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# "A CRITICAL ANALYSIS OF CAPITAL MARKETS IN GLOBALIZED SCENARIO OF INDIA: A STUDY FROM THE INVESTOR'S POINT OF VIEW AS WELL"

**Varun Agarwal***
**Dr. Vipin Gupta***

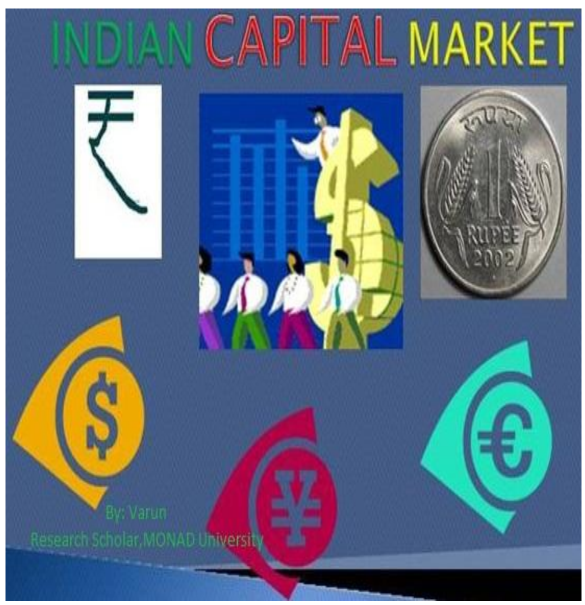
**Abstract:**
This Paper emphasizes the perception of investor for the capital markets as well as on the deep study of existence of the concept of "Capital Markets "in Indian Scenerio.Customer satisfaction is a measure of how products and services supplied by a company can meet the customer's expectations. Customer satisfaction is still one of the single strongest predictors of customer retention. It's considerably more expensive to attract new customers than it is to keep old ones happy. In a climate of decreasing brand loyalties, understanding customer service and measuring customer satisfaction are very crucial. With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company. Customer expectations are the customer-defined attributes of your product or service you must meet or exceed to achieve customer satisfaction.

**Keywords:Investor, investment, globalization, business, customer etc.**

* **Research Scholar, management department,monad university,hapurmonad university,hapur**

**INTRODUCTION**: The capital market is a vital of the financial system. Capital market provides the support of capitalism to the country. The wave of economic reforms initiated by the government has influenced the functioning and governance of the capital market. The Indian capital market is also undergoing structural transformation since liberalization. The chief aim of the reforms exercise is to improve market efficiency, make stock market transactions more transparent, curb unfair trade practices and to bring our financial markets up to international standards. Further, the consistent reforms in Indian capital market, especially in the secondary market resulting in modern technology and online trading have revolutionized the stock exchange. Capital market concerned with the industrial security market, government securities markets, and long term loan market. Capital market deals with long term loan market. It supplies long-term and medium term funds. It deals wit shares, stocks debentures and bonds. Security dealt in capital markets are long-term securities. It provides a market mechanism for those who have saving and to those who have saving and to those who need funds for productive investments. The capital market aids economic growth by mobiling the savings of the economic sector and directing the same towards channels of productive uses. Companies turn to them to raise funds needed to finance for the infrastructure facilities and corporate activities. The capital market is source of income for investors. When stock of other financial assets rise in value, investors become wealthier, often they spend some of this additional wealth boost sales and promoting economic growth. Stock value reflects investor reactions to government policy as well, if the government adopts policies that investors believe will hurt the economy and company profits, vice-versa. In the post-reform period, India stands as an economy that is rapidly – modernizing, globalizing and growing. India is poised as a fast growing emerging market economy in the face of the current turmoil and pessimism. The resilience shown by India comes from the strong macroeconomic fundamentals. The household sector is coming to prominence with impressive contribution in the national pool of savings. Rising investment levels and improved productivity are the engines driving growth. Indians have witnessed a doubling of average real per capital income growth during the tenth plan period. The government has progressed towards a fiscal correction. There has also been a sharp rise in net capital inflows. The strong institutional and macroeconomic policy framework in India is further complemented by the gains from trade and global financial integration.

**Definitions and Meaning of Capital Market**: The capital market is a place where people buy and sell securities. Securities in this sense is simply a bundle of rights sold to the public by companies, authorities or institutions on which people then trade in the capital market There are different types of securities or bundles of rights. These include shares, debentures, bonds, etc. There are two levels of the market. The primary market is the market where those wishing to raise funds from the stock market sell their securities to the public. The secondary market is where those who bought the securities in the Initial Public Offer (IPO) can sell them any time they wish. The reason why people buy securities from the primary market is because they have the assurance that there is a secondary market where they can sell those shares possibly at a profit.



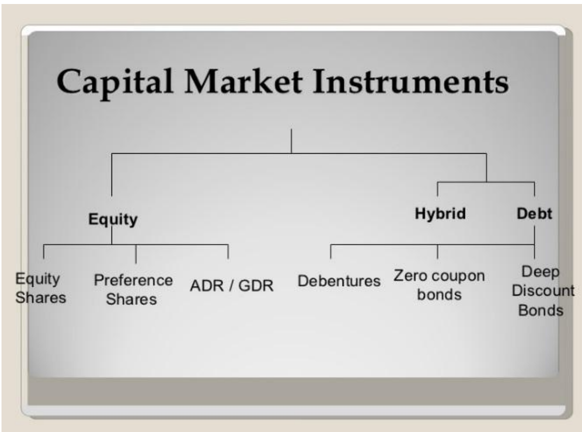

***(Indian Capital Market factors)***

The Capital Market Solicitors Association (CMSA) is a voluntary professional organization consisting of Law firms duly registered by the Securities and Exchange Commission (SEC) to act as Capital Market Operators in the capacity of solicitors. Some of the aims and objectives of the Association ranges from protection of the interest of its members, contributing to the policy and regulation process within the capital market. According to Arun K. Datta, The capital market may be define as " The capital market is a complex of institutions investment and practices wit established links between the demand for and supply of different types of capital gains". According to F. Livingston defined the capital market as "In a developing economy, it is the business of the capital market to facilitate the main stream of command over capital to the point of the highest yield. By doing so it enables control over resources to pass into hands of those who can employ them most effectively thereby increasing productive capacity and spelling the national dividend". Capital market defined as "The market for relatively long-term financial instruments. It consists of gilt edged market and the industrial securities market. The gilt edged market refers to the market for government and semi-government securities backed by the RBI. The securities traded in this market are stable in value and are much sought after by banks and other institutions.

**Capital market participants**:

The supply in this market comes from savings from different sectors of the economy. These savings accrue from the following sources:

1. Individuals.
2. Corporate.
3. Governments.
4. Foreign countries.
5. Banks.
6. Provident Funds.
7. Financial Institutions.



**History of Indian Capital Market:** Indian Stock Markets are one of the oldest in Asia. Its history dates back to nearly 200 years ago. The earliest records of security dealings in India are meager and obscure. The East India Company was the dominant institution in those days and business in its loan securities used to be transacted towards the close of the eighteenth century. The Indian capital markets and the stock market, in particular can be traced back to 1861 when the American Civil War began. The opening of the Suez Canal during the 1860s led to a tremendous increase in Exports to the United Kingdom and United States, Several companies were formed during this period and many banks came to the fore to handle the finances relating to these trades. With many of these registered under the British Companies Act, the Stock Exchange, Mumbai, came into existence in 1875. It was an unincorporated body of stockbrokers, which started doing business in the city under a banyan tree. Business was essentially confined to company owners and brokers, with very little interest evinced by the general public. There had been much fluctuation in the stock market on account of the American war and the battles in Europe. Sir Premchand Roychand remained a kingpin for many years.

**Indian Capital Market before Independence:** The Indian capital market was not properly developed before Independence. The growth of the industrial securities market was very much hampered since there were very few companies and the number of securities traded in the stock exchanges was still smaller. Most of the British enterprises in India looked to the London capital market for funds than to the Indian capital market. A large part of the capital market consisted of the gilt-edged marker for government and semi-government securities.

**Indian Capital Market after Independence:**Since Independence and particularly after 1951, the Indian capital market has been broadening significantly and the volume of saving and investment has shown steady improvement. All types of encouragement and tax relief exist in the country to promote savings. Besides, many steps have been taken to protect the interests of investors. A very important indicator of the growth of the capital market is the growth of joint stock companies or corporate enterprises. In 1951 there were about 28,500 companies both public limited and private limited companies with a paid-up capital of Rs. 775 crores. In the 1950s, Century Textiles, Tata Steel, Bombay Dyeing, National Rayon, and Kohinoor Mills were the favorite scripts of speculators. As speculation became rampant, the stock market came to know as the satta bazaar. The planning process started in India in 1951, with importance being given to the formation of institutions and markets Securities Contract Regulation Act 1956 became the parent regulation after the Indian Contract Act 1872, a basic law to be followed by security markets in India. To regulate the issue of share prices, Controller of Capital Issues Act (CCI) was passed in 1947. In the 1960-70s was characterized by was and droughts in the country with led to bearish trends. These trends were aggravated on forward trading its call badla, technically called ‘contracts for clearing’. Financial institutions such as LIC and GIC helped revive the sentiment by emerging as the most important group of investors. The markets have witnessed several golden times too. Retail investors began participating in the stock markets in a small way with the dilution of the FERA in 1978. Multinational companies, with operations in India, were forced to reduce foreign shareholding to below a certain percentage, which led to a compulsory sale of shares or issuance of fresh stock. Indian investors, who applied for these shares, encountered a real lottery because those were the days when the CCI decided the price at which the shares could be issued. There was no free pricing and their formula was very conservative.

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