

## B) REGISTRATION AND REGULATION OF WORKING OF INTERMEDIARIES

### *Primary Market*

#### *Merchant bankers*

During 1999-2000, 11 Merchant Bankers were granted registration in Category I. Registration of 68 Category I merchant bankers expired during the year and they did not apply for renewal of registration. Category-wise details of registration of merchant bankers are given in the Table 3.1 below.

**Table 3.1: Details of Registration of Merchant Bankers During 1999-2000**

Category	No. Registered as on March 31, 1999	Registration Given during 1999- 2000	*Deletions During 1999 – 2000	No. Registered as on March 31, 2000
I	243	11	80	174
II	31	NIL	31	NIL
III	14	NIL	14	NIL
IV	127	NIL	115	12
<b>Total</b>	<b>415</b>	<b>11</b>	<b>240</b>	<b>186</b>
<i>*This figure is the sum of registrations expired, renewals rejected/ withdrawn and applications closed due to non submission of information during 1999-2000.</i>				
<i>Source : SEBI</i>				

#### *Underwriters*

The number of underwriters registered with SEBI in terms of SEBI (Underwriters) Rules and Regulations, 1993 as on March 31, 2000 is 42. 24 underwriters were granted registration during the year 1999-2000.

#### *Portfolio managers*

The number of Portfolio Managers as on March 31, 2000 is 23. During the year 1999-2000, 13 Portfolio Manager were granted registration.

#### *Bankers to an issue*

As on March 31, 2000 68 Banks were registered with SEBI as Bankers to an Issue.

#### *Registrars to an issue and share transfer agents*

As on March 31, 2000, a total of 242 Registrar to an Issue and/or Share Transfer Agents were registered with SEBI. Out of the above 128 were registered in Category I and the remaining 114 in Category II.

**Stock brokers**

Stock brokers services form integral part of stocks market expansion and growth which is an indication of deepening of the market. The year of 1999-2000 has witnessed large expansion in the number of brokers. As such during the year, 400 new brokers were registered and 277 registrations were cancelled or were surrendered. As a result total number of registered expanded from 9069 as on March 31, 1999 to 9192 as on March 31, 2000. It may be noted that this figure includes multiple registration also. The details of registrations are given in Table 3.2

**Table 3.2 : Details of Registered Brokers**

<b>Total no. of Registered Brokers as on 31.03.99</b>	<b>Addition During the Year 1999-2000</b>	<b>Reconciliation/ Cancellation/ Surrender of Memberships</b>	<b>Total no. of Registered Brokers as on 31.03.2000</b>
9069	400	277	*9,192
<i>*Inclusive of 1231 multiple registrations.</i>			
<i>Source :SEBI</i>			

Stock exchange-wise break-up of stock brokers classified into corporate brokers and others is presented in table below. It would be observed that NSEIL accounted for 10.8 per cent of the total brokers followed by CSE with 10.3 per cent, Mumbai with 6.8 per cent, OTCEI with 9.7 per cent, Jaipur with 6.4 per cent, Uttar Pradesh with 6.4 per cent and Cochin with 5.3 per cent. Stock exchanges like Mangalore, Magadh and Coimbatore have less than 200 brokers (Table 3.3).

**Table 3.3 : Exchange-wise Brokers Registered with SEBI**

<b>No.</b>	<b>Stock Exchange</b>	<b>1998-99</b>			<b>1999-2000</b>		
		<b>Total Regd. Brokers</b>	<b>Corporate Regd. Brokers</b>	<b>Corporate brokers as % of total</b>	<b>Total Regd. Brokers</b>	<b>Corporate Regd. Brokers</b>	<b>Corporate Brokers as % of total</b>
1	Mumbai	637	352	55.26	631	385	61.01
2	Ahmedabad	297	105	35.35	301	118	39.20
3	Calcutta	935	155	16.58	949	159	16.75
4	Madras	201	67	33.33	200	67	33.50
5	Delhi	392	187	47.07	392	201	51.28
6	Hyderabad	310	91	29.35	310	102	32.90
7	Madhya	187	24	12.83	187	28	14.97

	Pradesh						
8	Bangalore	241	96	39.83	241	103	42.74
9	Cochin	491	67	13.65	491	67	13.65
10	Uttar Pradesh	513	80	15.59	514	86	16.73
11	Pune	200	42	21.00	200	45	22.50
12	Ludhiana	280	67	23.93	284	70	24.65
13	Gauhati	206	5	2.43	206	5	2.43
14	Mangalore	149	14	9.40	146	14	9.59
15	Magadh	196	15	7.65	199	15	7.54
16	Jaipur	594	17	2.86	593	16	2.70
17	Bhubaneshwar	234	15	6.41	234	15	6.41
18	Saurashtra	445	60	13.48	445	64	14.38
19	Vadodara	321	65	20.25	321	65	20.25
20	OTCEI	885	678	76.61	890	668	75.06
21	Coimbatore	198	61	30.81	198	62	31.31
22	NSEIL	990	856	86.46	991	861	86.88
23	ICSEIL	167	54	32.34	269	100	37.17
	Total	9,069	3,173	34.99	9,192	3,316	36.07
<i>Source : SEBI</i>							

An important development in the broking services is the diversified ownership structure which has emerged recently. It is observed that out of more than 9,192 brokers, 3,316 brokers were corporate and 19 brokers were FIs. Of the new 400 brokers registered during 1999-2000, 225 were corporate, 10 brokers were composite corporate and 164 were proprietors. This stratification of broker services can be expected to increase healthier functioning of broker houses. The corporatisation and institutionalisation of the brokers should result in more organized and efficient services leading to healthier trading and accounting standards (Table 3.4).

**Table 3.4 : Classification of Registered Brokers According to Nature of Ownership as March 31, 2000**

No.	Stock Exchange	Proprietor	Partnership	Corporate	Financial Institution	Composite Corporate	S.E. Total
1	Mumbai	185	49	385		12	631
2	Ahmedabad	157	26	118			301

3	Calcutta	738	51	159	1		949
4	Madras	112	20	67			200
5	Delhi	150	40	201	1		392
6	Hyderabad	202	6	102			310
7	Madhya Pradesh	155	4	28			187
8	Bangalore	134	4	103			241
9	Cochin	412	12	67			491
10	Uttar Pradesh	422	6	86			514
11	Pune	147	8	45			200
12	Ludhiana	212	2	70			284
13	Gauhati	200	1	5			206
14	Mangalore	125	7	14			146
15	Magadh	183	1	15			199
16	Jaipur	570	7	16			593
17	Bhubaneshwar	219		15			234
18	Saurashtra	379	2	64			445
19	Vadodara	253	3	65			321
20	OTCEI	184	22	668	16		890
21	Coimbatore	136		62			198
22	NSE	66	63	861	1		991
23	ICSEIL	168	1	100			269
	Total	5,510	335	3,316	19	12	9,192
<i>Source : SEBI</i>							

It may be stated that brokers in many cases get registered at more than one stock exchanges. It would be seen from table below that 493 brokers had membership at two stock exchanges as on March 31, 2000 as compared to 444 brokers with double memberships as on March 31, 1999. It is seen that 61 members had membership at three stock exchanges as on March 31, 2000 (Table 3.5 and 3.6).

**Table 3.5 : Multiple Membership of Brokers**

No. of Membership held	Total no. of Members as on 31.03.1999	Total no. of Membership	Total no. of Members as on 31.03.2000	Total no. of Membership
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		(IxII)		(IxIV)
I	II	III	IV	V
1	7,983	7,983	7,961	7,961
2	444	888	493	986
3	46	138	61	183
4	12	48	10	40
5	0	0	2	10
6	02	12	2	12
Total		9,069		9,192
<i>Source: SEBI</i>				

### Sub-Brokers

There were 5675 sub-brokers registered as on March 31, 2000, as compared with 4589 sub-brokers in the previous year. It would be seen from table below that 90 per cent of the total sub-brokers registered with the SEBI during the current year were from the Stock Exchange, Mumbai and NSEIL. The high concentration of sub-brokers at Mumbai and NSEIL indicates skewed availability of brokers' services at smaller stock exchanges like MadhyaPradesh, Guwahati, Managalore, Magadh, Coimbatore, Ludhiana etc. probably due to non-availability of adequate business. In these areas lack of sufficient business discourages the brokers / sub-brokers to take up thinly available broking services. Sub-broker services are very crucial in educating the potential investors in the primary as well as secondary market.

**Table 3.6 : Stock Exchange-wise Registered Sub-Brokers**

Name of Stock	No. of Sub-brokers registered with SEBI during the financial year 1999-2000	Total No. of Sub-brokers Registered as on March 31, 2000
Mumbai	642	3,363
Ahmedabad	13	66
Calcutta	6	46
Madras	3	125
Delhi	111	379
Hyderabad	0	198
Madhya Pradesh	1	5
Bangalore	2	160
Cochin	1	32
UPSE	1	30

Pune	0	169
Ludhiana	2	23
Gauhati	0	4
Mangalore	0	4
Magadh	0	2
Jaipur	0	32
Bhubaneshwar	0	17
Saurashtra- kutch	0	0
Vadodara	0	85
OTCEI	1	35
Coimbatore	0	26
NSEIL	303	874
Total	1,086*	5,675

\*Includes multiple registration of 360 sub-brokers.

Source : SEBI