

PUBLIC AWARENESS TOWARDS CAPITAL MARKET INVESTMENT WITH SPECIAL REFERENCE TO JRF SECURITIES LIMITED, HYDERABAD

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Abstract: *The growth of the capital market has acquired momentum in the Indian sub-continent for the past 3 decades. The present work highlights the salient features of the capital market investment. It gives much importance to the awareness of the public towards capital market investment with special reference to JRF securities of Hyderabad. One of the objectives of the study identifies the key factors influencing the investment decision of the people. The study is based on both primary and secondary data. The researcher selected 150 investors and from them collected needed information by a questionnaire. Though the study was limited to Hyderabad city only the study did definitely yield the expected results. The researcher has given a number of suggestions towards the end which will open new / vistas for future study.*

Introduction

The main components of capital market are securities market and financial intermediaries. A formal capital market was present in our country from early 1900's but remained very inactive at that time. The inactiveness of capital market has continued even after independence. The growth of capital market has acquired momentum only from mid-eighties. Till then debt instruments were more popular and the investors have not shown much interest in direct investment. Besides the Government's policy towards promotion of capital market was also not much encouraging. Concentration was given to the growth of agricultural sector. The plan for industry-centered growth had been mainly encouraged only for eighties. During mid-eighties the foreign collaboration policy of the Government has inspired the industries towards the channel of growth and development. It has been further strengthened by the liberation and privatization measures instituted by the Government as a part of new economic policy. This coupled with the excellent performance of the private sector has made the capital market more active.

The radical changes in the policies of the Government and the development of industrial sector have attracted many investors into the capital market. Investor satisfaction, motivation and the promotion of investment cult among the investors are given more emphasis. SEBI guidelines of investor protection, foreign equity participation and the permission of global issues and the like have given further contributed towards the growth of our capital market. The growth of Indian economy, at present is virtually depends upon the growth of the capital market.

The Indian capital market has made substantial progress during the post-independence period. However, the amount of capital raised in the form of equity and preference shares and debentures by the corporate sector has not been large over a number of years. There has been a raising trend since 1975 but the increase was not all that large. The Indian capital market has grown so sharply in the 1980's that the decade itself has been christened as a decade of the capital market. More particularly, during the later part of the eighties, the primary and the secondary markets have grown by leaps and bounds. It is evident from the fact that against an annual average amount of just Rs.90 crores raised from the new issues market in the 1970's about Rs.27, 344 crores are being raised during 2003 - 2004. The total capital issues of both the private and public sectors during the years ended 31st March 2005, 2006 and 2007 were Rs.9,683 crores Rs.13,450 crores and Rs.27,344 crores respectively. The number of public issues

has also increased year by year and the total number of public issues of securities for the year ending as on 31st March 2007 aggregate to 335,572 and 1,036 respectively. All these issues were subscribed to by the individual and institutional investors, non-resident Indians, foreign institutional investors and mutual funds, and the public participation was overwhelming and the issues were always oversubscribed a number of times.

In tune with the growth in the new issues market during the eighties, the secondary market also expanded fast during this period. The number of stock exchanges has increased from 8 in 1980 to total of 21 in 2006. The membership of the stock exchanges has also increased substantially to around 4,000 in 2006 from about 1,200 a two decades ago. The listed companies of all stock exchanges stood to above 12,500 in 2006, which were only 2,733 in 1980. The market capitalization has also shown a substantial increase in the eighties. The volume of daily turnover of trade has also increased more than ten-fold over the decade to Rs.250 crores in 2006. On Bombay stock Exchange, the number of dealings per hour put through was as high as 40,000. The paid-up share capital of listed companies in 1980 was Rs.3, 143 crores, while in 2006; the figure was more than Rs.12, 000 crores. The market value of the capital of these limited companies stood at around Rs.3 lack crores in 2006. Besides, the number of joint stock companies at work has increased significantly to 2, 75,664 with the paid-up capital of Rs.1,90,962.2 crores as on 31st March 2006, which was only 56,493 with the paid-up capital of Rs.14,607 crores up to 31st March 1980.

Investor population has increased from 2 million in 1980's and reached beyond the limit and the number of stock exchanges is 21. In addition to these stock exchanges the NSEIL and OTCEI has been set-up for solving the problem arising in out of the structural weaknesses of our market and provide more transparency in deals and a nationwide network of trade. The stock exchanges of India like Bombay Stock Exchange, National Stock Exchange, Regional Stock Exchanges, Ahmedabad Stock Exchange, Bangalore Stock Exchange, Bhubaneswar Stock Exchange, Calcutta Stock Exchange, Cochin Stock Exchange, Coimbatore Stock Exchange, Delhi Stock Exchange, Guwahati Stock Exchange, Hyderabad Stock Exchange, Jaipur Stock Exchange, Ludhiana Stock Exchange, Madhya Pradesh Stock Exchange, Madras Stock Exchange, Magadh Stock Exchange, Mangalore Stock Exchange, Meerut Stock Exchange, OTC Exchange Of India, Pune Stock Exchange, Saurashtra Kutoh Stock Exchange, Uttar Pradesh Stock Exchange and Vadodara Stock Exchange.

Stock Exchanges are an organized marketplace, either corporation or mutual organization, where members of the organization gather to trade company stocks or other securities. The members may act either as agents for their customers, or as principals for their own accounts.

Purpose of Stock Exchange

The purpose of a stock exchange is to facilitate the exchange of securities between buyers and sellers, thus providing a marketplace (virtual or real). The exchanges provide real-time trading information on the listed securities, facilitating price discovery.

Market Participants

Many years ago, worldwide, buyers and sellers were individual investors, such as wealthy businessmen, with long family histories (and emotional ties) to particular corporations. Over time, markets have become more "institutionalized"; buyers and sellers are largely institutions (example pension funds, insurance companies, mutual funds, hedge funds, investor groups and banks). The rise of the institutional investor has brought with it some improvements in market operations. Thus, the government was responsible for "fixed" (and exorbitant) fees being markedly reduced for the 'small' investor, but only after the large institutions had managed to break the brokers' solid front on fees (they then went to 'negotiated' fees, but only for large institutions).

Statement of the Problem

Every research starts with a problem to be solved. This study is based on knowing Public Awareness towards Capital Market Investment. In a particular locality there are hundreds of investors, but all the investors are not ready to invest in capital market. Overall it is important to know the awareness of general public towards capital market and their investment level and to create awareness about capital market investment. Therefore the study is concerned with the problem of identifying the factors which induce the public to have the capital market investment. It is also important to know what the public prefer from a product to be invested. The wants of the public are carefully studied by conducting survey on Public Awareness towards Capital Market Investment.

Objectives of the Study

The following are the specific objectives of the study.

1. To know about the awareness of the investors towards capital market.
2. To identify the factors influencing the level of investors awareness about the capital market and the services of JRF Securities Limited.
3. To identify the factors influencing the investment decision.
4. To know the preference of investors towards investment and
5. To make suggestions to improve the services of JRF Securities Limited.

Scope of the Study

The primary motivation for an individual to invest is to alter his consumption pattern in order to achieve higher levels of consumption in future. The essential quality of an investment is that it involves waiting for a reward. The commitment of resources are saved or put away from current consumption in the hope that some benefits will accrue in future. The investments are based on "Time Preference for money" which signifies that "A rupee today is worth more than tomorrow".

In olden days wealth was not invested, as avenues for investments were not available and the only means left with, was dumping the wealth in secret places for future usage. As such, returns were not there. In the modern era, various avenues of investments are available for investors. At present, apart from bank deposits and share market, other modes of investments are also available, such as NSC's, PPF's, Chit Funds, Mutual Funds, Insurance, Investments in gold and silver, Real Estate and the like. The attitude of people towards investment varies with their age, educational level, occupation, income and so on. The scope of the study is to identify the factors influencing the level of investors' awareness about the capital market and the services of JRF Securities Limited.

Methodology

The present study is based on both primary and secondary data. The main source of primary data has been investors in Hyderabad. To elicit information from the investors a schedule was designed and administered. The schedule was pre-tested and suitable modifications will be carried out. The schedule has been used for collecting information from the investors. The secondary data are collected from the books and journals. Researcher has followed the sampling method for the research work. The convenient sampling method is used for collecting the data from the investors. It is decided to collect information from 150 investors. The

information was collected from 150 investors by following convenient sampling from the list of JRF Securities Limited., Hyderabad. The data collected from the period of February 2014 to August 2014. After the collection of data, the filled up interview schedules was edited properly. A master table was prepared to sum up all the information. With the help of the master table, classification tables were prepared and they were taken directly for analysis.

Framework of Analysis

The general plan of analysis ranges from simple descriptive statistics to Chi-square Test. The extent and variation of opinion of the investors are measured through the scale and constructed on the basis of the scores of components. The factor-wise analysis was made. The dependent variable awareness was related to independent factors influencing the same. The respondents were grouped according to these factors and accordingly their mean and range of awareness scores for each factor group were calculated. In order to find out the significance of the differences between the averages and Chi-square test have been applied.

Limitations of the Study

The following limitations occurred during the research study, the limitations are as follows.

1. The study is limited only to Hyderabad city.
2. This study is based on hundred and fifty samples, which are selected in Hyderabad city and
3. The time and cost was another limiting factor, which was insufficient to conduct a detailed survey.

Review of Literature

Shanbag stated that tapping rural savings has been a pressing need since time immemorial. The authorities have taken undue advantage of the existence of post office in remote nook and corners of the country. They are forced to undertake normal banking activities like Savings Bank Account, Time Deposit account, Recurring Deposit, Monthly Income Scheme. A Plumber should never be asked to do a job of an electrician. Then the quality of work is surely a casualty. Exactly what has happened to the Post Office Schemes? I feel that the post office should be used for collect letters (Application forms) and letters (certificate) for delivery to and for between the investors and banks, UTI / MFS, financial instructions, companies and the like. The attraction has got terribly blunted after a large-scale reduction in the return (w.e.f 1.1.99) and then further (w.e.f 15.1.2000) and the further more (w.e.f 1.3.01).

Sharma in his article his stated that post office monthly Income Scheme is a very good investment for the middle class. An interest rate of 9.5% per annum is paid every month. An amount upto Rs.9000 per annum is exempted from tax under section 80L. The maturity period is six years, upon which a bonus of 10% is provided on the principle. Investment ranging from Rs.6000 to Rs.3, 00,000 in a single account and Rs.6, 00,000 in a joint a/c are allowed under this scheme. After three years a pre-mature withdrawal is allowed but one has to forgo the bonus.

Investor Voice there are not many avenues open to investors to park their fund with the expectations of safety, liquidity and decent returns. In such a scenario, the one investment that comes to mind for meeting the aspirations of investors is the Post office monthly Income Scheme.

Ram K. Piparaya stated that to earn money is difficult, but to save money is still more difficult. How much you save depends up on your profession, and up on year's personal factors very often, there is very little you can do about either your profession or the various personnel

factors, however, if you manage to save even more money for you. A prudent investment of saving can gradually help you to create another source of income for yourself besides your profession.

Analysis and Interpretation of Data

Primary data collected through schedule are analyzed and interpreted into tables represented. They help for easy understanding of concepts. The questions are posted into a master Table and tables are drawn from the information obtained from the master table. Entries are posted in a table by using tally marks and they are counted and drawn as a table. Finally inference from the table is drawn.

Table 1:
Distribution of respondents on the basis of gender

Sl. No.	Gender	Number of Respondents	Percentage
1.	Male	97	65.00
2.	Female	53	35.00
	Total	150	100.00

Source: Primary Data

The table 1 shows gender wise distribution of the sample respondents. 65% of the respondents belong to the male category. 35% of the respondents belong to the female category. It is concluded that most of respondents are male category.

Table 2:
Distribution of respondents on the basis of occupation

Sl. No.	Occupation	Number of Respondents	Percentage
1.	Professional	36	24.00
2.	Salaried	51	34.00
3.	Businessmen	40	27.00
4.	Retired Person	13	9.00
5.	Others	10	7.00
	Total	150	100.00

Source: Primary Data

The above table shows occupational wise distribution of the sample respondents. 24% of the respondents are professional, 34% of the respondents are salaried, 27% of the respondents are businessmen, 9% of the respondents are retired person, and 7% of the respondents are the others. It is found that more than one half of the respondents are business and professional people and one fourth third of respondents are salaried.

Table 3:
Annual income of the respondents

Sl. No.	Annual Income	Number of Respondents	Percentage
1.	Less than Rs.1 Lakh	48	32.00
2.	Rs.1 – Rs.3 Lakhs	34	23.00
3.	Rs.3 – Rs.5 Lakhs	32	21.00
4.	Rs.5 – Rs.10 Lakhs	24	16.00
5.	Above Rs.10 lakah	12	8.00

	Total	150	100.00
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Source: Primary Data

The table shows annual income wise distribution of the sample respondents. 32% of the respondents are less than Rs.1 Lakh, 23% of the respondents belong to the Rs.1-3 Lakhs, 21% of the respondents belong to the Rs.3-5 Lakhs, 16% of the respondents belong to the Rs.5-10 Lakhs, and 8% of the respondents are above Rs.10 Lakhs. It is observed that most of the respondents are earning less than Rs.1 Lakh annum and one fourth of the respondents are earning more than Rs.5 Lakh per annum.

Table 4:

Source of Information about JRF Securities Limited

Sl. No.	Source	Number of Respondents	Percentage
1.	Newspaper	42	28.00
2.	Magazine	29	19.00
3.	Television	38	25.00
4.	Friends / Relatives	30	20.00
5.	Word of Mouth	11	7.00
	Total	150	100.00

Source: Primary Data

The table shows the way to know about the JRF securities Limited wise distribution of the sample respondents. 28% of the respondents know through Newspaper, 19% of the respondents know through Magazine, 25% of the respondents know through Television, 20% of the respondents know through Friends & Relatives and 7% of the respondents know through the Word of mouth. It is concluded that more than one half of the respondents know about the JRF securities Limited through Newspaper and Television.

Table 5:

Restricted Factor to Enter in to the Share Market

Sl. No.	Restricted Factor	Number of Respondents	Percentage
1.	Market Fluctuations	34	22.00
2.	Risk	44	29.00
3.	Malpractice	21	16.00
4.	No Proper Guidelines	40	26.00
5.	Others	11	7.00
	Total	150	100.00

Source: Primary Data

The table shows restricted factors to enter into the capital market wise distribution of the sample respondents. 22% of the respondents are restricted due to Market Fluctuations. 29% of the respondents are restricted due to Risk. 16% of the respondents are restricted due to Malpractice. 26% of the respondents are restricted due to No Proper Guidelines. 7% of the respondents are restricted due to other factors. It is concluded that most of the respondents opined that the main restricted factors to enter into capital market is Risk.

Table 6:
Expected Rate of Return without Risk of the Respondents

Sl. No.	Rate of Return	Number of Respondents	Percentage
1.	Less Than 5%	36	24.00
2.	5 - 10%	34	22.00
3.	10 - 15%	39	26.00
4.	15 - 20%	27	18.00
5.	Above 20%	14	9.00
	Total	150	100.00

Source: Primary Data

The table shows Expected Rate of Return without Risk wise distribution of the sample respondents. 24% of the respondents are expected less than 5%. 22% of the respondents are expected 5-10%. 26% of the respondents are expected 10-15%. 18% of the respondents are expected 15-20%, 9% of respondents are expected above 20% rate of return. It is concluded that most of the respondents Expected 10-15% Rate of Return without Risk. It is observed that more than one fourth of the respondents Expected more than 15% Rate of Return without Risk.

Table 7:
Factors Influencing Investment Decision

Sl. No.	Investment Decision	Number of Respondents	Percentage
1.	Family members	49	32.00
2.	Dealers	28	17.00
3.	Relatives	38	25.00
4.	Advertisement	20	13.00
5.	Others	15	10.00
	Total	150	100.00

Source: Primary Data

The table shows factor influencing investment decision wise of the sample respondents. 32% of the respondents consider their family members, 17% of respondents consider the Dealers, 25% of the respondents consider their relatives, and 13% of the respondents take decision from Advertisements for investment decision. It is concluded that 32% of the respondents consider their family members and 13% of the respondents take decision from Advertisements for investment decision.

Table 8:
Purpose of Capital Market Investment

Sl. No.	Purpose of Capital Market	Number of Respondents	Percentage
1.	Safety & Security	37	24.00
2.	Liquidity	29	19.00
3.	High Return	29	19.00
4.	Tax Benefits	36	24.00
5.	Others	19	12.00
	Total	150	100.00

Source: Primary Data

The table shows purpose of capital market investment wise distribution of the sample respondents. 24% of the respondents are voted to the Safety & security, 19% of the respondents are voted to the liquidity, 19% of the respondents are selected to the High return, 24% of the respondents are selected to the Tax benefits, 12% of the respondents are opted to the others. It is concluded that most of the respondents are voted to the both Tax benefits and safety and security. 24% of the respondents are opted for Tax benefits.

Table 9:
Perception Regarding Share Market Investment

Sl. No.	Perception About the Share Market	Number of Respondents	Percentage
1.	High Return	52	34.00
2.	Normal	55	36.00
3.	Low Return	43	30.00
	Total	150	100.00

Source: Primary Data

The table shows perception wise distribution of the sample respondents regarding capital market investment. 34% of the respondents are mentioned the High return, 36% of the respondents are mentioned the Normal, 30% of the respondents are mentioned the Low return. It is concluded that most of the respondents are mentioned the normal rate of return.

Gender and Reasons for Preferring JRF Securities

The sample respondents are grouped into two groups namely, Male and Female groups. The different gender of the respondents and scores to the reason for preferring JRF of them are furnished in Table 10.

Table 10:
Gender and Reasons for Preferring JRF Securities

Sl. No.	Gender	Reason			Total
		Quality Service	Minimum Commission	Name	
1.	Female	13 (18.37)	12 (14.13)	28 (20.49)	53
2.	Male	39 (33.63)	28 (25.87)	30 (37.51)	97
	Total	52	40	58	150

Source: Calculated from Primary Data

(Figures given in the brackets represent the Expected Frequency)

Null Hypothesis: There is no significant relationship among different gender with regard to the reason for preferring JRF.

The calculated value (7.18) is greater than the table value (5.991) at 5% level of significance for 2 degrees of freedom. It implies that the null hypothesis 'there is no significant relationship among sex with regard to the reason for preferring JRF by the respondents' is rejected. This confirms that there is a significant relationship among sex with regard to the reason for preferring JRF by the respondents.

Awareness and Reasons for Preferring JRF Securities

The sample respondents are grouped into two groups namely, aware and non- aware groups. The different awareness of the respondents and scores to the reason for preferring JRF by them are furnished in Table 11.

Table 11:

Awareness and Reasons for Preferring JRF Securities

Sl. No.	Awareness	Reason			Total
		Quality Service	Minimum Commission	Name	
1.	Aware	36 (33.97)	30 (26.13)	32 (37.89)	98
2.	Non-Aware	16 (18.03)	10 (13.87)	26 (20.11)	52
	Total	52	40	58	150

Source: Calculated from Primary Data

(Figures given in the brackets represent the Expected Frequency)

Hypothesis: There is no significant relationship among different awareness with regard to the reason for preferring JRF by the respondents.

The calculated value (4.64) is less than the table value (5.991) at 5% level of significance for 2 degrees of freedom. It implies that the null hypothesis 'there is no significant relationship among awareness with regard to the reason for preferring JRF by the respondents' is accepted. This confirms that there is no significant relationship among awareness with regard to the reason for preferring JRF by the respondents.

Suggestions

In the light of the findings made in this study, the following suggestions are offered.

1. The public is well aware about in Indian capital market, but not that much of knowledge about capital market. So the stock broking companies should create knowledge about capital market through proper guidelines.
2. The educated people are already influenced by capital market so stock broking companies should guide and focus on illiterate peoples.
3. The customers are mostly expecting high rate of returns. So the stock broking companies have to provide the appropriate schemes to the customer.
4. The long-term investments are mostly prepared by above 40 years age group peoples. The below 40 years age group people are mainly focus on short term plans.
5. The stock broking limited, should create awareness regarding new investment schemes through various advertisement Medias like newspaper, television, and magazines and the like.
6. The stock broking companies should mainly focus on the bank depositors into the capital market investors.

Conclusion

Public are mostly aware about the capital market and their investment, but they are not got that much of knowledge about capital market investment. So the stock broking Limited should create knowledge and guide the potential investors and the existing investor about capital market investment through appointing personal advisors and proper advertisement channel. Most of them are interested to invest the capital market at the time of getting proper guidelines. But periodic review is needed to the customer. In every minute to keep the pulse of the customer and to keep touch with the Capital Market.

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