An Analysis of Investor’s Perception for the Investment in Capital Markets in India since Globalized Period

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Abstract: This Research Paper describes the expectations and satisfaction of those customers who are trading with capital markets in India in consideration with India info line. The study of the Investment is helpful in the following areas. In today’s complex financial environment, investors have unique needs which are derived from their risk appetite and financial goals. But regardless of this, every investor seeks to maximize his returns on investments without capital erosion.

1. To look out for new prospective customers who are willing to invest in different investments.
2. To find out the India Info line, PMS services effectiveness in the current situation.
3. Underlying the main factors before investing in the stocks.
4. To analyze the role of CRM in India capital markets.

The stock market plays a major role in mobilizing the savings into investment. Stock market development is positively correlated with the development of financial intermediaries and long-term growth. Stock market also provides a different bundle of financial functions from those provided by financial intermediaries.

Keywords: Investor, investment, globalization, stock market, customer etc.

INTRODUCTION: The stock market in India is more efficient than banking system on account of the enabling government policies and that stock market development has a key role to play in the reforms of system by generating competition for funds mobilization and allocation. Hence, an efficient capital market would contribute to long-term growth. According to RBI the flow of funds in the private corporate sector shows that there is growing reliance of the private corporate sector on external financing.

The equity market in developing countries until the mid-1980s generally suffered from the classical defects of bank-dominated economies, that is, shortage of equity capital, lack of liquidity, absence of foreign institutional investors, and lack of investor’s confidence in the stock market. Since 1986, the capital markets of the developing countries started developing with financial liberalization and the easing of legislative and administrative barriers and the adoption of tougher regulations to boost investor’s confidence. With the beginning of financial liberalization in the developing countries, the flow of private foreign capital from the developed to developing countries has increased significantly and such inflow of foreign capital have been mainly in the form of foreign direct investment and portfolio investment. The latter type of inflows has mainly been through their stock markets.

In the history of International Finance, the year 1992-1993 may be seen as a watershed year in which emerging markets came into their own as capital raising mechanisms and became firmly established as a distinct asset class for the word’s investment community with financial liberalization, the east Asian capital markets like Singapore, Hong Kong and Bangkok have developed over time to the extent that they are presently regarded as international financial centers of Asia.

In the capital markets over the last few years that has made the markets attractive to foreign institutional investors. This history shows us that retail investors are yet to play a substantial role in the market as long-term investors. Retail participation in India is very limited considering the overall savings of households. Investors who hold shares in limited companies and mutual fund units are about 20-30 million. Those who participated in secondary markets are 2-3 million. Both SEBI and retail participants should be active in spreading market wisdom and empowering investors in planning their finances and understanding the markets.

The Capital Market Solicitors Association (CMSA) is a voluntary professional organization consisting of Law firms duly registered by the Securities and Exchange Commission (SEC) to act as Capital
Market Operators in the capacity of solicitors. Some of the aims and objectives of the Association ranges from protection of the interest of its members, contributing to the policy and regulation process within the capital market. According to Arun K. Datta, The capital market may be defined as “The capital market is a complex of institutions investment and practices wit established links between the demand for and supply of different types of capital gains”. According to F. Livingston defined the capital market as “In a developing economy, it is the business of the capital market to facilitate the mainstream of command over capital to the point of the highest yield. By doing so it enables control over resources to pass into hands of those who can employ them most effectively thereby increasing productive capacity and spelling the national dividend”. Capital market defined as “The market for relatively long-term financial instruments. It consists of gilt edged market and the industrial securities market. The gilt edged market refers to the market for government and semi-government securities backed by the RBI. The securities traded in this market are stable in value and are much sought after by banks and other institutions.

Profile of the industry:
The Indian broking industry is one of the oldest trading industries that have been around even before the establishment of the BSE in 1875. Despite passing through number of changes in the post liberalization period, the industry has found its way onwards sustainable growth. With the purpose of gaining a deeper understanding about the role of the Indian stock broking industry in the country’s economy, we present in this section some of the industry insights gleaned from analysis of data received through primary research.

For the broking industry, we started with an initial database of over 1,800 broking firms that were contacted, from which 464 responses were received. The list was further short listed based on the number of terminals and the top 210 were selected for profiling. 394 responses, that provided more than 85% of the information sought have been included for this analysis presented here as insights. All the data for the study was collected through responses received directly from the broking firms. The insights have been arrived at through an analysis on various parameters, pertinent to the equity broking industry, such as region, terminal, market, branches, sub brokers, products and growth areas.

Some key characteristics of the sample 394 firms are:

1. On the basis of geographical concentration, the West region has the maximum representation of 52%. Around 24% firms are located in the North, 13% in the South and 10% in the East.


3. On the basis of terminals, 40% are located at Mumbai, 12% in Delhi, 8% in Ahmadabad, 7% in Kolkata, 4% in Chennai and 29% are from other cities.

4. In the cash market, around 34% firm’s trade at NSE, 14% at BSE and 52% trade at both exchanges. In the derivative segment, 48% trade at NSE, 7% at BSE and 45% at both, whereas in the debt market, 31% trade at NSE, 26% at BSE and 43% at both exchanges.

5. Majority of branches are located in the North, i.e. around 40%. West has 31%, 24% are located in South and 5% in East.

6. In terms of sub-brokers, around 55% are located in the South, 29% in West, 11% in North and 4% in East.

Facilities:
India Infoline’s main offices are located in approximately 4,000 square feet of office space located in Mumbai, India. India Infoline Branches collectively occupy an additional 10,000 square feet of office space located throughout India. As on March 31, 2005, India Infoline has 73 branches across 36 locations in India.

Terminals:
Almost 52% of the terminals in the sample are based in the Western region of India, followed by 25% in the North, 13% in the South and 10% in the East. Mumbai has got the maximum representation from the West, Chennai from the South, New Delhi from the North and Kolkata from the East.

Branches and Sub-Brokers:
The maximum concentration of branches is in the North, with as many as 40% of all branches located there, followed by the Western region, with 31% branches. Around 24% branches are located in the South and East constitutes for 5% of the total branches of the total sample.

In case of sub-brokers, almost 55% of them are based in the South. West and North follow, with 30% and 11% sub-brokers respectively, whereas East has around 4% of total sub-brokers.
Financial Markets:
The financial markets have been classified as cash market, derivatives market, debt market and commodities market. Cash market, also known as spot market, is the most sought after amongst investors. Majority of the sample broking firms are dealing in the cash market, followed by derivative and commodities. 27% firms are dealing only in the cash market, whereas 35% are into cash and derivatives. Almost 20% firms trade in cash, derivatives and commodities market. Firms that are into cash, derivatives and debt are 7%. On the other hand, firms into cash and commodities are 3%, cash & debt market and commodities alone are 2%. 4% firms trade in all the markets.

In the cash market, around 34% firm’s trade at NSE, 14% at BSE and 52% trade at both exchanges. In the equity derivative market, 48% of the sampled broking houses are members of NSE and 7% trade at BSE, while 45% of the sample operates in both stock exchanges. Around 43% of the broking houses operating in the debt market, trade at both exchanges with 31% and 26% firms uniquely at NSE and BSE respectively.

Future Plans:
68% of the firms from the sample have envisaged strategies for future growth. With the middle class Indian investor as well as foreign investor willing to invest in the stock market, majority of the firms preferred expansion of institutional and the Foreign Institutional Investor clients in their areas of growth. Around 84% have shown interest in expanding their institutional client base. Nearly 51% of such firms are located in the West, 25% in North, 15% are from South and 9% from East. Since the past couple of years, India, along with Korea and Taiwan, has been one of the preferred destinations for the FIIs. With corporate restructuring, rising market capitalization and sector friendly policies helping the FIIs, more than two thirds of the firms are interested in increasing their FII client base. Amongst these firms, west again has maximum representation of 53%, followed by North with 22%. South has 15% firms and east makes up for 9%.

CONCLUSION:
On the basis of the study it is found that India Infoline Ltd is better services provider than the other stockbrokers because of their timely research and personalized advice on what stocks to buy and sell. India Infoline Ltd. provides the facility of Trade tiger as well as relationship manager facility for encouragement and protects the interest of the investors. It also provides the information through the internet and mobile alerts that what IPO’s are coming in the market and it also provides its research on the future prospect of the IPO. We can conclude the following with above analysis

- India Infoline Ltd has better Portfolio Management services than Other Companies
- It gives more returns to its investors.
- It charges are less than other portfolio Management Services
- It provides daily updates about the stocks information.
- Investors are looking for those investment options where they get maximum returns with less returns.
- People are not so much aware about the Investment option available in the Market.

References:
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