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"The Indian Capital Market: An Analysis"

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SUMMARY

A nation's economic and social structure depends on its capital market.It serves the vital functions of raising capital for the public and private sectors, fostering stability and balance in the financial system, reducing rel iance on the banking industry, advancing the economy, generating employment, and providing an alternate means of conserving money.A robust capital market will mitigate the effects of economic volatility, which may be exacerbated by the rapid flow of money.

The Thai capital market is still plagued by a number of problems, nevertheless, including a small number of institutional investors, a small number of retail investors, a lack of effective regulatory enforcement, a restri cted selection of financial products, and high transaction costs.

Introduction

Strong economic demand, consumption, and savings rates have propelled the capital market's expansion in d eveloping nations like India.With the establishment of the East India Company in the seventeenth century, t he Indian capital market began to take shape.India's capital markets were ranked poorly globally in the early 1990s.India is now in the lead because to reforms and the use of advanced IT technologies in trade and settl ement mechanisms.This development has been significantly influenced by the National Stock Exchange.Oth er significant advancements include the introduction of screen-based trading, quicker settlement times, dematerialization, and derivatives.Derivatives trading has grown sig nificantly under the direction of the National Stock Exchange.However, over time, the connections between wealthy and poor nations have become stronger and wider due to global integration.The collapse of propriet ary trading, regulatory overhang, taming derivatives, persistent volatility, and rising concentration are some of the significant issues facing the capital market. Therefore, the capital market has to continue developing.

INDIAN CAPITAL MARKET

The capital market is the securities market where governments and businesses may raise long-term cash.In this sector, loans are made for durations greater than a year.Financial organizations like banks, insurance providers, and stock exchanges that distribute longterm investment money to business and industri al borrowers are part of a country's capital market.The capital market usually provides funding for fixed inv estments like buildings and machines, in contrast to the money market, where financing is often short-term.

CONSTITUENTS AND NATURE:

Numerous people and organizations, including the government, make up the capital market, which channels the supply and demand for longterm capital as well as capital claims.Important components of the capital m arkets include the stock exchange, commercial banks, cooperative banks, savings banks, development banks

, insurance firms, investment trusts or businesses, etc.Similar to the money market, the capital market is com posed of three key elements: the providers of loanable funds, the borrowers, and the intermediaries who act as a bridge between the leaders and the borrowers.

REVIEW OF LITERATURE

Mishra.A(2020)Has examined how Indian stock markets operate and offered some recommendations to enh ance their operation in his book.The study emphasizes the necessity of controlling the amount of speculation in order to meet the demands of price consistency and liquidity.It recommends that in order to increase liqui dity, corporate securities be listed simultaneously on multiple stock exchanges.In order to safeguard small in vestors, the research also hopes that the costs of difficulties would be minimal.

SEKHAWAT(2021)Has researched the function of Indian stock markets both before to and following indep endence.According to the report, four out of five joint stock sector enterprises were covered by listed stocks. Investing in securities was no longer restricted to a select few or any particular class of people.
Many people from the small and middle classes were interested in it.
It was noted that a significant amount of money were first used to buy already-issued stocks.

AGRAWAL(2022)The investment performance of new equity share offerings, particularly those of young fi rms, warrants independent research, according to a comprehensive study titled "Return on New Equity Issue s."The "fixed price" at which fresh issues are issued is the factor that has the biggest impact on the rate of ret urn to the original buyers.Both dividends and capital gains are included in the return on equity.This study lo oks at how rates of return on equity vary over time and provides reliable estimates of those rates.

SINHA.G(2023).Assesses the investment choices made by Indian investors and provides a profile of them.H e tried to find out how well they understood financial information, how much they used it, and how comfort able they were with it.There is a prevalent perception that the corporations' Annual Report and other announ cements are not well received by individual investors, and the information they supply typically falls short o f their demands.

OBJECTIVES

- To comprehend the different securities market items, players, and operations
- To comprehend and evaluate how capital markets operate
- To comprehend the mutual fund idea To comprehend how the capital market is traded.
- To become knowledgeable about the other crucial regulatory elements.
- To become familiar with the many approaches to financial analysis.

LIMITATION

- Unethical behavior, excessive speculation, and unreasonable avarice.
- The interests of modest and sincere investors are not adequately protected.
- The trading is quite limited and thin.

- An imbalance in the organization and structure of the stock market's expansion.
- Over the years, the market has become more volatile.

RESEARCH METHODOLOGY

Although both primary and secondary data were used to create this research, primary data gathering was pri oritized because it is a significant aspect in attitude studies.

THE DATA SOURCE

Primary data is the foundation of any research.The usage of secondary data is limited to reference purposes. Research has been conducted via primary data collecting, which has involved

peaking with a variety of people.The secondary data was gathered from a number of websites and magazine s.

SAMPLING

SAMPLING PROCEDURE

Whether or not they are investors or use the services, the sample was chosen from among all State Bank of I ndia clients and visitors to the Selaiyur camp road branch. Additionally, it was gathered through in-person meetings with individuals, formal and casual conversations, and the completion of a prepared questio nnaire. The data has been subjected to statistical and mathematical analysis.

The sample size of my project is limited to 200 people only. Out of which only 165people had invested in Mutual Fund. Other 25 people did not have invested in Mutual Fund.

LIMITATION OF RESEARCH

Some of the people weren't very receptive.Data collecting errors might occur because a large number of inv estors might not have provided complete responses to my questionnaire.

Only 165 of the 200 visitors toSome Mutual Funds branch in Chennai had made a mutual fund investment, making up the sample size.The specimen.Size might not accurately reflect the entire market.

Reluctance on the part of certain respondents to share personal information may have impacted the validity of all replies.

The research is confined to a certain part of Chhattisgarh

ANALYSIS & INTERPRETATION OF THE DATA

TABLE 1 PREFERENCE OF FACTORS WHILE INVESTING

Factors	Liquidity	Low Risk	(c) High Return	(d) Trust
No. of Respondents	60	25	60	55

INTERPRETATION: Out of 200 People, 30% People prefer to invest where there is High Return, 12.5% prefer to invest where there is Low Risk, 30% prefer easy Liquidity and 27.5% prefer Trust

FINDINGS

The 36-
40 age group was more prevalent in Chennai.Investors between the ages of 41 and 45 made up the second-highest percentage, while those under 30 made up the smallest.

The majority of investors in Chhattisgarh were graduates or postgraduates, with relatively few being below the HSC.The majority of investors in this occupation category were government workers, followed by private sector workers, while those in agriculture made up the high number

Families with incomes between Rs. 20,000 and Rs. 30,000 were most numerous, followed by those with incomes over Rs. 30,000, and those with incomes under Rs. 10,000 were the fewest.

Families earning between Rs. 20,000 and Rs. 30,000 were the most common, followed by those earning above Rs. 30,000, and the fewest were those earning less than Rs. 10,000.

Just 60% of the 200 respondents had made a mutual fund investment, while 40% had not.
Of the 80 respondents, 81% were unaware of mutual funds, 13% said they had no particular reason for avoiding investing in them, and 6% said there was probably a larger risk involved.Financial advisors were chosen by 60% of investors, followed by banks at 15% and AMCs (direct investment) at 25%.
Equity was the most favored portfolio, followed by balance (a combination of debt and equity), while debt was the least favoured portfolio.
Just 21% of investors desired to participate in sectoral funds, while the majority did not.

SUGGESTIONS AND RECOMMENDATIONS

Ignorance is the most important issue identified.The advantages should be communicated to investors.Until he is completely convinced, no one will invest.Investors should be made aware of the losses associated with not investing and that ignorance is no longer bliss.There are several advantages to mutual funds that no other single choice could provide.However, the majority of individuals don't even know what a mutual fund is.They merely consider it to be an additional investing choice.

Thus, the advisors have to make an effort to alter their perspectives.More and more youthful investors should be the advisers' target market.Due to the lack of resources, both young investors and those in the prime of their careers would like to work with advisers.

Since they are the primary source of information influencing investors, mutual fund companies must teach individual financial advisors on the fund or scheme and its goals.Before making any investments, financial advisors should first ask clients or investors about their time horizon, needs, and risk tolerance.They may take the consumers into account by taking into account these three factors.

Greater efforts should be made with younger clients who have some interest in investing, since they will be a signif
cant new customer base in the future.Selling to clients with graduate degrees is simpler, and there is a sizable unexplored market there.However, advisers must offer high-quality, solid advice if they want to prosper.

The Systematic Investment Plan (SIP) is one of the cuttingedge solutions that asset management firms have just introduced to the market.For those on a regular salary, SIP is simple since it allows them to invest in E

MIs.However, the majority of potential investors and prospects are unaware of the SIP.
There is a lot of room for businesses to hire paid individuals.

CONCLUSION

Successful mutual fund management necessitates a thorough comprehension of both the psychology of smal l investors and the quirks of the Indian stock market.This study aims to comprehend how investors in mutual funds behave financially in relation to their preferences for brands (AMC), products, channels, etc.I've notic ed that a lot of individuals are afraid of mutual funds.
They believe that mutual funds won't protect their money.They must be familiar with mutual funds and the t erminology associated with them.Due to ignorance, a large number of people with money to invest have not done so in mutual funds.The number of people investing in mutual funds is increasing along with awareness and income.

"Brand" is a key component of investing.Individuals put their money into businesses with which they trust o r are familiar.Punjab has a large number of AMCs, but only a select few are doing well because of brand rec ognition.Due to a lack of brand recognition, several AMCs are underperforming even if their schemes yield decent returns.

When investing in mutual funds, distribution channels are also crucial.The most favored avenue for mutual f und investments is through financial advisors.They have the power to influence investors to switch from one investment choice to another.Since they do not have to pay an entrance cost, many investors choose to inve st their money directly through AMC.Only those with time and a thorough understanding of mutual funds a nd their functioning may make direct investments.

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