

# AWARNESS OF DEMATERIALISATION AMONG HOUSEHOLDS OF SHIVALIK HILLS: AN EMPIRICAL STUDY

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## **Abstract:-**

Dematerialization is the holding of the securities in the non-physical form such as the electronic form (fungible form) to leseen the time taken to process the dealings in the securities.. After introduction of the depositories, shares automatically moved into the account of the investor after the settlement. This has enabled millions of investors to hold shares at negligible cost and trading worth thousands of crores to take place everyday.In the present research paper an attempt has been made to analyse the perception of households of Shivalik Hills of Himachal Pradesh about Dematrilsation.Demographic variable wise analysis have been done.

**Key words:**Demat Account,Chi square, Perception, stock market instruments etc.

## **INTRODUCTION:-**

The income generated from any economic activity has to be managed by the people. It can be done by investing the surplus income in various financial institutional governmental as well as non-governmental. However, return on invested money can best be realized if one has the knowledge of the available investment avenues. Awareness among the investors regarding various investment avenues is considered to have a great influence on the investment decisions and patterns of investment of the investors. A reasonable knowledge, therefore, constitutes a significant target of the investor which one can achieve. In the present paper, an attempt has been made to analyse knowledge of the households of Shivalik Hills about DEMAT Account

Dematerialization is the holding of the securities in the non-physical form such as the electronic form (fungible form) to leseen the time taken to process the dealings in the securities. The Depositories Act in 1996 was passed whereby paperless holding of shares was brought in. Before that all shares were held in physical form which made the process of transfer of shares cumbersome and time consuming. There were transfer charges to the paid in the form of stamp duty etc. After introduction of the depositories, shares automatically moved into the account of the investor after the settlement. This has enabled millions of investors to hold shares at negligible cost and trading worth thousands of crores to take place everyday.

## RESEARCH METHODOLOGY':-

The present research work has been formulated on the basis of first hand information from the households residing in Shivalik Hills, having different demographic variables such as income, sex, educational qualification and occupation etc. The present study is expected to provide various beneficial guidelines to the policy makers to mobilize the savings of the households in a stock market related instruments.

**Null Hypothesis;** There is no relationship between demographic variables and awareness among investors with respect to DEMAT Account.

**Alternate Hypothesis:-** There is significant relationship between demographic variables and awareness among investors with respect to DEMAT Account.

In the present study, multi stage sampling has been used. At the first stage, the study area has been divided into different districts namely lower parts of districts Kangra, Sirmour, Solan, Mandi and entire districts Una, Hamirpur and Bilaspur. Out of these districts, three districts namely Kangra, Hamirpur and Una have been selected keeping in view their representation to Shivalik Hills of Himachal Pradesh on the basis of demographic features and industrial zones of the state. At the second stage, from each selected district, three tehsils i.e. one most developed, one moderately developed and one less developed have been selected. Thus, the total number of tehsils are  $3 \times 3 = 9$ .

At the third stage, two village panchayat have been selected randomly from each tehsil. This way the present study has been conducted in  $9 \times 2 = 18$  village panchayats. At fourth stage, 30 households have been selected from each village panchayat using judgment sampling keeping in view various demographic characteristics of the population. Thus, the sample constitute 540 ( $18 \times 30$ ) respondents.

. Primary data have mainly been collected with the help of questionnaire/ schedule. It has been prepared to get information from the people living in the study area.

Keeping in view the nature of study, the data collected have been analyzed and interpreted with the help of the following methods:

- ❖ Mathematical Methods
- ❖ Statistical Methods
- ❖ Diagrammatic and Graphic Methods

## RESULTS:-

### 1.1 Age-wise Awareness among investors about DEMAT Account:

Age is the prime factor in determining the investment level. Table 1.1 and Figure 1.1 reveal age-wise knowledge of respondents about DEMAT Account.

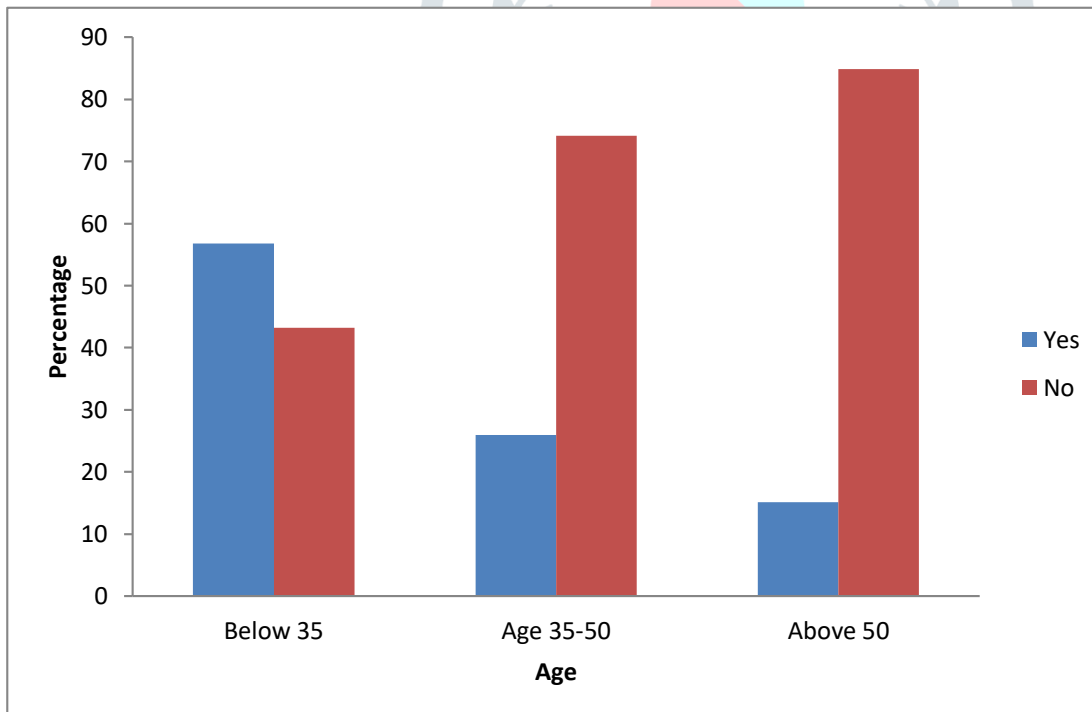
**Table 1.1: Age-wise Awareness among investors about DEMAT Account**

Age	Awareness About DEMAT Account		Total
	Yes	No	
Below 35	79 (56.8%)	60 (43.2%)	139 (100%)
Age 35-50	56 (25.9%)	160 (74.1%)	216 (100%)
Above 50	28 (15.1%)	157 (84.9%)	185 (100%)
Total	163 (30.2%)	377 (69.8%)	540 (100%)

$$\chi^2 = 68.587, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.



**Fig. 1.1: Age-wise Awareness among investors about DEMAT Account**

Data with regard to age-wise knowledge of respondents about DEMAT Account shows that young generation (below 35 years) is more aware about DEMAT Account than the middle age i.e. 36-50 years and higher ages (above 50 years), this can be verify from the fact that 56.8% followed by 25.9% and 15.1 percent respondents falls in the age group of young, middle and higher age respectively

know about the DEMAT Account. Thus, it can be concluded that respondent in the age group below 35 years have significantly more knowledge about DEMAT Account. It has been supported by  $\chi^2$ -test as calculated value of  $\chi^2$  is more than the table value at 1 percent level of significance.

### 1.2 District-wise Awareness among investors about DEMAT Account:

Here an attempt has been made to analyse the district-wise awareness regarding knowledge of dematerialization. Table 1.2 and figure 1.2 have presented district wise knowledge of investors about DEMAT Account.

**Table 1.2: District-wise Awareness among investors about DEMAT Account**

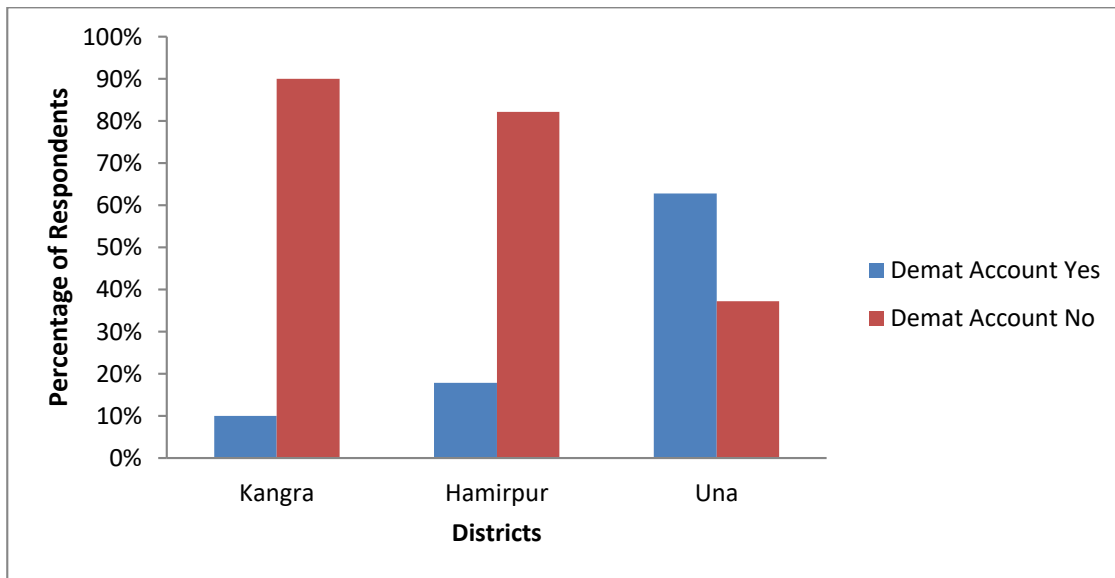
District	Awareness About DEMAT Account		Total
	Yes	No	
Kangra	18 (10.0%)	162 (90.0%)	180 (100%)
Hamirpur	32 (17.8%)	148 (82.2%)	180 (100%)
Una	113 (62.8%)	67 (37.2%)	180 (100%)
Total	163 (30.2%)	377 (69.8%)	540 (100%)

$\chi^2 = 68.587$ ,  $p < 0.001$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

Distribution of respondents by district-wise awareness about knowledge of DEMAT account reveals that a good percentage (62.8 percent) in Una district have the knowledge of DEMAT account In comparison to Hamirpur district (17.8 percent) and Kangra district (10percent). It can be said that respondent of Una district are more aware about DEMAT account as compare to Hamirpur and Kangra districts. On apply  $\chi^2$ -test, its calculated value is greater than the table value at one percent level of significance which further supports above analysis statistically.



**Fig. 6.2: District-wise Awareness among investors about DEMAT Account**

### 1.3 Educational Qualification-wise Awareness investors about DEMAT account:

Educational profile of any individual makes him to determine their investment needs and avenues available to them. The table 1.3 and figure 1.3 depict education-wise knowledge of respondents about DEMAT account.

**Table 1.3: Educational Qualification-wise knowledge DEMAT Account.**

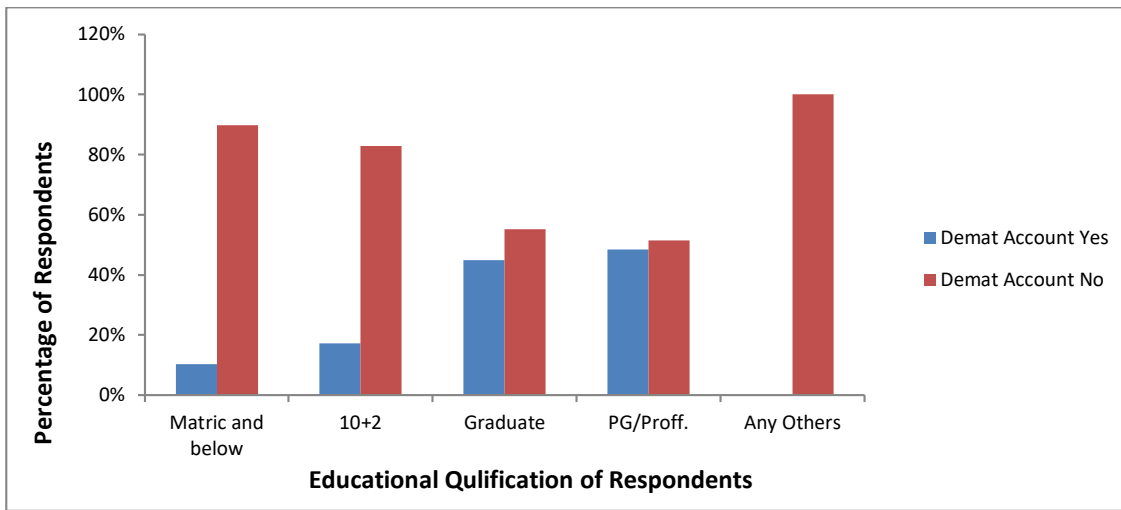
Qualifications	Awareness About DEMAT Account		Total
	Yes	No	
Matric or below	12 (10.3%)	105 (89.7%)	117 (100%)
10+2	26 (17.2%)	125 (82.8%)	151 (100%)
Graduate	62 (44.9%)	76 (55.1%)	138 (100%)
PG/Proff.	63 (48.5%)	67 (51.5%)	130 (100%)
Any Others	0 (0%)	4 (100%)	4 (100%)
Total	163 (30.2%)	377 (69.8%)	540 (100%)

$$\chi^2 = 68.587, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

Analysis of table indicates that 48.5 percent, 44.9 percent, 17.2 percent and 10.3 percent post graduate, graduate, 10+2 and matric or below respondents have the knowledge of DEMAT account, it can be observed that educated persons are well aware about the DEMAT account as compare to less educated persons.



**Fig. 1.3: Educational Qualification-wise knowledge DEMAT Account**

On applying  $\chi^2$ -test, the calculated value of  $\chi^2$  is more than the table value at 1 percent level of significance, which rejects null hypothesis. Thus, it may be concluded that there is significant relationship between educational level of investors and knowledge of investors about DEMAT account.

#### 1.4 Primary Occupation-wise Awareness Among Investors about DEMAT Account:

Occupation is mainly concerned with the task any-one who deposes their maximum time for his earnings. The primary occupation-wise knowledge about DEMAT account by the sampler investors has been depicted in table 1.4.

Table 1.4 and Figure 1.4 shows that 39.5 percent, 39.2 percent and 3.6 percent of the investors whose primary occupation is service, business and agriculture respectively have the knowledge of DEMAT account.

**Table 1.4: Primary Occupation-wise Awareness among Investors about DEMAT account**

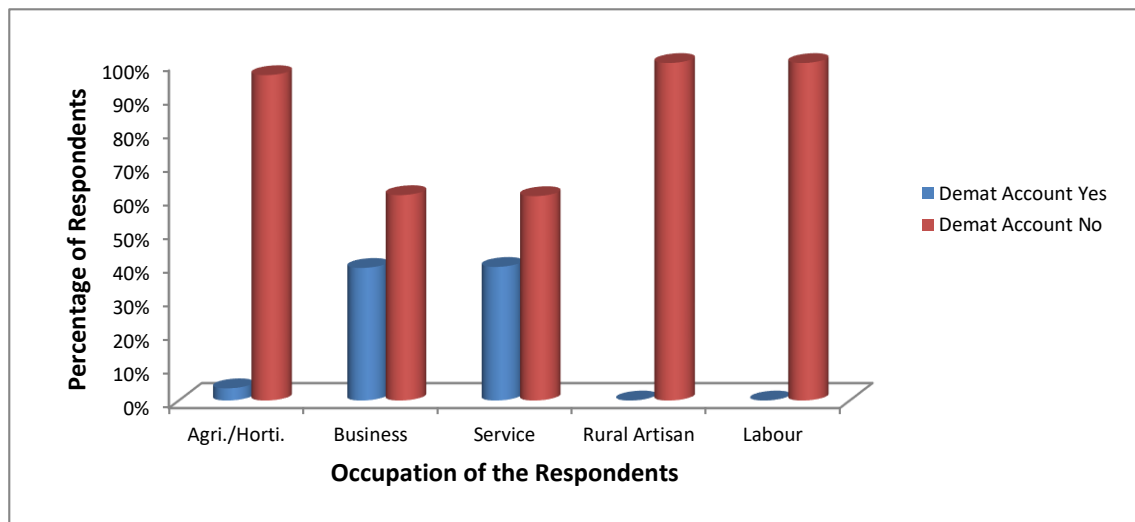
Primary Occupation	Awareness About DEMAT Account		Total
	Yes	No	
Agriculture/Horticulture	3 (3.6%)	80 (96.4%)	83 (100%)
Business	73 (39.2%)	113 (60.8%)	186 (100%)
Service	87 (39.5%)	133 (60.5%)	220 (100%)
Rural Artisan	0 (0%)	11 (100%)	11 (100%)
Labour	0 (0%)	40 (100%)	40 (100%)
Total	163 (30.2%)	377 (69.8%)	540 (100%)

$$\chi^2 = 68.587, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

It is pertinent to mention here that respondents whose primary occupation is labour and rural artisen are completely ignorant about DEMAT account. On applying  $\chi^2$ -test the calculated value of  $\chi^2$  is greater than the table value at 1 percent level of significance. Which shows the significant relationship between primary occupation and knowledge of DEMAT account.



**Fig. 1.4: Primary Occupation-wise Awareness investors about DEMAT account**

#### 1.5: Annual Income-wise Awareness Among Investors About DEMAT Account:

Income plays an important role in the saving and investment pattern of the investors. Table 1.5 and figure 1.5 reveals the income-wise distribution about knowledge of DEMAT account.

**Table 1.5: Annual income-wise awareness among investors about DEMAT account**

Annual Income	Awareness About DEMAT Account		Total
	Yes	No	
Below 1 Lac	3 (2.8%)	103 (97.2%)	106 (100%)
1-3 Lac	80 (37.6%)	133 (62.4%)	213 (100%)
3-5 Lac	31 (26.7%)	85 (73.3%)	116 (100%)
5-10 Lac	14 (35.9%)	25 (64.1%)	39 (100%)
Above 10 Lac	35 (53.0%)	31 (47.0%)	66 (100%)
Total	163 (30.2%)	377 (69.8%)	540 (100%)

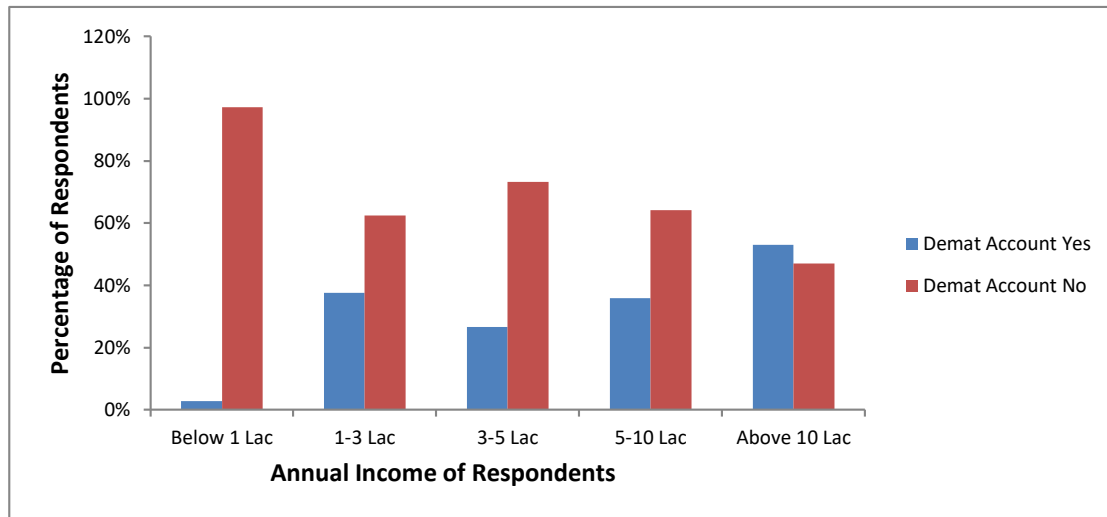
$$\chi^2 = 68.587, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

Data with regard to income wise distribution of respondents about knowledge of DEMAT account shows that higher annual income groups are more aware about DEMAT account as compare to low income group. It is clear from the table that 53 percent, 35.9 percent and 26.7 percent, 37.6 percent and 2.8 percent of respondents having income above 10 lac, 5-10 lac, 3-5 lac, 1-3 lac and below 1 lac respectively have the knowledge of DEMAT account, which clearly shows that higher income groups have the knowledge of dematerialization while low income groups are less aware about it. It has been

supported by the  $\chi^2$ -test as the calculated value is more than the table value of 1 percent of significance.



**Fig. 1.5: Annual income-wise awareness among investors about DEMAT account**

Knowledge of Dematerialization is very important for holding stock market instruments. In age wise distribution, it has been analysed that the respondents of below 35 years of age group have significantly more knowledge about dematerialization as compared to the respondents of other income groups. In district wise distribution respondents of Una district (62.8%) have significantly outnumbered the respondents of Hamirpur (17.8%) and Kangra district (10.0%) regarding their knowledge about DEMAT account. It has also been analysed that there is significant relation between educational qualification and knowledge of dematerialization. Educated people are well aware about DEMAT account as compared to less educated people. People having business and service as their primary occupation have significantly more aware about dematerialization as compared to people having labour or rural artisan as their primary occupation. It has also been analyzed that respondents having higher income are well aware of dematerialization as compared to low income respondents.

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