

Difference between BSE & NSE

Bombay Stock Exchange is the oldest stock exchange in Asia. What is now popularly known as BSE was established as "The Native Share & Stock Brokers' Association" in 1875. BSE is the first stock exchange in the country which obtained permanent recognition (in 1956) from the Government of India under the Securities Contracts (Regulation) Act 1956.

The BSE Index is an index of 30 stocks representing 12 major sectors. The SENSEX is constructed on a 'free-float' methodology, and is sensitive to market sentiments and market realities. Apart from the SENSEX, BSE offers 21 indices, including 12 sectoral indices. BSE has entered into an index cooperation agreement with Deutsche Borse. This agreement has made SENSEX and other BSE indices available to investors in Europe and America. BSE provides an efficient and transparent market for trading in equity, debt instruments and derivatives. It has a nation-wide reach with a presence in more than 359 cities and towns of India.

Whereas the **National Stock Exchange of India Limited** recognized as a stock exchange under the Securities Contracts (Regulation) Act, 1956 in 1993. NSE commenced operations in the Wholesale Debt Market (WDM) segment in 1994. The Capital Market (Equities) segment commenced operations in November 1994 and operations in Derivatives segment commenced in June 2000. The following years witnessed rapid development of Indian capital market with introduction of internet trading, Exchange traded funds (ETF), stock derivatives and the first volatility index – India VIX by NSE. Interest Rate Futures was introduced for the first time in India by NSE after the launch of Currency Futures. With this, now both the retail and institutional investors can participate in equities, equity derivatives, currency and interest rate derivatives, giving them wide range of products.

The National Stock Exchange of India Limited (NSE) commenced trading in derivatives with index futures. The futures contracts on NSE are based on S&P CNX Nifty. The Exchange later introduced trading on index options based on Nifty.

S&P CNX Nifty is a well diversified 50 stock index accounting for 22 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. The total traded value for the last six months of all Nifty stocks is approximately 52% of the traded value of all stocks on the NSE. Nifty stocks represent about 63% of the Free Float Market Capitalization.