AN EMPIRICAL STUDY ON INVESTORS INVESTMENT INITIATIVES IN INDIAN CAPITAL MARKET

Prof. Deepa Chavan
Sydenham Institute of Management Studies, Research and Entrepreneurship Education, Mumbai, India.

Abstract
The Indian capital market Deals with medium term and long term funds in. It refers to all facilities and the institutional arrangements for borrowing and lending term funds (medium term and long term).The methodology used is non probability convenience sampling using a structured questionnaire by taking into account the primary and secondary data. The study is aimed to analyze the initiative taken by investor and the awareness factor while making the investment decisions.
It is seen that the capital market in India is a little complex but yet it's fast growing. Capital markets in India contribute to a large extend towards building up of the economic growth.

Key Words: Investment, Investor, SEBI, IPO, Bonds.

INTRODUCTION
Capital market deals with medium term and long term funds. It refers to all facilities and the institutional arrangements for borrowing and lending term funds (medium term and long term). The demand for long term funds comes from private business corporations, public corporations and the government. The supply of funds comes largely from individual and institutional investors, banks and special industrial financial institutions and Government.

A capital market is a market for securities (debt or equity), where business enterprises (companies) and governments can raise long-term funds. It is defined as a market in which money is provided for periods longer than a year, as the raising of short-term funds takes place on other markets (e.g., the money market). The capital market includes the stock market (equity securities) and the bond market (debt). The players in the Capital Market are thus, borrowers of money who demand funds and the lenders of money who supply funds. Capital markets may be classified as primary markets and secondary markets. In primary markets, new stock or bond issues are sold to investors via a mechanism known as underwriting. In the secondary markets, existing securities are sold and bought among investors or traders, usually on a securities exchange, over-the-counter, or elsewhere.

Indian Stock Markets are one of the oldest in Asia. Its history dates back to nearly 200 years ago. The Bombay Stock Exchange was inaugurated in 1899 when the brokers formally established a stock market in India. This market also deals with securities of the central government, state government and financial institutions such as IFCI, IDBI, SIDBL and SFCs.

LITERATURE REVIEW
Pandya (1992), in a study, "SEBI Role, Powers, Functions and Activities", observed that as a regulatory and development body, SEBI's efforts in the direction of investor protection are varied and unlimited. The measures brought in by SEBI broadly cover measures for allocation efficiency in the primary market with a fair degree of transparency. It was found out that reforms in the secondary market institutions, mutual funds and regulation of various market intermediaries and above all for the protection of the investing public, were necessary.

Mohan (2004), provides the rationale of financial sector reforms in India, policy reforms in the financial sector, and the outcomes of the financial sector reform process in some detail.

Dubey (2007), examined the risk management of companies and pointed out that, the management of companies dealing in the Capital Market must make sure that all risks taking activities were carefully identified and disclosures made. Such activities as the increased use of derivatives, which possessed a potentially indomitable and preposterous nature, were fuelling the systemic risk in the Indian Capital Market.

Prasad and Rajan (2008) argues that the time has come to make a more concerted push toward the next generation of financial reforms. The study advocates that a growing and increasingly complex market-oriented economy and its greater integration with global trade and finance will require deeper, more efficient, and well- regulated financial markets.

RESEARCH METHODOLOGY
Research Design: Research Design is the conceptual structure within which research is conducted. The design used for carrying out this research is Exploratory. The Preference level of the respondents can be examined with the help of their

demographic variables. In order to study the attitude of the investors with the investment in Capital Market, various statistical tools such as chi-square test, ANOVA, and analysis of co-variance, Graphical analysis, Frequency table have been employed.

OBJECTIVE OF THE STUDY
- To understand the level of awareness of capital market among investors.
- To understand the investors preference in investing in capital market by different age group and income level.
- To understand the importance of macroeconomic variables and analyse its effect on the Indian Stock Market.
- To analyse the recent initiatives in Capital Market.
- To study the trends in price movements of a stock.

DATA COLLECTION
There may be different types of information and data. Some of the information may be published or unpublished, complete or incomplete, reliable or unreliable, biased or unbiased, primary or secondary data. Primary Research is conducted of 50 investors.

NEED & SIGNIFICANCE OF THE STUDY
The need to study this project is to learn and understand about the market. Even though lots of data was available on internet, the data was been found by someone else and the information were from their own perspective. The primary data survey was also conducted.

SCOPE AND LIMITATION OF THE STUDY
- The descriptive research was undertaken for the purpose of Project. But descriptive research has its own limitation regarding sample size.
- Some of the data gathered by Capital Market investors may not be reliable.
- Time limit was also a constraint while conducting the study. So, survey of 50 sample size does not give the picture of the whole market.
- Detailed and depth research was not possible.
- The study restricts comparison as it was done only in some part of areas.

DATA ANALYSIS & FINDINGS
Capital Market Investors' Profile: This section of the information lays out the characteristic of the surveyed investors in terms of: age; sex; level of education; employment status and level of income. It is important to have these characteristics studied in order to ascertain their individual preferences in investment decisions.

Gender of the Capital Market Investors: The gender of the respondents was recorded during the survey

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	31	62.0	62.0	62.0
	Female	19	38.0	38.0	100.0
	Total	50	100.0	100.0	

The findings indicate that males dominate the capital markets investments accounting for 62% of the survey respondents and the proportion of 38% are female investors.

Age Group of Investors: The study tried to establish whether age has a bearing on the investors'					
		Frequenc	Percent	Valid	Cumulative Percent
	21-30	12	24.0	24.0	24.0
	31-40	20	40.0	40.0	64.0
	41-50	11	22.0	22.0	86.0
	51-60	4	8.0	8.0	94.0
	61 & above	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

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According to the findings, 40% of the respondents fell within the age category of 31-40 years. The respondents who are 51 years of age and above were 14%. Therefore, majority of the investors surveyed were below 50 years of age accounting for 86% of the total respondents.

Level of Education: Respondents were also asked the highest level of education that they attained.				
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Secondary	3	6.0	6.0	6.0
	Diploma	7	14.0	14.0	20.0
	Graduate	24	48.0	48.0	68.0
	Post Graduate	11	22.0	22.0	90.0
	Doctorate	5	10.0	10.0	100.0
	Total	**50**	**100.0**	**100.0**	

From the findings, it was apparent that the majority of the surveyed investors 48% had attained a bachelor's degree as their highest level of education. This implies that it would be very easy to sensitize the investors about Capital Markets since most of the investors have attained a commendable level of education.

Employment Status : The respondents were asked about their employment status to be able to establish the nature of their employment and whether this could have an effect on their investment choices in the capital markets.

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Self Employed	14	28.0	28.0	28.0
	Full Time Employed	21	42.0	42.0	70.0
	Part Time Employed	9	18.0	18.0	88.0
	Unpaid for Household Work	2	4.0	4.0	92.0
	Unemployed	3	6.0	6.0	98.0
	Others	1	2.0	2.0	100.0
	Total	**50**	**100.0**	**100.0**	

From the findings, it emerged that majority of the investors 42% in the capital markets were in full time employment. A sizeable 28% were self-employed and 18% were also in part-time employment. It ought to be noted that the nature of employment will determine the level of earnings and how much money one can be able to invest in Capital Market products. It also affects the timing of earnings for investment.

Level of Income		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Up to 1,00,000	5	10.0	10.0	10.0
	1,00,001 to 5,00,000	5	10.0	10.0	20.0
	5,00,001 to 10,00,000	11	22.0	22.0	42.0
	10,00,001 to 50,00,000	14	28.0	28.0	70.0
	50,00,001 to 10,000,000	6	12.0	12.0	82.0
	10,000,001 & above	2	4.0	4.0	86.0
	None	7	14.0	14.0	100.0
	Total	**50**	**100.0**	**100.0**	

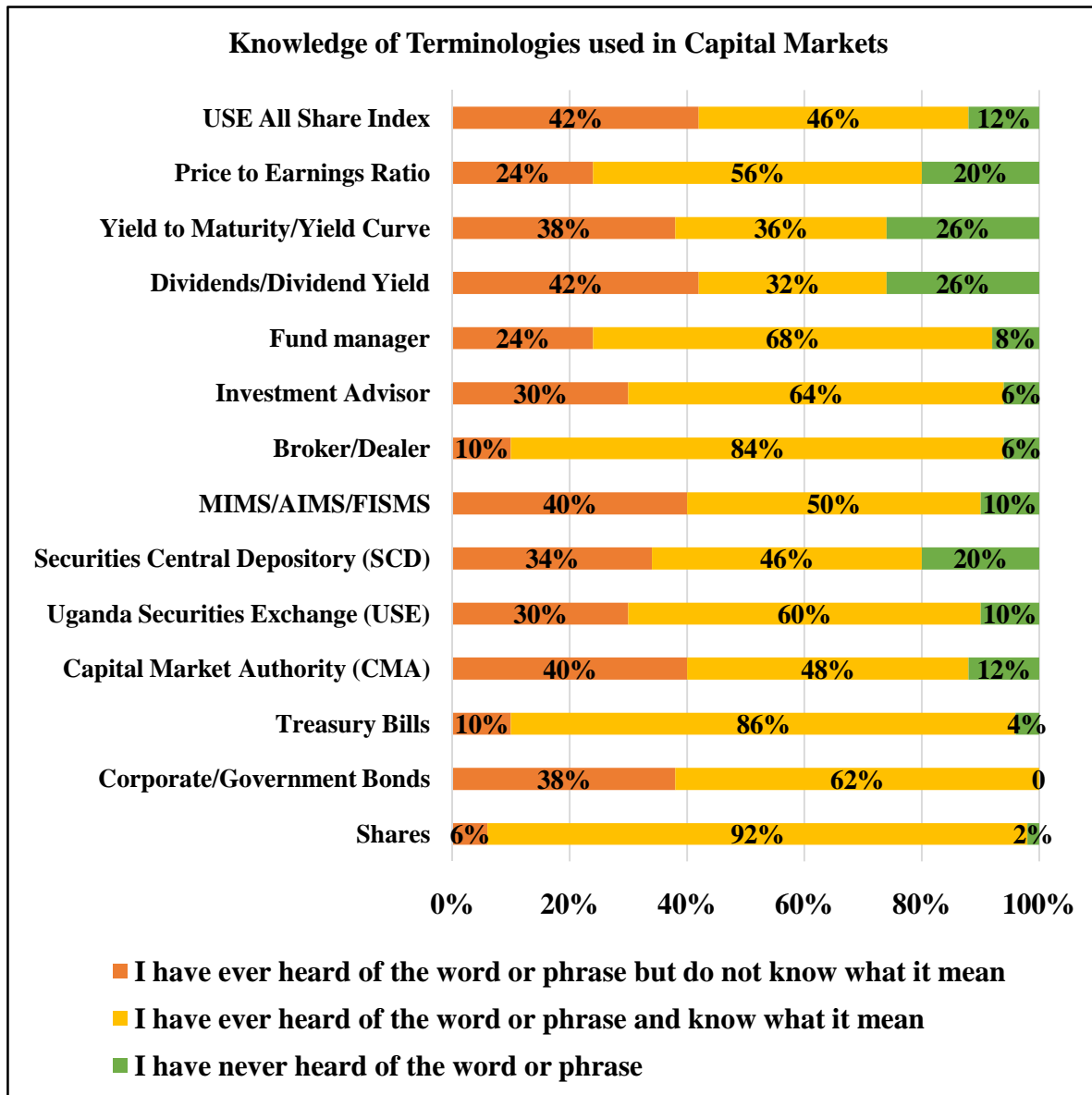An investor's level of income was also established to be able to understand the effect it would have on the level and choices of investment in capital markets.

28% of the investors were earning between 10,00,001 to 50,00,000. Another significant proportion was 22% earning within the range of 5,00,001 to 10,00,000 per annum. And approximately 20% of the surveyed investors earn 500,000 and below.

Awareness of Capital Market: 100% of the respondents are aware of the Capital Market in the emerging economies.
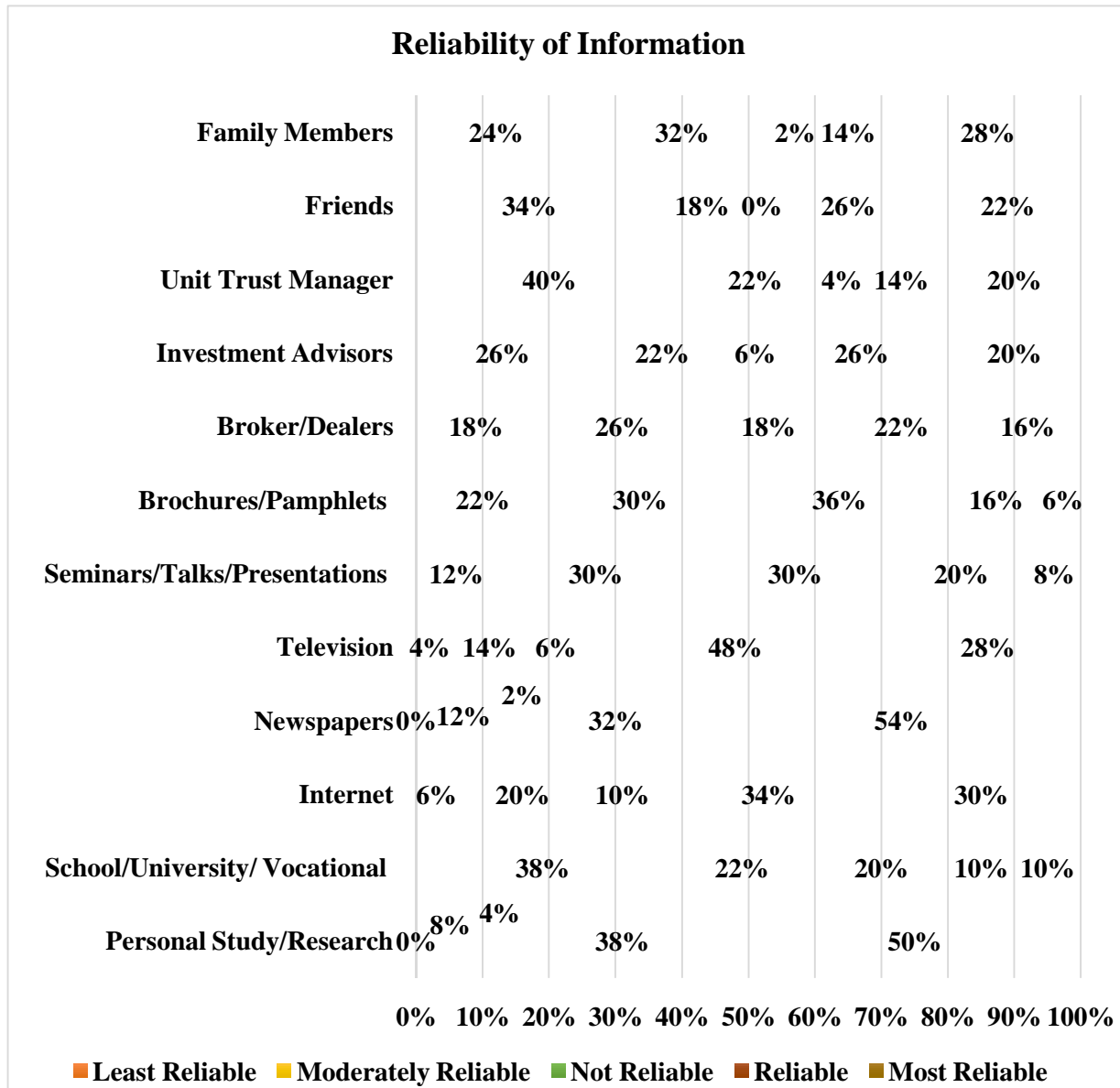
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

Knowledge of capital Markets Terminology: All the respondents were asked: whether they had ever heard of a number of Capital Markets' terminologies or not and whether they know what the terminologies meant. Most of the respondents stated that they were familiar with the terminology used and that they knew what the terminologies meant. They were generally aware of shares as reported by 92%

Knowledge of Terminologies used in Capital Markets

Terminology	Heard but don't know meaning	Heard and know meaning	Never heard
USE All Share Index	42%	46%	12%
Price to Earnings Ratio	24%	56%	20%
Yield to Maturity/Yield Curve	38%	36%	26%
Dividends/Dividend Yield	42%	32%	26%
Fund manager	24%	68%	8%
Investment Advisor	30%	64%	6%
Broker/Dealer	10%	84%	6%
MIMS/AIMS/FISMS	40%	50%	10%
Securities Central Depository (SCD)	34%	46%	20%
Uganda Securities Exchange (USE)	30%	60%	10%
Capital Market Authority (CMA)	40%	48%	12%
Treasury Bills	10%	86%	4%
Corporate/Government Bonds	38%	62%	0
Shares	6%	92%	2%

■ I have ever heard of the word or phrase but do not know what it mean

■ I have ever heard of the word or phrase and know what it mean

■ I have never heard of the word or phrase

There was an observation that potential Capital Markets Investors need to have tangible experiences of a capital market to become interested. This implies that a fully functional capital markets' industry should generate increase productsand visibility.

Reliability of Sources of Information: The respondents were asked where they acquired knowledge about capital markets and the related terminologies from. Subsequently, investors were asked whether the sources of knowledge about capital markets were reliable or not.

Reliability of Information

Source	Least Reliable	Moderately Reliable	Not Reliable	Reliable	Most Reliable
Family Members	24%	32%	2%	14%	28%
Friends	34%	18%	0%	26%	22%
Unit Trust Manager	40%	22%	4%	14%	20%
Investment Advisors	26%	22%	6%	26%	20%
Broker/Dealers	18%	26%	18%	22%	16%
Brochures/Pamphlets	22%	30%	36%	16%	6%
Seminars/Talks/Presentations	12%	30%	30%	20%	8%
Television	4%	14%	6%	48%	28%
Newspapers	0%	12%	2%	32%	54%
Internet	6%	20%	10%	34%	30%
School/University/ Vocational	38%	22%	20%	10%	10%
Personal Study/Research	0%	8%	4%	38%	50%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Least Reliable ■ Moderately Reliable ■ Not Reliable ■ Reliable ■ Most Reliable

The most reliable source of information was newspaper followed by research and personal study as reported by 54% and 50% of the surveyed investors respectively. Television with 48% was the reliable sources of information.

Level of Investment: The respondents who had invested in Capital Markets were asked how much money they had invested in capital markets. It was revealed that different categories of people devoted varying amounts of money to such investments.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to 1,00,000	8	16.0	16.0	16.0
	1,00,001 to 5,00,000	15	30.0	30.0	46.0
	5,00,001 to 10,00,000	7	14.0	14.0	60.0

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10,00,001 to 50,00,000	6	12.0	12.0	72.0
50,00,001 to 10,000,000	11	22.0	22.0	94.0
10,000,001 & above	3	6.0	6.0	100.0
Total	50	100.0	100.0	

The findings show that the big segment of investors 30% had invested within 1,00,001 to 5,00,000. In addition, 22 % of the respondents had invested in 50,00,001 to 10,000,000 and 6% had invested in 10,000,001 and above. It should be noted that the numbers of investors reduced with increase in the amount of money. This means that investment options or products that required higher amounts of money were likely to attract few people to invest.

Investors Participated in Initial Public Offering

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	11	22.0	22.0	22.0
	1 to 5	17	34.0	34.0	56.0
	6 to10	14	28.0	28.0	84.0
	10 & above	8	16.0	16.0	100.0
	Total	**50**	**100.0**	**100.0**	

34% of respondents Participated in IPOs between 1 to 5 and around 22% respondents not yet participated in in IPO.

Risk that Investor Might Lose Some Money Invested: When making investment, capital markets investors may not consider risks involved. In this regard, the respondents were therefore asked to the level of risk they are willing to take in making investments in capital markets.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No Risk at all	6	12.0	12.0	12.0
	Low Risk	19	38.0	38.0	50.0
	Low to Moderate Risk	10	20.0	20.0	70.0
	Moderate Risk	7	14.0	14.0	84.0
	Moderate to High Risk	4	8.0	8.0	92.0
	High Risk	4	8.0	8.0	100.0
	Total	**50**	**100.0**	**100.0**	

According to the findings 38% of respondents revealed that the level of risk that they might lose their money is low; 20% reported that it is low to moderate; 14% reported that is moderate; 8% is moderate to high and as well as high risk. The findings demonstrate that most of the investors are not apprehensive about the risks involved in the investment.

Frequency of Investment: The respondents who had invested in capital markets were asked how often they commit their resources to capital markets. From observation the frequency of investment is not very high among many.

		Frequency	Percent	Valid Percent	Cumulative
Valid	Every Day	4	8.0	8.0	8.0
	At least once a week, but not every	1	2.0	2.0	10.0
	At least once a fortnight (i.e. two	6	12.0	12.0	22.0
	At least once a month, but not once	9	18.0	18.0	40.0
	Less than once a month	10	20.0	20.0	60.0
	I have never invested in the capital	20	40.0	40.0	100.0
	Total	**50**	**100.0**	**100.0**	

The findings show that frequency in investment in capital markets was low. The findings indicate that 40% of the respondents did not invest again in capital markets after buying shares. Such frequency in investment is not likely to

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stimulate the market and even offer bigger returns for investors. Such behavior has been attributed to a narrow market with few products that are appealing or affordable to investors.

Hypothesis:
H1 : H_0: Age and income level in capital market are not related
H_1: Age and income level in capital market are related .

Descriptive					95% Confidence Interval for Mean		Minimum	Maximum
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound		
21-30	12	3.58	1.621	.468	2.55	4.61	1	7
31-40	20	4.05	1.820	.407	3.20	4.90	1	7
41-50	11	3.73	2.054	.619	2.35	5.11	1	7
51-60	4	4.00	1.414	.707	1.75	6.25	2	5
61 & above	3	4.67	2.082	1.202	-.50	9.84	3	7
Total	50	3.90	1.764	.249	3.40	4.40	1	7

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.785	4	.946	.286	.885
Within Groups	148.715	45	3.305		
Total	152.500	49			

H2 : H_0: Investor's Income and investment in capital market are not related
H_1: Investor's Income and investment in capital market are related

Descriptives					95% Confidence Interval for Mean		Minimum	Maximum
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound		
Up to 1,00,000	5	4.40	.894	.400	3.29	5.51	3	5
1,00,001 - 5,00,000	5	3.80	1.789	.800	1.58	6.02	1	5
5,00,001 - 10,00,000	11	3.18	1.471	.444	2.19	4.17	1	5
10,00,001–50,00,000	14	2.64	1.499	.401	1.78	3.51	1	5
50,00,001-10,000,000	6	4.33	1.966	.803	2.27	6.40	2	6
10,000,001 & Above	2	1.50	.707	.500	-4.85	7.85	1	2
None	7	2.00	.000	.000	2.00	2.00	2	2
Total	50	3.12	1.586	.224	2.67	3.57	1	6

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	36.596	6	6.099	3.026	.015
Within Groups	86.684	43	2.016		
Total	123.280	49			

H3 : H_0: Investor's education level and employment are not related
H_1: Investor's education level and employment are related

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Descriptive

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Secondary	3	3.67	2.309	1.333	-2.07	9.40	1	5
Diploma	7	2.57	1.902	.719	.81	4.33	1	6
Graduate	24	2.42	.881	.180	2.04	2.79	1	5
Post	11	1.73	.647	.195	1.29	2.16	1	3
Doctorate	5	1.20	.447	.200	.64	1.76	1	2
Total	50	2.24	1.205	.170	1.90	2.58	1	6

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.924	4	3.981	3.246	.020
Within Groups	55.196	45	1.227		
Total	71.120	49			

- There were approximately 46% of the surveyed investors earning Rs. 500,000 and below.
- Another significant proportion were 22% investors 'earning within the range of Rs.500,001 to Rs.1, 000,000 per annum and 28% were earning between Rs.10,00,001 to Rs.50,00,000 per annum.
- It was observed that some of the investors were not aware of some common terminologies of capital market.
- It was found that most of the investors gain knowledge about Capital Market from Newspaper and followed by that personal study and research are found to be most useful.
- Most investor's i.e around 40% not invested in Capital Market since they bought share or bonds at the Initial Public Offering.
- There was an observation that potential capital market investors need to have tangible experiences of a capital market to become interested.

CONCLUSION
- There has been a tremendous growth in emerging Capital Market today and more number of people is having good and relevant knowledge of Capital Market. And most of them after participating in IPOs are prefer to buy shares or bonds at the IPO as compared to investing in Capital Market. Most of them prefer to gain knowledge from newspapers followed by that the Personal Study and Research for investing in Capital Market.
- The Capital market structure in India is a bit complex and covers wide range of activities
- The Capital Market Regulator, SEBI has carefully developed good stability mechanisms to keep the Market functioning in a sustainable manner. Reforms in the Capital Market have been conducive to its growth and development.
- Also, it has made the Capital Markets have shown greater efficiency and now provide world class trading and settlement system. Capital market brings about effective functioning of various sectors of the economy. This is very instrumental for the economic development of a nation.

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