



TRENDS IN INDIAN CAPITAL MARKET

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Abstract:

A capital market is a financial market in which long-term debt or equity-backed securities are bought and sold. Capital markets are defined as markets in which money is provided for periods longer than a year. Capital markets channel the wealth of savers to those who can put it to long-term productive use, such as companies/ governments making long-term investments. Financial regulators, such as the UK's Bank of England (BoE) or the U.S. Securities and Exchange Commission (SEC), oversee the capital markets in their jurisdictions to protect investors against fraud, among other duties. This paper discuss about the reforms of capital market in India and what is recent development in capital market

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CAPITAL MARKET

Capital markets help channelize surplus funds from savers to institutions which then invest them into productive use. Generally, this market trades mostly in long-term securities. Capital market consists of primary markets and secondary markets. Primary markets deal with trade of new issues of stocks and other securities, whereas secondary market deals with the exchange of existing or previously-issued securities. Another important division in the capital market is made on the basis of the nature of security traded, i.e. stock market and bond market.

PRIMARY MARKET

The primary market is that part of the capital markets that deals with the issuance of new securities. Companies' governments or public sector institutions can obtain funding through the sale of a new stock or bond issue. This is typically done through a 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).

Dealers earn a commission that is built into the price of the security offering; through it can be found in the prospectus. In simple word The Primary Market is where financial instruments are sold from the issuer to investors

SECONDARY MARKET

The secondary market is the financial market for trading of securities that have already been issued in an initial private or public offering. Alternatively secondary market can refer to the market for any kind of used goods. The market that exists in a new security just after the new issue is often referred to as the aftermarket. Once a newly issued stock is listed on a stock exchange, investors and speculators can easily trade on the exchange, as market makers provide bids and offers in the new stock. In short The Secondary Market is where financial instruments are sold from investor to investor.

The six pivotal trends that are shaping the future of capital markets include:

RegTech Revolution:

Regulatory technology (RegTech) has become a game-changer in capital markets. Through innovative technologies like artificial intelligence and machine learning, RegTech streamlines compliance processes, reducing costs and mitigating risks. Automation of complex regulatory tasks enables market participants to navigate the ever-changing regulatory landscape efficiently.

IoT Integration:

The internet of things (IoT) has extended beyond consumer devices and made its way into capital markets. IoT devices collect real-time data from diverse sources, empowering market participants to make informed investment decisions. IoT's integration into capital markets, from supply chain monitoring to asset performance tracking, enhances transparency and efficiency.

ESG Considerations:

Environmental, social, and governance (ESG) factors have gained immense importance in capital markets. Investors increasingly factor in sustainability and ethical practices when making investment decisions. With the prevalence of ESG reporting standards, market participants are compelled to align their strategies with responsible investing principles, long-term value creation, and risk mitigation.

Emergence of the Crypto Economy:

Cryptocurrencies and blockchain technology have disrupted traditional financial systems. The crypto economy offers decentralized, transparent, and secure transactions, attracting investors seeking alternative assets. Capital markets are exploring ways to incorporate crypto assets, creating new investment opportunities, and fostering financial inclusivity.

Data Monetization:

The abundance of data in capital markets has led to the emergence of data monetization strategies. Capital market organizations leverage data analytics and

artificial intelligence to extract valuable insights, optimize investment strategies, and enhance risk management. Harnessing the power of data unlocks new revenue streams and helps to build a competitive edge.

Composable Enterprise Approach:

The composable enterprise emphasizes modular and interconnected systems, enabling rapid adaptation to changing market conditions. Capital market organizations embrace microservices architecture and API-driven ecosystems, seamlessly integrating diverse applications and services. This agility empowers companies to respond swiftly to evolving customer needs and capitalize on emerging opportunities.

RECENT CHANGES IN INDIAN CAPITAL MARKET

1. Economic Liberalization due to Indian Capital Market:
2. Promoting more private sector banks:
3. Promotion of Mutual Funds:
4. Regulation of NRI Investments:
5. Direct Foreign Investment:
6. FERA Companies:
7. Online Trading in Indian Capital Market:
8. Transparency through Online trading:
9. National Stock Exchange:
10. Sensitivity Index in Indian Capital Market:
11. Circuit-Breaker in Indian Capital Market:
12. Demating of shares in Indian Capital Market:
13. Market Makers in Indian Capital Market:
14. Securities and Exchange Board of India:
15. Renewal of Registration:
16. Over The Counter Exchange of India (OTCEI): 20. Badla transactions in Indian Capital Market:

Conclusion :

The Indian capital market has undergone metamorphic reforms in the past few years.



Every segment of the Indian Capital Market, namely, primary and secondary markets, derivatives, institutional investment, and market intermediation has experienced an impact of these changes, which has significantly improved the transparency, efficiency, and integration of the Indian market with the global markets

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