CHAPTER III

INDIAN STOCK MARKET AND ONLINE SHARE TRADING - AN OVERVIEW

3.1 Introduction
3.2 History of World Stock Markets
3.3 History of Indian Stock Markets
3.4 Government of India and Indian Stock Exchanges
3.5 Market Indices
3.6 Performance of Major Indices
3.7 Regulatory Framework
3.8 Reforms in Indian Stock Markets
3.9 Recent Development in Indian Stock Markets
3.10 Internet and E-Commerce
3.11 The Internet and its Early Stage
3.12 Online Share Trading in India
3.13 Trading Procedure at the Stock Exchanges
3.14 Internet Broking
3.15 Working of the Internet Trading System
3.16 National Stock Exchange
3.17 Trading on National Stock Exchange
3.18 Profile of Tirunelveli
3.19 Summary
3.1 INTRODUCTION

Indians have been traditionally known for their savings habits. Savings is closely related to investment which contributes to the economic stability and development of an individual as well as nation. The economic development of a nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government, and household sector. The Indians, in general, tend to spend less than the income and save the maximum possible amount from the regular income for minimizing the future risks. Facilitating such savings on a national level increases the level of available investment and effective demand and thus accelerates the economic development. The economic development is achieved by effectively planning and maintaining the financial system of the nation. The financial system is a composition of various institutions, markets and regulatory bodies. The performance of financial system of any country depends on the performance of financial markets, financial intermediation and financial instruments or financial products.

This chapter discusses the History and development of stock exchange. Online trading on stock exchanges, internet trading on NSE are also discussed. This chapter presents the key strengths of the Indian securities market. Following the online share trading trends are presented in this chapter.

3.2 HISTORY OF WORLD STOCK MARKET

The first stock exchange in London was officially formed in 1773, a scant 19 years before the New York Stock Exchange. Whereas the London Stock Exchange (LSE) was handcuffed by the law restricting shares, the New York Stock Exchange has dealt in the trading of stocks, for better or worse, since its inception. The NYSE wasn't the first stock exchange in the U.S., however, that honor goes to the Philadelphia Stock Exchange, but it quickly became the most powerful.
Formed by brokers under the spreading boughs of a buttonwood tree, the New York Stock Exchange made its home on Wall Street. The exchange's location, more than anything else, led to the dominance that the NYSE quickly attained. It was in the heart of all the business and trade coming to and going from the United States, as well as the domestic base for most banks and large corporations. By setting listing requirements and demanding fees, the New York Stock Exchange became a very wealthy institution. The NYSE faced very little serious domestic competition for the next two centuries. Its international prestige rose in tandem with the burgeoning American economy and it was soon the most important stock exchange in the world. The NYSE had its share of ups and downs during the same period, too. Everything from the Great Depression to the Wall Street bombing of 1920 left scars on the exchange - the 1920 bombing left 38 dead and also left literal scars on many of Wall Street's prominent buildings. The less literal scars on the exchange came in the form of stricter listing and reporting requirements.

On the international scene, London emerged as the major exchange for Europe, but many companies that were able to list internationally still listed in New York. Many other countries including Germany, France, Netherlands, Switzerland, South Africa, Hong Kong, Japan, Australia and Canada developed their own stock exchanges, but these were largely seen as proving grounds for domestic companies to inhabit until they were ready to make the leap to the LSE and from there to the big leagues of the NYSE. Some of these international exchanges are still seen as dangerous territory because of weak listing rules and less rigid government regulation. Despite the existence of stock exchanges in Chicago, Los Angeles, Philadelphia and other major centers, the NYSE was the most powerful stock exchange domestically and internationally. In 1971, however, an upstart was emerged to challenge the NYSE hegemony.
3.3 HISTORY OF INDIAN STOCK MARKET

Indian stock market marks to be one of the oldest stock markets in Asia. It dates back to the close of 18th century when the East India Company used to transact loan securities. In the 1830s, trading on corporate stocks and shares in Bank and Cotton presses took place in Bombay. Though the trading was broad but the brokers were hardly half dozen during 1840 and 1850.

An informal group of 22 stockbrokers began trading under a banyan tree opposite the Town Hall of Bombay from the mid-1850s, each investing a (then) princely amount of Rupee 1. This banyan tree still stands in the Horniman Circle Park, Mumbai. In 1860, the exchange flourished with 60 brokers. In fact, the 'Share Mania' in India began with the American Civil War broke and the cotton supply from the US to Europe stopped. Further the number of brokers has increased to 250. The informal group of stockbrokers organized themselves as the Native Share and Stockbrokers Association which, in 1875, was formally organized as the Bombay Stock Exchange (BSE). BSE was shifted to an old building near the Town Hall. In 1928, the plot of land on which the BSE building now stands (at the intersection of Dalal Street, Bombay Samachar Marg and Hammam Street in downtown Mumbai) was acquired, and a building was constructed and occupied in 1930. Premchand Roychand was a leading stockbroker of that time, and he assisted in setting out traditions, conventions, and procedures for the trading of stocks at in Bombay Stock Exchange and they are still being followed. Several stock broking firms in Mumbai were family run enterprises, and were named after the heads of the family. The following is the list of some of the initial members of the exchange, and who are still running their respective business:
1. D.S. Prabhudas and Company (now known as DSP, and a joint venture partner with MerrillLynch)

2. Jamnadas Morarjee (now known as JM)

3. Champakkal Devidas (now called Cifco Finance)

4. Brijmohan Laxminarayan

3.3.1 Pre-Independence Era

The concept of stock market place was not a very systematic system. People who need to trade generally gathered on the streets which was popularly known as the DALAL STREET and the trading and the transaction were used to take place from the Dalal street. It was in the year 1875 that the first stock exchange was formulated in the name of “The Native Share and Stock Brokers Association” which is presently known as the ”Bombay Stock Exchange”. Thereafter it was in the year 1908, that the stock exchange in Calcutta was formulated known as “The Calcutta Stock Exchange Association”. This wind of stock exchange has also shown its pace in Madras in 1920 resulting in the formation of the Madras Stock exchange which was started with around 100 brokers who are trading in the Madras Stock Exchange. It was in the year 1934 that the Lahore Stock exchange was established. The Uttar Pradesh stock exchange and the Nagpur stock Exchange was established in the year 1940. In year 1944, the Hyderabad stock exchange was established. It was not until 1947 that any stock exchange was established in Delhi. In the year 1947 that the “Delhi Stock and Share Broker Association Limited” and “The Delhi Stocks and Shares exchange Limited” was established in Delhi.
3.3.2 Post-Independence Era

There was a shutdown of various stock exchanges in India due to the depression that took place after Independence. It was under the Securities Contracts (Regulations) Act, 1956 that various stock exchanges have got a recognition as a recognized stock exchange such as Bombay, Delhi, Hyderabad, Indore and so on. There are several other stock exchanges that were established post-independence. Thus, the market of stock exchange in India is tremendous and is growing with leaps and bounds.\(^1\)

In 1956, the Government of India recognized the Bombay Stock Exchange as the first stock exchange in the country under the Securities Contracts (Regulation) Act. The most decisive period in the history of the BSE took place after 1992. In the aftermath of a major scandal with market manipulation involving a BSE member named Harshad Mehta, BSE responded to calls for reform with intransigence. The foot-dragging by the BSE helped radicalise the position of the government, which encouraged the creation of the National Stock Exchange (NSE), which created an electronic marketplace. NSE started trading on 4 November 1994. Within less than a year, NSE turnover exceeded the BSE. BSE rapidly automated, but it never caught up with NSE spot market turnover. The second strategic failure at BSE came in the following two years. NSE embarked on the launch of equity derivatives trading. BSE responded by political effort, with a friendly SEBI chairman (D. R. Mehta) aimed at blocking equity derivatives trading. The BSE and D.R. Mehta succeeded in delaying the onset of equity derivatives trading by roughly five years. But this trading, and the accompanying shift of the spot market to rolling settlement, did come along in 2000 and 2001 - helped by another major scandal at BSE involving the then President Mr. Anand Rathi. NSE scored nearly 100 per cent market share in the runway
success of equity derivatives trading, thus consigning BSE into clearly second place. Today, NSE has roughly 66 per cent of equity spot turnover and roughly 100 per cent of equity derivatives turnover.

3.4 GOVERNMENT OF INDIA AND INDIAN STOCK EXCHANGES

In 1956, the Government of India recognized the Bombay Stock Exchange as the first stock exchange in the country under the Securities Contracts (Regulation) Act. After 1992, aftermath of a major scandal with market manipulation involving a BSE member named Harshad Mehta, BSE responded to call for reform within transigence. The government, which created the National Stock Exchange (NSE), which created an electronic marketplace, started trading on 4 November 1994. Within less than a year, NSE turnover exceeded the BSE. BSE rapidly automated, but it never caught up with NSE spot market turnover. The second strategic failure at BSE came in the following two years. NSE embarked on the launch of equity derivatives trading. BSE was responded by political efforts. However, following to the sandal in BSE in 2000-01, NSE scored nearly 100 per cent market share in the runaway success of equity derivatives trading, thus consigning BSE into clearly second place. Today, NSE has roughly 66 per cent of equity spot turnover and roughly 100 per cent of equity derivatives turnover.

3.4.1 Bombay Stock Exchange

Established in 1875, BSE Ltd. (formerly known as Bombay Stock Exchange Ltd.), is Asia’s first Stock Exchange and one of India’s leading exchange groups. Over the past 137 years, BSE has facilitated the growth of the Indian corporate sector by providing it an efficient capital-raising platform. Popularly known as BSE, the bourse was established as “The Native Share and Stock Brokers' Association” in 1875. BSE is a corporatized and demutualised entity, with a broad shareholder-base
which includes two leading global exchanges, Deutsche Bourse and Singapore Exchange as strategic partners. BSE provides an efficient and transparent market for trading in equity, debt instruments, derivatives and mutual funds. It has also a platform for trading in equities of small-and-medium enterprises (SME).

More than 5000 companies are listed on BSE making it the world's number one exchange in terms of listed members. The companies listed on BSE Ltd command a total market capitalization of USD 1.32 Trillion as on January 2013. It is also one of the world’s leading exchanges (3rd largest in December 2012) for Index options trading. BSE also provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE systems and processes are designed to safeguard the market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments.

BSE is the first exchange in India and second in the world to obtain an ISO 9001:2000 certification. It is also the first Exchange in the country and second in the world to receive Information Security Management System Standard BS 7799-2-2002 certification for its on-line trading system (BOLT). It operates one of the most respected capital market educational institutes in the country (BSE Institute Ltd.). BSE also provides depository services through its Central Depository Services Ltd. (CDSL) arm.

BSE’s popular equity index - the S and P BSE SENSEX - is India's most widely tracked stock market benchmark index. It is traded internationally on the EUREX as well as leading exchanges of the BRICS nations (Brazil, Russia, China and South Africa). BSE has won several awards and recognitions that acknowledge the
work done and progress made like The Golden Peacock Global CSR Award for its initiatives in Corporate Social Responsibility, NASSCOM - CNBC-TV18’s IT User Awards, 2010 in Financial Services category, Skoch Virtual Corporation 2010 Award in the BSE STAR MF category and Responsibility Award (CSR) by the World Council of Corporate Governance. Its recent milestones include the launching of BRICSMART indices derivatives, BSE-SME Exchange platform, S and P BSE GREENEX to promote investments in Green India.  

3.4.2 National Stock Exchange

The National Stock Exchange (NSE) is India's leading stock exchange covering 364 cities and towns across the country. NSE was set up by leading institutions to provide a modern, fully automated screen-based trading system with national level reach. NSE has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes. NSE has made it possible for an investor to access the same market and order book, irrespective of location, at the same price and at the same cost. NSE uses sophisticated telecommunication technology through which members can trade remotely from their offices located in any part of the country.

The National Stock exchange is highly active in the field of market capitalization and thus the ninth largest stock exchange in the said field. Similarly, the trading of the stock exchange in equities and derivatives is so high that it has resulted in high turnovers and thus making it the largest stock exchange in India. It is the stock exchange wherein there is the facility of electronic exchange offering investors. This facility is available in almost all types of equitable transactions such as equities, debentures and the like. It is also the largest stock exchange if calculated in the terms of traded values.
3.4.3 Origin and History of the National Stock Exchange

The National Stock Exchange was incorporated for the first time in November, 1992. In 1994 November, the Capital Market (CM) segment of the stock exchange was started through VSAT. The National Stock Exchange has become the first Clearing Corporation in India by introduction of NSCCL in April 1995. In the same year, it has introduced the Investor protection fund, which is a very important function introduced by the National Stock Exchange. The National Stock Exchange had grown with leaps and bounds and had shown tremendous growth mainly in all the fields and thus making it the largest stock exchange of India by October, 1995. The concept of NSCCL was extended by the introduction of clearing and settlement with the help of NSCCL in year 1996. The National stock Exchange has introduced its Index for the first time in the year April 1996. The index was known as S and P CNX Nifty Index. In the year June 1996, it has introduced the Settlement Guarantee Fund. The National Securities Depositor Fund was launched by the National Stock Exchange in the year 1996, and thus making it the first stock exchange who becomes the first depository in India. Because of the efforts and introduction of new concept in the field of trading, the National Stock Exchange has received the BEST IT USAGE award by the computer Society of India in the year 1996. It has also received an award for the TOP IT USER in the name of “Dataquest award” in December, 1996. The National Stock Exchange has also introduced another index in December 1996 in the name of CNX Nifty Junior. It had again received an award for the BEST IT USAGE award by the Computer Society of India in December, 1996. In May, 1998 it had launched its first website. In October, 2002, it had launched the Government securities index. The growth of the National Stock Exchange has been tremendous.
in every field. It had introduced several programmes and has achieved various achievements and awards while working best in the field in which it is working. The efforts and hard work that is contributed by the National Stock Exchange has been tremendous and thus making an important and unique stock exchange in India.²

3.5 MARKET INDICES

The two major stock indices in India are

- BSE Sensex
- S and P CNX Nifty

3.5.1 BSE Sensex

The S and P BSE SENSEX (S and P Bombay Stock Exchange Sensitive Index), also-called the BSE thirty or simply the SENSEX, is a free-float market-weighted stock market index of thirty well-established and financially sound companies listed on Bombay Stock Exchange. The thirty component companies are the largest and most actively traded stocks. These thirty stocks represent various industrial sectors of the Indian economy. The S and P BSE SENSEX is regarded as the pulse of the domestic stock markets in India. The base value of the S and P BSE SENSEX is taken as 100 on 1 April 1979, and its base year as 1978–79. On 25th July 2001 BSE launched DOLLEX-30, a dollar-linked version of S and P BSE SENSEX.

3.5.2 S and P CNX NIFTY

The CNX Nifty, also called the Nifty 50 or simply the Nifty, is National Stock Exchange of India's benchmark stock market index for Indian equity market. Nifty is owned and managed by India Index Services and Products Ltd., (IISL), which is a wholly owned subsidiary of the NSE Strategic Investment Corporation
Limited. IISL had a marketing and licensing agreement with Standard & Poor's for co-branding equity indices until 2013. The 'CNX' in the name stands for 'CRISIL NSE Index'. CNX Nifty has shaped up as a largest single financial product in India, with an ecosystem comprising: exchange traded funds (onshore and offshore), exchange-traded futures and options (at NSE in India and at SGX and CME abroad), other index funds and OTC derivatives (mostly offshore).

The CNX Nifty covers 22 sectors of the Indian economy and offers investment managers exposure to the Indian market in one portfolio. During 2008-12, CNX Nifty 50 Index share of NSE market capitalisation fell from 65 per cent to 29 per cent due to the rise of sectoral indices like CNX Bank, CNX IT, CNX Mid Cap, and the like. The CNX Nifty 50 Index gives 29.70 per cent weightage to financial services, 0.73 per cent weightage to industrial manufacturing.

The CNX Nifty index is a free float market capitalisation weighted index. The index was initially calculated on full market capitalisation methodology. From June 26, 2009, the computation was changed to free float methodology. The base period for the CNX Nifty index is November 3, 1995, which marked the completion of one year of operations of National Stock Exchange Equity Market Segment. The base value of the index has been set at 1000, and a base capital of ₹0.06 trillion.

### 3.6 PERFORMANCE OF MAJOR INDICES

Stock market indices are the barometers of the stock markets. They mirror the stock market behaviour. It is not possible to the investors to look at the prices of each and every stock listed in the stock exchanges to find out whether the market movement is upward or downward. The indices give a broad outline of the market movement and represent the whole market. The performance of S&P CNX Nifty and
BSE Sensex during the period 2003 – 04 to 2013 – 14 has been presented in Table 3.1.

**TABLE 3.1**
Performance of S and P CNX Nifty and BSE Sensex during the Period 2003-04 to 2013-14

<table>
<thead>
<tr>
<th>Year</th>
<th>S and P CNX Nifty</th>
<th>Increase/ Decrease</th>
<th>Growth Rate (%)</th>
<th>BSE Sensex</th>
<th>Increase/ Decrease</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>1771.9</td>
<td>--</td>
<td>--</td>
<td>5590.6</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2004-05</td>
<td>2035.65</td>
<td>263.75</td>
<td>14.89</td>
<td>6492.82</td>
<td>902.22</td>
<td>16.14</td>
</tr>
<tr>
<td>2005-06</td>
<td>3402.55</td>
<td>1366.9</td>
<td>67.15</td>
<td>11280</td>
<td>4787.18</td>
<td>73.73</td>
</tr>
<tr>
<td>2006-07</td>
<td>3821.55</td>
<td>419</td>
<td>12.31</td>
<td>13072.1</td>
<td>1792.1</td>
<td>15.89</td>
</tr>
<tr>
<td>2007-08</td>
<td>4734.5</td>
<td>912.95</td>
<td>23.89</td>
<td>15644.44</td>
<td>2572.34</td>
<td>19.68</td>
</tr>
<tr>
<td>2008-09</td>
<td>3020.95</td>
<td>-1713.55</td>
<td>-36.19</td>
<td>9708.5</td>
<td>-5935.94</td>
<td>-37.94</td>
</tr>
<tr>
<td>2009-10</td>
<td>5249.1</td>
<td>2228.15</td>
<td>73.76</td>
<td>17527.8</td>
<td>7819.3</td>
<td>80.54</td>
</tr>
<tr>
<td>2010-11</td>
<td>5833.8</td>
<td>584.7</td>
<td>11.14</td>
<td>19445.2</td>
<td>1917.4</td>
<td>10.94</td>
</tr>
<tr>
<td>2011-12</td>
<td>5295.6</td>
<td>-538.2</td>
<td>-9.23</td>
<td>17404.2</td>
<td>-2041</td>
<td>-10.50</td>
</tr>
<tr>
<td>2012-13</td>
<td>5682.55</td>
<td>386.95</td>
<td>7.31</td>
<td>18835.77</td>
<td>1431.57</td>
<td>8.23</td>
</tr>
<tr>
<td>2013-14</td>
<td>6704.2</td>
<td>1021.65</td>
<td>17.98</td>
<td>22386.27</td>
<td>3550.5</td>
<td>18.85</td>
</tr>
<tr>
<td>Net Increase / Decrease</td>
<td>(6704.2-1771.9)</td>
<td>4932.3</td>
<td>278.36</td>
<td>(22386.27-5590.6)</td>
<td>16795.67</td>
<td>300.42</td>
</tr>
<tr>
<td>Compound Growth Rate</td>
<td></td>
<td>12.58%</td>
<td>12.96%</td>
<td>--</td>
<td>12.96%</td>
<td></td>
</tr>
</tbody>
</table>


It is seen from Table 3.1 that the BSE Sensex has increased by 300.42 per cent during the period 2003-04 to 2013-14 and then S and P CNX Nifty have increased by 278.36 per cent during the period 2003-04 to 2013-14 respectively. S and P CNX Nifty and BSE Sensex have grown unceasingly during the period 2003-04 to 2007-08. In 2008-09 the S and P CNX Nifty and Sensex have fallen by 36.19 per cent and
37.94 per cent respectively and then recovered quickly by 2010-11 and then gradually increased during the period 2010-11 to 2013-14. As compared to 2003-04, the S and P CNX Nifty has grown by almost 5000 points and stood at 6704.2 in the year 2013-14. Whereas the BSE Sensex has touched the level of 22386.27 in the year 2013-14. S and P CNX Nifty has been recorded its highest value of 6704.2 and in the year 2013-14 recorded its lowest value of 1771.9 in the year 2003-04 and BSE Sensex has been recorded its highest value of 22386.27 in the year 2013-14 and recorded its lowest value of 5590.6 in the year 2003-04. The compound growth rate of BSE Sensex is 12.96 per cent and S and P CNX Nifty is 12.58 per cent during the period of 2003-04 to 2013-14.

**FIGURE 3.1**
Performance of S and P CNX Nifty and BSE Sensex during the Period 2003-04 to 2013-14
3.7 REGULATORY FRAMEWORK

The Indian Capital Market is governed by various Acts, Rules and Regulations (main on being mentioned herewith) and primarily supervised by the Securities and Exchange Board of India (SEBI) which came into force in 1988. SEBI supervises the role of the stock exchanges (like BSE, NSE, and the like) and the depositories (CDSL and NSDL) for the overall development of capital market environment in India and also monitors and regulates their activities. SEBI is responsible to the Government of India and comes under the direct control and supervision of the Ministry of Finance. The other important legislations are:

- Indian Contract Act, 1872
- The Companies Act, 1956
- Securities Contracts (Regulation) Act, 1956
- Securities Contracts (Regulation) Rules, 1957
- Securities and Exchange Board of India Act, 1992
- SEBI (Stock Brokers and Sub-Brokers) Rules, 1992
- SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992
- SEBI (Insider Trading) Regulations, 1992
- The Depositories Act, 1996.

3.8 REFORMS IN INDIAN STOCK MARKETS

The Securities and Exchange Board of India Act, 1992 was enacted to provide for the establishment of the Securities and Exchange Board of India (SEBI) to regulate and promote the development of securities markets. Setting up of NSE
in 1993, passing of the Depositories Act, 1996 to provide for the maintenance and transfer of ownership of securities in book entry form. Amendments to the Securities Contracts (Regulation) Act, 1956 (SCRA) were made in 1999 to provide for the introduction of futures and option (“Finance”, 2007).

Other measures included free pricing of securities, investor protection measures, use of information technology, dematerialization of securities, improvement in trading practices, evolution of an efficient and transparent regulatory framework, emergence of several innovative financial products and services and specialized FIs. These reforms are aimed at creating efficient and competitive securities market subject to effective regulation by SEBI, which would ensure investor protection.

3.9 RECENT DEVELOPMENT IN INDIAN STOCK MARKETS

- Listing of securities in foreign market allowed.
- Online trading system is established.
- Trading system is changed from outcry system to onscreen based system.
- Derivative trading started.
- Dematerialization of shares allowed. Depositories limited started.
- Foreign institution investment in securities permitted. Companies are allowed to buy back their shares
- Emergence of Credit Rating Agencies.
- Indian companies are allowed to raise capital from abroad.
- Foreign companies are allowed to raise capital from abroad.

3.10 INTERNET AND E-COMMERCE

The telephone took four decades to reach 50 million people. The internet has managed this within four years as digital technologies provide such efficient channels for business and consumer interactions transactions.
### TABLE 3.2
Development of Internet

<table>
<thead>
<tr>
<th>Year</th>
<th>Development of Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>United States launched Arpanet project to lead science and military technological developments</td>
</tr>
<tr>
<td>1961</td>
<td>MIT research paper on Packet Switching Theory</td>
</tr>
<tr>
<td>1961-69</td>
<td>Opening research into networks and inter computer communications</td>
</tr>
<tr>
<td>1969</td>
<td>Arpanet project into networks is commissioned by US Defense Dept and goes live. US universities connect up network facilities for the first time</td>
</tr>
<tr>
<td>1973</td>
<td>Development of protocols to enable multi-network Internet opportunities First international Arpanet connections made</td>
</tr>
<tr>
<td>1976</td>
<td>HM Queen Elizabeth II sends an e-mail</td>
</tr>
<tr>
<td>1980</td>
<td>Tim Bennerslee develops rules for the World Wide Web, credited with becoming the Web Father.</td>
</tr>
<tr>
<td>1982</td>
<td>Standard network protocols are established: Transmission Control Protocol (TCP) and Internet Protocol (IP) commonly referred to as TCP/IP</td>
</tr>
<tr>
<td>1984</td>
<td>Joint Academic Network (JANET) is established linking higher education institutions. Domain Name System (DNS) is introduced</td>
</tr>
<tr>
<td>1985</td>
<td>A company named Symbolics becomes the first registered dot.com Business</td>
</tr>
<tr>
<td>1987</td>
<td>National Science Foundation (US) is the catalyst for the surge in funded work into the Internet. Number of Internet hosts increase significantly during this period</td>
</tr>
<tr>
<td>1988-90</td>
<td>28 countries sign up to hook up to NSFNET reinforcing international Internet potential</td>
</tr>
<tr>
<td>1990</td>
<td>Senator Al Gore coins the phrase ‘information superhighway’</td>
</tr>
<tr>
<td>1991</td>
<td>Web Father, Tim Benners Lee with scientists from CERN release World Wide Web (www)</td>
</tr>
<tr>
<td>1992</td>
<td>America online is launched and raises 23m in floatation The term ‘surfing the net’ is introduced World Bank goes online</td>
</tr>
</tbody>
</table>

Source: Richard Gay. (2010). Online marketing a customer-led approach
3.11 THE INTERNET AND ITS EARLY STAGE

Afuah and Tucci (2003) describe the Internet as technology with many properties that have the potential to transform the competitive landscape in many industries while at the same time creating whole new industries. As Harries and Dennis (2002) note, in 1969, the Internet was just a demonstration project linking up four university campuses in the USA but it now boasts in excess of 300 million users across the world.

E-COMMERCE IN INDIA

India’s e-commerce market was worth about $2.5 billion in 2009, it went up to $6.3 billion in 2011 and to $14 billion in 2012. About 75 per cent of this is travel related (airline tickets, railway tickets, hotel bookings, online mobile recharge etc.). Online Retailing comprises about 12.5 per cent as of 2009. India has close to 10 million online shoppers and is growing at an estimated 30 per cent, the global growth rate of 8–10 per cent. (IAMAI, 2013).

3.12 ONLINE SHARE TRADING IN INDIA

At the end of March 2013, a total number of 445 members were permitted to allow investor’s web based access to NSE’s trading system. The members of the exchange in turn had registered 62,68,798 clients for web based access as on March 31, 2013.
TABLE 3.3
Online Stock Trading in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Enabled Members</th>
<th>Registered Clients</th>
<th>Internet Trading Volume (Crores)</th>
<th>Total Trading Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>242</td>
<td>22,79,098</td>
<td>3,37,554</td>
<td>17.35</td>
</tr>
<tr>
<td>2007-08</td>
<td>305</td>
<td>44,05,134</td>
<td>6,68,339</td>
<td>18.82</td>
</tr>
<tr>
<td>2008-09</td>
<td>349</td>
<td>56,27,789</td>
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<td>9,45,750</td>
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<td>2012-13</td>
<td>445</td>
<td>62,68,798</td>
<td>5,83,073</td>
<td>10.76</td>
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</table>


3.13 TRADING PROCEDURE AT THE STOCKEXCHANGES

The trading system for Securities at all the stock exchanges is a completely online screen-based trading system accessible to all its trading members on equal time basis. The telecommunications link, connecting the trading workstation on trading-member premises to the mainframe computer is of crucial importance for the exchange to provide on-line responses within a few seconds. The permission to applicants selected as Trading members to trade on the Exchange is accorded in groups as Telecom Network expands progressively to cover all eligible trading members. The VSAT telecommunication network works as a closed user group and is available only to its members. For trading on the system, the trading member will also require a workstation which he is expected to purchase along with requisite software. The trading system provides enormous flexibility to trading members. While entering the order, a trading member can place various conditions on the order. The member may place limit on the price. The order may be matched at(a) the best price available, or(b) it may be a limit order, i.e., the order will match only if the price
is better than the limit placed by the member. The trading member may specify the
time period for which the order will be valid. Orders are matched automatically by
the computer system. An order entering the system is a unique order and gets a
unique time stamp. The system conceals the identity of the trading member entering
the order.

3.14 INTERNET BROKING

SEBI Committee has approved the use of Internet as an Order Routing
System (ORS) for communicating clients’ orders to the exchanges through brokers.
ORS enables investors to place orders with his broker and have control over the
information and quotes and to hit the quote on an on-line basis. Once the broker's
system receives the order, it checks the authenticity of the client electronically and
then routes the order to the appropriate exchange for execution. On execution of the
order, it is confirmed on real time basis. Investor receives reports on margin
requirement, payments and delivery obligations through the system. His ledger and
portfolio account get updated online.

SEBI has recently allowed Internet trading in a limited form. Gradually, a more
comprehensive form of Internet trading is likely to be introduced in India. In Internet
trading, the Net would be used as a medium to communicate orders to the stock
exchange through the broker's website. A lot of existing sites like bseindia.com,
nseindia.com, rediffcom, indiainfoline.com, capitalmarket.com and motilaloswal.com
serve a variety of functions like providing real-time quotes with information and
analysis of data on companies and industries. SEBI-registered brokers can introduce
Internet based trading after obtaining permission from respective Stock Exchanges.
SEBI has stipulated the minimum conditions to be fulfilled by trading members to
start Internet based trading and services, vide their circular.SMDRP/POLICY/CIR-
06/2000 dated January 31, 2000. But e-broking sites would also provide the client with the opportunity to buy and sell securities from the confines of one's home or office. The difference here (from conventional order placing over the telephone) is that one would be able to track the fluctuations in a particular stock and the market as a whole while deciding to execute the order and also while the order is being executed. And the confirmation of the executed order would also be available in real-time.

This is indeed a boon for those who don't have the time to visit the office of a broker or a sub-broker to peer at computer terminals that show the existing screen-based electronic trading quotes. In fact, the SEBI Committee on Internet-based Securities Trading and Services has allowed the Net to be used as an Order Routing System (ORS) through registered stockbrokers on behalf of clients for execution of trades. This is compatible with the screen-based trading terminals of today. Of the two software products launched by NSE, Neat XS is an order routing product for broker members with multiple locations, which enables computer-to-computer networking. It has an in-built risk management capability and has two variants - workgroup edition and enterprise edition - that are targeted at small and large brokers, respectively. Neat XS, on the other hand, enables broker members of the NSE to offer Internet trading to their clients.

The other software - net.net - is a server-based product that provides brokers with complete software infrastructure to support Internet commerce, the ability to own htm web transaction pages and the option to integrate existing websites. It also provides exchanges with the ability to send and receive data from its members over the Net on real-time or post-trade. It also allows brokers' clients to perform several functions over the Net including viewing market information, entering orders, creating one's own portfolio, viewing order/trade status, and providing on-line alerts on client activity.
3.15 WORKING OF THE INTERNET TRADING SYSTEM

Under the ORS, a client can enter the name of the security, quantity to be bought or sold and price specifications in the electronic template/space provided by the broker on his site. Once the broker's system receives the information, the same is checked electronically against the client's account and routed to the appropriate exchange for execution by the broker. The client receives a confirmation on execution of the order. At the same time, the customer's portfolio and ledger account get updated to reflect the transaction.

3.15.1 Procedure for Internet Trading

Anyone wanting to start trading through an Internet-based system would have to get registered with the concerned broker. To enroll as a client, one would have to fill in the requisite forms and also deposit a specified amount of money with the broker. This amount would include the margin money requirements of the broker. The trading account would get activated once the money is deposited. Initially the trading limit could be restricted to the amount deposited with the broker. Similarly, if we transfer shares to a depository account with the broker, those shares would be used for deliveries.

Most brokers would like to begin with investment activities, rather than resorting to speculation as it would enable them to gauge the response from clients and also sort out glitches within the system. Once an account gets activated, the client would be given a unique 'Client Account Number' that would have to be quoted while executing any order. Regular brokerage would be charged on each trade as would be the associated depository charges. A client would be logging on to the site using a password, which could be changed.
3.15.2 Safety of Internet Trading

Various issues are involved with this concept: Apart from the safety of the trading system itself, other issues could be of the financial integrity and strength of the concerned broker, customer safety, frauds, hacking of the trading system etc. SEBI is working overtime to ensure the security, reliability and confidentiality of data through the use of encryption technology prior to commencement of Net trading.

SEBI has also asked the concerned stock exchanges to ensure that records (maintained electronically by brokers) are not prone to manipulation. Adequate back-ups and storage facilities have also been made mandatory. Other anti-hacking methods like a unique 'User Identification Number', passwords that can be changed from time to time, etc have already been incorporated in various software.

Individual brokers wanting to provide Net broking services have been asked to maintain a minimum net worth of ₹50 lakh. This should be ideal to support the initial stream of orders generated over the Net. Corporate members or a team of brokers would be asked to maintain net worth requirements and increase it if necessary later. To prevent clients from cheating brokers, SEBI has asked stock exchanges to ensure that enough information about the client and adequate security are collected before starting his business. Further, the brokers have also been asked to set individual exposure and turnover limits for each client. Safeguards like a model client-broker agreement (spelling out all obligations and rights of both parties), arbitration rules, investor protection rules, stock exchange rules etc should be made available on the website as well as in hard copies. But from the open outcry system in the early nineties to the screen-based trading of the late nineties, the stock exchanges have witnessed a lot of changes. Now the investor has the option of directly controlling his trading future via Internet trading.
3.16 NATIONAL STOCK EXCHANGE

The National Stock Exchange of India Limited (NSE) was incorporated in November 1992 by IDBI and other All-India Financial Institutions and became recognized stock exchange with effect from April 26, 1993 to provide nationwide stock trading facilities. The NSE has a fully automated screen-based trading system. It operates on the principles of an order-driven market. It was a part of the financial market sector reforms being undertaken in the economy. To identify the lacunae of the Indian stock market and to investigate what was wrong with the current system, a committee was constituted under the chairmanship of Sh. M.J. Pherwani, who mooted the idea of a National Stock Exchange. The basic idea of setting up of NSE was to facilitate computerized trading in debt market instruments. It provides a nationally -integrated stock market system, facilitating an easy flow of transactions and resources on a cost-effective manner.

3.16.1 PROMOTERS

Following financial institutions were the promoters of National Stock Exchange:

i) Industrial Development Bank of India.

ii) Industrial Finance Corporation of India.

iii) Industrial Credit and Investment Corporation of India.

iv) Life Insurance Corporation of India.

v) General Insurance Corporation of India.

vi) SBI Capital Markets Limited.

vii) Stock Holding Corporation of India Limited.

viii) Infrastructure Leasing and Financial Services Limited.
3.16.2 Market Segments of NSE

The NSE was intended to establish a viable and vibrant debt market which was in an underdeveloped stage. Now, it provides the traditional retail market for securities and also operates a wholesale Debt Market (which may be termed as money market segment). The NSE consists of three mutually exclusive segments.

1. Wholesale debt market segment.
2. Capital market segment.
3. Futures and Options Trading.

1. Wholesale Debt Market Segment

The wholesale debt market segment of NSE is a facility for institutions including subsidiaries of banks engaged in financial services and corporate bodies including companies to enter into high value transactions in instruments such as Public Sector Undertakings (PSUs) bonds, Treasury Bills (T-Bills), Governments Securities, Units of UTI, Commercial Papers (CPs), Certificate of Deposits (CDs), Floating yields bonds, etc. Members on the wholesale Debt Market segment can trade on their own behalf and on behalf of their clients. NSE trading system facilitates making of two ways quotes in a highly flexible manner.

2. Capital Market Segment

The Capital market covers trading in equities and retail trade in convertible or non-convertible debentures and hybrids. This particular segment comprises of the securities of medium and large companies with nation-wide investors base. Those will also include securities which are being traded on their stock exchange. By virtue of equal access nation-wide, such securities can be traded at the same price from any part of the country. This provides good trading and investment opportunities, increases the volume of the trade and increases the liquidity considerably.
3. Futures and Options Trading

Besides the capital market segment, the NSE also provides opportunity to the investors to deal in the derivative products, i.e., futures and options. At present, NSE provides facility to trade in Nifty Futures, Nifty options. Individual Stock Options and Individual Stock Futures.

NSE Organisation

The National Stock Exchange of India Limited has genesis in the report of the High Powered Study Group on Establishment of New Stock Exchanges, which recommended promotion of a National Stock Exchange by financial institutions (FIs) to provide access to investors from all across the country on an equal footing. Based on the recommendations, NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country.


NSE'S Mission

NSE's mission is setting the agenda for change in the securities markets in India. The NSE was set-up with the main objectives of:

1. establishing a non-wide trading facility for equities, debt instruments and hybrids.

2. ensuring equal access to investors allover the country through an appropriate communication network
3. providing a fair efficient and transparent securities market to investors using electronic trading systems.
4. enabling shorter settlement cycle and book entry settlements systems and
5. meeting the current international standards of securities markets.

The standards set by NSE in terms of market practices and technology have become industry benchmarks and are being emulated by other market participants. NSE is more than a mere market facilitator. It's that force which is guiding the industry towards new horizons and greater opportunities.

**NSE's Technology**

Across the globe, developments in information, communication and network technologies have created paradigm shifts in the securities market operations. Technology has enabled organisations to build new sources of competitive advantage, bring about innovations in products and services, and to provide for new business opportunities. Stock exchanges all over the world have realised the potential of IT and have moved over to electronic trading systems, which are cheaper, have wider reach and provide a better mechanism for trade and post trade execution.

NSE believes that technology will continue to provide the necessary impetus for the organisation to retain its competitive edge and ensure timeliness and satisfaction in customer service. In recognition of the fact that technology will continue to redefine the shape of the securities industry, NSE stresses on innovation and sustained investment in technology to remain ahead of competition. NSE's IT set-up is the largest in India. It uses satellite communication technology to energise participation from around 320 cities spread all over the country. In the recent past, capacity enhancement measures were taken up in regard to the trading systems so as to effectively meet the requirements of increased users and associated trading loads.
With upgradation of trading hardware, NSE can handle up to 6 million trades per day in Capital Market segment. In order to capitalise on in-house expertise in technology, NSE set up a separate company, NSE.IT, in October 1999. This is expected to provide a platform for taking up new IT assignments both within and outside India and attaining global exposure.

NEAT is a state-of-the-art client server based application. At the server end, all trading information is stored in an in-memory database to achieve minimum response time and maximum system availability for users. The trading server software runs on a fault tolerant STRATUS main frame computer while the client software runs under Windows on PCs.

The telecommunications network uses X.25 protocol and is the backbone of the automated trading system. Each trading member trades on the NSE with other members through a PC located in the trading member's office, anywhere in India. The trading members on the various market segments such as CM / F&O, WDM are linked to the central computer at the NSE through dedicated 64Kbps leased lines and VSAT terminals. The Exchange uses powerful RISC -based UNIX servers, procured from Digital and HP for the back office processing.

ISFSE is one of the largest interactive VSAT based stock exchanges in the world. Today it supports more than 3000 VSATs. The NSE- network is the largest private wide area network in the country and the first extended C- Band VSAT network in the world. Currently more than 9000 users are trading on the real time -on-line NSE application. There are over 15 large computer systems which include non-stop fault-tolerant computers and high end UNIX servers, operational under one roof to support the NSE applications. This coupled with the nationwide VSAT network makes NSE the country's largest information Technology user.
3.17 TRADING ON NATIONAL STOCK EXCHANGE

The trading on stock exchanges in India used to take place through open outcry without use of information technology for immediate matching or recording of trades. This was time consuming and inefficient. This imposed limits on trading volumes and efficiency. In order to provide efficiency, liquidity and transparency, NSE introduced a nation-wide on-line fully-automated screen based trading system (SBTS) where a member can punch into the computer quantities of securities and the prices at which he likes to transact and the transaction is executed as soon as it finds a matching sale or buy order from a counter party. SBTS electronically matches order on a strict price/time priority and hence cuts down on time, cost and risk of error, as well as on fraud resulting in improved operational efficiency. It allows faster incorporation of price sensitive information into prevailing prices, thus increasing the informational efficiency of markets. It enables the market participants, irrespective of their geographical locations, to trade with one another simultaneously, improving the depth and liquidity of the market. It provides full anonymity by accepting orders, big or small, from members without revealing their identity, thus providing equal access to everybody. It also provides a perfect audit trail, which helps to resolve disputes by logging in the trade execution process entirely. This sucked liquidity from other exchanges and in the very first year of its operation, NSE became the leading stock exchange in the country, impacting the fortunes of other exchanges and forcing them to adopt SBTS also. Today India can boast that almost 100% trading take place through electronic order matching. Technology was used to carry the trading platform from the trading hall of stock exchanges to the premises of brokers. NSE carried the trading further to the PCs at the residence of investors through the Internet and to handheld devices through WAP for convenience of mobile investors. This
made a huge difference in terms of equal access to investors in a geographically vast country like India.

An investor informs a broker to place an order on his behalf. The broker enters the order through his PC, which runs under Windows NT and sends a signal to the satellite via VSAT/leased line/modem. The signal is directed to mainframe computer at NSE via VSAT at NSE’s office. A message relating to the order activity is broadcast to the respective member. The order confirmation message is immediately displayed on the PC of the broker. This order confirmation message is immediately displayed on the PC of the broker. This order matches with the existing passive order(s), otherwise it waits for the active orders to enter the system. On order matching, a message is broadcast to the respective member.

The trading system operates on a strict price time priority. All orders received on the system are sorted with the best period order getting the first priority for matching that is, the best buy orders match with the best sell order. Similar priced orders are stored on time priority basis, i.e. the one that came in early gets priority over the later one. Orders are matched automatically by the computer keeping the system transparent, objective and fair. Where an order does not find a match, it remains in the system and is displayed to the whole market, till a fresh order comes in or the earlier order is cancelled or modified.

The trading system provides tremendous flexibility to the users in terms of kinds of orders that can be placed on the system. Several time-related (good till cancelled, good till day, immediate or cancel), price-related (buy/sell limit and stop loss orders) or volume related (all or none, minimum fill, etc) conditions can be easily built into an order. The trading system also provides complete market information on-
line. The market screens at any point of time provide complete information on total order depth in a security, the five best buys and sells available in the market, the quantity traded during the day in that security, the high and the low, the last traded price, etc. Investors can also know the fate of the orders almost as soon as they are placed with the trading members. Thus the NEAT system provides an Open Electronic Consolidated Limit Order Book (OECLOB). Limit orders are orders to buy or sell shares at a stated quantity and stated price. If the price quantity conditions do not match, the limit order will not be executed. The term "limit order book" refers to the fact that only limit orders are stored in the book and all market orders are crossed against the limit orders sitting in the book. Since the order book is visible to all market participants, it is termed as an 'Open Book'.

**Neat System**

The NEAT system supports an order driven market, wherein orders match on the basis of time and price priority. All quantity fields are in units and prices are quoted in Indian Rupees. The regular lot size and tick size for various securities traded is notified by the Exchange from time to time.

**Internet Trading at NSE**

NSE launched internet trading in early February 2000. It is the first stock exchange in the country to provide web-based access to investors to trade directly on the exchange. The orders originating from the PCs of the investors are routed through the Internet to the trading terminals of the designated brokers with whom they are connected and further to the exchange for trade execution. Soon after these orders get matched and result into trades, the investors get confirmation about them on their PCs through the same internet route.
NSE became the first exchange to grant approval to its members for providing Internet based trading services. In line with SEBI directives, NSE has issued circulars detailing the requirements and procedures to be complied with by members desirous of providing Internet based trading and services. Members can procure the Internet trading software from software vendors who are empaneled with NSE or they may develop the software through their own in-house development team or may procure the software from other empaneled vendors.

Members can also avail of services provided by Application Service Providers (which may inter-alia include providing / maintaining software/hardware/ other infrastructure etc.) for providing Internet based trading services subject to the Application Service Provider (ASP) being empaneled with the Exchange for providing such services. The Exchange has issued circular no. NSE/CMO/0028/ 2000 dated December 18, 2000 (Download No. NSE/CMT/2169) detailing the formalities / requirements for members desirous of using ASPs for providing Internet based trading services as well as formalities / requirements for ASPs desirous of being empaneled with the Exchange for providing such services to trading members of NSE.

3.18 PROFILE OF TIRUNELVELI

This chapter is devoted to present the vital aspects and unique features of Tirunelveli District, the study area. It is expected to throw adequate light on the geographical, natural, social, economic and commercial and demographic aspects of this district.

Tirunelveli District was formed on September 1, 1790 (Tirunelveli Day) by the East India Company (British) and named it as Tirunelveli district though their
headquarters was first located in Palayamkottai the adjacent city, where they had their military headquarters during their operations against the Palayakars. There are three reasons attributed for naming the district after Tirunelveli. The prime one is that it has been serving as the main city of the district and the second one is that it has been called as Tirunelveli Seemai under the Nayaks and Nawabs. Finally it served as the south capital in the period of Pandyan Kingdom. Both Tirunelveli and Palayamkottai grew as the twin cities of the district.

Tirunelveli District enjoys the benefit of the early showers of south west monsoon and of the later rains of the north-east monsoon. The district is chiefly irrigated by rivers rising in Western Ghats. The dams and anaicuts constructed on Tamiraparani and Manimuthar river serve both agriculture and power generation. The total fall, though is light, averaging about 814.8 mm per annum, is generally well distributed. The Tamiraparani rivers affords perennial irrigation to a fairly large area on which two crops are normally raised. Several tanks and wells form part of the other sources of irrigation.

The district has peculiar climate and receives rainfall in all the seasons which represent 953.1 mm in 2005-2006. Tirunelveli District benefits from both the North East Monsoon and the South West Monsoon. The maximum precipitation is contributed by the North East Monsoon at 548.7 mm followed by the South West Monsoon at 147.8 mm and the Summer 184.2 mm. The district is irrigated by several rivers originating in Western Ghats, like the Pachaiyar River which soon merges with the Tambaraparani River. The Tambaraparani River and the Manimuthar River both have many anaicuts and dams with reservoirs that provide water for both agriculture irrigation and power generation. The Tamiraparani River provides consistent irrigation to a large agricultural area. The Chittar River also originates in this district.
Courtallam and Manimuthar Waterfalls are the two major waterfalls in the district.

The Tamiraparani is a symbol of Tamil culture and civilization and an identity of the far south of India. In Tamil and Sanskrit literature of earlier times, the Pandyas were referred to as the rulers of the land where the Tamaraparani flowed. Tamiraparani is the chief river of the district which has a large network of tributaries which includes the Peyar, Ullar, Karaiyar, Servalar, Pampar, Manimuthar, Varahanathithi, Ramanathithi, Jambunathithi, Gadananathithi, Kallar, Karunaiyar, Pachaiyar, Chittar, Gundar, Aintharuviar, Hanumanathithi, Karuppanathithi and Aluthakanniar. The two rivers of the district which are not linked with Tamiraparani are the Nambiar and the Hanumanathithi of Nanguneri taluk. (There are two Hanumanathithis in the district).

The glory of Tirunelveli District is the pride of Tamils. The crawling clouds on the Western Ghats, the picturesque Pothigai hills and the Courtallam waterfalls are the special features which make Tirunelveli unique. The city also goes by the name Nellai. The district is known for its paddy fields. The name 'Tiru-Nel-Veli' owes to a Hindu mythological story where Lord Shiva protected the paddy ('nel') by creating a fence('veli').

Tirunelveli District, the penultimate southern most district of Tamil Nadu, is described as a microcosm of the State. The district has diverse geographical and physical features such as lofty mountains and low plains, rivers and cascades, seacoast and thick inland forest, sandy soils and fertile alluvium, a variety of flora, fauna, and protected wildlife.

The meaning and origin of the name Tamiraparani is reasoned out differently. Bishop R. Caldwell, in his book, A History of Tinnevelly has discussed the various interpretations of the word 'Tamiraparani' at length. According to him the meaning of
the name Tamiraparani in itself is sufficiently clear, but its application in this connection is far from being self-evident. Tamara means, red, parani means parana, a tree which has leaves. Tamiraparani might, therefore mean a tree with red leaves, but, this is a strange derivation for, the name of a river and the ideas naturally suggest itself that some events or legends capable of explaining the name lies beyond. He further discussed the similarity of the name Tamiraparani and of the old name of the present Sri Lanka which was called in olden days as Tambrabane and tried to find out the political, cultural and anthropological intercourse of the land of the river with that island. He concludes that it seems more natural that Tamiraparani, the tree with the red leaves should have been first the name of a tree, then of a town, then of a district and then of a river (it being not uncommon in India for villages to adopt their names from remarkable trees).

Mundanthurai Tiger Reserve Wild Life sanctuaries, District Science Centre, Tirunelveli, Birds Sanctuary at Koonthankulam, Courtallam Health Resort, Krishnapuram Sculptures, Pulithevan Palace, Swamy Nellaiappar Temple and Kanthimathi Ambal Temple, Sankaranainarkoil, Manjolai - Hill Station, Kappal Matha Church, Uvari, PottalpudurDargha, Thiruvalluvar Two Tier Bridge, Holy Trinity Cathedral (Oosi Gopuram) are other important places

3.18.1 Geographical Data

Tirunelveli District has a geographical area of 6759 sq.kms, in the Southeastern portion of Tamil Nadu and is triangular in shape. It lies between 8°.05’ and9°.30’ of the Northern latitude and77°.05’and78°.25’ of Eastern longitude.

3.18.2 Topography

The district is located in the southern part of Tamil Nadu and surrounded by Virudhunagar District on the north, Western Ghats on the West, Kanniyyakumari
District on the south, Tuticorin District on the East. The lifeline of the district river Tamiraparani feeds the district and quenches the thirst of residents of Tuticorin District too.

FIGURE 3.2
Tirunelveli District Map
3.18.3 Administrative Setup

This District has three Revenue Divisions comprising of 11 Taluks, 60 Firkas, 19 Development Blocks, 616 Revenue Villages and 425 Village Panchayats.

3.18.4 Demographic Details

The population of this District was 2723988 as per 2001 Census and 30,72,880 as per 2011 census. The Density of Population per sq.km. was 399 as per 2001 census and 455 persons as per 2011 census. Tirunelveli, Tenkasi and Ambasamudram are the most densely populated Taluks in the District as per 2001 census.

The Sex ratio is 1024 females for every 1000 males in the District as per 2011 census. The Literacy rate is 76.09 per cent in the District as per 2001 census.

Out of the total population, males are 1333939 and females 1390049 as per 2001 census. Out of the total population, males are 1518595 and females 1554285 as per 2011 census. The district has schedule caste population of 481052 which represents 17.66 per cent to total population as per 2001 census. Schedule Tribes are found to be very small in numbers 8358 which is 0.31 per cent of the Total population. 4.36 per cent of State population lives in Tirunelveli District, 1415742 live in Rural area and 1308246 live in urban area forming 52 per cent and 48 per cent respectively as per 2001 census.

3.18.5 Climate and Rainfall

The district has peculiar climate and receives rainfall in all the seasons which represent 947.6mm in 2010-2011. The maximum precipitation is contributed by the North East Monsoon(555.08mm) followed by the South west monsoon(189.6mm) and the Summer (127.7mm), and the Winter (74.5mm).
### 3.18.6 Occupation

Agriculture plays a vital role in the District’s economy. The total cropped area was 171155 hectares, which works out to 25.32 per cent of the total area of 675850 hectares. The important food crops are Paddy, Cholam, Ragi, Cumbu, Maize and other minor millets. The commercial crops are Cotton, Chillies, Sugarcane and Groundnuts. Of the total cultivated area of 145047 hectares in the district, 26108 hectares were sown more than once.

### 3.18.7 Irrigation

The district is blessed with the western ghats from which all the perennial rivers flow and drain towards the east. The surface water of the District is drained into major river basin namely Thamirparani, Vaippar, Nambiar and Hanumanathi. Thamirparani is the major river basin in the District. The other Streams which are seasonal in nature are Servallar, Manimuthar, Ramanathi, Pachayar, Chittar and Uppodai rivers which drain into the Tamiraparani basin. The source of irrigation are Canal, Tank and Well, which covers 133106 hectares. Among the total area irrigated, Well irrigation covers 50096 hectares, Tanks 55382 hectares and Canal 27128 hectares.

### 3.18.8 Tourist Spots

Courtallam is situated at the Western Ghats in Tenkasi Taluk. The famous waterfalls on rocks and tiny droplets are sprinkled in the air. The water falls of Courtalam have medicinal value as they run through forests and herbs before their decent. Pappanasam Agasthiar falls also attracts tourists and pilgrims. There is a Wild life sanctuary at Mundanthurai and Kalakadu. Spotted deers, Lion tailed monkeys, Elephants and Tigers are a plenty.
3.18.9 Religious Significance

The Nellaiappar temple at Tirunelveli, Sankaranainar temple at Sankarankoil, Kasiviswanathar temple at Tenkasi and Vanamamalai Temple at Nanguneri are the landmarks of the District signifying the Hindu Culture. Palayamkottai has many Christian missions and Athankaraipallivasal and Pottalpudur Darga are considered to be important sacred places for Muslims.

3.18.10 Area under Principal Crops

In Tirunelveli District, paddy is the predominant crop cultivated in 72121 acres - 52.77 percent of the net area sown. The details of area and percentage of net area sown are given in Table 3.4.

TABLE 3.4
Area under Principal Crops in Tirunelveli District

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Crops</th>
<th>Area (in Hectares) of Cultivation</th>
<th>Percentage of Net Area Shown</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Paddy</td>
<td>72121</td>
<td>52.77</td>
</tr>
<tr>
<td>2.</td>
<td>Sugarcane</td>
<td>8447</td>
<td>6.20</td>
</tr>
<tr>
<td>3.</td>
<td>Gingely</td>
<td>2277</td>
<td>1.67</td>
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<tr>
<td>4.</td>
<td>Cotton</td>
<td>6874</td>
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<td>Blackgram</td>
<td>4872</td>
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<td>Chillies</td>
<td>3594</td>
<td>2.62</td>
</tr>
<tr>
<td>7.</td>
<td>Banana</td>
<td>38474</td>
<td>28.15</td>
</tr>
<tr>
<td></td>
<td>Net Area sown</td>
<td>136659</td>
<td>100.00</td>
</tr>
</tbody>
</table>


It is seen from Table 3.4 that among the principal crops, paddy, occupies 52.77 per cent of the net area sown in the district, followed by banana, sugarcane and cotton.
3.18.11 Infrastructural Facilities

Tirunelveli District enjoys sound banking and infrastructure facilities.

I. Transport

Tirunelveli District has been well served by a good network of roads and rails. There are short water – ways in hill areas.

(a) Roadways

The length of national highways is 71.40 km state highways 654.849km major district roads 387.140 km and other district road 1795.164km. There are 3820 commercial vehicles and 30017 non – commercial ones. There are many village roads.

(b) Railways

The district enjoys good rail services. The length of the rail route in the District is 170.24kms and the track length is 239.42 kms. There are 26 railway stations for the convenience of passengers.

II. Boarding and Lodging Facilities

Tirunelveli District has a number of boarding and lodging units. Two of them enjoy star status. Others also are fairly maintained and run professionally on modern basis/types.

Totally there are 115 boarding and lodging (BAL) units in this district where mostly internationally exposed groups of hotel owners venture and do good business.

As far as food items are concerned, local, regional, national and international varieties are severed at reasonable prices. Tourist seems to be much interested in them. Most of the BAL units are able to give a professional touch.
III. Commercial Infrastructure

The commercial infrastructure of Tirunelveli District has been wide and vibrant.

Commercial centres like Tirunelveli, Vallioor, Tenkasi, Sankarankoil, Kurumbur, Alangulam, Thysayanvilai, Pavoorchatram, and Surandai are significant market towns. Tourists are interested in dealings in such places.

There a number of super markets and nine markets. The sellers deal in all modern and specialized items.

IV. Uses of Electricity

Near self-sufficiency is found during normal times as for the availability of electricity is concerned in Tiruenlveli District. About 868million units of hydro and 1145m.u of wind mill electricity is generated. There is no thermal use and gas turbine also is not tried. Even remote rural villages are electrified.

V. Entertainment

Tirunelveli District has been popular for art and literature. Cinema houses, Music Sabhas and drama halls are also there. There are six permanent air-conditioned cinema theaters and 36 non-air-conditioned cinema theaters available in this district.

Parks and Hill Areas are in Plenty

The scope for gooden entrainment has been growing from time to time. Tourists and excursionists show much interest in these artistic adventures also.

VI. Tourist Guides

As far as tourist guides are concerned, Tirunelveli District seems to be at the infant stage. Efforts are needed to develop this service on professional lines.
VII. Financial Institutions

The district has a well-built banking structure catering to the needs of the farming population. The district is well served by 186 commercial banks with their branches. This district has 47 DCCB and 36 private sector banks, 50 regional rural banks, 53 lead banks are also functioning in this district.

VIII. Markets

Sankarankovil, Shencottah, Alangulam, Tenkasi and Ambasamudram are the major marketing centres in Tirunelveli district. Groundnut, cholam, cumbu, ragi, blackgram, greengram, bengalgram, coconut oil, gingelly oil, groundnut oil and chilli are marketed through daily shandies located in these centres. The total storage capacity of the district is 34,575 tonnes. The district is served by the Food Corporation of India (FCI) and there are government regulated markets to protect the farmers from the possible exploitation in trading.

IX. Industries

Among the industries in the district, paper, tea, textile and cement need mentioning. The India Cements Ltd., at Thalaiyuthu, the Sun Paper Mills Ltd., at Cheranamahadevi, Madura Coats Ltd., at Ambasamudram and Bombay Burma Trading Company Ltd., (cultivating and processing tea) at Manjolai are the important landmarks in the industrial map of the district.

The significant village industries of the district include handlooms, poultry farming, brickkiln, jaggery production, mat-weaving and beedi making. The fine Pattamadai mat has a world market. The district is famous for the production of handloom cloth. There are 597 registered factories and 357 small scale industrial units in the district.
There are 25 medium and major industries such as Cement, Cotton yarn, Calcium carbide, Sugar, Cotton seed oil, Printing papers and flour Mill etc. Among the other industries in the District Pin, Clip, Matches, Beedi, Vessels making and Engineering industries are important. The important Village industries functioning in the district are Handloom, Poultry farming, Brick making, Jaggery production. The Handloom products Lungi, Sarees and so on are marketed in north India. So also the fine Korai mats from Pathamadi have won world fame. Kallidaikurichi Pappads, Karukurichi mud pots, also Tirunelveli “Halva” are specialities which earned many laurels to the district.

X. Education

The district has 1,757 primary schools, 429 middle schools, 169 high schools, 142 higher secondary schools, 24 arts and science colleges, 21 colleges for professional education, 25 colleges for special education and 2 Universities.

XI. Tourism

The famous Courtallam waterfalls, the ‘Spa of the South’ in the Western Ghats in Tirunelveli district, is a great place of tourist importance. During June to September every year, people from far away places also visit Courtallam. The other prominent places of tourism are Manimuthar water falls, Agasthiar waterfalls, Kalakadu-Mundanthurai Wildlife Sanctuary, Manjolai tea estate, Manimuthar, Papanasam and Chervalaaar dams.

XII. Communication

The details about the number of telephone exchanges and number of post offices functioning in Tirunelveli are given.
I. Post and Telegraph (in No.)

Post offices doing postal business alone 388

Post offices doing postal and telegraph business Nil

II. Telephones

(a) Number of Telephones in Use 92557

(b) Number of Public Call Offices 7186

(c) Number of Telephone Exchanges 81
### TABLE 3.5
List of Online Share Trading Office and Franchise Office in Tirunelveli City

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Online Share Trading Companies</th>
<th>Direct Branch Office</th>
<th>Franchise Office</th>
<th>No. of Samples taken for the Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Karvy</td>
<td>636</td>
<td>--</td>
<td>25</td>
</tr>
<tr>
<td>2.</td>
<td>Giofit</td>
<td>525</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>3.</td>
<td>HDFC Securities</td>
<td>480</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>4.</td>
<td>Inditrade</td>
<td>315</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>5.</td>
<td>Goodwill</td>
<td>410</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>6.</td>
<td>Indbank</td>
<td>502</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>7.</td>
<td>SBI Caps</td>
<td>530</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>8.</td>
<td>Caps Stock</td>
<td>325</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>9.</td>
<td>Share Kan</td>
<td>292</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>10.</td>
<td>ICICI Securities</td>
<td>352</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>11.</td>
<td>Religare</td>
<td>--</td>
<td>270</td>
<td>25</td>
</tr>
<tr>
<td>12.</td>
<td>Ananth Re.</td>
<td>--</td>
<td>285</td>
<td>24</td>
</tr>
<tr>
<td>13.</td>
<td>Kavry(Ambai)</td>
<td>--</td>
<td>265</td>
<td>24</td>
</tr>
<tr>
<td>14.</td>
<td>Nellai Capital</td>
<td>--</td>
<td>290</td>
<td>24</td>
</tr>
<tr>
<td>15.</td>
<td>Motilal Oswary</td>
<td>--</td>
<td>355</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Computed Data.

Tirunelveli city is one of the fast growing city in Tamilnadu. The Government of India selected Tirunelveli city to upgrade it into a smart city. No doubt that a developing city will face problems on stock market and the city is also developing equally to other cities in Tamilnadu. Tirunelveli city has 15 online trading and Franchise offices with more than 5832 investors. This channel is applicable to the study area to a great extent.
3.19 SUMMARY

This chapter makes an attempt to trace the history of world stock market and Indian stock markets as well. The chapter gives a bird’s eye view of the use of internet in stock market. The use of stock market has changed the entire face of the stock market. Hence it is details and explanation with regard to the development of internet, e-commerce, procedures of the stock exchanges, working of internet trading system and procedures for internet trading should elaborated. The origin of NSE, promoters, NSE’s trading procedures, NSE's technology, Trading on NSE, and Internet trading at NSE, Profile of the Tirunelveli District are also explained in this chapter.
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2. http://www.shrinathtradingsoftware.in/bse