

“PERCEPTION OF INVESTORS TOWARDS SCREEN BASED TRADING”

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ABSTRACT

In the screen based system the trading ring is replaced by the computer screen and distant participants can trade with each other through the computer network. A large number for participants are geographically separated can trade simultaneously at high speed. The screen based trading system enhances the informational efficiency of the market as more participants trade at a faster speed. It permits the market participants to get a full view of the market. This increases their confidence in the market and establishes transparent audit trails. While computerized trading is more efficient, it decidedly lacks of vibrancy and vitality of the traditional floor trading. Technology seems to have its own way of pushing colourful traditions and practices into oblivion.

Key words: Dematerialization (DEMAT), National Stock Exchange, Bombay Stock Exchange.

INTRODUCTION

Trading on the stock market in Indian was based on the open outcry system Till 1994. With the establishment of National Stock Exchange in 1994, India entered the era of screen based trading. Within a short span of time the screen based trading has supplanted the open outcry system on all the stock exchanges in the country. Prior to setting up of NSE the trading on stock exchanges in India used to take place through an open outcry system. This system did not allow immediate matching or recording of trades. This was time consuming and imposed limits on trading. In order to provide efficiency, liquidity and transparency, NSE introduced a nation-wide on-line fully-automated Screen Based Trading System (SBTS). In this system member can punch into the computer, quantities of securities and the prices at which he desires to transact and the transaction is executed as soon as it finds a matching sale or buy order from a counter party. It allows a large number of participants, irrespective of their geographical locations, to trade with one another simultaneously, improving the depth and liquidity of the market. Given the efficiency and cost effectiveness delivered by the NSE's trading system, it became the leading stock exchange in the country in its very first year of operation. This forced the other stock exchanges to adopt SBTS. As a result, open out-cry system has disappeared from India. Today, India can boast that almost 100% trading takes place through electronic order matching. Technology has been harnessed to carry the trading platform to the premises of brokers. NSE carried the trading platform further to the PCs in the residence of investors through the internet. This has made a huge difference in terms of equal access to investors in a geographically vast country like India.

BOMBAY STOCK EXCHANGE

The BSE is the premier or apex stock exchange in India. It is the biggest in size in terms of the amount of fresh capital raised, secondary market turnover and capitalization and the total listed companies and their paid-up capital. It is also the oldest market and has been recognized permanently, while the recognition for other exchange is renewed every five years. Its business is no longer confined to Mumbai alone at the end of 1997, there were 100 other cities in which it had set up business.

NATIONAL STOCK EXCHANGE

The NSE has a fully automated, electronic, screen based trading system. It is sponsored by the IDBI and co-sponsored by other institutions, LIC, GIC, other insurance companies, commercial banks, and other financial institutions viz. SBI Caps, SHCIL, and ILFs. Its objectives are to provide nationwide equal access and fair, efficient, completely transparent securities trading system to investors by using suitable communication network. To provide shorter settlement cycles and entry settlement system. To bring the Indian stock market in line with international markets and to promote the secondary market in debit instruments such as government and corporate bonds.

DEMAT TRADING

A depository holds securities in dematerialized form. It maintains ownership records of securities in a book entry form, and also effects transfer of ownership through book entry. Though, the investors have a right to hold securities in either physical or DEMAT form, SEBI has made it compulsory that trading in securities should be only in dematerialized form. This was initially introduced for institutional investors and was later extended to all investors. Starting with twelve scripts on January 15, 1998, all investors are required to mandatorily trade in dematerialized form. The companies, which fail to establish connectivity with both the depositories on the scheduled date as announced by SEBI, then their securities are traded on the 'trade for trade' settlement window of the exchanges.

STATEMENT OF THE PROBLEM

The researcher has chosen the topic "A Study on perception of investors towards screen based trading with reference to Paramathi Velur, Namakkal district". Because the study area is limited nearest and local town of having the number of small and large investors are investing their money in local agencies. More over the readymade data derived from the computer very helpful to invest and sell the securities very fast. So it is very easy to invest and sale of the securities by the investors. So the researcher has selected about the topic for the convenience of consulting investors and the agencies.

OBJECTIVES OF THE STUDY

1. To know the investors preference in security market dealings.
2. To understand the expectation of investors.
3. To analyze the demographic factors of the investors.

HYPOTHESES OF THE STUDY

1. There is no significant relationship between occupation and monthly income of the respondent.
2. There is no significant relationship between monthly income and education of the respondent.
3. There is no significant relationship between education and type of listed shares of the respondent.
4. There is no significant relationship between monthly income and selection of stock exchange of the respondent.

REVIEW OF LITERATURE

1. **V.R. Palanivelu, K.Chandrakumar (2013)**: “A Study on Preferred Investment Avenues among Salaried Peoples with Reference to Namakkal Taluk, Tamil Nadu, India”. This research paper identifies the preferred investment avenues among the individual investors in Namakkal Taluk of Tamil Nadu. The study is based on primary sources of data .The data has been analyzed using percentage and chi-square test with the help of statistical software. In this paper has examined how the salaried people are managing their investments. The paper concludes that many of them invest in common investment avenues and not aware about investment in share market, equity etc.

2. **V.AlaguPandian, G. Thangadurai (2013)**; “A Study of Investors Preference towards Various Investments Avenues in Dehradun District”. This paper attempts to understand awareness level of the investors about various investment avenues. This study also provides suitable suggestions to promote the investment. The researcher has concluded that most of the investors prefer bank deposits followed by gold investment in Dehradun District.

RESEARCH METHODOLOGY

A research design is the arrangement of conditions and collections for the analysis of data in a manner that aims to combine relevance to the purpose with economy in procedure. A research is a purely and simply the framework or a plan for a study that guides the collection and analysis of the data, the researcher has adopted descriptive research design in collecting and analyzing the data in the investors survey.

DESCRIPTIVE RESEARCH DESIGN

Descriptive research design is one that simply describes something such as demographic characteristic investors, who have invested in the shares. The descriptive study is typically concerned with determining the frequency which something occurs or how two variables vary together. This study is typically guided by an initial hypothesis.

DATA COLLECTION AND ANALYSIS

In this survey, in order to meet the objectives of the study, primary data and secondary data are collected.

SAMPLING TECHNIQUES

The researcher has adopted convenience sample techniques in this survey. In this method, the sampling units are chosen primarily in accordance with the investigator's convenience.

SAMPLE SIZE

The study has taken around 50 respondents who are the part of working population in Paramathi Velur , Namakkal District. The investors are selected by convenient sampling method.

STATISTICAL TOOLS USED

The researcher has used statistical tools like percentage, chi-square test for proper analysis and interpretation of the data collected for the purpose of the present study.

ANALYSIS AND INTERPRETATION

A statistical survey is conducted on the sample respondents of DEMAT holders with reference to Paramathi Velur town. In this study an attempt has been made to examine empirically on perception of investors towards screen based trading with reference to Paramathi Velur , Namakkal District.

Table – 1: Demographic Details Of The Investors

S. No	Investor's particulars		No.of Respondents	Percentage (%)
1	Gender	Male	39	78
		Female	11	22
2	Age	Up to 30 years	12	24
		31 – 40	17	34
		41 – 50	10	20
		Above 50 years	11	22
3	Marital status	Married	32	64
		Unmarried	18	36
4	Education	Up to SSLC	5	10
		HSC	8	16
		Graduate	37	74
5	Occupation	Salaried class	26	52
		Business	13	26
		Agriculture	11	22
6	Monthly income	Up to ` .10000	20	40
		` .10001 to ` .20000	15	30
		` .20001 to ` .30000	9	18
		Above ` .30000	6	12

Source : Primary data

From the above table its inferred that the Gender wise classification out of the 50 respondents taken for study about 78% of the respondents belong to male category while 22% of the respondents are female. Thus, it has been inferred from proper analysis of the data provided in the above table that majority of the respondents are male. According to the age wise classification shows that 24% belong to the age group of less than 30 years, 34% belong to the age group of 31 to 40 years, 20% of the respondents belong to 41 to 50 years and 22% of the respondents belong to above 50 years. Hence, Maximum of the respondents belongs to the age group of 31 to 40 years. According to marital status of the respondents maximum of the respondents are married totaled 32 out of 50 respondents and the percentage is 64. Hence, Maximum of the respondents are married. According to the education 74% of the respondents are degree holders, followed by higher secondary level with 16% and SSLC level with 10%. Hence, Maximum of the respondents are graduates. According to occupation of the respondents 52% of the respondents belong to salaried class, 26% of the respondents belong to business, and 22% of the respondents belong to agricultural group. Hence, Maximum of the respondents belongs to salaried class. According to monthly income of the respondents 40% of respondents are having ` .10000, 30% of the respondents are having

` .10001 to ` .20000, 18% of respondents are having ` .20001 to ` .30000, 12% of respondents are having above ` .30000. Hence, Majority of respondents are having ` .10000 as monthly income.

Table – 2: Durations In Security Market Dealings

S. No	Durations	No. of Respondents	Percentage (%)
1	Up to 5 years	36	72
2	5 to 10 years	11	22
3	10 to 15 years	2	4
4	Above 15 years	1	2
Total		50	100

Source : Primary data

The above table explains that 72% of respondents are in security market dealing for 5 years, 22% of respondents are in security market dealing for 5 to 10 years, 4% of respondents are 10 to 15 years, and 2% of respondents are above 15 years in security market dealings. Hence, majority of respondents are in security market dealing for five years.

Table – 3: Types Of Listed Companies Shares in Stock exchanges

S. No	Types of Listed shares	Number of Respondents	Percentage (%)
1	NSE Shares	11	22
2	BSE Shares	8	16
3	NSE & BSE Shares	31	62
Total		50	100

Source : Primary data

The above table indicates that 22% of respondents fall under NSE Shares, 16% of respondents fall under BSE Shares, and 62% of respondents fall under both NSE and BSE Shares. Hence, majority of respondents fall under NSE and BSE shares.

Table – 4: Segments Of Investments

S. No	Segments	Number of Respondents	Percentage (%)
1	Cash segments	45	90
2	Commodity trading	3	6
3	Both cash & commodity	2	4
Total		50	100

Source : Primary data

The above table shows that 90% of respondents have invested in cash segments, 6% of the respondents have invested in commodity trading, and remain 4% of respondents have invested in both cash and commodity trading. Hence, majority of respondents have invested in cash segments.

Table – 5: Occupation and Monthly Income Of The Respondents

S. No	Particulars	Up to ` .10000	` .10001 to ` .20000	` .20001 to ` .30000	Above ` .30000	Total
1	Salaried class	13 (10)	7 (8)	3 (5)	3 (3)	26
2	Agricultural	5 (4)	3 (3)	2 (2)	1 (2)	11
3	Business	2 (6)	5 (4)	4 (2)	2 (1)	13
Total		20	15	9	6	50

Sources : Primary data.

[Figures shown in brackets are expected frequencies]

Degree of freedom

$$= (r-1) (c-1)$$

$$= (3-1) (4-1)$$

$$= 2 \times 3$$

$$= 6$$

at 5% level
table value = 12.592
calculated value = 8.491

Factor	Calculated chi-square value	Table value at 5% level	Degree of freedom	Remarks
Occupation and monthly income	8.491	12.592	6	Ho accepted

Inference :

The calculated value is (8.491) less than the table value (12.592) at 5% level. Hence Null hypothesis is accepted. There is no significant relationship between occupation and monthly income of the respondent.

Hypothesis :

Ho : There is no significant relationship between monthly income and education of the respondent.

Table – 6: Education And Monthly Income Of The Respondents

S. No	Particulars	Up to \ .10000	\ .10001 to \ .20000	\ .20001 to \ .30000	Above \ .30000	Total
1	Up to SSLC	1 (2)	1 (2)	2 (1)	1 (1)	5
2	Higher secondary	2 (3)	3 (2)	1 (1)	2 (1)	8
3	Degree	17 (15)	11 (11)	6 (7)	3 (4)	37
Total		20	15	9	6	50

Sources : Primary data.

[Figures shown in brackets are expected frequencies]

Degree of freedom

$$= (r-1) (c-1)$$

$$= (3-1) (4-1)$$

$$= 2 \times 3$$

$$= 6$$

at 5% level
table value = 12.592
calculated value = 4.491

Factor	Calculated chi-square value	Table value at 5% level	Degree of freedom	Remarks
Monthly income and education	4.491	12.592	6	Ho accepted

Inference :-

The calculated value is (4.491) less than the table value (12.592) at 5% level. Hence Null hypothesis is accepted. There is no significant relationship between monthly income and education of the respondent.

Hypothesis :

Ho : There is no significant relationship between education and type of listed shares of the respondent.

Table – 7 : Education And Type Of Listed Shares Of stock exchange

S. No	Particulars	NSE shares	BSE shares	NSE & BSE shares	Total
1	Up to SSLC	1 (1)	3 (1)	1 (3)	5
2	Higher secondary	3 (2)	2 (1)	3 (5)	8
3	Degree	7 (8)	3 (6)	27 (23)	37
Total		11	8	31	50

Sources : Primary data.

[Figures shown in brackets are expected frequencies]

Degree of freedom

$$= (r-1) (c-1)$$

$$= (3-1) (3-1)$$

$$= 2 \times 2$$

$$= 4$$

at 5% level

table value = 9.488

calculated value = 9.431

Factor	Calculated chi-square value	Table value at 5% level	Degree of freedom	Remarks
Education and type of listed shares	9.431	9.488	4	Ho accepted

Inference :-

The calculated value is (9.431) less than the table value (9.488) at 5% level. Hence Null hypothesis is accepted. There is no significant relationship between education and type of listed shares of the respondent.

Hypothesis :

Ho : There is no significant relationship between monthly income and selection of stock exchange of the respondent.

Table – 8 : Monthly Income And Type Of Listed Shares of Stock exchanges

S. No	Particulars	NSE shares	BSE shares	NSE & BSE shares	Total
1	Up to ` .10000	4 (4)	3 (3)	13 (13)	20
2	` .10001 to ` .20000	2 (4)	1 (2)	12 (9)	15
3	` .20001 to ` .30000	2 (2)	2 (2)	5 (5)	9
4	Above ` .30000	3 (1)	2 (1)	1 (4)	6
Total		11	8	31	50

Sources : Primary data.

[Figures shown in brackets are expected frequencies]

Degree of freedom

$$= (r-1) (c-1)$$

$$= (4-1) (3-1)$$

$$= 3 \times 2$$

$$= 6$$

at 5% level

table value = 12.592

calculated value = 9.750

Factor	Calculated chi-square value	Table value at 5% level	Degree of freedom	Remarks
Monthly income and selection of stock exchange	9.750	12.592	6	Ho accepted

Inference :-

The calculated value is (9.570) less than the table value (12.592) at 5% level. Hence Null hypothesis is accepted. There is no significant relationship between monthly income and selection of stock exchange.

FINDINGS

- Majority of the respondents belong to male category.
- Most of the respondents belong to the age group of 31 to 40 years.
- Most of the respondents are married persons.
- Majority of the respondents are degree holders.
- Most of the respondents belong to salaried class in the study area.
- Most of the respondents getting ` .10000 as their monthly income.

CONCLUSION

Various investment avenues are available for the people who would like to save their income. Factors like education, monthly income, risk are contributing to the some extend for he investors. Based on the need and situation the investors preferences are keep on changing. In the study area mostly salaried class people prefer to invest their savings in stock market rather than others. Education of the respondents also gets significant place in taking investment decision.

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