

MEASURES FOR IMPROVING INVESTOR CONFIDENCE IN INDIAN PRIMARY MARKET WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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ABSTRACT

Capital market is the backbone of any country's economy. It facilitates conversion of savings to investments. In India, common investors participating in the equity primary market is massive. The number of companies offering equity through primary markets increased continuously in the post independence period till the year 1995. After 1995, there is a continuous slump experienced by the primary market offering equity. Then after 2003 it has grown and falls in the year 2006 and later in the year 2009 it has started growing. The main reason for slump and raise is fluctuations of investor confidence in the primary market. So it is important to understand the causes and measures of revival and or retaining of investor confidence leading to capital mobilization and investment in right avenues creating economic growth in the country. This research paper discusses the various measures of revival and or retaining of common investor confidence in the Indian equity primary markets.

The study is based on questionnaire survey results in Coimbatore district. In the questionnaire, factors that investors consider while investing in the primary market and those that influence their perception about primary market and the extent to which they are confident are found and depicted through a model. The questionnaire has been circulated to the investors of Annamalai Capital Services Pvt Ltd., using a convenient sampling method. A total of 200 questionnaires were circulated and a valid 143 responses were received. The responses were analyzed using percentage analysis and K, Two independent sample tests. It was found from the analysis that the Coimbatore district based investors are confident in investing in the Indian primary market and they are sure of increase in the issue price of shares after listing and they prefer risky shares from the Primary market. There was no significant difference in the level of perception due to age, gender, occupation, qualification and annual income but there was significant difference due to marital status. Measures for retaining and improving the Coimbatore district based investor's confidence in the Indian Primary market are also provided that covers measures from the side of the Government bodies, Merchant banker's, Regulators, Market, Issue Price and Information to the investors.

KEYWORD: Capital Market, Confidence, Primary Market, Merchant Banker's and Issue Price.
