PREFACE

The changing scenario at national level and global level has got its own implications on the attitude and perceptions of the investors, brokers, institutions and other constituents of market with regard to their investment decisions. They are always faced with a dilemma as to the types of securities, timing of investment in the pursuit of maximization of wealth. In other words, they have to make assessment and re-assessment of investment opportunities and evaluate the various alternatives available. Therefore investors basic problem are, what securities to invest or deal in, when to invest or buy. Again, the equity option offers two alternatives whether to invest in Dividend paying company or Bonus issuing company.

Stock markets are to be the most sensitive barometer of an economy. The real the signal were in advance several months ahead of the events. All information reflected into stock prices. Though immediate events influence the markets long term trends are somewhat independent of immediate alienation in the equity price movements. If look at the Indian stock market behavior we find that there are host of factors which bring about ups and down to make line zig-zag. One of them is the issue of Bonus shares.

A Bonus share is a free share of stock given to current shareholders in a company, based upon the number of shares that the shareholder already owns. A bonus issue is a stock split in which a company issues new shares without charge in order to bring its issued capital in line with its employed capital. Bonus issue is a signal that the company is in a position to service its larger equity. It is significant to know the effect of such issue on the market both in relation to alteration in earnings and alteration in liquidity in an emerging stock market such as that of Indian stock market.
This study is conducted for know the effect of Bonus Issue on the movement of share prices on stock exchange. Whether this event is a positive trigger or a negative trigger for the market. The present study aims to investigate the relationship of Bonus share issue and the share price behavior in India. In order to attain the research objectives, this study is conducted with reference to twenty five big organizations in India belonging to five major Industrial sectors in India by names Oil and Gas, Information Technology, Construction, Banking and Manufacturing respectively.

Present study is divided into five chapters, following is an overview of the contents of each chapter present in this thesis:-

i. Chapter 1 is the introduction chapter that gives a basic idea from this the research concept has emerged.

ii. Chapter 2 is the review of literature chapter that explores several works related to bonus and equity shares, their valuation and distribution that are already in existence.

iii. Chapter 3 is the research methodology chapter that gives an overview of research design, strategy, sampling design, sampling plan, data types, data analysis and interpretation techniques used in this study.

iv. Chapter 4 is the data analysis and interpretation chapter that presents the analysis of the collected secondary data.

v. Chapter 5 is the conclusion chapter that summarizes the findings obtained in data analysis section along with conclusion of the study followed by strategies for improvement and recommendations for future research.

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