
EMERGING FACE OF STOCK EXCHANGES IN INDIA

R.Ragavan & S.Ayyanyar
M.B.A (FINANCE), Sri Kaliswari
Institute of Management and
Technology, Sivakasi

Introduction

The capital market is a vital of the financial system. Capital market provides the support of capitalism to the country. The wave of economic reforms initiated by the government has influenced the functioning and governance of the capital market. The Indian capital market is also undergoing structural transformation since liberalization. The chief aim of the reforms exercise is to improve market efficiency, make stock market transactions more transparent, curb unfair trade practices and to bring our financial markets up to international standards.

Further, the consistent reforms in Indian capital market, especially in the secondary market resulting in modern technology and online trading have revolutionized the stock exchange. Globalization and financial sector reforms in India have ushered in a sea change in the financial architecture of the economy. In the contemporary scenario, the activities in the financial markets and their relationships with the real sector have assumed significant importance. Since the inception of the financial sector reforms in the early 1990's, the implementation of various reform measures including a number of structural and institutional changes in the different segments of the financial markets has brought a dramatic change in the functioning of the financial sector of the economy. Altogether, the whole gamut of Institutional reforms connected to globalization program, introduction of new instruments, change in procedures, widening of network of participants call for a re-examination of the relationship between the stock market and the foreign sector of India. It analyses the relationship between stock prices and foreign sector macroeconomic variables in India with implications on efficiency of Indian stock market. With positive indicators such as a stable 8-9 per cent annual growth, GDP of \$4.156 trillion, a labor force of 509.3 million, rising foreign exchange reserves of over US\$ 222 billion, a booming capital market with the popular 'Sensex' index topping the majestic 15,000 mark, the Indian economy is fast emerging as a lucrative place for foreign investors.

The Bombay Stock Exchange was setup in 1875 and is one of the oldest stock exchanges in India. The BSE Sensex is the benchmark index of the country and acts as a barometer of the economy. It is also called the BSE (30) Sensitive Index. The Sensex is a 30 stock index, composed of the largest and most traded stocks representing various sectors in the economy. The Sensex has come a long way from around 2000 in January 1992 to 15000+ in June 2007. Over the last one decade there has been an increase in the mobility of international capital flows globally. This is more evident in the increase in the foreign capital flowing into the emerging market economies (EME's). Among the emerging markets, India given its strong performance, economic growth and well regulated stock market has been the most preferred destination after China in the recent years. This also includes an overview of capital market,

EMERGING FACE OF STOCK EXCHANGES IN INDIA

definitions, history, nature, functions, types of markets, SEBI guidelines, different stock exchanges global and domestic, reforms, and impact of global crisis.

Statement of the Problem

Revenue generation plays a major role for any company including broking companies. A company's success is defined with the amount of earnings it gets by means of doing its operations. In the stock exchanges, mainly stock broking companies are acted as bridge between investors and Stock exchanges. The broking companies motivate the investors in buying and selling of shares, debentures, bonds etc., and also they provide some valuable services to them. The present study focuses on the income generated by the stock broking companies in India. In this situation, a need is felt to study the way of revenue generation of some of the broking companies in India.

Objectives of the Study

Following are the objectives of the present study.

1. To study the current situation of stock exchanges in India.
2. To find out the income earned by selected stock broking companies in India.
3. To analyse the revenue earned by stock broking companies to their various teams.

Research Methodology

The researchers have undertaken an analytical study. The study is based only on secondary data. The secondary data have been collected from the company annual reports, websites and financial statements of the companies.

Data Analysis and Interpretations

- Motilal Oswal financial services limited
- IIFL Holding limited
- Geojit BNP Paribas financial services limited
- Religare
- Reliance capital
- Edelweiss
- Karvy stock broking limited
- Icici securities limited
- Axis securities limited
- Zerodha
- Kotak securities limited
- CM Investments
- Centrum Broking
- Systematix shares and stocks

EMERGING FACE OF STOCK EXCHANGES IN INDIA**Summary of Findings and Suggestions**

It is noticed that the revenues of Motilal oswal wealth management (68 %), asset management (48 %), Real Estate Investment Advisors 2 (57 %), and Aspire Home Finance Corporation (46 %) have seen an increase in their revenues for the last five years. The revenues of a few subsidiaries such as Motilal oswal securities (53 %), commodities (48 %) and investment advisors private (14 %) have seen a decline in revenues and the subsidiaries such as Motilal Oswal Real Estate Investment (0%), securities international (0 %), and Capital Markets Singapore (0 %) saw a flat growth in this period.

It is observed that the net profits of Motilal oswal commodities (82%), Real Estate Investment Advisors 2 (83 %) and Investment Advisors (75 %) have seen an increase net profit in the last five years. The net profits of a few subsidiaries such as Motilal Oswal securities (26 %), capital markets (16 %), and Capital Markets Singapore (26 %) have seen a decline in profits in this period.

It is clear that the revenues of IIFL housing Finance (92%), IIFL Wealth management (74%), IIFL Private Wealth (Mauritius) (95%), and IIFL Inter Company Adjustments (62%) have seen an increase in their revenues for the last five years. The revenue of a few subsidiaries such as IIFL Insurance brokers (33%), commodities (77%), and media and research services (4%) have seen a decline in revenues and the subsidiaries such as India infoline Trustee Company (0%), Insurance (0%), and IIFL (Asia) (0%) saw a flat growth in the period.

It is inferred that the Net profits of IIFL Finance (62%), housing Finance (95%), Wealth management (86%), Private Wealth (Mauritius) (99%), and Inter Company Adjustments (92%) have seen an increase in net profits for the last five years. The net profits of a few subsidiaries IIFL Insurance brokers (3%), commodities (16%), and wealth (U.K) (16%) have seen a decline in profit in this period.

It is observed that the revenues of Geojit Investment services (44%), QBG Geojit Securities LLC (77%) and Geojit Bnp Paribas financial services (97%) have seen an increase in their revenues for the last five years. The revenue of subsidiaries such as Geojit Technologies (24%) and Geojit financials distribution (87%) have seen a decline in revenues and the subsidiaries such as financial management services (0%) subsidiaries are no business in past two years.

It is found that the net profits of Geojit Technologies (57%), QBG Geojit LLC (10%) and Geojit Bnp Paribas financial services (80%) have seen an increase in net profits in the last five years. The net profits of a few subsidiaries such as Geojit investment services (60%) have seen a decline in profits in this period.

It is observed that the revenues of Religare Finvest (26%), Infracapital (19%), Health Insurance Company (51%), Asset Management Company (75%), Investment Advisors (72%), Global Asset Management Inc (67%), Northgate Capital Asia (India) (15%), Northgate Capital LP (97%) and RGAM Corporation (68%) have seen an increase in their revenues for the last five years. The revenues of a few subsidiaries such as Religare Securities (18%), Venture Capital (80%) and landmark partners LLC (12%) have seen a decline in revenues and the subsidiaries such as Religare Enterprises (51%), Religare Bullion (74%), Religare Insurance Broking (37%), and Religare Advisory Services (34%) no business carried as last five years. It is clear that the net profits of Religare Finvest (53%), Share Brokers (40%), Asset Management Company (63%),

EMERGING FACE OF STOCK EXCHANGES IN INDIA

Housing Development Finance Corporation (78%), Finance (40%), Investment Advisors (88%), Commodity Broking Private (27%), and Northgate Capital LP (35%) have seen an increase net profit in the last five years. The net profits of a few subsidiaries such as Religare Commodities (68%), Infrafacilities (63%), Health Insurance Company (72%), and Arts Initiative (26%) have seen a decline in net profits and the subsidiaries such as Religare Insurance Broking (14%), Advisory Services (76%), and Capital Advisors (54%) is no business activity carried as last five years.

It is observed that the revenues of Reliance asset Management Company (98%), general insurance (61%) and wealth management (90%) have seen an increase in their revenues for the last five years. The revenues of a few subsidiaries such as Reliance financial (1%), and Reliance money precious metals (74%) have seen a decline in revenues and the subsidiaries reliance investment banking services (0%), and alternative investments services (0%) and the subsidiaries are Reliance venture asset management (94%) and reliance asset management (Malaysia) (24%) no businesses for last few years.

It is clear that the net profits of Reliance capital asset management (34%), general insurance company (71%), and Reliance money express (56%) have seen an increase in net profits in the last five years. The net profits of a few subsidiaries such as Reliance pension fund (99%), spot exchange infrastructure (99%) and equity advisors (India) (56%) have seen a decline in profits and the subsidiaries such as Reliance venture asset management (49%), composite insurance broking (58%), and Reliance investing banking services (0%) no business on few years.

It is observed that the revenues of Edelweiss finance (79%), web services (99%), global Wealth Management (88%), equities (59%) and investment advisors (96%) have seen an increase in their revenues for the last five years. The revenues of few subsidiaries such as Edelweiss global (22%), SBI crossover advisors LLC (92%) and finance and investment (54%) have seen a decline in revenues and the subsidiaries such as Edelweiss Trusteeship Company (9%) saw a equal flat growth in this period.

It is evident that net profits of Edelweiss finance and investments (89%), finance (68%), web services (94%) and Insurance Brokers (59%) have seen an increase in net profits in the last five years. The net profits of a few subsidiaries Edelweiss global Wealth Management (81%), Edelweiss global (37%), Asset Management Company (99%) and custodial services (80%) have seen a decline in profits in this period.

It is clear that the revenues of Kotak Mahindra Prime (53%), Capital Company (92%) and Kotak Mahindra Investments (80%) have seen an increase in their revenues for the last five years. The revenue of few subsidiaries such as Kotak Mahindra Old Mutual Life Insurance (43%) and Kotak Mahindra Forex. Brokerage (74%) have seen a decline in revenues and the subsidiaries such as Kotak Mahindra General Insurance Company (0%) saw a flat growth in this period.

It is noticed that the net profits of Kotak Mahindra Investments (90%), Asset Management Company (76%) and Trustee Company (68%) have seen an increase in net profits in the last five years. The profits of a few subsidiaries such as Kotak Securities (99%), Kotak Mahindra Prime (30%) and Capital Company (45%) have seen a decline in profits in this period.

EMERGING FACE OF STOCK EXCHANGES IN INDIA**Conclusion**

Our study reveals that a paradigm shift is slowly taking place and the broking industry is in the verge of huge transformation. Technology plays a vital role in recent developments. As broking income alone cannot save the companies, they try different options in the same field and fastly diversifying to cater the needs of the investors so as to survive and grow.

Bibliography

1. E.Gordon, K.Natarajan, "Financial Markets and Services" Himalaya publishing House. 2014.
2. Dalal street investment, journal of "Emerging Face of Broking Industry" October 3rd to 16th, 2016.