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RESEARCH ARTICLE

Role of Brokers/Institutional Investors to Induce Investment in Indian Stock Markets

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Abstract

In this research paper study is conducted on how to induce investment in stock markets. It has been observed that the investors invest on regular basis in stock market, this research tried to find the reasons why rest of the population is not investing. The purpose of this study is to access the factors which resist common man in India from investing in stock market and ways to overcome such hesitations. There seem to be good theoretical as well as empirical reasons to believe that investor sentiment, also referred to as fads and fashions, affects stock prices.
Some of the factors which most affect the decision of investors to invest in stock market have been studied. The research is on the role of brokers to induce investment in the Indian stock markets and it studied the changes required with respect to brokers so that percentage of investors increases.
So, the study of all these factors has been done in detail and tried to find out how these factors are dealt by brokers to increase the investment in stock markets by retail investors.

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INTRODUCTION

The stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. The stock market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often accompany a high-paying career.
A well organized and well regulated capital market facilitates sustainable development of the economy. The Indian stock market is the engines that drive the vehicle of Indian economy by generating much capital needed. The Indian stock market is one of the most developed markets in the world.

Stock Markets in India.

National Stock Exchange (Nifty)

The National Stock Exchange of India was incorporated in 1992 and recognized as a stock exchange in 1993, at a time when PV Narasimha Rao was the Prime Minister of India and Dr. Manmohan Singh was the finance minister. It was set up to bring in transparency in the markets. Promoted by leading financial institutions essentially led by IDBI at the behest of the Government of India, it was incorporated in November 1992 as a tax-paying company. In April 1993, it was recognized as a stock exchange under the Securities Contracts (Regulation) Act, 1956. NSE commenced operations in the Wholesale Debt Market (WDM) segment in June 1994. The Capital market (Equities) segment of the NSE commenced operations in November 1994, while operations in the Derivatives segment commenced in June 2000.
The National Stock Exchange (NSE) is India's leading stock exchange covering various cities and towns across the country. NSE was set up by leading institutions to provide a modern, fully automated screen-based trading system with national reach. The Exchange has brought about unparalleled transparency, speed & efficiency, safety and

market integrity. It has set up facilities that serve as a model for the securities industry in terms of systems, practices and procedures.

NSE has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes. The market today uses state-of-art information technology to provide an efficient and transparent trading, clearing and settlement mechanism, and has witnessed several innovations in products & services viz. demutualization of stock exchange governance, screen based trading, compression of settlement cycles, dematerialization and electronic transfer of securities, securities lending and borrowing, professionalization of trading members, fine-tuned risk management systems, emergence of clearing corporations to assume counterparty risks, market of debt and derivative instruments and intensive use of information technology.

The National Stock Exchange (NSE) changed the way the Indian markets functioned, in the early nineties, by replacing floor-based trading with nationwide screen based electronic trading, which took trading to the doorstep of the investor. The exchange was mainly set up to bring in transparency in the markets. Instead of trading membership being confined to a group of brokers, the NSE ensured that anyone who was qualified, experienced and met minimum financial requirements was allowed to trade. In this context, the NSE was ahead of its times, when it separated ownership and management in the exchange under SEBI's supervision. The price information which could earlier be accessed only by a handful of people could now be seen by a client in a remote location with the same ease. The paper based settlement was replaced by electronic depository based accounts and settlement of trades was always done on time. One of the most critical changes was that a robust risk management system was set in place, so that settlement guarantees could protect investors against broker defaults.

Bombay Stock Exchange

Established in 1875, BSE Ltd. (formerly known as Bombay Stock Exchange Ltd.), is Asia's first Stock Exchange and one of India's leading exchange groups. Over the past 140 years, BSE has facilitated the growth of the Indian corporate sector by providing it an efficient capital-raising platform. Popularly known as BSE, the bourse was established as "The Native Share & Stock Brokers' Association" in 1875. BSE is a corporatized and demutualised entity, with a broad shareholder-base which includes two leading global exchanges, Deutsche Bourse and Singapore Exchange as strategic partners. BSE provides an efficient and transparent market for trading in equity, debt instruments, derivatives, mutual funds. It also has a platform for trading in equities of small-and-medium enterprises (SME).

More than 5500 companies are listed on BSE making it world's No. 1 exchange in terms of listed members. The companies listed on BSE Ltd command a total market capitalization of USD 1.68 Trillion as of March 2015. It is also one of the world's leading exchanges (5th largest in March 2015) for Index options trading (Source: World Federation of Exchanges).

BSE also provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE systems and processes are designed to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments. BSE is the first exchange in India and second in the world to obtain an ISO 9001:2000 certification. It is also the first Exchange in the country and second in the world to receive Information Security Management System Standard BS 7799-2-2002 certification for its On-Line trading System (BOLT). It operates one of the most respected capital market educational institutes in the country (the BSE Institute Ltd.). BSE also provides depository services through its Central Depository Services Ltd. (CDSL) arm.

BSE's popular equity index - the S&P BSE SENSEX - is India's most widely tracked stock market benchmark index. It is traded internationally on the EUREX as well as leading exchanges of the BRCS nations (Brazil, Russia, China and South Africa).

New York Stock Exchange, USA

The origin of the NYSE can be traced to May 17, 1792, when the Buttonwood Agreement was signed by 24stockbrokers outside of 68 Wall Street in New York under a buttonwood tree on Wall Street. On March 8, 1817, the organization drafted a constitution and renamed itself the "New York Stock & Exchange Board".Anthony Stockholm was elected the Exchange's first president.

The last central location of the Exchange was a room, rented in 1792 for $200 a month, located at 40 Wall Street. After that location was destroyed in the Great Fire of New York in 1835, the Exchange moved to a temporary headquarters. In 1863, the New York Stock & Exchange Board changed to its current name, the New York Stock Exchange. In 1865, the Exchange moved to 10–12 Broad Street.

A stock exchange based in New York City, which is considered the largest equities-based exchange in the world based on total market capitalization of its listed securities. Formerly run as a private organization, the NYSE became a public entity in 2005 following the acquisition of electronic trading exchange Archipelago. The parent company of the New York Stock Exchange is now called NYSE Euronext, following a merger with the European exchange in 2007.

Also known as the "Big Board", the NYSE relied for many years on floor trading only, using the open outcry system. Today, more than half of all NYSE trades are conducted electronically, although floor traders are still used to set pricing and deal in high volume institutional trading.

The Company’s exchanges located in Europe and the United States trade equities, futures, options, fixed-income, and exchange-traded products. With approximately 8,000 listed issues (excluding European Structured Products) from more than 55 countries, NYSE Euronext's equities markets—the New York Stock Exchange, NYSE Euronext, NYSE MKT, NYSE Alternext and NYSE Arca—represent one-third of the world's equities trading and the most liquidity of any global exchange group. NYSE Euronext also operates NYSE Liffe, a leading European derivatives business and the world's second-largest derivatives business by value of trading, and NYSE Liffe U.S., which is a global, multi-asset class futures exchange. The U.S. Derivatives Clearing Organization, The New York Portfolio Clearing, LLC (a joint venture of DTCC and NYSE Euronext) delivers unique capital efficiencies to the market.

NYSE Euronext began trading publicly on March 8, 2006 under the NYX ticker. The historic combination of the NYSE Group and Euronext in 2007 created the first truly global exchange group, and brought together major marketplaces across Europe and the United States, whose histories stretch back more than four centuries, including the New York Stock Exchange which was formed with the signing of the Buttonwood Agreement in 1792. NYSE Euronext is represented in the S&P 500 index, and is the only exchange operator in the Fortune 500.

Hang Seng Index, Hong Kong

The Hang Seng Index (abbreviated: HSI, traditional Chinese:) is a freefloat-adjusted market capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. These 45 companies represent about 67% of capitalization of the Hong Kong Stock Exchange.

HSI was started on November 24, 1969, and is currently compiled and maintained by HSI Services Limited, which is a wholly owned subsidiary of Hang Seng Bank, the largest bank registered and listed in Hong Kong in terms of market capitalisation. It is responsible for compiling, publishing and managing the Hang Seng Index and a range of other stock indexes, such as Hang Seng China AH Index Series, Hang Seng China Enterprises Index, Hang Seng China H-Financials Index, Hang Seng Composite Index Series, Hang SengFreefloat Index Series and Hang Seng Total Return Index Series.

Hang SengIndexes Company Limited (Hang Seng Indexes), a wholly -owned subsidiary of Hang Seng Bank, was established in 1984 and is Hong Kong's leading index compiler covering Hong Kong and mainland China markets.

Nikkei Stock Exchange, Tokyo.

The NIKKEI Stock Average is Japan’s widely watched index of stock market activity and has been calculated continuously since September 7, 1950. (Before that date, the Tokyo Stock Exchange calculated the Tokyo Stock Exchange Adjusted Average Stock Price, so index-based measurement of the market actually goes back to May 16, 1949).

The current calculation method, called the Dow Jones method, has been used since 1950. The 225 components of the NIKKEI Stock Average are among the most actively traded issues on the first section of the TSE. The index reflects the ex-rights-adjusted average stock price.

Since the NIKKEI Stock Average is expected to represent the performance of stocks on the first section – and by extension the market in general – the mix of components has been rebalanced from time to time to assure that all issues in the index are both highly liquid and representative of Japan’s industrial structure.

The previous round of rule changes governing deletion and addition of components took place in October 1991. The revisions mandated replacement of issues whose trading volumes had declined considerably with high liquidity alternatives, with all an eye to maintaining a lanced representation by the various industrial sectors. Japan’s economic and industrial environment has changed rapidly over the past 10 years and activity in the stock market has reflected this.

In recent years, the pace of change has accelerated. Notably, an entirely new industry has emerged around information technology (IT). During this period of change, Japan has been suffering through a protracted recession characterized by sluggish capital investment and weak consumer spending.

The Nikkei Stock Average has now come to play a much larger role than simply measuring the market level and reflecting trends. Use of the average as a base for futures and other index-linked derivatives, for example, is just one of a growing range of applications.

It was these changes in the industrial and investment environments that necessitated revisions to the rules covering selection (addition and deletion) of index components. The goal was to assure continuity of the basic philosophy of using “225 Selected Issues” to accurately represent Japan’s economic conditions.

Moscow Exchange, Russia

Moscow Exchange is the largest exchange group in Russia, operating trading markets in equities, bonds, derivatives, FX, money markets and precious metals. Moscow Exchange also operates Russia’s Central Securities Depository and the country’s largest clearing service provider.

Moscow Exchange was officially established on 19 December 2011 through the merger of the two largest Moscow-based exchanges, the Moscow Interbank Currency Exchange and the Russian Trading System. Both organisations were formed in the 1990s and for two decades were the leading exchanges in Russia, with the MICEX Index and the RTS Index being among the world's top stock indices. The merger created a single entity that has become a leading exchange globally for trading across asset classes and to advance Russia's plans to turn Moscow into an international financial centre.

Moscow Exchange completed its own IPO on February 15, 2013, raising 15 billion rubles (approximately $500 million). The IPO, at the time the largest ever held exclusively in Moscow, was more than two times oversubscribed and drew demand from institutional investors globally. The Exchange’s shares were included in the MSCI Russia Index as of November 26, 2013.

KOSPI, Korea

The Korea Composite Stock Price Index or KOSPI was launched in 1983 with the base value of 100 as of January 4, 1980. KOSPI is the major stock market index of South Korea. The index represents all common stocks traded on the Korea Exchange. The index calculation is based on market capitalization method. KOSPI replaced Dow-style KCSPI (Korea Composite Stock Price Index) in 1983. The Korea Composite Stock Price Index or KOSPI was launched in 1983 with the base value of 100 as of January 4, 1980. KOSPI is the major stock market index of South Korea. The index represents all common stocks traded on the Korea Exchange. The index calculation is based on market capitalization method. KOSPI replaced Dow-style KCSPI (Korea Composite Stock Price Index) in 1983.

KOSPI moved below 1,000 mark for several years. The index breached 1,000 for the first time in April 1989. KOSPI recorded its largest one-day percentage gain of 8.50% on June 17, 1998 & largest one-day percentage drop of 12.02% on September 12, 2001. The index's Korean name was officially changed to Koseupijisu in November 2005. KOSPI reached another milestone of breaking 2000 level for the first time on July 24, 2007.

LITERATURE REVIEW

Balasubramanian Bala N and Ramaswamy Anand, (2014)

The research studied concentrated ownership and control is the predominant shareholding pattern in India. Over the 11-year study period from December 2001–December 2011, controlling shareholders further entrenched themselves by substantially increasing their holdings. Foreign companies in this study strengthened their entrenchment, with median holdings running over 50% right through. The changes in the Government policy opened up several business sectors for majority foreign direct investment could have been a contributing factor for the decline in the number of listed companies. Government-owned companies in this sample witnessed a decline in non-institutional share holdings over the study period, with institutional holdings showing corresponding increases.

Pratapsinh Daksha Chauhan, Dec (2013)

The researcher has studied the financial performance of NSE and BSE over the last decade. The study aims to find out the stock exchange which is performing financially better on various bases. This study is limited for only financial performance covering averages of profits, listing income, brokerage income, operating expenses, Return on Capital Employed, total revenue income, etc. The tool for appraisal of financial performance is mean, standard deviation, co-efficient of variance and trend analysis.

They have looked at the price returns of individual stocks, with data from the National Stock Exchange (NSE) and daily closing price data from both NSE and the Bombay Stock Exchange (BSE), the two largest exchanges in India.

Bala Anju, (2013)

The research studied the Indian stock market in depth. The study was conducted to find out the past, present and future trend or the prospect of Indian stock market. This study provided guidelines to investors to maximize their profit by minimizing risk. High degree of volatility in the present in Indian stock market will lead to development of future. The risk can be mitigated in stock market by spreading of investment across various options.

Venkateswara K.S. Kumar & Prof. Devi V.Rama Devi

Conducted by Professors of KLU Business School, KL University, Andhra Pradesh, the above mentioned research emphasizes the contribution of Foreign Direct Investment (FDI) & Foreign Institutional Investors (FII) on the Stock Market. It is also an analysis on the trend & pattern of FDI & FII flow in the Indian economy, with its influencing aspects on the country.

Gupta Nupur (2011)

In this study a comparison had been made between stock markets of Asia such as Indonesia, Korea, Japan, Malaysia and Hong Kong. These countries are becoming a hot spot for foreign capital as low capital and this is leading to advancement of technology. The research had been conducted to show whether BSE AND NSE provide better diversification in long run and short run to both institutional investors and international investors. The study provides the information to the investors related to investment risk and return. This paper finds the non-normality feature in the stock distribution of the above mentioned economies. The negative skewnessin the long run and short run indicates that there will be more returns and higher opportunity for investment.

Ranpura Darshan, Patel Bhavesh K. (2011)

In this research paper the author tries to show Indian stock market is interdependent on foreign stock market. For this purpose the study examines the linkages between different markets.

The aim of the study was to identify the extent the events happening in one stock market affects the other stock market and to study the co movement of stock market of India with other developed and developing countries.

The data from July 1997 to Dec 2009 of all the selected stock exchange in term of their Local currencies have been taken under consideration. The outcome was that BSE provided better risk adjusted return for he particular period.

Patidar Sohan(2010) studied investor behavior towards share market. The findings of the study indicated that as per the age-wise classification, the investors in the age group of below 35 years are actively participating in the speculation trade and the age group above 55 hesitate to take risk and are not at all interested in the share market.

Mukherjee and Bose (2008)

They investigated the integration of India with the developed countries such as US, Japan, and five other Asia Pacific market for period in between 1999 to 2005. It founded that stock returns in India were led by major stock exchange return in US, Japan, Singapore, South Korea. They also founded Indian market exerted considerable influence in stock return in Japan and South Korea along with Malaysia and Taiwan.

Wood Ryan & Zaichkowsky (2004) Judith Lynne studied on Attitudes and Trading Behavior of Stock Market Investors. This study identifies and characterizes segments of individual investors based on their shared investing attitudes and behavior. A behavioral finance literature review reveals five main constructs that drive investor behaviour: investment horizon, confidence, control, risk attitude, and personalization of loss.

Shrivastav Anubha (2003) Since Indian stock market is vast and attract investors as a hotspot of investment .The Indian market is steadily growing and had allured domestic investors community and foreign investors group in the past .the major part of investment in Indian market is attributed to institutional investors among whom foreign investors are of primary importance . one eminent concern in the matter is whether these foreign investors (FII) direct the Indian stock market .This paper examines whether market movement can be explained by these investors and their impact on the stock markets. FII, because of its short-term nature, can have bidirectional causation with the returns of other domestic financial markets such as money markets, stock markets, and foreign exchange markets. Hence, understanding the determinants of FII is very important for any emerging economy as FII exerts a larger impact on the domestic financial markets in the short run and a real impact in the long run. The present paper is an attempt to find out determinants of foreign institutional investment in India, a country that opened its economy to foreign capital following a foreign exchange crisis. The objective of the study is to find out whether there exist relationship between FII and Indian stock market.

Mr. Rai Janakand Dai Sarat

The researcher investigated the nature of financial integration of Indian stock market with global and major regional markets. It provided various applied finance perspectives on integration among stock market, checking the sensitivity of result of sample period in an environment of structural shift.

(1991) Venkateshwar explores the relationships of the Indian stock markets as reflected by the Bombay Stock Exchange Index, vis-a-vis other prominent international stock markets. 23 international Stock indices are used over the period 1983-87. He concludes that there is practically no meaningful relationship between the BSE index and other international stock market indices, though the British and South Korean indices are inversely related to BSE.

J. Harrison Michael and Kreps David M. (1978) studied Speculative Investor Behavior in a Stock Market with Heterogeneous Expectations. According to them Ownership of the stock implies not only ownership of a dividend stream but also the right to sell that dividend stream at a future date. Investors may be unable initially to achieve positions with which they will be forever content, and thus the current stock price may be affected by whether or not markets will reopen in the future. If they do reopen, a speculative phenomenon may appear. An investor may buy the stock now so as to sell it later for more than he thinks it is actually worth, thereby reaping capital gains.

RESEARCH METHODOLOGY

Research Problem: The need for the research was to analyze why out of population of over one billion only 18 million invest in Indian Stock Market.

OBJECTIVE OF THE RESEARCH STUDY:

Primary Objective

- To investigate the determinants to augment investment in The Indian Stock Market.

Secondary Objective

- To compare Indian Stock Market with international markets.
- To develop Indian Financial System as the most powerful financial system in the world.

RESEARCH DESIGN:

- The research design is exploratory and descriptive.
- The type of research undertaken is exploratory as it would include in depth surveys as well as qualitative and quantitative analysis.
- It is descriptive research and analytical research as the state of affairs that exist in capital market are explained by using the facts and information already collected.

DATA COLLECTION METHODS

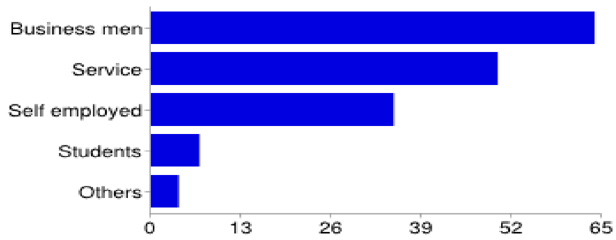
The data collected is Primary data and Secondary data which is both quantitative and qualitative data, which was further analyzed in order to draw conclusions and suggestions.

- **PRIMARY DATA**: Primary data was collected by a survey on perspective of brokers in Indian stock market. A questionnaire was prepared for the survey and random sampling was done.
- **SECONDARY DATA:** Secondary data collection was done through internet.
- **TOOL USED**: SPSS 20

ANALYSIS

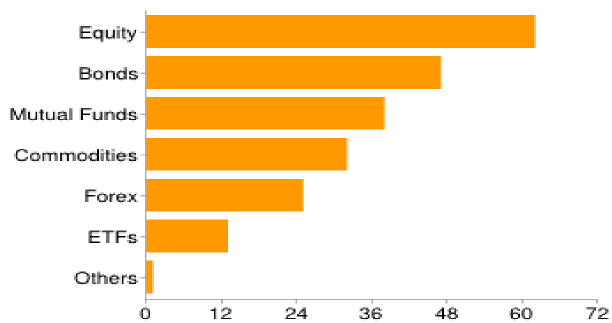
SAMPLE SIZE	100
TARGET SEGMENT	BROKERS
SAMPLING	RANDOM SAMPLING
NUMBER OF QUESTIONS INVOLVED	12
TYPE OF QUESTION	Multiple Choice Questions

Which class of people are major players in the stock market?



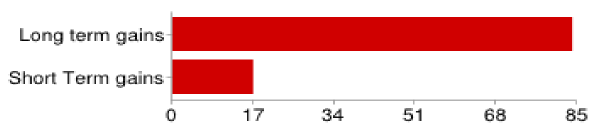
Business men	64	40%
Service	50	31%
Self employed	35	22%
Students	7	4%
Others	4	3%

Where do people prefer to invest in?



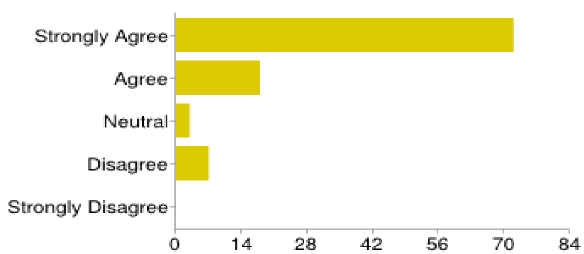
Equity	62	28%
Bonds	47	22%
Mutual Funds	38	17%
Commodities	32	15%
Forex	25	11%
ETFs	13	6%
Others	1	0%

Why do majority of people invest in Stock Market?



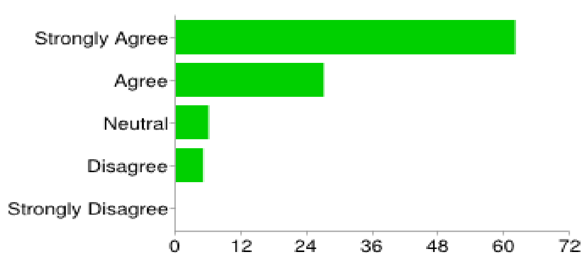
Long term gains	84	83%
Short Term gains	17	17%

Return [What is the prime motive of investors while investing in Stock market?]



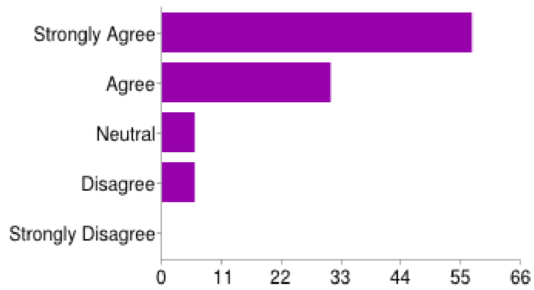
Strongly Agree	72	72%
Agree	18	18%
Neutral	3	3%
Disagree	7	7%
Strongly Disagree	0	0%

Safety / Risks [What is the prime motive of investors while investing in Stock market?]



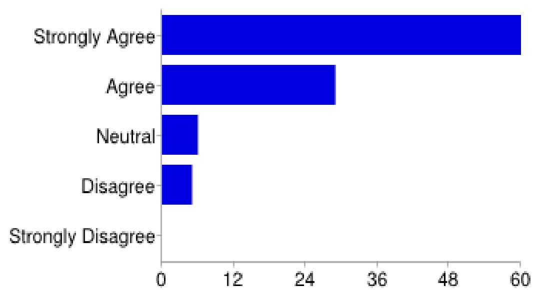
Strongly Agree	62	62%
Agree	27	27%
Neutral	6	6%
Disagree	5	5%
Strongly Disagree	0	0%

Duration / Longevity [What is the prime motive of investors while investing in Stock market?]



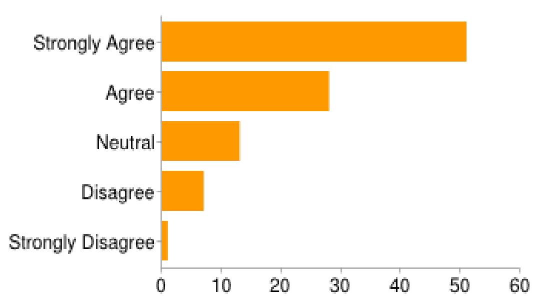
Strongly Agree	57	57%
Agree	31	31%
Neutral	6	6%
Disagree	6	6%
Strongly Disagree	0	0%

Liquidity/Savings [What is the prime motive of investors while investing in Stock market?]



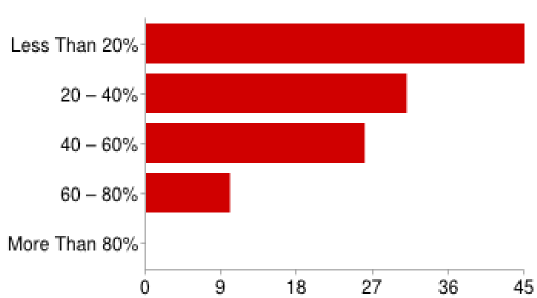
Strongly Agree	60	60%
Agree	29	29%
Neutral	6	6%
Disagree	5	5%
Strongly Disagree	0	0%

Others [What is the prime motive of investors while investing in Stock market?]



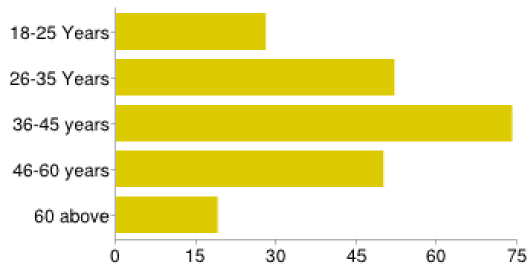
Strongly Agree	51	51%
Agree	28	28%
Neutral	13	13%
Disagree	7	7%
Strongly Disagree	1	1%

Out of the total investors what % of people are financial literate?



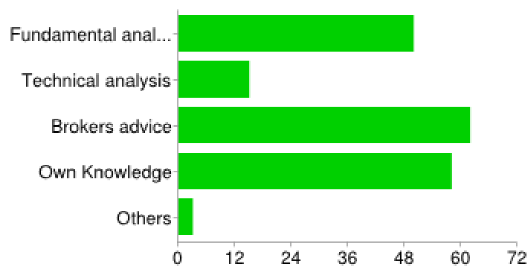
Less Than 20%	45	40%
20 – 40%	31	28%
40 – 60%	26	23%
60 – 80%	10	9%
More Than 80%	0	0%

What is the age group of most of the investors?



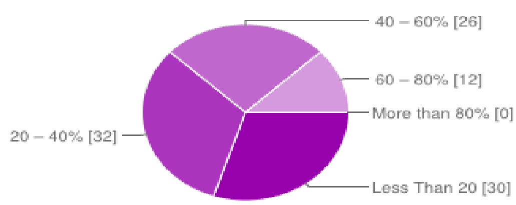
18-25 Years	28	13%
26-35 Years	52	23%
36-45 years	74	33%
46-60 years	50	22%
60 above	19	9%

What is the selection criterion of investors for investing in the scrib?



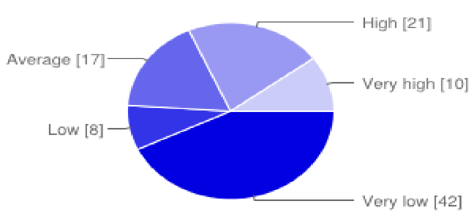
Fundamental analysis/ Credit rating of companies	50	27%
Technical analysis	15	8%
Brokers advice	62	33%
Own Knowledge	58	31%
Others	3	2%

Out of the total investors what % of people invests as per your advice?



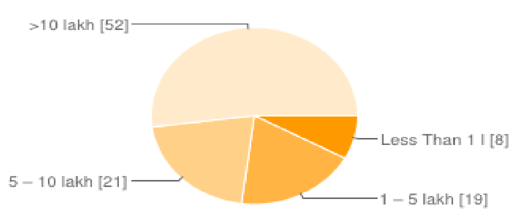
Less Than 20%	30	30%
20 – 40%	32	32%
40 – 60%	26	26%
60 – 80%	12	12%
More than 80%	0	0%

Do the investors panic from market volatility?



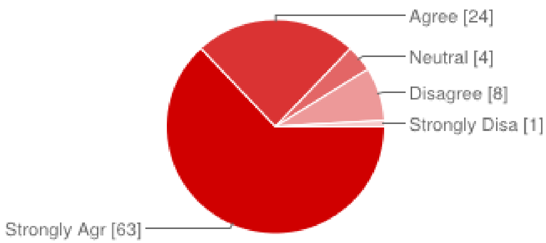
Very low	42	43%
Low	8	8%
Average	17	17%
High	21	21%
Very high	10	10%

What is the daily corpus of investment done by investors?



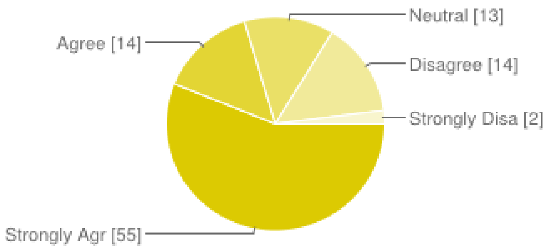
Less Than 1 lakh	8	8%
1 – 5 lakh	19	19%
5 – 10 lakh	21	21%
>10 lakh	52	52%

Lack of awareness among the investors about stock market trading



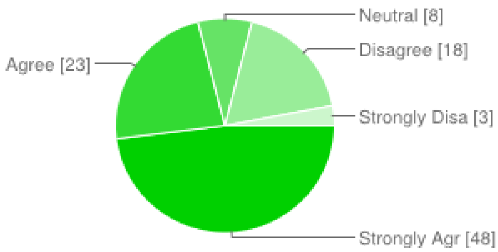
Strongly Agree	63	63%
Agree	24	24%
Neutral	4	4%
Disagree	8	8%
Strongly Disagree	1	1%

Lack of Knowledge about stock market instruments.



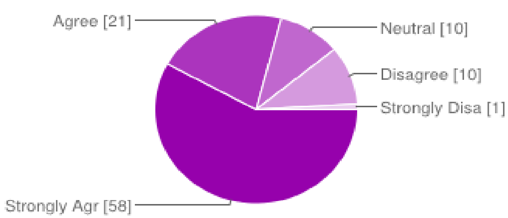
Strongly Agree	55	56%
Agree	14	14%
Neutral	13	13%
Disagree	14	14%
Strongly Disagree	2	2%

Lack of confidence among the clients to make online trade themselves.



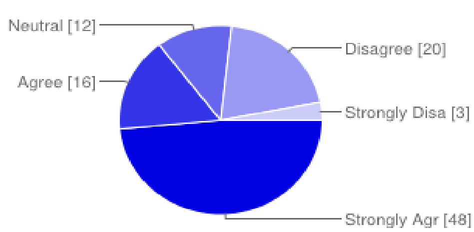
Strongly Agree	48	48%
Agree	23	23%
Neutral	8	8%
Disagree	18	18%
Strongly Disagree	3	3%

Low quality of ready-to-use information to investors that would help in increasing number of online clients.



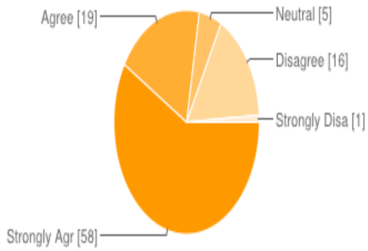
Strongly Agree	58	58%
Agree	21	21%
Neutral	10	10%
Disagree	10	10%
Strongly Disagree	1	1%

Lack of competitiveness and professional inputs to render the best possible service to investors.



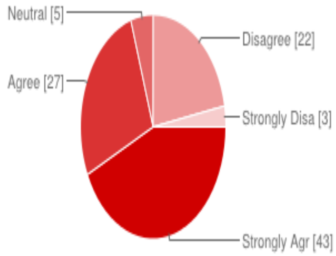
Strongly Agree	48	48%
Agree	16	16%
Neutral	12	12%
Disagree	20	20%
Strongly Disagree	3	3%

SEBI should raise the educational eligibility criteria of the stock brokers



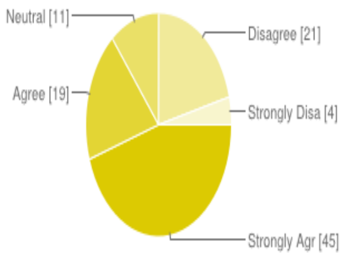
Strongly Agree	58	59%
Agree	19	19%
Neutral	5	5%
Disagree	16	16%
Strongly Disagree	1	1%

SEBI should take the regulatory measures after consulting with stock brokers to implement them with easiness and without side effects.



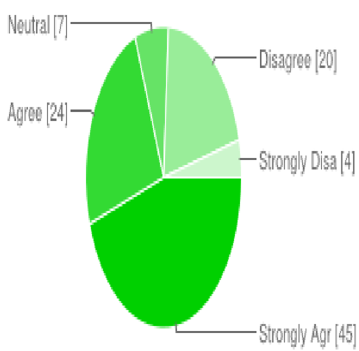
Strongly Agree	43	43%
Agree	27	27%
Neutral	5	5%
Disagree	22	22%
Strongly Disagree	3	3%

As the brokers play a role of intermediation in the capital market, government should come forward with measures to provide, needed relief in the form of grants or aids to help them to improve their business.



Strongly Agree	45	45%
Agree	19	19%
Neutral	11	11%
Disagree	21	21%
Strongly Disagree	4	4%

Government should take initiative to establish training centers in the area of stock broking service to give a professional outlook.



Strongly Agree	45	45%
Agree	24	24%
Neutral	7	7%
Disagree	20	20%
Strongly Disagree	4	4%

FINDINGS

- As per the research major players in stock market are business men with 40% share followed by service class people with 31% share and self-employed people with 22% share, students and others which may include housewives has negligible share in the stock market.
- Now if we consider the asset class where major investment comes in is equity where people invests majorly with 28% share followed by bonds with 22%, mutual funds 17% , commodities 15%, forex 11%, than exchange traded funds with 6% share.
- The sole reason for people to invest in stock markets is long term gain which is being responded by 83% of total respondents, while only 17% says that they invest in stock market for short term gains.
- The prime motive for investors to invest in stock market returns which is strongly agreed by 72% of people while only 7% of respondents disagree with this reason.
- 72% strongly agree that that the reason to invest in stock markets is safety against risks while 27% agree to it and only 5% disagree to this fact.
- While 57% strongly agree to the fact that they invest in stock market to maintain the longetivity in their investments while 6% disagree to this fact.
- 60% strongly agree to the fact that they invest in stock market to make savings and maintain liquidity, while only 5% disagree to this fact.
- Out of total respondents 40% of people said that less than 20% of people are financial literate, 28% of them have said that 20-40% of people are financially literate who invest in stock market, while only 9% have said that 60-80% of people are financially literate who invest in stock markets.
- The age group which majorly invests in stock market is of 36-45 years followed by young generation of 26-35 year of age followed by 46-60 years of age and 60 above are the least contributors to the growth of stock market.
- 33% of respondents have said that the selection criteria for investing in stock market by investors is broker's advice, 31% said that investors use their own knowledge while investing in stock market, while 27% said that investors use fundamental analysis while investing where as only 8% use technical analysis to invest in stock markets.
- 30% of the respondents says that only less than 20% listens to brokers advice while investing in the stock market, 32% says that 20-40% listens to the brokers advice while only 12% says that 60-80% listens to the brokers advice while investing in stock market.
- 43% of brokers have said that the panic level in the investors is very low during market volatility, 17% said that its on average level, while 10% says that its very high.
- 52% of the brokers have said that the daily corpus invested by stock market is more than 10 lakhs, 21% said that its between 5-10 lakhs, 19% said that its between 1-5 lakhs while only 8% said that its below 1 lakh.
- 63% of respondents have strongly agreed to the fact that lack of awareness among the investors about the stock market trading is the reason which affects the decision of investors to invest in stock market, while 8% disagree to this fact.
- 56% of respondents have strongly agreed to the fact that lack of knowledge about stock market instruments is the reason which affects the decision of investors to invest in stock market while 14% disagree to this fact.
- 48% of respondents have strongly agreed to the fact that lack of confidence among clients to make online trade themselves is the reason which affects the decision of investors to invest in stock market while 18% disagree to this fact.
- 58% of respondents have strongly agreed to the fact that Low quality of ready-to-use information to investors that would help in increasing number of online clients is the reason which affects the decision of investors to invest in stock market while 10% disagree to this fact.
- 48% of respondents have strongly agreed to the fact that Lack of competitiveness and professional inputs to render the best possible service to investors is the reason which affects the decision of investors to invest in stock market while 20% disagree to this fact.
- 59% of respondents have strongly agreed to the fact that SEBI should raise the educational eligibility criteria of the stock brokers which can bring the change which is required with respect to brokers so that percentage of investors increases while 16% disagree to this fact.

- 43% of respondents have strongly agreed to the fact that SEBI should take the regulatory measures after consulting with stock brokers to implement them with easiness and without side effects which can bring the change which is required with respect to brokers so that percentage of investors increases while 22% disagree to this fact.
- 45% of respondents have strongly agreed to the fact that government should come forward with measures to provide, needed relief in the form of grants or aids to help them to improve their business which can bring the change which is required with respect to brokers so that percentage of investors increases while 21% disagree to this fact.
- 45% of respondents have strongly agreed to the fact that Government should take initiative to establish training centers in the area of stock broking service to give a professional outlook which can bring the change which is required with respect to brokers so that percentage of investors increases while 20% disagree to this fact.

CONCLUSIONS

In this research paper attempts were made to investigate the determinants to augment investment in The Indian Stock Market. It has been observed that the investors invest on regular basis in stock market but this research tried to find the reasons why rest of the population is not investing. There seem to be good theoretical as well as empirical reasons to believe that investor sentiment, also referred to as fads and fashions, affects stock prices. In this paper, efforts has been made to address empirically the broader question of how the stock market affects investment.

Some of the factors which most affects the decision of investors to invest in stock market are lack of awareness among the investors about stock market trading, lack of knowledge about stock market instruments, lack of confidence among the clients to make online trade themselves, low quality of ready-to-use information to investors that would help in increasing number of online clients, lack of competitiveness and professional inputs to render the best possible service to investors.

The changes are required with respect to brokers so that percentage of investors increases. There should be raise in the educational eligibility criteria of the stock brokers; regulatory measures should be taken after consulting with stock brokers to implement them with ease and without side effects. As the brokers play a role of intermediation in the capital market, measures should be taken to provide needed relief in the form of grants or aids to help them to improve their business, initiatives should be taken to establish training centers in the area of stock broking service to give a professional outlook.

So, the study of all these factors has been done in detail and investigations have been made to find out how these factors are dealt by brokers to increase the investment in stock markets by retail investors.

RECOMMENDATIONS

- The educational eligibility criteria of the stock brokers should be raised.

- The regulatory measures should be implemented after consulting with stock brokers to implement them with easiness and without side effects.

- As the brokers play a role of intermediation in the capital market, there should be measures to provide, needed relief in the form of grants or aids to help them to improve their business.

- Initiative should be taken to establish training centers in the area of stock broking service to give a professional outlook.

- The typical buyer's decision is usually heavily influenced by the actions of his acquaintances, neighbors or relatives. Thus, if everybody around is investing in a particular stock, the tendency for potential investors is to do the same. But this strategy is bound to backfire in the long run.

- Proper research should always be undertaken before investing in stocks. But that is rarely done. Investors generally go by the name of a company or the industry they belong to. This is, however, not the right way of putting one's money into the stock market. If you don't have time or temperament for studying the markets, you may even take the help of a suitable financial advisor. 'Shares sooner or later reach their fair market value.

- Never invest in a stock. Invest in a business instead. And invest in a business you understand. In other words, before investing in a company, you should know what business the company is in. Understand, for instance, what they buy and sell, and how they make money. Thus, the more you understand the business of the company, the better you will be able to monitor your investment.

- Historically it has been witnessed that even great bull runs have shown bouts of panic moments. The volatility witnessed in the markets has inevitably made investors lose money despite the great bull runs.

- Many investors have been losing money in stock markets due to their inability to control emotions, particularly fear and greed. In a bull market, the lure of quick wealth is difficult to resist. Greed augments when investors hear stories of fabulous returns being made in the stock market in a short period of time. 'This leads them to speculate, buy shares of unknown companies or create heavy positions in the futures segment without really understanding the risks involved.

- There's nothing wrong with hoping for the best from your investments, but you could be heading for trouble if your financial goals are based on unrealistic assumptions. For instance, lots of stocks have generated more than 50 per cent returns during the great bull run of recent years.

- If you want to take risk in a volatile market like this, then see whether you have surplus funds which you can afford to lose. It is not necessary that you will lose money in the present scenario. You investments can give you huge gains too in the months to come.

- We are living in a global village. Any important event happening in any part of the world has an impact on our financial markets. Hence we need to constantly monitor our portfolio and keep affecting the desired changes in it.

- There should be incorporation of financial courses in secondary education with practical oriented training.
- Social media should positively highlight various schemes for children so that intervention of students towards financial stock should be enriched.

- Stock simulation games at school and college level should be encouraged. It will give more practical approach to students and will generate interest for investing in stock markets.

- Part time courses to stock market knowledge especially by the banks which promote D-mat accounts.

- Though government is taking lot of initiatives in introducing various schemes so that more and more people invest such as National Pension Scheme (NPS), Rajiv Gandhi Equity Savings Scheme (RGESS) etc., if more schemes are introduced which leads to generation of current income than definitely people would invest.

- Capital gain tax should be removed.

- Separate stock market can be started for rural population to encourage them to invest. Periodical investment campaigns in these areas can also help.

- Initiatives should be taken to establish training centers in the area of stock broking services to give a professional outlook.

- People should be encouraged to invest in mutual funds; by doing this they would be indirectly investing in the stock markets without devoting much of their time and knowledge.

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