

Capital Market in India

Reforms and Regulations

Deepak R. Raste

Associate Professor,
Shree Sahjanand Vanijya Mahavidyalay,
Ahmedabad, Gujarat

New Century Publications
New Delhi, India

Contents

| | |
|--|--------------|
| About the Book | v |
| Author's Profile | vi |
| Preface | xi-xiii |
| Abbreviations/Acronyms | xiv-xvi |
| 1. Capital Market in India and Joint Stock Companies | 1-29 |
| 1.1 Evolution of Joint Stock Companies | |
| 1.2 Capital Structure of Joint Stock Companies | |
| 1.3 Evolution of Capital Market in India | |
| 1.4 Sources of Funds and Routes of Capital Issues in India | |
| 1.5 Present Structure of Capital Market | |
| 1.6 Establishment of the Securities and Exchange Board of India (SEBI) | |
| 1.7 Capital Market Reforms since 1991 | |
| 1.8 Modernisation of Stock Exchanges | |
| 1.9 Depository System, Dematerialisation (Demat) and Rematerialisation | |
| 1.10 Introduction of Free Pricing | |
| 1.11 Strengthening of Disclosure Norms | |
| 1.12 Transparency and Efficiency | |
| 1.13 Shortening of Settlement Cycle | |
| 1.14 Growth of Service Providers | |
| 1.15 Protection of Investors | |
| 1.16 Assessment of Capital Market Reforms | |
| 2. Capital Structure of Indian Companies: Reviews | 30-64 |
| 2.1 Determinants of Capital Structure | |
| 2.2 Theories of Capital Structure | |
| 2.3 Inter-Industry Capital Structure and | |

Corporate Governance

- 2.4 Sources of Funds
- 2.5 Different Routes of Capital Issue
- 2.6 Economic Policy Reforms
- 2.7 Employees Stock Option Plan (ESOP)
- 2.8 Public Offerings
- 2.9 Bonus Issues

3. Capital Structure: Theoretical Dimensions **65-94**

- 3.1 Meaning of Capital Structure
- 3.2 Components of Capital Structure
- 3.3 Relationship between Components of Capital Structure
- 3.4 Theories of Capital Structure
- 3.5 Net Income Approach
- 3.6 Net Operating Income (NOI) Approach
- 3.7 Traditional Approach
- 3.8 Modigliani Miller (MM) Approach
- 3.9 MM Hypothesis under Corporate Taxes
- 3.10 Miller's Model under Corporate and Personal Tax
- 3.11 Trade-Off Theory: Cost of Financial Distress and Agency Cost
- 3.12 Theories of Capital Structure under Asymmetric Information

4. Domestic Equity Fund: Sources **95-107**

- 4.1 Sources of Domestic Equity Capital
- 4.2 Different Routes of Domestic Equity Issue
- 4.3 Regulations for Different Routes of Equity Issue

5. Domestic Debt Fund: Options **108-120**

- 5.1 Loans
- 5.2 Debentures
- 5.3 Bonds

| | |
|---|----------------|
| 5.4 Warrants | |
| 5.5 Commercial Papers | |
| 5.6 Secured Premium Notes | |
| 5.7 Deposits | |
| 5.8 Different Routes of Issue of Debt | |
| 5.9 Regulations Governing Debt Instruments | |
| 6. International Equity and Debt: Sources | 121-127 |
| 6.1 Euro Equity | |
| 6.2 Euro Debt | |
| 7. Regulatory Policies for Domestic Equity | 128-159 |
| 7.1 Immediate Impact of Regulatory Policy Changes | |
| 7.2 Analysis of Equity Shares Issued by Selected Companies during Post-reforms Period | |
| 7.3 Impact of Regulatory Policy Changes on Amount of Equity Capital Raised through Rights Issues | |
| 7.4 Impact of Regulatory Policy Changes on Amount of Equity Capital Raised through Shares Issued under ESOP | |
| 7.5 Impact of Regulatory Policy Changes on Amount of Equity Share Capital Raised through Preferential Allotment | |
| 7.6 Impact of Regulatory Changes on Equity Shares Issued as Bonus | |
| 7.7 Impact of Regulatory Changes on Capital Acquired through Preference Shares | |
| 8. Regulatory Policies for Domestic Debt and International Equity/Debt | 160-165 |
| 8.1 Regulatory Policies for Debentures Issued by Indian Companies | |
| 8.2 Regulatory Policies for International Equity/Debt Raised by Indian Companies | |

| | |
|---|----------------|
| 9. Regulatory Policies and Capital Structure of Selected Companies | 166-176 |
| 9.1 Capital Raised through IPO/FPO | |
| 9.2 Equity Capital Raised through Rights Issue | |
| 9.3 Equity Capital Issued under ESOP | |
| 9.4 Equity Capital Issued as Preferential Allotment | |
| 9.5 Equity Capital Issued as QIP | |
| 9.6 Equity Capital Issued as Bonus | |
| 9.7 Public Issue of Preference Shares | |
| 9.8 Public Issue of Debentures | |
| 9.9 Unsecured Borrowings | |
| 9.10 Foreign Equity Capital | |
| 10. Capital Structure: Post-reforms Impact | 177-192 |
| 10.1 Theories of Capital Structure | |
| 10.2 Regulatory Policy Changes Made since Independence | |
| 10.3 Various Sources of Funds for Indian Companies | |
| 10.4 Data Analysis | |
| 10.5 Capital Structure of Selected Indian Companies | |
| 10.6 Changes in Capital Structure of Indian Companies | |
| 10.7 Suggestions Regarding Regulatory Policy | |
| Appendix: Regulatory Changes and Capital Structure: An Analytical Note | 193-218 |
| Bibliography/References | 219-228 |
| Index | 229-236 |