

A STUDY ON CAPITAL MARKET AT NEWS INDIA TODAY

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ABSTRACT:

Indian capital markets have witnessed radical transformation during the short period of a decade. There is hardly any country in the world which has witnessed such massive changes in its capital market during such a short period. The main objective of the study what exactly are qualities market all about and to find out trading mechanism and procedures used in settlement of trades.

To study about the recognized capital exchanges and their workings. The study is based on both primary and secondary data and examines the trading mechanism in capital market. The results are drawn mainly from secondary data collected. Largely depending on secondary data i.e., gather the data from various books and websites.. This study is an attempt to gain bird's eye view on functioning of equities market. Analysis part of the study is restricted to trends in manufacturing sector with respect to up and downs in stock indices.

The Indian financial market has been largely depending upon foreign investments. Movement in the Sensex resulting positively fluctuate the share prices of many companies. Sensex has fallen historically in middle of the January 2019 which is resulting from the fluctuations in the world financial market. The Indian financial sector has been largely depending upon Foreign Investments. I conclude by observing that as India got integrated with world economy.

INTRODUCTION

Capital markets in the United States provide the lifeblood of capitalism. Companies turn to them to raise funds needed to finance the building of factories, office buildings, airplanes, trains, ships, telephone lines, and other assets; to conduct research and development; and to support a host of other essential corporate activities. Much of the money comes from such major institutions as pension funds, insurance companies, banks, foundations, and colleges and universities. Increasingly, it comes from individuals as well. As noted in chapter 3, more than 40 percent of U.S. families owned common stock in the mid- Very few investors would be willing to buy shares in a company unless they knew they could sell them later if they needed the funds for some other purpose, The stock market and other capital market allow investors to buy and sell stocks continuously.

The markets play several other roles in the American economy as well. They are a source of income for investors. When stocks or other financial assets rise in value, investors become wealthier; often they spend some of this additional wealth, bolstering sales and promoting economic growth. Moreover, because investors buy and sell shares daily on the basis of their expectations for how profitable companies will be in the future, stock prices provide instant feedback to corporate executives about how investors judge their performance.

Stock values reflect investor reactions to government policy as well. If the government adopts policies that investors believe will hurt the economy and company profits, the market declines; if investors believe policies will help the economy, the market rises. Critics have sometimes suggested that American investors focus too much on short-term profits; often, these analysts say, companies or policy-makers are discouraged from taking steps that will prove beneficial in the long run because they may require short-term adjustments that will depress stock prices. Because the market reflects the sum of millions of decisions by millions of investors, there is no good way to test this theory.

In any event, Americans pride themselves on the efficiency of their stock market and other capital markets, which enable vast numbers of sellers and buyers to engage in millions of transactions each day. These markets owe their success in part to computers, but they also depend on tradition and trust – the trust of one broker for another and the trust of both in the good faith of the customers they represent to deliver securities after a sale or to pay for purchases. Occasionally, this trust is abused. But during the last half century, the federal government has played an increasingly important role in ensuring honest and equitable dealing. As a result, markets have thrived as continuing sources of investment funds that keep the economy growing and as devices for letting many Americans share in the nation's wealth.

REVIEW OF LITERATURE

There has been a wide range of studies concerning financial sector reforms in general, and capital market reforms in particular, since mid 1980s in India. This section highlights certain important studies that are context relevant. Several studies such as **Sahni (1985), Kothari (1986), Mookerjee (1988), Lal (1990), Chandra (1990), Francis (1991), Ramesh Gupta (1991, 1992), Raghunathan (1991), Varma (1991), Gupta (1992) and Sinha (1993)** comment upon the Indian capital market in general and trading systems in the stock exchanges in particular and suggest that the systems therein are rather antiquated and inefficient, and suffer from major weakness and malpractices. According to most of these studies, significant reforms are required if the stock exchanges are to be geared up to the envisaged growth in the Indian capital market.

Grewal S.S and Navjot Grewal (1984) revealed some basic investment rules and rules for selling shares. They warned the investors not to buy unlisted shares, as Stock Exchanges do not permit trading in unlisted shares. Another rule that they specify is not to buy inactive shares, i.e., shares in which transactions take place rarely. The main reason why shares are inactive is because there are no buyers for them. They are

mostly shares of companies, which are not doing well. A third rule according to them is not to buy shares in closely-held companies because these shares tend to be less active than those of widely held once since they have a fewer number of shareholders. They caution not to hold the shares for a long period, expecting a high price, but to sell whenever one earns a reasonable reward.

Jack Clark Francis (1986) revealed the importance of the rate of return in investments and reviewed the possibility of default and bankruptcy risk. He opined that in an uncertain world, investors cannot predict exactly what rate of return an investment will yield. However he suggested that the investors can formulate a probability distribution of the possible rates of return. He also opined that an investor who purchases corporate securities must face the possibility of default and bankruptcy by the issuer. Financial analysts can foresee bankruptcy. He disclosed some easily observable warnings of a firm's failure, which could be noticed by the Investors to avoid such a risk.

Preethi Singh (1986) disclosed the basic rules for selecting the company to invest in. She opined that understanding and measuring return and risk is fundamental to the investment process. According to other, most investors are 'risk averse'. To have a higher return the Investor has to face greater risks. She concludes that risk is fundamental to the process of investment. Every investor should have an carefully analyses the financial statements with special reference to solvency, profitability, EPS, understanding of the various pitfalls of investments. The investor should and efficiency of the company.

David.L.Scott and William Edward (1990) reviewed the important risks of owning common stocks and the ways to minimize these risks. They commented that the severity of financial risk depends on how heavily a business relies on debt. Financial risk is relatively easy to minimize if an investor sticks to the common stocks of companies that employ small amounts of debt. They registered that a relatively easy way to ensure some degree of liquidity is to restrict investment in stocks having a history of adequate trading volume. Investors concerned about business risk can produce it by selecting common stocks of firms that are diversified in several unrelated industries.

Nabhi Kumar Jain (1992) specified certain tips for buying shares for holding and also for selling shares. He advised the investors to buy shares of a growing company of a growing industry. Buy shares by diversifying in a number of growth companies operating in a different but equally fast growing sector of the economy. He suggested selling the shares the moment company has or almost reached the peak of its growth. Also, sell the shares realize you have made a mistake in the initial selection of the shares. The only option to decide when to buy and sell high priced shares is to identify the individual merit or demerit of each of the shares in the portfolio and arrive at a decision.

Carter Randal (1992) offered to investors the underlying principles of winning on the stock market. He emphasized on long-term vision and a plan to reach the goals. He advised the investors that to be successful, they should never be pessimists. He revealed that though there has been a major economic crisis almost

every year, it remains true that patient investors have consistently made money in the equities market. He concluded that investing in the stock market should be an un-emotional Endeavour and suggested that investors should own a stock if they believe it would perform well.

Yasaswy N.J. (1993) disclosed how 'turnaround stocks' offer big profits to bold investors and also the risks involved in investing in such stocks. Turnaround stocks are stocks with extraordinary potential and are relatively under priced at a given point of time. He also revealed that when the economy is in recession and the fundamentals are weak, the stock market, being a barometer of the economy, also tends to be depressed. A depressed stock market is an ideal hunting ground for 'bargain hunters', who are aggressive investors. Sooner or later recovery takes place which may take a very long time. He concluded that the investors' watch work is 'caution' as he may lose if the turnaround strategy does not work out as anticipated.

RESULTS AND DISCUSSION

NEWTODAY PVT LTD

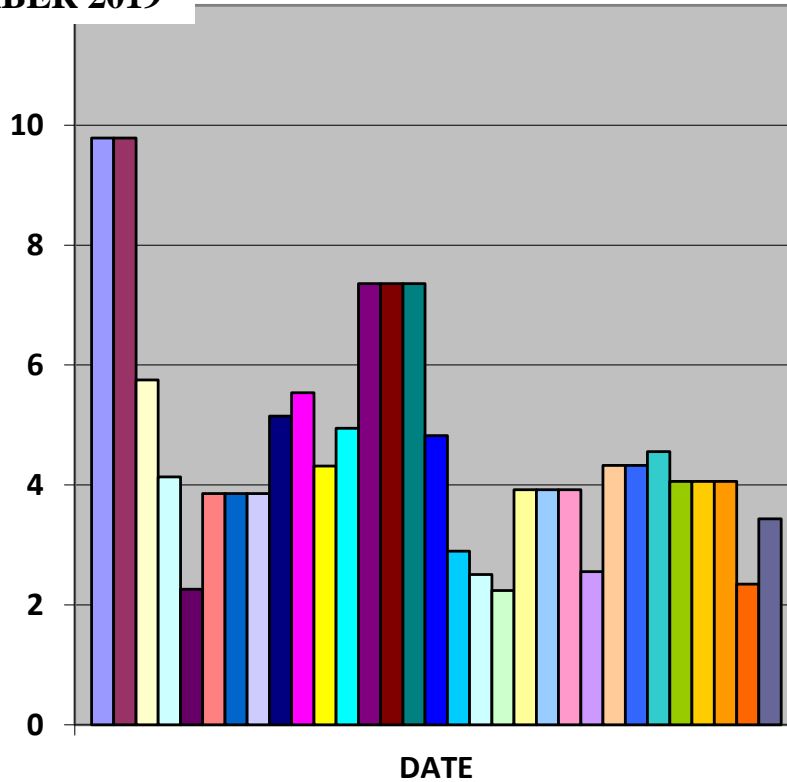
TABLE-1

DECEMBER 2019

Date	Open	High	Low	Close	Adj Close	Volume
01-12-2019	292.5	309	271.45	304.15	298.7787	9.786
02-12-2019	292.5	309	271.45	304.15	298.7787	9.786
03-12-2019	306.05	312	284	290.85	285.7136	5.751
04-12-2019	291	297.95	282.3	288.2	283.1104	4.136
05-12-2019	289.35	294.25	283	285.1	280.0651	2.259
06-12-2019	287.9	295.2	270.15	272.45	267.6386	3.859
07-12-2019	287.9	295.2	270.15	272.45	267.6386	3.859
08-12-2019	287.9	295.2	270.15	272.45	267.6386	3.859
09-12-2019	275	277.2	254	258.95	254.377	5.148
10-12-2019	261	277.6	259.3	269.7	264.9371	5.539
11-12-2019	278	278.5	255.2	268.35	263.6109	4.317
12-12-2019	273	295.55	265.1	291.25	286.1065	4.948
13-12-2019	293	315.4	292.1	309.05	303.5922	7.360
14-12-2019	293	315.4	292.1	309.05	303.5922	7.360
15-12-2019	293	315.4	292.1	309.05	303.5922	7.360
16-12-2019	313	319.7	303.6	309.75	304.2798	4.823
17-12-2019	313	314.8	303.25	305.05	299.6628	2.898
18-12-2019	305	308.4	297.5	302.25	296.9123	2.507
19-12-2019	304.1	305.8	292.15	293.85	288.6606	2.239
20-12-2019	292.85	306.5	288.75	299.35	294.0635	3.919
21-12-2019	292.85	306.5	288.75	299.35	294.0635	3.919
22-12-2019	292.85	306.5	288.75	299.35	294.0635	3.919
23-12-2019	300	306.5	293.25	295.9	290.6744	2.555
24-12-2019	296.9	313.5	296.25	310.05	304.5745	4.325

25-12-2019	296.9	313.5	296.25	310.05	304.5745	4.325
26-12-2019	312	319.8	293.7	297.15	291.9023	4.557
27-12-2019	297.9	307.4	294.3	301	295.6843	4.058
28-12-2019	297.9	307.4	294.3	301	295.6843	4.058
29-12-2019	297.9	307.4	294.3	301	295.6843	4.058
30-12-2019	301.95	309.3	300	306.85	301.431	2.346
31-12-2019	306.85	316.9	305.4	313.2	307.6689	3.437

**GRAPH-1
 DECEMBER 2019**

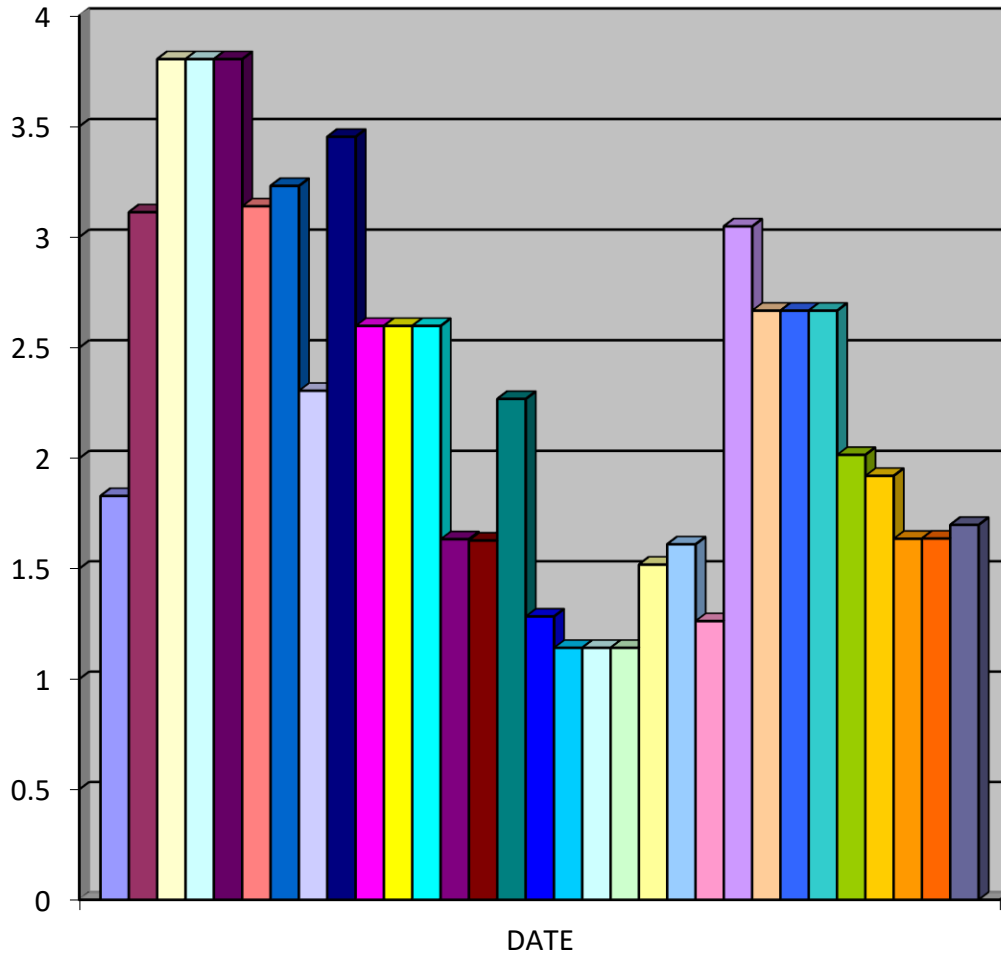


INTERPRETATION

On 4th December total volume has fallen from 9.786 to 4.136 and again raised to 7.360 on 14th of December. Then coming to the average growth of total volumes of NEWSTODAY PVT LTD in December is 4.622 which is abnormal. Total volume decline in the month of December is 35.122%. rapid fall in total volume is not good sign of growth of a company.

TABLE-2
JANUARY 2020

Date	Open	High	Low	Close	Adj Close	Volume
01-01-2020	315	318.3	310.65	312.7	307.1777	1.829
02-01-2020	314	328.6	310.3	325.15	319.4078	3.112
03-01-2020	325.5	335.8	321.05	329.6	323.7793	3.804
04-01-2020	325.5	335.8	321.05	329.6	323.7793	3.804
05-01-2020	325.5	335.8	321.05	329.6	323.7793	3.804
06-01-2020	326	327.15	301.2	304.4	299.0243	3.139
07-01-2020	310.25	317.4	303.55	308.2	302.7572	3.231
08-01-2020	300	313	297.35	310.1	304.6236	2.305
09-01-2020	320	332.8	317	322.7	317.0011	3.453
10-01-2020	323	327.7	312.7	314.1	308.553	2.598
11-01-2020	323	327.7	312.7	314.1	308.553	2.598
12-01-2020	323	327.7	312.7	314.1	308.553	2.598
13-01-2020	316	319	308.75	313.5	307.9636	1.633
14-01-2020	315.45	316.75	306.15	307.35	301.9222	1.627
15-01-2020	308	316.45	301.6	311.45	305.9498	2.268
16-01-2020	312.4	314.5	306.2	307.5	302.0696	1.283
17-01-2020	306.4	311	303.15	304.65	299.2699	1.141
18-01-2020	306.4	311	303.15	304.65	299.2699	1.141
19-01-2020	306.4	311	303.15	304.65	299.2699	1.141
20-01-2020	306.65	307.85	292.5	294.4	289.2009	1.518
21-01-2020	292.8	305.8	291.55	301.15	295.8317	1.610
22-01-2020	305.3	305.95	295	296.3	291.0673	1.262
23-01-2020	296.65	317.6	296.6	312.1	306.5883	3.048
24-01-2020	319.95	326.4	316.6	322.6	316.9029	2.667
25-01-2020	319.95	326.4	316.6	322.6	316.9029	2.667
26-01-2020	319.95	326.4	316.6	322.6	316.9029	2.667
27-01-2020	318.3	329.7	317.05	322.95	317.2467	2.015
28-01-2020	325	331.2	317.6	320.2	314.5453	1.920
29-01-2020	324.8	328.4	313.7	315.15	309.5844	1.635
30-01-2020	317	318.5	304.75	307.95	302.5116	1.636
31-01-2020	311.9	314	304.5	306.4	300.989	1.698



INTERPRETATION

On 5th January total volume has raised from 1.829 to 3.804 and again fallen to 1.627 on 14th of January Then coming to the average growth of total volumes of NEWSTODAY PVT LTD in January is 2.286 which is less than the last month. Total volume decreased in the month of January is 97%. decrease in total volume is not good sign of growth of a company.

CONCLUSION

The comprehensive study of capital market instrument at Inter Connected stock exchange has been an enlightening experience stressing on the positive aspects on Dematerialization. And settlement of shares, derivative market and capital instruments has done in whole lot of good to the issuer, investor companies and country. The depository systems has reduced the lag in delivery and settlement securities but also supported the cause of providing more liquidity to the security holder, the need for setting up of a depository paper less trading. Through online trading system and settlement became inevitable and unavoidable for the smooth and the efficient functioning of the capital market. This system has proved its worthiness by increasing in the speed of transactions Within T+3 days which are earlier T+5 days. Now there is a proposal that the settlement will be done within T+1days in near Future which is in it an indication of a boon in the system of demat and capital market instruments. It has been fairly long since derivative trading started off on the Indian Indexes.

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