

## **B. Kaushik & Associates.**

**Company Secretaries**

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# **BSE: A BRIEF OVERVIEW**



## **Introduction:**

BSE (formerly called Bombay Stock Exchange) was based in 1875 and is Asia's initial and quickest stock market, with a speed of half-dozen microseconds.

It is conjointly one in all India's leading exchange teams. BSRE has assisted the expansion of the Indian corporate sector by providing efficient and effective economical capital-raising platform for the past 143 years.

The BSE, or Bombay stock Exchange, was founded in 1875 as 'The Native Share & Stock Brokers' Association.' In 2017, BSE became India's first publicly traded stock Exchange.

This is India's first and largest security exchange firm. it's one in all the world's largest stock exchanges, with over 6000 companies listed.

## **Timeline of what you will get to know about the BSE?**

1. History of Bombay Stock Exchange.
2. BSE Index.
3. BSE Features.

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4. BSE - Contribution, Determination of Price, Capital Raising, Marketability and Liquidity.
5. Significant Aspect and BSE Goal.

### History:

The Bombay Stock Exchange is located on Dalal Street in Mumbai, India's financial district. Stockbrokers used to conduct business in front of the Mumbai town hall under a banyan tree in the 1850s. Dalal Street was formally chosen in 1874 as the location for the Native Share and Stock Brokers' Association, the forerunner organisation that would eventually become the BSE, after a few decades of various meeting locations.

### BSE Index:



- ♣ The BSE Index, also known as the S&P BSE SENSEX (**Sensitive Index**), is India's first stock market index and is widely followed around the world. It has 30 stock index that represents 12 major industries. The S&P BSE SENSEX is based on a "free-float" methodology and is therefore sensitive to market sentiments and realities. BSE offers 21 indices, including 12 sectoral indices, in addition to the S&P BSE SENSEX. The BSE and Deutsche Börse have agreed to collaborate on indexes. S&P BSE SENSEX and other BSE indices are now available to investors in Europe and America thanks to this agreement.
- ♣ For trading in equity, debt instruments, and derivatives, the BSE provides an efficient and transparent market. With a presence in more than 359 cities and towns across India, it has a

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national footprint. BSE has always complied with international regulations. The systems and processes are intended to protect market integrity and increase operational transparency. BSE is India's first stock exchange and the world's second to be ISO 9001:2000 certified. It is also the first exchange in the country and the second in the world to receive certification for its BSE On-line Trading System under the Information Security Management System Standard BS 7799-2-2002 (BOLT).

- ♣ The BSE has aided the expansion of India's corporate sector by developing the country's capital market, including the retail debt sector, over the years. BSE India also has an equity trading platform for small and medium-sized businesses.
- ♣ The BSE has also expanded its services to include settlement, clearing, and risk management in the capital markets. Continue reading to learn more about India's first security exchange firm.
- ♣ For their business activities, BSE India initially used an open outcry floor trading method. Traders and brokers gathered in a 'pit' and used hand and voice signals to communicate information about various types of transactions in this method. This method is also known as a floor trading system or an open floor system.
- ♣ The stock exchange used this system until 1995. The modern electronic trading system emerged as a result of the introduction of new technology and rapid globalisation. The new system was found to be far more dependable, quick, and effective than the old one. The new method greatly reduced the number of errors and loopholes that existed in the previous floor trading system.
- ♣ The need for traders and brokers to congregate in the pit has all but vanished under the new trading system. All of the brokers and traders were on board with the procedure. The transition to the new trading system was relatively quick, taking only 50 days for the exchange. BOLT (BSE's Online Trading System) was the name of the sophisticated new trading platform. Every day, the new system can process more than 8 million orders.

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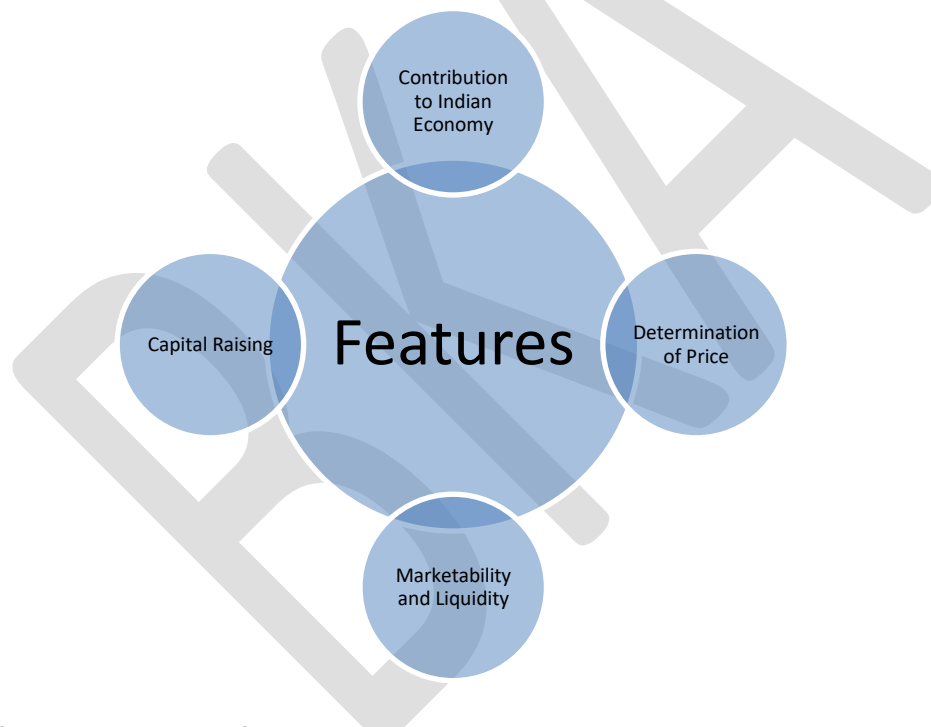


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## BSE India's Features:

The following are some of the Bombay Stock Exchange's characteristics:

- ❖ The BSE India has played a significant role in the development of India's capital market and the improvement of the country's corporate sector.
- ❖ The benchmark index for the BSE is the SENSEX 30. It includes companies from 12 different industries.
- ❖ It is the oldest stock exchange in India and of the Asia.
- ❖ Stock futures, stock options, weekly options, index options, and index futures are just a few of the security options listed on the BSE.



## Contribution to Indian Economy:

The BSE India also contributes significantly to the country's economic growth and stability. The continuous flow of money through the market contributes to the expansion of the national economy. The continuous selling and reselling of listed securities allow for more capital and funds to be moved.

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### **Determination of Price:**

The price of financial segments on the secondary market is determined by two factors: demand and supply. The BSE contributes to this by continuous valuation of listed companies and their securities. Various indices (such as the SENSEX) can be used by investors to forecast market movement in the future.

### **Capital Raising:**

The BSE India allows many Indian companies to go public and raise capital from the general public. Companies that meet all of the requirements can be listed on the stock exchange and raise funds in a variety of ways.

### **Marketability and Liquidity:**

The liquidity to marketability ratio of securities listed on the BSE is far better than any other investment option. Selling securities and converting them into cash is very simple for an investor. These transactions can be carried out entirely at the investor's discretion.

### **Significant Aspects:**

- ▲ It is Asia's first stock exchange and India's largest stock exchange and largest securities market.
- ▲ The BSE has played a key role in the development of India's capital markets by providing a cost-effective platform for Indian companies to raise investment capital.
- ▲ The BSE is known for its electronic trading system, which allows traders to execute trades quickly and efficiently.
- ▲ The BSE allows investors to trade stocks, currencies, debt instruments, derivatives, and mutual funds.
- ▲ Other important capital market trading services provided by the BSE include risk management, clearing, settlement, and investor education.

### **The Bombay Stock Exchange's goals are as follows:**

1. Creating a national trading centre for all types of securities
2. Using an appropriate network ensures equal access to all investors across the country.

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3. Using an electronic trading system, and to provide a fair, efficient, and transparent securities market.
  4. Making it possible to have shorter settlement cycles and book entry settlements.
  5. Complying with international guidelines.

### **Final Thoughts:**

The BSE is the country's oldest and most well-known stock exchange. The founders of the stock exchange, which was founded in the 1850s, had no idea they were laying the groundwork for Asia's largest stock exchange. This exchange was created to meet market demands and make investing more convenient. BSE India, which is ranked as one of the best exchanges in the world, has aided in the development of a more stable economy. It has a lot of features and benefits that make it stand out.