Preface

Today the economy of India is the 10th largest economy in the world and is showing great growth potential. The stock market in India has become the 8th largest in the world with 5000 companies listed in it with a market capitalization of Rs.81,500 crores as of December 2010. But the notable pattern of holdings in Indian stock market is that it is held almost by Indian promoters, governments, Foreign Institutional Investors, foreign promoters, insurance companies etc. and the vast India public hold less than 10% of the stock market capital including their investments through Mutual Funds. The savings rate of Indians has grown from Rs. 6251 crores in 1990 - 1991 to Rs.165000 crores in 2010 – 2011. In early 90's contribution of Indian public in equities used to be 14 – 17% of their savings but it dropped gradually and in 2004 only 1.4% of the savings were invested in equity. Right now it is just 4% of the savings of the general people of India that is invested in equities.

The aversion of general people to stock market and the reverse interaction between savings and investment in equities by general people of India is a continuous problem. Identification, exploration, analysis and examination of this problem is the main objective of my thesis and thus developing a methodology and a model for overcoming this socio-economic problem is also an integral part of my research work.