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## The Impact of Capital Market on the Economic Growth in India

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### ABSTRACT:

A capital market is a [market](#) for [securities](#) ([debt](#) or [equity](#)), where business enterprises ([companies](#)) and [governments](#) can raise long-term funds. It is defined as a market in which money is provided for periods longer than a year, as the raising of short-term funds takes place on other markets (e.g., the [money market](#)). The capital market includes the [stock market](#) (equity securities) and the [bond market](#) (debt). Financial regulators, such as the UK's Financial Services Authority (FSA) or the [U.S. Securities and Exchange Commission](#) (SEC), oversee the capital markets in their designated jurisdictions to ensure that investors are protected against fraud, among other duties.

**KEYWORDS:** Bond, Capital Equity, Debt, Investors, Market, Securities etc

### INTRODUCTION

The **Indian Capital Market** is one of the oldest capital markets in Asia which evolved around 200 years ago.

Capital markets may be classified as [primary markets](#) and [secondary markets](#). In primary markets, new stock or bond issues are sold to investors via a mechanism known as [underwriting](#). In the secondary markets, existing securities are sold and bought among investors or traders, usually on a [securities exchange](#), [over-the-counter](#), or elsewhere.

Portfolio management involves investing through a rational decision making process in which the investors attempt to select portfolios of securities that meet predetermined levels of returns based on their capacity to bear risk.

### TYPES OF MARKETS

#### Financial Markets

Financial markets facilitate the exchange of [liquid assets](#). Most investors prefer investing in two markets, the [stock markets](#) and the [bond markets](#). [NYSE](#), [AMEX](#), and the [NASDAQ](#) are the most common stock markets in the United States.

#### Future Market

[Futures markets](#), where contracts are exchanged regarding the future delivery of goods are often an outgrowth of general [commodity markets](#).

#### Currency Market

[Currency markets](#) are used to trade one currency for another, and are often used for speculation on currency exchange rates.

#### Money Market

The [money market](#) is the name for the global market for lending and borrowing.

### THE SECURITIES MARKET

#### Primary and secondary market

In the U.S., the public securities markets can be divided into primary and secondary markets. The distinguishing difference between the two markets is that in the primary market, the money for the securities is received by the issuer of those securities from investors, typically in an [initial public offering](#) transaction, whereas in the secondary market, the securities are simply assets held by one investor selling them to another investor (money goes from one investor to the other). An initial public offering is when a company issues public stock newly to investors, called an "IPO" for short. A company can later issue more new shares, or issue shares that have been previously registered in a shelf registration. These later new issues are also sold in the primary

market, but they are not considered to be an IPO but are often called a "secondary offering". Issuers usually retain [investment banks](#) to assist them in administering the IPO, obtaining SEC (or other regulatory body) approval of the offering filing, and selling the new issue. When the investment bank buys the entire new issue from the issuer at a discount to resell it at a markup, it is called a [firm commitment underwriting](#). However, if the investment bank considers the risk too great for an underwriting, it may only assent to a [best effort agreement](#), where the investment bank will simply do its best to sell the new issue.

In order for the primary market to thrive, there must be a [secondary market](#), or aftermarket which provides liquidity for the investment security, where holders of securities can sell them to other investors for cash. Otherwise, few people would purchase primary issues, and, thus, companies and governments would be restricted in raising equity capital (money) for their operations. Organized exchanges constitute the main secondary markets

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## CAPITAL MARKET INSTRUMENTS

The capital markets are relatively for long term (greater than one year maturity) financial instruments e.g bonds and stocks). It is the largest source of funds with long and indefinite maturity for companies are there by enhances the capital formation in the country. It offers a investment avenues to investors. The capital market instruments are the vehicles between the companies and the investors. The financial instruments that have short- or medium-term maturity periods are dealt in the money market whereas the financial instruments that have long maturity periods are dealt in the capital market. The different types of financial instruments that are traded in the capital markets are equity instruments, credit market instruments, insurance instruments, foreign exchange instruments, hybrid instruments and derivative instrument Stock market is the capital and SEBI is the driver.

These instruments are of two types

- Primary market
- Secondary market

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## OBJECTIVES OF THE STUDY

- To study about the Capital Market Instruments.
- To study about Dematerialization or Demit in the stock exchange for easy transfer and error prone system.
- To study about the latest and future developments is the stock exchange system.

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## RESEARCH METHODOLOGY

The data collection methods include both the Primary and Secondary Collection methods.

### Primary Collection Methods:

This method includes the data collected from the personal discussions with the authorized clerks and members of the Exchange.

### Secondary method:

The secondary data collection method includes:

- Websites
- Journals
- Text books

The data also collected from the News, Magazines of the NSE, HSE and different books issues of this study.

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## DATA ANALYSIS AND INTERPRETATION STOCKMARKET

### Stock Prices

Company : HDFC BANK LTD( 532106 )

Period(01-Jan-2022 to 31-Jan-2022)

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (Rs.)
1-01-22	43.20	43.60	42.85	43.10	43.25	1,82,106	1,046	78,76,672
2-01-22	43.20	44.50	43.20	44.10	43.84	1,87,107	1,464	82,03,362
3-01-22	44.55	45.85	44.35	45.00	45.22	3,88,564	2,278	1,75,71,610

4-01-22	45.10	45.15	43.90	44.10	44.55	1,27,734	1,200	56,90,920
7-01-22	44.40	44.95	44.10	44.35	44.55	92,155	912	41,05,228
8-01-22	44.50	46.50	44.45	46.05	45.67	3,86,437	2,565	1,76,47,452
9-01-22	45.95	47.85	45.50	47.45	46.82	7,65,524	3,796	3,58,45,260
12-01-22	47.95	49.60	47.40	49.20	48.61	12,59,808	5,915	6,12,41,940
12-01-22	49.90	50.25	46.70	47.20	48.81	10,53,496	4,830	5,14,25,510
14-01-22	47.20	47.20	46.05	46.20	46.56	2,10,233	1,451	97,40,861
15-01-22	46.40	46.40	44.00	44.85	45.46	4,49,893	1,684	2,04,49,899
20-01-22	44.30	45.80	43.65	44.95	45.03	5,00,220	2,340	2,25,24,008
20-01-22	45.00	45.60	44.55	44.90	44.98	3,59,201	1,805	1,61,58,203
20-01-22	43.25	45.00	43.25	43.95	44.42	3,65,120	1,387	1,62,20,480
21-01-22	43.50	47.20	43.50	46.10	46.10	9,55,648	4,612	4,40,53,990
22-01-22	46.50	49.85	46.15	48.85	48.56	20,38,620	8,107	9,90,02,539
23-01-22	48.95	49.80	47.60	48.50	48.75	8,25,921	4,220	4,02,66,363
24-01-22	48.60	48.90	47.20	48.00	48.14	3,49,520	2,209	1,68,26,351
29-01-22	47.95	50.50	47.05	50.00	49.32	6,93,983	3,303	3,42,26,632
30-01-22	50.25	50.80	48.80	49.15	50.05	6,63,300	3,810	3,32,01,020
31-01-22	49.50	49.65	48.05	48.65	48.95	2,45,452	1,348	1,20,14,941

Table 4.1

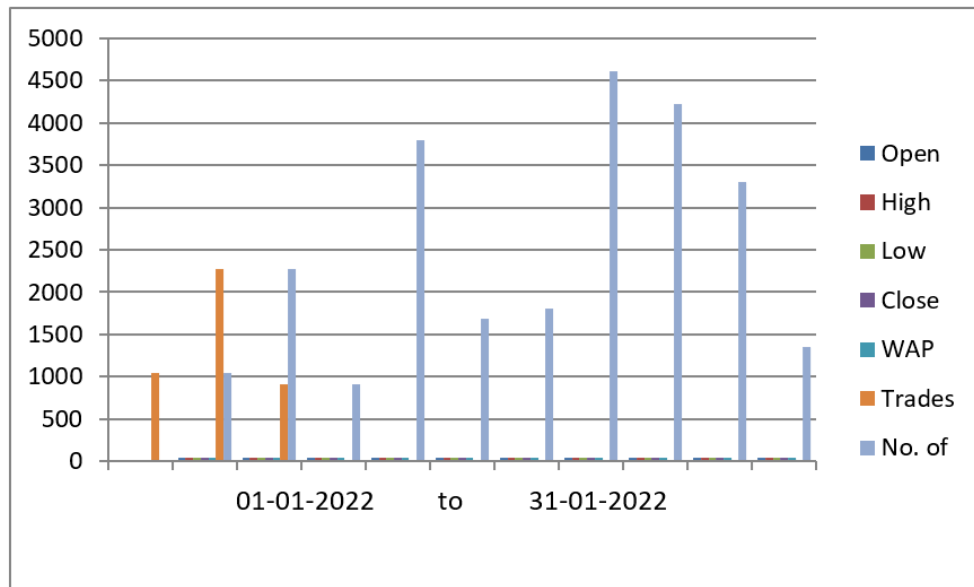


Fig 4.1

**INTERPRETATION:**

On 1<sup>st</sup> Jan open value has decreased to 43.10 than compared to lower value of EPS 41.25. Then coming to higher price to 49.29 wholly the conclusion is 43.67. Then coming to the volume on the same dates or days volume are increased. Because totally this month HDFC BANK LTD. EPS value is decreased i.e. percentage 03.52%.

**FINDINGS**

- Then coming to the volume on the same dates or days volume are increased. Because totally this month HDFC BANK LTD. EPS value is decreased i.e. percentage 03.52%.

Then coming to the volume on the same dates or days volume are increased. Because totally this month FEDBANK OF INDIA. EPS value is increased i.e. percentage 10.37%.

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## SUGGESTIONS

- There must be prohibition on disposal of promoters share holding, and also restrictions and the expansion without prior approval of the financial institutions for declaration of higher amount/ rate.
- The availability of derivative products in eluding index futures, index options, individual stock futures and individual stock options re-enforces the overall attractiveness of this market to foreign and domestic investors.

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## CONCLUSION

Capital market is an innovation to cash market. Approximately its daily turnover reaches to the equal stage of cash market. The average daily turnover of the NSE derivative segments. In cash market the profit/loss of the investor depend the market price of the underlying asset.

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