

SEMINAR ON "ROLE OF REGIONAL STOCK EXCHANGE IN PROMOTING EQUITY CULTURE IN INDIA"

A Seminar was convened on 3rd January, 2012 by National Stock Exchange (NSE) and the Ministry of Finance, Department of Disinvestment, Govt. of India at the NSE office at Parliament Street, New Delhi on the subject "Role of Regional Stock Exchanges in promoting Equity Culture in the Country". From the Ministry side, the team was headed by Shri Sidharth Pradhan, Additional Secretary, Department of Disinvestment alongwith two Joint Secretaries and junior-level officials while from the NSE side, the team was led by Ms. K. Kamla, Vice President from their Corporate Office. The regional stock exchanges were represented by Ahmedabad, Bangalore, Bhubaneswar, Delhi, Jaipur, Kolkata, Madras, and Madhya Pradesh.

Initiating the discussion, Shri S. Pradhan, Addl. Secretary, Govt. of India emphasized the need for financial education for the retail investors and to ensure that this reaches the common man at the Block level. He further stated that the intention of GOI for divestment of central PSUs is not only intended to mobilize resources for future capital investment of the PSUs and implementation of various socio-economic program of GOI but also to see that the PSUs shares reach the common man. But much success has not been achieved in this regard so far. He informed that more than 250 million of Indian middle class has adequate savings to invest in various investment products but only 15-20 million people invest in share market, another 50-60 million people invest in mutual funds and various insurance products. In his deliberation he stated that since the National Exchanges can not go beyond the metros and state level headquarters, it is only the regional Exchanges who has expertise, human resources and having good local presence can only reach the tier-2 & tier-3 cities – upto the block level to develop the equity culture among the middle class investors. To achieve the above, the national Exchanges should have tie-up with the regional Exchanges in the shape of MOUs both for financial education and business operation. He strongly supported that the MOU under Section 13 of SCRA between the national Exchanges and regional Exchanges is in the right direction to strengthen the capital market in the country. He requested National Stock Exchange to expedite implementation of Section 13 of SCRA to various regional Exchanges who are interested for such an MOU. This arrangement will bring the investors closer to the Exchanges and bring confidence in their mind to invest in the equity market since their various problems including education and grievances can be addressed at the

regional level. This will bring win-win situation both for the national Exchange, regional Exchange and also the Govt. of India for successful implementation of the disinvestments policies for the central PSUs. He also informed that his Ministry will take up with the Department of Public Enterprises for disinvestments of State PSUs and listing of State PSUs both at the national and regional Stock Exchanges. He opined that in a growing economy the regional Exchanges with their infrastructure, human resources and expertise can play a big role for the growth of the capital market in the coming 10-15 years.

Ms. K. Kamla, Vice President, National Stock Exchange gave a brief presentation regarding the operation of Section 13 of SCRA with the Madras, Kolkata and M.P. Stock Exchanges and the steps initiated by NSE to have future relationship with various regional Stock Exchanges both for operation of Section 13 of SCRA and also taking up financial literacy jointly including certification courses. She further intimated that NSE to solicit RSE alliance in SME market and education related initiatives.

All the representatives of RSEs present at the meeting emphasized the need for taking up financial literacy in a big way to see that the investing population in the capital market should reach from the present number of 15-20 millions to atleast 50 millions within a period of 5-years (end of 12th Plan). The representatives of RSEs also stretched that operation of Section 13 of SCRA should be extended to those RSE who applies for the same. This will not only revive Exchange culture in RSEs but also help them in taking financial education on capital market in a big way. On behalf of Bhubaneswar Stock Exchange, in addition to the above concepts, I emphasized that the MOU between the national Exchanges and regional Exchanges should be broad-based taking into account of the business operation, financial literacy and other investor related problems so that the common investors get best out of that. Shri Debaraj Biswal, Chief Executive Officer, Bhubaneswar Stock Exchange Ltd. suggested that all the stakeholders specially Ministry of Finance, Ministry of Corporate Affairs, SEBI, National Exchanges should jointly work in this regard so that the equity culture is developed and the country will be benefited out of that in a growing economy.