

# A BIRD'S EYE VIEW OF THE CHANGING SCENARIO OF PROGRAMMES AND POLICIES IN THE INDIAN STOCK MARKET

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*Abstract - Capital market in India has undergone radical changes in recent times. Under the liberalization policies Indian stock market is forced to follow certain improvement policies so as to compete foreign mega based MNC's and venture capital of the units. National security exchange board and Stock exchange boards of India(SEBI) played a dominant role in regulating the activities of the capital market and also safe guarding the interest of the investors of the stock market. Under the threats of global melt down and financial crisis in all over the economies, Indian stock market is in a position to follow and introduce certain modification procedures and updating the functioning system of capital market with the proper policies and programs. In this context the role of NRI investors is appreciable under the control of FERA and FEMA acts. The author focuses in this paper the need for following improvement measures on Indian capital market with some policies and program measures.*

**Keywords:** Capital market– Challenges - Improvement – Issues - Policies and programs - Stock market - Trends

## **INTRODUCTION**

Most of the countries in the 21<sup>st</sup> century have faced a peculiar problem of economic distortion and global financial crisis. The global melt down of those countries are forced to revamp policies and programs which enhances productive oriented perspective analysis of future activities. In India, the economic doldrums and dilemma situation can be easily surpassed only with the strong base of Indian money market structure with a futile attempt of strong savings of the household. Each and every day the trend of stock market is subjected to soaring off in each and every moment with indefinite oscillating prices. The face values of particular stock of Indian companies are not able to predetermine. Most of the investors of the stock market are reluctant to face uncertain equities for their shares invested and they are also decided various changes in the turn over ratios, quick ratios and so on. The activities of stock in BEAR& BULL Market can alone determine future projections and its perspective analytical outlook. The nodal body of stock market in India says National stock exchange of India always acted as a watch dog in streamlining the overall trend of capital market.

## **INTERNATIONAL AND NATIONAL STATUS OF CAPITAL MARKET**

A capital market is essentially a framework in which individuals, organizations and governments with an abundance of assets move those assets to individuals, organizations and governments that have lack of assets. This exchange component gives an effective route to the individuals who wish to acquire or put away cash to do as such. For instance, each time somebody applies for a new line of credit to purchase a vehicle or a house, they are getting to the capital business sectors. Capital business sectors complete the alluring monetary capacity of guiding funding to profitable employments. Worldwide capital business sectors are a similar component however in the worldwide circle, where governments, organizations and individuals acquire and contribute across public limits. Notwithstanding the advantages and motivations behind a homegrown capital market, worldwide capital business sectors give the accompanying advantages higher returns and less expensive getting costs. These permit organizations and governments

to take advantage of unfamiliar business sectors and access new wellsprings of assets. Numerous homegrown business sectors are excessively little or excessively exorbitant for organizations to get in. By utilizing the global capital business sectors, organizations, governments and even people can acquire or put resources into different nations for either higher paces of return or lower getting costs. The worldwide capital business sectors permit people, organizations and governments to get to more freedom in various nations to acquire or contribute, which thus lessens hazard. The hypothesis is that not all business sectors will encounter constrictions simultaneously. The jobs of worldwide banks, speculation banks and protection firms have advanced in the previous few decades.

### **THEORETICAL BACKGROUND OF THE STUDY**

The Global Master Repurchase Agreement (the GMRA), mutually distributed by the Bond Markets Association (BMA) and the International Capital Markets Association (ICMA), is the market standard arrangement for archiving deal and repurchase exchanges (repos) and purchase/sell moves in the homegrown and cross-line field. While there were past types of GMRA (the primary form was distributed in November 1992 and the latest before the 2000 adaptation was distributed in 1995), the 2000 variant has supplanted those previous renditions. The 1995 rendition is as yet utilized, yet critical upgrades in the 2000 adaptation have brought about the last being the favored decision for most of new exchanging connections.

### **REVIEW OF THE LITERATURE**

**Ramaswami.K (2015)** evaluated the relationship among book esteems, profit, profit and market cost of offer, effect of extra issues, and effect of security trick on value return. With that in mind, the writer utilized day by day share cost of 30 organizations remembered for the development of BSE touchy record, every day information of BSE and NSE composite list, yearly information on BV per share market cost per offer, EPS and DPS and information on reward issue made, during the time of study, the specialist utilized connection, relapse and recurrence dissemination for deciphering information **Sharma and Robert E. Kennedy (1977)** tried the materialness of arbitrary walk theory to the financial exchange in non-industrial nation in particular India and contrast this with that of securities exchanges in created nations specifically USA and England. At this reason the cost conduct of Bombay stock trade is genuinely inspected both for hazardless and freedom. The test at irregular walk theory covers 132 month to month perceptions for each securities exchange record of regular stock recorded in Bombay trade for a long time from 1968-1973. The investigation shows that value reliance while genuinely huge, is equivalently little in the non-industrial nations. In view of the test, it is obvious that the Bombay stock trade stock complies with an arbitrary walk and is comparable to created nations stock trade.

### **NEED AND SIGNIFICANCE OF THE STUDY**

After the nationalization of business banks, there has been a consistent development in both farming and mechanical account. Certain new monetary foundations have been made in the country, for example, NABARD, EXIM Bank, SIDBI, and so on, which were answerable for giving assets to the capital market. In the current advancement banks, certain operational changes were made, which empowered them to fund more modern movement in the country. Shared assets, begun in both public and private area banks have additionally improved the working of capital market in India. Capital markets give a proficient instrument to individuals, organizations and governments with a larger number of assets than they need to move those assets to individuals, organizations, or governments who have deficiency of assets. The worldwide value and security markets have extended dramatically in ongoing many years. This extension has been fuelled by the development of creating markets, the drive to privatize, the rise of worldwide monetary forces to be reckoned with including speculation banks and innovation headways. The worldwide security market comprises of significant classes of securities including unfamiliar securities, Eurobonds, and worldwide securities all of which assist organizations with acquiring assets to contribute and develop their worldwide organizations. A different report is required for the presentation of specific projects and strategies which would upgrade financial exchange in future is the need of great importance today.

### **STATEMENT OF THE PROBLEM**

A stock exchange is an exchange (or bourse) where stockbrokers and vendors can buy and sell shares (esteem stock), bonds, and various securities. Various gigantic associations have their stocks recorded on a stock exchange. This makes the stock more liquid and thusly more appealing to various monetary supporters. The exchange may in like manner go probably as a financier of settlement. These and various stocks may similarly be traded “over the counter” (OTC), that is, through a dealer. Some gigantic associations will have their stock recorded on more than one exchange different countries, to pull in overall monetary supporters. Stock exchanges may similarly cover various types of insurances, for instance, fixed-premium assurances (protections) or (less intermittently) subordinates, which will undoubtedly be traded OTC. An exchange monetary trade infers the trade (as a trade-off for money) of a stock or security from a seller to a buyer. This requires these two get-togethers to yield to an expense. Qualities (stocks or offers) give a belonging premium in a particular organization. Members in the monetary trade range from minimal individual stock monetary sponsor to greater monetary supporters, who can be founded wherever on the planet, and may join banks, protection organizations, benefits resources and common assets. Their buy or sell solicitations may be executed for their advantage by a stock exchange merchant. A few exchanges are genuine zones where trades are done on a trading floor, by a strategy known as open commotion. This method is used in some stock exchanges and products exchanges, and incorporates traders hollering offer and offer expenses. The other kind of stock exchange has an association of PCs where trades are made electronically. A representation of such an exchange is the NASDAQ. Hence the present research embodies on “A BIRD’S EYE VIEW OF THE CHANGING SCENARIO OF PROGRAMMES AND POLICIES IN THE INDIAN STOCK MARKET”.

### **SCOPE AND SIGNIFICANCE OF THE STUDY**

A deliberate attempt is made by the researcher to deal the significance and scope of the research problem. In order to judge their validity and reliability of the any research scope alone determines its efficacy. The present research is having vast scope and immense importance of analyzing the significance of the policies and programs introduced in the stock market in India and also projects the future trends and changes which will be emancipating in future. Though it is a micro level study it is very useful for further researchers to widen the narrow scope and definitely solve the problem of research gap and existences involved so far no attempt has been made in this particular angle and many more research paper have been made in the related area. It is a best tool in the hands of further researchers to formulate their problem setting and testing of hypotheses in a significant manner.

### **OBJECTIVES**

This research mainly attempted to find out the following important aims and objectives:

- ❖ To deal the matters pertaining to the recent changes occurred in the stock market and challenges and issues.
- ❖ To study the need for introducing certain policy measures and programs for the betterment of the stock market.
- ❖ To analyze the various risk and challenges encountered in this task.
- ❖ To understand the need for the introduction of recent policy measures in this market.
- ❖ To explore further possible avenues of latest policy measures introduced in future.

### **HYPOTHESES**

Having the broad objectives in the mind the researcher formulated certain hypotheses for the study purpose.

- The role of SEBI and NSE in regulating stock market is indispensable.
- There is a significant association between the economic and price fluctuation of the stocks in the capital market.

- There is a perfect positive correlation between the psychology of the investor's and rate of dividends and returns of the stocks.

### RESEARCH QUESTIONS

The researchers raised some important questions

- ✓ What are the necessary conditions needed for the introduction of Improvement programs in stock market?
- ✓ Under what angle policy measures are to be streamlined and how to monitor it?
- ✓ Why projection of the stock market trends is needed?
- ✓ How to eliminate the problems and challenges involved in improving stock market?

### METHODOLOGY

Methodology followed in this research is a generalized descriptive method. Primary data have been gathered from the investors of stocks and their psychological attitudes about the need for investing in a particular company's capita venture, similarly secondary data have been gathered from the annual reports of SEBI, NSE, NASDAQ and also CMIE. Important information pertaining to study was gathered from the working papers of the capital market in India and also GOI reports in various years and the Ministry of Commerce and Industry for a specific period.

### MAJOR FINDINGS

In an exceptionally serious industry with continually developing guidelines, it has gotten essential for organizations to digitize their organizations to the greatest degree. The arising innovations hold potential to disturb different parts of the capital market sectors patterns; thus they should be used for guaranteeing profitability and better finances. The needs of the capital market partners have advanced with time, as information examination and security are presently acquiring significance.

In the period of digitization, data is cash.

#### ▪ *Advancing more private area banks:*

Opening of more private area banks has brought about the public adding to the portions of these banks in Indian capital Market. As of late, the public authority has declared 74% value investment by outsiders in private area banks in India. This has advanced new banks as well as prepared for the consolidation of existing manages an account with different banks. Model: The consolidation of Bank of Madura with ICICI Bank.

### GROWTH IN OUTSTANDING STOCK OF THE INDIAN CAPITAL MARKETS



Source: RBI and SEBI (Securities and Exchange Board of India)

▪ ***Advancement of Mutual Funds***

The advancement of shared assets by nationalized just as non-nationalized banks has additionally improved the Indian capital market. They were useful to the general population via charge saving plans. Model: UTI's month to month pay conspire. Shared Funds advanced by nationalized banks have expanded ventures. SEBI has directed the working of shared assets and the banks need to distribute their net resource esteem each week by outfitting the subtleties in driving papers. As of now, the state of a portion of the common assets is disturbing, with the estimation of their venture going underneath the assumed worth of the protections.

▪ ***Guideline of NRI Investments***

The Amendment of Foreign Exchange Regulation Act (FERA) into Foreign Exchange Management Act (FEMA) has given greater consolation to non inhabitant financial backers. The level of NRI interest in Indian organizations has been expanded from 5% to 24%. In the year 1991, India confronted an intense lack of unfamiliar trade and the at that point account serve embraced certain techniques to improve the unfamiliar trade holds. The lock-in time of NRIs in value partakes in Indian organizations has been decreased from 3 years to 1 year. Any benefit procured while weakening the offers will pull in 20% expense on benefit.

▪ ***FERA Companies***

Under the Foreign Exchange Regulation Act, a FERA organization is one which has 40% value supports by outsiders. This breaking point has been eliminated and now even unfamiliar organizations are permitted to have 51% value cooperation. The FERA Act has since been altered and is currently known as Foreign Exchange Management Act (FEMA).

▪ ***Internet Trading in Indian Capital Market***

A portion of the main financial exchanges in India have presented PC framework for their exchanging exercises. The representatives can get snared and do their exchanging on Online premise. The work stations will empower the general population and the specialists to realize the cost winning in the market. This will forestall theory exercises.

▪ ***Market Makers in Indian Capital Market***

The offer cost of organizations will be chosen by the market influences of organic market. There are market creators who will guarantee the inventory and sensible cost for the supplies of organizations. By the presentation of these market producers, control of offer cost by the merchants is forestalled.

▪ ***Protections and Exchange Board of India***

The making of Securities and Exchange Board of India (SEBI) is a significant improvement in Indian capital market of India. SEBI has supplanted the Controller of Capital issues, yet has acquired consistency in the exchanges in every stock trade.

▪ ***Instructing Public***

Press and media have contributed a great deal in promoting the Indian capital market and they are featuring the costs of protections ordinary. The common assets and vendor banks have been approached to separate a bit of their assets towards teaching general society on the advancements in the Indian capital market.

▪ ***Government Securities Market***

After the stock trick, the Central Government has de-connected Government protections from exchanging alongside organization protections. At the end of the day, there will be independent market for Government protections and they won't be managed organization protections in the stock market. The measure was taken by Dr.Manmohan Singh when he was the Finance Minister.

**SUGGESTIVE RECOMMENDATIONS**

The researchers strongly recommended the following suggestions

- A separate statutory body is needed for streamlining the growth and regulating the day today current affairs.
- The brokers and other intermediary roles have been minimized.
- Existing market shares, dividends, equities and the distribution of returns must be made more assessable.
- The existing FEMA & FERA act must be subjected to change in the lines of FDI.
- Attractive packages must be shown to NRI and FII.
- Measures must be taken to attract foreign capital or direct investments in the Maharatna sectors.
- Ceiling on foreign investments on government owned public sectors must go and there is no limit for financial quanta.
- To keep the pace with foreign capital and concessions to foreign investors must be made more liberal and existing formalities in share market must be liberalized.
- To satisfy the domestic investors certain type of tax concession may be given which will tend to induce more and more capital deepened into the Indian stock market.

#### **WAY FORWARD**

To make the praise worth of the Indian stock market and its recent changes the finance ministry and ministry of commerce and industry must come forward to arrange a convention meet on every six months to alleviate the problems and challenges involved which are unpredictable in nature. The Indian government must take one more step to anomalies the existing draw backs in the stock markets by suitable promulgated measures.

#### **CONCLUDING OBSERVATIONS**

Stock market and its trend in recent times have been undergone radical changes. Owing to the stiff competition from the foreign money market and also woes and problems of FII the Government must clearly designated and announce separate stock policies to improve the existing policies. It is very interesting to note that the above mentioned programs and policies in the stock market would definitely lead to a formidable position in the international arena there is no doubt that India emerging as a more powerful nation and having a best ray of hope in future in the minds of foreign as well as domestic investors in the stock market. The monetary progression has prompted more liberation, advancement and privatization of a portion of the public area endeavors in India. This has brought about the portions of a portion of the public area endeavors being disclosed accessible. The industrial arrangement received by the public authority prior didn't permit interest in center area by either people or private area. Be that as it may, with the privatization of a portion of the public area endeavors, the offers are presently accessible to the general population for commitment.

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