

CHAPTER VII

IMPACT OF ECONOMIC REFORMS AND FOREIGN INSTITUTIONAL INVESTORS ON SHARE MARKET

This chapter analyses the general particulars of the share investors, details of their investments, the nature of their family conditions, their income status, their knowledge about the concept of liberalization, privatization and globalization of share markets and so on. Also, this chapter presents the general views of the sample share investors and impacts on socio-cultural economic and political factors due to economic reforms in share markets in the study areas. Location of the sample places.

In Chennai metro town, there are five sample places selected for in-depth study purpose. Informations were gathered from sample share investors of 5 sample places viz. 1. Ambattur, 2. Parrys, 3. Adyar, 4. Thiruvanmiyur and 5. Velachery. Making use of a share market investors questionnaire, primary data were collected for the purpose of gathering the basic informations about the impacts of economic reforms on share investors in the study areas.

General Particulars about The Investors in Share Market

This section examines the general particulars about the sample investors in share market and details of their age distribution, social status, educational status, income status, main purpose of invested in share market, motivational factors influencing to purchase share. The required informations

were gathered through as well framed questionnaire. The respondent include all categories of investors such as salary earners, business persons and others.

Age Distribution

The investors purpose of purchase share has its chose relationship with factors like, age, educational status and income status. The different age groups of the sample investors are shown in Table 7.1.

Table 7.1

Agewise Distribution of Head of the Investor in Share market

Age group	Long term		Short term	
	Investor	Percent	Investor	Percent
Below 25	5	4.0	3	2.4
25-35	15	12.0	54	43.2
35-45	33	26.4	43	34.4
45-55	41	32.8	15	12.0
55-60	24	19.2	9	7.2
60 and above	7	5.6	1	0.80
Total	125	100.00	125	100.00

Source: Computed from primary data.

Table 7.1 illustrate that the share investors who come under the age group of 45-55, form the highest percentage of share investors in long term is 32.8 percent and 12 percent in short term investors in corresponding age group from the sample investors, where as the short term investors who come under the age group of 35-45 form the highest percentage of sample investors. About 5.6 percent in long term and 0.80 percent in short term share investors come under the age group of 60 and above. This shows that middle age

people compose more among the share market investors in long term and short term.

Social Status

Caste system is determined the economical background in modern society. It is a social class. It is defined as class, grade, level, position, rank, standing, station, status and stratum. The government has classified as SC/ST, BC, MBC, and OC. Table 7.2 presents the social status of the sample investors in the study area.

Table 7.2

Social Status of the Investor in Share market

Social Status	Long term		Short term	
	Investor	Percent	Investor	Percent
SC/ST	8	6.4	-	-
MBC	33	26.4	21	16.8
BC	72	57.6	70	56.0
OC/FC	12	9.6	34	27.2
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.2 shows that about 57.6 percent of the sample long term investor in share market households are backward community and 56 percent of the sample households are backward community in short term investors. About 26.4 percent of the sample investors households are most backward and 16.8 percent in short term sample investor from most backward community. Whereas 6.4 percent of the SC/ST community sample investors

households in long term and no one is reported the corresponding community in short term share market.

Thus it is understood that SC/ST community people association in share market is less and other social groups are associated with share market in both long term and short term share market.

Educational Status

Table 7.3

Educational Status of the Sample Investors

Qualification	Long term		Short term	
	Investor	Percent	Investor	Percent
Illiterate	2	1.6	-	-
Primary	26	20.8	18	14.4
Secondary	32	25.6	62	49.6
Graduate	45	36.0	38	30.4
Post-Graduate	15	12.0	4	3.2
Others	10	8.0	3	2.4
Total	125	100.0	125	100.0

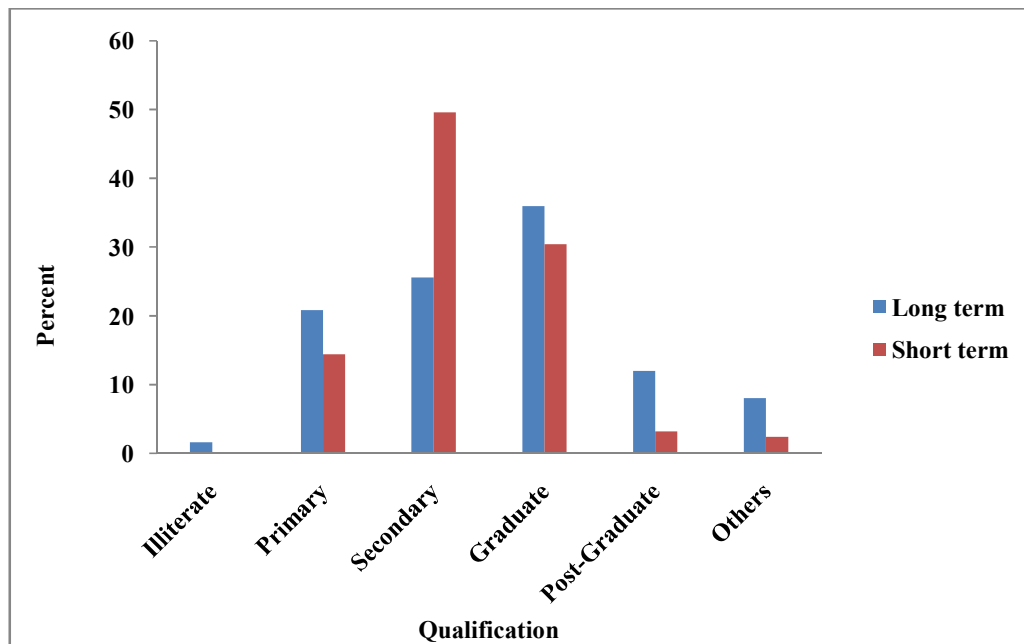
Source: Computed from primary data.

Regarding the educational status of the investors in share market from the sample respondents, it is found that nearly 1.6 percent of the sample investors in share market are illiterate in long term investors and no one is represented in short-term investor in illiterate. Among the literates, secondary level education form only 25.6 percent in long term and 49.6 percent in short-term investors further whereas 36 percent of the sample investors in long term has graduate and 30.4 percent of the sample investors in short term investors in share market has graduates. It shows that the more numbers of graduates of

investors has graduate. It shows that the more numbers of graduate of investors in short-term and long term companies due to new economic reforms on share market.

Figure 7.1

Educational Status of the Sample Investors



Occupational Status

Occupational status reveals the composition of work force in any area. Occupational status of the head of the sample investors in the study area is presented in Table 7.4.

Table 7.4**Occupation of the Head of the Sample Investors**

Occupation	Long term		Short term	
	Investor	Percent	Investor	Percent
Wage	10	8.00	30	24.0
Salary	41	32.8	62	49.6
Business	58	46.4	18	14.4
VRS/ Retired	13	10.4	10	8.0
Others	3	2.4	5	4.0
Total	125	100.0	125	100.0

Source: Computed from primary data.

From Table 7.4, it is quite clear that a larger number of share investors engaged in salary and business in the study areas in short-term and long term share market. In long term, it is 32.8 percent and 49.4 percent short-term share market sample households salary earners. About 46.4 percent long term share investors and 14.4 percent investors in short-term share market. The sample households who engaged themselves in other forms of occupation are found to be less than 10 percent in each category of short and long term share market in the study areas.

Income Status

The income status of the investors is a highly motivational factor to purchase shares in short term and long term basis. Income status of sample house holds investors in long term and short term investors is shown in Table 7.5.

Table 7.5

Income Status of the Sample Investors

Annual Income (Rs. Lakhs)	Long term		Short term	
	Investor	Percent	Investor	Percent
Below 1.5	-	-	22	17.6
1.5 – 2.0	3	2.4	62	49.6
2.0 – 2.5	5	4.0	20	16.0
2.5 – 3.0	5	4.0	8	6.4
3.0 – 3.5	5	4.0	10	8.0
3.5 – 4.0	8	6.4	3	2.4
4.0 – 4.5	24	19.2	-	-
4.5 – 5.0	25	20.0	-	-
I above 5.0	48	38.4	-	-
Total	125	100.00	125	100.0

Source: Computed from primary data.

Income status of share investors would explicitly reveal the standard of living of the households in the study area. About 49.6 percent of the households in short term share investors and only 2.4 percent of the households in long term share investors come under the income group of Rs.1.5 lakhs to 2 lakhs above Rs. 5 lakhs is represented 38.4 percent in long term share investors house holds and no one is invested from short term investor in corresponding income group in the study areas. This brings out the fact, that the economic status of long term investors share market group is relatively better than short term sample share investor households.

Main Purpose of Share Investment

Purpose of share investment by the sample investors include quick profit, additional saving, creation of wealth and social status, etc. The purpose of purchase share is vary from investor to investor. The purpose of the sample investors is shown in Table 7.6.

Table 7.6

Main Purpose of Share Market Investment

Purpose	Long term		Short term	
	Investor	Percent	Investor	Percent
Income tax	15	12.0	5	4.0
Quick Profit	50	40.0	73	58.4
Additional Income	21	16.8	5	4.0
Creation of wealth	19	15.2	24	19.2
Social Status	15	12.0	5	4.0
Others	5	4.0	3	2.4
Total	125	100.0	125	100.0

Source: Computed from primary data.

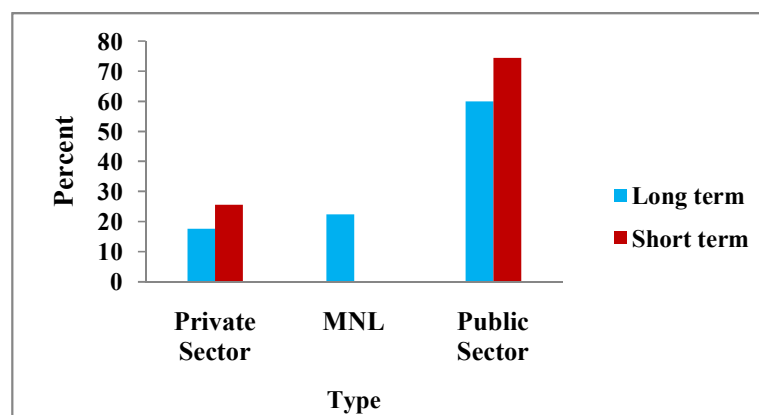
From Table 7.6, it is understood that for about 40.20 percent of the sample investors in long term market, their main purpose of invested the share is quick profit, their corresponding percent for shorter share market investors for short term investors is about 58.4 percent. Again, whereas 15.2 percent of the share investors in long term market. Creation of wealth and 19.2 percent share investors in short-term market respectively. Thus is found that the main purpose that the share market sectors main purpose are creation of wealth and quick profit.

Table 7.7**Distribution the nature of the Investment Institution by the Sample Investors**

Type	Long term		Short term	
	Investor	Percent	Investor	Percent
Private Sector	22	17.6	32	25.6
MNL	28	22.4	-	-
Public Sector	75	60.0	93	74.4
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.7 reveals that most of the share investors preferred public sector companies, it is 60 percent in long term share market and 74.4 percent in short-term share market. About 17.6 percent in long term share market and 25.6 in short term share market investors were invested in private sector companies. The next MNC companies preferred by long term investors about 22.4 percent were reported in the study areas. The short term investors are not much attracted by the sample investors in MNC sector.

Table 7.2**Distribution the nature of the Investment Institution by the Sample Investors**

Amount of the Share Invested

The income and standard of living is a highly motivational factor to share investors in the study areas. Amount of share in purchased by the sample investor is follows in 7.8.

Table 7.8

Amount of Invest in Share Market by the Sample Investors

Amount Rs.	Long term		Short term	
	Investor	Percent	Investor	Percent
Below 25,000	3	2.4	28	38.4
25000-50000	8	6.4	23	18.4
50000-75000	7	5.6	16	28.8
75000-100000	8	6.4	18	14.4
10000-125000	19	55.2	21	16.8
125000-150000	10	8.0	15	12.0
150000-175000	13	10.4	13	10.4
175000-200000	43	34.4	2	1.6
Above 200000	21	16.8	2	1.6
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.8 indicates that about 38.4 percent small investors invested share below Rs.25,000 and the large scale investors use to invest about 1 lakhs to 1.25 lakhs in the study areas. About 16.8 percent share investor is invested on share Rs.2 lakhs and above. Whereas small share investors are use to invest about 1.6 percent invested the corresponding range of investment size. Thus small investors are use to invest very small amount to invest above 2 lakhs.

Motivational Factors

The following table presented the motivational factors influencing to invest on share market.

Table 7.9

Motivational Factors Influencing to invest on Share Market

Motivator	Long term		Short term	
	Investor	Percent	Investor	Percent
Friends	3	2.4	-	-
Relatives	15	12.0	7	5.6
Broker	20	16.0	59	47.2
Books/Magazine	8	6.4	10	8.0
News papers	63	50.4	7	5.6
TV & Radio	6	4.8	34	27.2
Internet	10	8.0	10	8.0
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.9 illustrate that the long-term share market investors, being a popular known market investors, being a popular known single share investors, more number of share investors, more number of share investors, that is 86.4 percent were canvassed by share broker and advertisement in Television, Radio and News papers. About 94.4 percent of the share investors were motivated by share brokers, T.V, Radio, News papers and internet to invest share in short term share market. It gives the message that the liberalization, privatization and Globalisation of financial sector is influenced by efficient share brokers and attractive advertisements in TV, Radio and Internet.

Table 7.10**Distribution of investment opportunities availed by the sample investors**

Types of market	Long term		Short term	
	Investor	Percent	Investor	Percent
Spot	63	50.4	24	19.2
Privative	41	32.8	78	62.4
Currency	21	16.8	23	18.4
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.10 shows that the share investor the investment opportunities were availed about 50.4 percent in spot market in long term investor market and 19.2 percent of the respondents were invested in short term market in corresponding market is reported. About 32.8 in derivative market and 16.8 percent currency share invested in long term share investor market is reported, whereas about 62.4 in derivative market share, 18.4 percent currency market share opportunities were invested by the respondents in the study areas.

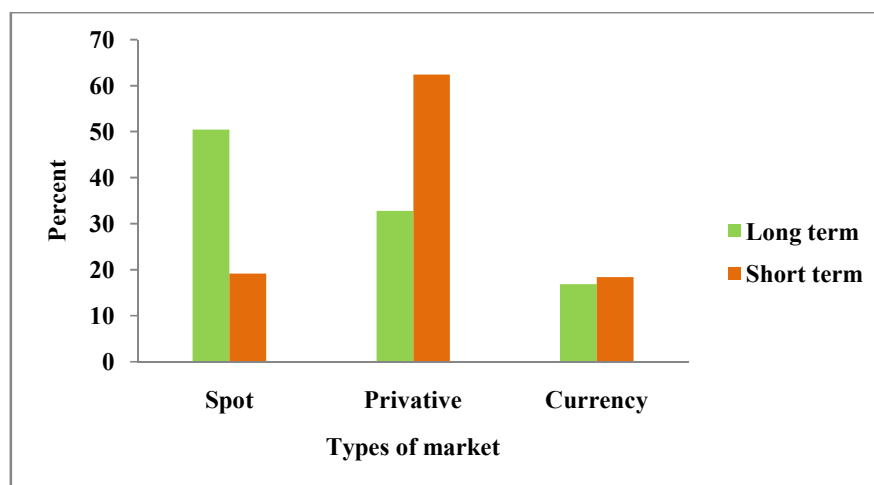
Figure 7.3**Distribution of investment opportunities availed by the sample investors**

Table 7.11
Period of Investment

Period	Long term		Short term	
	Investor	Percent	Investor	Percent
Daily	13	10.4	51	40.8
Weekly	8	6.4	18	14.4
Fortnightly	10	8.0	10	8.0
Monthly	43	34.4	15	12.0
Quarterly	21	16.8	19	15.2
Half yearly	12	9.6	8	6.4
Yearly	10	8.0	3	2.4
Occasionally	8	6.4	1	0.8
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.11, it reveals that the share investors in short term market the higher percent is 40.8 percent in daily invest and quick profit earnings from share and about 10.4 percent of the share investor to make invest share in corresponding period is reported in long term share investor market. About 12.4 percent of the share investor to invest their money in yearly and occasionally and 3.2 percent in short-term share market investors invest in corresponding period is reported in the study areas.

Table 12
Sexwise Distribution of the Sample investor

Sex	Long term		Short term	
	Investor	Percent	Investor	Percent
Male	52	41.6	45	36.0
Female	73	58.4	80	64.0
Total	125	100.0	125	100.0

Source: Computed from primary data.

From Table 7.12, it shows that the sexwise the share investment about 58.9 percent in long term share investor market and 64 percent share investor belong to female investor in both type of investment in shares in the study areas. This shows that ladies are engaging in all field to perform their efficiency in term efficiency in terms of profit earnings.

Figure 7.4

Sexwise Distribution of the Sample investor

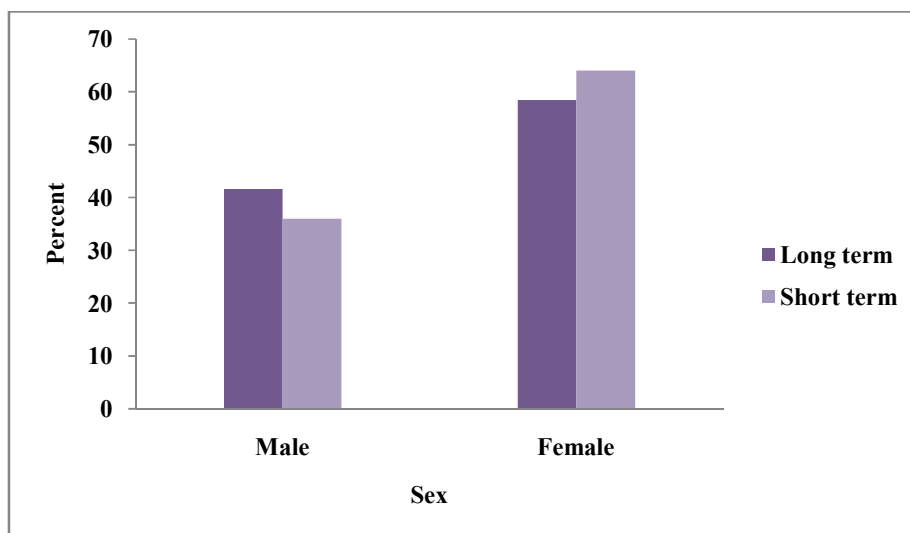


Table 7.13

Awareness about the concept of Economic Reforms of Share Market

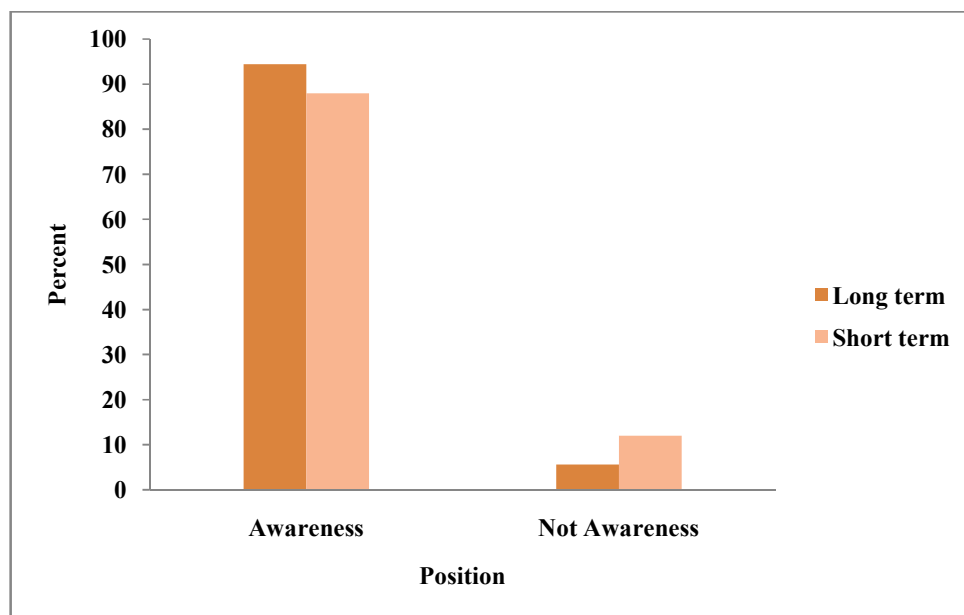
Position	Long term		Short term	
	Investor	Percent	Investor	Percent
Awareness	118	94.4	110	88.0
Not Awareness	7	5.6	15	12.0
Total	125	100.0	125	100.0

Source: Computed from primary data.

Table 7.13 shows that about 94.4 percent of the share investors in long term share market and about 88 percent of the share investors in shorter share market were aware of the concept of economic reforms measures in share markets. This shows that the government measure of economic reforms in share markets is popular among the investors in share market.

Figure 7.5

Awareness about the concept of Economic Reforms of Share Market



Investors Satisfaction – their Opinion

Respondents stood divided on the question of satisfaction of their investment on share and qualities of services of BSE and NSE in Tamil Nadu.

The opinion given by them are presented in Table 7.14.

Table 7.14**Investor's Satisfaction – their opinion**

Employment	Long term		Short term	
	Investor	Percent	Investor	Percent
Excellent	25	20.00	21	16.8
Very good	41	32.80	26	20.8
Good	26	20.8	47	37.6
Satisfactory	18	14.40	21	16.8
Not satisfactory	15	12.00	10	8.0
Total	125	100.0	125	100.0

Source: Computed from primary data

About 20 percent and 32.8 percent of the long term investors and about 16.8 percent 20.8 percent share investor in short term felt their share market quality of services as excellent and very good respectively. About 20.8 percent and 37.6 percent of the share investor in long term and short term investors reported their satisfaction as good. Whereas 12 percent of share investors not satisfactory about share market performance and only 8 percent investors not satisfactory in short term investors in the study areas. This indicates that share investors are generally satisfied with the quality of services of NSE and BSE.

Impacts on Socio – Culture

Liberalisation and globalization refers to primarily integration of various nations of the world at the business integration, it also includes as a significant component, socio-cultural extension and emergence of a composition culture through, new behavior patterns and attitude, which are supposed to be broad. Economic reforms on share market has impact on socio

– culture. The socio – cultural eruption took place in the continents. Culture and multi-culture become the order of the day.

Changes of Social and Cultural Values

Social and cultural values are learned shared and transmitted from one generation to the next. Culture is primarily passed from parents to their children but also transmitted by social organizations special interest groups, government and international organizations. Globalisation leads to cultural invasion. There must be some effect on cultural situation. The eruption of social and culture values due to globalization of share market, such happenings in the study areas as reported by the sample investors are presented in the following table 7.15.

Table 7.15

Social and Cultural Values Changes in Share Market Investors

Social and Cultural Values	Long term		Short term	
	Investor	Percent	Investor	Percent
Increased	26	20.8	18	14.4
Moderately changed	42	33.6	58	46.4
Decreased	57	45.6	49	39.2
Total	125	100.0	125	100.0

Source: Computed from primary data

From Table 7.15 is understood that in long term investor 45.6 percent of the share investor and in short term investor 39.2 percent of the share investors reported about this decreased the social and cultural values due to

globalization of share market. Moderately changes due to globalization was reported by about 33.6 percent in long term investors and 46.4 percent in short term investors in the study areas. As such it could be concluded that although in both the sector in shareholders were reported highly impacts on socio-cultural values due to liberalization of share market.

Economic Impacts

The terms liberalisation and globalization of share market simply refers to the integration of the economy of a nation to the world economy share market, through free movement of goods, services and capital. The acceleration in the growth of globalization of financial sector with great speed can be seen from the commencement of 2000. Since many countries globalization was facilitated because of decrease in transport cost, and the advent of information and communication technologies coupled with growth in gross trade Foreign Institutional Investors. Capital flows and technology here risen along with rise in the employment opportunities and standard of living.

Changes in Creation of Wealth

Saving is an important factor that determines the investment. Savings and creation of wealth, capacity of the people may leads to the promotion of economic development of the country. Due to liberalized share market, the share investors, savings as well as creation of wealth increased.

Increased Employment Opportunities

The following table shows that the distribution of the sample investors employment opportunities increased after liberalization in share market.

Table 7.16

Distribution of Sample Investors Employment Opportunities

Employment	Long term		Short term	
	Investor	Percent	Investor	Percent
Share brokers	60	48	73	58.4
Daily wage earners	5	4	8	6.4
Private Job	30	24	16	12.8
Petty shop workers`	10	8	18	14.4
Others	20	16	10	8
Total	125	100.0	125	100.0

Source: Computed based primary data

From 7.16, it is quite clear that a large number of people engaged in share broker jobs in the study areas. Nearly about 48 percent of the sample investors household in large investors and 58.4 percent of the small investors that share market gives more employment opportunities. Thus, after liberalization in share market is influenced employment opportunities in the study areas.

CHI-SQUARE TEST (χ^2)

The χ^2 – test is used to study the impact of economic and financial reforms on share market, to study the fluctuation of share market in the study areas, the increased unhealthy competition with BSE, NSE and MNSE, as a result Foreign Institutional Investor influence share market. Table 7.15 gives the χ^2 value.

Table 7.17

Increased Competition with Domestic Stock Exchange with Multinational Stock Exchange

Competition level	Investor		Total	χ^2
	Long term	Short term		
Increased	121 (51.71) [98.8]	113 (48.29) [90.4]	234	1.698
Moderate Increased	4 (28.57) [3.2]	10 (71.43) [8.0]	14	
No Change	-	2 (100.0) [1.6]	2	
Total	125	125	250	

Source: Computed based primary data

Degree of freedom = $n-1 = 6-1 = 5$. For different at 5% level of significance on the basis of table value is 11.070 the calculated value of χ^2 is less than the table value. The hypothesis is accepted. Hence there is much unhealthy competition between BSE, NSE and MNSE in the study areas.

Table 7.18

χ^2 Test for studying the share Investors Awareness about the Concept of Economic Reforms on Share Market

Position	Investor		Total	χ^2
	Long term	Short term		
Awareness	118 [94.4]	110 [88.0]	228	5.378
Not Awareness	7 [5.6]	15 [12.0]	22	
Total	125	125	250	

Source: Computed based primary data

Awareness About the concept of Economic Reforms of Share Market
(Liberalization, Globalization and Privatisation)

The investors awareness about the concept of economic reforms is studied and analysed using χ^2 test. Table 7.18 presents the chi-square value. The Table value of χ^2 for d.f. at 5% level of significance is 11.07. The calculated value of χ^2 is 5.378, which is less than the table value. Hence the null hypothesis may be accepted. Thus, the researcher that the awareness of the economic reforms among the share investors are very high.

Test for studying the changes in the standard of living of the Households in the Study Areas

Due economic and financial reforms the changes taken place in standard of living of the investors households in the study areas is studied and analysed using the χ^2 -test Table 7.19 furnishes the χ^2 value.

Table 7.19
Changes in the Standard of Living in the Study Areas

Position	Long Term		Short term	
	Investor	Investor	Total	χ^2
Increased	112 (51.38) [89.6]	106 (48.62) [84.8]	218	6.496
Decreased	9 (45.0) [7.2]	11 (55.0) [8.8]	20	
No change	4 (33.33) [3.2]	8 (66.67) [6.4]	12	
Total	125	125	250	

Source: Computed based primary data

Table value of χ^2 for 5% level of significance is 11.070 the calculated value of χ^2 is 6.496, which is less than the table value. Hence the null hypothesis may be accepted. Thus, the researcher concludes that there is impact on the standard of living of the share investors in the study areas.

RECAPITULATION

This impact analysis chapter, based on primary data collected from the sample respondents i.e. share investors, an attempt has been made to study the impact of economic and financial reforms by Govt. of India for the development of share market. This chapter has also explained general particulars about sample share investors and opinion about the share market post-liberalisation in the study areas.