

Research Article

An Evaluation of Capital Market with Special Reference to Indore City

Subham Gupta¹, Sudip Banerjee²

¹MBA Student, ITM University, Gwalior.

²Assistant Professor.

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Corresponding Author:

Shubham Gupta. ITM University, Gwalior.

E-mail Id:

gsubham51@gmail.com

Orcid Id:

<https://orcid.org/0000-0002-1064-8471>

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A B S T R A C T

Indian financial market has been going through a fascinating change and it opened up excellent business and investment opportunities in the financial sector. The growth and evolution of the financial market led to the development of well-structured capital markets with attractive investment opportunities for the individuals. In this paper an attempt has been made to know the people interest, knowledge about Capital Market and the opportunities of advisory services in Indore city which is the commercial capital of Madhya Pradesh.

Keywords: Capital Market, Financial Sector, Advisory Services, Indore

Introduction

Capital Market

The capital market is a the place of monetary investments that are direct or indirect claims to profit. Capital market comprises the complex of institutions and mechanism through which long term funds are pooled and made available to business. The capital Market also encompasses the process by which securities already outstanding are transferred from one hand to another. So it is a place where the suppliers and users meet to share one another's views, and where a balance is sought to be achieved among diverse market participants. The securities decouple individual's acts of saving and investment over time, space and entities and thus allow savings to occur without concomitant investment.

Primary Market

The primary market provides the channel for sale of new securities. The issuer of securities sells the securities in the primary market to raise funds for investment and/ or to discharge. In other words, the market wherein resources are mobilised by companies through issue of new securities

is called the primary market. These resources are required for new projects as well as for existing projects with a view to expansion, modernization, and diversification and up gradation.

Secondary Market

Secondary market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange. Majority of the trading is done in the secondary market. Secondary market comprises of equity markets and the debt markets. The secondary market enables participants who hold securities to adjust their holdings in response to changes in their assessment of risk and return. They also sell securities for cash to meet their liquidity needs. The secondary market has further two components, namely the Over-The-Counter (OTC) market and the exchange- traded market. OTC is different from the market place provided by the Over The Counter Exchange of India Limited. OTC markets are essentially informal markets where trades are negotiated. Most of the trades in government securities are in the OTC market. All the spot trades where securities are traded for immediate delivery and payment take place

in the OTC market. The exchanges do not provide facility for spot trades in a strict sense. The development of capital markets have led to the development of regulatory bodies and development of various indices in order to provide authentic information to the investors. Financial deregulation and innovations have changed the whole structure and functioning of the financial markets of many industrialized countries since 1990s. Security Exchange Board of India is the regulatory body in the capital markets of India, SEBI duties and responsibilities are to protect interest of the investors against fraud.

Purpose of the Study

The overall purpose of this study was to collect adequate information from the investors. This information can be helpful for the scope of advisory services in Indore city.

Literature Review

Sharma KS (1969), has identified on the need for mobilizing the saving into investment so that the resources are effectively used for the development of business and commerce. It has been found that various institutions of capital market can help in mobilizing saving and channelling the same into productive ventures."

Savadhani VA (2002), studied in impact of liberalization on emergence of capital market in India. The financial sector reforms with inclusion of more number of retail investors led to the development of capital market in India.

ICFAI University (2005), estimated the positive picture of the capital markets in upcoming future. Various step initiated by SEBI assist investors to better understand the capital market and confidence about their money safety and security.

Desai Vasant (2005), has briefly explained the development of the Indian capital market. According to him, there is a need of liberalization in Indian capital market. It has developed to a large extent but is still in a process of evaluation. Various measures have been taken to develop a healthy and mature capital market. These is need of large number of participant like financial institutions, encouraging banks and financial institutions to go in to the capital market like in the root of mutual funds.

Objectives of Study

- To know levels of awareness and understanding of capital markets among the investors.
- To know the level of money invested in Capital market.
- Establish the factors affecting investments in Indore Capital market.

Limitations of the Study

- Data has been taken from Primary source only.
- Only Indore city have been considered to conduct this study.

- The scope of study was limited due to some constraints.

Research Methodology

This research is based on the primary data collected from the investors of Indore city of the total sample size of 101. Date has been collected in regular interval during the month of May 2018.

Target Population

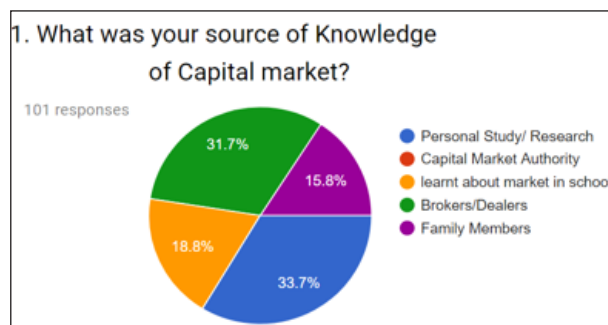
- Individual and corporate investors.
- The Market intermediaries and market participants.

Sample Size

Sample Size: 101

Data Analysis Tools

MS office Processing Programs (MS Word, MS Excel) were used to synthesis the findings. A sequential and content analysis was undertaken to provide a much deeper in sigh into data collected.



Data Analysis

Interpretation

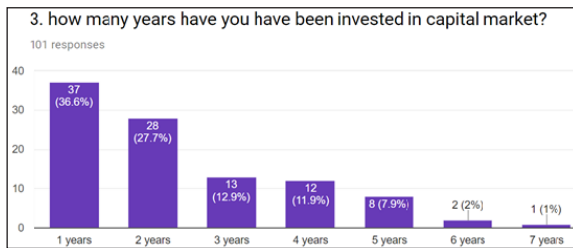
In the above chart it shows that 33.7% of investor gain knowledge from personal study/research and 31.7% from



Brokers/Dealers, 18.8% learnt from school and 15.8% from Family members.

Interpretation:

In the above chart it shows that 50.5% of investors had



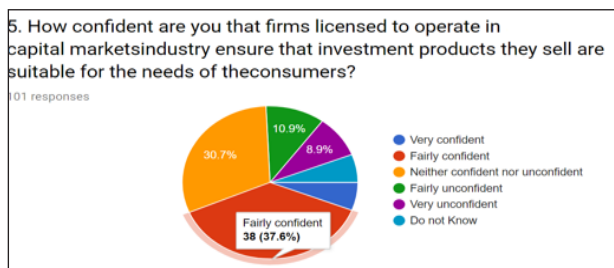
invested money in capital market less than 1 lakh, 33.7% of investors had invested money between 1lakh to 2.5 lakh and 15.8% of investors between 2.5 lakh to 5 lakh.

Interpretation:



In the above graph is shows that 36.6% of investors invested for 1 years, 27.7%, 12.9%, 11.9%, 2% and 1% of invested money for 2,3,4,5,6,7 years respectively.

Interpretation:



In the above graph 26.7% of investors are of low risk and low to moderate risk, 20.8% of investors are of moderate risk and 22.8% of investors are moderate to high risk that may lose money in capital market.

Interpretation:



In the above graph 37.6% of investor are fairly confident, 30.7% of investor are neither confident nor unconfident, 10.9% are fairly unconfident, 5.9% are very confident and do not know.

Interpretation:



In the above graph 61.4% of investors take advice from Brokers/Dealers, 20.8% take from an investment advisor, 12.9% take from others and 5% take from A unit Trust Managers Representative.

Interpretation:

In the above graph 39.6% of investors are fairly confident, 27.7% are neither confident nor unconfident 12.9% are fairly unconfident, 9.9% are very unconfident and 7.9% don't know.

Findings

The survey was conducted in the Indore City in which majority people are investors and young age people who are interested to invest in capital market.

All the data collected are primary data which is collected by filing Questionnaires from People.

Some of the findings are given below:

- Most of the investors had gained knowledge from their personal study and from there Brokers//dealers advices.
- Majority of the investors had invested money in Indore capital market range up to 2.5 lakh.
- Majority of the investors in Indore had invested money for up to two years.
- Investors have prior knowledge about the risk factor of the capital market.
- Investors are confident that licensed advisers give their advisory services to the clients professionally.
- Advisory services are helpful in terms of return in the hands of the investors.

Conclusion

From the above findings it has been found that advisory services branches should be opened in Indore city. Probable investors get advisory services from professionally trained experts. Investor's awareness about the capital market

is also an important task that can also be done through branches. There is a lot of scope to encourage investors to higher amount of investment but before that they should have been taken confident about the market risk factors.

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