

PROJECT REPORT ON:
CAPITAL MARKET REFORMS

SUBMITTED TO:



SUBMITTED BY :
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T.Y ACCOUNTING AND FINANCE (SEMESTER 6)

Under The Guidance:

Dr.AKASH DESHMUKH

Academic Year 2019-20



DECLARATION

I The Undersigned *Miss. Gupta Shweta Dilip* Here By, Declare That The Work Embodied In This Project Work Titled, “*Capital Market Reforms*” Forms My Own Contribution To The Research Work Carried Out Under The Guidance Of “*Mr. Akash Deshmukh*” And Has Not Been Previously Submitted To any Other University For Any Other Degree diploma To This Or Any Other University. Wherever Reference Has Been Made To Previous Works Of Others, It Has Been Clearly Indicated As Such And Included In The Bibliography. I, Here By Further Declare That All Information Of This Document Has Been Obtained And Presented In accordance With Academic Rules And Ethical Conduct.

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CERTIFICATE

This is to Certify that Ms.SHWETA GUPTA DILIP has worked and duly completed her project work for the degree of Bachelor in Commerce (Accounting and Finance) under the faculty of Commerce and her project is entitled, "CAPITAL MARKET REFORMS" under my Supervision. I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University. It is her own work and facts reported by her personal findings and investigations.

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Task ID	Task Description	Task Duration in days	Start Date	End Date														
1	Chapter No. 1: Introduction																	
2	Chapter No. 2: Research Methodology																	
3	Chapter No. 3: Literature Review																	
4	Chapter No. 4: Data Analysis, Interpretation and Presentation																	
5	Chapter No. 5: Conclusions and																	
6	Bibliography, Appendix																	
7	First Draft																	
8	Second Draft																	
9	Final Draft																	
Important: 1. Referencing style APA 6th 2. The Project Report shall be bounded 3. The project report should be 80 to 100 4. Gantt chart shall be filled by faculties 5. The final draft shall be signed by guiding 6. The faculties are allowed to link the tasks in gantt chart 7. Be sure to display start and end dates 8. Account for time off, holidays and 9. To define the critical path, use lines to connect a task				Students signature on No. of visits with date														
Dr. Nishikant Jha				Project Guide : Nimesh Jotaniya														
Co-ordinator B.Com (Accounting and				Department = T.Y.BAF														

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ABSTRACT

The Aim Of The Study Is To Understand The Level Of Customer Satisfaction Towards The Bajaj Allianz. The Study Apart From Knowing The Customers Satisfaction Also Focuses On The Scope And Growth Of Insurance Sector In Chennai Where The Study Is Being Conducted. The Project Focusing On Bajaj Allianz Insurance Company's Branch In Chennai Ensured To Successfully Take Up The Research On Knowing The Customer And Their Views About The Life Insurance Sector.

The Study Helps Us To Get A Better Picture As To What Customer Perceive About Insurance Plan And Their Awareness About The Same. The Study Will Help Us In Understanding What The Customer Prefers Really Through These Insurance Plans. Also, If The Customer Prefers These Insurance Plans, The Study Brings To Light The Customer Expectation About The Same.

The Sample Was Decided Based On Simple Random Sampling Method. The Response Was Recorded By Conducting A Survey With The Help Of A Questionnaire. The Questionnaire Has Been Designed In Such A Way To Bring Out The Most Accurate Data, Which Will Enable The Study To Get The Closest Vicinity Of Its Objectives.

The Data Collected From The Survey Has Been Appropriately Analysed And Has Been Interpreted In A Meaningful Way To Offer Some Suggestion And Recommendations. The Data Has Also Been Put Through A Series Of Statistical Tools That Will Close Down The Distance On The Objective Of The Study.

Several Measures Have Been Taken To Keep The Study On Course Without Any Deviations. There Is Certain Limitation To The Study That Involved Two Primary Factors Cost And Time. Yet The Study Has Been Done Reaching Close To The Greatest Possible Extent Of Its Primary Objectives.

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CHAPTER:1

INTRODUCTION

1.1-Introduction

CAPITAL MARKET refers to the market for long-term funds for investment purposes. The capital market is the source of funds for corporate, governments and provides opportunities to savers to park their long-term savings. The capital market comprises of two segments- the primary and the secondary markets. Broad term describing any market place where buyers and sellers participate in the trade of assets such as equities, bonds, currencies and derivatives. Financial Markets are typically defined by having transparent pricing, basic regulations on trading, costs and fees and market forces determining the prices of securities that trade. In economics, typically, the term market means the aggregate of possible buyers and sellers of a certain good or service and the transactions between them. The term "market" is sometimes used for what are more strictly exchanges, organizations that facilitate the trade in financial securities, e.g., a stock exchange or exchange in Finance, Financial Markets facilitate:

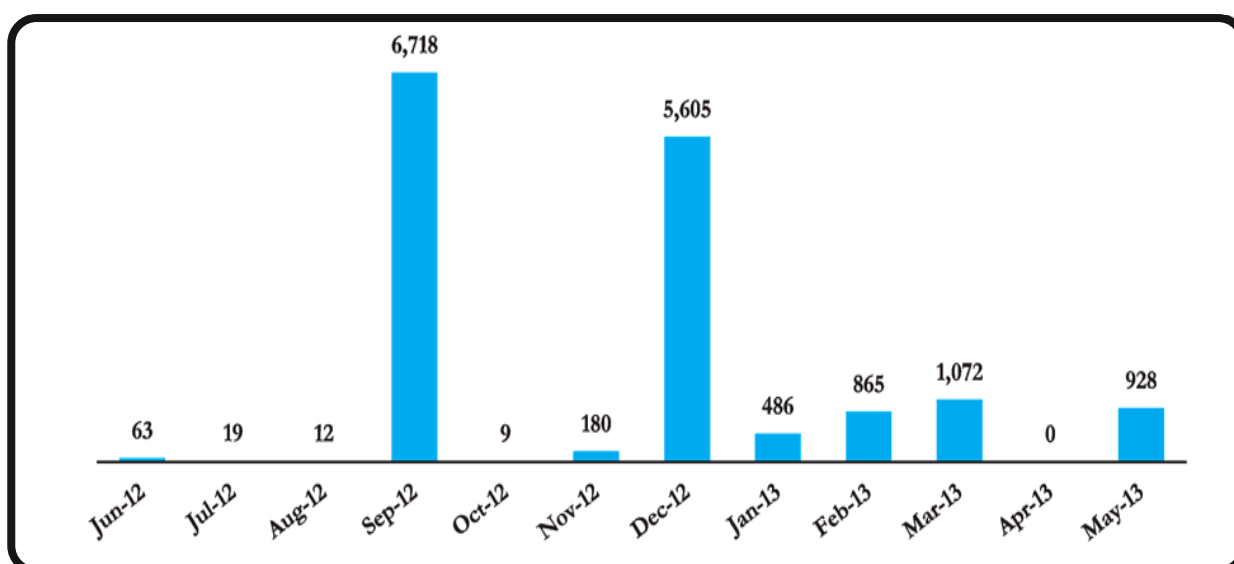
1.2 -History of Capital Market

Controller of Capital Issues Act (CCI) was passed in 1947. The stock markets have had many confused times in the last 140 years of their existence. The burden of wealth and expenditure tax in 1957 by Mr. T.T. Krishna machari, the then finance minister, led to a vast fall in the markets. The dividend freeze and tax on bonus issues in 1958-59 also had a negative impact. War with China in 1962 was another memorably bad year, with the resultant shortages increasing prices all round. This led to a ban on forward trading in commodity markets in 1966, which was again a very bad period, together with the introduction of the Gold Control Act in 1963. and this led to a rebirth of interest in the capital markets, only to be punctured by the Harshad Mehta scam in 1992. The mid-1990s saw a rise in leasing company shares, and hundreds of companies, mainly listed in Gujarat, and got listed in the BSE. The end-1990s saw the emergence of Ketan Parekh and the information; communication and entertainment companies came into the limelight. This period also coincided with the dotcom bubble in the US, with software. There was a reduce in software stock in early 2000. Mr. P Chidambaram continued the liberalization and reform process opening up of the companies, lifting taxes on long-term gains and introducing short term turnover tax. The markets have recovered since then and we have witnessed a sustained rally that has taken the index over 13000. Several systemic changes have over 13000. Several systemic changes have taken place during the short history of modern capital markets. The setting up of the Securities and Exchange Board (SEBI) in 1992. The history of the Indian capital markets and the stock market, in particular can be traced back to 1861 when the American Civil War began.

1.3-Reform of Capital Market

There Are Many Reform In Capital Market .firstly I Will Discuss The Trends In Primary Market. During May 2013,928 Crore Were Mobilized In The Primary Market By Way Of Three Issues As Compared To 134 Crore Mobilized Through One Issue In April2013, Showing An Increase Of Around 6 Times Over The Previous Month. In May 2013, There Were Three Equity Issues. The Cumulative Amount Mobilized For The Financial Year 2013-14, So Far, Stood At ` 1,062crore Through Four Issue As Against ` 446 Crore Raised Through Five Issues During The Corresponding Period Of 2012-13.

Chart Showing Many Primary Trends In Market Further Primary



Further Primary Market Reforms:

- The Improved Disclosure Standards, Introduction Of Prudential Norms, And Simplification Of Issue Procedures.
- Companies Required Disclosing All Material Facts And Specific Risk Factors Associated With Their Projects While Making Public Issues.
- Listing Agreements Of Stock Exchanges Amended To Require Listed Companies To Furnish Annual Statement To The Exchanges Showing Variations Between Financial Projections And Projected Utilization Of Funds In The Offer Document And Actual Figures. This Is To Enable Shareholders To Make Comparisons Between Performance And Promises.

- SEBI Introduces A Code Of Advertisement For Public Issues To Ensure Fair And Truthful Disclosures.
- Disclosure Norms Further Strengthened By Introducing Cash Flow Statements.
- New Issue Procedures Introduced—book Building For Institutional Investors—aimed At Reducing Costs Of Issuing Shares.
- SEBI Introduces Regulations Governing Substantial Acquisition Of Shares And Takeovers And Lays Down Conditions Under Which Disclosures And Mandatory Public Offers Are To Be Made To The Shareholders.

Reforms in Secondary Market:

• Establishment of SEBI:

The Securities and established in 1988. It got legal status in 1992. SEBI was primarily set up to regulate the activities of the merchant banks, to control the operations of mutual funds, to work as a promoter of the stock exchange activities and to merchant banks, to control the operations of mutual funds, to work as a promoter of the stock exchange activities and to act as a regulatory authority of new issue activities of companies. The SEBI Act, 1992 was enacted to empower SEBI with statutory powers for (a) protecting the interests of investors in securities) promoting the development of the securities market, and (c) regulating the securities market. Its regulatory jurisdiction extends over corporate in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with the securities market. It can conduct enquiries, audits, and inspection of all X provisions of the Act, Rules, and Regulations made the under. SEBI has full self-government and the authority to regulate.

• Establishment of Creditors Rating Agencies:

Three creditors rating agencies viz. The Credit Rating Information Services of India Limited (CRISIL - 1988), the Investment Information and Credit Rating Agency of India Limited (ICRA - 1991) and Credit Analysis and Research Limited (CARE) were set up in order to assess the financial health of different financial institutions and agencies related to the stock market activities. It is a guide for the Investors also in evaluating the risk of their investments. Among the credit rating agencies in India, CRISIL is one of the leading credit ratings agencies which cover extensive sectors of industries and follow procedures for fair rating through substantial analyses in India. CRISIL was established as an independent body in 1992, and became affiliates of S & P in 1996. CRISIL was taken over by S&P in 2004, Which holds stake of 51% of CRISIL. As one of the major characteristics of CRISIL on credit ratings and default study, CRISIL has default rate for company analyses in credit rating exercises. Other credit rating agencies are mainly focusing on failures of debt. ate of Moody's), CRISIL has an independent committee on the local credit ratings and not much involved by S&P in local bond ratings. The rating

•**Rowing Mutual Fund Industry:**

The growing of mutual funds in India has certainly helped the capital market to grow. Public sector banks, foreign banks, financial institutions and joint mutual funds between the Indian and foreign firms have launched many new funds. A big diversification in terms of schemes, maturity, etc. has taken place in mutual funds in India. It has given a wide choice for the common investors to enter the Capital market.

•**Rowing Stock Exchanges:**

The numbers of various Stock Exchanges in India are increasing. Initially the BSE was the main exchange, but now after the setting up of the NSE and the OTCEI, stock exchanges have spread across the country. Recently a new Inter-connected Stock Exchange of India has joined the existing stock Exchanges

•**Investor's Protection:**

Under the purview of the SEBI the Central Government of India has set up the Investors Education and Protection Fund (IEPF) in 2001. It works in educating and guiding investors. It tries to protect the interest of the small investors from frauds and malpractices in the capital market.

•**Growth of Derivative Transactions:**

Since June 2000, the NSE has introduced the derivatives trading in the equities. In November 2001 it also introduced the future and options transactions. These innovative products have given variety for the investment leading to the expansion of the capital market.

•**Peculation:**

The stock exchanges are also fashionable places for speculation. In a financial context, the terms speculation "and investment" are actually quite specific. For instance, although the word "investment" is typically used, in a general sense, to mean any act of placing money in a financial vehicle with the intent of producing returns over a period of time, most ventured money—including funds placed in the world's stock market—is actually not investment but speculation.

1.4 Factors Responsible For Growth And Development Of Capital Market:

Growth of Development Banks and Financial Institutions For providing long term funds to industry, the government set up Industrial Finance Corporation in India (IFCI) in 1948. This was followed by a number of other development banks and institutions like the Industrial Credit and Investment Corporation of India (ICICI) in 1955, Industrial Development Bank of India (IDBI) in 1964, Industrial Reconstruction Corporation of India (IRCI) in 1971, Foreign Investment Promotion Board in 1991, Over the Counter Exchange of India (OTCEI) in 1992 etc. 1969, 14 major commercial banks were nationalised. Another 6 banks were nationalized in 1980. These financial institutions and banks have contributed in widening and strengthening of capital market in India. **Setting up of SEBI** The Securities Exchange of India (SEBI) was set up in 1988 and was given statutory recognition in 1992. **Increasing Awareness** During the last few years there have been increasing awareness of investment opportunities among the public. Business newspapers and financial journals (The Economic Times, The Financial Express, Business India, Money etc.) have made the people aware of new long-term investment opportunities in the security market. **Growing Public Confidence** A large number of big corporations have shown impressive growth. This has helped in building up the confidence of the public.

•Credit Rating Agencies:

Credit rating agencies provide guidance to investors / creditors for determining the credit risk. The Credit Rating Information Services of India Limited (CRISIL) was set up in 1988 and Investment Information and Credit Rating Agency of India Ltd. (ICRA) was set up in 1991. These agencies are likely to help the development of capital market in future. **Growth of Mutual Funds** The mutual funds collect funds from public and other investors and channelize them into corporate investment in the primary and secondary markets. The first mutual fund to be set up in India was Unit Trust of India in 1964. **Development of Venture Capital Funds** Venture capital represents financial investment in highly risky projects with a hope of earning high returns. After 1991, economic liberalization has made possible to provide medium and long term funds to those firms, which find it difficult to raise funds from primary markets and by way of loans from FIs and banks.

1.5 Reforms In Capital Market Since 1991

The government has taken several measures to develop capital market in post-reform period, with which the capital market reached new heights. Some of the important measures are:

- **Dematerialization of Shares:**

Dematerializations of shares have been introduced in all the shares traded on the secondary stock markets as well as those issued to the public in the primary markets. Even bonds and debentures are allowed in demate form. The advantage of demate trade is that it involves Paperless trading. Screen Based Trading The Indian stock exchanges were modernized in 90s, with Computerized.

- **Screen Based Trading System (SBTS):**

It cuts down time, cost, risk of error and fraud and there by leads to improved operational efficiency. The trading system also provides complete online market information through various inquiry facilities.

- **Establishment of Securities and Exchange Board Of India (SEBI):**

SEBI became operational since 1992. It was set with necessary powers to regulate the activities connected with marketing of securities and investments in the stock exchanges, merchant banking, portfolio management, stock brokers and others in India. The objective of SEBI is to protect the interest of investors in primary and secondary stock markets in the country.

- **Establishment of National Stock Exchange (NSE):**

The setting up to NSE is a landmark in Indian capital markets. At present, NSE is the largest stock market in the country. Trading on NSE can be done throughout the country through the network of satellite terminals. NSE has introduced inter-regional clearing facilities.

- **Investor Protection:**

The Central Government notified the establishment of Investor Education and Protection Fund (IEPF) with effect from 1st Oct. 2001: The IEPF shall be credited with amounts in unpaid dividend accounts of companies, application moneys received by companies for allotment of any securities and due for refund, matured deposits and debentures with companies and interest accrued there on, if they have remained unclaimed and unpaid for a period of seven years from the due date of payment. The IEPF will be utilized for promotion of awareness amongst investors and protection of their interests.

- **Mutual Funds:**

Mutual Funds are an important avenue through which households participate in the securities market. As an investment intermediary, mutual funds offer a variety of services / advantages to small investors. SEBI has the authority to lay down guidelines and supervise and regulate the working of mutual funds.

•The National Securities Clearing Corporation Limited (NSCL):

The NSCL was set up in 1996. It has started guaranteeing all trades in NSE since July 1996. The NSCL is responsible for post-trade activities of NSE. It has put in place a comprehensive risk management system, which is constantly monitored and upgraded to pre-empt market failures.

•Trading In Central Government Securities:

In order to encourage wider participation of all classes of investors, including retail investors, across the country, trading in government securities has been introduced from January 2003. Trading in government securities can be carried out through a nationwide, anonymous, order-driven, screen-based trading system of stock exchanges in the same way in which trading takes place in equities.

•Credit Rating Agencies:

Various credit rating agencies such as Credit Rating Information services of India Ltd. (CRISIL– 1988), Investment Information and credit Rating Agency of India Ltd. (ICRA – 1991), etc. were set up to meet the emerging needs of capital market. They also help merchant bankers, brokers, regulatory authorities, etc. in discharging their functions related to debt issues.

•Buy Back Of Shares:

Since 1999, companies are allowed to buy back of shares. Through buy back, promoters reduce the floating equity stock in market. Buy back of shares help companies to overcome the problem of hostile takeover by rival firms and others.

•Derivatives Trading:

Derivatives trading in equities started in June 2000. At present, there are four equity derivative products in India Stock Futures, Stock Options, Index Futures, Index Options. Derivative trading is permitted on two stock exchanges in India i.e. NSE and BSE. At present in India, derivatives market turnover is more than cash market.

•PAN Made Mandatory:

In order to strengthen the "Know your client" norms and to have sound audit trail of transactions in securities market, PAN has been made mandatory with effect from January 1, 2007.

•Accessing Global Funds Market:

Indian companies are allowed to access global finance market and benefit from the lower cost of funds. They have been permitted to raise resources through issue of American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs) and External Commercial Borrowings (ECBs). Further Indian financial system is opened up for investments of foreign funds through Non-Resident Indians (NRIs), Foreign Institutional investors (FIIs), and Overseas Corporate Bodies (OCBs).

1.6 Internet Trading

Trading on stock exchanges is allowed through internet, investors can place orders with registered stock brokers through internet. This enables the stock brokers to execute the orders at a greater pace.

•Rolling Settlement:

Rolling settlement is an important measure to enhance the efficiency and integrity of the securities market. Under rolling settlement all trades executed on a trading day (T) are settled after certain days (N). This is called T + N rolling settlement. Since April 1, 2002 trades are settled' under T + 3 rolling settlement. In April 2003, the trading cycle has been reduced to T + 2 days. The shortening of trading cycle has reduced undue speculation on stock markets.

•The Clearing Corporation Of India Limited (CCIL):

The CCIL was registered in 2001, under the Companies Act, 1956 with the State Bank of India as the Chief Promoter. The CCIL clears all transactions in government securities and repos and also Rupee / US \$ forex spot and forward deals All trades in government securities below Rs. 20 cores would be mandatorily settled through CCIL, white those above Rs. 20 cores would have the option for settlement through the RBI or CCIL.

RECENT DEVELOPMENTS IN CAPITAL MARKET OF INDIA

The Indian capital market has witnessed major reforms in the decade of 1990s and thereafter. It is on the verge of the growth.Thus, the Government of India and SEBI has taken a number of measures in order to improve the working of the Indian stock exchanges and to make it more progressive and vibrant.

THE MAJOR REFORMS UNDERTAKEN IN CAPITAL MARKET OF INDIA INCLUDES:-

REFORMS IN CAPITAL MARKET OF INDIA

•Establishment of SEBI:

The Securities and Exchange Board of India (SEBI) was established in 1988. It got a legal status in 1992. SEBI was primarily set up to regulate the activities of the merchant banks, to control the operations of mutual funds, to work as a promoter of the stock exchange activities and to act as a regulatory authority of new issue activities of companies. The SEBI was set up with the fundamental objective, "to protect the interest of investors in securities market and for matters connected there with or incidental thereto.

•**The main functions of SEBI are:-**

- i. To regulate the business of the stock market and other securities market.
- ii. To promote and regulate the self regulatory organizations.
- iii. To prohibit fraudulent and unfair trade practices in securities market.
- iv. To promote awareness among investors and training of intermediaries about safety of market.
- v. To prohibit insider trading in securities market.
- vi. To regulate huge acquisition of shares and takeover of companies.

1-Establishment of Creditors Rating Agencies:

Three creditors rating agencies viz. The Credit Rating Information Services of India Limited (CRISIL - 1988), the Investment Information and Credit Rating Agency of India Limited (ICRA - 1991) and Credit Analysis and Research Limited (CARE) were set up in order to assess the financial health of different financial institutions and agencies related to the stock market activities.

2-Increasing of Merchant Banking Activities:

Many Indian and foreign commercial banks have set up their merchant banking divisions in the last few years. These divisions provide financial services such as underwriting facilities, issue organizing, consultancy services, etc. It has proved as a helping hand to factors related to the capital market.

3-Candid Performance of Indian Economy:

In the last few years, Indian economy is growing at a good speed. It has attracted a huge inflow of Foreign Institutional investments (FII). The massive entry of FIIs in the Indian capital market has given good appreciation for the Indian investors in recent times. Similarly many new companies are emerging on the horizon of the Indian capital market to raise capital for their expansions.

4-Rising Electronic Transactions:

Due to technological development in the last few years. The physical transaction with more paper work is reduced. Now paperless transactions are increasing at a rapid rate. It saves money, time and energy of investors. Thus it has made investing safer and hassle free encouraging more people to join the capital market.

5-Growing Mutual Fund Industry :

The growing of mutual funds in India has certainly helped the capital market to grow. Public sector banks, foreign banks, financial institutions and joint mutual funds between the Indian and foreign firms have launched many new funds. A big diversification in terms of schemes, maturity, etc. has taken place in mutual funds in India. It has given a wide choice for the common investors to enter the capital market.

6-Growing Stock Exchanges :

The numbers of various Stock Exchanges in India are increasing. Initially the BSE was the main exchange, but now after the setting up of the NSE and the OTCEI, stock exchanges have spread across the country. Recently a new Inter-connected Stock Exchange of India has joined the existing stock exchanges.

7-Investor's Protection:

Under the purview of the SEBI the Central Government of India has set up the Investors Education and Protection Fund (IEPF) in 2001. It works in educating and guiding investors. It tries to protect the interest of the small investors from frauds and malpractices in the capital market.

8-Growth of Derivative Transactions:

Since June 2000, the NSE has introduced the derivatives trading in the equities. In November 2001 it also introduced the future and options transactions. These innovative products have given variety for the investment leading to the expansion of the capital market.

9-Insurance Sector Reforms:

Indian insurance sector has also witnessed massive reforms in last few years. The Insurance Regulatory and Development Authority (IRDA) was set up in 2000. It paved the entry of the private insurance firms in India. As many insurance companies invest their money in the capital market, it has expanded.

10-Commodity Trading :

Along with the trading of ordinary securities, the trading in commodities is also recently encouraged. The Multi Commodity Exchange (MCX) is set up. The volume of such transactions is growing at a splendid rate.

1.7 Rebound In Indian Capital Market

The factors that are responsible for rebound phenomenon in Indian Capital Market are as follows:

Active FII buying.

Active IIL (Indian Institutional Investor) buying. Favorable sovereign rating by leading. Credit rating agencies like S&P, Moody's, etc.

Favorable monsoons fuelling adequate demand for goods and services in the economy. Favorable political conditions. Strong foreign exchange reserve position.

Foreign exchange reserve position.

Strong fundamentals of basic and other industrial segments such as steel, FMCGs etc.

Forecasts of better prospects in future. Strong macro-economic aggregates. Active participation of retail investors with renewed vigor

THE INSTRUMENTS ISSUED IN CAPITAL MARKETS ARE LISTED BELOW:

1-Shares:

Share is the share in the share capital of the company. Share is one of the units into which the capital of company is divided. A person having the shares of the company is called as shareholder of that company; He is regarded as the part of owner of the company.

There are 2 types of shares:

- a) Equity shares
- b) Preference shares

2-Debentures:

Debentures are long term borrowed funds of the company. They have fixed maturity period as well as fixed interest rate. These are the certificates issued under common seal of the company.

3-Bonds:

Bonds are the long term borrowed funds of the government and also companies. Like debentures have fixed maturity and fixed interest rate even bonds have. Here interest charged on bonds termed as coupon rate.

3-Derivatives:

These are instruments that derive from other securities, which are referred to as underlying assets. The price, riskiness and function of the derivative depend on the underlying assets since whatever affects the underlying asset must affect the

- Options
- Swaps
- Exchange Traded Funds

Capital market instruments are monetary instruments as obligation or value that are exchanged either on a securities trade or specifically amongst financial specialists and borrowers. It is responsible for generating funds for companies, corporations and sometimes national governments. These are used by the investors to make a profit out of their respective markets. Capital market instruments include Stocks, Bonds, Debentures, Treasury-bills, Foreign Exchange, Fixed deposits, and other.

1.8 Difference Between Equity Security And Debt Security

DIFFERENCE BETWEEN

EQUITY SECURITY	DEBT SECURITY
Owner of the company.	Creditor of the company.
Get Dividend only when company earns sufficient profits.	Provides steady income to the investors.
Have voting rights.	No voting rights.
Not secured.	Secured in nature.
Share capital of the company.	Borrowed capital of the company.

MONEY MARKET VS CAPITAL MARKET DIFFERENCES

Money market and Capital market are types of financial market. Money markets are used for short-term lending or borrowing usually the assets are held for one year or less whereas, Capital Markets are used for long-term securities they have the direct or indirect impact on the capital. Capital markets include equity market and debt market

1-Money Markets :

Money markets are unorganized markets where banks, financial institutions, money dealers and brokers trade in financial instruments for a short period of time. They trade in short-term debt instruments like trade credit, commercial paper, certificate of deposit, T- bills etc. which are highly liquid and can be redeemed in the period less than 1. Trading in the money market is done mostly through over the counter (OTC) i.e. no or little use of exchanges. They provide businesses with short-term credit and play a major role in providing liquidity in the economy over the short term. It helps the business and industries with working capital requirements.

1-Capital Markets :

The capital market is a type of financial market where financial products like stocks, bonds, debentures are traded for a long duration of time. They serve the purpose of long-term financing and long-term capital requirement. The Capital market is a dealer and an auction market and consists of two categories:

- **Primary market:**

A primary market where the fresh issue of securities are offered to the public

- **Secondary market:**

A secondary market where issued securities are traded between the investors.

KEY DIFFERENCES BETWEEN MONEY MARKET AND CAPITAL MARKET

Let us point out key differences between money market and Capital market:

A. Capital markets are well organized whereas money markets are not that organized.

B. Liquidity is high in the money market whereas liquidity is comparatively low in capital markets.

C. Due to high liquidity and low duration of maturity in money markets, Instruments in money markets are a low risk whereas capital markets are the comparatively high risk.

D. Central bank, commercial banks and non-financial institutions are majorly work in money markets whereas stock exchanges, commercial banks, and non-banking institutions work in capital markets. Money markets are required to fulfill the capital needs in short-term especially the working capital requirements and capital.

Basis	Capital Market	Money Market
Duration	It deals in medium and long term securities.	It deals in short term securities.
Investment used	Equity shares, preference shares, bonds, debentures are the common instruments.	Commercial, paper, treasury bill, trade bill, certificate of deposit are the common instruments.
Safety	Capital market is risky.	Instruments here are highly secured.
Expected return	Higher returns on investment.	No or low risk involved leads to lesser returns.
Participants	Individual investors, financial institutions corporate houses etc.	RBI, Commercial Banks, financial institution mutual funds.

1.9 Market Structure And Dimensions

The public-sector debt instruments mainly comprise central and state government securities, which account for about 65 percent of the country's debt market, and public-sector bonds issued by companies in the public sector. Other debt instruments in the market are certificates of deposit and commercial paper in the short-dated sector, corporate bonds in the medium- to long-dated sector. The debt market is an important source of funding for the corporate sector as well as the government. The borrowing rate of the government determines the risk-free rate in the market and is the benchmark against which all other paper is priced. The size of the Indian debt market is estimated at about Rs 4,172 billion, as of 31 March 1998. The development of the debt markets in India has been constrained by the limited number and variety of instruments, lack of liquidity, and dearth of investors. New debt instruments would add depth and volume to a market that today comprises mostly government securities. The main instruments in the Indian debt market are discussed briefly below.

Government of India Securities:

Government of India securities (GOI securities), also called dated securities, are medium-to long-term obligations of the government that are issued on its behalf by the central bank, the Reserve Bank of India (RBI), and are registered in the holder's name at the Public Debt Office of the RBI. The RBI also acts as the depository and maintains subsidiary general ledger accounts for banks and other select investors such as primary dealers, financial institutions, mutual funds, insurance companies, and provident funds. FIs have recently been permitted to invest in GOI securities and to repatriate the profits from the investments. Banks, nonbank finance companies (NBFCs),¹ and housing finance institutions (HFIs) are required to invest in government securities to satisfy their statutory liquidity reserve (SLR) requirements. Dated securities usually have a maturity period of two to ten years, and the issue size varies from Rs 20 billion to Rs 50 billion. The outstanding GOI securities as of 31 March 1998, excluding securities issued by public-sector units which carried a central or state government guarantee, amounted to about Rs 2,254 billion. In 1997-1998, primary auctions of GOI securities had yields ranging from 11.15 percent to 13.05 percent for securities with a maturity of three to ten years. To boost the retail sector and give greater liquidity to retail investors, the RBI in October 1997 allowed banks to buy GOI securities and then sell them at prevailing market prices immediately after. Previously, there had to be an interval of at least 30 days between the purchase and resale of the securities.

Treasury Bills:

Treasury bills (T-bills) are short-term rupee-denominated obligations issued by the RBI on behalf of the GOI. They are issued for maturity periods of 14 days, 91 days, and 364 days. In addition, the RBI plans to introduce a 28-day T-bill. The typical auction size is Rs 5 billion for the 91-day T-bill, and Rs 200 million to Rs 20 billion for the 364-day T-bill. Outstanding T-bills amounted to about Rs 181 billion as of March 1998, compared with Rs 165 billion in March 1997. Investors in T-bills include banks, primary dealers, financial institutions, mutual funds, corporations, NBFCs, HFIs, state governments, and insurance companies. The new monetary and credit policy for the first half of 1998-1999 allows FIs to invest in T-bills. Nonresident Indians (NRIs) and overseas corporate bodies (OCBs) may similarly invest in T-bills, but cannot repatriate the profits. In the second half of 1997-1998, the RBI announced plans to introduce a uniform price auction for 91-day T-bills, to deal with the problem of winner's curse and to broaden market participation.

Sovereign Bonds:

India has not yet issued sovereign bonds in the international market.

The country's Sovereign rating is based on the ratings assigned to bond and debenture issues of public-sector Indian companies in the international Market.

Despite the country's —low investment|| or —high non–investment grade|| ratings, Indian corporations have generally been able to obtain funds abroad on better terms than what the sovereign ratings might signify.

SOME OF THE ADVANTAGES OF ISSUING SOVEREIGN BONDS ARE:

- The government would have less need to borrow in the domestic Market.
- Corporations could use the bonds as a benchmark against which they Could price their issues.
- The bonds would broaden the investor base in the international market sand help mobilize long-term finance for infrastructure projects.
- The cost of borrowings would be reduced relative to the domestic Market. The drawbacks could, however, outweigh the advantages. For the sovereign bonds to gain credibility in the international market, the government will need to have a sizeable presence in the market and not merely undertake a token borrowing. Its external debt would therefore increase. Moreover; sovereign bonds are classified as external commercial borrowings), on (ECBs which India has set a ceiling.
- A foreign-currency bond may carry a lower nominal interest rate than a rupee-denominated government security with the same maturity, butte foreign-currency bond also entails an exchange-rate risk. Depending on the exchange rate, the sovereign bond could turn out to be much more expensive for the government than local borrowings.

Public-Sector Undertaking Bonds (PSU Bonds):

These are medium- to long-term obligations issued by public-sector corporations.

The total value of outstanding PSU bonds as of March 1998 was Rs 654 billion, including Rs203 billion in government-guaranteed bonds. Public-sector corporations issue three types of bonds: taxable bonds, tax-free bonds, and government-guaranteed bonds. To Allow public-sector units in priority sectors to raise money in the markets at low rates, the government has either guaranteed their bond offerings or made the interest on the bonds tax-free to investors. The PSU can thus raise money from the capital markets at concessional rates. PSU bonds have a maturity period of three to seven years and an issue size of Rs 100 million to Rs 15 billion. The main investors in PSU bonds are banks, cash-rich corporations, financial institutions, insurance companies, trusts, FIs

provident funds, mutual funds, NBFCs, HFIs, and a few individuals. Most PSU bonds are issued through private placement, although public issues are gradually gaining in popularity. Seven public-sector units raised Rs 29 billion through privately placed bonds in 1997.

RATING OF DEBT INSTRUMENTS

The Securities and Exchange Board of India (SEBI), the watchdog of the Indian capital markets, has recently announced that credit rating will eventually be mandatory for all debt instruments. As of now, only publicly issued debt instruments with a maturity period of at least 18 months must be rated. The three main rating agencies in India are the Credit Rating Information Services of India Limited (CRISIL), Investment Information and Credit Rating (ICRA), and Credit Analysis and Research Limited (CARE).

1.10 Reforms in Government securities market

Institutional Measures:

- ❖ Administered interest rates on government securities were replaced by an auction system for price discovery.
- ❖ Automatic monetization of fiscal deficit through the issue of ad hoc Treasury Bills was phased out.
- ❖ Primary Dealers (PD) were introduced as market makers in the government securities market.
- ❖ For ensuring transparency in the trading of government securities, Delivery versus Pay (DvP) settlement system was introduced.
- ❖ Repurchase agreements (repo) were introduced as a tool of short term liquidity adjustment. Subsequently, the Liquidity Adjustment Facility (LAF) was introduced. LAF operates through repo and reverse auctions to set up a corridor for short-term interest rate. LAF has emerged as the tool for both liquidity management and also signaling device for interest rates in the overnight market.
- ❖ Market Stabilizations Scheme (MSS) has been introduced, which has expanded the instruments available to the Reserve Bank for managing the surplus liquidity in the system.

Recent initiatives:

Corporation and Demutualization of Stock Exchanges:

Out of the 23 erstwhile stock exchanges, 18 have since been corporatized and demutualised in 2007-08. One stock exchange, i.e. Hyderabad Stock Exchange, failed to demutualise by the due date and has therefore been de-recognized. Saurashtra Kutch Stock exchange, Mangalore Stock exchange and Magadh Stock exchange have been de-recognized for various irregularities/non compliances. As regards Coimbatore Stock Exchange which had sought voluntary withdrawal of recognition, the matter is sub- juice

Corporate Bond Markets:

The Government had set up a High-Level Expert Committee on Corporate Bond and Securitization (Patil Committee) to look into legal, regulatory, tax and market design issues in the development of the corporate bond market. The Committee submitted its report to the Government in December, 2005. The Budget of 2006-07 announced that the Government has accepted the recommendations of the Report and that steps would be taken to create a single, unified exchange-traded market for corporate bonds. The measures already taken in respect of implementation of the recommendations of the Patil Committee include:

The Securities Contracts (Regulation) Act, 1956 has been amended to include securitized instruments within the ambit of "securities".- The RBI Act has been amended to empower RBI to develop and regulate market for Repos in corporate bonds.

Investor Protection and Education Fund (IPEF)

SEBI has set up the Investor Protection and Education Fund (IPEF) with the purpose of investor education and related activities. SEBI has contributed a sum of Rs.10 crore toward the initial corpus of the IPEF from the SEBI General Fund. In addition following amounts will also be credited to the IPEF namely:

- (i) Grants and donations given to IPEF by the Central Government, State Governments or any institution approved by SEBI for the purpose of the IPEF.
- (ii) Interest or other income received out of the investments made from the IPEF.
- (iii) Such other amount that SEBI may specify in the interests of the investors.

CHAPTER:2

RESEARCH METHOLOGY

1.1-Research Definition:

It is not our objective to debate about what kind of work can be regarded as "Research". For the purpose of the review, research has been defined as doctoral dissertations, papers published in academic journals, books (including expository, but excluding obviously popular books) and working papers or occasional unpublished papers (where such information was available) on Indian capital market.

OBJECTIVES OF THE STUDY:

The study mainly aims at the analysis of Indian Capital Market reforms from the point of view of retail investors :

SPECIFICALLY THE OBJECTIVES ARE:

- a. To study the socio economic profile of retail investors.
- b. To analyze the factors influencing the investment behaviour of retail investors.
- c. To examine the trading practices of retail investors in equity markets.
- d. To identify the factors influencing the risk taking ability of retail investors.
- e. To present the problems of retail investors in the capital market.
- f. To elicit the opinion of the retail investors' on the policy issues of capital markets,
- g. To suggest certain measures to the policy makers for the protection of retail investors.

1.2 Hypotheses Of The Study

The following hypotheses have been formulated on the basis of objectives of the study.

1. There is no significant regional difference in the saving pattern of investors in financial assets.
2. There is no significant regional difference in level of diversification in shares.
3. There is no significant regional difference in size or the amount of investment in shares.
4. Educational qualification, Occupational status, Annual income and the Period of market experience have a significant influence on the level of diversification in shares.
5. Educational qualification, Occupational status, Annual income and the Period of market experience have a significant

Methodology:

The study is conducted in two phases. In the first stage, secondary data from the publications of Government of India, Government of Tamil Nadu, Central Statistical Organisation, Reserve Bank of India, Stock Exchanges, Securities and Exchange Board of India and from relevant reports, periodicals and news papers are collected and analysed. In the second stage, primary data have been collected from individual investors through a sample survey. A sample of 300 individual investors from Trichy has been selected for this purpose. A structured interview schedule was used to elicit information on the level and pattern of savings and investment in capital market instruments of investors, mode of investment preferred by investors, and the factors influencing the choice of mutual fund schemes of investors. Discussions have also been held with share brokers, portfolio managers, officials of SEBI and officials of stock exchanges to get an insight into the problems of capital market investment.

1.3 Need for the Study

The individual investors numbering millions constitute the backbone of Indian capital market. Their active involvement in the capital market helps the corporate sector to mobilize sufficient funds required for development and Ensures continuous liquidity in the capital market. This necessitates ensuring Confidence in the minds of individual investors about capital market Investment But the individual investors are experiencing a number of difficulties From different market participants. Their wide spread geographical distribution, unorganized nature and lack of awareness about capital market investment have Instigated unscrupulous market participants to exploit them. It is believed that India's economic transformation is irreversible. Hence, a greater efficiency in financial intermediation is required to support investment and growth, but this will require structural changes in India's Public finance and dismantling of unwieldy regulations. Other wise it will adversely affect the mobilization of resources through capital market by corporate bodies, which may ultimately affect the economic development of the country. Therefore it is felt necessary to study the difficulties encountered by investors and examine the growth of Capital market in the context of liberalization, analyze the supply (bonds, equities, and derivatives) and demand conditions of household and institutional

Overall objective of the study:

The overall objective of the study is to review the growth of capital market in India, particularly in the context of liberalization measures and the various factors influencing the preferences of investors in the Capital Market Instruments in Tiruchirappalli District.

Specific objectives of the study:

The following are the specific objectives of the study:

1. To Analyze the level and pattern, diversification and size of capital market investment.
2. To identify the mode of investment preferred by investors and the factors influencing the choice of mutual fund schemes.
3. To study the overall experience of investors in the capital market investment.
4. To find out the options of investors from moving out of capital market Investment .
5. To Make recommendations/suggestions for improving the attractiveness of capital market investment.

1.4 TYPE OF STUDY:

There are various types of study for doing a research, to name some descriptive study, exploratory study, historical study, empirical study, qualitative study, quantitative study, etc. For the purpose of this research, the research has used Descriptive study.

Descriptive study is a method usually used to describe the characteristics of the population that is being studied. The descriptive study is mostly used to get the answer for the question 'what' rather than answer for 'why' The reason for selecting Descriptive research is because it gives special focus on specific type of questions, methods, and outcomes of the data. The best part about Descriptive study is that it can study the qualitative and quantitative aspects i.e. there is no need to study the qualitative or quantitative aspects separately. Therefore, it can involve the tables and graphs and numbers or the physical qualities in the study. Descriptive study is usually used by the anthropologists, psychologists and social scientists. This research is based on descriptive study because this project studies the qualitative and quantitative aspects of the attendance of commerce students of Mumbai University. However, this is not only descriptive research but also pure research; we can say that this research is a mixture of descriptive and pure research. As the project work is completely first hand, descriptive study is used only to understand the topic. However, my research does involve review of literature which is the base of descriptive study. The significance level used to test the credibility of my research used is 5% as descriptive study is tested at the same level.

1.5 SAMPLE SIZE:

Sample size determination is the process of choosing the number of respondents observation to include in a statistical sample. It is an important feature of a research study because on the basis of sample size data is collected and interpreted to give accurate and appropriate results.

The correct and appropriate sample size is said to give more accurate results. For example, in a census, data is collected from the entire population. Therefore, the sample size is equal to population of the country. Keeping in mind the rate of non-response and nonavailability of respondents, the sample size was taken between 25-100 working professionals. It was Random sampling method that was considered to decide the sample size. Due to the sample size being small there may be slight inaccuracy of data that can be rectified by further study.

1.6 SAMPLE DESIGN:

The sample design used to represent the survey data is in the form of Pie-Charts and Bar-Charts based on the respondents of the survey. Probability sampling was used to collect responses.

1.7 DATA COLLECTION METHOD:

Data for the study was collected from the primary as well as secondary sources.

Primary Source Of Data Collection:

Primary source of data collection consisted of survey method. The survey was collected through a Structured Questionnaire. The questionnaire was prepared keeping in mind the objectives of the study and factors that were to be considered for the study. Questionnaire was prepared in such a manner that it could be easily understood by the respondents. The questionnaire being structured was in a single format to save time of the respondents. Most of the questions were close ended, so that the respondents could easily select one given alternative while answering the questionnaire. The questionnaire mainly consisted of two parts i.e. Name of the Respondent and Benefits social media has done in a positive way in their lives and in the world according to them.

Secondary Source Of Data Collection:

The secondary source of data collection is assessed to gain information and knowledge about our research problem that may be previously discussed by some other researcher. The secondary is referred to know what has already been discussed and what more scope can be there for research. The secondary data is taken from selective websites and from online publication of some researchers. The secondary data was useful for the study of Review of Literature. We could study various aspects of different researchers which gave us an idea about the factors being previously discussed and also the conclusions drawn from them. It also gave us an insight on what more could be studied to solve the research problem

1.8. RESEARCH TOOLS USED:

Research tools are anything which helps in the collection of information for a particular research such as observation forms, interview schedules, questionnaires, and the interview guides. Hence, for testing the information collected research or statistical tools are used. There various types of research tools used to test the data in different ways. These statistical tools are usually applied on the tabulated data. These tools can be of two types: parametric tests and non- parametric tests. For applying parametric test, the information should be distributed in the tabular format whereas for applying non-parametric test, no such format is required. It can be applied on any type of data of even and uneven distribution. The parametric tests are usually applied on the metric data only whereas the non-parametric test is applied on the non-metric data. For the purpose of this research, only parametric tests are used i.e. only metric data is analyzed. There are various parametric tests: t-test; f-test; z-test; annova; chi-square; descriptive statistics which includes mean, median, mode, standard deviation and variance; correlation, regression, and cross tabulation.

Here the researcher has used t-test, f-test, annova and descriptive statistics. The following are used because my data collected is a scaled data and for testing of hypothesis for population mean and to find out the variance in the population or the data collected. T-test is type of tools for hypothesis testing. It is usually used to find out the significant difference between the means of two groups. F-test is used when two models is to be compared in order to identify the model that fits the population from which the data is sampled. Annova also known as 'Analysis of Variance' is a statistical tool used to test the differences between two or more means. Descriptive Statistics is a tool used to measure various measures of central tendencies and Measures of variability

1.9 Limitations of the Study

The study suffers from the following limitations.

1. Official records relating to the details of individual investors in Trichirappalli are not available. Hence only the details of investors Supplied by broker firms and mutual fund agents are used for the Selection of samples.

2. Statistics relating to capital market investment in Trichy is virtually absent. Non-existence of vital data has forced the investigator to depend Solely on the information collected through field survey.

3. The investors in general do not properly keep records of their income, saving and investment. Therefore the information furnished by them from their memories have to be relied upon.

In spite of the above limitations, the highlights of the study can help the policy markers and the investing community at large to frame suitable policies for the betterment of capital market investment.

CHAPTER:3
LITERATURE REVIEW

Subir Gokarn (1996) In His Research Paper “Indian Capital Market Reforms, 1992-96 An Assessment” Has Used A Conceptual Framework That Draws On The Theory Of Regulation On The One Hand And The New Political Economy On The Other To Make An Assessment Of The Wide-ranging Reforms That Have Been Initiated In The Indian Stock Market Over The Past Four Years. Based On The Framework The Various Reforms Are Classified Into Categories Reflecting Their Regulatory Effectiveness And/or Their Impact On Sources Of Market Failure. The Researcher Arrives At A Generally Positive Assessment Of The Reforms, But Points Out Three Areas Of Concern: The Lack Of A Fixed Term Appointment For The Regulators; The Persistence Of Non-competitive Conditions In The Market; And The Excessive Entry Of New Scripts Into The Market, Although In Recent Days, Some Steps Have Been Taken To Address This Problem As Well.

Anand Pandey (2003) In His Thesis Entitled “Efficiency Of Indian Stock Market” Made An Analysis Of Three Popular Stock Indices To Test The Efficiency Level And Random Walk Nature Of Indian Equity Market. The Study Presented The Evidence For Inefficient Form Of Indian Market. Auto correlation Analysis And Runs Test Concluded That The Series Of Stock Indices In India Are Biased Random Time Series. Selvam M (2008) In His Research Paper “Efficiency Of Indian Capital Market To React Adequately To The Announcement Of Quarterly Earnings: A Study In Capital Goods Industry” Has Stated That An Efficient And Integrated Capital Market, Is An Important Infrastructure That Facilitates Capital Formation. The Efficiency With Which The Capital Formation Is Carried Out Depends On The Efficiency Of The Capital Markets And Financial institutions. A capital market is said to be efficient with respect to an information item if the prices of securities fully impound the returns implications of that item. The present study has empirically examined the informational efficiency of Indian capital market with regard to quarterly earnings released by the automobile sector companies in the semi-strong form of EMH. The study found that the Indian Capital market is near efficient in the semi- strong form of EMH, which can be used by the investors to make abnormal returns.

Jumba Shelly (2010) in her report “A project on Capital Market” has ascertained that the performance of the company’s or corporate earnings is one of the factors which have direct impact or effect on capital market in a country. Weak corporate earnings indicate that the demand for goods and services in the economy is less due to slow growth in per capita income of people. Because of slow growth in demand there is slow growth in employment which means slow growth in demand in the near future. Thus weak corporate earnings indicate average or not so good prospects for the economy as a whole in the near term. In such a scenario the investors (both domestic as well as foreign) would vary to invest in the capital market and thus there is bear market like situation. The opposite case of it would be robust corporate earnings and its positive impact on the capital market. The researcher has also added that the macroeconomic numbers also influence the capital market. It includes Index of Industrial Production (IIP) which is released every month, annual Inflation number indicated by Wholesale Price Index (WPI) which is released every week, Export – Import numbers which are declared every month, Core Industries growth rate (It includes Six Core infrastructure industries – Coal, Crude oil, refining, power, cement and finished steel) which comes out every month etc. This macro –economic indicators indicate the state of the economy and the direction in which the economy is headed and therefore impacts the capital market in India.

Ahuja Juhi (2012) in her research paper entitled “Indian Capital Market: An Overview with Its Growth” has examined that there has been a paradigm shift in Indian capital market. The application of many reforms & developments in Indian capital market has made the Indian capital market comparable with the international capital markets. Now, the market features a developed regulatory mechanism and a modern market infrastructure with growing market capitalization, market liquidity, and mobilization of resources. The emergence of Private Corporate Debt market is also a good innovation replacing the banking mode of corporate finance. However, the market has witnessed its worst time with the recent global financial crisis that originated from the US sub-prime mortgage market and spread over to the entire world as a contagion. The Capital Market in India delivered a sluggish performance.

Geetha et al (2012) in their research paper titled “Capital Market in India: A Sectorial Analysis” had made an attempt to compare and contrast the risk return characteristics of ten major industrial sectors which account for 88.74% of the economy’s industrial production. A comparative analysis is done on the annual returns, total risk, systematic risk, abnormal returns and correlation of each sectoral index. It was observed that the sectoral indices exhibited significant difference in their risk return characteristics and they also followed business cycles of recession, recovery and boom in their performance.

Indian economy has emerged as one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and diversified natural resources and strong macro-economic fundamentals. Indian economy in the world market is explained in terms of statistical information provided by the various economic parameters. Such indicators include Gross Domestic Product (GDP), Gross National Product (GNP), Per Capita Income, Wholesale Price Index (WPI), Consumer Price Index (CPI), etc. The economic indicators as mentioned are recently enhanced with a new indicator – the capital market index, which had for years proved to be a measure of the investor sentiment in an economy. It had been one of the leading indicators of economic performance in many countries and India also views it with substantial importance as an indicator of market sentiment.

The stock market indexes thus prove to be efficient tools to measure the performance of Indian capital market and hence present an overall idea of the economy as a whole. In this paper an attempt has been made for making an analysis of the performance of major industrial sectors operating in the stock market. While concluding it has been stated the Indian Capital Market is highly diversified with numerous industrial sectors operating within it. The study provides an overview of the risk return characteristics of ten major industrial sectors in the Indian market. Investment decisions are generally made on the basis of performance of a stock and the expectations of the investor – capital gain, regular income, liquidity etc.; in addition there are some other indicators that investors would attach importance are return, risk and volatility.

Kumar Bharath & Sampath Sangu (2012) through their research paper entitled “Corporate Governance and Capital Markets: A Theoretical Framework” has outline a conceptual framework of the relationship between relationship between corporate governance and two important determinants of capital market development namely, a firm’s access to finance, and its financial performance. The framework assumes that a firm’s corporate governance is simultaneously determined by a group

of related governance components and other firm characteristics. In this study an attempt is made to know how organizations are fair in corporate governance and capital market. It was explained that firm-level corporate governance quality can enhance both the firm's ability to gain access to finance and its financial performance, which eventually lead to capital market development.

Sandhya.C et al (2012) in their research article titled "A study on Volatility Index Indian Capital Market: An evaluation of NSE" has examined and stated that If a stock is more volatile, it is also more risky also known as beta, risk, relative volatility, implied volatility. Volatility is a measure of dispersion around the mean or average return of a security. It has been ascertained that NSE indices had more volatility in the year 2007 and 2009; market was showing bullish trend and the stock market reached the peak points. In the year 2008 market showed the down ward moment due to the American mortgage crises it affected the other markets. In May 2006 due to foreign institutional investment caused for volatility in May, 2006. While investing in the stock market the investor should take into consideration factors like the performance of the market, policy change announcement, increasing and decreasing the interest rates, regulation of the government and encouragement of the priority sectors. All these factors considerably affect the Capital Market and should be taken into account in order to know about the economic condition of the nation. Another remarkable contribution in this field is through the research paper of Ansari Mohd Shamim(2012) entitled "Indian Capital Market Review: Issues, Dimensions and Performance Analysis" in which the researcher has ascertained that the purpose of an efficient capital market is to mobilize funds from those who have it and route each them to those who can utilize it in the best possible way. The researcher has also analyzed that India's financial market is multi-facet but not balanced. Further it has been stated that the Indian capital market in the recent year has undergone a lot of innovation in term regulation and mode of operation.

The researcher while concluding has stated that India needs innovative financial instrument in its domestic capital market. Financial Innovation must aim value addition in existing technologies, risk management practices, credit system, process, and products. As per the analysis of the researcher there is positive correlation between finance and economic growth. Thus, economic development is relatively impossible without quality innovation in financial market. The researcher has also added that the creation of a deep and robust debt capital mechanism is the key to financing infrastructure companies by allowing them to raise long term debt. At last the researcher has concluded with this fact that emerging economies like India have an advantage of learning from the mistakes of others. Another prominent part comes from Shaik Abdul Majeed Pasha (2013) during his research paper "An Evolutionary Critical approach on Indian Capital Market Developments". In this paper the researcher has examined various kinds of changes that have taken place in Indian Capital Market before and after globalization, liberalization and privatization (GLP) era and wants to evaluate critically capital market system as well as Securities and Exchange Board of India (SEBI) role in India. In fact, it is observed that, on almost all the operational and systematic risk management parameters, settlement system, disclosures, accounting standards, the Indian Capital Market is at par with the global standards with little bit loopholes. While concluding it has been briefly noticed that a perception is steadily growing about the Indian Capital Market, as a dynamic market.

CHAPTER:4

DATA ANALYSIS

DEFINITION:

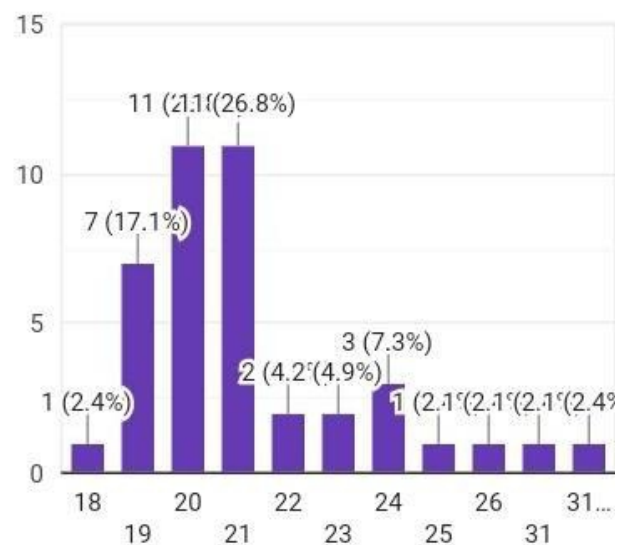
Data analysis is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, while being used in different business, science, and social science domains. In today's business, data analysis is playing a role in making decisions more scientific and helping the business achieve effective operation.

Data collection is the process of gathering and measuring information on targeted variables in an established system, which then enables one to answer relevant questions and evaluate outcomes. Data collection is a component of research in all fields of study including physical and social sciences, humanities, and business. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same. The goal for all data collection is to capture quality evidence that allows analysis to lead to the formulation of convincing and credible answers to the questions that have been posed.

Chart -1

Age:

41 responses



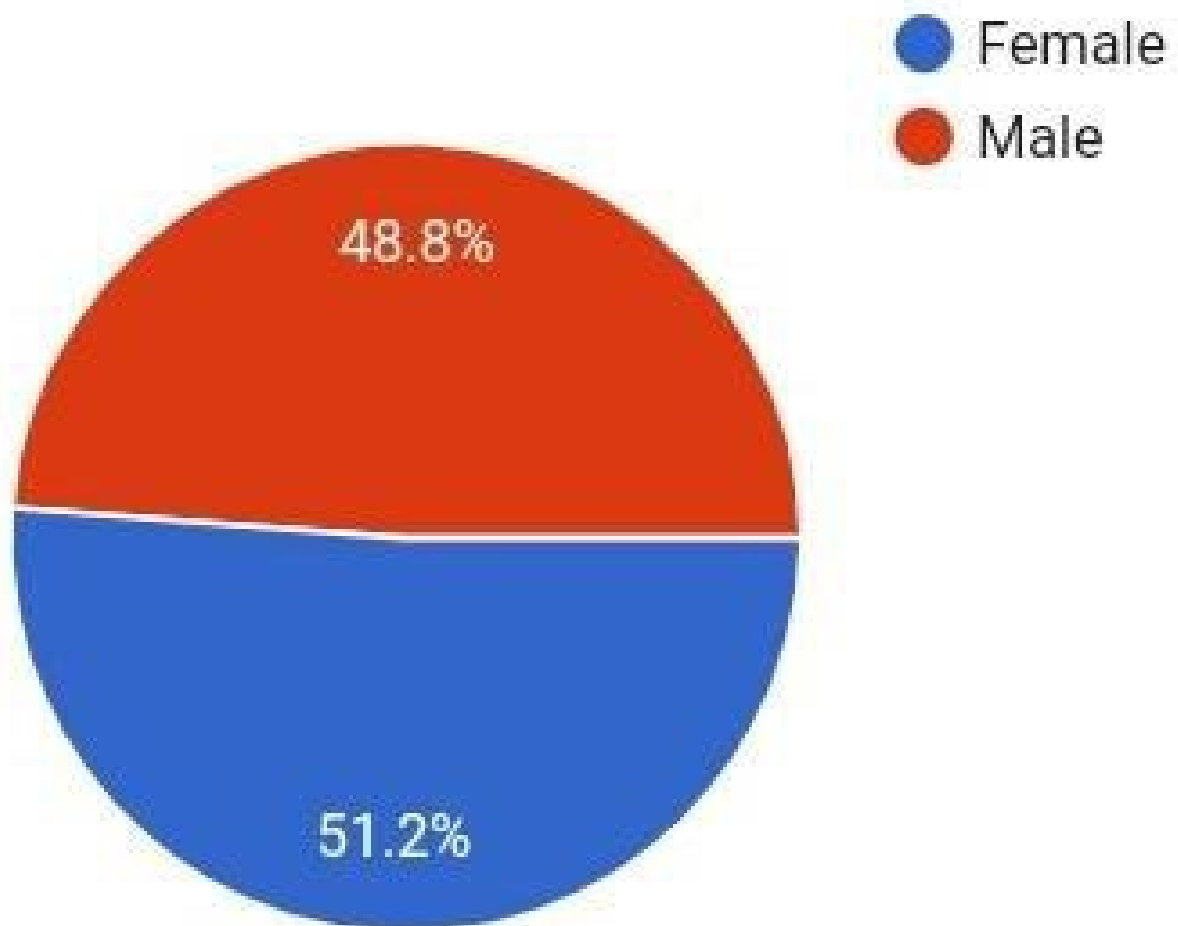
Following Given Chart Shows How Many Age Group People Given Their Review On The Given Topic.

- ❖ Individuals Who Comes Under The Age Group Of 20-25 They Are More Known About Capital Market Reforms And Their Participation Is Also As Compare To Any Other Group
- ❖ Individuals Who Comes Under The Age Group Of 26-31 They Are Less Aware About Capital Market And Their Participation Is Also Less. .

Chart -2

Gender:

41 responses



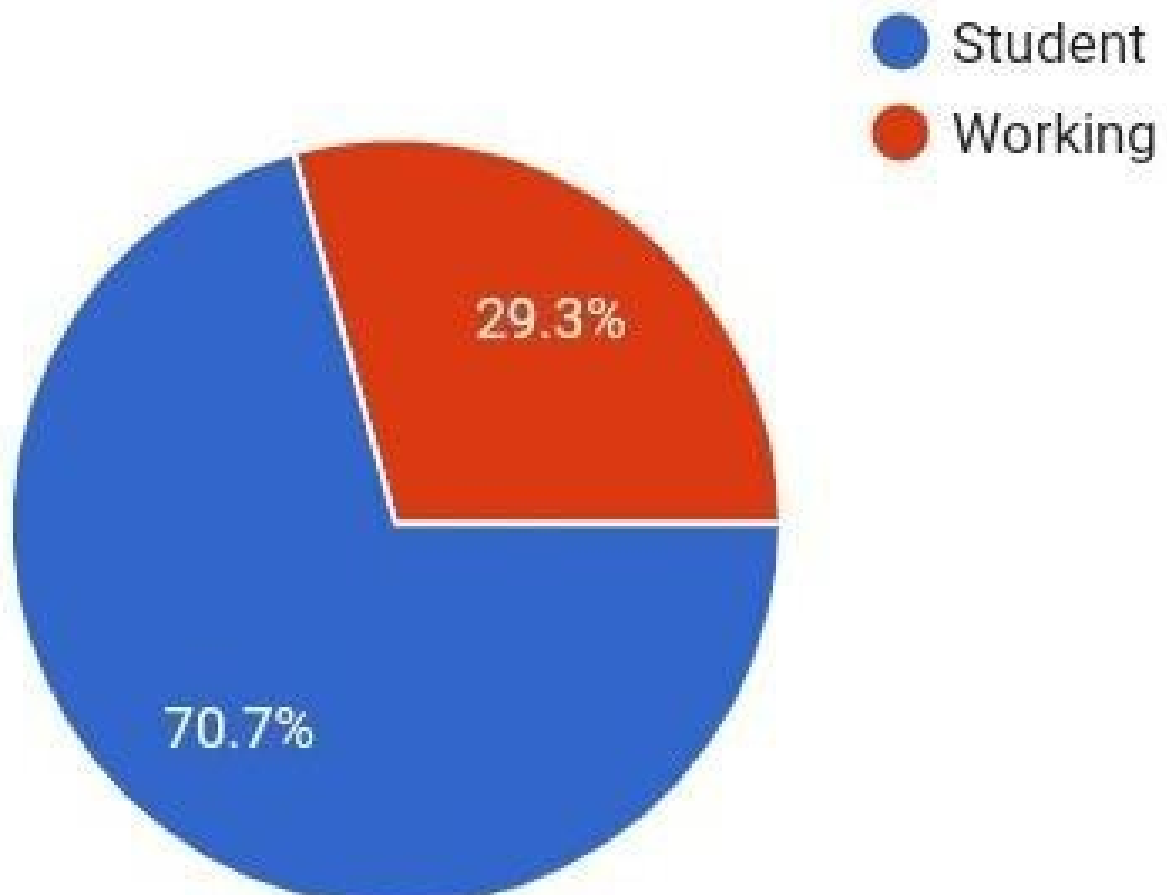
Following chart shows that how many females and males participated during the survey of the topic.

- ❖ Chart shows that participation of female is 51.2% which is more than the male participation.
- ❖ Only 48.8% male participated during the survey.

Chart -3

Occupation

41 responses



Following chart shows the occupation status of the individuals who participated during the survey.

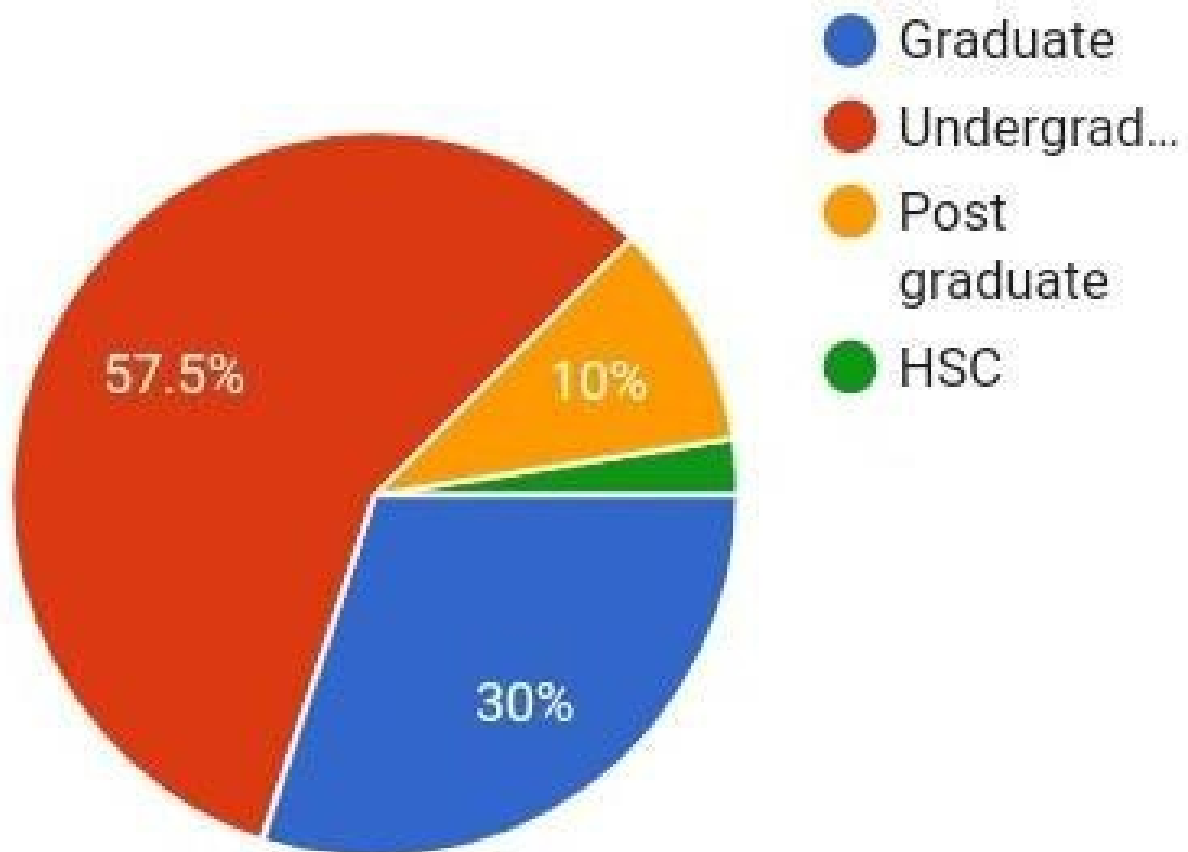
70.7% of total participation are working.

Where as, 29.3% of total participations are the students.

Chart -4

Your Education

40 responses



Following chart shows the education of participation Graduate students are 30%.

Undergraduate students are 57.7%. Post graduate people are 10%.

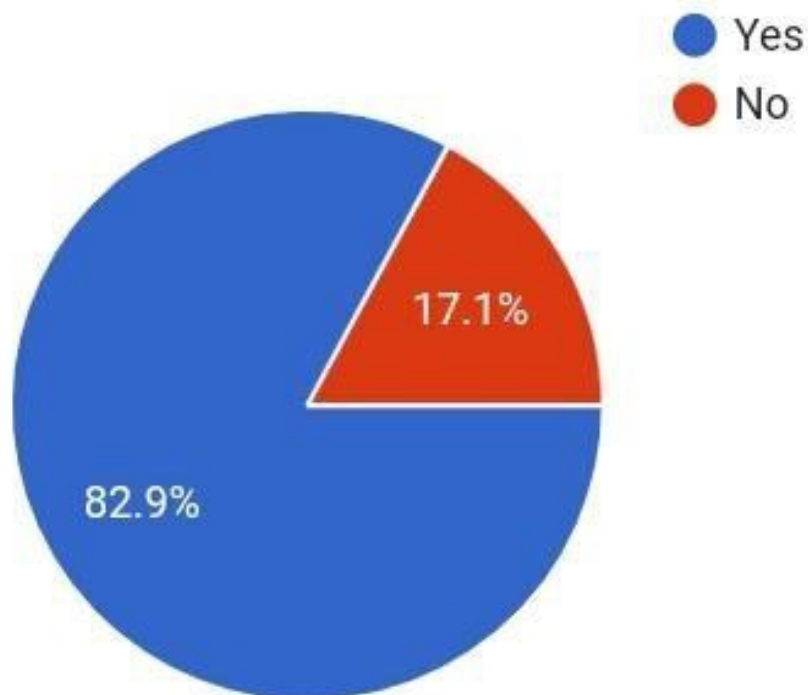
HSC students are 3.5%.

Graduate student having more awareness about capital market reforms and stock market .

Chart -5

Do you know about capital?

41 responses



Following chart shows that how many people know about capital market.

82.9% of people know about capital market.

Whereas, 17.1% of people don't know about the subject.

Chart -6

Does India has a
nation of wide
integrated market?

41 responses

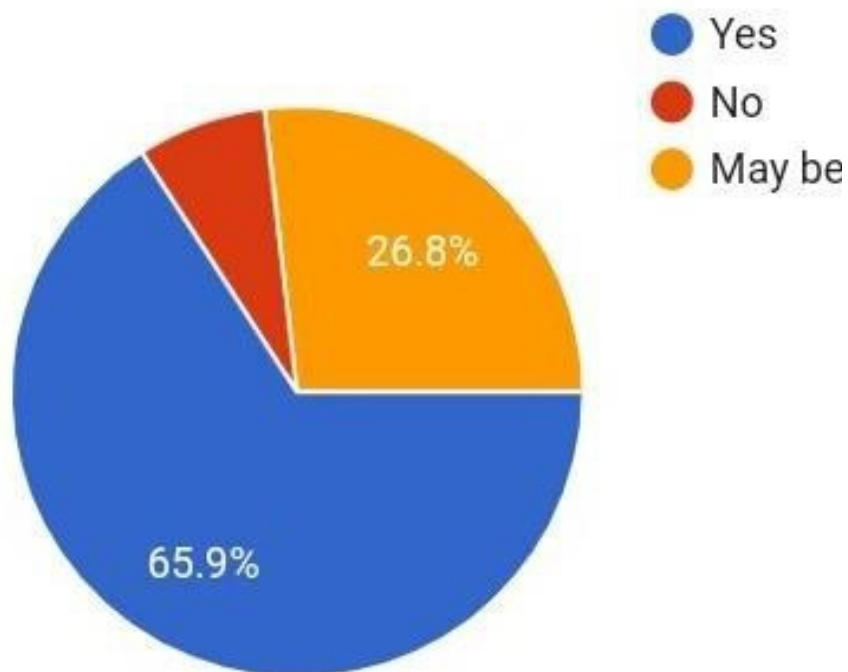
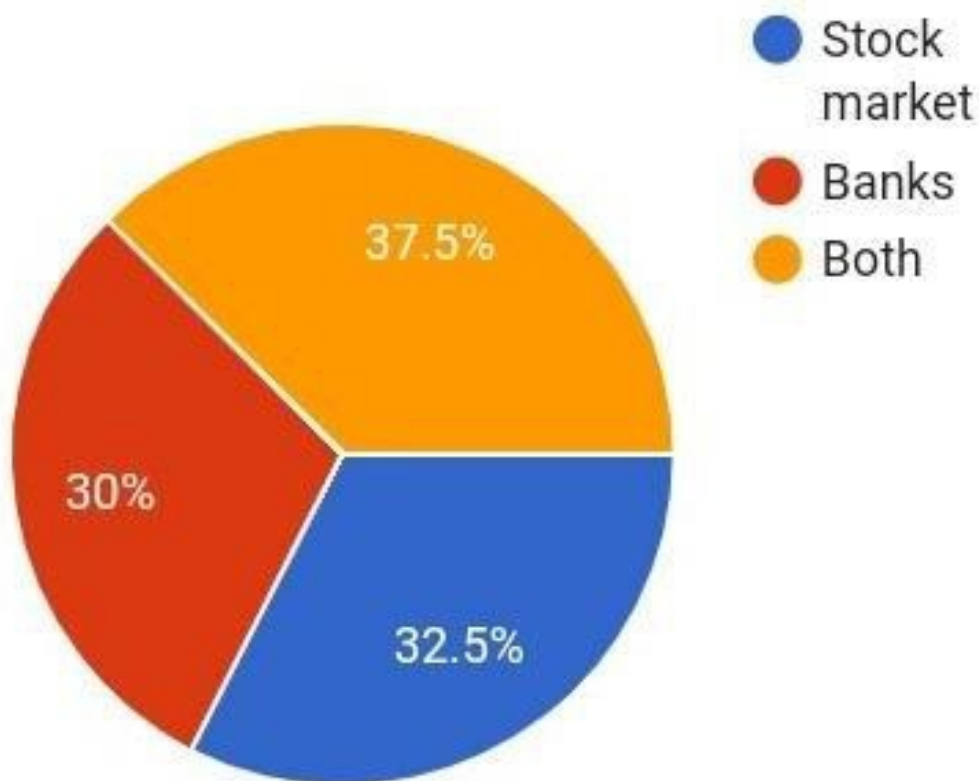


Chart -7

Where do you prefer to invest?

40 responses



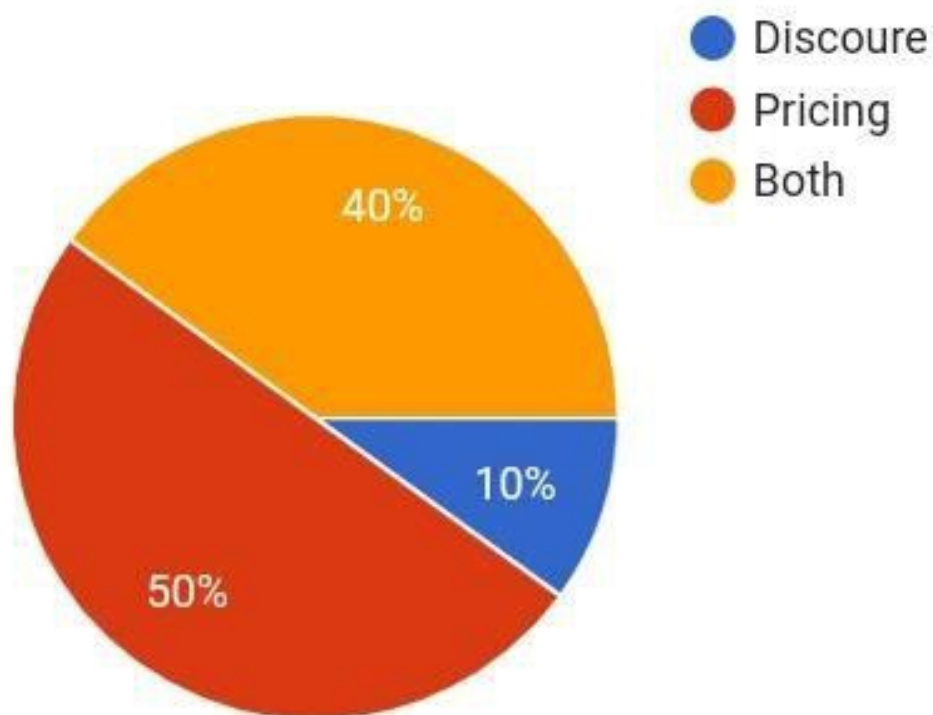
Following chart shows that where the most of the person desire to invest into stock, banks, and both.

- ❖ 32.5% individuals want to invest into stock exchange
- ❖ 30% individuals want to invest into banks.
- ❖ Whereas, 37.5% individuals desire to invest into stock exchange and banks .

Chart -8

Capital market reforms should be related to?

40 responses



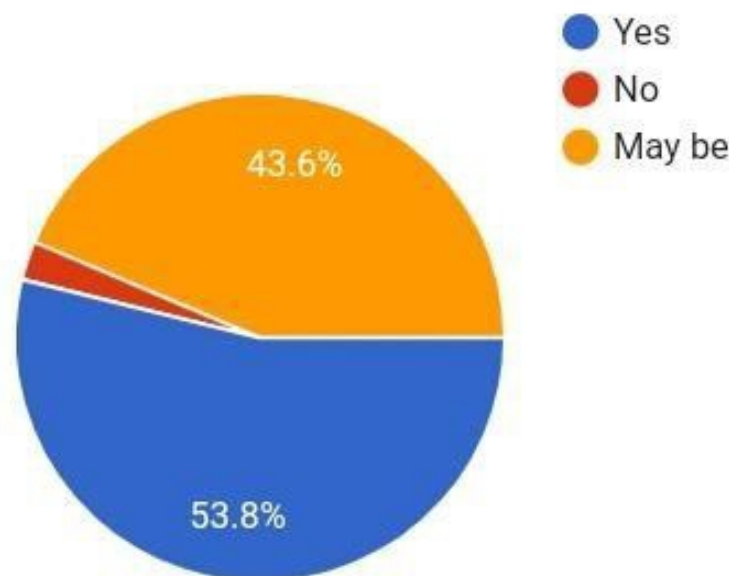
Following chart shows that the capital market related disclosure, pricing, or both.

- ❖ 10% people said that capital market is related to disclosure.
- ❖ 50% people said that capital market is related to pricing.
- ❖ 40% people said that it related to both disclosure and pricing.

Chart -9

Does market infrastructure Is one of the perquistic for the flow of information and trade?

39 responses



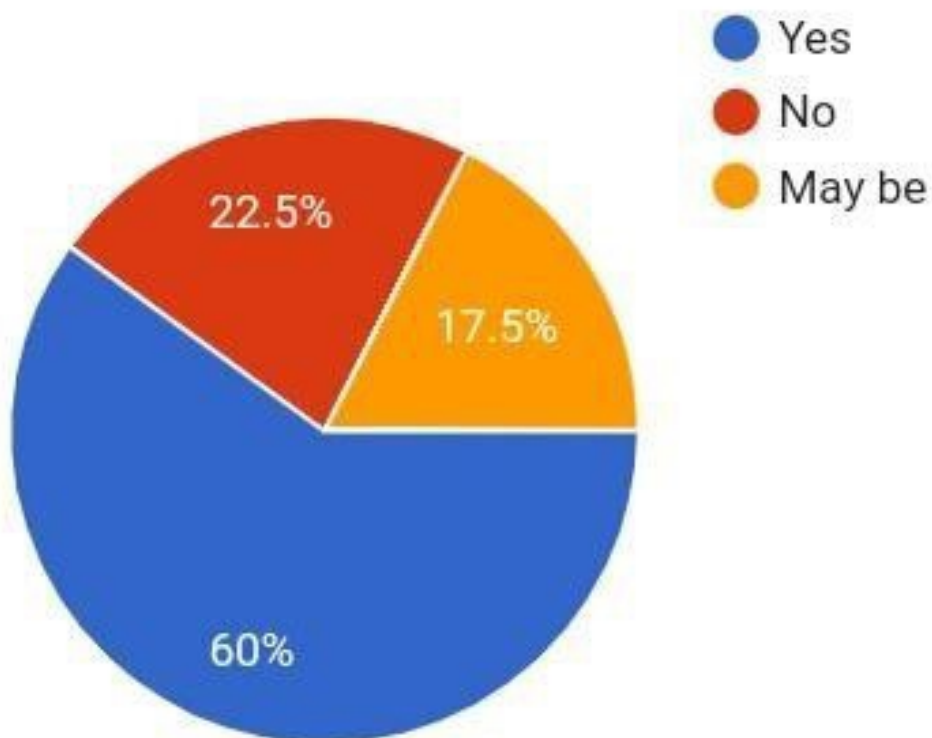
Following chart shows that market infrastructure on trade and information.

- ❖ 53.8% people they said yes.
- ❖ 2.3% people they said no.
- ❖ 43.6% people they not clarify with their view.

Chart -10

Should there be any kind of regulations on broker?

40 responses



Following chart shows that how many participation want regulations on brokers.

- ❖ 60% people they said yes, their should be regulation on broker.
- ❖ 22.5% people they said no.
- ❖ 17.5% people they not clarify with their view.

Any suggestion

18 responses

No

Nothing

Capital market reforms makes India
Financial strong

Good survey

No

Good Site

No thank you.....

Pleasure to give answer

Good

Its only for capital market not for
stock market

no

CHAPTER:5

SUGGESTION & CONCLUSION

SUGGESTIONS:

The following few suggestions are likely to bring the retail investor back to the market.

First of all, SEBI has to be reorganized completely with more powers, which at present are with the Department of Company Affairs. Recruitments should be made on merits having regard to the knowledge and experience in the capital markets. Even when powers are given to them, they should make use of it and initiate action rather than be a passive regulator. In the case of BPL, Videocon, Sterile scams which took place in 1998 the investigations were carried on for more than three years and have concluded only recently. There are many instances of committees/subcommittees formed by SEBI to investigate matters and the investigation goes on for years without yielding any results. Before the investigation reaches the final stages, another scam gets unearthed and the entire attention is diverted towards the new scam and the earlier scam loses its importance. Hence there is a need for firm and faster investigations. Further the actions taken/penalties levied should act as a deterrent for the other persons. There should be some sort of control over the issuers proposing to come with an offer so also on the issue price front and not leaving it entirely on disclosure i.e. there should be some control over the pricing of issues which can be removed in a phased manner. Even though this could tantamount to going against the process of liberalization it would in a long run help to reactivate the primary market and bring back the retail investor.

The present role of SEBI is restricted only to ensure whether adequate disclosures are made in the offer document and they do not become a party to the issue either by way of approving or getting the offer document. Further SEBI has made it mandatory for Issuer Company to mention in the prospectus in bold letters as separate clause known as "Disclaimer Clause". Under this clause, SEBI conveys its intention clearly to the prospective investors that "SEBI does not take any responsibility about the financial soundness of the project and that the submission of the offer document should not in any way be deemed or construed that the same has been cleared or approved by SEBI". 204 Investors look to SEBI as a Regulatory Authority who would take care of their interests. This type of bureaucratic style of functioning should be done away with Another fear expressed by various quarters is allowing brokers to act as depository participants. In all the earlier scams, brokers have been involved in some way or the other. In the recent scam too, it has been revealed that few brokers have misused the money received from their clients for their own benefit. It would not

be a surprise that another scam in future may involve where Broker also acting as a Depository Participant misuses his client shares maintained with him from ulterior benefit. There should be rigorous control over the Broker Depository Participant to avoid any such scam in the future

The banking system needs to be tightened since in many scams the scamsters could defraud the bankers only by finding a loop hole in the system with the connivance of the officials. The Central Bank should tighten its surveillance system and monitor all the activities on a continuous basis.

The legal system should be cleaned up and justice delivery system expedited. The existing judiciary system indirectly encourages scamsters/defaulters to defraud as they are confident that it would take years before any judgment is passed and by that time another scam would have come to light.

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CONCLUSION:

After making in depth study the researcher comes to conclusion in India, Capital market is playing its important role in the development of Indian economy. Indian capital market suffered bruises in the last part of the nineties owing to the manipulative trade practices of unscrupulous brokers and other participants; it has been witnessing fine times in the recent past, thanks to many favorable conditions contributing to it. With the kind and the quality of human skills possessed by India's financial Industry, it is quite imperative that there is need to provide sound capital foundation for the stock market. However, it is important to note that the stock trading is not a panacea for all that ails the Indian stock market if the recent experience of some of corporate and banks abroad is of any indication. It is to be noted with happiness that Government of India has successfully introduced the derivative trading in the stock exchanges.

Reforms in Capital Market of India The major reforms undertaken in capital market of India includes:- **Narasimham Committee:** It is a high level of committee on the financial system with Shri. M. Narasimham as the chairman was set up in 1991. The Narasimham committee need for strengthening the SEBI powers , vesting of CCI powers in the SEBI and freeing of operations in the capital market with the SEBI as the supervisory and regulatory authority.

BIBLIOGRAPHY:

- ❖ Internet.
- ❖ Interaction with respondents.
- ❖ <http://www.scribd.com/document/73629059/project-on-capital-market-reforms>.

APPENDIX:

CAPITAL MARKET REFORMS

- a) Female
- b) Male

Q1. Name: -----.

Q2. Age: -----.

Q3. Gender: -----.

Q4. Occupation -----.

- a) Student
- b) Working

Q5. Your Education -----.

- a) Graduate
- b) Undergraduate
- c) Post graduate
- d) HSC

Q6. Do you know about capital?

- a) Yes
- b) No

Q7. Does India has a nation of wide integrated market?

- a) Yes
- b) No
- c) May be

- a) Stock market
- b) Banks
- c) Both

Q8. Where do you prefer to invest?

Q9. Capital market reforms should be related to?

- a) Disclosure
- b) Pricing
- c) Both

Q10. Does market infrastructure Is one of the perquistic for the flow of information and trade?.

- a) Yes
- b) No
- c) May be

Q11. Should there be any kind of regulations on broker?

- a) Yes
- b) No
- c) May be

Q12. Any suggestion.