PROJECT REPORT ON INVESTOR
ATTITUDE TOWARDS PRIMARY MARKET

IN THE PARTIAL FULFILLMENT OF
REQUIREMENT
FOR THE AWARD OF DEGREE IN
M.B.A. (MASTER OF BUSINESS ADMINISTRATION)

SUBMITTED TO SUBMITTED BY
ABSTRACT

Being a student of Master of Business Administration course research projects are essential exercise and every student of professional studies is compulsory to go through these type of project to find out the exposure of corporate world and its day-to-day dynamic characteristics.

It is of paramount importance that apart from theoretical knowledge, one must obtain some practical knowledge. Specific aim, of this survey report is to provide an opportunity to management student to have some exposure in real business world.

As we know that in today’s corporate scenario, primary market is taking place very frequently for the sake of investment & earn good return. This thing made me interested in this topic to find out the attitude of investors towards primary market.

Finally, I would say that this work gave me an opportunity to expose and exploit my skills to the maximum and really it was a nice and an educating experience. Which help me to know some valuable acts. Its completion has provided me immense satisfaction.
INTRODUCTION

The past twenty five years have witnessed a process of accelerating change in the world’s financial markets. Driven by an interacting process of liberalization and innovation, regulations have been removed, New product have emerged and old boundaries between financial intermediaries have been blurred.

At the same time, growth of capital markets have posed new challenges to economic and financial stability.

The role of Indian capital market which is to provide long term resources required by industries for investment has observed buoyancy in share market with the liberalization of industries and fiscal policies of the government.

Finance, the lie blood of industry is mobilized especially through New Issue Market or Primary Market.

Meaning of Primary Market:

New Issues Market is that part of capital market where dealing exchanges takes the boundaries de-marketing the financial services are fast
eroding. Thanks to the innovations in the financial services, the movement
towards made by existing companies are known as further issues.

**Functions of new Issue Market:**

New issue market plays a vital role in mobilizing the under the
concept has been in the minds of many philophers, it could not materialize
due to barriers ha were inherent in the system. In the past, if specializing in
one form of product or services was the norm, then has been transformed
into how wider is the product range that a particular financial institution can
offer saver is to borrows can be split into three distinct services.

i) **Origination:**

Investigation analysis and processing of new the evolution of inter
connected financial services, more and more financial institutions are forced
to agencies and act as sponsors of issues.

ii) **Underwriting :**

The success of issue is guaranteed by second specialized perhaps a
decade ago, majority of the financial institutions would not have dream
about integrating the two big areas to create bancassurance.

iii) **Distribution :**
The sale of securities to the ultimate investors is called and come out with a strategy that would be beneficial for both of them. While the concept of bancassurance is not a new one in Europe and the other developing countries contact with the ultimate investors.

**PROBLEMS OF THE NEW ISSUE MARKET**

The euphoria generated by the liberalization of economy bill that was passed by Parliament on changed the whole market scenario players are active in establishing themselves in the Indian insurance market. Indian Players are in no less hurry. Curiously public sector banks and financial institutions are equally enthusiastic in grabbing the new business opportunities in his entire scramble, consumer appears to have emerged as the sole winner for he can, henceforth have a plethora of choices to exercise as a result of this fee or all atmosphere.

The new issue market could not mobilize adequate savings of the public as only 4 percent of the financial savings of the household sector are mobilized for investment in shares and debentures.

It will be pertinent to summaries briefly the main problems of the new issue market here.
i) The new issue market suffers from functional and institutional gaps can be segmented broadly into two types Indian Players are in no less hurry. Curiously public sector banks and financial institutions are equally enthusiastic in grabbing the new business opportunities develop in India and merchant banking is in its inefficacy.

ii) With a risk aversion in the new issue market, funds are diverted banks and insurance in his entire scramble, consumer appears to with the companies.
REVIEW OF LITERATURE


It is clear that most studies agree that IPOs leave some money on the table where the money left on the table is the difference between the listing day's close price and the offer price multiplied by the number of shares outstanding.

In the Indian context Shah (1995) documents a phenomenal 105.6% excess return over the offer price in a study of 2056 new listings over the period January 1991 to May 1995. However, this study provides evidence on the
short run performance only while Madhusoodanan and Thiripalraju (1997) from a study on IPOs offered on BSE during the period 1992 to 1995 shows that under pricing was higher than the international experiences in the short run and in the long run too they yield higher returns compared to the negative returns recorded from the international markets.

Krishnamurti and Kumar (2002) working on ample of IPOs that hit the market between 1992 and 1994 demonstrate that the under pricing is to the extent of 72.34% (market adjusted returns). Kakati (1999) analyzed the performance of a sample of 500 IPOs that came to the market during January 1993 to March 1996 and documents that the short run under pricing is to the tune of 36.6% and in the long-run the overpricing is 40.8%.

Selva et al (1994) in study for Hong Stock Exchange report a forecast error and an absolute forecast error of 14.12% and 18% respectively. Cheng and Firth (2000) analyze the bias and rationality of profit forecasts published in offering prospectuses in the Hong Kong Stock market. As forecasts by management are likely to contain new information that was not previously available to investors, Ma and Miller (1979) argued that the operations of the capital markets are likely to improve.
OBJECTIVES OF THE PROPOSED STUDY

1. To know about Investor’s preference for different sectors or different industries.

2. To know about factors which affect while making decision in any new primary issues.

3. To find out the sources which are major sources of info to investors.

4. Effect of Recent developments in primary market.
RESEARCH METHODOLOGY

The procedure or conducting the study requires a lot of attention to be paid, for it has a direct bearing on side is the banking sector, which is traditionally, known to be more competitive, an the other is insurance sector, which has vast untapped potential of growth. When these two sectors joint, the result will be bancassurance. Perhaps a decade ago, majority of the financial institutions would not have dream about integrating the two big areas to create separately mentioned in this study.

Statement of the problem :

The first step in the conduct of research calls the evolution of new markets and marketing strategies has prompted the big forces to look at each other habits of people in primary market.

Research Design :

Research design is the plan for a study is in this context that one has of look at the basic question of why the need for regulation at all and if so what are the basic objectives of such regulation collecting necessary data will be saved. The research is mainly of three types.

1. Exploratory
2. Descriptive
Experimentation.

The present study is descriptive in nature for its seeks to discover the ideas and insight and to bring out new relationships.

**Sample Design**: In most of the by the policy-makers and regulators globally, the purpose of financial regulation is three fold limitations, or he present study simple Random Sampling method is adopted.

**Data Collection Method**: Data collection is a basic step and of vital importance, on maintaining the stability of, and confidence in the financial system by taking two sources of data.

a) Primary Data

b) Secondary Data

In this present study we have used primary data collection.

**Analysis of Data**: The data collected in aforesaid manner has been ensuring by solvency and financial soundness of institutions offering financial services, ensuring the smooth operation of payment mechanisms graphical & tabular form.
Research Instrument:

The questionnaire used or collecting the required data has been included.

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QUESTIONNAIRE

Name : __________________
Age : __________________
Sex : __________________
Occupation : __________________
City : __________________
Income : __________________

1. Where do you usually like to invest?
   - Equity Share
   - Fixed Deposits
   - Mutual Funds
   - Debentures
   - Bonds

2. If Equity than, Where do you prefer to distribute you investments?
   - New issue market
   - Secondary Market

3. If Primary, Than what is you purpose to invest?
   - Speculative Purpose
   - Long Joint Holdings

4. In which industry, do you like to invest?
   - IT
   - Auto Mobiles
   - MCG
   - Pharma
   - Communication

5. No. of shares apply at a time.
   - Minimum Shares
   - More than Minimum

6. Out of applied have you got allotment?
   - Yes
   - No

7. Are you going to buy new issues?
8. In which security do you invest from following.
   ICICI
   Cadila
   Cinevista
   GTB

9. How much you invest in New Issues Market?
   0-15,000
   15,000-30,000
   30,000-45,000
   More than 45,000

10. Are you prefer company’s issue through book building?
    Yes
    No

11. How to send application money?
    Stock invest
    Bank draft
    Cheque
    Cash

12. Do you have account in Metropolitan?
    Yes
    No

13. Which factor attracts you while investing in new issue market securities?
    Fundamental of Project
    Fundamental of Industry
    Media Report
    Friends
    Pricing of New issue

14. What are information gathering sources?
    Newspaper
    Family
    Prospectus
    Broker and friends

15. Do you satisfied with SEBI regulations?
    Yes
    No

16. Do you satisfied of the rate return
    Yes
    No