-99	311,999	50.26
1999-00	685,028	119.56
2000-01	1,000,032	45.98
2001-02	307,292	-69.27
2002-03	314,073	2.21
2003-04	503,053	60.17
2004-05	518,715	3.11
2005-06	816,074	57.33
2006-07	956,185	17.17
2007-08	1,578,857	65.12
2008-09	1,100,074	-30.32

2009-10	1,378,809	25.34
2010-11	1,105,027	-19.86
2011-12	667,498	-39.59
2012-13	548,774	-17.79
2013-14	521,664	-4.94
2014-15	854,845	63.87
2015-16	740,089	-13.42
2016-17	998,261	34.88
2017-18	1,082,968	8.49
2018-19	775,590	-28.38
2019-20	578,924	-25.36

Source: Hand book of Statistics of the Indian Security market-2020, SEBI

The above table presents distinction of turnover at cash segment of BSE. It shows a sustained increase in the turnover on Bombay stock exchanges which from Rs. 71777 Crore during 1991-92 and it increased to Rs. 1578857 Crore during 2007-08 . Unfortunately since then 2009-10 it kept on declining and it reached Rs. 578924 crores in 2019-20.

7. Market Capitalization of BSE

The market capitalization, is the total value of the issued shares of a publicly traded company; it is equal to the share price times the number of shares outstanding. It could be used as a proxy for the public opinion of a company's net worth and is a determining factor in some forms of stock valuation. It is the barometer of the size of the stock market and market value of investors' wealth.

Table No. 6

YEAR	Market capitalization (Rs. Crore)	% Change
1991-92	323,363	
1992-93	188,146	-41.82
1993-94	368,071	95.63
1994-95	468,837	27.38
1995-96	563,748	20.24
1996-97	505,137	-10.4
1997-98	630,221	24.76

1998-99	619,532	-1.7
1999-00	912,842	47.34
2000-01	571,553	-37.39
2001-02	612,224	7.12
2002-03	570,568	-6.8
2003-04	1,201,206	110.53
2004-05	1,698,428	41.39
2005-06	3,022,190	77.94
2006-07	3,545,041	17.3
2007-08	5,138,014	44.94
2008-09	3,086,075	-39.94
2009-10	6,165,619	99.79
2010-11	6,839,084	10.92
2011-12	6,214,941	-9.13
2012-13	53,48,645	-13.94
2013-14	74,15,296	38.64
2014-15	1,01,49,290	36.87
2015-16	94,75,328	-6.64
2016-17	1,21,54,525	28.28
2017-18	1,42,24,997	17.03
2018-19	1,51,08,711	6.21
2019-20	1,46,87,010	-2.79

Source: Hand book of Statistics of the Indian Security market-2020, SEBI

The Table presents the BSE market capitalization that had a compound growth of from 1991-92 to 2019-20. The market capitalization of BSE was Rs. 323363 Crore in 1991-92 which increased to 14687010 Crores in 2019-20. There was negative growth rate in 1992-93, 1996-97, 1998-99, 2000-01, 2002-03, 2008-09, 2015-16 and 2019-20 But as a whole the market capitalization is doing well. The growth rate was 110.53 percent in 2003-04. The highest growth was in 2003-04 where the growth was 110.53% followed by 2009-10 where to growth 99.79%. The market capitalization has grown over the period indicating that more companies are using the trading platform of the stock exchanges. It is the barometer of the size of the stock market and market value of investors

7. Impact of BSE on Economic Growth

Table No. 7: Stock Market Development Indicators of Liquidity (percent)

Year	Market capitalization ratio/GDP	Turnover ratio-BSE	Value traded ratio-BSE
1991-92	52.7	22.19	11.69
1992-93	25.1	24.3	6.1
1993-94	42.8	23.0	9.8
1994-95	46.3	14.5	6.7
1995-96	47.5	8.9	4.2
1996-97	36.9	24.6	9.1
1997-98	41.4	32.9	13.6
1998-99	35.6	50.2	17.8
1999-00	47.1	75.2	35.4
2000-01	27.4	175.0	47.9
2001-02	26.9	50.2	13.5
2002-03	23.3	54.9	12.7
2003-04	43.4	41.9	18.2
2004-05	52.4	30.5	16.0
2005-06	81.8	27.0	22.1
2006-07	82.6	27.0	22.3
2007-08	103.0	30.7	31.7
2008-09	55.3	35.6	19.7
2009-10	94.1	22.4	21.0
2010-11	94.4	16.2	14.0
2011-12	110.4	10.7	8.0
2012-13	69.2	8.6	5.9

2013-14	75.4	7	5.3
2014-15	96.2	8.4	8.1
2015-16	88.4	5.6	4.9
2016-17	87.1	5.4	4.7
2017-18	109.3	7.6	8.3
2018-19	103.6	4	4.2

Source: Hand book of Statistics of the Indian Security market-2019, SEBI

The table presents market capitalization ratio, turnover ratio and value traded ratio of BSE, indicated the size of the market. There is a considerable improvement in the market capitalization ratio except in 1992-93(24.3percent), 2001-02(26.9 percent), and 2002-03 (23.3 percent). It reached the peak of 103percent in 2007-08 which marginally declined to 55.3 percent due to the global recession further it increased to 110.4 percent in 2011-12 further variation it decreased to 103.6 at 2018-19.

The turnover ratio, which reflects the volume of trading in relation to the size of the market, has been increasing by leaps and bounds .The turnover ratio in 2000-01 was 175.0 per cent which was highest in the world, but there was steep decline in the turnover ratio i.e. 16.2 per cent in 2010-11 and 10.7 per cent in 2011.12 further variation it reaches to 4% in 2018-19.

9. Annual Average of Shares Prices Indices of BSE Sensex

Table 8.

YEAR	SENSEX
1991-92	1,842
1992-93	2,896
1993-94	2,892
1994-95	3,977
1995-96	3,289
1996-97	3,468

1997-98	3,812
1998-99	3,295
1999-00	4,659
2000-01	4,270
2001-02	3,332
2002-03	3,206
2003-04	4,492
2004-05	5,741
2005-06	8,280
2006-07	12,277
2007-08	16,569
2008-09	12,366
2009-10	15,585
2010-11	18,605
2011-12	17,423
2012-13	18,202
2013-14	20,120
2014-15	26,557
2015-16	26,322
2016-17	27,338
2017-18	32,397
2018-19	38,990
2019-20	42,274

No. 9:

Source: Hand book of Statistics of the Indian Security market-2020, SEBI

The table presents the annual average of share price increases in the Bombay Stock Exchanges' 30-share Sensitive Index (Sensex) was 1842 points in 1991-92. It reached to 3977 points in 1994-95 due to increase inflow of foreign funds and increase in investors' confidence. The union budget of 1999 brought cheers to the market. The Sensex stimulated up to 4659 points in 1999-00. The trend got reversed during 2000-01, which witnessed large sell-off in stocks due to worldwide market slow down and deceleration in the growth of the domestic economy. This brought down Sensex to 3206 at the end of 2002-03. Further Sensex points were rapidly going on increase due to taken government improvement measure 42274 recorded at 2019-20.

10. Conclusion

Today Indian economy is one of the fastest growing economies in the world. The health of economy is reflected in the performance of capital market. The global financial crisis impacted majority of the economies, but very few escaped from the wrath of crisis, of them India is one of the major country, as it has higher immunity to resists global melt down. The government of India, RBI, and SEBI guarded the capital market and Indian economy. Present days BSE providing an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives, mutual funds. BSE has the largest number of 5352 companies listed in the world BSE is the market leader with 64% of total fund raised and continues to grow at a steady pace. Overall BSE stock exchange activities of Market Capitalization which is the barometer of the size of the stock market and market value of investors' wealth And Turnover which represent the market liquidity both the market is doing well and the volatility of market is the least in the world.

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