

INVESTOR AWARENESS ON DEPOSITORY SYSTEM

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Abstract : A depository system where is a place to deposit something for safekeeping as bank in which funds or securities are deposited by other under the terms of depository agreements. The principal function of a depository is to dematerialize securities and enable their transactions in book-entry form. The securities are transferred by debiting the transferor's depository account and crediting the transferee's depository account.

The main objective is to study the trading and settlement procedure in the exchange with particular online procedure and manual procedure that existed before online trading. The another objective of the study the greater benefits of the depositories. The study of dematerialization of share procedure, demat account, transfer of securities and trading and settlement of demat securities.

The inception of the depository system in the Indian capital market has been only during the 90's. however, when it has finally arrived it was a welcome change for the investors who were bogged down with many a problem of script based trading. The role played by the companies in encouraging its shareholders to convert their stock into electronic form. Their attitude of being receptive to changing conditions, and to go in for "demat" is a step in the right directions.

IndexTerms:- capital market, depository,depository participants, dmat account.

I. INTRODUCTION

Innovation is upsetting each field of human undertaking and action. Indian capital market is cart meter of Indian economy, one of them is brought innovation into capital market. A noteworthy advancement in the Indian capital market has been setting up of Depository framework. The fast development in number, volume and estimation of securities in the Indian capital market uncovered the confinements of taking care of and managing securities in the physical/paper mode; the weakness of the market moved toward becoming in the show as far as awful conveyances, delays in exchange and sporadic settlement and so forth vault utilized as mixture, bringing answer for each one of those issues.

The principle goal's of store frameworks are to quicken scrip less exchanging, to make trust in individual financial specialists support in vault framework and to make a focused domain and be receptive to client's advantage and concern. A storehouse holds securities in gadgets structure and gives all administrations identified with exchange of offers/obligation instruments. A store collaborates with customers through a storehouse member with who the customer needs to keep up a DMat account.

Along these lines a speculator who wishes to profit of all safe administrations needs to open a DMat account. A safe member is an operator of safe and is approved offer storehouse administrations to speculators.

MEANS OF DEPOSITORY

Vault signifies "one spot where something is stored for safety's sake; one who gets a store of cash, securities, or other property; an individual to whom something is depended; a trustee; an individual or gathering endowed with protection or safe keeping of something"

The SEBI Depository System Guidelines Act1996, characterizes Depository as:

An association where the securities of investors are held as electronic records similarly as bank holds cash. The holds electronic authority of securities and furthermore masterminds exchange of responsibility for on the settlement dates.

As indicated by segment 2(e) of Depository Act 1996

"Storehouse implies an organization framed and enrolled under the organizations demonstration, 1956 and which has been conceded a declaration of enlistment under area 12(1a) of Securities and Exchange Board of India act, 1992".

II.OBJECTIVE OF THE STUDY:

- This article mainly focuses on investor awareness on depository system with reference to IL&FS company.

III. REVIEW OF LITERATURE

This area covers the survey of writing of a portion of the imperative examinations; inquire about papers, different national just as global diaries, distributed articles in different authority standard books and alluding to different sites on the web on various parts of Depository framework.

Bhatt and Bhatt (2012) in their paper entitled "Monetary Performance Evaluation of stores in India (A relative investigation of NSDL and CDSL)" investigates the way that the pattern of computerization particularly, Dematerialization, has empowered the Indian capital market to take the world all important focal point and scale to uncommon statures. Securities showcase in India has developed exponentially. The investigation of the advancement of NSDL and CDSL in financial terms unmistakably uncovers that both the safes have appeared noteworthy advancement as far as DEMAT accounts; DEMAT esteem & quantity, Settlement esteem and amount and the quantity of vault members. Their investigation uncovers that both the storehouses have been working monetarily easily over a time of last six monetary years.

Chaudhary and Malik (2011) in their paper "Store framework in India: An evaluation" expresses that larger part of the members are lived with NSDL with stake of 55 percent. Along these lines, it goes about as the essential association with most of members in the framework. Further the paper investigation reasons that the respondents have no unmistakable and fresh thought with respect to the administrations offered by the DPs to their customers. So as to beat land and time boundaries formal and casual correspondence should be created. Most of respondents were alright with the overarching expense structure of storehouse which demonstrates the current charge structure pursued by NSDL is kind.

Jeyanthi (2007) in his examination work "An investigation on National Stock Exchange of India Limited" has featured that the NSE has made a specialty for itself in the national field as well as in the worldwide market with the adjustment of required basic changes. In this way there is no uncertainty that NSE will be an alluring goal for the national and global financial specialists to stop their assets in the years to come.

Javaid (2003) in his theory "An investigation of activities of stock trades with the unique reference to Delhi Stock Exchange" examined that Indian financial exchange has risen as a noteworthy wellspring of fund for the corporate segment. It is an establishment advanced in the modern created industrialist economies with free market instrument. Stock trade was named as institutional allocator of assets second to none.

Kaur (2013) in her paper "Financial specialists inclination between DEMAT and REMAT and mindfulness in regards to store and its different laws" clarifies the storehouse framework in India, focussing on the explanations behind speculators inclination between REMAT and DEMAT. To aggregate up she presumes that the development rates of DEMAT account holder is expanding over years. The Indian arrangement of capital market is two level framework Indian government permits holding securities in any structure for example either in physical securities or in electronic (DEMAT) structure. The respondents feel that the dematerialization gives enough administrations and it is advantageous to utilize. Greater part of individuals are moving towards dematerialization when contrasted with the previous history and study.

Olekar and Talwar (2013) in their paper "Web based exchanging and DEMAT account in India – Some issues" saw that the banks typically demand a lower administration charges contrasted with other vault members. He additionally discovered that when the quantities of clients are progressively on the web, the speed of exchanges is influenced.

Singh and Goyal (2011) in their paper entitled " Analysis of elements influencing the Decision Making of the Investors in Depository System" holds the view that the vast majority of the financial specialists believe that the shorter settlement period , wellbeing of securities with the vaults , disposition of the staff accessible with the DPs, auspicious administrations given by the DPs to the speculators, decrease in exchange costs , rapatriation of offers continues of offers/debentures are a portion of the elements which influences the basic leadership of the speculators in store framework. Opening DEMAT account with DP is simple however they charge for giving this administration. The training of the speculators assumes a vital job in basic leadership where the distinction in the sentiments of the financial specialists is discovered noteworthy in the vast majority of the cases pursued by different factors, for example, occupation, age and so forth.

SEBI GUIDELINES:

- SEBI has been organizing investor education and awareness workshops through investor associations and market participants. It maintains an updated, comprehensive web site for education of investors. It publishes various kinds of cautions through media. It responds to the queries of investors through telephone, e-mails, letters, and in person for those who visit SEBI office.
- SEBI has adopted disclosure based regulatory regime. It has prescribed and monitors various initial and continuous disclosures.
- It ensures that the market has systems and practices which make transactions safe. SEBI has taken various measures such as screen based trading system, dematerialization of securities, T+2 rolling settlement, and framed various regulations to regulate intermediaries, issue and trading of securities, corporate restructuring, etc. to protect the interests of investors in securities.
- SEBI has a comprehensive mechanism to facilitate redressal of investor grievances against intermediaries and listed companies. It follows up with the companies and intermediaries who do not redress investors' grievances, by sending reminders to them and having meetings with them. It takes appropriate enforcement actions as provided under the law (including launch of adjudication, prosecution proceedings, directions) where progress in redressal of investor grievances is not satisfactory. It has set up a comprehensive arbitration mechanism in stock exchanges and depositories for resolution disputes of the investors. The stock exchanges have investor protection funds to compensate investors when a broker is declared a defaulter. Depository indemnifies investors for loss due to negligence of depository or depository participant.

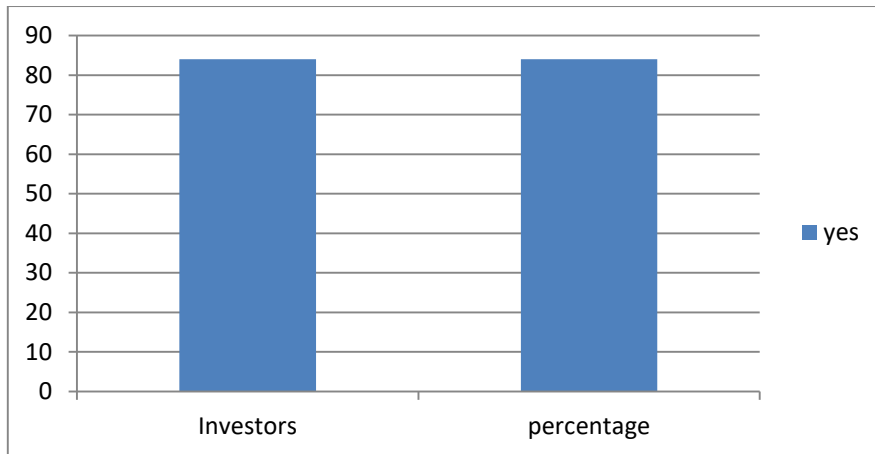
**IV.DATA ANALYSIS
ANALYSIS AND INTERPRETATION**

Analysis is done on the basis of information gathered through the questionnaire to ascertain the awareness of investors about depository system. The data analysis is based on seven parameters they are Age, Source of awareness of depository system, mode of communication between depository participant and Investors and Accessibility of depository participant service center.

TABLE-1

1) Awareness of share market

Options	Yes	No	Total
Investors	84	16	100
Percentage	84.00	16.00	100

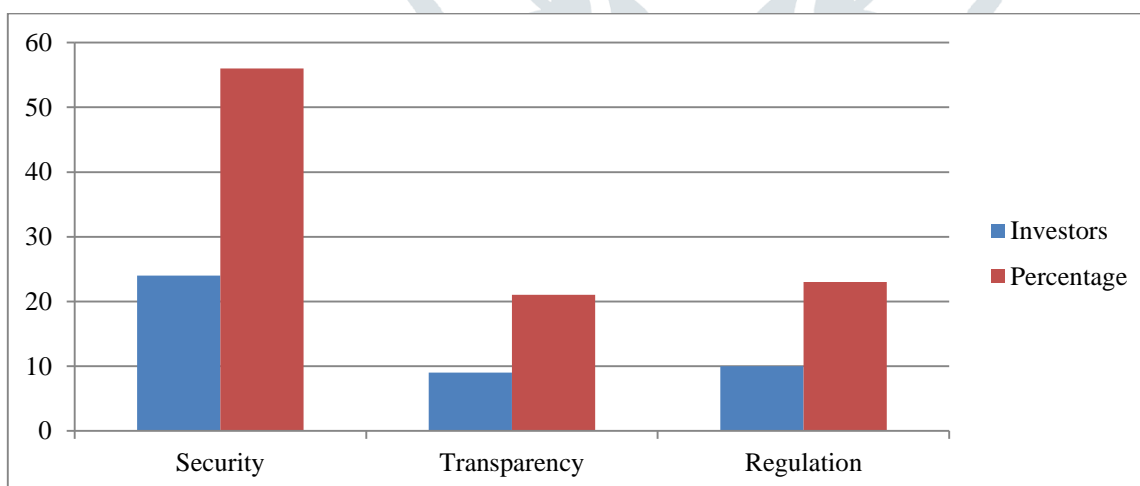


Interpretation:

The above table reveals that 84% of the investor's are aware of the share market .

2) Motivational factors to accept IL &FS

Options	Security	Transparency	Regulation	Total
Investors	24	9	10	43
Percentage	56.00	21.00	23.00	100



Interpretation

Table-2 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.,

3) SERVICES OFFERED BY ILFS &NSE:

ACCOUNT OPENING: Account opening is mandatory in any of the company for the trading purpose.

COMPANIES	NSE	IL&FS
ACCOUNT OPENING	Free but compulsory.	Free but compulsory.

DEMAT CHARGES:

These charges are charged by the companies while opening demat account.

COMPANIES	NSE	IL&FS
DEMAT CHARGES	Rs.2 Per Certificate + Regd. post charges subject to minimum of Rs.40/-	Rs.200 per certificate plus courier charges of Rs.35 per demat request for every 500 gms.

ACCOUNT MAINTENANCE CHARGES:

This fee is charged annually by most of the depository participants. It mainly ranges from 300 to 800 per annum.

COMPANIES	NSE	IL&FS
ACCOUNT MAINTENANCE CHARGES	300 per annum	Rs.150 per quarter plus depository charges of Rs .500 per annum

REMAT CHARGES:

This charges are charged by DPS for reconversion of electronic securities into paper form. But the reconversion depends upon the need and preference of investors.

COMPANIES	NSE	IL&FS
REMAT CHARGES	Rs.25/- Per Certificate or 0.05% of the value whichever is higher plus depositories charges at actual	Rs.25 per certificate or 0.05% of the transaction value whichever is higher plus depository charges at actuals.

PLEDGE CREATION:

COMPANIES	NSE	IL&FS
Pledge creation	0.02% on value of the Transaction charges subject to minimum of Rs.25/- For all schemes+CDSL charges	0.02% of transaction value subject to a min of rs.500 plus depositories charges at actuals.

V.Findings:

- 84% of the investors are having stock market exposure
- 24% of the investors are opting the companies for investment based on security as they would like to have more protection for their investment.
- There is a difference in Demart charges between IL&FS and NSE of the two LF&FS is collecting IL Demart charges.
- The account maintainace charges are also very high in case of IL&FS it amounts to rs100/ per annum approximately.
- Remittances charges and pledge creation charges are same for both NSE and IL&FS.

VI.CONCLUSION

The inception of depository system in india and all over the globe has brought a revolutionary change in the stock market. The investors are moved from physical script to dematerialized form.the investors and the companies have taken a time to understand this change and participate actively in the stockmarket.the study focuses on this awareness for investors decision making.the study revealed that 84% of the investors are aware of the stock market environment.they are investing based on security, transparency and regulations.so as to protect their investment when compared to NSE and IL&FS fees and charges are little high. It can be expected that the investors will get the real time information in the stockmarkets for their wise investment. It also can be expected that the operational activities all stock broking companies will bring the equality in providing the services to their customers.`

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