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HISTORY OF CAPITAL FINANCING TRENDS IN INDIA RECONCILED WITH WORLD SCENARIO

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ABSTRACT

In this paper we shape up the history of the changing trends in corporate financing in Indian scenario with respect to the global context. For this purpose we critically analyzed the changes those took place in the mode of capital financing in India and in the world through several years since the initiation of the concept of capital financing to as recent time as 2005.

We started with a brief study of the history of the changes in investment pattern in the capital market of the world. Then we analyzed the changes those took place in the investment pattern and we tried to find out the time frame of different phases of the investment along with the distinctive features of each phase. This enabled us to divide the entire world scenario of investment in four distinct phases. Then we took up and analyzed the available data of Indian investment scenario and evaluated the Indian investment climate with respect to the different phases chalked out. Finally we conclude the trend analysis with comments on the present trend and behavior of the Indian capital financing climate. There we establish that this system is highly dependant on the matching of demand and supply of the funds. Funds flow irrespective of its cost (cost of capital) at the time of scarcity and urgent needs. Later, when the scarcity or the urgency is over the cost of capital has a vital role to play to strike the balance between the two modes of financing capital.

KEYWORDS: History of corporate financing, different phases of investment, Indian investment climate, world scenario of investment, role of cost of capital in investment scenario.