

Investor Awareness On Depository System At Il& Fs Ltd

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1. INTRODUCTION:

Technology is revolutionizing every field of human endeavor and activity. Indian capital market is barrow meter of Indian economy; one of them is introduced technology into capital market. A major development in the Indian capital market has been setting up of Depository system. The rapid growth in number, volume and value of securities in the Indian capital market exposed the limitations of handling and dealing securities in the physical / paper mode; the short coming of the market became in the manifest in terms of bad deliveries, delays in transfer and irregular settlement etc. depository used as elixir, bringing solution for all those problems.

The main objective's of depository systems are to accelerate scrip less trading, to make trust in individual investors participation in depository system and to create a competitive environment and be responsive to user's interest and concern.

A depository holds securities in electronics form and provides all services related to transaction of shares/ debt instruments. A

depository interacts with clients through a depository participant with who the client has to maintain a dmat account.

Thus an investor who wishes to avail of all depository services has to open a dmat account. A depository participant is an agent of depository and is authorized offer depository services to investors.

MEANING OF DEPOSITORY

Depository means “one place where something is deposited for safe keeping; one who receives a deposit money, securities, investments or other property; a person to whom something is entrusted; a trustee; a person or group entrusted with preservation or safe keeping of something”

The Act defines Depository as:

An organization where the securities of shareholders are held in the form of electronic accounts in the same way as bank holds money. The holds electronic custody of securities and also arranges for transfer of ownership of securities on the settlement dates.

According to section-2(e) of Depository Act:

“Depository means a company formed and registered under the companies act, 1956 and which has been granted a certificate of registration under section-12(1a) of Securities and Exchange Board of India act, 1992”.

A depository can not act as depository unless it obtains a certificate of commence of business from the board (SEBI).

The objective of depository system is accelerate the growth of scrip less trading and to make the individual investors participation in depositories to create competitive environment and to enhance liquidity and improving capital market efficiency.

NEED OF THE STUDY

The rapid growth in number, volume and value of securities in Indian Capital Market is taking place, large number of companies issuing shares through IPO's, which requires the services of the Depository system. It will take much time of allotment, refund in physical form of transactions. To reduce the delay in transactions and to eliminate malpractices Depository system helps allot.

The present study provides the overview of Depository System in India. There is a need to study what extent the depository services has benefits to the investors.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- To analyze the services of depositories to investor through depository participants.

- To know the awareness of investors towards Depository system.
- To present suggestions for improving efficiency

SCOPE OF STUDY

It covers the depository system of India i.e. how the depository evolved in India, functions and regulations of depositories various institution and individuals which will be participated in the process

(DPS, CCS, R&T Agent, companies, Investors etc.)

The process of various activities and special services of depository and it covers NSDL.

METHODOLOGY OF THE STUDY

In order to archive the above objectives both the primary and secondary data one considered.

Primary data:

The primary data collected through a structured questionnaire from the investors in Twin cities and through interviews with the employees .

Sample size: 100 investors

Sampling method: Random sampling method.

Secondary data:

The secondary data has been gathered from published books, periodicals, journals, and annual reports and through Internet.

REFERENACE PERIOD

The scope of the study is limited for a particular period of time i.e. 45 days

LIMITATIONS OF THE STUDY

1. The study is confined to only depository participant's services through depositories and awareness of investors about depository system only in twin cities.

By not considering the entire depository participants implications relating to the pattern of trading may have been missed in this study
Some of the investors may show lack of interest in providing the response which might lead to biased information.

2. DATA ANALYSIS & INTERPRETATION

Awareness of share market

Interpretation

The above table reveals that 84% of the investor's are aware about the share market and 16% of the investors are not aware about the share market.

Investor's awareness of depository system

Interpretation

The above table reveals 86% of investors know about depository system remaining 14% investors are not aware of depository system.

Participation in Depositories

Interpretation

In the table 60% of the investors are participants in depository system remaining 40% of investors are not participants in depository system.

Above analysis present days most of the investors are look into security and less time consume for trading of shares through electronic mode.

Motivational factors

Interpretation

Above table shows that 56% of investors preferred depositories for security reasons and 21% of investors interested for transparency remaining 23% are preferred for regulation.

Above analysis most of the investors interested in security because the benefit of security is elimination of bad deliveries and all risks associated with physical certificates, such as loss, theft etc.,

Services offered by depository system

Interpretation

Above table observed that 44% investors are interest through HSE and 28% of investors are interest through IL & FS remaining 28% of investors are interest through NSE.

According above table tells most of the investors are interest of trading activities through HSE . NSE and IL & FS are equal importance of trading activities with investors and depository participants.

Satisfaction of the investors in depository system

Interpretation

Above table observed that 88% of investors are satisfaction of depository system and 12% of the investors are not satisfaction of depository system.

Above analysis most of the investors satisfied because in depository system all transactions are made in electronic mode. When investors trade in depository system shares, there is no more need for delivery and receipt of scripts.

Instead, seller's account is debited and the buyers account is credited.

Company of the depository participant

Interpretation

In the above table reveals 65% of investors are investment in NSDL Ltd and 35% of investors are interest in CDSL Ltd.

Above analysis most of the investors investment in NSDL Ltd because they provide good services like Maintenance of beneficiary holdings through Dps, dematerialization, settlement in dematerialized form and rematerialisation.

Satisfaction with company's depository procedures

Interpretation:-

Above table reveals that 82% of investors satisfied with company depository procedures

and 17.86% of investors are not satisfied with company depository procedures.

Above analysis observed that investors are interest in dematerialization means physical shares convert into electronic mode this is used for investors in pledging and hypothecation facilities, freezing/locking of investors account and stock lending and borrowing facilities.

Level of satisfaction of investors

Interpretation:-

Above analysis 79% of investors are fully satisfied with procedures of the company and 21% of the investors are partly satisfied with procedure of the company.

Most of the people are fully satisfied in company procedure because company provides carries out settlement of trades not done on the stock exchange, transfer securities and maintains investor holding in the electronic form etc.,

Provide up-to-date information in depository system

Interpretation:-

Above survey observed that 76% of investors are satisfied for depository system provide up-to-date information and 24% of investors are not satisfied regarding depository system not providing up-to-date information.

Effective source of you are depository system

INTERPRETATION

It is found in the survey that 12% of the investors know about Depository System through magazines and Depository Participants. 9% of investors know about Depository System through brokers and 53% investors know through friends remaining investors known through Dps.

It is the friends who are playing a major role in creating awareness about Depository System among the investors.

Mode of communication between Dp and Investors

INTERPRETATION

The above table reveals that 42% of Depository Participants are communicating with the investors through E-Mail. 51% of investors are informed through post and 7% are informed personally.

Above analysis most of the investors communicating with company and depository participant through E-mail services.

Type of investment

INTERPRETATION

It is found in the survey that majority of the investors are investing in a combination of instruments. The below table explains the pattern of investments of investors.

Few of the investments are dealing with all the varieties of instruments such as Equities, Debentures and Mutual Funds etc....

Above analysis most of the investors interested in dematerialized in equity.

3.FINDINGS OF THE STUDY

In this study found that most of the investors investing in the share market, most of them are aware about the depository system

The investors are managing their funds mostly through brokers and online trading.

The study reveal that most of the investors are know about Depository System through brokers and friends followed by the Depository Participants and magazines.

The investors are opening the Depository Participant account because of demat and settlement of market trades and electronic form account.

The investor communicating their Depository Participant services mostly through E-Mail and personal intimation as compare to post and others.

The investors are comfortable with their Depository Participant service and these are accessible to the investors.

The awareness of the serves provided by NSDL is not reaching the investors who are below 25 age group

4. CONCLUSIONS

SUGGESTIONS

The minimum balance for opening an account maintenances charges should be minimized to attract the great volumes of investors.

It is suggested to Depository Participant and other regulatory authorities success SEBI to conduct awareness programs in rural area.

In the survey it was found that only high-income group investors are familiar with Depository system. it was succeed in attracting middle and lower income group it will improve the inflow of funds.

Educating the investors about Depository Services that will creates awareness about Depository Services. This will enhance the number of investors.

The Depository Participants are suggested to advertise in regional language, it will facilitate the investors to understand easily.

Now the awareness is restricted to only above 25 years age.

Depository Participants have to concentrate on below 25 years age investors

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