

## SPECULATION AT THE INDIAN STOCK EXCHANGES

It is difficult to attempt a precise definition of the term 'speculation'. Broadly speaking, it may be said that speculators have no intention of taking or giving delivery of the shares or securities as the case may be ; instead their intention is to settle the transaction through payment or receipt of difference between the price at which the contract to purchase/sale was entered into and the price at which their sale/purchase has been arranged for. Speculators are little concerned with the periodic income and regard it as incidental only; they are interested in making profit out of the fluctuations in security prices. They buy or sell securities 'forward'.

There is no doubt that in free economies wedded to corporate enterprise, a speculation in stocks and shares has an important economic function to discharge and as such, should be permitted by Stock Exchanges. But it needs to be clearly understood that speculation is only a means to an end, the end being to impart liquidity and price continuity to the invested capital. Speculation has, therefore, to be guarded and regulated within limits essential to achieve the end; in no case should it be allowed to degenerate into mere gamble in differences in a few selected scrips only.

In the following pages, an attempt has been made to study the nature of dealings—speculative or otherwise—at the Indian Stock Exchanges. The study is based on a multi-angular critical analysis of the total turnover in equities at the Indian Stock Exchanges during the period April 1965 to December, 1968. While no turnover statistics are available in respect of the earlier period, those for 1969 have been deliberately dropped for reasons of incomparability due to the ban on forward trading during about half of the year.

Before venturing an analysis of turnover statistics, it would be appropriate to state in brief the types of bargains permitted and the

margin requirements pertaining thereto. This would be helpful in understanding the nature and characteristics of the securities business.

*Bargains* : Under the Byelaws and Regulations of the recognised Stock Exchanges, in India, transactions in listed securities may be either—

- (a) For 'spot delivery', i.e. for delivery and payment on the same day as the date of the contract or on the next day, or
- (b) For 'hand delivery', i.e. for delivery and payment the time or date of which shall not be more than fourteen days following the date of the contract, or
- (c) For the 'Clearing' or the Account, i.e. for clearance and settlement through the Clearing House, or
- (d) For 'special delivery', i.e. for delivery and payment within any time exceeding fourteen days following the date of the contract as may be stipulated when entering into the bargain and permitted by the Governing Board or the President.

Business for spot delivery or hand delivery can be done in cleared as well as non-cleared securities, but business for the Clearing i.e. forward business can be done in cleared securities only. Business for special delivery may be transacted in cleared or non-cleared securities after obtaining permission as provided in the Bye-laws.

Bargains for the clearing in cleared securities are for the Account or fortnightly settlement. Transactions for any clearing generally commence in the afternoon session on a Friday and end a fortnight later in the afternoon session of the third Friday. Any purchases or sales made during a clearing may be crossed out by subsequent sales or purchases during the same clearing. All outstanding bargains should be settled by delivery and payment on the prescribed clearing Days or they may be carried-over to the next clearing on the last business day. Carry-over of an outstanding purchase can be effected either by finding another party who wants to carry-over an outstanding sale in the same security or by finding a 'Budliwalla' or financier who is prepared to buy for the current clearing and take delivery against a concurrent corresponding contract for the sale of those shares at the same price for the next clearing. The carry-over charges are normally against the bull because the services of the financier have to be paid for, the charges being based mainly on the prevailing rate of interest. At times, when the market is over-sold, there is a backwardation charge

paid by the seller to the buyer for the facility of carrying over his sales to the next clearing.

After the last business day of each Account, all business done during the period of the entire clearing is temporarily adjusted at the making-up prices fixed on the basis of the closing rates. Amounts due to or from other members are determined on this footing and deliveries and payments are subsequently made through the Clearing House which eliminates all intermediaries and brings the first and the last parties together.

*Margin Requirements:* All bargains for the clearing are subject to margin requirements. Margin has to be paid at prescribed rates on purchases and sales (above a fixed limit) that are outstanding at the end of the day, particularly in active-cleared-securities. Margin has also to be paid at prescribed rates on purchases or sales that are carried-over from one clearing to another in individual securities and above a fixed limit in all the cleared securities taken together. In addition, there is the system of interim margins under which margin has to be paid in respect of purchases or sales outstanding in a cleared security in the event of a steep rise or fall in its price during any clearing. The main object of these margin requirements is to restrict over-trading and compel members to maintain deposits with the exchange to cover the risk attaching to the volume of their business.

#### ANALYSIS OF BUSINESS BETWEEN CLEARED AND NON-CLEARED SCRIPS

Although cleared securities constitute a small segment of the total number of corporate securities listed at the recognised Stock Exchanges in India, they are so actively traded that business in them amounts to a preponderant proportion of total volume. In contrast, business in non-cleared securities forms an insignificant fraction of aggregate turnover. As is evident from Table 1. Madras Stock Exchange comes out as an exception to this and the Hyderabad and Bangalore Stock Exchanges did not permit forward trading.

A study of Table 1 pinpoints the highly speculative nature of business prevalent at the Indian Stock Exchanges. This is evidenced by the fact that on the whole, business for the clearing in cleared securities representing only 7% of the listed equities accounted for as high as 97.52 per cent of the total business in all the equities; at the Indian

Stock Exchanges during 1968 as against 97.86 per cent during 1967, 97.21 per cent during 1966 and 96.91 per cent during April to December 1965. Stock Exchange-wise, during 1968, at the Bombay Stock Exchange which had 74 scrips on the cleared list as against 599 equity shares on the non-cleared list, business for the clearing constituted 98.53 per cent of the total business on all accounts in equities,<sup>1</sup> the relative percentage for 1965, 1966 and 1967 being 98.88, 98.87 and 99.05 respectively. At the Calcutta Stock Exchange, which had only 20 scrips on the cleared list as against 275 non-cleared equity scrips as at the end of 1968, business for the clearing constituted 95.45 per cent of the total business in equities as against 94.72 per cent in 1965, 94.61 per cent in 1966 and 95.75 per cent in 1967.

At the Delhi Stock Exchange, forward trading has been more predominant; in only 7 cleared equities as against 142 non-cleared equities which it had on the list as at the end of 1968, business for the clearing accounted for as high as 99.86 per cent of the total trading in equities during 1968 as against 99.27 per cent during 1965, 99.93 per cent during 1966 and 99.87 per cent during 1967. Likewise, at the Ahmedabad Stock Exchange with 11 cleared equities as against 134 non-cleared equities, the percentage of business for the clearing during 1968 was 99.65 per cent as compared to 99.64 per cent during 1965, 99.6 per cent during 1966 and 99.72 per cent during 1967.

The Madhya Pradesh Stock Exchange also did not lag far behind in forward trading; with 6 equity scrips on the cleared list as against 14 non-cleared equities, the percentage of business for the clearing during 1968 was 88.95 per cent compared to 99.53 per cent during 1965, 98.3 per cent during 1966 and 85.14 per cent during 1967. The predominance of forward trading on this Exchange can be very well judged from the fact that during the full year of 1967, there was only one transaction in one non-cleared equity share viz. Indore Malwa.

The Madras Stock Exchange was the only exception to the general phenomenon; with 15 equities on the cleared list as against 384 on the non-cleared list, business for the clearing on this Exchange accounted for 17.81 per cent of the total business in equities during 1968 as compared to 7.89 per cent in 1965, 10.67 per cent in 1966 and 13.5 per cent in 1967. The abnormally low share of forward trading on this Exchange as compared to those on the other Stock Exchanges speaks for the investment character of this market but here too, the share of for-

ward trading has been consistently on the increase during the period under review, though it is still much less as compared to those on the other Stock Exchanges permitting forward trading.

#### TURNOVER IN CLEARED SECURITIES

*Concentration of business* : An analysis of the turnover in cleared securities on the Indian Stock Exchange suggests a high degree of concentration of business on the Calcutta, Bombay and Delhi Stock Exchanges as shown in Table 2.

Data in Table 2 shows that during the period under review viz. from April, 1965 to December, 1968, in all 266,32,32,318 shares were traded in cleared securities on all the Stock Exchanges in India, of which Calcutta alone accounted for 103,55,18,007 shares or 38.88 per cent, Bombay for 81,87,14,919 shares or 30.74 per cent, and Delhi for 77,42,85,215 shares or 29.07 per cent with the result that the three remaining Stock Exchanges on the cleared list viz. those of Ahmedabad, Madras and Madhya Pradesh jointly accounted for only 1.3 per cent of the total trading in cleared scrips. During the period under review, while the share of Calcutta in the turnover in cleared securities nominally declined from 42.33 per cent in 1965 to 38.39 per cent in 1968, that of Bombay registered a much steeper decline from 37.53 per cent in 1965 to 36.68 per cent in 1968. On the other hand, the share of the Delhi Stock Exchange consistently increased from 18.97 per cent in 1965 to 33.47 per cent in 1968. Though the shares of these three Stock Exchanges showed variations from year to year, their joint share was in no year less than 98.5 per cent. Such a concentration of turnover in cleared securities suggests a high degree of speculation on these Stock Exchanges.

*Speculative characteristic of the Delhi and the Calcutta Stock Exchanges*: A further analysis of turnover in cleared securities during 1968 appears in Table 3. It clearly brings forth the highly speculative characteristic of the Delhi and the Calcutta Stock Exchanges. This is evident from the fact that the average daily number of shares traded at the Calcutta Stock Exchange (8,92,619) with 20 cleared scrips and that at the Delhi Stock Exchange (7,30,070) with only 7 cleared scrips was respectively 1.33 and 1.09 times the average daily number of shares traded at the Bombay Stock Exchange (6,72,422) with 74 cleared

scrips, with the result that the daily average turnover per cleared share at Delhi (1,04,296 shares) and that at Calcutta (44,631 shares) was respectively 11.48 and 4.9 times that of Bombay (9,087 shares). This testifies the highly speculative nature of trading at the Delhi and Calcutta Stock Exchanges. This fact is further substantiated by a study of the figures of daily average turnover per cleared share per active member as active members alone are allowed to trade on forward account. The Table shows that the daily average turnover per share per member at Delhi (1133.7 shares) and Calcutta (126.8 shares) was respectively about 41.2 and 4.6 times that of Bombay (27.5 shares.) It suggests that a few very active members have the controlling interest at Delhi and Calcutta Stock Exchanges who expose the market to great susceptibilities to cornering, short-selling and rigging evils. Such sort of tactics are bound to have a telling effect upon the marginal investors.

#### DELIVERY AND CARRY-OVER POSITION

The delivery and carry-over position in cleared securities has been set out in Table 4. The Table shows that during the period under review, there has been an all round improvement in the delivery position as reflected in the increase in the percentage of shares delivered to the total number of shares traded in cleared securities in 1968 as compared to those in 1965, but still, except at Madras, shares actually delivered constituted an insignificant fraction of the total number of shares traded, particularly at Delhi and Ahmedabad. It need not be stressed here that the lower the percentage of shares delivered to the total number of shares traded, the greater would be the extent of speculation prevailing at the Stock Exchange. The particularly low percentage of shares delivered at Delhi (0.44% in 1965, 0.55% in 1966, 0.36% in 1967 and 0.645% in 1968) coupled with an equally low percentage of shares carried-over (0.43% in 1965, 0.70% in 1966, 1.45% in 1967 and 1.2% in 1968) substantiates the highly speculative nature of business at the Delhi Stock Exchange and reflects the tendency of the operators to square up their deals for anything before the Settlement Day. Quite opposed to it, the Madras Stock Exchange is decidedly an investment market, as most of the shares traded therein have actually to be delivered, the percentage of

shares delivered to the total number of shares traded during the last four years having been 70.24% in 1965, 68.48% in 1966, 77.41% in 1967 and 77.08% in 1968. As between the Calcutta and the Bombay Stock Exchanges, figures of delivery and carry-over expressed as a percentage of the total turnover show that the former is more speculative as compared to the latter.

### COLLECTION OF MARGINS

The position with regard to the collection of margins during 1968 has been shown in Table 5, which shows that during the year 1968, a total sum of Rs .11.47 Crores was collected as margins on all the Stock Exchanges of which the usual 2% carry-over margin (which is uniformly imposed on the shares carried over from one clearing to another at all the Stock Exchanges) accounted for Rs. 10.68 Crores and the additional margin which was imposed at Bombay, Ahmedabad and Madras accounted for Rs. 0.78 crores.

Exchange-wise, of the total margin collected, Bombay accounted for 81.82%, Calcutta 10.90%, Ahmedabad, 6.39% and Delhi for only 0.87%; the shares of the Madras and the Madhya Pradesh Stock Exchanges being almost nil. It is noteworthy that whereas the average number of shares traded per active member at Delhi (2301,307 shares) and that at Calcutta (689,751 shares) were respectively 4.5 and 1.35 times that of Bombay (611,448 shares), the average margin money collected per active member at Bombay, was 26.34 times that of Delhi and 8.0 times that of Calcutta. This suggests the tendency on the part of Calcutta and Delhi operators to evade margins. Even if the amounts of margins collected are studied in relation to volume of business carried over, the inference remains unchanged. While Calcutta and Delhi accounted for 36.76% and 2.52% of the total business carried over on all the Stock Exchanges during 1968, their respective shares in the total amount of margin collected was only 10.9% and 0.87%. The highest per member turnover at Delhi along with the very low percentage of business carried over and shares delivered brings to the fore the tendency to evade margins at Delhi. The object of imposition of margins being to curb over-trading, cornering and unhealthy speculation, the desirability of stricter enforcement of margin regulations need hardly be emphasised.

## EXCHANGE-WISE ANALYSIS OF TURNOVER IN CLEARED SCRIPS

*Concentration of Business in Selected Scrips* : An Exchange-wise analysis of turnover in cleared scrips reveals a very high degree of concentration of trading in a few selected scrips at the Indian Stock Exchanges. The Table 6 shows that at Bombay, during 1968, trading in only 6 cleared scrips viz. Indian Iron (19.72%), Tata Steel (14.53%), Scindia Steamship (12.07%), Indian Copper (9.06%), Hindustan Motors (6.36%) and Century (5.25%) accounted for 67 per cent of the total turnover in all the 74 cleared scrips. Trading was so much concentrated that Indian Iron alone accounted for 38.31% in 1967 and 33.8% in 1966 of the total trading in all the cleared scrips at the Bombay Stock Exchange. Though its (Indian Iron's) share was much less at 19.72% in 1968, yet it continued to occupy the top position amongst cleared securities followed by Tata Steel, Scindia Steamship, Indian Copper, Hindustan Motors and Century in that order.

At the Calcutta Stock Exchange as well, Indian Iron occupied the topmost position in all the three years under review, its share in total turnover having been as high as 80.41% in 1966, 72.35% in 1967 and 45.51% in 1968. The second largest traded security was Hindustan Motors with a share of 6.00% in 1966, 8.74% in 1967 and 22.62% in 1968. Thus during 1968, trading in Indian Iron and that in Hindustan Motors taken together formed 68.13% of the total trading in all the 20 cleared scrips and along with the business in Birla Jute, Indian Copper and Kesoram, which came next in order, their share was 87.12%.

Like-wise, at the Delhi Stock Exchange, out of the 7 scrips on the cleared list, business in Indian Iron alone accounted for as high as 85.74% in 1966, 91.18% in 1967 and 82.4% in 1968 followed at a distance by Hindustan Motors which in terms of the volume of business constituted 13.29% in 1966, 7.33% in 1967 and 15.68% of the total turnover in all the cleared scrips. Thus at the Delhi Stock Exchange almost the entire forward trading was confined to Indian Iron and Hindustan Motors.

At the Ahmedabad Stock Exchange as well, the trading was very much centralised. Tata Steel alone accounted for more than two-thirds of the total turnover in all the 11 cleared scrips during all the three years under review, followed by Atul, Calico and Amgica. Joint-



ly, these four scrips accounted for 96.35% of the total turnover in 1968.

*Common Cleared Scrips more Speculative* : From the above analysis it can be inferred that scrips that appear on the cleared list of more than one Stock Exchange simultaneously, are much more briskly and speculatively traded in as compared to those listed on one Stock Exchange only. Indian Iron and Hindustan Motors appear on the cleared lists of Bombay, Calcutta and the Delhi Stock Exchanges, Tata Steel at Bombay and Ahmedabad, and Indian Copper at Bombay and Calcutta. Though under the present rules no scrip can simultaneously appear on the cleared list of more than one Stock Exchange, an exception has however, been made in respect of the cleared scrips that were being quoted as cleared securities on more than one Exchange at the time of the amendment of the rules. To curb unhealthy speculation in these scrips, it is suggested that the exception be withdrawn and these scrips be allowed to remain on the cleared list of only one Stock Exchange of their choice. They may, however, be permitted to be quoted on the cash list of other Stock Exchanges.

#### ANALYSIS OF TURNOVER IN NON-CLEARED EQUITIES

Though the non-cleared equities represented 93% of the total equities listed on all the eight Stock Exchanges in India as on 31st December, 1968, business in them constituted less than 2.5 per cent of the total business[2] in spite of the fact that forward trading was done initially at 6 and after 23rd December, 1968 at 5 Stock Exchanges only. A further analysis of the total business in non-cleared equities, as shown in the Table given below, reveals that Calcutta accounted for the largest share (74.15% in 1967 and 71.91% in 1968) followed at a distance by Bombay (13.56% in 1967 and 15.70% in 1968) and Madras (9.32% in 1967 and 8.79% in 1968); the combined share of the remaining 5 Stock Exchanges being only 2.97% in 1967 and 3.6% in 1968. It may be pointed out here that the supremacy of Calcutta in non-cleared business was not due to there being a larger number of equities listed thereon. It was a sheer coincidence that the share of business in non-cleared equities at Calcutta, Bombay and Madras was in the same order as the number of non-cleared equities listed on them. However, the daily average number of shares traded per non-

cleared equity in 1968 at Calcutta (57.2 shares) was 3.4 times that of Bombay (16.8 shares), 3.71 times that of Madras (15.4 shares) and 7.94 times that of Delhi (7.2 shares). A comparison of the daily average turnover in cleared securities during 1968 with that in non-cleared securities also testifies the speculative nature of business at the Indian Stock Exchanges.

### SUGGESTIONS TO CURB SPECULATION

The foregoing analysis manifests the widespread prevalence of speculation on most of the Indian stock exchanges. Unbridled speculation has been held to be baneful and requires proper curbs. An attempt has now been made to suggest steps in this direction.

(i) *Stricter enforcement of margin regulations and chosen membership* : It has been observed that in spite of all the frequent emergent measures, the Stock Exchanges in India could not succeed in bridling speculation (e.g. in Indian Iron) because of the laxity and leniency in the proper enforcement of margin regulations by the Stock Exchange authorities but mainly because of the very uncooperative and irresponsible behaviour of their members. Evasion of the payment of margin deposit is common with the Stock Exchange members but what is worst on their part is that they are active members of illegal markets that have sprung up nearby the official Stock Exchanges. As such, in practice, imposition of any restrictive measures at the Exchange to curb unhealthy speculation has simply driven out the business from the Exchange to the illegal market. What is needed most, therefore, is not only the stricter enforcement of the margin regulations but mainly a properly selected membership consisting of men endowed with integrity, character and a sense of social responsibility. If the members of a financial institution like a Stock Exchange are out to make money at the cost of ignorant investors at large, the institution is doomed to be described as a 'thieves kitchen' or a CHOR BAZAAR. The members of the Stock Exchange who have been awarded the exclusive privilege of trading in shares and securities, should realise their social responsibility and by their conduct justify the prerogative bestowed on them. It may be clearly understood that any number of rules and regulations will not help if the members are out to violate them.

(ii) *Need for coordinated action* : At present, to deal with the speculative activity in one and the same scrip, different Stock Exchanges adopt different measures with an evident lack of coordination amongst them. A consistent approach is very much needed particularly in the case of cleared scrips that are quoted on more than one Stock Exchange, as in their case the circumstances prevailing at one Stock Exchange are bound to have their impact on the other Stock Exchanges. Uniformity of action at all Exchanges is essential as punitive measures at one market may encourage healthy tendencies on the less restrictive market. It would, therefore, be preferable if the cleared scrips are allowed to appear on the cleared list of one Stock Exchange only.

(iii) *Exploitation of informal relationship* : To curb unhealthy speculation, it is further suggested that an attempt should be made on the part of the Stock Exchange authorities to exploit the informal relationship between the members and the Governing Board to improve the trading pattern. For example, the President of the Exchange, on hearing of a big holding by an operator (in relation to his means) would call for the concerned member's account books, advise him to trade within his means, persuade him to unload a part of his holdings and thereby promote healthier conditions in the market. These steps can be timely and suitable in case of small Stock Exchanges which have a few cleared scrips on their list, and can go a long way in curbing unhealthy speculation.

(iv) *Greater dissemination of corporate information* : In the case of bigger Stock Exchanges like that of Bombay, the implementation of the suggestion to exploit informal relationships may be unwieldy and impracticable. A remedy here could be to require a recording of the price and volume of all the bargains at the official desks in the ring of the Exchange. This information should be prominently displayed to the general public. Later, at the end of the day, the data pertaining to the volume and value of trading should be published in the daily official list. Greater dissemination of corporate information might also help in curbing unhealthy speculation.

#### MAIN FINDINGS AND SUGGESTIONS

The main findings of this study may be summarised as under :

(i) A very high degree of speculation is rife on the Indian Stock

Exchanges. Forward business in cleared scrips representing hardly 7% of the listed equities, accounted for 97.52% of the total business in all the equities.

(ii) Judged in terms of (a) the average daily number of shares traded per security, (b) daily average turnover per cleared scrip per active member, (c) the ratio of shares delivered and shares carried over to the total turnover and (d) the margins collected per active member, the Delhi and Calcutta Stock Exchanges are more speculative in nature as compared to the Bombay Stock Exchange. The Madras Stock Exchange is more an investment market.

(iii) There is a high concentration of forward business at the Bombay, Calcutta and Delhi Stock Exchanges, their joint share being 98.7% of the total turnover in cleared scrips at all the Stock Exchanges in India.

(iv) An Exchange-wise analysis of turnover in cleared scrips reveals concentration of business in a few selected scrips particularly in those which appear on the cleared list of more than one Stock Exchange. Indian Iron constitutes the most speculative scrip.

To curb speculative activity, coordination of action on the part of Stock Exchanges in cases of cleared securities common to them, stricter enforcement of margin and other regulations, chosen membership, exploitation of informal relationship between the Stock Exchange members and the Governing Board, and greater dissemination of corporate information have been suggested.

#### REFERENCES

- [1] Includes business on forward account in one cleared preference share viz., 7 % Tata Preference.
- [2] See Table 7.

TABLE I

*Analysis of Business on Indian Stock Exchanges*

Name of the Stock Exchange	Number of Shares Traded during					
	1965			1966		
	Cleared scrips	Non-cleared equities	Total	Cleared scrips	Non-cleared equities	Total
1. Bombay .. .. .	18,07,53,013 (98.88)	20,44,952 (1.12)	18,27,97,965	24,23,67,628 (98.87)	27,89,994 (1.13)	24,51,48,622
2. Calcutta .. .. .	20,38,30,928 (94.72)	1,13,57,771 (5.28)	21,51,88,699	32,16,46,259 (94.61)	1,83,12,118 (5.39)	33,99,58,377
3. Delhi .. .. .	9,13,46,817 (99.27)	6,75,957 (0.73)	9,20,22,774	24,24,21,298 (99.93)	1,63,188 (.07)	24,25,84,486
4. Madras .. .. .	94,990 (7.89)	11,08,266 (92.11)	12,03,256	2,05,140 (10.67)	17,18,296 (89.33)	19,23,436
5. Ahmedabad .. .. .	55,39,935 (99.64)	20,192 (0.36)	55,60,127	91,53,265 (99.60)	36,469 (.40)	91,87,734
6. Madhya Pradesh (Indore) .. .. .	6,956 (99.53)	31 (0.47)	6,627	20,187 (98.30)	350 (1.70)	20,537
7. Hyderabad .. .. .	—	38,197	38,197	—	55,273	55,273
8. Bangalore .. .. .	—	1,21,152	1,21,152	—	3,25,693	3,25,693
TOTAL .. .. .	48,15,72,279 (96.91)	1,53,66,518 (3.09)	49,69,38,797	81,58,13,777 (97.21)	2,33,92,381 (2.79)	83,92,06,158

TABLE I—Continued

Name of the Stock Exchange	Number of Shares Traded during					
	1967			1968		
	Cleared scrips	Non-cleared equities	Total	Cleared Scrips	Non-cleared equities	Total
	7	8	9	10	11	12
1. Bombay .. .. .	22,68,16,476 (99·05)	21,71,098 (0·95)	22,89,87,574	16,87,77,802 (98·53)	25,26,304 (1·47)	17,13,04,106
2. Calcutta .. .. .	26,72,48,500 (95·75)	1,18,74,709 (4·25)	27,91,23,209	24,27,92,320 (95·45)	1,15,75,865 (4·55)	25,43,68,185
3. Delhi .. .. .	22,87,96,850 (99·87)	3,06,095 (0·13)	22,91,02,945	21,17,20,250 (99·86)	2,99,133 (0·14)	21,20,19,383
4. Madras .. .. .	2,33,040 (13·5)	14,92,983 (86·5)	17,26,023	3,06,625 (17·81)	14,15,136 (82·19)	17,21,761
5. Ahmedabad .. .. .	1,02,04,266 (99·72)	28,507 (0·28)	1,02,32,773	89,34,336 (99·65)	31,464 (0·35)	89,65,800
6. Madhya Pradesh (Indore) .. .. .	11,506 (85·19)	2,000 (11·81)	13,506	4,291 (88·95)	533 (11·05)	4,824
7. Hyderabad .. .. .	—	74,007	74,007	—	1,70,189	1,70,189
8. Bangalore .. .. .	—	65,453	65,453	—	79,279	79,279
TOTAL .. .. .	73,33,10,638 (97·86)	1,60,14,852 (2·14)	74,93,25,490	63,25,35,624 (97·52)	1,60,97,903 (2·48)	64,86,33,527

Note : Business in Non-cleared equities includes business for spot delivery or hand delivery in cleared securities also. Figures in brackets indicate percentages to the yearly total for each stock Exchange.

Source : Compiled from information contained in Turnover Statements submitted by the Stock Exchanges to the Central Government.

TABLE 2  
Turnover in cleared securities

(No. of Shares)

Exchange	1965 (April—Dec.)	1966	1967	1968	Total
Calcutta .. .. .	26,38,30,928 (42·33)	32,16,46,259 (39·43)	26,72,48,500 (36·44)	24,27,92,320 (38·39)	1,03,55,18,007 (38·88)
Bombay .. .. .	18,07,53,013 (37·43)	24,23,67,628 (29·71)	22,68,16,476 (30·93)	16,87,77,802 (26·68)	81,87,14,919 (30·74)
Delhi .. .. .	9,13,46,817 (18·97)	24,24,21,298 (29·72)	22,87,96,850 (31·20)	21,17,20,250 (33·47)	77,42,85,21 <sup>5</sup> (29·07)
Ahmedabad .. .. .	55,39,935 (1·15)	91,53,265 (1·12)	1,02,04,266 (1·39)	89,34,336 (1·41)	3,38,31,802 (1·27)
Madras .. .. .	94,990 (0·02)	2,05,140 (0·02)	2,33,040 (0·03)	3,06,625 (0·05)	8,39,795 (0·03)
Madhya Pradesh .. .. .	6,596 (—)	20,187 (—)	11,506 (—)	4,291 (—)	42,580 (—)
TOTAL .. .. .	48,15,72,279 (100)	81,58,13,777 (100)	73,33,10,638 (100)	63,25,35,624 (100)	2,66,32,32,318 (100)

Note : Figures in brackets indicate percentages to the annual totals.

Source : Compiled from information contained in the Turnover Statements submitted by the Stock Exchanges to the Central Government.

TABLE 3  
*Analysis of Turnover in Cleared Scrips during 1968*

	Bombay	Calcutta	Delhi	Madras	Ahmedabad	M.P.	Total
1. No. of Shares traded .. .. .	16,87,77,802	24,27,92,320	21,17,20,250	3,06,625	89,34,336	4,291	63,25,35,624
2. No. of Working days .. .. .	251	272	290	237	262	281	1,593
3. Average Daily No. of Shares traded ..	6,72,422	8,92,619	7,30,070	1,294	34,100	15.3	3,97,072
4. No. of scrips on the Cleared List .. ..	74	20	7	15	11	6	133
5. Average No. of Shares traded per security	22,80,781	1,21,39,616	3,02,45,750	20,442	8,12,212	715	47,55,907
6. Daily Average No. of Shares traded per security .. .. .	9,087	44,631	1,04,296	86	3,100	2.5	2,986
7. No. of active members .. .. .	330	352	92	21	120	13	928
8. Daily Average No. of shares traded per active member .. .. .	2,038	2,536	7,936	62	284	1.2	428
9. Daily Average No. of Shares traded per active member per cleared scrip .. .. .	27.5	126.8	1,133.7	4.1	25.8	0.2	3.2

Source : Compiled from information contained in Turnover Statements, submitted by the recognised Stock Exchanges to the Central Government.



TABLE 4

*Delivery and Carry-over Position in Cleared Scrips*

	<i>No. of Shares Delivered</i>				<i>No. of Shares Carried-Over</i>			
	1965 (Apr.-Dec.)	1966	1967	1968	1965 (Apr.-Dec.)	1966	1967	1968
Bombay .. .. .	1,34,75,941 (7.46)	1,52,28,478 (6.28)	1,19,52,174 (5.27)	1,30,76,302 (7.74)	5,23,14,256 (28.94)	5,78,06,405 (23.85)	6,48,38,447 (28.59)	5,91,11,357 (35.0)
Calcutta .. .. .	57,40,536 (2.82)	82,18,933 (2.56)	98,87,700 (3.7)	1,21,86,740 (5.02)	88,93,300 (4.36)	2,10,72,601 (6.55)	3,25,69,009 (12.19)	3,65,21,060 (15.0)
Delhi .. .. .	4,06,300 (0.44)	13,32,750 (0.55)	8,20,320 (0.36)	13,66,600 (0.645)	3,94,400 (0.43)	1,72,000 (0.07)	33,08,583 (1.45)	25,08,250 (1.2)
Ahmedabad .. .. .	53,976 (0.97)	74,561 (0.81)	94,502 (0.09)	98,274 (1.1)	844,608 (15.25)	998,384 (10.91)	10,32,566 (10.01)	11,85,822 (13.3)
Madras .. .. .	66,720 (70.24)	140,480 (68.48)	1,80,350 (77.41)	2,36,360 (77.08)	52,145 (54.90)	83,240 (40.58)	7,795 (3.34)	30,985 (10.1)
Madhya Pradesh (Indore) ..	660 (10.0)	460 (2.28)	415 (3.61)	1,039 (24.2)	17,388 (263.61)	19,736 (97.77)	11,095 (96.43)	3,459 (80.6)
TOTAL .. .. .	1,97,44,133 (4.1)	2,49,95,662 (3.06)	2,29,35,536 (3.13)	2,69,65,315 (4.26)	6,25,16,097 (12.98)	8,01,52,366 (9.82)	10,17,67,495 (13.88)	9,93,60,933 (15.7)

*Note* : Figures in brackets give percentages to total number of shares traded in cleared securities.

*Source* : Compiled from information contained in Turnover Statements submitted by stock exchanges to the Central Government.

TABLE 5  
Amount of Margins collected during 1968

Exchange	2% Carryover Margin	Additional Margin	Total	Average Margin per active member	Average No. of Shares traded per active member	%age of business carried-over to total
	Rs.	Rs.	Rs.	Rs.		
Bombay .. .. .	8,66,48,949	71,77,791	9,38,26,740 (81·82)	2,84,323	5,11,448	59·49
Calcutta .. .. .	1,25,05,309	—	1,25,05,309 (10·90)	35,526	6,89,751	63·76
Delhi .. .. .	9,93,210	—	9,93,210 (0·87)	10,796	23,01,307	2·52
Ahmedabad .. .. .	66,71,284	6,61,891	73,33,175 (6·39)	61,110	74,453	1·19
Madhya Pradesh .. .. .	15,556	—	15,556 (0·01)	1,197	330	—
Madras .. .. .	5,245	848	6,093 (—)	290	14,601	·03
TOTAL .. .. .	10,68,39,553	78,40,530	11,46,80,083 (100·00)	1,15,129	6,81,612	100·00

Note : Figures in brackets give percentages to the total.

Source : Compiled on the basis of the information contained in the Turnover Statements.

TABLE 6  
Number of Shares Traded in Selected Cleared Scrips

Scrip	No. of shares traded during					
	1968	% to Total Turn- over	1967	% to Total Turn- over	1966	% to Total Turn- over
<b>BOMBAY STOCK EXCHANGE</b>						
Indian Iron .. .. .	3,32,83,300	19.72	6,89,02,300	38.31	8,19,22,700	33.80
Tata Steel .. .. .	2,45,24,130	14.53	2,38,78,163	10.53	2,18,52,925	9.02
Hindustan Motors .. .. .	1,07,33,300	6.36	1,28,81,800	5.59	1,36,83,900	5.65
Century .. .. .	88,68,300	5.25	96,93,492	4.27	68,94,155	2.85
Scindia Steamship .. .. .	2,03,77,635	12.07	—	—	—	—
Indian Copper .. .. .	1,52,90,000	9.06	—	—	—	—
Telco .. .. .	—	—	—	—	3,95,56,485	16.32
<b>TOTAL</b> .. .. .	<b>11,30,76,665</b>	<b>66.99</b>	<b>13,31,55,755</b>	<b>58.70</b>	<b>16,39,10,165</b>	<b>67.64</b>
No. of Cleared Scrips on the List .. .. .	74	—	74	—	73	—
Total Turnover in all the Cleared securities .. .. .	16,87,77,802	100	22,68,16,476	100	24,23,67,628	100
<b>CALCUTTA STOCK EXCHANGE</b>						
Indian Iron .. .. .	11,05,06,200	45.51	19,33,46,100	72.35	25,86,45,762	80.41
Hindustan Motors .. .. .	5,49,12,800	22.62	2,33,53,700	8.74	1,95,98,300	6.09
Birla Jute .. .. .	1,66,95,800	6.88	1,16,28,900	4.35	69,39,025	2.16
Indian Copper .. .. .	1,49,12,400	6.14	1,24,74,500	4.67	1,54,34,150	4.80
Kesoram .. .. .	1,45,05,740	5.97	—	—	—	—
<b>TOTAL</b> .. .. .	<b>21,15,32,940</b>	<b>87.12</b>	<b>24,08,03,200</b>	<b>90.11</b>	<b>30,06,17,237</b>	<b>93.46</b>
No. of Cleared Scrips on the List .. .. .	20	—	18	—	18	—
Total Turnover in all Cleared scrips .. .. .	24,27,92,320	100	26,72,48,500	100	32,16,46,259	100

Table 6—Contd.

Sc)ip	No. of shares traded during					
	1968	— to Total Turn- over	1967	— to Total Turn- over	1966	— to Total Turn- over
<b>DELHI STOCK EXCHANGE</b>						
Indian Iron .. .. .	17,44,50,100	82.40	20,86,21,500	91.18	20,78,63,048	85.74
Hindustan Motors .. .. .	3,31,96,600	15.68	1,67,77,500	7.33	3,22,15,700	13.29
Delhi Cloth Mills .. .. .	31,31,700	1.48	—	—	—	—
<b>TOTAL</b> .. .. .	<b>21,07,78,400</b>	<b>99.56</b>	<b>22,53,99,000</b>	<b>98.51</b>	<b>24,00,78,748</b>	<b>99.03</b>
No. of Cleared Scrips on the List .. .. .	7	—	7	—	7	—
Total Turnover in all Cleared scrips .. .. .	21,17,20,250	100	22,87,96,850	100	24,24,21,298	100
<b>AHMEDABAD STOCK EXCHANGE</b>						
Tata Steel .. .. .	59,89,886	67.04	68,70,391	67.33	61,16,737	66.83
Atul .. .. .	14,79,888	16.58	15,05,574	14.75	—	—
Calico .. .. .	5,76,975	6.48	8,27,592	8.11	9,65,950	10.55
Ambica .. .. .	5,62,202	6.29	7,29,313	7.15	5,25,781	5.74
<b>TOTAL</b> .. .. .	<b>86,08,951</b>	<b>96.35</b>	<b>99,32,870</b>	<b>97.34</b>	<b>76,08,469</b>	<b>83.12</b>
No. of scrips on the List .. .. .	11	—	11	—	11	—
Total Turnover in all the 11 scrips .. .. .	89,34,336	100	1,02,04,266	100	91,53,265	100

Source : Compiled on the basis of information contained in Turnover Statements submitted by the recognised Stock Exchanges in India to the Central Government.

TABLE 7  
Analysis of Turnover  
(Non-Cleared Equities only)

Exchange	Non-Cleared equities									Cleared scrips	
	1967				1968					Daily average No. of Shares traded per scrip	
	No. of Shares Traded	No. of Working days	No. of Equity Scripts	Daily Average No. of Shares traded per scrip	No. of Shares Traded	No. of Working Days	No. of Equity Scripts	Daily Average No. of Shares traded per scrip	1967	1968	
Bombay .. ..	21,71,098 (13.56)	246	588	15.0	25,26,304 (15.70)	251	599	16.8	12,460	9,087	
Calcutta .. ..	1,18,74,709 (74.15)	279	717	59.4	1,15,75,865 (71.91)	279	725	57.2	54,585	44,631	
Delhi .. ..	3,06,095 (1.91)	292	149	7.0	2,99,133 (1.86)	294	142	7.2	1,11,936	1,04,296	
Madras .. ..	14,92,983 (9.32)	237	369	17.0	14,15,136 (8.79)	239	384	15.4	66	86	
A hmedabad ..	28,507 (0.18)	260	138	0.8	31,464 (0.2)	262	134	0.9	3,568	3,100	
Madhya Pradesh ..	2,000 (0.01)	284	15	0.47	533 (—)	291	14	0.14	7	2.5	
Hyderabad ..	74,007 (0.46)	72	35	29.3	1,70,189 (1.06)	77	36	61.4			
Bangalore .. ..	65,453 (0.4)	236	60	4.6	79,279 (0.5)	239	60	5.5			
TOTAL .. ..	1,60,14,852	1,906	2,071	4.06	1,60,97,903	1,932	2,094	3.98	3,518	2,986	

Note : Figures in brackets indicate percentages to the total.

Source : Based on the information contained in Turnover Statements submitted by the Stock Exchanges to the Central Government.