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A STUDY ON DIFFERENT AVENUES AVAILABLE IN CAPITAL MARKET FORINVESTMENT DECISION MAKING IN INDIA

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The phrase "financial markets" is frequently used in the financial industry to refer solely to the markets that are used to raise capital: the money markets are used for short-term financing, while the capital markets are used for long-term financing. Capital markets are comprised of: [1] Stock markets, which offer financing through the issuance of shares or common stock and allow for future trading thereof.[2] Bond markets, which provide financing by issuing bonds and then trading them. [3] Commodity markets, which promote the exchange of commodities. [4] Money markets offer short-term debt finance and investing. [5] Derivatives markets, which provide instruments for the management of financial risk. [6]Foreign exchange markets promote the trading of foreign currencies. [7] In a spot market. The purpose of this study is to examine the various Capital Market (Secondary Market) investment opportunities in the Indian market. It attempts to determine the quantity of instruments accessible in the Secondary Capital Market as well as the types of investment instruments preferred by investors through risk and return research. The research technique is descriptive in nature. A financial market is one in which people exchange financial securities, commodities, and other fungible objects of value at low transaction costs and prices based on supply and demand. Securities include equities and bonds, whereas commodities include precious metals and agricultural items. Financial markets are the catalysts and engines that drive growth in any nation. The Indian financial market began to shift in the early 1990s. Wide-ranging adjustments were made in the banking industry, such as the abolition of interest rate regulations, the lowering of reserve and liquidity requirements, and the reform of priority sector lending. From then on, the Reserve Bank of India (RBI) has worked tirelessly to establish prudential standards and effective supervision, bringing the nation closer to international norms.

Keywords: Financial sector, investing market, India, capital market, various routes;

Introduction

This study explores the various avenues available in the Indian capital market for making informed investment decisions. With the rapid growth and diversification of financial instruments, understanding the different options—equities, bonds, mutual funds, derivatives, and alternative investments—becomes crucial for investors. This research aims to provide a comprehensive overview of these investment avenues, evaluate their risk-return profiles, and identify factors influencing investor decisions. The study also analyzes trends and patterns through data-driven insights to help investors optimize their portfolios effectively.

Types of financial markets

Within the financial sector, the term "financial markets" is often used to refer just to the markets that are used to raise finance: for long-term

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finance, the Capital markets; for short-term finance, the Money markets.

Types of Capital market

•Primary market

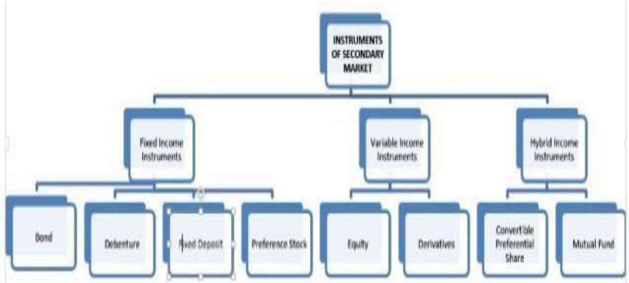
The primary market is the part of the capital market that deals with issuing of new securities. Companies, governments or public sector institutions can obtain funds through the sale of a new stock or bond issues through the primary market. This is typically done through an investment bank or finance syndicate of securities dealers. The process of selling new issues to investors is called underwriting. In the case of a new stock issue, this sale is an initial public offering (IPO)

Secondary market

The secondary market, is also called aftermarket, is the financial market in which previously issued financial instruments such as stock, bonds, options, and futures are bought and sold. Another frequent usage of "secondary market" is to refer to loans which are sold by a mortgage bank to investors such as FannieMae and Freddie Mac.

The term "secondary market" is also used to refer to the market for any used goods or assets, or an alternative use for an existing product or asset where the customer base is the second market (for example, corn has been traditionally used primarily for food production and feedstock, but a "second" or "third" market has developed for use in ethanol production)

Instruments of capital market



Literature Review

1) Nath and Verma (2003) examine the interdependence of three major stock market in South Asia stock market indices namely India (NSE-Nifty) Taiwan (Taiex) and Singapore (STI) by employing bivariate and multivariate co integration analysis to model the linkage among the stock markets ,No co- integrations was found for the entire period (daily data from January 1994 to November 2002). They concluded that there is no long-run equilibrium.

2) Juhi Ahuja (2012) presents a review of Indian Capital Market & its Structure. In the last decade or so, it has been observed that there have been a paradigm shift in the Indian capital market has made the Indian capital market comparable with the international capital market. Now, the market features a developed regulatory mechanism and a modern market infrastructure of resources. The emergence of private corporate debt market is also a good innovation replacing the banking mode of corporate finance.

However, the market has witnessed its worst time with the recent global financial crisis that originated from the US sub-prime mortgage market and spread over to the entire world like a contagion. The capital market of India delivered a sluggish performance.

Objectives of the Study

- To analyze the number of instruments in the Secondary Market.

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- To analyze the type of investing instruments prefer by the investors.
- To explore and categorize the various investment avenues available in the Indian capital market.
- To analyze the risk-return profiles of different investment options.
- To identify factors influencing investment decision-making among Indian investors.
- To provide data-driven insights and trends in the Indian capital market.
- To offer recommendations for optimizing investment portfolios

Research Methodology

This study employs a mixed-method approach, combining qualitative and quantitative research techniques. Data is collected through primary sources such as surveys and interviews with market participants, and secondary sources, including financial reports, market analysis, and academic journals. Statistical tools and software are used for data analysis to ensure accurate and meaningful insights.

The research was conducted so as to get a detail and thorough insight into the CRM practices in a bank.

Research design

Sample Size: Considering the constraints it was decided to conduct the study based on a sample size of 200 people in specific Area i.e India.

Methods of Data Collection

In the project work Primary data secondary data (both) sources of data have been used:

Primary Source: I have gathered information about my project from the interaction with the people of

India with different areas like Plywood Factories, Steel Factories, Banks and their Clients, IT sectors, Agricultural sector, Service Sector, Pharm sector, infrastructure sector with the help of filing up Questionnaire.

Secondary Data: The secondary data, I have collected from the various websites of the capital market, secondary market, various journals, magazines etc.*The information gathered included:*

Sample Size = 200 Respondents Sample Area = India

Data Analysis and Interpretation

Data analysis is conducted using statistical methods to evaluate the performance of various investment avenues.

The interpretation will focus on identifying patterns, correlations, and anomalies in the data, which can help in understanding the dynamics of the Indian capital market and how different factors influence investment decisions

***Objective** 1 - To analyze the number of instruments in the Secondary Capital Market*

Table 1: Level of Awareness about Secondary Capital Market Instrument in India

Sr. No.	Secondary Market Instrument	VL	L	M	H	VH
1	Debenture	30	30	20	40	80
2	Bonds	0	50	50	100	0
3	Fixed Deposits	0	0	10	40	150
4	Preference Stock	20	40	100	40	0
5	Equity Share	0	20	40	20	120
6	Derivatives	126	30	14	24	6
7	Mutual Funds	80	40	14	26	40
8	Convertible Preference Share	30	40	60	54	16

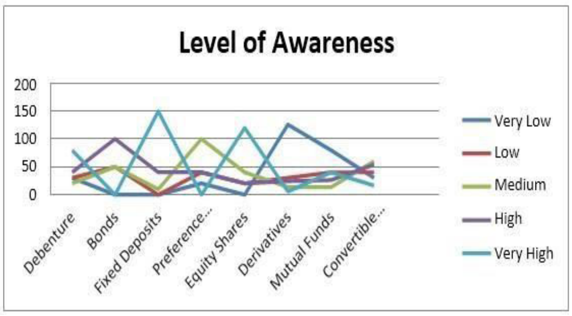

Figure 1. Level of awareness Sources: (Data compiled through a questionnaire)

Interpretation - From the above chart, it is inferred that in India, there is a level of awareness in the case of Derivatives, preference shares,

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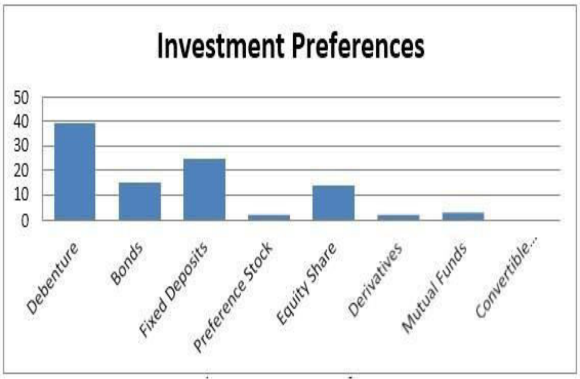
convertible preference shares, and debentures is very low. Mostly People invest their money or having awareness in Debentures, Equity Shares, and Fixed Deposits.

Objective 2 - *To analyze the type of investing instruments prefer by the investors.*

Table 2 : Preferences of People invested in Secondary Capital Market Instruments in their Portfolio

Investment	Preferences	Percentage
Debenture	39	39
Bonds	15	15
Fixed Deposits	25	25
Preference Stock	2	2
Equity Share	14	14
Derivatives	2	2
Mutual Funds	3	3
Convertible Preference Share	0	0

Sources: (Data compiled through a questionnaire)



Interpretation - According to this chart out of 100 Respondents of India the most Preferences are given to Debentures i.e. 39%, the second most Preferences are given to Fixed Deposit i.e. 25% and others are less preferable by the investors

Objective 3- To analyze preference of different sectors by investors

Table 3: Preferences of People invested in Different Sectors in their Portfolio

Sectoral	Preferences	Percentage
IT Sector	11	11
Bank Sector	23	23
Fast Moving Consumer Goods	9	9
Public Sector Enterprises	14	14
Multinational Company	10	10
Service Sector	13	13
Pharma Sector	5	5
Infrastructure	14	14
Others	3	3

Sources: (Data compiled through a questionnaire)

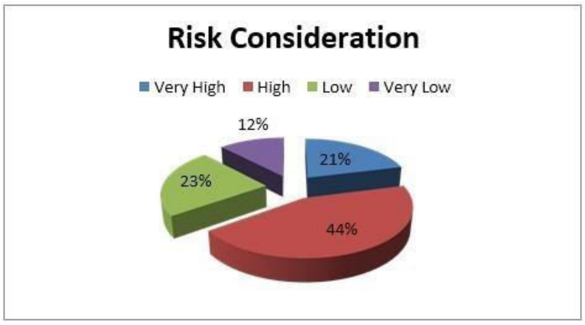
Interpretation - According to this chart out of 100 Respondents of India the most Preferable sectors are Bank Sector i.e. 23%, the second most Preferences are given to Public sector and Infrastructure i.e. 14% and others are less preferable by the investors.

Objective 4- To analyze the risk in the market

Table 4 : Level of Risk considered in Secondary Capital Market in India

Risk consideration	Respondants	Percentage
Very High	21	21
High	44	44
Low	23	23
Very Low	12	12

Sources: (Data compiled through a questionnaire)



Interpretation - According to this chart inferred that 44% people considered risk is High in Secondary Capital Market, 23% considered Risk is Low, 21% people considered Risk is very High and 12% considered Risk is very Low.

FINDINGS

1. In India, most people are aware of Fixed Deposits, Equity Shares and Debentures.

2. Only 50% of people are invested in the instruments of Secondary Capital Market.
3. In India, most of the people considered for investment in Debentures and Fixed Deposits as they are more secure than others.
4. Banking Sector is the most preferred investment area in which people invested, the second most investors prefer infrastructure as well as public sector.
5. Mostly Respondents preferred High Return while investment, the second most preferred Liquidity then Low Risk and the least preferred Trust
6. Out of 100 Respondents, 44% Respondents considered High Risk while investment, 23% considered Low Risk while 21% considered very high Risk.

Suggestions: The most vital problem spotted is of ignorance. Investors should be made aware of the benefits. Nobody will invest until and unless he is fully convinced. Investors should be made to realize that ignorance is no longer bliss and what they are losing by not investing. Companies who issued Secondary Capital instruments needs to give the training of the Individual Financial Advisors about the objectives and its benefits because they are the main source to influence the investors.

Conclusion:

This research underscores the importance of understanding the diverse investment avenues available in the Indian capital market. By analyzing the risk-return profiles and factors influencing investment decisions, investors can make more informed choices, ultimately leading to better portfolio management and wealth creation.

Areas like the Banking sector, Public sector, Real Estate sector etc. play an important role for the investment. People invest in those areas where they have faith or they are well known with them. Some instruments are not performing well although some of the schemes of them are giving good return because of not awareness about Instruments.

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