

FINANCIAL PERFORMANCE OF DEPOSITORIES IN INDIA: A COMPARATIVE STUDY WITH REFERENCE NSDL AND CDSL

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ABSTRACT

A vibrant and efficient capital market, which ensures an orderly development and contains measures for protection of the investor's interest, is the most important parameter for evaluating the health of any economy. The practice trading imposed limits on trading volumes and hence the speed with which new information was incorporated into the stock market. Dematerialization is the processes by which a client can get physical certificates converted into electronic form and balances maintained in its account with the participants in the depository system. Hence the depository participants (DP) are very important in the stock market. A very few studies are there on the depository system in India. As such a study is taken up on The paper entitled "Financial Performance of Depositories in India: A Comparative Study with Reference NSDL and CDSL" focuses on financial performance of both the depositories i.e. CDSL and NSDL of India. This study is purely based on secondary data and the period of the study is April - 2007 to March - 2012 i.e. five consecutive financial years. The main objectives of the study are (i) To comment on the financial soundness of the depositories during the period under study, (ii) To check Total Expenses to Total Income ratio of both the depositories, (iii) To check Operational Income to Total Income ratio of both CDSL and NSDL during the study period and (iv) To analyze Return on Investment of depositories during the period under review. The scope of the study is limited to Depositories and its profitability during the study period. Statistical tool has been used as a from using Mean, Standard Deviation and Coefficient of Variance.

KEY WORDS: Financial Performance, Depositories, Profitability, DP, CDSL and NSDL