

A STUDY ON DMAT ACCOUNT

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ABSTRACT:

to place an order, one must now call or see a broker in person if they want to invest in the stock market. Only customers with high net worth's frequently obtain such premium treatment from brokers and additional services. However, with the introduction of online trading, even a casual or small investor has the opportunity to utilise the service for a fair charge that is far less than what is paid by a professional broker over the phone. Thanks to internet trading, customers now have real-time access to account information, stock quotes, thorough market research, and interactive trading. For internet trading, you need a computer, a modem, a phone line, broker registration, a bank account, and a depository account. The depository service's debut is considered to mark the beginning of stocks @ click trading. This indicates that you may arrange for delivery of any scrips offered at anytime, anywhere, by clicking a mouse. Dematerialization makes it simpler to maintain securities in electronic form rather than paper form. It offers more advantages than a real certificate. Despite the advantages of dematerialization, there are a number of reasons why investors are not familiar with demat accounts. The concept of demat accounts and the numerous financial organisations that provide these services are not receiving a positive response from investors. This study includes understanding the various demat principles, investigating the investment practises of individual investors in india, and testing investor familiarity with online trading and dematerialization.

INTRODUCTION

Dematerialisation is a process through which physical securities such as share certificates and other documents are converted into electronic format and held in a demat account.

A depository is responsible for holding the securities of a shareholder in electronic form. These securities could be in the form of bonds, government securities, and mutual fund units, which are held by a registered depository participant (dp). A dp is an agent of the depository providing depository services to traders and investors as per the depositories act, 1996.

Currently, there are two depositories registered with sebi and are licensed to operate in india:



nsdl (national securities depository ltd.)

cdsl (central depository services (india) ltd.)

Short history of dematerialisation

Post-liberalisation of the indian economy in 1991, the securities and exchange board of india (sebi) was created in 1992 to regulate the capital markets. The sebi in turn was instrumental in introducing the process of dematerialisation of securities via the depositories act, 1996. Further under the companies (amendment) act, 2000 it became mandatory to release ipos worth rs 10 crore or more in dematerialised form only. Currently, you cannot trade in shares without a demat account.

Process of dematerialization

Dematerialization starts with opening a demat account. For demat account opening, you need to shortlist a depository participant (dp) that offers demat services

To convert the physical shares into an electronic/demat form, a *dematerialization request form* (drf), which is available with the depository participant (dp), has to be filled in and deposited along with share certificates. On each share certificate, '*surrendered for dematerialization*' needs to be mentioned

The dp needs to process this request along with the share certificates to the company and simultaneously to registrars and transfer agents through the depository

NEED OF THE STUDY

The need of the study arises because of the reason that a trainee must understand the company, its achievements and tasks, products and services and also to collect information about its competitors, its products and services offered. So that, after understanding and collecting information about the organization and its competitors, a trainee will be able to work well for the organization.

From the study i have learned very much, about the company as well as the strategy of the customers, which helps me a lot at my working days.

Objective

To find the market potential and market penetration of angel broking product offerings in hyderabad, secunderabad, and local area nearby them.

To collect the real time information about preference level of customers using demat account and their inclination towards various other brokerage firms e.g.

India bulls, share khan, india infoline, religare, geojit, unicon.

To expand the market penetration of angel broking ltd.

RESEARCH METHODOLOGY



it has to used facts or information already available and analyze these to make a critical evaluation of material.

Methods of data collection

In the project work primary data secondary data (both) sources of data has been used .

1. Primary data collection:

in dealing with real life problem it is often found that data at hand are inadequate, and hence, it becomes necessary to collect data that is appropriate. There are several ways of collecting the appropriate data which differ considerably in context of money costs, time and other resources at the disposal of the researcher.

Research design

For the proper analysis of data simple quantitative technique such as percentage were used. It help in marketing more accurate generalization from the data available. The data which was collected from a sample of population was assumed to be representing entire population was interested .demographic factor like age, income and educational background was used for the classification purpose .

LIMITATION

- The time constraint was one of the major problems.
- The study is limited to the different schemes available under the demat account selected.
- the lack of information sources for the analysis part.
- Geographical locations.
- Extreme variability in market.

REVIEW OF LITERATURE

Bhatt & bhatt (2012) in their paper entitled “financial performance evaluation of depositories in india (a comparative study of nsdl & cdsl)” explores the fact that the trend of automation especially, dematerialization, has enabled the indian capital market to take the world center stage & scale to unprecedented heights. Securities market in india has grown exponentially. The analysis of the progress of nsdl & cdsl in economic terms clearly reveals that both the depositories have shown a remarkable progress in terms of demat accounts; demat value & quantity, settlement value and quantity and the number of depository participants. Their study reveals that both the depositories have been working financially smoothly over a period of last six financial years.

Chaudhary & malik (2011) in their paper “depository system in india: an appraisal” states that majority of the participants are resided with nsdl with stake of 55 percent. Thus, it acts as the primary organization with the



majority of participants in the system. Further the paper analysis concludes that the respondents have no clear & crisp idea regarding the services offered by the dps to their clients. In order to overcome geographical & time barriers formal & informal communication need to be developed. The majority of respondents were comfortable with the prevailing fee structure of depository which shows the existing fee structure followed by nsdl is benevolent.

George (1996) in his article “towards a paperless settlement system” explains about the role of the nsdl in revolutionizing the paperless stock settlement system in the country. He has examined steps taken by the depository to ensure that the scripless trading system is a success. He has also stressed the importance of the role of regulatory body in making the depository system successful.

Jeyanthi (2007) in his research work “a study on national stock exchange of india limited” has highlighted that the nse has created a niche for itself not only in the national arena but also in the international market with the adaptation of required structural changes. Therefore there is no doubt that nse will be an attractive destination for the national & international investors to park their funds in the years to come.

Javaid (2003) in his thesis “a study of operations of stock exchanges with the special reference to delhi stock exchange” discussed that indian stock market has emerged as a major source of finance for the corporate sector. It is an institution evolved in the industrial developed capitalistic economies with free market mechanism. Stock exchange was termed as institutional allocator of resources par excellence.

Kaur (2013) in her paper “investors preference between demat & remat and awareness regarding depository & its various laws” explains the depository system in india, focusing on the reasons for investors preference between remat & demat. To sum up she concludes that the growth rates of demat account holder is increasing over years. The indian system of capital market is two tier system-indian government allows holding securities in any form i.e. Either in physical securities or in electronic (demat) form. The respondents feel that the dematerialization provides enough services & it is convenient to use. Majority of people are shifting towards dematerialization as compared to the past history & study.

Rao (1995) in his paper “Depository System: A boon for India capital markets” holds the view that the introduction of depositories would improve the market efficiency. It is also expected to arrest the prolonged depression in the stock market. The paper analysis shows the manner in which the depository would help to revive the stock market. To sum up, he states that the eligibility criteria will require companies to improve their internal systems. He is hopeful that depository system will bring a sea change in corporate democracy, particularly in corporate management, price discovery in market place & proxy exercise etc.

Sahoo (1995) in his article “The depositories ordinance, 1995 explained” has explained the provisions of Depositories Ordinance 1995, which provides a legal basis for the establishment of depositories in securities with a view to ensure free & expeditious transfer of securities.

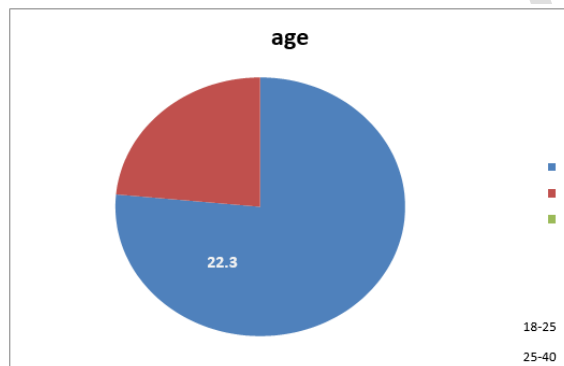


Singh & Goyal (2011) in their paper entitled “ Analysis of factors affecting the Decision Making of the Investors in Depository System” holds the view that most of the investors think that the shorter settlement period , safety of securities with the depositories , attitude of the staff available with the DPs, timely services provided by the DPs to the investors, reduction in transaction costs , repatriation of sales proceeds of shares / debentures are some of the factors which affects the decision making of the investors in depository system. Opening DEMAT account with DP is easy but they charge for providing this service. The education of the investors plays an important role in decision making where the difference in the opinions of the investors is found significant in most of the cases followed by other factors such as occupation, age etc.

DATA ANALYSIS AND INTERPRETATION

1. What is your Age?

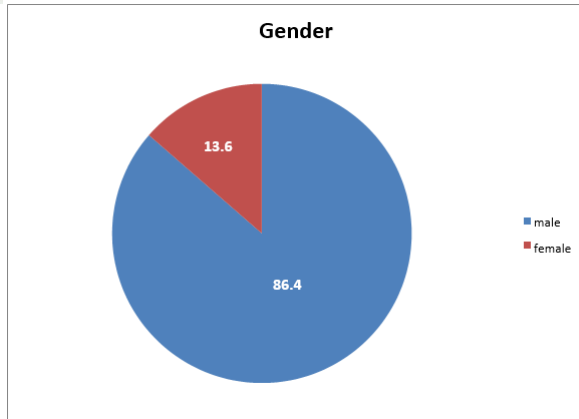
- o 18-25
- o 25-40
- o 40-60



Interpretation: in above pie diagram majority of population selected are from 18-25 agegroups that is 72.7% and 22.3% are of 25-40 age group.

2. Gender

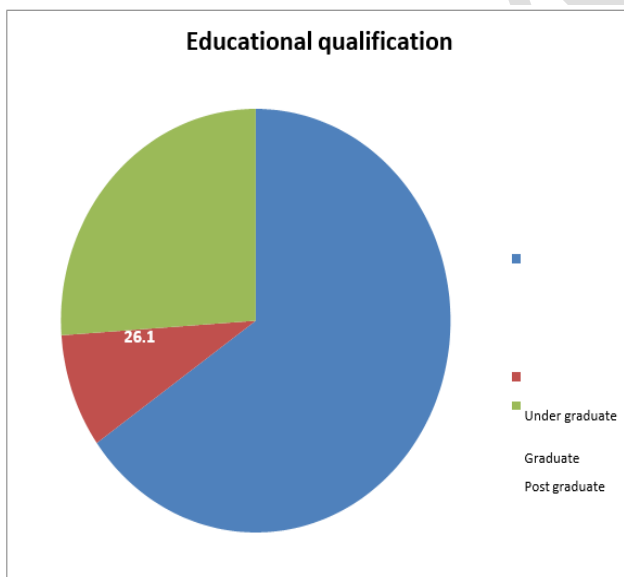
- o Male
- o Female



Interpretation: according to pie diagram majority of people are male that is 86.4% and remaining 13.6% are female.

3. What is your Educational qualification?

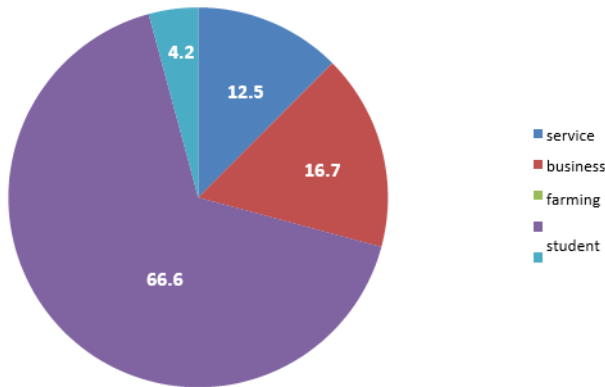
- Under graduate
- Graduate
- Post graduate



interpretation: according to the pie diagram 65.2% of sample size are undergraduates, 8.7% are graduates and other 26.1% of sample size are post graduates.

4. What is your occupation?

- o Service
- o Business
- o Farming
- o Student
- o CA Article



Interpretation: majority of sample size surveyed by me are students that is 66.6%, 16.7% are doing business. 12.5% and 4.2% of people are doing service and CA article respectively.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

To study the sales and distribution management and improve the customer acquisition process by analyzing the consumer behavior, response and mindset towards the product and services the company offers.

Preference of investment:

Consumers want to invest 75% in mutual funds, 16% in bonds, 7% in online trading and 2% in derivatives.

Awareness on online share trading

72% consumers are aware of online share trading and 28% consumers are not aware of online share trading.

Awareness of angel broking

48% consumers are known about angel broking and 52% consumers are not know about angel broking.

Awareness about facilities provided by angel broking:

36% consumers are aware about the facilities provided by angel broking and 64% consumers are not know about the facilities provided by angel broking.



Availability of Bank

30% have responded of Angel Broking Ltd., 30% have responded of HDFC, 40% have responded of ICICI.

Which banking Demat account offered you a large no. of services?

4% have responded of Angel Broking Ltd., 20% have responded of HDFC, 36% have responded of ICICI.

Better email facility provided by bank

30% have responded of Angel Broking Ltd., 26% have responded of HDFC, 44% have responded of ICICI.

Provide a less BROKARAGE rate

44% have responded of Angel Broking Ltd., 22% have responded of HDFC, 34% have responded of ICICI.

Provide a large no. of Products and services

44% have responded of Angel Broking Ltd., 20% have responded of HDFC, 36% have responded of ICICI.

SUGGESTION

1. The brand image of angel broking ltd. Is good in market but according to customer satisfaction the company has to provide the better service. And also change the market strategy.
2. They should focus on print and electronic media advertisements to make more people aware about them.
3. They should provide proper guidance to their customers about demat.
4. They should provide should offers and facilities to their customers to increase their attractiveness about demat.
5. For opening an account, they require lots of signatures in a kit, which should be reduced.

CONCLUSION

Most of the people are aware of online trading.

Most of the traders consider unsatisfactory services of broking firm as biggest problem in trading.

Most of people are having demat accounting and online trading account.

50% of my sample sizes are not investing in share market.

Equal numbers of people in sample size do intraday and delivery trading and most of them do both intraday as well as delivery trading.

According to my selected sample of group, 75% people prefer to invest less than 10k and some of them prefer to invest more than 10k but less than 20k.



Many people of my sample group would invest money for 1 month, some for 3 months, and some for more than 6 months and very few for 3 to 6 months.

More than 50% of me sample size thinks that online trading is preferable.

Lack of knowledge and experiences is the biggest problem faced by a traderwhile doing online trading.

Many people get proper facility by their trading firm or company.

Almost every people of selected sample group say that online trading is useful.

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