Chapter V

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS
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A well organised and will regulated capital market is an essential prerequisite for the economic development of a country like India. Individual investors represent a vital element for the functioning of capital market. But they are experiencing a number of difficulties from different market participants which are causing them much confusion. If this trend continues, it will result in their massive withdrawal from the capital market. This may adversely affect mobilisation of resources by corporate bodies through capital market which may ultimately impair the economic development of the country. Hence government and policy makers have to think seriously to ensure confidence about capital market investment in the mind of investors. For this they need information relating to the characteristics of investors, level of awareness faced and effectiveness of redress measures available to them and based on such information government and policy makers should frame suitable policies to ensure investor protection. The present study has been made with this end in view.

Specific objectives of the study

The following are the specific objectives of the study:

1. To Analyse the level and pattern, diversification and size of capital market investment.
2. To identify the mode of investment preferred by investors and the factors influencing the choice of mutual fund scheme.
3. To study the overall experience of investors in the capital market investment.
4. To find out the options of investors from moving out of capital market investment and the reason for it and
5. To Make recommendations/suggestions for improving the attractiveness of capital market investment.

**Methodology of the study**

The study is conducted in two stages. In the first stage, secondary data from the publications of Government of India, Government of Tamil Nadu, Central Statistical Organisation, Reserve Bank of India, Stock Exchanges and Securities and Exchange Board of India, relevant reports, periodicals and newspapers are collected and analysed. In the second stage, primary data are collected from 300 individual investors from Trichy through a sample survey. A structured interview schedule is used for this purpose.

For the purpose of the study Tiruchirappalli district is divided into three geographical regions - the southern region, the central region, and the northern region. The southern region consists of the following places like Manikandam, Ramji Nagar, Enamam Kolathur, Navalpattu, and Manaparai. The central region consists of the following places in Trichy city like central bus stand, Puthur, Thillai Nagar, Chathiram bus stand, Srirangam and BHEL. The northern region consists of places like Tolgate, Samayapuram, Lalgudi, Jeeyapuram, Musiri, and Thottyam. A sample of 100 individual investors is selected at random from each of the selected region from the list of investors supplied by shares brokers and mutual fund agents. The collected data are analysed with the help of computer keeping the objective of the study in view. Appropriate mathematical and statistical tools like averages, percentages, compound growth rates, analysis of variance, chi-square test, K.S. test and rank correlation coefficient are put to use.
I. **Summary of Chapters**

The presentation of the study is made in five chapters.

The first chapter deals with introduction nature, need significance and objectives of the study. It also deals with sample design, method of data collection, tools of analysis and limitations of the study.

The second chapter deals with the, review of literature available in earlier studies about the evolution and growth of capital market investment in India. It covers the trend in resource mobilisation in the primary market, major indicators of stock market development, growth in the investor population in the country and their geographic distribution.

The third chapter portrays the socio-economic profile of Trichy and the personal profile of investors who have participated in the sample survey. It traces location of Trichy, its physical features, population, literacy, agricultural and industrial scenes, transport and communication network, and other related information. The characteristics of investors viz., age, sex, educational qualification, occupational status, annual income and savings are also presented in this chapter.

The fourth chapter extensively deals with the analysis of the level and pattern of investment in capital market in Trichy. The period of market experience, the extent of diversification of portfolios size of investment and future investment plans of investors are analysed in detail. The investment criteria in the primary and secondary market and the motives behind investing in capital market, are also dealt with in this chapter.

The factors, which influence the investment behavior of investors. The major determinants of investment behaviour identified are the educational qualification of investors, their occupational status, the level of annual income and the extent of market experience of investors. The impact of each of these variables on the investment behaviour of investors is analysed in detail and presented seperately.
It also examines the overall experience of investors from capital market investment, their concern about Indian capital market and suggestions to improve the functioning of capital market and if the investors decide to move out of capital market investment, what will be the next options and why are also presented in this chapter.

Chapter five gives a summary of the findings of the study and suggestions for improving the functioning of capital market in India.

II. Profile of Investors
1. According to the survey result, 26.7 percent investors are aged under 36 years, 29.7 percent are between 36 and 45 years, 26 percent are between 46 and 55 years and the remaining 17.6 percent are above 55 years.
2. The classification of respondents on the basis of sex shows that vast majority of them (85.3 percent) are male investors.
3. Distribution of respondents on the basis of marital status reveal that 79 percent are married, 16.3 percent are unmarried and 2.3 percent each belonged to widowed and divorced group.
4. The distribution of investors according to educational qualifications reveal that 13 percent are undergraduates, 38 percent are graduates, 26 percent are post-graduates and the remaining 23 percent are professional degree holders.
5. Among the sample investors, 45.3 percent are employees, 20 percent are engaged in own business or industry, 12.7 percent are professional practitioners, 13.7 percent are pensioners and 8.3 percent are engaged in other occupations.
6. The income wise classification of respondents shows that 18.4 percent have annual income between Rs.100000, 37.3 percent have annual income between Rs.100001 and 200000, 33.3 percent have annual income between Rs. 200001 and 500000 and 11 per cent have annual income above Rs. 500000.
7. Annual savings of 11.7 to per cent of investors are upto Rs.25000, those of 24.3 percent between Rs. 25001 and 50000,33.7 percent between Rs. 50001 and 100000 and those of 30.3 percent are above Rs. 100000.

III. Level and pattern capital Market investment

1. Total savings of the 300 sample investors in financial assets aggregated Rs.1.53 crores. Nearly one third of it is kept in capital market instruments and the balance in other financial assets. Total savings in financial assets of investors in the central region amounts to Rs. 58.58 lakhs while it is Rs. 53.58 lakhs in the northern region and Rs. 40.68 lakhs in the southern region.

2. Average annual savings of investors in financial assets for the whole sample amounts to Rs. 50876 while it is Rs. 40677 in the southern region Rs. 58375 in the central region and Rs. 53576 in the northern region.

3. Average annual savings in capital market instruments came to Rs.16574 for the whole sample. In the southern region it is Rs. 10623 while it is Rs. 18592 in the central region and Rs. 20507 in the northern region.

4. Bank deposits represent the other major financial assets followed by chit funds and provident fund contribution. The average annual savings of respondents in bank deposits amounts to Rs. 11845 while it is Rs.6154 in chit funds and Rs. 5519 in provident fund.

5. Among the various capital market instruments, shares dominate the others. The average annual saving in shares is Rs.13598, which is Rs. 2591 in mutual fund schemes and Rs. 385 in debentures. The average annual saving in shares is Rs. 6696 in the southern region, Rs. 16821 in the central region and Rs. 17276 in the northern region.

6. As regards market experience, majority of investors have a better market experience. 58.7 percent respondents have market experience of more than 5 years. Respondents having experience of more than 5 years are
high in the southern region (64 percent) and low in the central region (53 percent)

7. Majority of investors have a relativity shorter period of active investment in shares. 52 percent of investors have a period of active investment of less than 5 years while the remaining 48 percent have more than 5 years of active investment in shares. Among the three regions, 58 percent investors in the central region have active investment in shares for less than 5 years while it is 49 percent each in the southern and northern regions.

8. Regarding active investment in debentures, majority of investors have comparatively longer period of active investment. 62.9 percent of them have been active for more than 5 years. Regionwise analysis shows that 80 percent investors in the southern region, 64.7 percent investors in the northern region and 48 percent investors in the central region have a period of investment for more than 5 years.

9. The distribution of investors actively investing in mutual fund schemes shows that 52.2 percent of them have a period of active investment for more than 5 years. Among the three regions, 55.6 percent investors in the central region have active investment for more than five years while it is 52.1 percent in the southern region and 50 percent in northern region.

10. Majority of respondents are exposed to unsystematic risk arising from inadequate diversification in shares. Of the whole sample, only 35.6 percent of respondents have a portfolio size of more than 10 companies, which is 31 percent in the central region 33 percent in the southern region and 43 percent in the northern region.

11. The level of diversification in debentures is relatively poor. Out of the 62 debenture holders, 43 have debenture holdings in 6 to 10 companies.
12. Majority of the investors in mutual fund schemes are also subjected to unsystematic risk due to adequate diversification. Of the whole sample 67.7 percent have investment in less than 5 mutual fund schemes. It is 75 percent in the central region, 72 percent in the northern region and 59.2 percent in the southern region.

13. The size of investment in shares of majority investors is comparatively better. 53.7 percent have investment in shares worth more than Rs.50000. In the northern region, 58 percent have investment above Rs 50000, which is 55 percent in the central region, and 48 percent in the southern region.

14. The size of investment in debentures is relatively poor. 87.1 percent investors have investment in debenture up to Rs.50000 only that is 95 percent in the southern region, 94.1 percent in the northern region and 76 percent in the central region.

15. Majority of investors have relatively small investment in mutual funds. 56.6 percent of respondents have investment up to Rs. 25000, 27.9 percent have investment between Rs. 25001 and Rs. 50000 and the rest have investment Rs.50000. Among the three regions, 59.3 percent in the northern region 58 percent in the northern region and 50 percent in the central region have investment up to Rs. 25000 only.

16. The future investment intention of investors show that 158 among the total 300 respondents are interested in investing in capital market instruments in future. The number of investors willing to invest in future is high in the southern region (61 percent ) and low in the northern region (47 percent).

17. The most preferred option of future investment in capital market is equity shares followed by mutual fund schemes and debentures. The interest among investors to invest in shares is high in the central region to invest in shares is high in the central region and low in the northern
region, while the readiness to invest in mutual funds is high in the northern region and low in the central region.

18. The respondents who are not interested in investing in capital market instruments in future considered increased risk, high volatility in security prices and lack of promising returns as the major factors responsible for their lack of interest.

19. The most preferred mode of capital market investment is secondary market. Out of the 300 respondents, 172 of them preferred to invest through secondary market, 118 preferred primary market and 10 preferred private placement. 66 percent investors in the northern region preferred to invest through secondary market whole it is 57 per cent in the central region and 49 percent in the southern region.

20. The most important investment criterion considered by investors in the primary market is the nature and type of the product followed by the industry or sector to which the company belongs, promoter’s track record and terms of issue of securities. Risk factor was not considered and important investment criterion by investors in the primary market.

21. The first important criterion for investment in the secondary market is the result of fundamental analysis followed by movement of market indices, market sentiments and advice made by brokers, dailies and periodicals. Technical analysis, an important tool of portfolio selection was not considered by majority of respondents.

22. Among the major motives of making investment in the capital market, expectation of capital gains ranked first, dividend or interest ranked second and bonus shares ranked third.

23. Market value, earning per share, high-low price and book value are the major factors considered by respondents for investment in shares. Scientific factors like price-earning ratio and market capitalisation is not given much importance by the respondents.
24. Market value, book value and earning per share are the major factors influencing investors in the southern and central regions while high-low price, earning per share and market value are the guiding factors of respondents in the northern region.

25. NSE terminal is the most preferred method of secondary market operation of the respondents. 57 percent of the respondents prefer NSE terminal while 28 percent prefer BSE terminal and 15 percent prefer the services of brokers.

26. The prominent factors influencing the selection of a mutual fund scheme are its net asset value, type of the scheme and past performance of the mutual funds. Among the three regions, the type of schemes ranked as the first criterion among investors in the southern region where as its past performance in the central region and net asset value in the northern region.

27. Among the various mutual fund schemes, growth schemes are the most preferred followed by income schemes and tax saving schemes. 22.4 percent prefer income schemes, 17.2 percent prefer tax savings schemes, 15.2 percent prefer balanced schemes and the rest prefer sector-wise schemes.

IV. Determinants of Capital Market Investment

The major factors that influence the investment behaviour of investors in capital market are the level of their education, occupational status, size of annual income and period of market experience. The influence of each of these factors upon the investment behaviour of investors is studied separately and major findings presented under four heads.

A. Education

1. Investors with high levels of education continue to invest in capital market. 59 percent investors having post-graduate qualification have
more than 5 years of active investment which is 50.7 percent among professional degree holders, 46.5 percent among professional degree holders, 46.5 percent among graduates and 25.7 percent among undergraduates.

2. Investors with lower levels of education have a poorer level of diversification than those possessing higher educational qualifications. Only 10.3 percent undergraduate investors hold shares in more than 10 companies. But 31.5 percent of professional degree holders have investment in more than 10 companies.

3. The level of education of investors also influences the size of investment in shares. Among undergraduates, only 30.8 percent hold investment in shares worth graduates, 58.9 percent among professional degree holders.

4. Among the different educational groups of investors, professional degree holder are more interested in investing in capital market. 59.4 percent of professional degree holders are interested in investing in future while it is 54.4 percent among graduates, 48.7 percent among undergraduates and 46.2 percent among post-graduates.

5. Increased risk is the most important factor which discourages investors of all educational groups of investors, particularly among graduates and professionals degree holders. Investment in mutual fund schemes is mostly preferred by post-graduate investors.

6. Increased risk is the most important factor which discourages investors of all educational groups against making further investments in capital market. Lack of promising returns is the second factor pointed out by all educational groups except other occupational group of investors. High volatility in prices ranked second among other occupational group of investors.

7. Majority of investors of all educational groups prefer secondary market for channelling their investment in the capital market. The preference
of secondary market is high among professional degree holders (66.7 percent) while the preference of primary market is high among post-graduates (46.1 percent).

8. Nature and type of the product is the major investment criterion considered by investors of all educational groups for making investment in the primary market. Industry or sector to which the company belong is the second major criterion among undergraduates and professionally qualified investors while promoter’s track record and terms of issues are the second major factor considered by graduates and post-graduates respectively.

9. There is considerable difference in the major investment criteria in the secondary market among different educational groups of investors. Undergraduate investors give importance to changes in government policy and advice of dailies and periodicals while graduate investors give prominence to fundamental analysis followed by movement of market indices. As regards post-graduates and professionally qualified investors, movement of market indices and fundamental analysis are the prime concerns while investing in the secondary market.

10. Capital gain is the major motive for investing in capital market among all educational groups of investors, followed by expectation of dividend or interest income and bonus shares.

11. Among the major factors considered for investment in shares, market value is the most important by graduate and post-graduate investors while high-low price is considered the most important factor by undergraduates and earning per share by professional degree holders. Market value is the second important factor considered by undergraduates and professional degree while earning per shares the second important factor considered by graduates and post-graduates.
12. Among the different methods of secondary market operations, professional degree holders mostly prefer NSE terminals. 63.8 percent among them prefer to invest through NSE terminal, which is 56.4 percent among undergraduates, 55.3 percent among graduates and 53.8 percent among post-graduates. Those who prefer BSE terminal include 30.8 percent of post-graduates, 29.8 percent of graduates and 24.6 percent of professional degree holders. Mostly undergraduates (20.5 percent) prefer the services of brokers.

B. Occupational status

13. Investors belonging to the occupational group of pensioners have a relatively long period of market experience. Vast majority of investors (70.7 percent) in this group have active investment in shares for more than 5 years. Among other occupational groups, 50 percent of employees have active investment for more than 5 years but it is only 34.3 percent among professional group and 36 percent among other occupational group.

14. Pensioners represent the occupational group of investors having a better level of diversification in shares than other groups. 48.8 percent of them have investment in more than 10 companies while it is 43.4 percent among businessmen, 42.1 percent among professional practitioners, 30.2 percent among employees and 16 percent among other occupational group.

15. The size of investment in shares is high among investors doing own business or industry and low among other occupational group of investors. 68.3 percent of businessmen have investment in shares worth more than Rs.50000 which is 58.5 percent among pensioners, 57.9 percent among professional practitioners and 47.8 percent among employees. But only 36 percent investors in the other occupational group have the same level of investment.
16. Majority of investors belonging to all occupational groups except pensioners is willing to invest further in capital market instruments. 68 percent investors of other occupational group, 63.2 percent of professionals, 51.7 percent of businessmen and 50.7 percent of employees have intention to invest in future while it is only 41.5 percent among investors belonging to retired hands.

17. Pensioners represent the leading occupational group who prefer to invest in shares followed by businessmen, employees, other occupational group and professional practitioners. Professional practitioners represent the leading group who prefers to invest in mutual fund schemes.

18. Increased risk is the major concern of investors who are reluctant to invest further in capital market instruments. It is ranked first among all occupational groups of investors. High volatility in prices is the second major concern of employees, professionals and pensioners while lack of promising returns is the second major concern of businessmen. According to other occupational group of investors liquidity problem is the second major discouraging factor.

19. Investment in secondary market is mostly preferred by investors doing own business or industry while primary market is mostly preferred by other occupational group of investors. 60 percent of businessmen prefer to invest through secondary market while 40 percent of other occupational group prefer the primary market.

20. All occupational groups of investors except professionals view the nature and type of the product as the first important criteria for investment in the primary market. Professionals give priority to the industry or sector to which the company belongs. Terms of issue is ranked second by pensioners and other occupational group while industry or sector to which the company belongs is ranked second by
businessmen, and promoters track record is ranked second by employees.

21. The major criteria for investing through secondary market shows that employees and professionals mostly consider the result of fundamental analysis while businessmen and pensioners mostly consider movement of market indices. Investment advice of brokers is the prime factor among the other occupational group of investors. Movement of market indices is ranked second by employees and professionals while market sentiments is ranked second by investors doing own business. pensioners view changes in the government policy as the second factor whereas advice of other occupational group.

22. Capital gain represent the first major motive for investing in capital market, dividend or interest income represents the second major motive and bonus shares represent the third major motive among all occupational groups.

23. The criteria followed for investing in share show that market value of shares is ranked first by all occupational groups except businessmen. Investors doing own business rank high-low price as the first major factor, by employees, professionals and pensioners while market value is ranked second by businessmen and high-low price by other occupational group of investors.

24. Trading through NSE terminal is mostly preferred by businessmen and scarcely preferred by other occupational group. 63.4 percent of businessmen prefer to invest through NSE terminal while it is only 40 percent among other occupational group of investors. However, other occupational group of investors represents the leading group which prefers investment through BSE terminal (36 percent ) and services of brokers (24 percent ) the most.
C. Annual Income

1. High income group of investors prefer to stick on to capital market investment for long compared to low income group. 60.6 percent investors in the high income group have active investment for more than 5 years which is 57 percent among upper middle income group, 45.6 percent among middle income group and 29.1 percent among low income group.

2. The extent of diversification in shares is influenced by the level of income of investors. Only 3.6 percent in low income group have investment in shares of more than 10 companies, while it is 22.3 percent among upper middle income group and 81.8 percent among high income group.

3. The size of investment in shares is also influenced by the level of income of investors. In the case of low income group of investors, only 18.2 percent have investment above Rs.50000 whereas 41.1 percent of middle income group and 75 percent of upper middle income group have the same level of investment. But 91 percent investors in the high income group have investment in shares above Rs. 100000 and the remaining 9 percent have investment below Rs.50000.

4. Majority of all income groups of investors is willing to invest in capital market in future. The number of investors who are willing to invest in future is high among middle income group (55.4 percent) followed by high income group (54.5percent) low income group (50.9percent )and upper middle income group (50 percent).

5. Among the various capital market investments, shares are preferred by all income groups of investors. The preference for share is relatively high in the high income group.

6. All income groups of investors who are not willing to invest in capital market in future consider increased risk as the most important
discouraging factor against making further investment in capital market. High volatility in prices is considered the second major discouraging factor by low income group, middle income group and high income group while lack of promising returns is the second hindering factor among upper middle income group of investors.

7. A shift in favour of secondary market investment is noticed in the high income group compared to the low income group of investors. 63.7 percent of investors in high income group preferred to invest through secondary market which is 59 percent in upper middle income group, 58.9 percent in middle income group and only 47.3 percent among low income group.

8. The major investment criterion in the primary market is the nature and type of the product among all income groups of investors. Terms of issue is the second major criterion among low income group and upper middle income group while industry or sector to which the company belongs represents the second main criterion among middle and high income groups of investors.

9. Result of fundamental analysis is the most important criterion for taking investment decisions in the secondary market among all income groups except the high income group of investors. Movement of market indices is ranked first by high income group while the same is ranked second by other income group of investors. Market sentiments is the second main criterion of high income group of investors.

10. Motive for earning through capital gains tends to increase with increase in the level of income of investors. Capital gain is the major motive and dividend or interest income is the next important motive among all income groups of investors. In the lower income group only a small difference in preference is observed between capital gain and dividend
or interest income while it tends to widen among higher income groups of investors.

11. Market value represents the major determinant for taking investment decision on shares among low income group and middle income group of respondents. It is ranked first among them while earning per share ranked first among upper middle income group. The high income group of investors gave prime consideration to high –low price of shares. Earning per share ranked second among low income group and middle income group and market value ranked second among upper middle income group and high income group of investors.

12. Majority of all income groups of investors prefer to invest through NSE terminal. But NSE terminal is preferred mostly by high income group of investors (78.8 percent). Middle income group of invest through BSE terminal the most while services of brokers are mostly preferred by low income group.

D. Market Experience

1. Investors in general start actively investing in shares shortly after they enter the capital market. The entire respondents who have market experience of less than 3 years and 87.9 percent of those who have 3 to 5 years experience have active investment for the same periods of time. Similarly, 75 per cent investors having market experience of 6 to 10 years and 72.7 per cent of investors having market experience of more than 10 years have the same period of active investment.

2. Investors having long years of market experience have a better level of diversification than those having a short period of market experience. 63.6 percent investors having market experience of more than 10 years hold investment in more than 10 companies while it is only 36.4 percent among investors having experience between 6 and 10 years, 12.1
percent having experience between 3 and 5 years and 18.9 percent in the case of investors having experience of less than 3 years.

3. The size of investment in shares bears a direct influence on the market experience of investors. 32.8 percent investors having experience of less than 3 years hold investment worth more than 50000, which is 39.4 percent among investors having experience between 6 and 10 years and 73.8 percent among those having experience of more than 10 years.

4. Majority of investors having different periods of market experience except those having more than 10 years experience are willing to invest in capital market in future. 59.1 percent investors having experience between 3 and 5 years are willing to invest in capital market in future while it is 56.9 percent among investors having experience of less than 3 years, 53.4 per cent among those having experience of 6 and 10 years and 44.3 percent among those having experience of more than 10 years.

5. Shares represent the most preferred capital market instrument for future investment among investors having different periods of market experience. Shares was mostly preferred by investors having market experience of more than 10 years and those having less than three years experience. A among those who prefer to invest in mutual fund schemes, the leading groups are investors having experience between 3 and 5 years and between 6 and 10 years.

6. All groups of investors having different periods of market experience consider increased risk as the major deterrent against making future investment in capital market, lack of promising returns is the second major factor discouraging the investors having experience below 3 years and those having experience between 3 and 5 years. Liquidity problem is ranked second by investors having experience between 6 and 10 years while high volatility in price is ranked second by investors having experience of more than 10 years.
7. Majority of investors having varying periods of market experience except those having experience between 6 and 10 years mostly prefers to invest through the secondary market. 63.6 percent investors having experience above 10 years prefer secondary market, which is 62.1 percent among those having experience of less than 3 years and 56.1 percent among those having experience between 3 and 5 years. But only 48.9 percent investors having experience of 6 to 10 years prefer to invest through the secondary market. Investors having experience between 6 and 10 years represent the leading group who prefer to invest through primary market.

8. The major factors considered for investment decision in the primary market show that the nature and type of the product ranked high among respondents having different market experience except those having less than three years. Investors having experience of less than three years gave importance to industry or sector to which the company belongs.

9. The investment criteria in the secondary market shows that the result of fundamental analysis is ranked first by investors having experience of less than three years and between 3 and 5 years. Movement of market indices is ranked the first criterion by investors having market experience between 6 and 10 years. Change in the policy of the Government is ranked the second criterion by investors having experience below three years and between 3 and 5 years while the result of fundamental analysis is ranked second by investors having experience of 6 to 10 years and market sentiments is ranked second by investors having experience above 10 years.

10. Capital gains is the major motive of investors having different periods of market experience. The motive for capital gain is high among investors having more than 10 years experience and less than 3 years experience.
The motive for dividend is high among those having experience between 3 and 5 years.

11. The major factors considered relevant for investing in shares by respondents having different periods of market experience show that market value is the most influential factor among all groups of investors except those having experience of more than 10 years. Earning per share is the dominant criterion for decision making among them. High-low price and book value are the other major factors which influence selection of shares.

12. NSE terminal is the most preferred mode of secondary market operation among investors having loss than three years experience and more than 10 years experience. 72.4 percent of investors having market experience of less than 3 years and 63.3 percent of investors having market experience of more than 10 years prefer NSE terminal while it is 45.4 percent among those having experience of 3 and 5 years and 48.9 percent having experience of 6 to 10 years. BSE terminal is mostly preferred by investors having experience between 3 and 5 years (36.4 percent) while mostly investors having experience between 6 and 10 years (20.4 percent) prefer service of brokers.

VI. Overall experience of investors on capital market

1. Overall experience of capital market investment shows that 55.7 percent investors have experienced it as rewarding. Among the others, 26 percent investors view it as not rewarding and for the rest it has resulted in loss. Among the three regions, 59 percent investors in the northern region and 58 percent in the central region observe capital market investment to be rewarding while it is 50 percent in the southern region.

2. Their level of education influences the performance of investors in the capital market. 51.3 percent undergraduate investors consider capital
market investment as rewarding which are 59.7 percent among graduate
investors and 61.5 percent among post-graduate investors.

3. Among the different occupational groups of investors, employees fared
well in capital market. 60.3 percent investors in this group found capital
market investment rewarding while only around 55 percent investors
each among professionals and businessmen expressed the same opinion.
The performance of pensioners and others were relatively poor.

4. The investment performance of low income group is better than the
other income groups of investors. Among the low income group of
respondents 65.5 percent observed capital market investment as
rewarding which is 60.6 percent among the high income group, 56
percent among the upper middle income group and 49 percent among
middle income group.

5. The investment performance of investors having market experience of
less than 3 years is found to be relatively better. 70.7 percent investors
among them found capital market investment rewarding. Among others,
54.5 percent investors having experience above 10 years, 51.1 percent
investors having experience between 6 and 10 years and 50 percent
investors having experience between 3 and 5 years view it as rewarding.

6. The primary suggestion put forward by the respondents for improving
capital market operations is to provide more powers to SEBI to ensure
investor protection. 29.3 percent investors hold this opinion while 21
percent suggested improved transparency in capital market operations,
19.3 percent pointed out the need of controlling excessive speculation
and price rigging by share brokers and 14.7 percent recommended the
introduction of rolling settlement to more number of shares.

7. The majority of the respondents i.e. 32.3 per cent expressed that Bullion
market is the first option in case if they want to move out from capital
market investment followed by real estate and Insurance.
8. 43 per cent of the respondents expressed that profitability is the first reason to move out from capital market investment, stability of return and safety of the principal respectively.
CONCLUSION

Based on the findings of the study, following conclusion have been arrived at.

Indian capital market is one among the oldest and largest capital market of the world. It began to develop since independence and underwent rapid growth during the eighties and nineties. The volume of resources mobilised in the primary market has increased significantly. But the savings of household sector mobilised through shares and debentures account for a meagre portion of savings in financial assets.

As a result of reforms initiated as part of liberalisation measures in the nineties, the stock market has achieved all round development in terms of number of listed companies etc. The number of investing households and individual investors has also increased significantly. Mutual funds have emerged as an investment vehicle and have become popular among investors. Among the various mutual fund scheme offered to investors, growth scheme is the most preferred by them.

Introduction of screen based trading, establishment of depositories and dematerialisation, rolling settlement, derivatives trading etc. are the major developments in the capital market. It has resulted in better transparency in dealings, improvement in market infrastructure, ease of operation and quick settlement of transactions. Among the various capital market instruments available, shares are the most preferred instruments among investors followed by mutual fund schemes and debentures. Investors approach the capital market mainly with the motive of earning capital gains.

Majority of investors have an experience of more than five years in capital market investment. But they have a relatively short period of active investment in share. Among the various methods of investment in capital market, majority of investors prefer investment through the secondary market.
The investors who are willing to invest in capital market instruments in future are relatively more in number than those who are not willing to invest in future.

Investors in general are exposed to unsystematic risk arising from inadequate diversification in capital market assets. Nature and type of the product is the major factor considered by investors before making investment through the primary market. The investment decisions in the secondary market are primarily based on the result of fundamental analysis and movement of market indices.

NSE terminal is the most preferred mode of secondary market operation. In spite of the widespread online trading terminals, a small fraction of investors continue to depend on the services of brokers and sub-brokers. Market reforms like the establishment of deposition screen based on, and the introduction of rolling settlement are largely welcomed along the investor.

The overall experience of investors on capital market investment is that it is rewarding to majority of investors. Investors mainly suggested the extension of more powers to SEBI on investor protection with a view to improving capital market operations.

To conclude having analysed the investors’ preferences in capital market investment in Trichirappalli district, it was found that it went through a very difficult phase in its growth to maturity. The governmental and other organisations responsible for its mode of functioning have to bear in mind that commercial organisations can no longer function as islands warding off competitions and challenges from well-managed counterparts in the global village. Every agency involved in the capital market, including stock brokers, should plan their strategies for profit on a long time basis, slow and steady accumulation of profit, not a comparative big lump by depriving the investors hard earned savings that are staked at the capital market. The potential investors must be properly educated and guided so that more money kept idle
or invested in other fields will flow to the capital market. If and when it happens, the Indian capital market will be on par with developed capital markets of other developed countries.
SUGGESTION FOR IMPROVEMENT

The following suggestions have been put forward on the basis of the major findings of the study for improving the condition of individual investors in the capital market.

1. Investors have suffered a lot due to investment in vanishing companies. Existing SEBI regulations are too inadequate to effectively deal with such companies. Such regulations should be made more stringent. The promoters and directors of such companies should be made personally responsible for the loss and should be permanently banned from promoting another company.

2. There are instances of diversion of funds mobilised through public issue. Hence an arrangement for monitoring the post issue working of the company must be made by SEBI.

3. The investors are misled by sensational advertisements about public issue. Such advertisements must be edited and vetted on the basis of advertisements code of SEBI.

4. Stringent action must be taken by SEBI against those companies which make unnecessary delay in despatch of allotment letters and refund orders.

5. The introduction of free-pricing norms by SEBI has given an opportunity to many fraudulent company promoters to charge excessive premium on capital issues. They enter into unholy alliance with brokers and artificially inflate the price on the eve of capital issues. Hence it is suggested to reintroduce the Capital Issues (Control)Act and the post of controller of Capital Issues for screening the public issues. Alternatively, the introduction of safety net system whereby the company undertakes to buy back the shares if the price falls below a certain minimum level is suggested.
6. Speculation is becoming rampant among the investors. Facility of online trading through terminals has made these more convenient, creating a client culture among the investors. Hence more number of scrips should be brought under compulsory rolling settlement to check unhealthy speculation. SEBI should try to improve the trading on financial derivatives and introduce more varieties of derivatives in the market.

7. Every stock exchange should set up an efficient market surveillance system on the line of NSE to curb excessive price volatility price rigging.

8. There must be an effective mechanism in the stock exchange to be vigilant over the price sensitive information affecting the company. This will help in reducing the practice of insider trading. The existing regulation in this regard has failed to serve its purpose.

9. Increased risk is a major factor which discourages investors from committing fresh funds in the capital market. Hence appropriate risk awareness programmes through print and visual media should be provided to improve the risk perception of investors.

10. Majority of investors are subjected to unsystematic risk arising out of inadequate diversification. Hence the small investors should be encouraged to invest in mutual fund schemes through effective advertisements.

11. In the case of delay in payment of dividend declared by companies, provision should be made for the payment of interest for the period of delay.

12. The process of compulsory dematerialisation of securities must be extended to more number of companies so that delay in transfer of securities and the problem of bad delivery can be effectively checked.
13. Committees represented by member broken manage all this took exchanges in the country except National stock Exchange. Naturally such committees are hesitant to take disciplinary action against member brokers. Hence these stock exchanges should be reconstituted in the pattern of NSE so that brokers will not exert undue influence on the working of stock exchanges.

14. The rules relating to buy back of shares should be made more attractive to the advantage of investors. They should be given the option to return the shares.

15. Share application forms and prospectus should be printed in regional languages also. This will help investors understand the issue highlights and risk factors more clearly.

16. Poor portfolio management is the major grievance of investors in mutual funds. This is inspite of the professional management of the funds. Hence efficiency audit should be made mandatory.

17. At present there are 38 mutual fund companies operating in India and they have offered more than 450 mutual fund schemes to investors. Hence a separate independent body with statutory powers must be set up for the regulation of mutual funds in India for protecting the interest of investors.

**Scope for further study**

There is a paucity of authentic information relating to individual investors in the country. Therefore periodic studies at national and state level must be made to gather information about them.