The Sensex: Where it all Began

S&P BSE SENSEX: India’s Bellwether Index, Followed by the World

INTRODUCTION

The S&P BSE SENSEX, India’s most tracked bellwether index, is designed to measure the performance of the 30 largest, most liquid, and financially sound large-cap companies across key economic sectors of the Indian economy. The S&P BSE SENSEX represents approximately 45% of India’s equity market (based on total market cap) and seeks to represent a broad cross section of the market.

WHERE IT ALL BEGAN

The index was launched on Jan. 1, 1986, by BSE Ltd. (formerly known as the Bombay Stock Exchange). It is the oldest and one of the most prominent benchmarks in India. Since its inception, the index has always included 30 companies and been calculated using divisor methodology. The index’s first value date is April 3, 1979.

The Indian equity market has experienced significant growth over the years and the S&P BSE SENSEX has been there through it all—from the heightened activity seen during numerous bull and bear runs in the early 1990s to the continued expansion of the technology, media, and telecommunications sectors, and beyond. Throughout these market cycles, the index has tracked the peaks and troughs of India’s capital markets.

The S&P BSE SENSEX was a total market-cap-weighted index until Aug. 31, 2003. On Sept. 1, 2003, the index methodology changed to a float-adjusted (free-float) weighting scheme.

During the early 1980s, investing in the stock market was considered a highly speculative activity in India. This was primarily because many market participants were focused on the performance of individual stocks due to the lack of a comprehensive broad market benchmark. The introduction of the S&P BSE SENSEX helped market participants to measure the performance of the broader market over different time periods, and it helped generate interest in India’s capital markets.

The S&P BSE SENSEX is calculated in Indian rupees, with price return and total return versions available. The price return version is also available in U.S. dollars and is called the S&P BSE DOLLEX 30.
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