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“A STUDY INVESTORS SATISFACTION AND IMPACT OF SEBI FOR SOLVING THEIR GRIEVANCES WITH SPECIAL REFERENCE TO INDIVIDUAL INVESTORS OF AHMEDNAGAR CITY”

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I] ABSTRACT

In capital market there are only important parties like Capital provider [Investors] and Capital user [Companies] SEBI is the regulator of capital market. In Primary and secondary market investors are the most important because of them funds are pooled. Investors are two types like Individual and institutional. Both investors want update information from stock exchanges after that they will take informed decision about their investment. Therefore individual investors are satisfied on services provided by the stock exchanges and their grievances. This paper is tries to see that Satisfaction level of individual investors in the capital market.

KEYWORDS: SEBI, CCI, PSE, NSE OTCEI, UTI MF, BSE, IPO.

II] INTRODUCTION:

Types of Cells

An investor makes his investment with the objective of long term gains which will be realized over a period of time, whereas the speculator has the objective of big gains or profit in a relatively short span of time.

The investor expects from the investment made over a period of time, reasonable periodical returns and price appreciation of the investment in the long run.

The speculator takes a short term view appreciation of capital on the stock market and buying and selling securities for immediate or a short term profit is known as speculation.

On the stock market actual physical delivery of securities may not be there in case of speculation and only the difference may be required to be paid or received.

On the stock market there are different classes of investors. They are broadly classified in to :-

1. INDIVIDUAL INVESTORS

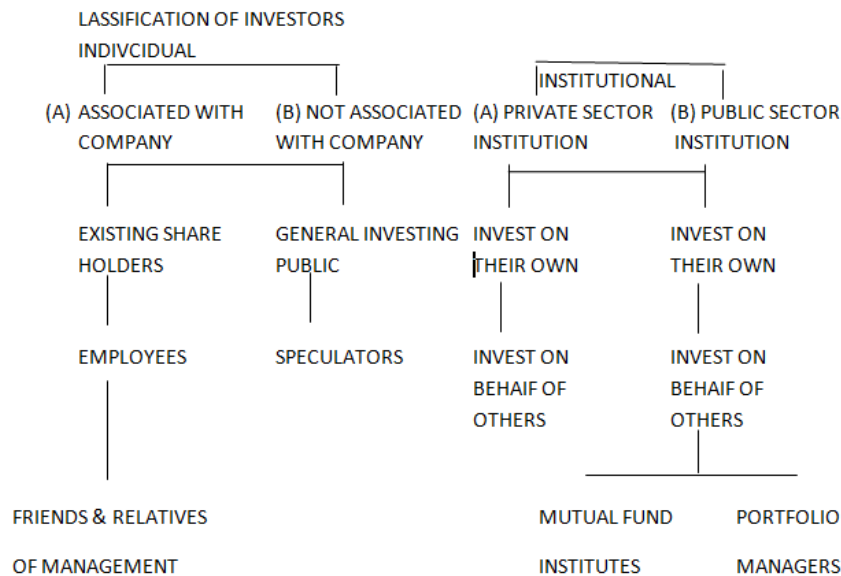
Individual investors includes those who are in some way associated with the company like existing shareholders, employees ,creditors ,Friends Relatives of the management, customers, Suppliers, Consultants etc.

2. INSTITUTIONAL INVESTORS

Institutional investor includes private sector institution and public sector institutions. Private sectors institution include companies, private mutual funds private banks etc. Public sector institutions include UTI, LIC, GIC, Nationalized banks and other public sector institution. The public sector institution which has the largest investment funds in India is the UTI.

These private sector and public sector institutions invest on their own on the stock market or they may invest on behalf of others.

This classification of investors is illustration as under:



The above chart is taken from essential of business finance R.M.Srivastava, Himalaya Publication house, with modified from first edition, 1986, page No.263.

III] RESEARCH METHODOLOGY

A. OBJECTIVES OF STUDY: -

The Objective of the study is as under:-

1. To study the Satisfaction of individual investors.
2. To study the Expectation of the individual investors from the SEBI.

B. RESEARCH DESIGN:-

This Research paper aims at analyses the problems faced by the individual investors and step taken by SEBI for solving their problems .The data was collected through by administering a structured questionnaire from 200 individual investors of the Ahmednagar city .The Researchers has also collected the secondary data from various sources to supplement the primary data. The data collected with the help of questionnaire was tabulated with the help of some simple statistical tools.

C. SCOPE OF THE STUDY:-

The scope of the study are summarized as follow:-

1. The scope of the present study is confined to the geographical limits of Ahmednagar city
2. The period of 8 Months was selected for conducting the research.
3. The researcher has selected the sample 200 individual investors in Ahmednagar city.
4. The researcher has selected the sample by random sampling method.

5. The finding of the study were based on the primary as well as secondary data.

IV] DATA ANALYSIS AND DISCUSSIONS

Total number of respondents covered by the survey: 200

Table.no.1 Classification of research according to age

Age (in years)	Number	Percentage
18-25	100	50
26-40	64	32
41-60	36	18
61- & above	200	100

The median age of the respondents derived was 33 years.

Table.no.2 Classification of respondents according to sex

Sex	Number	Percentage
Male	160	80.00
Female	40	20.00
Total	200	100.00

The survey had 80 percent males and 20 percent females as respondents. In the Indian structure of family males are dominating for decision making . it is usually the males who as the household head take the investment decisions.

Table.no.3 Classification of respondents according to educational qualification

Qualification	Number	Percentage
SSC	52	26.00
Graduate	104	52.00
Post Graduate	44	22.00
Total	200	100.00

About 52. percent of the respondents were graduates or above and 22 percent of the investors were post graduates. This shows that graduate and post graduate have become pre-dominate among the share owners. This also shows that literacy has a positive co-relation with investments in shares and stock .

Table.no.4 Classification of respondents according to occupation

Occupation	Number	Percentage
Private services	80	40
Govt. services	36	18
Profession	84	42
Total	200	100.00

About 40 percent of the respondents were in Private service, about 88 percent in Government services, about 42.percent were professionals .

Table.no.5 Classification of Respondents According to income group

Income Group (In Rs.)	Number	Percentage
Upto 25000	8	4.00
25001-50000	4	2.00
50001-100000	36	18.00
100001-150000	90	45.00
150001 & Above	62	31.00
Total	200	100.00

Number of respondents having income up to Rs. 50000 was 2% percent, respondents in income group from Rs. 50001 to Rs. 100000 were 18 percent, respondents in the income group Rs. 100000to 150000 were 45 percent. Above Rs.150000 respondents were 31 percent.

V] SURVEY OBSERVATION AND CONCLUSION DRAWN

Question no: 1

Table no :1 Classification of investors according to their recommendations regarding specific reform which should be carried out by SEBI

Specific reforms which should be carried out by SEBI	Yes	No	Don't know	Total
Re-introduce badla system in modified form	76	113	11	200
Market making for all stock exchanges	181	10	09	200
Improved methods of solving investors grievances	197	01	02	200
Elimination of curb trading	102	86	12	200

Table no 1.1 Classification of investors according to their recommendations regarding specific reforms which should be carried out by SEBI (in percentage)

Specific reforms which should be carried out by SEBI	Yes		NO	
	Number	Percentages	Number	Percentages
Reintroduce badla system in modified form	76	38.00	113	56.50
Market making in all stock exchange	181	90.50	10	5.00
Improved methods of solving investors grievances	197	98.50	1	00.50
Elimination of curb trading	102	51.00	86	43.00

OBSERVATION :-

It is seen from table 1.1 , About 38 percent of the individuals investors want SEBI to reintroduce the badla system in a modified form. About 98.5. Percent of the individual's investors want SEBI to introduce improved methods of individual's investor's grievances, About 90.50 percent of the individual investors market making to all stock exchanges. About 51 percent of the individuals investors want SEBI elimination of curb trading.

CONCLUSION DRAWN

- SEBI has given a modified form of badla system in which there are certain difficulties as compared to the original system. the important changes in the modified badla system include:-
 - The modified balda system is applicable to only specified shares
 - The time limit for carry forward system is only 90 days.
 - The minimum rate of daily margin may be fixed at 15 stipulated for more volatile scrip's
 - A limit of Rs. 10 crore per member may also be imposed in respect of their financing carry forward transaction.

Thus investors or speculators prefer that the badla system should be introduced in the original form rather than in the modified form.

- The investors have also strongly recommended that there should be market making on the stock exchange. Market making refers to a situation where there are market makers who will compulsory have to give both quotation for buy and sell of securities. Market making ensure that there will be liquidity in the transaction. Liquidity is an important aspect. Today, although there may be thousands of securities listed on stock exchanges. A very limited number is actually traded. Market making will remove the major obstacle of illiquidity in the transaction.
- The individual's investors also want SEBI to further improve the methods for solving their grievances. Today in spite of all the regulation and strict monitoring by SEBI , the individuals investors grievances

have not been eliminated, although they have reduced in number of course this is a continues process, where SEBI would methods of solving investors grievances.

4. Investors have also felt a need to eliminate curb trading means unofficial trading of member brokers after and before the trading hours of the stock exchanges. However, the investors have not very strongly recommended the elimination of curb trading. This is because many times curb trading helps to adjust the price sensitive information which may come before and after the official timing of the stock exchange

Question 2

Table 2.1 Classification of investors According to Their level of satisfaction Regarding the role and impact of SEBI on working of the Stock Exchanges

Level of Satisfaction	Number	Percentages
Most Satisfied	26	13.00
Moderately Satisfied	155	77.50
Less Satisfied	13	6.50
Not Satisfied	06	3.00
Total	200	100.00

OBSERVATIONS

It is seen from table 2.1 , that about 77.50 percent of the investors who are Moderately satisfied, Followed by 13 percent who are most satisfied, followed by about 6.5 percent who are less satisfied, followed by about 3 percent who are not satisfied.

CONCLUSION DRAWN:-

1. Majority of the investors are moderately satisfied on the role and impact of SEBI, with respect to the working of the stock exchange, only a small percentage is most satisfied on the role and impact of SEBI on the working of the stock exchanges. This implies the following:-
 - a) SEBI with various rules and regulation, has been able to make defines and a positive impact on the working of stock exchanges in India. it has been successful in bringing in more transparency in the working of the stock exchanges, due to the role played by SEBI has greatly improved the working of the stock exchanges, thus the existences of SEBI has been justified.
 - b) Although the role and impact of SEBI is on the right direction with respect to the working of the stock exchanges, SEBI has still a long way to go in ensuring that stock exchanges become services institutions, which play an important role in the capital market and economic development of the country.

Question no. 3

Table no :3. Classification of investor according to their level of satisfaction regarding the role and impact of SEBI with respect to investors protection and investor welfare

Level of satisfaction	Number	Percentage
Most Satisfied	05	2.5
Moderately Satisfied	99	49.50
Less satisfied	83	41.50
Not satisfied	12	6.00
Don't know	1	00.50
	200	100.00

OBSERVATION:-

1. From table 3 it is observed that, about 49.5 percent of the individuals investor were moderately satisfied on the role and impact of SEBI with respect to the investors protection and investors welfare. About 41.5 percent of the individual's investors were less satisfied regarding their protection and welfare.

CONCLUSION DRAWN :-

1. An equal number of investors appeared to be satisfied and almost equal number appear to be less satisfied on the role and impact of SEBI with respect to investors protection and investors welfare. Thus it appears that, in respect of individual's investor's protection and investor's welfare. Thus it appears that, in respect of individuals' investors' protection and investor's welfare, SEBI has been very successful. There are number of reasons for the same :-
 - a) Before establishment of SEBI, due absence of transparency and existence of badla system and other irregularities both in the primary and secondary market, it was relatively easier to each money through the capital market. However, after the establishment of SEBI and various rules and regulation laid down by SEBI, regarding the abolishment of badla system, strict monitoring of allotment of shares, introducing circuit breaker, etc. it has become difficult for small investors to make money on the stock exchanges without proper information and knowledge.
 - b) After establishment of SEBI, companies have allowed to come out with premium issue. The investors through that since the prospectus were vetted by SEBI the premium was justified by SEBI. Later on, when these shares were listed, due to the unrealistic premium charged, the share price was less than the issue price with a result that, investors including individuals investors lost a lot of money. Thus in the eyes of the investors, instead of protecting them SEBI has harmed them.

Thus the perception of individual's investors is that, it is the establishment of SEBI which has lead to this situation.

- c) Although individuals investors are relatively less satisfied on the role and impact of SEBI, with respect investors protection and investors welfare, it is to be noted that, in the long run the role and impact of SEBI will be highly positively. This is in spite of the fact that in the short run, the investors have lost their money in the investors of stock and securities.
 - d) The individuals investor perception regarding welfare is that, SEBI should protect them in all possible ways from various risks associated in the investment of the stocks and securities. However it is to be remembered that, whatever steps and role is played by SEBI, the risk is inherent in investment in stock and securities. Risk will always remain.
2. Although an almost number of individuals investors are satisfied and dissatisfied on the role and impact of SEBI with respect to investor's protection. Relatively the smaller investors appear to be more dissatisfied on the role and impact of SEBI with respect to investors protection and investors welfare,. This is because, the impact of SEBI rules and regulations on the capital and stock market has been more on the smaller investors compared to others. This impact has been more on the smaller investor compared to others.

VI] MAJOR SURVEY FINDINGS, IN BRIEF:-

1. The average experience of the investor covered in the survey is more than five years.
2. The investors are moderately satisfied with SEBI regarding solving of investors grievances
3. The investors are in favor of further reforms in the capital market like reintroducing of the modified badla system, market making on all the stock exchanges improve methods of solving investors grievances etc.
4. Investors are moderately satisfied in SEBI regarding impact and role of SEBI on working of stock exchanges.
5. Investors are moderately satisfied on SEBI regarding their protection and welfare.

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