



# REVIEW OF RESEARCH

ISSN: 2249-894X

UGC APPROVED JOURNAL NO. 48514

IMPACT FACTOR : 5.2331(UIF)

VOLUME - 7 | ISSUE - 3 | DECEMBER - 2017



---

## "MEASURES TO IMPROVE THE CAPITAL MARKET IN INDIA: A STUDY FROM INDIVIDUAL INVESTORS PERSPECTIVE"

**Dr. D. B. More**

**Head and Associate Professor , Department of Commerce & Co-ordinator of BBA DEPT.  
Ahmednagar College, Ahmednagar.**

### A]ABSTRACT:

*After the adoption of the policies of liberalization and globalization there are likely to be substantial changes in the financial and capital market in India. Already substantial changes in the financial and capital market have been effected directly by the Government, RBI and through SEBI also the various stock exchanges have modified their rules and regulation with a view to improve the working of the capital market in India .All these changes are necessary but there is need to implement certain measures to healthy fully develop of Indian capitals market. This Paper making the attempt to improve capital market.*

**KEYWORDS:** SEBI, CCI, BSE, PSE, NSE, OTCEI, UTI, ROC, OTCEI, AMC.

### B]INTRODUCTION:

Capital market is the most barometer of juggling the health of the nation. Capital includes primary or new issue market and secondary market [Stock Exchanges] The most important party in the capital market is investors. For health development of the capital market what investors are expecting from SEBI that is more important. After the recent adoption of the policies of liberalization and globalization there are likely to be substantial changes in the financial and capital market in India. Already substantial changes in the financial and capital market have been effected directly by the government , RBI and through SEBI also the various stock exchanges have modified their rules and regulation with a view to improve the working of the capital market in India

### C] RESEARCH METHODOLOGY

#### i] OBJECTIVES OF THE STUDY:

- To give suggestions SEBI for development of the capital market.
- To suggest Measures the Improve The Capital Market In India.



#### ii] RESEARCH METHODOLOGY:

The present study totally depends upon the secondary data. The information is obtained from the various sources. The information about statistic is taken from internet. It includes such reference books, economic survey, research journals and websites related to capital market

---

## **D] MEASURES TO IMPROVE PERFORMANCE OF THE CAPITAL MARKET.**

### **1] DEVELOP THE EQUITY CULTURE OF THE INVESTORS**

Basically, the investors do not have proper understanding of the basic role of corporate sector. Their investment in equity is based on short term goals and expectations of quick capital appreciation rather than long term objective of investing in the company, its product its market, its image and its management also at present, in India there are less than two cores investors, which is about 2 percent of the population whereas in USA it is about 35-40 cores hence there is an urgent need for developing the equity culture of the investors by educating the investors.

This can be done holding seminars conference, exhibition, the mutual funds through their attractive schemes can also help in developing the equity culture. The universities should be encouraged to include capital markets their advantages benefits and the related topics in the syllabus for the knowledge of the students this will help in developing the equity culture in the country.

### **2] REVISE THE COMPANY ACT**

The company act was established in 1956. It is one of the most comprehensive acts in India which is widely implemented. However, with changing scenario of liberalization and globalization certain inherent defects have been observed in the companies act. These defects have put many constrains on the companies and on the stock exchanges and it has had an adverse impact on the capital market.

### **3] ADOPT INTERNATIONAL ACCOUNTING STANDARDS AND PUBLISH QUARTELY RESULTES**

Currently, the companies are required to publish half yearly as well as annual results. However, it is very important that the investor including the shareholders get updated information on the companies for this it is important that the companies should be asked to be publish quarterly results of their working this will benefit the investors by giving them the required information regarding the development of the companies which affects the stock prices. For more transparency in securities transaction it is recommended that use of international accounting standards for corporate reporting and widely prevalent practice of quarterly reporting of financial performance should be made mandatory for companies both in the private and public sector.

### **4. UPDATED INFORMATION TO THE INVESTORS**

It is very important that updated information is given by the companies so that the investor can take information decisions although the companies provides half yearly results and annual reports these are sent only to share holders of companies however it is possible that there are other investors who would want to invest in such companies for them such annual reports will not be available easily in the absence of such information most of the investors decision would be similar to speculation this generally leads to losses for investors the stock exchanges should see that companies promptly release updated information for the benefit of the investors in general.

### **5. CREDIT RATING FOR ALL DEBT INSTRUMENTS HAVING SHORTENED DURATION**

Currently, the companies required credit rating if the debt instrument are over eighteen months many companies take undue advantages and try to avoid credit rating by having debts instrument of recommended that all debt instruments of seventeen months etc. to remove this problem it is recommended that all debts instruments of maturity duration of more than six months should compulsory have a credit rating. This will enable the investors to know financial position of the companies in which short depository are to be made.

### **6. DEVELOP THE SROs**

The self regulatory organization (SROs) of the various intermediaries should be developed and strengthened this will enhance the discipline of the intermediaries and develop their ethical code of conduct and lead to more accountability of the intermediaries in the capital market.

It is recommended that for effectively regulating the capital market, SEBI should develop the self regulatory organization of the intermediaries in the capital market. The SROs will be responsible to see that the intermediaries follow the association code of conduct the position of SEBI should be the final check post of the capital market. SEBI should however, keep proper check on the SROs to see that they function as proper monitoring agencies for the intermediaries. In case they do not function up to the required standards. Their recognition may be withdrawn.

## **7. MONITORING OF INVESTOR PROTECTION FUNDS**

The various stock exchanges have set up investors protection funds in which the amount is collected from brokers , listing fees etc. this investors protection funds is used in case of defaults by the brokers such defaults adversely affect the investors and this funds has been set up compensate the investors during such defaults.

However, it is observed that, this investors protection funds is not being utilized by the stock exchange SEBI should closely monitor the investor protection funds and the stock exchanges to see that it is utilize for the benefit of the investors .Also uniform compensation on all the stock exchanges should be therefore the investors protection funds in case of defaults .

## **8. SINGLE UMBRELLA REGULATOR**

Although SEBI has been given number of powers relating to capital market, it appears that there is fragmentation of the capital market by multiple regulations in India we have SEBI RBI and department of company affairs which often have common responsibilities and authority.

It is necessary that SEBI should be made the sole regulator for issues concerning the listed companies. For regulator for issue concerning the listed companies for this it may become necessary to shift certain existing powers of the ROC and RBI to SEBI or the RBI . It is necessary to ring this type of companies under the preview of the SEBI so that more transparency in the functioning of these companies can be there , which will help to protect the interest of the investors .

## **9. EFFECTIVE MONITORING AND REGULATION OF CREDIT RATING AGENCIES**

At present, credit rating agencies include CRISIL ICRA and CARE in recent time , the credit rating of various debt instrument and companies has become very important both for the companies and the investors.

However, there is a perception amongst both the companies and the investors that, the credit rating by these different agencies is not given equal wattage for example the credit rating by CRISIL is considered to be more reliable than the others it is necessary to remove this mis-conception and this can done by effective monitoring and regulating of the credit rating agencies this task can be done by SEBI.

## **10. RATING FOR ALL THE INTERMEDIARIES**

All the intermediaries' merchant bankers registrars to the issue and transfer agents underwriters brokers portfolio managers mutual funds custodians participants etc. should come under the preview of rating. This rating could be of the following types Credit rating of the organization i. e the firm company or proprietor Credit rating of the promoters of the firm and company Both (a) and( b) should be done by the credit rating agencies Performance rating of the intermediaries should be done by the self regulatory organization .Performance rating means rating related to the quality of the work done in the past by the intermediaries this will consider the intermediaries capital adequacy, number of issue handled etc. Such rating will help in monitoring the effectiveness the efficiency of the intermediaries.

## **11] COMPREHENSIVE EDUCATION AND TRAINING PROGRAMMES FOR MARKET INTERMEDIARIES**

SEBI is already using the recommendation given by the Rajan committee regarding certification to market intermediaries by conducting their examination apart from this, SEBI should initiate comprehensive education and training program for the market intermediaries this can be done through SROs SEBI should

sponsor extensive empirical research on relevant issue for the capital market to ensure that the market regulation are based on proper understanding and analysis of ground realities.

## E] CONCLUSION

The above given suggestions will be beneficial to the stock exchanges investors as well as for the development of the capital market. Some of the suggestions may be implemented immediately and others may be implemented gradually over a period of time. The objectives of these suggestion is to see that, the Indian stock markets become truly globalized work efficiently to the high standards and in such a manner that the right environment is created which protects investors and encourages investment in the Indian capital market. SEBI is continuing the various reforms in the capital market and with proper impetus. Such reform will be beneficial to the stock market in general and investors in particular.

## F] REFERENCES

- K.S.Ramchandran, management of financial reforms Anmol publication pvt. Ltd new Delhi 1994
- Repost of the working group on recognition and regulation of sub brokers , published by Mumbai stock company division 1996.
- Samulson Pual a economics McGraw hill book company U.S.A 1973
- Saroja s. emerging trends in the capital market in India global business press new Delhi .
- ShahK doshi how to invest well a guide to the share market & personal investment , tat McGraw hill publishing co- ltd Delhi 1990.
- Dr. K.K Sharma Dr. Raj k. Sharma Dr. B.L Gupta Dr. N.M.Sharma , working stock exchange of India, Management Communication Jaipur 1993
- R.M. shrivastava essential of business finance Himalaya publishing house Delhi 1986.
- Shorff p.n the stock market dictionary, guide to Dalal street money- talk vision books new Delhi 1991
- State of capital market 1989-190. Stock exchange division Mumbai.
- Stock Exchange Mumbai publication
- welcome to the stock exchange , Mumabi
  - b .Story of Indian stock exchange 1968
  - C. BSE National index 1989
  - d. Stock exchange listing 1991
  - e .Capital issue control 1990