7 Dematerialisation

The decade of the 90s witnessed a revolutionary change in the clearing and settlement functions in the Indian securities market. Promulgation of the Depositories Ordinance in 1995 and establishment of the National Securities Depositories Limited (NSDL) thereunder in 1996 culminated in this revolution, which sought to eliminate the ills associated with paper-based securities system such as, delay in transfer, bad delivery, theft, fake and forged shares, and synchronise the settlement of trade and transfer of securities irrespective of geographical locations. Paperless trading and electronic book-entry transfer of securities were introduced in a phased manner with a view to ensuring instantaneous transfer of securities, shorter settlement cycles and ensuring delivery-versus-payment through electronic pay-in and pay-out of securities and funds on the same day. Other benefits like no stamp duty on transfer of securities, faster disbursement of non-cash corporate benefits, lower rate of interest on loans against dematerialised securities, higher limit on advances against dematerialised securities, lower brokerage on transactions, etc., boosted dematerialised trading and settlement. Regulatory support and NSDL's drive helped Indian securities market to quickly assimilate depository culture. In the changed environment, the securities move electronically from seller to the buyer who acquires economic rights associated with the securities instantaneously.

In order to promote dematerialisation of securities in furtherance of the objectives of the Depositories Act, 1996, the Industrial Development Bank of India, the largest development financial institution, the Unit Trust of India, the largest mutual fund and the National Stock Exchange of India Limited, the largest Stock Exchange took initiative to set up the first depository in India, NSDL, which commenced operations in November 1996. Subsequently other leading financial institutions/banks like State Bank of India, Dena Bank, HDFC Bank, HSBC Bank, HSBC, Deutsche Bank, Citibank, Canara Bank, Global Trust Bank and Standard Chartered Bank participated in the equity of NSDL. The depositories Act provides for multiple depositories to ward off monopoly. To provide necessary competition, a second depository, the Central Depository Services (India) Limited (CDSL) commenced operations in March 1999. CDSL has been promoted by the by The Stock Exchange, Mumbai, Bank of India, Bank of Baroda, State Bank of India, and HDFC Bank.

A depository holds securities in dematerialised form. It maintains ownership records of securities and effects transfer of ownership through book entry. By fiction of law, it is the registered owner of the securities held with it with the limited purpose of effecting transfer of ownership at the behest of the owner. The name of the depository appears in the records of the issuer as registered owner of securities. The name of actual owner appears in the records of the depository as beneficial owner. The beneficial owner has all the rights and liabilities associated with the securities. The owner of securities intending to avail of depository services opens an account with a depository through a depository participant (DP). The securities are transferred from one account to another through book entry only on the instructions of the beneficial owner.

Need for Depository

Traditionally, settlement system on Indian stock exchanges gives rise to settlement risk due to the time that elapses before trades are settled. This risk is further enhanced when trades are settled by physical movement of certificates. This has two aspects. First relates to delivery of securities by the seller to the buyer. The process of physically moving the securities from the seller to his broker to clearing corporation to the buyer's broker and finally to the buyer takes time with the risk of delay somewhere along the chain. The second aspect relates to transfer of securities in favour of the buyer by the issuer. This system of transfer of ownership is grossly inefficient as every transfer involves the physical movement of paper securities to the issuer for registration, with the change of ownership being evidenced by an endorsement on the security certificate. In many cases, the process of transfer takes much longer than the two months stipulated in the Companies Act, and a significant proportion of transactions end up as bad delivery due to faulty compliance of paper work. Theft, forgery, mutilation of certificates and other irregularities are rampant, and in addition the issuer has the right to refuse the transfer of a security. Thus the buyer does not get good title of the securities after parting with good money. All this adds to costs and delays in settlement, restricts liquidity and makes investor grievance redressal time-consuming and at times intractable.

To obviate these problems, the Depositories Act, 1996 was enacted to provide for the establishment of depositories in securities with the objective of ensuring free transferability of securities with speed, accuracy and security by (a) making securities of public limited companies freely transferable subject to certain exceptions; (b) dematerialising the securities in the depository mode; and (c) providing for maintenance of ownership records in a book entry form. In order to streamline both the stages of settlement process, the Depositories Act envisages transfer of ownership of securities electronically by book entry without making the securities move from person to person. The Act has made the securities of all public limited companies freely transferable by restricting the company's right to use discretion in effecting the transfer of securities, and dispensing with the transfer deed and other procedural requirements under the Companies Act.

Policies and Programmes

The policy and regulatory initiatives having a bearing on dematerialisation of securities are discussed below:

- In view of the right of the investor to hold securities in physical/demat form, SEBI introduced some degree of compulsion through trading and settlement of securities. SEBI prescribed compulsory settlement of trades in select scrips in dematerialised form, initially for institutional investors and extending it later to all the investors. Institutions are required to mandatorily trade in dematerialised form in respect of a select basket of scrips. Starting with eight scrips on January 15, 1998, this basket increased to 985 scrips as on June 26, 2000. Similarly, dematerialised delivery was progressively made compulsory for all investors in respect of select scrips. Starting with twelve on January 4, 1999, this list increased to 1,229 scrips as on September 25, 2000 and further to 1,413 scrips on October 30, 2000. The number of securities for which settlement has been made mandatory in demat form by all investors and also by institutional investors is given in Table 7-1. However, in order to mitigate the difficulties of small investors, the stock exchanges provide additional windows for sales upto 500 shares in the physical form. The concept of market lot was abolished in the shares of the companies, which are in list of compulsory dematerialised trading for all classes of investors. This has improved liquidity and retail interest, as such investors can now buy in any lot.
- Government issued a clarification in August

Table 7-1: Dematerialised Settlement of Securities

For Institutional Investors		
Compulsory from Date	No. of Companies	Cumulative Total
January 15, 1998	8	8
June 01, 1998	22	30
August 10, 1998	20	50
October 15, 1998	53	103
December 15, 1998	132	235
February 15, 1999	62	297
April 05, 1999	22	319
May 31, 1999	41	360
November 29, 1999	27	387
January 17, 2000	32	419
March 21, 2000	44	462
May 08, 2000	119	582
May 15, 2000	205	787
June 26, 2000	192	985
For All Investors		
Compulsory from Date	**No. of Companies**	**Cumulative Total**
January 04, 1999	12	12
February 15, 1999	19	31
April 05, 1999	33	64
May 31, 1999	40	104
November 29, 1999	56	160
January 17, 2000	39	199
March 21, 2000	61	260
May 08, 2000	181	441
June 26, 2000	142	583
July 24, 2000	262	845
August 28, 2000	253	1,098
September 25, 2000	131	1,229
October 30, 2000	184	1,413

Source: SEBI.

1999 that inter-depository transaction of securities would not attract stamp duty and are not required to comply with formalities under the companies Act. This clarification hastened the process of operationalisation of CDSL, the second depository. For smooth transfer of securities among investors holding accounts in two different depositories, the connectivity between them was established. It was also clarified by the Government that while computing capital gains, FIFO method would be used in respect of dematerialised holding of securities. In case an investor has multiple accounts in a security, FIFO method will be applied account-wise.

- SEBI also took initiative to address the irritations arising in the process of dematerialisation. SEBI advised the Registrars for expediting the dematerialisation within the stipulated time and companies not to reject dematerialisation requests without proper supporting documents or on flimsy grounds. SEBI directed the companies to sign agreements and complete all formalities with both the depositories and establish connectivity on time so that dematerialisation could proceed on schedule. SEBI also directed NSDL and CDSL to persuade major DPs to open branches in cities where DP services are not available. In order to resolve issues which arise from time to time between DPs, registrars and depositories, SEBI formed a Standing Committee co-chaired by the Managing Directors of NSDL and Central Depository Services Limited (CDSL), which will meet at least once a month.

- In order to give further push to dematerialisation, SEBI decided that all new IPOs will be compulsorily traded in dematerialised form. Accordingly, the guidelines for public issues were modified to make admission to a depository for dematerialisation a pre-requisite for making a public or rights issue or an offer for sale. The investors have, however, been allowed to exercise option of either subscribing to securities in physical form or dematerialised form.

- The SEBI (Depositories and Participants) Regulations were amended to include registrars to an issue or share transfer agents with net worth of Rs. 50 lakh in the eligible category to become a depository participant.

- SEBI decided that the branch offices of DPs that are handling more than 5000 accounts should establish direct electronic connectivity with the depository or with the office of DP that is connected live to the depository. This would adequately equip the infrastructure of the DP branches so that the reach of DPs could be increased and the branches could serve the investors better. This would also ensure that the branches have adequate control systems.

- Broker DPs were allowed to maintain client assets in custody to the extent of 100 times of brokers networth up to a networth of Rs. 750 lakh and 50 times above the networth of Rs. 750 lakh.
- In order to accelerate the pace of professionalisation of services of DPs, NSDL mandated that all the branches must have at least one person who is certified in the NCFM module for depository operations.

National Securities Depository Limited

NSDL carries out its activities through its business partners, which include DPs, issuers and their registrars and transfer agents, clearing corporations/houses etc. NSDL is electronically linked to each of these business partners via a satellite link through VSATs. The entire integrated system (including the VSAT link-ups and the software at NSDL and each business partner's end) has been named as the "NEST" [National Electronic Settlement and Transfer] system.

NSDL holds securities in dematerialised form and effects transfer of securities by means of account transfers. Other services provided by NSDL include maintenance of electronic records of beneficial ownership of securities, transfer of beneficial ownership of securities, dematerialisation and rematerialisation of securities, allotments in the electronic form in case of initial public offerings, distribution of securities to allottees in case of public issues, distribution of non-cash corporate actions, and pledge and hypothecation of securities.

NSDL directly credits investor accounts with securities arising out of corporate actions. A total of 637.19 crore equity shares have been credited to 16.29 lakh beneficiary accounts by way of corporate actions through NSDL. This facility has helped avoiding printing of 6.37 crore share certificates (assuming a market lot of 100). In addition, companies benefited by savings in cost and effort involved in handling the certificates, postage, administrative costs and other incidental expenses. Direct credits to beneficiaries through NSDL depository system eliminates the risk of loss of securities in transit or fraudulent interception of the same. This has also resulted in reduction in the number of investor grievances pertaining to non-receipt of corporate benefits.

NSDL extends dividend distribution service to the shareholders, who hold demat shares. It is a Direct Deposit Scheme, wherein the dividend amount payable to the shareholders is credited to the bank account of the beneficial owner, as recorded with the depository participant. This facility of dividend distribution has been availed of by eight companies and a total of Rs. 96.24 crore has been distributed to 3,14,657 shareholders.

NSDL provides an internet-based facility, Securities Position Easy Electronic Dissemination (SPEED), which enables the brokers to view the securities balances and transactions relating to their Clearing Member Pool Accounts directly on the Internet. SPEED can be accessed through the web-site http://speed.nsdl.com or www.nsdl.co.in. SPEED has secured access with multi-layered security.

Charges for Depository Services

NSDL and CDSL provide depository services to investors and clearing members through DPs. They do not charge the investors and clearing members directly but charge their DPs, who are free to have their own charge structure for their clients. The charges for the investors are therefore

Table 7-2: Progress in Dematerialisation: NSDL

Parameters of Progress	At the end of			
	March-98	March-99	March-00	September-00
Companies - Agreement signed	191	375	918	1,785
Companies - Available for Demat	171	365	821	1,637
DPs - Live	49	84	124	151
DP Locations	200	750	1,425	1,853
Stock Exchanges Connected	2	9	10	10
Demat Quantity (Mn.)	1,763	7,109	15,501	22,621
Demat Value (Rs. bn.)	227	1,143	4,614	3,561
Market Capitalisation of Demat Scrips (Rs. bn.)	2,883	3,966	7,659	5,443
Settlement Quantity (Mn.) *	16	407	720	677
Settlement Value (Rs. mn.) *	2,287	74,774	309,531	215,785
Client Accounts	11,238	435,960	2,414,306	3,148,082

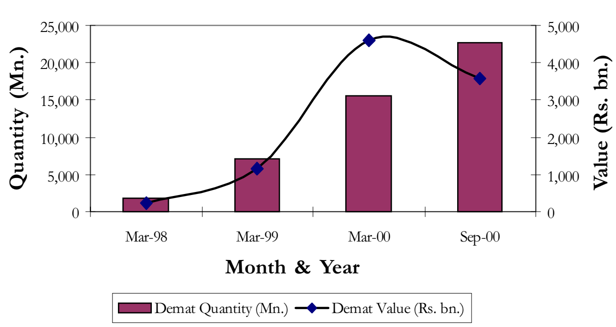
* During the month.
Source: NSDL.

market-determined. The charges levied on DPs by NSDL and CDSL are presented in Annexure 7-1.

Progress of Dematerialisation

Since the depository system was introduced in India, dematerialisation has progressed at a fast pace and has gained acceptance amongst all segments in the market. All actively traded scrips are held, traded and settled in demat form. As at end September 2000, 1,758 companies (issuers) have signed up with NSDL for providing depository services to their shareholders. They include all the companies in the S&P CNX Nifty index, BSE Sensitive index, CNX Nifty Junior index, BSE 500, S&P CNX 500 and most of the other highly traded scrips. The total market capitalisation of companies with NSDL increased from Rs. 3,966 billion as at end March 1999 to Rs.7,659 billion by end March 2000. Total number of dematerialised shares increased from 7,109 million in March 1999 to 15,501 million in March 2000 and further to 22,621 million in September 2000. Depository services are now available in all major cities and towns across the country. As at end September 2000, 151 DPs were connected to NSDL and they were servicing investors from 1,853 centres spread across nearly 350 cites/towns in India. The progress in dematerialisation at NSDL is presented in the Table 7-2 and Chart 7-1. Details of progress in dematerialisation since January 1998 at NSDL are presented in Annexure 7-2.

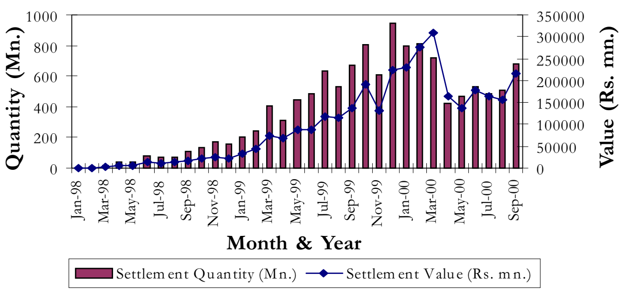
Chart 7-1: Dematerialisation of Securities



The list of companies where dematerialisation as a percentage of market capitalisation has exceeded 75% is presented in Annexure 7-3. Dematerialisation as a per cent of the market capitalisation has crossed 50% in respect of 320 companies and 75% in respect of 120 companies.

Settlement of trades in demat form is showing remarkable growth, as may be seen from Chart 7-2. Trades for Rs. 2,287 million were settled in demat form in March 1998, which increased to

Chart 7-2: Demat Settlement



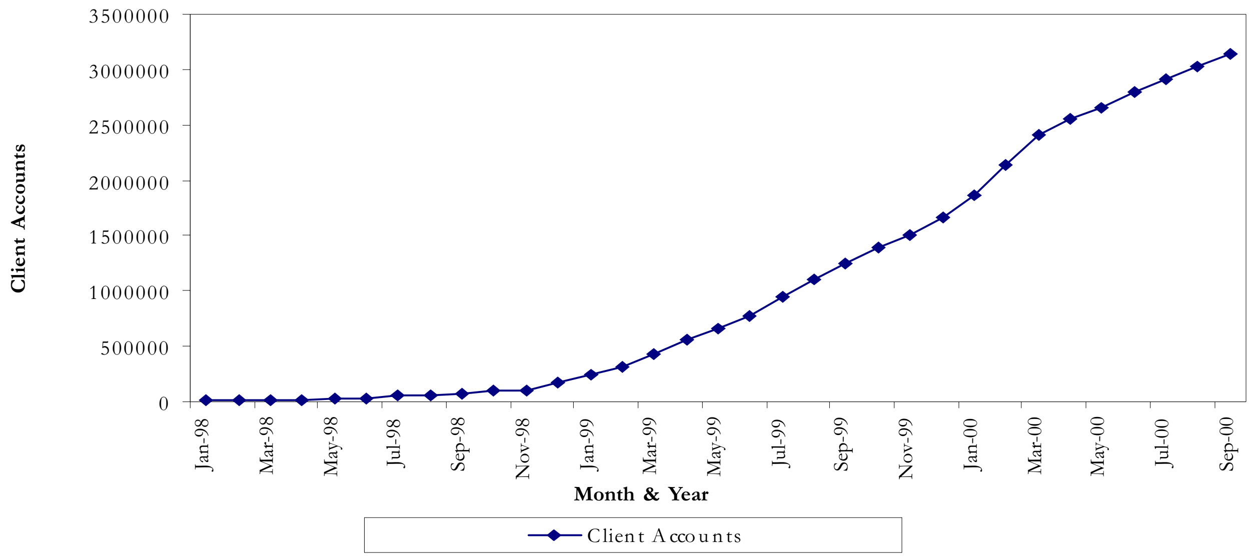
Rs.74,774 million in March 1999 and further to Rs.3,09,531 million in March 2000. During September 2000, trades worth Rs. 2,15,785 million were settled in demat form. Such increasing settlement of trades in demat form has reduced bad delivery. Bad delivery as percentage of total delivery on NSE declined from 0.25% during 1998-99 to 0.23% in during 1999-2000 and further to 0.04% by September 2000. The trades settled by demat delivery reached 99% of total delivery on NSE in September 2000. This has encouraged the regulator to promote rolling settlement in dematerialised scrips.

Ten of the most active stock exchanges in India, viz. National Stock Exchange of India Limited, The Stock Exchange, Mumbai, Calcutta Stock Exchange Association Limited, Delhi Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Madras Stock Exchange, Inter-Connected Stock Exchange of India Limited, Over the Counter Exchange of India, Ludhiana Stock Exchange Association Limited and Stock Exchange, Ahmedabad have established electronic connectivity with NSDL to facilitate settlement in dematerialised securities. Two more exchanges, namely, Hyderabad Stock Exchange and Pune Stock Exchange are in the process of establishing electronic connectivity with NSDL. This will bring the total number of connected exchanges to twelve. Other active stock exchanges are also likely to establish connectivity with NSDL soon.

With the increasing spread of depository awareness and depository participant services, the number of investor accounts has been growing at a very rapid pace. Mutual funds, financial institutions, and foreign institutional investors have dematerialised a significant part of their holdings. Retail investors too have joined the process on a large scale. The number of investor accounts has increased to 3.2 million at the end of September 2000, as may be seen from Chart 7-3. An analysis of investor accounts was carried out by NSDL to ascertain the level of usage of depository services by investors spread across the country. The study was based on the pin codes of the addresses of investors who have opened accounts. The analysis of investor addresses showed that the growth of investor accounts has been more or less uniform across four regions in the country. Western region accounts for more than 50% of the accounts, followed by the southern, northern and the eastern region. With the increase in number of accounts, the spread of investor accounts as represented by the percentage of pincodes from where accounts have been opened increased from 33% in October 1999 (when investor accounts crossed the 1 million mark) to 46% in April 2000 for the country as a whole. In terms of total number of accounts, Maharashtra with 7.9 lakh accounts was followed by Gujarat with 5 lakh accounts and West Bengal with 2 lakh accounts. The top three states together account for about 60% of the total accounts in the country. Kerala, with 57,178 accounts, continues to have the maximum spread with more than 85% of total postal pincodes in the state being covered. West Bengal followed by Gujarat are second and third with a spread of 66% and 64%. Region and state wise break-up of investor accounts are presented in Annexure 7-4.

The growth of dematerialisation at CDSL is presented in Table 7-3. By end August 2000, 1,370 companies had signed up with CDSL for providing depository services, 88 DPs were connected to CDSL. Total number of dematerialised shares increased from 0.2 million in March 1999 to 523 million in March 2000 and further to 727 million in August 2000. The value of demat settlement reached Rs. 100 crore by September, 2000.

Chart 7-3: Client Accounts with NSDL



Dematerialisation of Debt Instruments

The dematerialisation of shares and units of MFs witnessed phenomenal progress primarily due to exemption of stamp duty on transfer of ownership. The dematerialisation of debt instruments did not take off as their transfer required stamp duty. With the passage of Finance Bill 2000, stamp duty payable on transfer of dematerialised debt instruments has been waived. Subsequently, NSDL has commenced admitting debt instruments to the depository. The debt instruments include debentures, bonds, Commercial Papers, Certificates of Deposit, etc., irrespective of whether they are listed, unlisted or privately placed. As at end-September 2000, 26 corporates have admitted 222 instruments to NSDL for the purpose of dematerialisation.

Holding and trading debt instruments in dematerialised form provides a number of benefits to the investors, and also opens new opportunities. As securities in the demat form can be held and transferred in any denomination, it is possible for the bank participants to sell securities to corporate clients and PF Trusts in smaller lots. This was not possible in the physical environment, as splitting of securities involved considerable amount of time. In the demat form, it is possible for the participant banks to STRIP these securities and create a retail market for the same. It may be possible to create a special purpose vehicle and issue cosmetic securities to retail holders. This can be another avenue for the banks to augment their retailing activity.

Table 7-3 Progress of Dematerialisation: CDSL

Parameters	March-1999	March-2000	August-2000
Companies- Agreement Signed	27	765	1,370
Companies- Live	N.A.	556	1,270
DPs- Live	6	61	88
DPs- Locations	3	72	-
Demat Quantity (Mn.)	0.02	523	727

Source: SEBI.

Issue of Demat Securities

Every person subscribing to securities offered by an issuer has the option either to receive the physical certificates or hold them with a depository. If the issuers do not specify such choice in the prospectus, all securities will get issued in physical form and then effort has to be made to dematerialise them. In view of investor's right to hold securities in either form, SEBI brought in some degree of compulsion on investors, requiring them to trade and settle only in demat form, as the investor's right is limited to holding of securities only. SEBI has progressively increased the list of scrips for compulsory demat trading. As a result the securities held in physical form are being dematerialised at the time of trading. This has two implications. If the securities are to be ultimately dematerialised, it is wasteful to create physical certificates in the first instance and allot them to investors. This wasteful expenditure could be avoided if issues are made in demat form. Secondly, while efforts are being made to reduce the existing stock of physical certificates by dematerialising them, fresh physical certificates are being introduced into the system. Thus, there will never be a situation of complete dematerialisation as physical securities are being continuously introduced into the segment. One effective way to prevent physical securities from sneaking into the market is making demat compulsory at the stage of issuing/listing. Since the only purpose of listing is trading, the compulsion should be introduced at the stage of issuing/listing rather than trading. As a result, only demat securities will be available for trading. Compulsion at both the stages is necessary in the short run till all the securities are dematerialised. This may be accomplished by making dematerialisation one of the pre-requisites of listing under the SC(R)A, which will have to be complied with by an issuer seeking listing of a security.

Looking Forward

The depository services in the country are likely to consolidate further and have wider reach due to inter-play of market forces, policy initiatives and regulatory support. All the scrips would be issued, held, traded and settled in the demat form. The two depositories would add to the variety of value-added services. Banks would evince interest in extending loan against collateral of dematerialised shares, as the latter are more liquid, safe, easily transferable and can be marked to market easily.

Stock lending and borrowing, distribution of cash corporate benefits, retail participation in government securities and public offerings in demat form are the major thrust areas. The infrastructure to facilitate stock lending and borrowing in demat form will make settlement more efficient. Government securities, which form a major portion of the outstanding debt stock, have been admitted to NSDL. These securities will be dematerialised and their transfer would be effected by electronic entry which would reduce back-office operations and eliminate geographical barriers. The simplification of operations and removal of barriers will ultimately translate into more number of players, including retail investors, participating in the debt market, thus, leading to a more developed and liquid debt market.

Annexure 7-1: Fee Structure for Depository Services

Fees/Charges	NSDL	CDSL
Equity Instruments		
Custody Fees	0.01% p.a. of average market value of securities, subject to an annual ceiling ranging from Rs. 25,000 to Rs. 4,00,000 based on different levels of custody value with DP.	NIL
Transaction Fees: Market Trade	0.02% of the market value of the securities debited to the clients' account. 0.002% of the market value of the securities received from the clearing corporation into CM accounts subject to a minimum of Rs. 2,000 and a maximum of Rs. 20,000 per quarter per CM account.	0.005% on value of buy/sell transactions.
Transaction Fees: Off-market Trade	0.02% of the market value of the securities debited to the client(s) account.	0.005% on value of buy/sell transactions.
Settlement Fees	0.02% for inter-settlement of transfers in the CM account(s). No settlement fee payable for inter-settlement transfer of securities effected in the additional CM accounts maintained for the purpose of Vyaj Badla transactions.	Flat charge on CM clearing account(s) at Rs. 500 per month.
Pledge	On creation or closure of pledge, a fee at the rate of 0.01% of the value of the securities pledged/hypothecated charged to the DP of the pledgor. On invocation of pledge, a fee at the rate of 0.02% of the value of securities credited to the client(s) account(s) charged to the DP of the pledgee.	No charge for creation/cancellation of pledge. Charge of 0.01% on the value of transaction to the pledgee for invocation of pledge.
Lending & Borrowing	0.02% of market value for credit to borrower's account for transaction upto 3 months; additional 0.02% for transactions beyond 3 months.	0.04% on balances in Vyaj Badla account on the pay-out day of last settlement.
Dematerialisation	NIL	NIL
Rematerialisation	Rs. 10/- per certificate or 0.02% of the value of securities, whichever is higher.	NIL
Debt Instruments		
Custody Fees	0.005% p.a. on average value of securities held by DP in dematerialised form subject to overall ceiling.	NIL
Transaction Fees: Market Trade	NIL	Nil for pay-in and 0.01% for pay-out of securities, subject to maximum of Rs. 50 for each transaction (no transaction charges for CPs and transaction charges for government securities waived upto March 31, 2001).
Transaction Fees: Off-market Trade	NIL	0.01% subject to maximum of Rs. 50 for each transaction (No transaction charges for CPs).
Settlement Fees	0.01% on value of debt securities debited/ credited to client accounts, subject to maximum of Rs. 100 for each different security (no settlement fee for CPs; no settlement fee for govt. securities upto Sept 30, 2000).	NIL

CM: Clearing Member.
DP: Depository Participant.
Source: NSDL and CDSL.

Annexure 7-2: Growth of Dematerialisation at NSDL (end of period)

Month/ Year	Client Accounts	Companies Agreement Signed	Companies Available for Demat	Market Capitalisation of Companies (Rs. bn.)	Demat Quantity (Mn.)	Demat Value (Rs. bn.)	Settlement Quantity (Mn.)*	Settlement Value (Rs. mn.)*
Jan-98	8,654	172	141	2,158	1,259	139	1	111
Feb-98	9,741	179	161	2,634	1,592	184	8	1,026
Mar-98	11,238	191	171	2,883	1,763	227	16	2,287
Apr-98	15,451	197	180	3,098	1,806	279	38	5,884
May-98	24,253	204	185	2,998	1,909	298	37	5,975
Jun-98	33,255	218	198	3,008	2,260	354	78	12,748
Jul-98	54,040	228	212	2,913	2,562	409	70	12,147
Aug-98	61,937	239	224	2,993	2,722	419	71	12,573
Sep-98	78,268	251	239	3,226	3,257	500	107	17,770
Oct-98	94,762	265	254	3,005	3,855	520	134	22,280
Nov-98	102,978	280	272	3,202	4,460	561	173	23,604
Dec-98	171,317	301	291	3,351	5,057	702	155	22,206
Jan-99	248,565	326	324	3,607	5,834	932	204	33,452
Feb-99	321,272	338	331	3,598	6,412	936	242	44,102
Mar-99	435,960	375	365	3,966	7,109	1,143	407	74,774
Apr-99	556,816	388	375	3,552	7,686	1,165	311	68,754
May-99	656,621	421	407	3,940	8,079	1,324	445	87,302
Jun-99	777,608	436	422	4,289	8,580	1,519	484	86,249
Jul-99	940,000	462	442	4,897	9,226	1,812	634	118,404
Aug-99	1,100,000	480	472	5,469	9,906	2,058	530	113,523
Sep-99	1,240,405	515	498	5,260	10,378	2,012	669	135,830
Oct-99	1,387,250	543	526	5,214	11,281	2,185	808	191,404
Nov-99	1,499,570	591	568	5,831	11,770	2,464	610	131,475
Dec-99	1,666,730	638	608	6,076	12,744	3,238	947	224,267
Jan-00	1,869,856	690	662	7,175	13,666	3,831	796	230,341
Feb-00	2,139,863	741	705	8,219	14,377	5,157	814	275,585
Mar-00	2,414,306	918	821	7,659	15,501	4,614	720	309,531
Apr-00	2,550,834	1,030	944	6,378	16,395	3,776	424	164,876
May-00	2,657,499	1,135	1,041	5,611	17,064	3,311	471	136,577
Jun-00	2,798,848	1,196	1,126	6,378	18,335	3,903	532	178,862
Jul-00	2,915,627	1,304	1,255	6,325	19,922	3,508	483	165,203
Aug-00	3,022,849	1,502	1,404	5,883	21,075	3,942	510	155,579
Sep-00	3,148,082	1,785	1,637	5,443	22,621	3,561	677	215,785

* During the month.

Source: NSDL.

Annexure 7-3: Top Demat Scrips with NSDL: Dematerialisation as % of Market Capitalisation, September 2000

Sl. No.	Company	%	Sl. No.	Company	%
1	MONSANTO TECHNO	100.00	61	LIC HOUSING FIN	86.03
2	NATHANI STEEL	100.00	62	ALSTOM	85.94
3	RR DONNELLEY	100.00	63	CENTURY PLYBO.	85.25
4	LIVE WIRE	100.00	64	KSL AND INDS	85.07
5	NEWS TELE	100.00	65	CRISIL	84.95
6	INDSEC SEC.	100.00	66	MODERN HOME CRD	84.87
7	HOMETRUST HOUS.	100.00	67	SHREE RAMA MULT	84.85
8	GLOBAL ELEC COM	98.57	68	GLOBAL TRUST BK	84.82
9	NIRMA	97.80	69	GOODLASS NEROLA	84.69
10	PENTASOFT TECH	97.58	70	BAUSCH AND LOMB	84.39
11	ROOFIT IND	96.94	71	GLENMARK PHARMA	84.38
12	ATCO HEALTHCARE	96.89	72	JINDAL ONLINE.C	84.27
13	INFOSYS	96.88	73	BIRLAGLOBAL FIN	84.24
14	DABUR	96.62	74	INDUSIND BANK	83.96
15	SHYAM TELECOM	96.40	75	EONOUR SOFTWARE	83.86
16	CINEVISTA	96.33	76	EIDER INFOTECH	83.54
17	SRI ADHIKARI	96.32	77	NIIT	83.38
18	APAR INDUSTRIES	95.70	78	NUMERO UNO	83.21
19	TORRENT PHARMA	95.46	79	HDFC	83.05
20	WIPRO	95.26	80	MASTEK LIMITED	82.46
21	BLB LIMITED	95.06	81	SUN EARTH	82.04
22	SSI LIMITED	95.04	82	BALWAS E-COM	81.91
23	SARALDISHA INV	94.53	83	PATEL ENGINE.	81.90
24	SOFTSOL INDIA	94.37	84	NILKAML PLASTIC	81.74
25	MOREPEN LAB	93.81	85	MIRC ELECTRONIC	81.68
26	PRAJ INDUSTRIES	93.52	86	SATYAM COMPUTER	81.42
27	MUKTA ARTS	93.27	87	MOSER BAER	81.41
28	DSQ SOFTWARE	93.21	88	COROMANDEL FERT	81.10
29	AMBUJA CEMENTS	93.14	89	WELLWIN IND	80.89
30	DWARIKESH SUGAR	92.96	90	ESSEL PACKAGING	80.81
31	PIDILITE INDS	92.82	91	INTEGRATED ENTP	80.31
32	ORCHID CHEM	92.69	92	FRONTLINESOFT	80.12
33	MAARS SOFTWARE	92.11	93	ESKAY K 'N' IT	80.00
34	SINCLAIRS HOTEL	91.83	94	GOLDSTONE TECH	79.98
35	GLOBAL TELE SYS	91.76	95	CHOLAMANDALAM	79.92
36	BSES	91.33	96	TOURISM FIN COR	79.62
37	RAM INFORMATICS	90.97	97	MELSTAR INFO	79.42
38	ZEN SOFT SOLTN	90.80	98	IDBI BANK	79.30
39	INDAL	90.75	99	TATA HYDRO	79.21
40	ONWARD TECH	90.75	100	SQL STAR INTL	79.02
41	KLG SYSTEL	90.56	101	L AND T	79.00
42	DIGITAL EQUIP	90.49	102	MALVIKA STEEL	78.75
43	HFCL	89.79	103	WIM PLAST	78.46
44	LOGIX MICROSYS	89.50	104	NARMADA CEMENT	78.15
45	TANU HEALTHCARE	89.20	105	JAYANT AGRO	78.13
46	HINDUSTAN INKS	88.91	106	HDFC BANK	77.80
47	AMBUJA CEM. RAJ	88.73	107	KRISHNA LIFE	77.65
48	BPL	88.56	108	FORTUNE INFORM	77.47
49	RAJESH GLB SLN	88.47	109	USHA ISPAT	77.42
50	ATCOM TECH	88.37	110	ANDHRA VALLEY	77.20
51	COLOUR-CHEM	88.35	111	INFOBAHN TECH	76.70
52	POLARIS SOFT	88.28	112	TATA TEA	76.64
53	UTI BANK	87.97	113	CARBORUNDUM UNI	76.52
54	VANTEL TECH	87.84	114	QUANTUM SOFTECH	76.40
55	ROLTA	87.47	115	INDO FLOGATES	76.38
56	PENTAMEDIA GRAP	87.44	116	CYANAMID AGRO	76.27
57	SOFTPRO SYS	86.96	117	HINDUJA FINANCE	76.21
58	BIOPAC INDIA	86.90	118	NSDL	76.19
59	EID PARRY	86.56	119	SILVERLINE TECH	75.61
60	BALRAMPUR CHINI	86.32	120	MONALISA INFO	75.07

Annexure 7-4 (A) : Region-wise Break-up of Investor Accounts with NSDL

Region	Investor Accounts at 1 million Mark	% of total	Investor Accounts at 2.5 million Mark	% of total
North	1,74,416	16	4,50,552	18
South	2,33,101	22	4,77,624	19
East	99,658	9	2,48,405	10
West	5,54,988	52	13,51,463	53
Total	**10,62,163**	**100**	**25,28,044**	**100**

Annexure 7-4 (B): State-wise Break-up of the Investor Accounts with NSDL

State / Union Territory	No. of Accounts at 1 million plus mark		No. of Accounts at 2.5 million plus mark	
	Accounts	Spread**	Accounts	Spread**
Andaman & Nicobar	29	24	78	29
Andhra Pradesh	51,440	28	1,19,399	42
Arunachal Pradesh	6	7	19	22
Assam	1,100	15	5,388	26
Bihar	9,419	21	29,646	35
Chandigarh	2,662	94	7,626	100*
Daman & Diu	3	100	23	100*
Delhi	89,939	100	2,00,806	100*
Goa	3,991	80	7,893	87*
Gujarat	1,88,189	49	5,01,658	64
Harayana	7,784	38	22,386	54
Himachal Pradesh	535	16	1,531	27
Jammu & Kashmir	327	9	1,227	16
Karnataka	62,195	40	1,38,513	54
Kerala	27,699	75	57,178	86
Madhya Pradesh	16,563	17	45,937	28
Maharashtra	3,48,714	36	7,94,198	48
Manipur	34	2	75	2
Meghalaya	83	17	295	33
Mizoram	1	3	2	5
Nagaland	9	3	64	3
Orissa	3,152	20	9,627	34
Pondicherry	856	77	1,485	86*
Punjab	8,814	38	27,796	56
Rajasthan	14,091	21	47,691	37
Sikkim	75	21	219	37
Tamil Nadu	90,882	32	1,60,971	41
Tripura	22	7	108	14
Uttar Pradesh	47,792	25	1,43,243	38
West Bengal	85,757	53	2,02,962	66
Total	**10,62,163**	**33**	**25,28,044**	**46**

* These States / Union Territories have not been taken into account in determining spread on account of their compactness.

** Spread is worked out as percent of total pin codes in each state from where accounts have been opened.