Financials of Indian Stock Exchanges

M.S. SAHOO, Economic Advisor, NSEIL, Mumbai.

Inspite of the fact that the Stock Exchanges in India earn substantial non business income, their financial performance has been poor and the Exchanges except NSE and BSE incurred losses during 2000-2001. The reasons for such financial condition of Indian Stock Exchanges are probed here.

MULTIPLICITY OF EXCHANGES

STOCK Exchanges are the exclusive centres for trading of securities. The regulatory framework favours them heavily by almost banning trading of securities outside exchanges. Till recently, they enjoyed territorial monopoly. Listing of companies on the local exchange is mandatory to provide an opportunity to investors to invest in the securities of local companies. Companies wishing to list their securities must get listed on the regional (an exchange is considered regional for the State/Union Territory where it is located) stock exchange nearest to their registered office. If they so wish, they can seek listing on other exchanges also. In a vast country like India, investors long for convenience of trading from a nearby place and take pride also in having stock exchanges in their vicinity. Monopoly of the exchanges within their allocated area, regional aspirations of the people and mandatory listing on the regional stock exchange resulted in multiplicity of exchanges. As a result, there are 24 exchanges (The Capital Stock Exchange, the latest in the list, is yet to commence trading) in the country recognised over a period of time to enable investors across the length and breadth of the country to access the market.

Until recently, the area of operation/jurisdiction of an exchange was specified at the time of its recognition, which in effect precluded competition among the exchanges. These are called regional exchanges. However, the three newly set up exchanges (OTCEI, NSE and ICSE) were permitted since their inception to have nation wide trading. All other exchanges have now been allowed to set up trading terminals anywhere in the country. Many of them have already expanded trading operations to different parts of the country. The trading platforms of many exchanges are now accessible from a location. Further, with extensive use of information technology, the trading platforms of a few exchanges are also accessible from anywhere through the Internet and mobile devices. This made a huge difference in a geographically vast country like India. It significantly expanded the reach of the exchange to the homes of ordinary investors and assuaged the aspiration of the people to have exchanges in their vicinity. The issuers/investors now prefer to list/trade on exchanges providing nation-wide network rather than on regional exchanges. Consequently, territorial jurisdiction of an exchange, opportunity to invest in securities of local companies through listing on regional exchanges, and convenience of trading from a nearby exchange lost relevance.

The trading volumes on exchanges have been witnessing phenomenal growth for last few years. Since the advent of screen based trading system in 1994-95, it has been growing by leaps and bounds and reported a total turnover of Rs. 33,13,338 crore in 2000-2001. It, however, declined to Rs. 19,46,865 crore during 2001-2002 in view of alleged irregularities in stock market operations. The introduction of rolling settlement also contributed to decline as market participants took some time to adjust to the new settlement regime. The growth of turnover has, however, not been uniform across exchanges as may be seen from *Table-1*. The increase in turnover took place mostly at big exchanges and it was partly at the cost of small exchanges that failed to keep pace with the changes. The business moved away from small exchanges to exchanges, which adopted technologically superior trading and settlement systems. The huge liquidity and order depth of big exchanges further sucked liquidity of other stock exchanges. As a result, 15 small exchanges put together reported less than 0.01% of total turnover during 2001-02, while 2 big exchanges accounted for over 96% of turnover. About a dozen exchanges reported nil turnover during 2001-02. For most of the exchanges, the *raison d'être* for their existence, i.e. turnover, has disappeared.

NSE and BSE are the major exchanges having nationwide operations. While NSE operated through 3462 VSATs in 420 cities, BSE operated through 1875 VSATs from 403 cities at the end of March 2001. The turnover in the CM segment of NSE from non-Mumbai locations accounted for 60% of turnover during 2001-02. *Table-2* presents the comparative volumes of turnover of other stock exchanges vis-à-vis turnover of NSE terminals (only CM segment) from different cities during 2001-2002. It is observed that NSE now reports higher turnover from its trading terminals in the home turf of most of the corresponding regional exchanges indicating declining attractiveness of regional exchanges even for local investors.

FINANCIAL HEALTH OF EXCHANGES

Tables 3 to 5 present financial and economic viability of the exchanges. Though these tables have been constructed from their financial statements, it is advisable not to compare the figures across exchanges, as they follow different accounting practices. The format of the balance sheet and profit/loss account as well as the items included under different heads differs widely. For example, some exchanges include the deposits received from members in the liabilities, while some others include only cash component of deposits. These amounts appear as current liabilities for some exchanges and as contribution by members for some others. Some consider gross listing fee as income while some others consider net listing fee (net of contributions to SEBI and transfer to investor protection fund). Because of these differences, the performance of the exchanges is not strictly comparable with one another. Further, certain items have changed drastically during the year 2000-01 making it difficult to apply standard techniques of analysis. For example, total assets of BSE declined from Rs. 2019 crore at the end of 1999-2000 to Rs. 1364 crore at the end of 2000-01.

With fall in turnover, the financial health of many exchanges is deteriorating. While the income of the small exchanges is not increasing, they continue to incur increasing administrative and maintenance expenses and increased investment on setting up on-line trading and settlement systems. As may be seen from Table 3, total income of all exchanges (except NSE and BSE) declined from Rs. 107 crore in 1999-2000 to Rs. 104 crore during 2000-01, while total expenditure for these exchanges increased from Rs. 104 crore to Rs. 121 crore during the same period. About a dozen exchanges suffered losses during 2000-01 which was a boom year in terms of turnover. The exchanges (except NSE and BSE) together incurred a total loss of about Rs. 17 crore while BSE and NSE earned a profit of Rs. 5.6 and Rs. 105 crore respectively. The data for 2001-02, which was rather a difficult year when many exchanges witnessed negligible turnover, when available, would paint a further gloomy picture.

Such poor financial performance is despite the fact that the exchanges earn substantial amount of non-business income (income from listing, interest and rent), as may be seen from *Table 4*. Listing contributed Rs. 44 crore during 2000-01. This has become a perennial source of income for the exchanges and irrespective of the volume of business, it contributes almost the same amount year after year. The listing income accounted for as high as 84% of total income of Gauhati Exchange and 73% for MP Exchange. The exchanges also earned Rs. 130 crore from interest and rent during 2000-01. The interest income has increased in recent years mostly because of increase in custodial deposits collected by the exchanges for risk management. The income from interest accounted for as high as 71% of total income of Bhubaneswar exchange and 67% of OTCEI. Rent contributed 73% of total income of Coimbatore exchange. Thus, non-business income accounted for 68% and 65% of total income for all exchanges (except NSE and BSE) and 39% and 34% for all exchanges respectively in 1999-2000 and 2000-01. The decline in non-business income in relative terms during 2000-01 over 1999-2000 is attributed to huge increase in turnover on exchanges during 2000-01. Despite zero/negligible turnover, a few exchanges like Bhubaneswar, Cochin, Gauhati, Madhya Pradesh, Madras, Managalore, SKSE managed to earn a profit, albeit negligible, only because of their non-business income. Business income (membership fees and subscriptions, transaction-based service charges, miscellaneous income) increased substantially from Rs. 270 crore in 1999-2000 to Rs. 340 crore in 2000-01 primarily because of increase in volume of transactions in securities on exchanges. It still accounted for only 36% of total income of exchanges (except NSE and BSE) and 66% of all exchanges during 2000-01. It accounted for as high as 83% of total income of NSE in 2000-01. If the exchanges were not having non-business income, only one exchange, i.e. NSE, would be earning profit during 2000-01 and the exchanges together would have posted a loss of Rs. 80 crore.

The pattern of revenue of small exchanges varies sharply from that of big exchanges. Non-business income is the dominant source of income for small exchanges while business income contributes major portion of revenue of big exchanges.

This state of affairs will only worsen in the days to come. The year 2000-01 was a boom year in terms of turnover/business. Despite this, the financial health of the exchanges during 2000-01 is not encouraging. It would look more miserable for the year 2001-02 when a dozen exchanges have reported nil turnover. Another half dozen would report nil turnover 2002-2003 as all deferral products have ceased to be available and exchanges have shifted to rolling (uniform) settlement cycles recently. Most of the transactions on small exchanges, which were positions shifted across exchanges to gain from different settlement cycles, has disappeared. Further, the business would keep on shifting from small exchanges to more sophisticated and big exchanges which provide quality processing of transactions. These would reduce business income further for small exchanges. The listing income, which has been more in the nature of a fixed component, is only likely to decline in future once the process of de-listing of companies from these exchanges gains momentum. The process has already begun and a number of Indian blue chip companies have declared plans to delist their securities from small exchanges. According to an estimate (Prime Press Release dated 18th February, 2002), 16 MNCs bought the entire equity of their Indian subsidiaries and delisted them from stock exchanges in 2001. And over 90 companies are in the pipeline. Besides, many issuers find it difficult to keep on paying listing fees and complying with listing requirements of a number of exchanges without any corresponding gains in terms of volume of transactions. The new issuers, who are also few, prefer exchanges with nationwide network, not only because it makes sense to do so, but also it complies with the requirement of listing on the regional exchange. All these would contribute to decline in listing income in the years to come. In fact, it has already declined from Rs. 48 crore in 1999-2000 to Rs. 44 crore 2000-01. Interest income will also decline with decline in the interest rates in market. Besides as turnover decreases, the deposits with exchanges also decline and hence interest on such deposits. While all the incomes decline, expenditure would not decline proportionately. During the year 2000-01, the depreciation only amounted to Rs. 153 crore, about half of total business income of the exchanges. All these indicate further deteriorating health of exchanges in the days to come.

ECONOMIC VIABILITY

Table 5 presents operational efficiency of the exchanges. Asset turnover ratio measures operational efficiency. It indicates the number of times the assets have been turned over during a year. It has been worked out by dividing total income (both business and non-business income) by average of total assets (excluding miscellaneous expenditure) used during 2000-01. It works out 0.09 for exchanges (except NSE and BSE) and 0.14 for all exchanges. It means that assets have been turned over 0.14 times or assets worth Rs. 100 are required to generate an income of Rs. 14. NSE has the highest turnover ratio of 0.33 during 2000-01.

Similarly, return on capital measures the efficiency of resource use. It indicates the percentage return on capital employed. It has been worked out by dividing the profits before interest and tax (PBIT) by average of capital (total assets—current liabilities) employed during 2000-2001. The exchanges as a whole have employed capital of Rs. 1870 crore and generated a PBIT of Rs. 96 crore with a return on capital of 5%. The exchanges (except NSE and BSE) together reported a negative return on capital of 2.64%; many of them in fact reported negative returns.

In terms of economic efficiency as measured by output generated per Rupee of asset, the performance of small exchanges appears more dismal. The only output the exchanges produce is processing of transactions of securities, though the quality of processing varies widely across the exchanges. In fact, it is the quality of processing like transparency of trading, settlement guarantee, monitoring the listed companies, which have diverted business from small exchanges to big exchanges. Ignoring the quality of processing for a moment, a rupee of asset on average supported transactions worth Rs. 904 during 2000-01. The transaction per Rupee of asset varied widely from zero to Rs. 2154.

There was a time when we needed a large number of exchanges spread across the length and breadth of the country. The circumstances changed making most of them redundant. There have been attempts in the past by the authorities and exchanges to protect their viability. In a novel experiment, a number of small exchanges joined hands to float another exchange, called Inter Connected Stock Exchange of India Ltd. (ICSE), to provide a separate, inter-connected national market system for their trading members. In another experiment, a small exchange was allowed to promote a subsidiary, which acquired membership of a big exchange (NSE/BSE) and the members of the small exchange were registered as sub-brokers of the subsidiary. These experiments did not contribute much to revival of the exchanges.

We are now in a catch 22 situation when we neither find enough justification in their continued existence nor do we like to hasten their exit. We seem to be waiting for their natural death, which is not happening for a long time. As a result, clinically dead exchanges are surviving on artificial support system and under utilise assets/resources at their disposal. They have blocked sizable resources, a part of which can be released for some other use without affecting the quality or quantity of output.

From an economic angle, most of the exchanges have completely lost their viability. For any economic unit to be viable, it has to earn normal profits, i.e. earn income over and above what is required for meeting operational costs. It pulls down shutters if it does not earn normal profits. Leave aside profits; most of these exchanges have been generating negative returns and have displayed dismal performance as indicated by various indicators of efficiency. Despite such poor performance and negative returns, they do not respond to changes in economic environment, refuse to exit and presided over an asset base of Rs. 3221 crore at the end of March 2001. We are in a typical soft state where economic units do not respond to incentives and where the market has failed to arrive at desirable outcomes in resource use. This is more striking because these are the institutions who profess to be assisting in best allocation of resources, or channeling scarce resources to most productive use. The State, on the other hand, is not only silently watching wastage of resources by exchanges, but also continuing to extend its protective shield for their continued existence. In a changing environment, economic units generally fail to perceive availability of technological or market opportunities and need state's guidance. State needs to guide them through coercive regulations or by cooperative action, but is not doing so. The continued existence of stock exchanges in the changed environment thus presents a classic case of market as well as state failure.

WITHDRAWAL OF PROTECTION

Clearly there is not enough space for 24 exchanges in Indian securities market. This is akin to a situation where an organisation employs more people than required to carry on its mandated activities or the farm sector which chronically suffers from disguised unemployment. Such situations are remedied only by withdrawal of underutilised resources, which improves overall productivity. A similar approach is called for to reduce the number of stock exchanges in the country. The exit of a few exchanges, though appears harsh, seems to be the only economically sound alternative. The economic units exiting from the business of a stock exchange can take up some other activity. Luckily they have skill, expertise and infrastructure to take up other any activity in the financial market. They could consider moving into business of a non-exchange intermediary like stock-broking, investment banking, insurance agency or develop expertise to work in a niche area of an exchange like Canadian Venture Exchange.

Usually the economic units are given incentives to voluntarily withdraw themselves from an activity. We will have the desired result if the incentives, which support continued existence of exchanges, are withdrawn. The clinically dead exchanges would respond to withdrawal of incentives quickly as they have the skill to take up alternative activities. An issuer should not be required to pay listing fee, which has no link with the volume of services rendered by exchanges. The volume of services depends on volume of transactions processing and hence the exchange should levy a fee only on the volume of transaction. It does not stand to reason as to why an issuer should pay and continue to pay listing fees when there is absolutely no transactions in its securities. Payment of listing fees, which is ultimately borne by the investors, may be dispensed with in the interest of investors. In view of fact that exchanges do not necessarily discharge their listing responsibility professionally and do not enforce full compliance of the listing agreement because of their weakness for listing fees and their weak organisational structure, it is desirable that the powers of listing is withdrawn from them and vested in an independent agency. Similarly, the authorities should not renew the recognition of the exchanges who do not have adequate turnover to justify their continued existence. They may also even consider withdrawing recognition of the exchanges who do not provide efficient, transparent and quality processing of securities transactions. It is in fact an obligation on the state to grant, renew or withdraw recognition in public interest. The benefit of tax exemption given to most of the exchanges needs to be withdrawn to provide a level playing field to all exchanges and the exchanges should be treated at par with any other economic unit. With withdrawal of these incentives, some of the assets/investments of some exchanges would be released for more productive use which would serve greater public interest. This would also reduce the number of exchanges to a level amenable to demutualisation.

Table 1A: Growth and Distribution of Turnover on Stock Exchanges

(In Rs. crore)

Stock Exchanges	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
1 NSE	1,562,283	1,770,458	1,143,268	519,852	481,197	336,782	80,009	8,509	--
2 Mumbai	309,316	1,001,619	685,028	311,999	207,383	124,284	50,064	67,748	84,536
3 Calcutta	27,075	355,035	357,166	171,780	178,778	105,664	62,128	52,872	57,641
4 Uttar Pradesh	25,237	24,747	24,048	18,627	15,390	16,070	2,373	7,823	6,889
5 Ahmedabad	14,844	54,035	37,566	29,734	30,771	20,533	8,786	5,651	23,540
6 Delhi	5,828	83,871	93,289	51,759	67,840	48,631	10,076	9,083	12,098
7 Pune	1,171	6,171	6,087	7,453	8,624	9,903	7,071	3,672	3,459
8 Ludhiana	857	9,732	7,741	5,978	8,315	5,274	4,849	2,488	1,620
9 Bangalore	70	6,033	11,147	6,779	8,636	4,398	890	712	2,312
10 ICSEIL	55	233	545	1	--	--	--	--	--
11 Hyderabad	41	978	1,237	1,276	1,860	480	1,285	1,375	984
12 SKSE	27	0	0	0	17	398	564	545	302
13 Madras	24	109	250	370	1,228	2,315	1,594	3,033	2,299
14 Madhya Pradesh	24	2	10	1	1	12	204	118	134
15 Vadodara	10	1	159	1,749	4,576	4,268	1,259	1,621	2,997
16 OCTEI	4	126	3,588	142	125	221	218	365	39
17 Gauhati	0	0	0	30	20	484	619	285	452
18 Bhubaneshwar	0	0	70	77	202	231	226	143	420
19 Cochin	0	187	0	773	1,783	1,401	1,803	597	294
20 Magadh	0	2	8	0	323	2,755	1,629	797	1,938
21 Coimbatore	0	0	39	395	2,136	2,398	2,503	1,310	1,026
22 Jaipur	0	0	2	65	431	1,519	1,047	879	616
23 Mangalore	0	0	0	11	308	373	39	62	107
Total	**1,946,865**	**3,313,338**	**2,371,247**	**1,128,851**	**1,019,944**	**688,394**	**239,236**	**169,686**	**203,702**

Table No. 1B: Percentage Distribution of Turnover on Stock Exchanges

Stock Exchanges	2001-02	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
1 NSE	80.25	53.43	48.21	46.05	47.18	48.92	33.44	5.01	--
2 Mumbai	15.89	30.23	28.89	27.64	20.33	18.05	20.93	39.93	41.50
3 Calcutta	1.39	10.72	15.06	15.22	17.53	15.35	25.97	31.16	28.30
4 Uttar Pradesh	1.30	0.75	1.01	1.65	1.51	2.33	0.99	4.61	3.38
5 Ahmedabad	0.76	1.63	1.58	2.63	3.02	2.98	3.67	3.33	11.56
6 Delhi	0.30	2.53	3.93	4.59	6.65	7.06	4.21	5.35	5.94
7 Pune	0.06	0.19	0.26	0.66	0.85	1.44	2.96	2.16	1.70
8 Ludhiana	0.04	0.29	0.33	0.53	0.82	0.77	2.03	1.47	0.80
9 Bangalore	0.00	0.18	0.47	0.60	0.85	0.64	0.37	0.42	1.13
10 ICSEIL	0.00	0.01	0.02	0.00	--	--	--	--	--
11 Hyderabad	0.00	0.03	0.05	0.11	0.18	0.07	0.54	0.81	0.48
12 SKSE	0.00	0.00	0.00	0.00	0.00	0.06	0.24	0.32	0.15
13 Madras	0.00	0.00	0.01	0.03	0.12	0.34	0.67	1.79	1.13
14 Madhya Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.07	0.07
15 Vadodara	0.00	0.00	0.01	0.15	0.45	0.62	0.53	0.96	1.47
16 OCTEI	0.00	0.00	0.15	0.01	0.01	0.03	0.09	0.22	0.02
17 Gauhati	0.00	0.00	0.00	0.00	0.00	0.07	0.26	0.17	0.22
18 Bhubaneshwar	0.00	0.00	0.00	0.01	0.02	0.03	0.09	0.08	0.21
19 Cochin	0.00	0.01	0.00	0.07	0.17	0.20	0.75	0.35	0.14
20 Magadh	0.00	0.00	0.00	0.00	0.03	0.40	0.68	0.47	0.95
21 Coimbatore	0.00	0.00	0.00	0.03	0.21	0.35	1.05	0.77	0.50
22 Jaipur	0.00	0.00	0.00	0.01	0.04	0.22	0.44	0.52	0.30

23 Mangalore	0.00	0.00	0.00	0.00	0.03	0.05	0.02	0.04	0.05
Share of largest 2 (2001-02)	**96.13**	**83.66**	**77.10**	**73.69**	**67.51**	**66.98**	**54.37**	**44.94**	**41.50**
Share of remaining 21	**3.87**	**16.34**	**22.90**	**26.31**	**32.49**	**33.02**	**45.63**	**55.06**	**58.50**
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: SEBI and NSE

Note : 1. Turnover means total value of transactions of securities in all the market segments of an Exchange.
2. The stock exchanges have been arranged in descending order of the turnover during 2001-02.

Table 2: **Turnover on NSE terminals Vs. Turnover on other Exchanges in the City**

(In Rs. crore)

Stock Exchange/	1998-99		1999-2000		2000-2001		2001-2002	
Exchange City	NSE	Exchange	NSE	Exchange	NSE	Exchange	NSE	Exchange
1 Mumbai (BSE)	165,097	311,999	371,402	685,028	647,624	1,000,032	206,302	307,392
2 Mumbai (OTCEI)	165,097	142	371,402	3,588	647,624	126	206,302	4
3 Mumbai (ICSE)	165,097	1	371,402	545	647,624	233	206,302	55
4 Calcutta	42,812	171,780	82,671	357,166	110,352	355,035	46,948	27,075
5 Delhi	78,701	51,759	149,135	93,289	228,105	83,871	99,529	5,828.00
6 Ahmedabad	10,549	29,734	22,295	37,566	35,940	54,035	12,757	14,843.54
7 Uttar Pradesh	4,133	18,627	5,325	24,048	7,359	24,746	4,877	25,237.31
8 Ludhiana	1,205	5,978	1,784	7,741	2,404	9,732	2,712	856.61
9 Pune	4,941	7,453	10,487	6,087	14,349	6,171	5,290	1,171.03
10 Bangalore	8,327	6,779	11,951	11,147	22,690	6,033	14,335	70.26
11 Hyderabad	12,648	1,276	20,709	1,237	30,759	978	14,605	41.26
12 Cochin	2,680	773	6,186	0	10,067	187	4,065	0.00
13 Chennai	17,317	370	32,590	250	45,495	109	18,244	24.14
14 Madhya Pradesh	3,287	1	8,904	10	15,129	2	5,517	23.51
15 Magadh	624	0	685	8	1,006	2	572	0.00
16 Vadodara	3,458	1,749	6,794	159	9,814	1	3,166	10.12
17 Coimbatore	3,793	395	4,961	39	7,854	0	3,057	0.00
18 Bhubaneshwar	409	77	365	70	577	0	376	0.00
19 Jaipur	4,344	65	10,271	2	14,196	0	5,943	0.00
20 Guwahati	787	30	741	0	1,316	0	602	0.03
21 Mangalore	493	11	863	0	1,117	0	591	0.00
22 Rajkot	2,124	0	3,860	0	5,066	0	1,482	26.60

Note: The NSE figures relate to its volumes in the CM segment (not WDM and Derivatives segments) only from the concerned city, while all other figures represent all India turnover of the concerned exchange.

Table 3: **Financial Health of Stock Exchanges**

(Rs. lakh)

Stock Exchanges	2000-2001			1999-00		
	Income	Expenditure	Profit/Loss	Income	Expenditure	Profit/Loss
1 Ahmedabad	1,116	973	143	976	913	63
2 Bangalore	388	454	-66	337	445	-108
3 Bhubaneshwar	103	72	31	102	86	15
4 Calcutta	3,805	4,942	-1,137	3,769	2,774	995
5 Cochin	127	125	2	124	202	-78

6	Coimbatore	120	200	-79	93	210	-117
7	Delhi	1,735	1,430	305	2,210	1,620	589
8	Gauhati	48	47	1	54	52	1
9	Hyderabad	255	252	4	264	267	-2
10	ICSEIL	220	529	-310	66	517	-452
11	Jaipur	235	246	-11	221	295	-73
12	Ludhiana	390	439	-49	378	369	9
13	Madhya Pradesh	95	73	23	126	91	35
14	Madras	364	244	120	343	186	157
15	Magadh	38	59	-21	36	70	-34
16	Mangalore	60	49	11	55	60	-5
17	OTCEI	450	1,008	-558	568	1,175	-607
18	Pune	191	212	-21	286	257	28
19	SKSE	128	115	13	134	149	-16
20	Uttar Pradesh	331	364	-33	301	354	-54
21	Vadodara	224	248	-26	269	279	-10
22	Mumbai	13,905	13,343	561	13,008	7,781	5,227
23	NSEIL	27,100	16,600	10,499	20,524	15,976	4,548
	Total (Except NSE & BSE)	**10,423**	**12,081**	**-1,659**	**10,710**	**10,375**	**336**
	Total	**51,428**	**42,025**	**9,401**	**44,242**	**34,132**	**10,110**

Source : Annual Reports of Stock Exchanges.

Note: Extraordinary items like profit/loss on sale of assets, forfeitures and expenses on voluntary retirement schemes have been excluded.

Table 4 : **Revenue Generation by Stock Exchanges**

(In percent)

Stock Exchanges	2000-01				1999-00			
	Non-Business Income		Business Income	Total	Non-Business Income		Business Income	Total
	Listing	Interest and Rent			Listing	Interest and Rent		
Ahmedabad	51.16	34.11	14.74	100.00	61.49	24.38	14.12	100.00
Bangalore	27.46	26.81	45.73	100.00	34.13	26.68	39.19	100.00
Bhubaneshwar	20.29	71.33	8.39	100.00	22.51	68.84	8.65	100.00
Calcutta	14.01	23.89	62.11	100.00	14.08	22.96	62.97	100.00
Cochin	28.28	11.25	60.47	100.00	32.86	21.93	45.22	100.00
Coimbatore	9.11	76.75	14.14	100.00	12.67	76.02	11.30	100.00
Delhi	42.61	52.49	4.90	100.00	37.45	58.30	4.25	100.00
Gauhati	84.01	1.47	14.52	100.00	84.82	5.35	9.83	100.00
Hyderabad	55.42	18.21	26.37	100.00	61.33	12.87	25.80	100.00
ICSEIL	0.43	48.44	51.13	100.00	1.08	49.91	49.01	100.00
Jaipur	66.70	23.17	10.12	100.00	70.52	20.45	9.02	100.00
Ludhiana	31.70	34.86	33.44	100.00	36.05	38.64	25.32	100.00
Madhya Pradesh	72.62	10.57	16.81	100.00	43.67	14.97	41.36	100.00
Madras	58.83	23.01	18.16	100.00	70.40	14.23	15.38	100.00
Magadh	34.83	30.10	35.07	100.00	55.13	15.50	29.37	100.00
Mangalore	28.76	46.21	25.03	100.00	32.17	47.35	20.48	100.00
OTCEI	4.31	67.02	28.68	100.00	3.41	75.02	21.57	100.00
Pune	37.02	49.87	13.12	100.00	25.42	64.22	10.36	100.00
SKSE	22.27	59.32	18.41	100.00	24.96	51.01	24.03	100.00
Uttar Pradesh	19.40	39.15	41.46	100.00	37.72	33.53	28.75	100.00
Vadodara	29.69	50.09	20.22	100.00	47.26	47.36	5.37	100.00

Mumbai	8.64	35.02	56.34	100.00	9.15	38.61	52.25	100.00
NSEIL	0.84	16.28	82.88	100.00	1.07	17.51	81.42	100.00
Total (Except NSE & BSE)	29.20	35.26	35.53	100.00	31.27	36.56	32.17	100.00
Total	8.70	25.19	66.11	100.00	10.75	28.33	60.92	100.00

Source: Annual Reports of Stock Exchanges

Note: Business Income includes income from membership, transaction and service charges, that is, total income *minus* income from listing, interest and rent.

Table 5: **Performance Indicators of Stock Exchanges**

Stock Exchanges	Average Assets (Rs. lakh)	Average Capital (Rs. lakh)	Turnover for 2000-01 (Rs. lakh)	PBIT (Rs. lakh)	Output for 2000-2001 (Rs. cr.)	Assets Turnover Ratio	Return on Capital (%)	Output per Rupee of Asset (Rs.)
Ahmedabad	6,876	5,526	1,116	143	54,035	0.16	2.59	786
Bangalore	3,428	2,901	388	(66)	6,033	0.11	(2.28)	176
Bhubaneshwar	798	705	103	35	0	0.13	4.97	0
Calcutta	55,464	12,843	3,805	(1,098)	355,035	0.07	(8.55)	640
Cochin	1,528	391	127	5	187	0.08	1.24	12
Coimbatore	2,634	1,825	120	(16)	0	0.05	(0.88)	0
Delhi	14,048	7,259	1,735	305	83,871	0.12	4.21	597
Gauhati	705	281	48	1	0	0.07	0.42	0
Hyderabad	3,106	2,507	255	4	978	0.08	0.14	31
ICSEIL	3,697	2,083	220	(285)	233	0.06	(13.68)	6
Jaipur	3,331	2,158	235	6	0	0.07	0.28	0
Ludhiana	3,450	1,362	390	(49)	9,732	0.11	(3.56)	282
Madhya Pradesh	606	262	95	23	2	0.16	8.59	0
Madras	1,432	1,280	364	120	109	0.25	9.40	8
Magadh	335	201	38	(21)	2	0.11	(10.70)	0
Mangalore	829	331	60	14	0	0.07	4.26	0
OCTEI	5,035	8,258	450	(535)	126	0.09	(6.48)	3
Pune	1,812	852	191	(11)	6,171	0.11	(1.24)	341
SKSE	1,530	1,164	128	15	0	0.08	1.32	0
Uttar Pradesh	2,483	1,262	331	(33)	24,747	0.13	(2.62)	997
Vadodara	2,223	2,100	224	(25)	1	0.10	(1.20)	0
Mumbai	169,126	57,113	13,905	561	1,001,619	0.08	0.98	592
NSEIL	82,195	74,365	27,100	10,499	1,770,458	0.33	14.12	2,154
Total (Except NSE & BSE)	115,351	55,551	10,423	-1,468	541,261	0.09	(2.64)	469
Total	**366,672**	**187,029**	**51,428**	**9,592**	**3,313,338**	**0.14**	**5.13**	**904**

Note:

1. Average Assets = Average of total assets (excluding miscellaneous expenditure) at the beginning and at the close of the year 2000-01.
2. Average Capital = Average of capital at the beginning and at the close of the year 2000-01, where Capital = Total Assets - Current Liabilities.
3. Turnover = Total Income (Listing fees, membership subscription, Transaction fees, Interest, Rent, Fines and Miscellaneous income) for the year 2000-01.
4. PBIT = Profits before interest and tax for the year 2000-01.
5. Output = The value of stock transactions executed on the exchange during 2000-01.
6. Asset Turnover Ratio = (Turnover for the year 2000-2001/Average Assets for the year 2000-01).
7. Return on Capital = (PBIT for the year 2000-01/Average Capital employed for the year) *100.
8. Output per Rupee of Asset indicates the volume of stock transactions that can be supported by Re 1 of asset. ❑