CHAPTER – VII

FINDING AND POLICY SUGGESTION
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7.1 Findings

- United States of America is ranked first in terms of market capitalization (18,668,333 USD million) and second highest in terms of domestic companies listed (4102) in stock exchange. China has second rank in terms of Market capitalization (3,697,376 USD million) and 4th in terms of Domestic companies listed Followed by Japan and United Kingdom.

- In terms of Market capitalization, Japan was 3rd with market capitalization USD3,680,982, followed by China. India ranked 9th in terms of market capitalization (USD1, 263,335 million) and also highest domestic companies listed in stock exchange (6779). Total world market capitalization is 18,668,333 USD million and also 47,520 companies listed in world stock exchange.

- Number of domestic listed companies in BSE was 992 in 1979-80 which increased to 2471 in 1990-91. Market capitalization which represents the size market stock Rs.5421 Crore in 1979-80 which increased to Rs.90836 Crore in 1990-91. Total stock turnover was Rs.2283 Crore in 1979-80 which increased Rs.36012 Crore in 1990-91. Overall stock market development in terms of listed companies, Market Capitalization and total turnover during pre-economic reforms were progressive in Bombay stock exchange.

- The total of Households savings during the period 1980-81, that has registered a substantial increase from 18116 Crore in 1980-81 to 108603 Crore in 1990-91. Of the savings ratio (the ratio of gross domestic savings to gross domestic product) House hold sector savings as percentage of GDP was 13.26 percent in 1980-81 which increased to
Total Financial Assets Hold on House hold Sector was 12118 Crore in 1980-81 which increased to 58908 Crore in 1990-91. Net financial asset ratio during the period 1980-81 to 1990-91 has registered a substantial increase from 8.86 percent of net domestic product to 11.8 percent in 1990-91. Investment shares and debentures were 412 Crore in 1980-81 which further increased to 4972 Crore in 1991-91. Investment in shares and debentures of financial assets was 3.4 percent in 1980-81 and 8.44 percent in 1990-91.

- The new capital rose from various financial sources from new issue market to Non-government public Limited Companies in pre-reform period. 435 private companies or Private corporate were reap the amount in the new issue market, from various financial assets like equity or ordinary share, preference share and debentures show a steady upward trend from Rs.598 Crore in 1981-82 to Rs.2581 Crore in 1986-87 registered sharp decline to Rs.1788 Crore in 1987-88 and further got momentum which led to sharp increase to Rs.6510 Crore in 1989-90 then it fell to Rs.4312 Crore in 1990-91. There was fluctuation in both of ordinary shares and Debentures and less significant seen in preference share.

- The trends in Foreign Portfolio Investment flow to Indian stock market during in pre-reform. Foreign portfolio investment on stock market was small registered Rs. 2 Crore during 1965-66 and slightly increased to Rs. 3 Crore in 1970-71. The foreign portfolio investment on equity shares, debentures, bonds has negative amount Rs. -1 Crore in 1974-75. Further got substantial increased from Rs. 1 Crore in 1978-79. Rs.65 to 1986-87. The amount of Rs. 10 Crore FPI inflows on Indian stock market during 1990-91. The total Foreign Portfolio Investment on Indian stock market was Rs. Crore 80 Crore during 1965-66 to 1990-91. The FPI were negligible till 1986-87, after which it increased substantially.

- The Stock Broker registered with SEBI during 1994-95 to 2011-12. The total broker registered in 1994-95, was 6711 which increased to 9307 in 2011-12. The compound growth rate was 138.68 percent during the period. The numbers of sub-brokers registered
were 4385 in 1998-99 which increased to 77165 to 2011-12. The compound growth during the period was 1759.74 percent.

- The Foreign Institutional Investor registered with SEBI from 1993 to 2012. There were 18 FII register in SEBI in 1993 to for purchases stock bond in the country, which robustly increased to 1765 in 2012. There was 9805 percent compound growth rate in the period.

- Household investment in shares and debentures were Rs. 6800 Crore in 1991-92 which increased to Rs.13473 Crore in 1994-95 and when declined to Rs.8839 Crore in 1995-96 on account of the collapse of the primary market in the half of 1994-95 which continued till 1997-98. It got momentum in 1999-00 with Rs. 16308 Crore household investments to Rs. 74308 Crore investment in 2007-08. But since 2008-09 it is having negative net investment to the tune of Rs. -6508 Crore 2011-12 on account of negative impact of global financial crises on primary market. Investment in shares and debentures as percent of financial assets was 9.99 percent in 1991-92 of which registered increase 10.22 percent in 1992-93. There was -0.32 and -0.67 percent negative growth recorded in 2008-09 and 2011-12 respectively on account of negative impact of global financial crises on primary market.

- The new capital rose from various financial sources from new issue market. In the new issue market, equities show a steady upward trend from 1916 Crore in 1991-92 to Rs.11877 Crore in 1995-96 and registered sharp decline to 6101 Crore in 1996-97 and further decreased to Rs.1162 Crore in 1997-98 on account of the collapse of the Primary Market. It again got momentum in 1998-99 with Rs 2753 Crore in 1999-00 and further it sharply declined to Rs.860Crores and Rs. 460 Crore in 2001-02 and 2002-03 respectively. However there was substantial increase from Rs.2471 Crore in 2003-04 to Rs.56848 Crore in 2007-08 and further it sharply declined to Rs.14671 Crore in 2008-09, on account of global financial crisis. Then the share amount increased by Rs.25299 in 2009-10 to Rs.24830 further it declined to Rs.8152 Crore in 2011-12.
• Foreign portfolio investment on stock market Rs. 10 Crore in 1991-92 and increased to Rs 12007 Crore in 1994-95. Then it sharply declined to 9192 Crore in 1995-96. FI investment increased marginally to Rs. 11758 in 1996-97, further it led to negative net investment of Rs. -257 in 1998-99. Afterwards FII increased sharply to 13112 Crore in 1999-00, further it declined to Rs.4504Crore in 2002-03. Since then till 2007-08 FII increased to Rs.154000 Crore. But in 2008-09 it fell by -65100 Crore which on account of Global Economic recession. Then the amount of FII in Indian stock market whopped to 139400 Crore on account of recovery of global recession.

• The foreign portfolio investment on equity shares, debentures, bonds on Indian stock market was declined to Rs.85126 Crore in 2011-12. A series of reforms in capital market has transformed the Indian stock market into a modern one, which is vibrant and more globalized. The increase in the number of Foreign Institutional Investors and Foreign Institutional Investment also reflects the growth in the capital market.

• Indian primary markets picked up in the early 1990s. The above amount includes funds mobilized by banks, private placements; nongovernment public limited companies, and bonds issued by public sector companies. Resources mobilized from primary markets reached its highest in the year 1994-95 at Rs.27633 Crores. After which there has been a drastic decline in the amount of money raised. In year 1997-98, only Rs. 4570 Crore were mobilized from primary markets. This trend reversed after that and mobilized years from primary market.

• The industries raised the capital to the tune of Rs. 392808 Crore in the primary market during 1993-94 to 2010-11 Rs. 86367 Crores (22percent) of the capital was raised from banking industry, followed by power with 46504 Crore (11.84 percent), finance sector 4428 Crores (6.4 percent) IT sector 13051 Crores (3.32 percent), textile 11981 Crores (3.05 percent).

• More than 5000 companies are listed on BSE, making it world's No. 1 exchange in terms of listed members. The companies listed on BSE Ltd command a total market capitalization of USD 1.32 Trillion as of January 2013. It is also one of the world’s
leading exchanges (3rd largest in December 2012) for Index options trading (Source: World Federation of Exchanges).

- There were 597 stock brokers registered in BSE in 1993-94 which increased to 1376 in 2011-12. The number of total brokers increased more than double within 17 years. Whereas the corporate brokers increased from 25 in 1994-95 to 1164 in 2011-12. The corporate brokers grew 46 percent in 17 years. The Corporate brokers as a percent of total broker was 4.2 percent in 1994-95 and it increased to 84.6 percent in 2011-12.

- The manifold increased in number of companies listed on the Bombay stock exchange. The number of listed on BSE was 2601 in 1991-92 which increased to 5133 companies by 2011-12. There is a steep increase in the companies listed in BSE are utilize the stock market sis offering for their growth.

- BSE number of shares traded during the year 1994-95 was Rs.107248 lakh and it reached 654137 lakh in 2011-12. The highest number of shares traded was 1136513 lakh in 2009-10. The number of share delivered or purchased was 44696 lakh in 1994-95 and highest delivered was 376890 lakh in 2010-11. The value of share delivered was Rs.26641 Crore in 1994-95 which increased to Rs. 181560 Crore in 2011-12. The highest value of shares delivered was in 2007-08 when it reached 476196 crores. A sustained increase in the turnover on Bombay stock exchanges from Rs. 71777 Crore in 1991-92 in to Rs. 1578857 Crore during 2007-08 increased. Unfortunately since 2009-10, it kept on declining and reached Rs. 667498 crores in 2011-12.

- The market capitalization of BSE was Rs. 323363 Crore in 1991-92 which increased to Rs. 6214941 Crores in 2011-12. There was negative growth rate in 1992-93, 1996-97, 1998-99, 2000-01, 2002-03, 2008-09 and 2011-12 But as a whole the market capitalization is doing well. The growth rate was 110.53 percent in 2003-04. The highest growth was in 2003-04 where the growth was 110.53 percent followed by 2009-10 where to growth was 99.79 percent. The market capitalization has grown over the period indicating that more companies are using the trading platform of the stock exchanges. It is the barometer of the size of the stock market and market value of investors.
• The BSE market capitalization ratio except in 1992-93 (24.3 percent), 2001-02 (26.9 percent), and 2002-03 (23.3 percent) reached the peak of 103 percent in 2007-08 which marginally declined to 55.3 percent due to the global recession further it increased to 110.4 percent in 2011-12. The BSE turnover ratio, which reflects the volume of trading in relation to the size of the market, has been increasing by leaps and bounds. The turnover ratio in 2000-01 was 175.0 per cent which was highest in the world, but there was steep decline in the turnover ratio i.e. 16.2 per cent in 2010-11 and 10.7 per cent in 2011.12. The BSE value traded which reflects the volume of trade in relation to the size of the market, has been increasing by leaps and bounds the value traded ratio in 2000-01 was 47.9 per cent which was highest in the world. However there was steep decline in the turnover ratio i.e. 14.0 per cent in 2010-11 and 8.0 per cent in 2011.12.

• The Bombay Stock Exchanges’ 30-share Sensitive Index (Sensex) was 1842 points in 1991-92. It reached to 3977 points in 1994-95 due to increase inflow of foreign funds and increase in investors’ confidence. The union budget of 1999 brought cheers to the market. The Sensex stimulated up to 4659 points in 1999-00. The trend got reversed during 2000-01, which witnessed large sell-off in stocks due to worldwide market slow down and deceleration in the growth of the domestic economy brought down Sensex to 3604.38 at the end of 2000-01.

• The share of corporate brokers in the total registered brokers is increasing with every passing year, there were 236 corporate brokers is 1994-95 which increased to 1269 corporate brokers by 2011-12. There were 327 registered brokers in NSE which increased to 1423 in 2011-12. Corporate broker as percentage of total brokers is increasing. It was 92 percent in 2008-09 which marginally reduced to 89.2 percent in 2011-12. Corporate brokers are more in demand due to increase in demand for corporate shares.

• NSE had 135 regional companies listed in 1994-95 which increased to 1646 regional companies listed by 2011-12. It is clear indication that relatively more number of companies are listed and traded with every passing year in post-period.
• No of the share delivered and the value of shares delivered in the form 1994-95 to 2011-12 in National Stock Exchange. The number of shares traded in 1994-95 was 1330 lakh and it reached highest share trade 1,605,205 lakh in 2011-12. The number of share delivered or purchased was 688 lakh in 1994-95 and highest delivered in 497367 lakh in 2010-11. The value of share delivered was Rs.898 Crore in 1994-95 which increased to 978015 Crore in 2009-10. The market capitalization of NSE was Rs.363350 Crore in 1994-95 which increased to Rs. 6,096,518 Crore in 2011-12. As a whole the market capitalization is doing well; the growth rate was 208.70 percent in 2003-04. It indicates the development of NSE after reforms. NSE Turnover was Rs.1728 Crore during 1994-95 which increased to Rs. 2,803,889 in 2011-12. The highest growth was accorded in 1995-96.

• There is considerable increase in CNX NIFTY points, from 550 points in 1991-92 it increased to reach 5584 points by 2010-11, it marginally fell to 5243 points by 2011-12. NSE Market capitalization ratio was 38.03 percent in 1994-95, where turnover ratio is 0.48 percent and value traded ratio is 0.18 percent. In 2010-11, the market capitalization ratio increased to 135.56 percent turnover ratio of 53.19 percent and value trade ratio of 49.81 percent.

• The volatility in BSE SENSEX and S & P CNX Nifty almost remained same in post reform period, more so after 2001-02. The average volatility of BSE Sensex index as well as S & P CNX was 1.0 percent in 2001-02. It was 2.8 percent in BSE and 2.7 percent in S & P, CNX Nifty in 2008. In 2011-12 the volatility of Sensex and S & P CNX Nifty was 1.3 percent. As per the Bloomberg data, among the selective international securities markets, the annualized volatility was highest for Russian market (29.4 percent) followed by Egypt (26.5 percent), Hungary (26.2 percent), Japan (25.5 percent) and France (23.4 percent). On the other hand Malaysian market witnessed volatility of 9.0 percent during 2010-11.

• The Industrial production valued Rs.1493.32 Crore during 1950-51 which increased to Rs.127079 Crore during 1990-91. There was significant increase in terms of absolute value and growth. During 1951-55 to 1990-91, the industrial production increased by
8409 percent. Post 2000, industrial growth did not peak as expected there was sluggish growth due to many reasons, namely the manufacturing sector did not expand as expected, world recessions, Euro crisis etc. The following chart gives the diagrammatic description of the industrial production in India since 1951-55. In post economic reforms period, production increased from Rs. 140700 Crore in 1991-92 to Rs. 1969883 Crore in 2011-12. The industrial production increased by 1300 percent during 1991-92 to 2011-12.

- India’s Gross Domestic Capital Formation increased from Rs. 151563 Crore in 1991-92 to Rs. 319603 Crore in 2011-12. In 1991-92 the bank credit to the industrial sector in India was 5212 Crore which increased drastically to Rs. 1937400 crores in 2011-12. In absolute terms the bank credit to the industrial sector in India has kept on increasing year after year.

- Industrial production (IIP) data released by CSO the overall growth in 2008-09 was 2.5 percent compared to a growth of 15.5 percent in 2007-08. The index of Industrial production growth rate declined further to 2.5 percent in 2008-09, 5.3 percent in 2009-10, recovered to 8.2 percent in 2010-11. But again fell to 2.9 percent in 2011-12.

- The results of the Granger causality test indicates that Industrial Production does Granger-cause Market capitalization and Market capitalization also does Granger-cause Industrial Production.

- In the first set of hypotheses, the calculated F statistic value is 7.9702 and the probability value (P-value) is 0.0122. Since the P-value is lesser than 0.05, at 5 percent level of significance we reject the null hypothesis and hence conclude that IP granger-cause MC.

- In the second set of hypotheses, the calculated F statistic value is 7.0095 and the probability value (P-value) is 0.017. Since the P-value is lesser than 0.05, at 5 percent level of significance we reject the null hypothesis and hence conclude that MC granger-cause IP. IP and MC are interdependent. Similarly both IP→GTO, GTO→IP, IP→SEN, SEN→IP fail to granger cause the other. Both are independent.

- The Industrial Production is highly correlated with BSE Market Capitalization as its coefficient value of 0.955 is nearer to one. In case of the Industrial production and Gross
Market turnover correlation coefficient value is 0.884 which shows positive correlation. Industrial Production and Nifty also reveal high correlation with 0.929 which is closer to one. The data implied that 93.9 percent of variance of the Industrial Production has been explained by the repressor of Market Capitalization, Gross Turnover and Sensex. The adjusted R square is 0.928 which means that about 92 percent of the variation in the observed behavior in dependent variable GDP. In order to test the presence of autocorrelation Durbin Watson statistics was done which came to 1.692 which indicated that the problem of autocorrelation is fairly solved.

- The model reveals that 1 percent increase in market capitalization will lead to increase in Industrial Production by 0.39 percent. The one percent increase in Gross Market Turnover will lead to an increase in Industrial Production by 0.20 percent. Where as one percent increase in Sensex will lead to an increase in Industrial Production by 0.17 percent

- Industrial Production depends upon NSE Market capitalization, Market turnover, and Nifty, The Industrial Production is highly correlated with Market Capitalization as its coefficient value of 0.949 is nearer to one. In case of the IP and Gross Market turnover correlation coefficient value is 0.809 which shows positive correlation. IP and Nifty also reveal high correlation with 0.925 which is closer to one.

- The value of R square is 0.955 which is nearing to one indicate that regression model is a good fit the data implies that 95.5 percent of variance of the IP is explained by the regressor of Market Capitalization, Gross Market Turnover and Nifty. The adjusted R square is 0.945 which means that about 94.5 percent of the variation in the observed behavior in dependent variable IP. In order to test the presence of autocorrelation Durbin Watson statistics was done which came to 1.701 which indicated that the problem of autocorrelation is fairly solved.

- The model reveals that 1 percent increase in market capitalization will lead to increase in IP by 0.48 percent. The one percent increase in Gross Market Turnover will lead to an increase in IP by 0.30 percent. Where as one percent increase in Nifty will lead to an increase in IP by 0.27 percent
• The Industrial Production is highly correlated with Gross Domestic Capital Formation (.997) and Bank Credit (.994). In case of the Industrial production and Foreign Investment coefficient value is 0.969 which shows positive correlation. Primary Market (.460) is less correlated with Industrial production.

• The value of R square is .998 which is nearing to one indicating that regression model is a good fit. The data implied that 99.8 percent of variance of the Industrial Production has been explained by the repressor of Gross Domestic Capital Formation, Bank Credit, Primary Market and Foreign Direct Investment. The adjusted R square is 0.997 which means that about 99.7 percent of the variation in the observed behavior in dependent variable Industrial Production.

• The model reveals that 1 percent increase in Gross Domestic Capital Formation will lead to increase in Industrial Production by 0.65 percent. The one percent increase in Bank Credit will lead to an increase in Industrial Production by 0.23 percent. Whereas one percent increase in Primary Market will lead to an increase in Industrial Production by -0.05 percent and one percent increase in Foreign Direct Investment will lead to an increase in Industrial Production by 0.14 percent. The primary market is very insignificant source of industrial finance, whereas Gross domestic formation is significant source of industrial finance.

• BHEL revenue from operation grew from Rs. 6930 crores in 2002-03 to Rs. 47228 crores in 2011-12 which increased by 581 percent growth during the period. The other operation income which includes, payments received in respect of patents, license, concession, representation, agreements directors fees, operating subsides received increased in absolute terms from Rs. 334 crores in 2002-03 to Rs. 751 crores in 2011-12. The share of other operation income in the total earning declined from 4.4 percent in 2002-03 to 1.5 percent in 201-12.

• The Gross turnover of the enterprise increased from Rs. 7482 in 2002-03 to Rs. 49510 crores in 2011-12. The gross profit of the company also increased successively. It increased from Rs. 857 crores in 2002-03 to Rs. 10353 crores in 2011-12.
- The stock price of BHEL share rose from Rs. 172.6 in 2002-03 to Rs. 2584.25 in 2007-08 which fell to Rs. 1362.40 in 2008-09, but it gained momentum and reached Rs. 2406.1 in 2009-10, which marginally fell to Rs. 2324.75 in 2010-11. But there was a steep fall as it fell to Rs. 239 in 2011-12 and by 31 March 2013 it had reached 179.45. This was almost on par with 2002 prices from where the BHEL shares started moving forward. The BHEL Revenue is highly correlated with BSE Sensex as its coefficient value of 0.931 which is nearer to one.

- The value of R square is .866 which is nearing to one indicating that regression model is a good fit. The data implied that 0.86.6percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.850 which means that about 0.85percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.392 which indicated that the problem of autocorrelation is fairly solved.

- The total income of the Hero Motor Corp. was Rs. 5195 crores in 2002-03 which grew to Rs. 23944 crores in 2011-12 which is 361 percent growth in the total income the net sales value grew from Rs.5102 crores in 2002-03 to Rs. 23368 crores in 2011-12.

- The stock price of Hero Motor Corp (earlier Hero Honda Corp) in BSE was Rs. 271.40 in 2002-03 Increased to Rs. 1986.1 in 2010-11. It marginally fell to Rs. 1905.25 in 2011-12. The Hero Motor Corp. Revenue is highly correlated with BSE Sensex as its coefficient value of 0.906 which is nearer to one.

- The calculated F value is 36.772 with a corresponding value of .000 which states that it is significant at 5percent level. Hence the overall fitness of the model is justified. The value of R square is .821 which is nearing to one indicating that regression model is a good fit. The data implied that 0.82.1percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.799 which means that about 0.79percent of the variation in the observed behavior in dependent variable

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Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.756 which indicated that the problem of autocorrelation is fairly solved.

- Infosys Operating profit before depreciation, interest and tax, amortigation (OPBDIT) was Rs. 1272 crores in 2002-03 which rose to 10061 crores in 2011-12. The enterprise also paid substantial taxes to the government in 2002-03, it paid Rs. 199.50 crores which increased to Rs. 3110 crores in 2011-12. The enterprise paid 17.22 percent of its profit before tax which increased to 26 percent in 2011-12. Hence the profit after tax of the enterprise increased from Rs. 958 crores in 2002-03 to Rs. 7986 crores in 2011-12.

- Infosys Market Capitalization which is the aggregate value of a company or stock has robustly increased from Rs. 26847 Crore in 2003 to Rs.164592 Crore in 2012. Reserves created out of profits transferred from profit and loss account have increase from Rs. 2828 Crore in 2003 to Rs. 29470 Crore in 2012. Equity dividend was 178.81 Crore in 2003 which rose to 2699 Crore in 2012.

- The Infosys Revenue is highly correlated with BSE Sensex as its coefficient value of 0.967 which is nearer to one. The calculated F value is 114.848 with a corresponding value of .000 which states that it is significant at 5 percent level. Hence the overall fitness of the model is justified.

- The value of R square is .935 which is nearing to one indicating that regression model is a good fit. The data implied that 0.935 percent of variance of the Revenue has been explained by the repressor of Sensex. The adjusted R square is 0.927 which means that about 0.92 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of autocorrelation Durbin Watson statistics was done which came to 1.746 which indicated that the problem of autocorrelation is fairly solved.

- ONGC revenue from operation grew from Rs.35387.2 crores in 2002-03 to Rs. 76887.1 crores in 2011-12 which is 117 percent growth during the period. ONGC The stock price of ONGC share rose from Rs. 349.8 in 2002-03 to Rs. 174.95 in 2005-06 which fell to Rs. 870.05 in 2008-09, but it gained momentum and reached Rs. 1236.5 in
2007-08, which marginally fell to Rs. 667.65 in 2008-09. But there was a sharp increase to Rs. 1293.4 in 2010-11 and it steeply fell to 256.95 in 2011-12.

- ONGC Revenue is highly correlated with BSE Sensex as its coefficient value of 0.943 which is nearer to one. The calculated F value is 64.567 with a corresponding value of .000 which states that it is significant at 5percent level.

- The value of R square is .943 which is nearing to one indicating that regression model is a good fit. The data implied that 0.94.3percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.890 which means that about 0.89percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of autocorrelation Durbin Watson statistics was done which came to 2.833 which indicated that the problem of autocorrelation is fairly solved.

- Jindal Steel and Power Gross sales and other income was Rs. 1001.68 crores in 2002-03 which grew to 14926.29 crores in 2011-12 which is 1390 percent growth. Net sale and other income (Total Income) also increased form Rs. 889.11 crore in 2000-03 to Rs. 13518.43 crore in 2011-12 which is 1420 percent growth in the decade. Other income which is earned income from activities other than normal business operations, such as investment interest, foreign exchange gains, rent income, and profit from the sale of non-inventory assets. Other income increased from 8.5 crore in 2002-03 to 184.48 crore in 2011-12. The share of other income in the Gross sales increased marginally from 0.85 percent to 1.25 percent during the period.

- The stock price of Jindal steel and power Limited in BSE was Rs.348.95 in 2002-03 which robustly increased to Rs. 15359.25 in 2007-08. Further it is continuously going down from Rs. 911.9 in 2008-09 to Rs.453.1 2011-12.

- Jindal Steel and Power Limited Revenue are highly correlated with BSE Sensex as its coefficient value of 0.953 which is nearer to one. The calculated F value is 78.528 with a corresponding value of .000 which states that it is significant at 5percent level. Hence
the overall fitness of the model is justified. The value of R square is .908 which is nearing to one indicating that regression model is a good fit. The data implied that 0.90.1 percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.896 which means that about 0.89.6 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.607 which indicated that the problem of autocorrelation is fairly solved.

- Reliance Industries revenue from operation has grew from Rs. 50, 096 Crore in 2002-03 to Rs. 3, 39,792 in 2011-12. The total income of the enterprise was Rs. 51,097 crores in 2002-03 which grew to Rs. 3, 45,984 crores in 2011-12 which is 577 percent growth. The stock price of Reliance Industries in BSE was 297.7 in 2002-03 which increased to Rs.2881.05 in 2007-08. It fell Rs.1230.25 in 2008-09 after that share price is continuously going down till it was 2011-12. Rs. 692.9 in 2011-12.

- The Reliance Industry Revenue is highly correlated with BSE Sensex as its coefficient value of 0.929 which is nearer to one. The calculated F value is 50.726 with a corresponding value of .000 which states that it is significant at 5 percent level. Hence the overall fitness of the model is justified.

- The value of R square is .864 which is nearing to one indicating that regression model is a good fit. The data implied that 0.86.4 percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.847 which means that about 0.84.7 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.963 which indicated that the problem of autocorrelation is fairly solved.

- TATA Power Operating income of the enterprise was Rs. 4300 crores in 2002-03 which marginally fell to 3930 (-8 percent growth) crores in 2004-05. There after it successively increased to Rs. 7236 in 2009-10, this is 84 percent growth during the period. Further it was decreased Rs. 7098 in 2009-10 and 6980 in 2010-11. Rs. 8496 was recorded in 2011-12 which 21 percent growth against previous period.
• The stock price of TATA Power in BSE was Rs. 111.7 in 2002-03 which increased to Rs. 1470.95 in 2007-08. Steeply it fell to Rs. 748.35 in 2008-09, further the share price decreased to Rs. 87.25 in the year of 2011-12. TATA Power Industry Revenue is correlated with BSE Sensex as its coefficient value of 0.823 which is nearer to one.

• The calculated F value is 16.805 with a corresponding value of .000 which states that it is significant at 5percent level. Hence the overall fitness of the model is justified. The value of R square is .677 which is nearing to one indicating that regression model is a good fit. The data implied that 0.677percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.637 which means that about 0.637 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.607 which indicated that the problem of autocorrelation is fairly solved.

• COAL India total earnings were Rs.23586.95 crores in 2002-03 increased to Rs.69952.33 crores by 2011-12. The total earning of the enterprise in the period was increased by 196 percent percent. The gross sales of a company was Rs. 24228.06 Crore in 2002-03 which increase to Rs. 78410 Crore in 2011-12. The stock price of COAL India Ltd. share reduced from Rs. 314.5 in 2010 to Rs. 300.85 in 2011, but it gained momentum and reached Rs. 355.05 in 2012, which marginally fell to Rs. 318.7 in 2013.

• The COAL industry Revenue is highly correlated with BSE Sensex as its coefficient value of 0.905 which is nearer to one. The calculated F value is 36.283 with a corresponding value of .000 which states that it is significant at 5percent level. Hence the overall fitness of the model is justified.

• The value of R square is .819 which is nearing to one indicating that regression model is a good fit. The data implied that 0.819 percent of variance of the Revenue has been explained by the regressor of Sensex. The adjusted R square is 0.797 which means that about 0.79 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to 1.727 which indicated that the problem of autocorrelation is fairly solved.
• NTPC operating Income of a company's from ongoing operations, equal to earnings before deduction of interest payments and income taxes increased from Rs.20430.2 Crore in 2002-03 to Rs. 64514.79 Crore in 2011-12, NTPC share rose from Rs.87.35 in 2004 to 2 Rs.50.05 in 2007 which fell to Rs.181 in 2008, but it gained momentum and reached Rs.235.7 in 2009, which decline to Rs. 156.45 in 2012. But it marginally rose to Rs.157.4 in 2013.

• The NTPC Revenue is not much correlated with BSE Sensex as its coefficient value of 0.548 which is nearer to one. The calculated F value is 3.442 with a corresponding value of .101 which states that it is insignificant at 5 percent level.

• The value of R square is .301 which is nearing to one indicating that regression model is a good fit. The data implied that 0.30.1 percent of variance of the Revenue has been explained by the repressor of Sensex. The adjusted R square is 0.213 which means that about 0.21.3 percent of the variation in the observed behavior in dependent variable Revenue. In order to test the presence of auto correlation Durbin Watson statistics was done which came to .736 which indicated that the problem of autocorrelation is arise.

7.2 Policy Suggestion

1) The retail investors base must be expanded for which stock exchange opportunities for investors has to be highlighted and taught, NRI should be encouraged to participate more in Indian stock market.

2) The district and taluk head quarters should also be targeted, wherein more household savings can be encouraged to be invested in stock market.

3) Investors should have more instruments and products so that more investors specially small investors are encouraged.

4) MSME should be motivated to list in stock exchange so that MSME get more finance for their operation and small investors get more opportunity and products to invest.
5) A separate guidelines for MSME listing regulation and strict eye on violators of the rules has to be done by SEBI.

6) Investors confidence should be strengthened by bringing in more transparency, efficiency and supervision by Stock Exchange under the guidance and watch of SEBI

7) Cost of opening dematerialized accounts should be reduced

8) Violators of SEBI guidelines should be given severe punishments

7.3 Strength

1) Determined government to strengthen the stock market in India

2) Vigilant SEBI regulatory and strengthen the stock market

3) BSE is the oldest stock exchange and were established brand name. it has More than 5000 companies are listed on BSE, making it world's No. 1 exchange in terms of listed members

4) NSE ranks in top 3 globally for Stock Futures and Index Futures and Options

5) Competition from the NSE led to substantial reduction in the transactions costs which are now among the lowest in the world.

6) Indian’s stock exchanges were less volatile during global financial recession and during euro crisis

7.4 Weakness

1) Lack of wide retail inventor base

2) Cost and complexity of opening dematerialized accounts is high

3) Unscrupulous companies are also taking advantage of removal of government control over issue prices

4) Wide fluctuations in Sensex

5) Lack of more instruments and products to small investors

6) MSME does not any platform to list in stock exchanges
7.5 Conclusion

The stock market help the industrial growth as it gives finance for the enterprises, creates market for company’s shares. It also helps in increasing the esteem and status of the company. The stock exchange also helps to creates public interest in the company and thereby its products. It also helps the company with additional fund by means of issuing new shares or other securities. The findings of the study reveal that stock market positively influences the Industrial production Market Capitalization and gross turnover has the higher the influence. Out of the 10 industries except NTPC are highly correlated with stock market. The global financial crisis impacted majority of the economies, but very few escaped from the wrath of crisis, of them India is one of the major country, as it has higher immunity to resists global melt down. The government of India, RBI, and SEBI guarded the capital market and Indian economy. BSE and NSE contribute almost the entire stock market turnover, market capitalization in India. Both the market is doing well and the volatility of market is the least in the world.