

STOCK MARKET

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Abstract: With the increasing Globalization, the Stock Exchange has tremendously affected the financial conditions of India. The stock markets of the future will have a redefined purpose and reinvented architecture due to the advent and widespread use of technology. Information and stock price quotations are available almost instantaneously, and, more importantly, investors can act on this data by executing a trade from anywhere at any time. This new market will bring benefits to investors, the listed companies, and the economies of the company. Trading will become cheaper, faster and settlement will be simpler with reduced risk. Raising capital for companies will become easier, thereby contributing directly to the Economic Growth. Already, NSE has shown its proactive response by increasingly using leading edge technologies to effectively compete in the global environment. In the not too distant future, once full capital account convertibility is permitted in India, one could well witness an expansion of trading volumes and its resultant economic benefits to the thriving and ever young metropolis of Mumbai. In spite of all these positive predictions, the future of Stock Exchanges is likely to be uncertain and even their survival is a major question mark.

Keywords: Stock Market, Exchange system, Trading Procedure, Stock Exchanges, Investors.

I. INTRODUCTION TO NATIONAL STOCK EXCHANGE

NATIONAL STOCK EXCHANGE:

The NSE was incorporated in November 1992 with an equity capital of Rs.25 crores, the International Securities Consultancy (ISC) of Hong Kong has helped in setting up NSE, ISC has prepared the detailed business plans and installation of hardware and software system. The promotion for NSE were financial institutions, insurance companies, banks and SEBI capital market Ltd., infrastructure leasing and financial services and stock holding corporation ltd. It has been set up to strengthen the move towards professionalization of the capital market as well as provide nationwide securities trading facilities to investors.

NSE is not an exchange in the traditional sense where brokers own and manage the exchange. A two tier administrative set up involving a company board and a governing board of the exchange is envisaged.

NSE is a national market for shares PSU bonds, debentures and government securities since infrastructure and trading facilities are provided.

NSE-NIFTY:

The NSE on April 22, 1996 launched a new equity Index. The NSE-50. The new index, which replaced the existing NSE-100 index is expected to serve as an appropriate Index for the new segment of futures and options. "Nifty means National Index for Fifty Stocks.

The NSE—50 comprises 50 companies that represent 20 broad Industry groups with an aggregate market capitalization of around Rs 1,70,000 crs. All companies included in the Index have a market capitalization in excess of Rs. 400 crs each and should have traded for 85% of trading days at an impact cost of less than 1.5%

The base period for the index is the close of prices on Nov 3, 1995, which makes one year of completion of operations of NSE's capitals markets segments. The base values of the Index has been set at 1000.

NSE--MIDCAP INDEX:

The NSE midcap Index or the Junior Nifty comprises 50 stocks that represent 21 broad Industry groups and will provide proper representation of the midcap segments of the Indian capitals Market. All stocks in the index should have market capitalizations of greater than Rs. 200 corers and should have traded 85% of the trading days at an impact cost of less 2.5%. The base period for the index is Nov 4, 1996, which signifies two years for completion of operations of the capitals market segment of the operations. The base values of the Index have been set at 1000. Average daily turnover of the present scenario 258212 (lakhs) and number of averages daily trades 2160(lakhs).

The National Stock Exchange (NSE) is India's leading stock exchange covering around 400 cities and towns all over India. NSE introduced for the first time in India, fully automated screen based trading. It provides a modern, fully computerized trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest or liquidate investments in securities.

Sponsored by the industrial development bank of India, the NSE has been co-sponsored by other development/ public finance institutions, LIC, GIC, banks and other financial institutions such as SBI Capital Market, Stockholding corporation, Infrastructure leasing and finance and so on. India has had a history of stock exchanges limited in their operating jurisdiction to the cities in which they were set up.

The NSE represented an attempt to overcome the fragmentation of regional markets by providing a screen-based system, which transcends geographical barriers. Having operationalised both the debt and equity markets, the NSE is planning for a derivative market, which will provide futures and options in equity. Its main objectives has been to set up comprehensive facilities for the entire range of securities under a single umbrella, namely,

- To set up a nationwide trading facility for equities, debt instruments and hybrids;
- To ensure equal access to investors across the country through an appropriate Communication network;
- To provide a fair, efficient and transparent securities market to investors using the electronic trading system;
- To ensure shorter settlement cycles and book entry settlement systems; and
- To meet the current international standards prevalent in the securities Industry/markets.

II. OBJECTIVES OF THE STUDY

- To know about the latest and future development in the stock exchange Trading system. Clearly defining each and every term of the stock exchange trading procedure.
- To know the on-line screen based trading system adopted by NSE and about its communication facilities. The appropriate configuration to set the network which would link the NSE to individual/members.
- The primary objective is to analyze the changes in trading after the Exchange Shifted from outcry to online trading system
- To understand Stock Exchanges market in India.
- To know different types of Stock Exchanges in India.
- To study investor's reasons to trade online where investors have control over their account can make their own decision for their actions, and are independent.

III. RESEARCH METHODOLOGY

Classification of Data:

To fulfill the objective of the study, I have taken into consider Primary & Secondary Data.

⇒ Primary Data.

To collect following data I have made use of following source.

- a) Questionnaire survey & interaction with clients in india to know investors awareness towards stock exchanges in india.
- b) Interaction with the business associate of Capital market services India

⇒ Secondary Data

- a) The first step in data collection approach is to look for secondary data. Usually it is the data developed for some purpose other than for helping to solve the problem at hand. Secondary data are collected through their trading details from the stock broker. The secondary data is collected from internet, study material of NCFM (derivatives market dealers module work book), research report of expert.

Sampling & Sampling Techniques:

- **Sampling Population:** The people of the Hyderabad city.
- **Sampling Frame:** The investors at Shriram Insight.
- **Extent:** This study was limited only to the Hyderabad investors.
- **Sample Size:** The sample size contained of 50 investors in stock market.
- **Sampling Method:** The sampling method used was on the basis of non probability convenient sampling method.
- **Elements:** Individual.
- **Instrument of data collection:** Questionnaire.
- **Analytical tool:** Graphs like pie charts, & tables have been used to analyze & interpret the data.
- **Software Applications Used:** Ms-Word, Ms-Excel, and SPSS

IV. DATA ANALYSIS & INTERPRETATION

Data collected from Respondents using Structured Questionnaire is then tabulated & put to the analysis using Frequency Distribution, Charts, using Ms-Excel

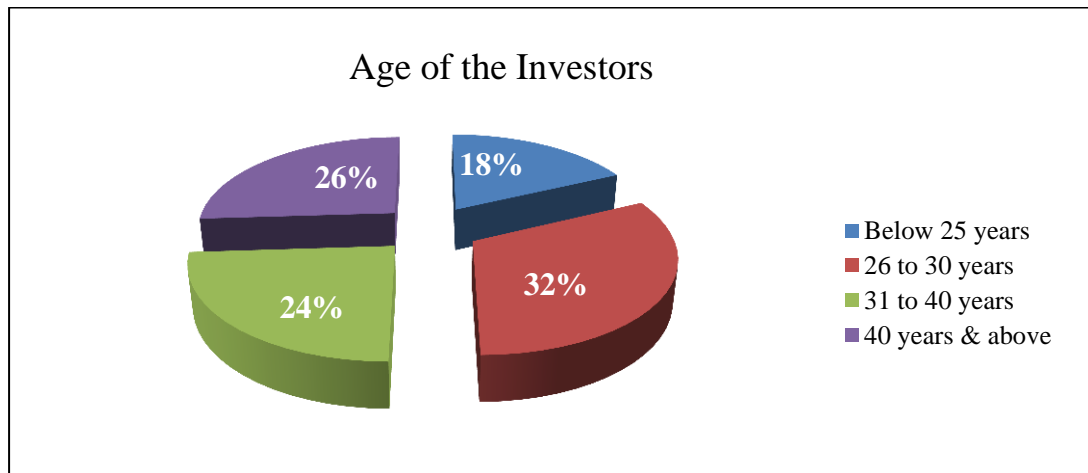
Question wise analysis has been made to arrive at the meaningful inferences.

1. Age				
	a) Below 25 years	<input type="checkbox"/>	b) 26 to 30 years	<input type="checkbox"/>
	c) 31 to 40 years	<input type="checkbox"/>	d) Above 40 years	<input type="checkbox"/>

Table 1: Age of the Investors

Age of the Investors			
	Frequency	Percent	Valid Percent
Below 25 years	9	18	18

26 to 30 years	16	32	32
31 to 40 years	12	24	24
40 years & above	13	26	26
Total	50	100	100



Graph 1: Age of the Investors

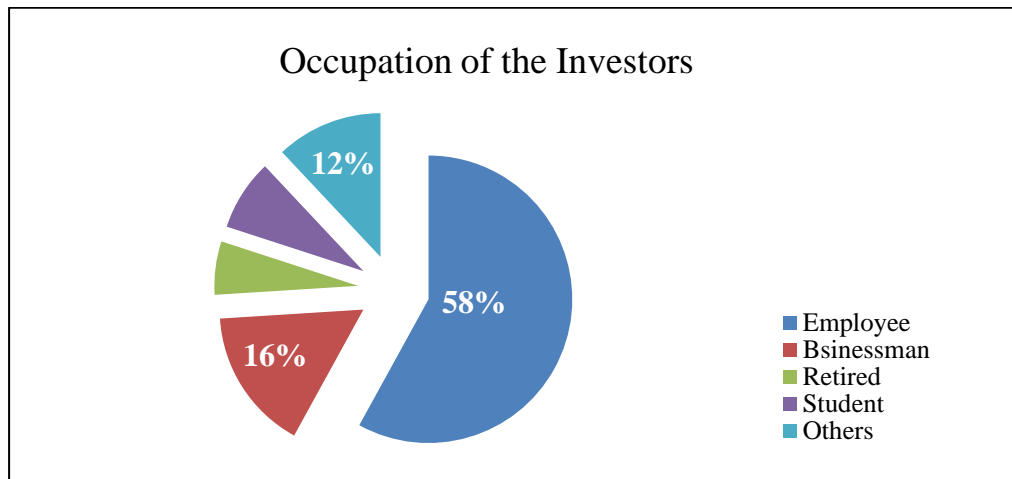
Interpretation: Out of 50 Investors

[Majority of investors falls between the age of 26 to 30 years, & later followed by 40 years & above. There is no investment activity between the age of below 25 years, it may be because of the people in this age are found to be students or employees. Were in the investment activity is not so active in these age]

2. Occupation	
a) Employee <input type="checkbox"/>	b) Businessman <input type="checkbox"/>
c) Retired <input type="checkbox"/>	d) Student <input type="checkbox"/>
e) Others <input type="checkbox"/>	

Table 2: Occupation of the Investors

Occupation of the Investors			
	Frequency	Percent	Valid Percent
Employee	29	58	58
Businessman	8	16	16
Retired	3	6	6
Student	4	8	8
Others	6	12	12
Total	50	100	100



Graph 2: Occupation of the Investors

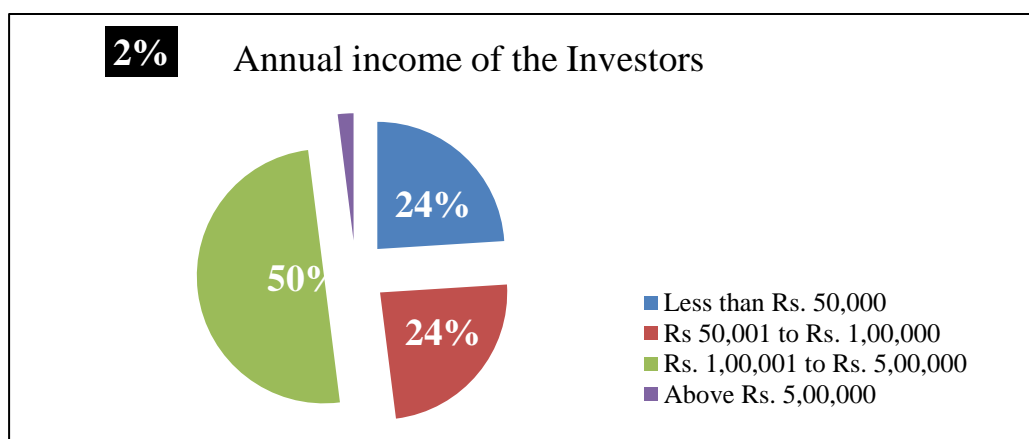
Interpretation: Out of 50 Investors

[Majority of investors are Employees, Businessman & later followed by others. Very less investment activity is seen with retired, Students & others, the interesting outcome is the investment activity among the students also, and even students are keen of saving their money.]

3. Annual Income			
a) Less than Rs.50,000	<input type="checkbox"/>	b) Rs. 50,001 to Rs. 1,00,000	<input type="checkbox"/>
c) Rs.1,00,001 to Rs.5,00,000	<input type="checkbox"/>	d) Above Rs. 5,00,000	<input type="checkbox"/>

Table 3: Annual income of the Investors

Annual income of the Investors			
	Frequency	Percent	Valid Percent
Less than Rs. 50,000	12	24	24
Rs 50,001 to Rs. 1,00,000	12	24	24
Rs. 1,00,001 to Rs. 5,00,000	25	50	50
Above Rs. 5,00,000	1	2	2
Total	50	100	100



Graph 3: Annual income of the Investors

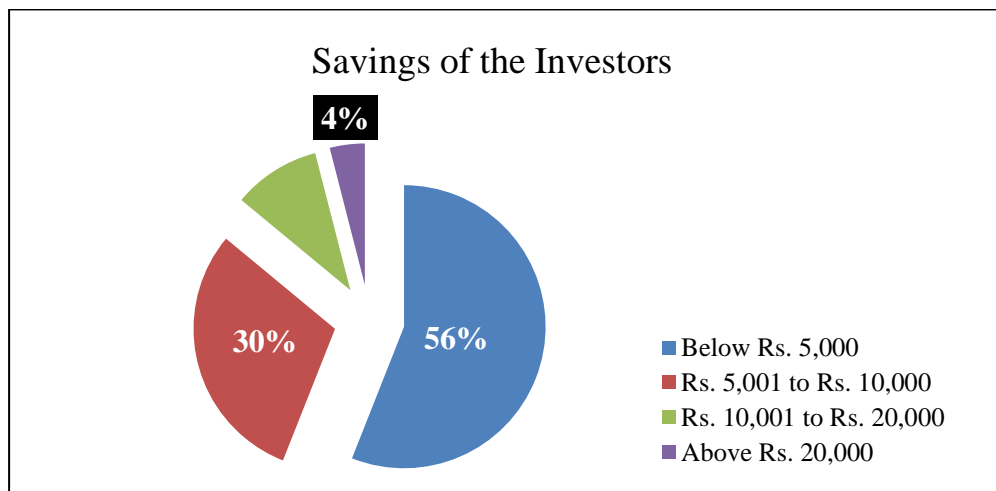
Interpretation: Out of 50 Investors

[Majority of investors annual income fall in the group between the Rs. 1,00,000 to Rs. 5,00,000 & later followed by below Rs. 50,000 & between Rs. 50,000 to Rs. 1,00,000. A very less percentage of investment is seen investors with annual income of above Rs. 5,00,000.]

4. Monthly Savings			
<input type="checkbox"/>	a) Below Rs. 5,000	<input type="checkbox"/>	b) Rs. 5,001 to Rs. 10,000
<input type="checkbox"/>	c) Rs. 10,001 to Rs. 20,000	<input type="checkbox"/>	d) Above Rs. 20,000

Table 4: Savings of the Investors

Savings of the Investors			
	Frequency	Percent	Valid Percent
Below Rs. 5,000	28	56	56
Rs. 5,001 to Rs. 10,000	15	30	30
Rs. 10,001 to Rs. 20,000	5	10	10
Above Rs. 20,000	2	4	4
Total	50	100	100



Graph 4: Savings of the Investors

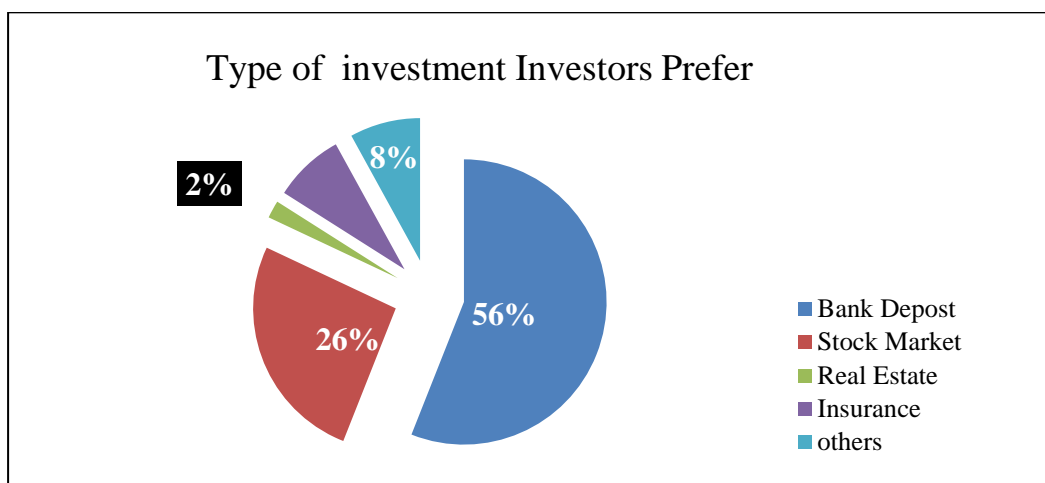
Interpretation: Out of 50 Investors

[Majority of investors monthly savings are below Rs.5,000 & later followed by investors savings between Rs. 5,000 to 10,000 very less percentage Is seen investors savings with above Rs.20,000]

5. Which type of Investment do you prefer?			
<input type="checkbox"/>	a) Bank Deposit	<input type="checkbox"/>	b) Stock Market
<input type="checkbox"/>	c) Commodities	<input type="checkbox"/>	d) Real Estate
<input type="checkbox"/>	e) Insurance	<input type="checkbox"/>	f) Others

Table 5: Type of Investment Investors Prefer

Type of Investment respondents Prefer			
	Frequency	Percent	Valid Percent
Bank Deposit	28	56	56
Stock Market	13	26	26
Real Estate	1	2	2
Insurance	4	8	8
Others	4	8	8
Total	50	100	100



Graph 5: Type of Investment Investors Prefer

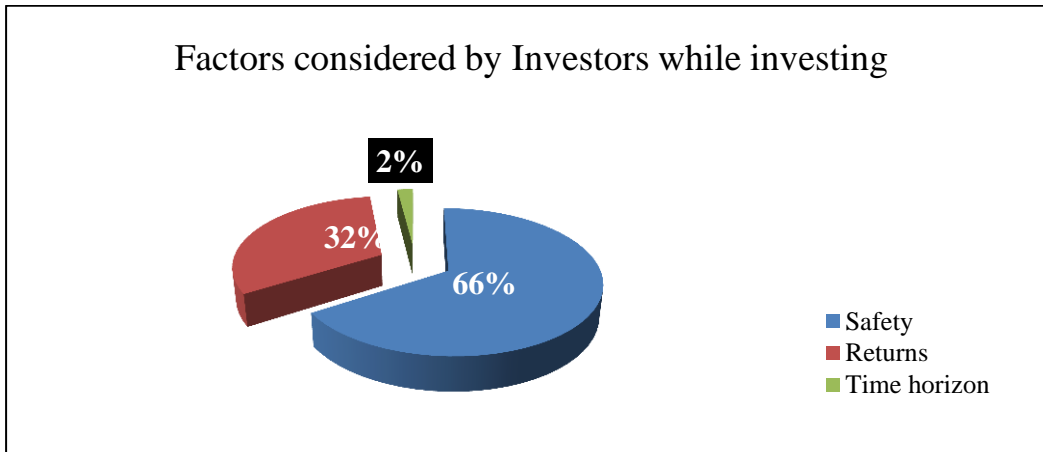
Interpretation: Out of 50 Investors

[Majority of investors invest still in bank & later followed by Stock market, investors still consider banks as a safe way to invest & were the returns are assured when compared to stock market because of its recent fluctuation, global meltdown etc.]

6. What are the factors you consider while investing?			
a) Safety	<input type="checkbox"/>	b) Returns	<input type="checkbox"/>
c) Time horizon	<input type="checkbox"/>	d) Others	<input type="checkbox"/>

Table 6: Factors considered by Investors while investing

Factors considered by Investors while investing			
	Frequency	Percent	Valid Percent
Safety	33	66	66
Returns	16	32	32
Time horizon	1	2	2
Total	50	100	100



Graph 6: Factors considered by Investors while investing

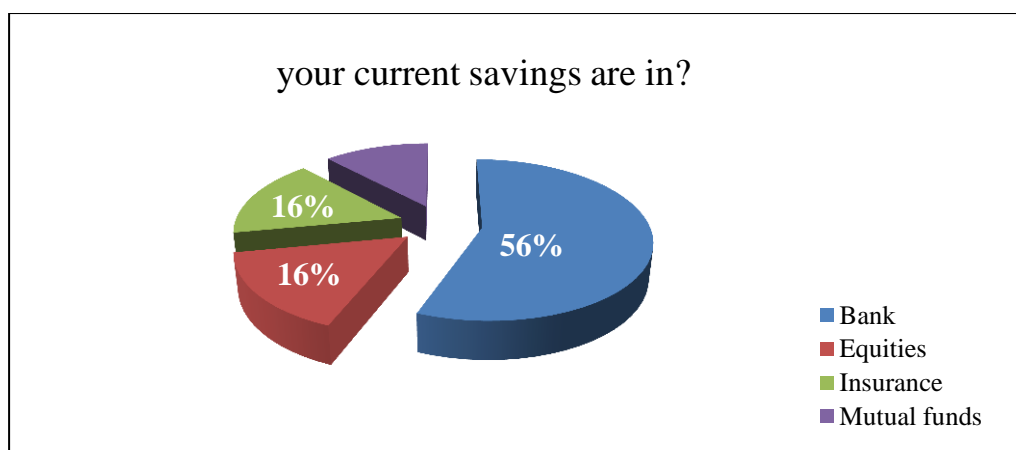
Interpretation: Out of 50 Investors

[Majority of investors consider safety as a factor while investing & less percentage of investors consider returns as a factor while investing & very less percentage of investors consider time horizon as a factor while investing.]

7. Your current savings/investments are in?			
a) Bank	<input type="checkbox"/>	b) Equities	<input type="checkbox"/>
c) Insurance	<input type="checkbox"/>	d) Mutual Funds	<input type="checkbox"/>

Table 7: Your current savings are in?

Your current savings are in?			
	Frequency	Percent	Valid Percent
Bank	28	56	56
Equities	8	16	16
Insurance	8	16	16
Mutual funds	6	12	12
Total	50	100	100



Graph 7: your current savings are in?

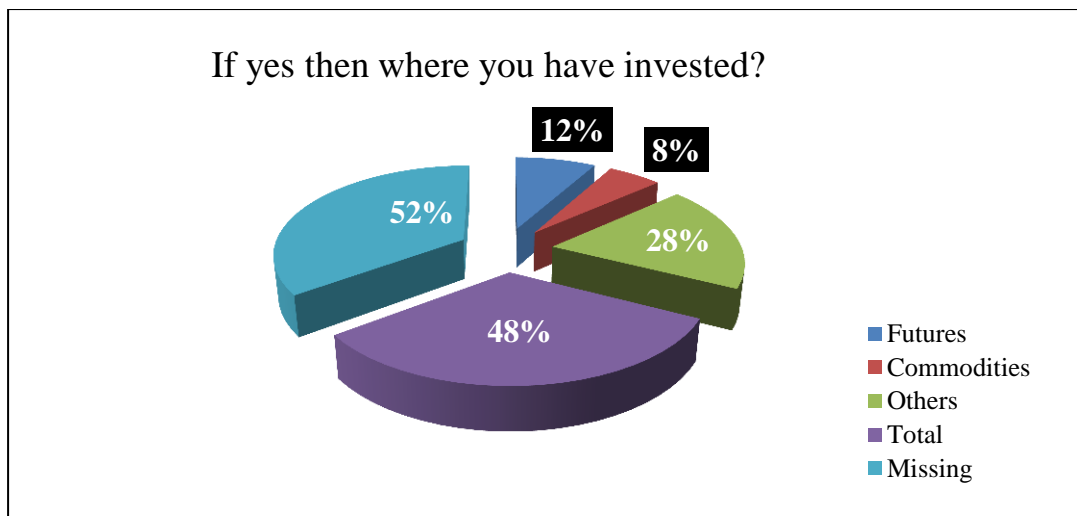
Interpretation: Out of 50 Investors

[Majority of investors still prefers or follows the traditional form of investing the money in Bank Deposits because of the Safety concern & guaranteed returns, & same percentage of investors Savings are in Equity & Insurance, & very less savings is seen in Mutual funds.]

8. where you have invested?				
<input type="checkbox"/>	a) Futures	<input type="checkbox"/>	b) Options	<input type="checkbox"/>
<input type="checkbox"/>	c) Commodities	<input type="checkbox"/>	d) Others	<input type="checkbox"/>

Table 8: where you have invested?

where you have invested?			
	Frequency	Percent	Valid Percent
Futures	6	12	25
Commodities	4	8	16.67
Others	14	28	58.33
Total	24	48	100
Missing	26	52	
Total	50	100	



Graph 8: if yes then where you have invested?

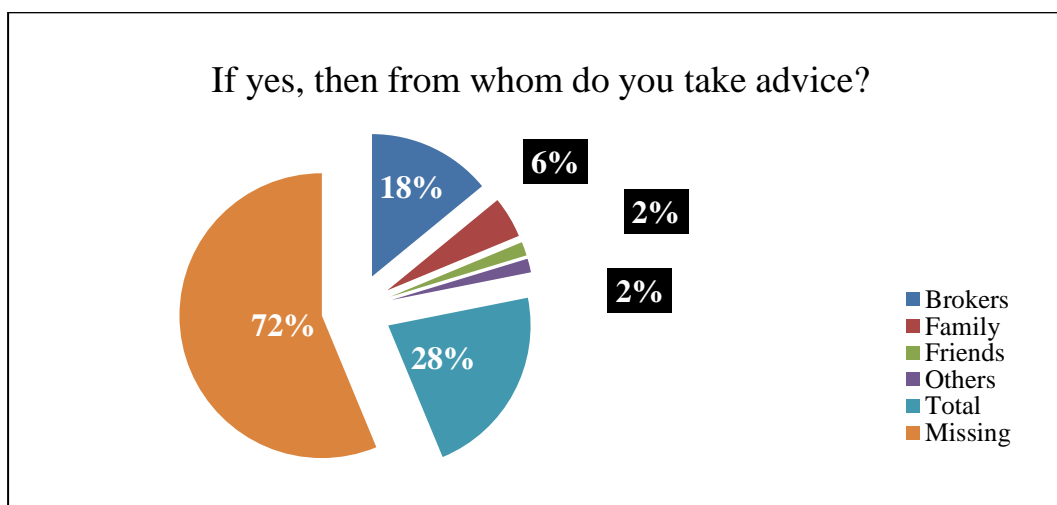
Interpretation: Out of 50 Investors

[Majority of investors has invested in others, 12% investors have invested in Futures, & only 8% investors have invested in commodities.]

9. From whom do you take advice?				
<input type="checkbox"/>	a) Brokers	<input type="checkbox"/>	b) Family	<input type="checkbox"/>
<input type="checkbox"/>	c) Friends	<input type="checkbox"/>	d) Others	<input type="checkbox"/>

Table 9: From whom do you take advice?

From whom do you take advice?			
	Frequency	Percent	Valid Percent
Brokers	9	18	64.28
Family	3	6	21.42
Friends	1	2	7.14
Others	1	2	7.14
Total	14	28	100
Missing	36	72	
Total	50	100	



Graph 9: If yes then from whom do you take advice?

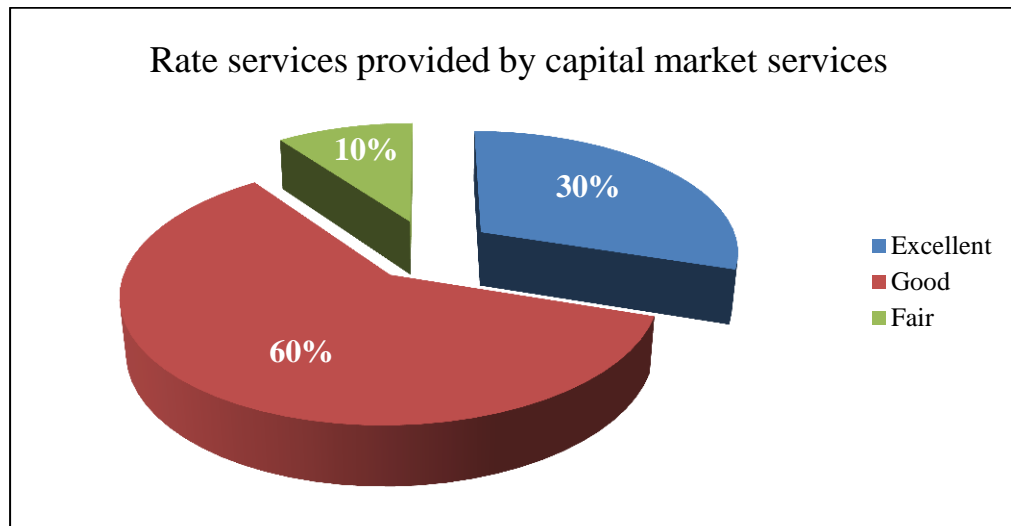
Interpretation: Out of 50 Investors

[Majority of investors takes advice from brokers, 6% investors take advice from family, & 2% each take advice from Friends & others while investing in derivatives. the outcome says that Brokers can educate well to the investors while investing in derivatives.]

10. How do you rate the facilities provided by the Capital Market Services?			
a) Excellent	<input type="checkbox"/>	b) Good	<input type="checkbox"/>
c) Fair	<input type="checkbox"/>	d) Poor	<input type="checkbox"/>

Table 10: Rate services provided by capital market services

Rate services provided by capital market services			
	Frequency	Percent	Valid Percent
Excellent	15	30	30
Good	30	60	60
Fair	5	10	10
Total	50	100	100



Graph 10: Rate services provided by capital market services

Interpretation: Out of 50 Investors

[Majority of investors rated services provided by Capital Market services as Good & it can be improved further by taking the necessary steps by filling the gaps by conducting programs like clients meeting or investors meeting.]

V. FINDINGS & SUGGESTIONS

Findings and Recommendations:

Following are some of the point that has been found out by the analysis.

- It can be said that a prominent number of population knows about Capital market.
- The survey says reforms should be in both the disclosure of terms and conditions and pricing of debt and equities.
- Market infrastructure is one of the prerequisite of flow of information and trade
- Still there is greater need of Market integration in India.
- Equal number of people invest in Bank and both (Stock Market & Bank), i.e.34%, some figure less that is 32% invest in Stock Market.
- 52% of the respondents voted for Free Equity pricing.
- Large number of population favors regulations on brokers.
- Major number of respondents prefers the point of disclosure.
- 56% of the respondents are in strongly supporting the view and 44% of them are just agreeing with the concept, it means global scenario do effects.
- Share of house hold in Mutual fund is declining at rate of 8%

The suggestion to exchange authorities is to take steps to educate investors about their rights and obligation, try to increase investor's confidence. I suggest the exchange authorities to be vigilant to curb wide fluctuations of prices on the exchanges in the prices ,not attracting to the genuine investors to the greater extents towards the market .Try to explain them how fraud will take place so that they will be alert and they can take necessary steps to avoid the frauds.

Genuine investors are not at all interested in the speculative gain as their investment is based on the future profits, therefore the authorities of exchange should be more vigilant in imposing heavy margin to curb the speculative of securities.

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