



No Manufacturing Unit from Bihar on Stock Exchange | Bihar | 24 Apr 2024

Why in News?

[Bombay Stock Exchange \(BSE\)](#) has over **66.5 lakh registered investors**. The third most populous State in the country, **Bihar, does not have a single manufacturing unit listed on the stock exchange.**

Key Points

- Data from BSE shows that, although **Bihar accounts for just 2.65%** of the total number of registered investors on BSE, it has witnessed **a rise of over 10% in the last quarter and over 47% in 2023.**
- **Before the separation of Bihar and Jharkhand**, the region encompassed both an **agriculture-based and consumer-based economy**, as well as a thriving **mineral and manufacturing sector.**
 - After separation, Bihar found itself predominantly relying on **agriculture and consumer-centric industries.** This transition had significant implications for Bihar's economic landscape.
 - The absence of a robust manufacturing sector, coupled with limited access to essential resources, has hindered the state's ability to compete on a national scale.
- To attract industry, in 2023 the State government organized [Bihar Business Connect summit in Patna](#), where [Memorandums of Understanding \(MoUs\)](#) were signed for Rs 50,500-crore investment proposals.
 - The government showed opportunities in Textiles, leathers, IT/ITeS & ESDM, Food Processing, and Hospitality & Tourism sectors.
- Bihar is plagued with **negative stereotypes and misconceptions** that deter potential investors. Conducting roadshows, engaging in awareness campaigns, and leveraging platforms like CII can play pivotal roles in reshaping perceptions.

Stock Market

- Stock markets are venues where **buyers and sellers meet to exchange equity shares** of public corporations.
- Stock markets are components of a **Free-Market economy because they enable democratized access to investor trading** and exchange of capital.
 - A free-market economy is an economic system in which **the prices of goods and services are determined by supply and demand**, without interference from government regulation.
- India has two stock exchanges - the **Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).**
- [Securities and Exchange Board of India \(SEBI\)](#) is the **regulator of the securities market in India.** They set the legal framework and regulate all entities interested in operating in the market.
 - The **SCRA (Securities Contracts Regulation Act), 1956** has empowered SEBI to recognise and regulate stock exchanges and later commodity exchanges in India; this was earlier done by the Union government.

