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Original Research Paper

Management

THE EFFECT OF EQUITY INVESTMENT ON NON - TRADERS AND STOPPED TRADERS – ANALYSIS ON INVESTORS' PERCEPTION

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ABSTRACT The purpose of this paper is to understand the customer perception towards equity trading and their difficulties in accessing the ICICI direct online portal. To make non trader customer and stopped trader to start trading in equity market.

KEYWORDS :

INTRODUCTION:

In a moving settlement, each exchanging day is considered as an exchanging period and exchanges executed amid the day are settled in view of the net commitments for the day. At NSE and BSE, exchanges moving settlement are settled on a T+2 premise i.e. on the second working day. For touching base at the settlement day all mediating occasions, which incorporate bank occasions, NSE/BSE occasions, Saturdays and Sundays are prohibited. Regularly exchanges occurring on Monday are settled on Wednesday, Tuesday's exchanges settled on Thursday and so on.

Dematerialization in short called as 'demat is the process by which an investor can get physical certificates converted into electronic form maintained in an account with the Depository Participant. The investors can dematerialize only those share certificates that are already registered in their name and belong to the list of securities admitted for dematerialization at the depositories.

Depository: The organization responsible to maintain investor's securities in the electronic form is called the depository. In other words, a depository can therefore be conceived of as a "Bank" for securities. In India there are two such organizations viz. NSDL and CDSL. The depository concept is similar to the Banking system with the exception that banks handle funds whereas a depository handles securities of the investors. An investor wishing to utilize the services offered by a depository has to open an account with the depository through a Depository Participant Ordinarily to purchase and offer offers, you need the cash to pay for your buy and offers in your demat record to convey for your deal. However as you don't have everything to make useful for your buys or offers to convey for your deal you need to cover (square) your buy/deal exchange by a deal/buy exchange before the end of the settlement cycle. On the off chance that the cost over the span of the settlement cycle moves to support you (ascended if there should be an occurrence of procurement done before and fallen in the event of a deal done before) you will influence a benefit and you to get the instalment from the trade. In the event that the value development is unfavourable, you will influence a misfortune and you to should make the instalment to the trade. Edges are in this way gathered to defend against any antagonistic value development. Edges are cited as a level of the estimation of the exchange Purchasing at the correct minute is the best barrier against an unstable market. At the point when the load of a best class organization ascends out of a sound value base on substantial volume, don't pursue it more than five per penny past its purchase point. Awesome stocks can rise 20-25% out of a couple of days or weeks. On the off chance that you buy at those expanded levels, what may end up being an ordinary pull back could shake you out. That hazard ascends with a more unstable stock There are a few signs in money markets that propose alert, despite the fact that they're all extremely bullish. Here are some of them and what they may mean, in light of past understanding. To begin with, everyone's bullish. On the off chance that everybody's bullish, that implies they've just purchased their stock and are trusting more individuals will take after their energy. Most individual financial specialists are completely contributed. Furthermore, as long as expansive inflows are as yet going into value shared assets, everything's fine. Watch out when the streams transform into streams. There won't purchase energy to continue boosting stocks. Second, fear of the Economy/Political scenario. This is an initial indicator, which would pull of sporadic selling that could eventually mount into an outright bear market.

The Bombay Stock Exchange and the National Stock Exchange of India Ltd are the two primary exchanges in India. In addition, there are 22 Regional Stock Exchanges. However, the BSE and NSE have established themselves as the two leading exchanges respectively which accounts for 80 per cent of the equity volume. The average daily turnover at the exchanges has increased from Rs. 851 crore to Rs. 1,284 crore in 1998-99 and moves up to Rs. 2,273 crore in 1999-2000 respectively. NSE has about 1500 shares listed with a total market capitalization of Rs.9,21,500 crore. The BSE has 6000 stocks listed and has a market capitalization of around Rs. 9,68,000 crore .

REVIEW OF LITERATURE:

1. Jiang Luo and Avanidhar Subrahmanyam High levels of turnover in financial markets are consistent with the notion that trading, like gambling, yields direct utility to some agents. The purpose of this paper is to show that the presence of these agents attenuates covariance risk pricing and volatility, and implies a negative relation between volume and future returns. Since psychological literature indicates that the desirability of a gamble arises from the ex ante volatility of the outcome, the authors propose that agents derive greater utility from trading more volatile stocks. These stocks earn lower average returns in equilibrium, although the risk premium on the market portfolio is positive. The authors then consider a dynamic setting where agents' utility from trading increases when they make positive profits in earlier rounds (e.g. due to an endowment effect). This leads to "bubbles," i.e. disproportionate jumps in asset returns as a function of past prices, higher volume in up markets relative to down markets, as well as a leverage effect, wherein down markets are followed by higher volatility than up markets.
2. Viktoria Dalko The purpose of this paper is to assess the US Securities and Exchange Commission's new regulation, Limit Up–Limit Down (LULD), against the background of manipulative high-frequency trading (HFT).
3. Charnwut Roongsangmanoon, Andrew H. Chen, Joseph Kang and Donald Lien Empirical evidence of the hedging pressure risk premium exists only in the futures contracts

with delivery-related options. Since hedging pressure is supposed to exist for all futures contracts, the empirical evidence raises an interesting empirical question: whether the hedging pressure risk premium is in fact the risk premium associated with the delivery-related options. This chapter contains an empirical test of the non-redundancy between the two related but alternative sources of non-market risks. For the test, we employs a futures risk premia model in which the expected futures returns contain the market risk premium (proxied by the equity market risk premium) and two non-market risk premia (proxied by the hedging pressure effect and by the delivery risk premium reflected in the returns of futures options, respectively). Our main finding is that both the hedging pressure and the delivery risk premia are non-redundant and statistically significant for futures contracts with delivery-related options. This finding implies a substantial degree of segmentations between these futures markets and the underlying asset markets.

METHODOLOGY:
The type of study was "DESCRIPTIVE STUDY", were done on Equity investment on trading of shares through online brokers in ICICI SECURITIES respectively.

TOOLS USED
In this research, tools used was questionnaire method to find out the problems occurred with the customers in ICICI Securities and data were collected through the questionnaire method.
- Questionnaire-The instrumentation used to collect data was likert scale (5point scale)
- Research method-survey method

SOURCES OF DATA
The data collection was done by means of phone call is schedule in questionnaires form. Each person has approached separately al questions were read out and explained by researcher. The two types of data used for the purposes &the study are
- Primary data
- Secondary data

Primary data was collected from the respondents by using the questionnaire the following types of questions are used in questionnaire
- Closed ended questions
- Open ended questions

Secondary data was collected from company website, booklets and records of the organisation.

SAMPLING METHOD:
Sampling method followed was "RANDOM SAMPLING" method, were channel manager in ICICI Securities have provided 400 data from that I have randomly choose 150 data for my research.

SAMPLE SIZE:
Sample size taken was 150

FRAMEWORK OF ANALYSIS:
The framework of analysis was
- Survey was taken through questionnaire method and statistical analysis was done through SPSS tool and find whether there is significant relation between cause and he effect respectively

ASSUMPTION:
The conclusion of the research has been made by interview over 150 clients who has DMAT account in ICICI with special reference to ICICI SECURITIES Ltd. The majority of the employees considered in this research are inactive traders and stopped traders respectively. If the client faces any problem, it will redirect to channel manager in the organization and channel manager came up with feasible solution.

LIMITATION:
The study has been made on active customers, inactive customer and stopped trader respectively. The limitation of the study was the data provided by the ICICI securities was limited to 400 and they have not provided data of active customers.

ANALYSIS AND INTERPRETATION:
TABLE.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	40	100.0	100.0	100.0

INTERPRETATION:
The above table shows that about 40% of the clients are investing in equity market. From 150 clients about 40 clients are investing in equity market.

Figure : 1

INTERPRETATION:
The above table shows that about 31% of the clients agree that external factor is the reason for stopped trading and 9% of the clients disagree to this factor respectively.

Figure : 2

INTERPRETATION:
The above table shows that about 27% of the clients agree that external factor is the reason for stopped trading, 6% of the clients disagree to this factor and 7% of the clients strongly agree to this factor respectively.

Figure : 3

INTERPRETATION:

The above table shows that about 29% of the clients agree that loss is the internal factor which is the reason for stopped trading, 5% of the clients disagree to this factor and 6% of the clients strongly agree to this factor respectively.

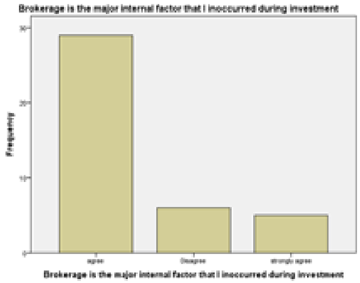

Figure : 5

INTERPRETATION:

The above table shows that about 9% of the clients agree that service is the internal factor which is the reason for stopped trading, 31% of the clients disagree to this factor respectively.

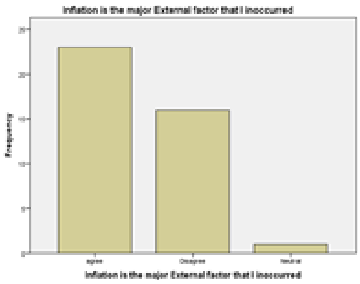

Figure : 6

INTERPRETATION:

The above table shows that about 23% of the clients agree that inflation is the external factor which is the reason for stopped trading, 16% of the clients disagree to this factor respectively.

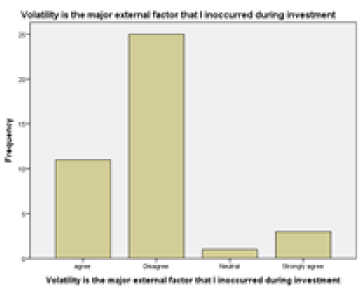

Figure : 7

INTERPRETATION:

The above table shows that about 11% of the clients agree that volatility is the external factor which is the reason for stopped trading, 25% of the clients disagree to this factor and 3% of the clients strongly agree to this factor respectively.

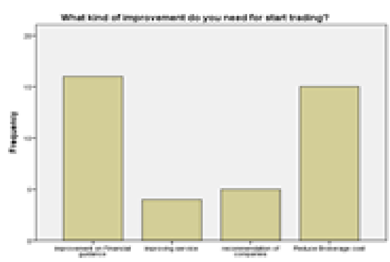

Figure : 8

INTERPRETATION:

The above graph shows that about 16% of the client wants financial guidance have to be provided, 15% of the client wants to reduce the brokerage cost, 4% of the clients want service to be improved and 5% of the client wants recommendation of companies respectively.

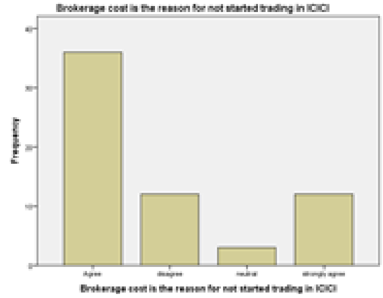

Figure : 9

INTERPRETATION:

From the above table shows that 35% of the clients agree that brokerage cost were reason for not started trading and 155 of the clients disagree that brokerage cost is not the reason for start trading.

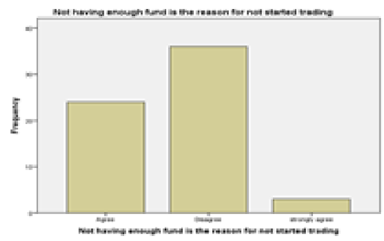

Figure: 10

INTERPRETATION:

From the above table shows that 25% of the clients agree that financial status were not good and about 35% of the clients disagree with this reason. About 5% of the clients strongly agrees with this factor.

Figure : 11

INTERPRETATION:

From the above graph shows that 45% of the clients agrees that they want financial guidance to start their trading and 15% of the clients strongly agree to this factor respectively

Figure: 12

INTERPRETATION:

From the above table shows that most of the client wants financial advice to start their trading about 32% of the clients wants financial advice and 28% of the clients want to reduce the brokerage cost and 5% of the people want service to be improveModelRR SquareAdjusted R SquareStd. Error of the Estimate1.392a.154.057.374

STOPPED TRADERS:

TABLE 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.392a	.154	.057	.374

The R squared statistics provided that how model fitting the actual data. The value should be lies between 0 and 1.Here the R square is lies in 0.154, where the R square represent how predicted variable is relationship to target variable.

TABLE 3

Coefficients:						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1	(Constant)	.469	.388		1.20	.235
	Loss is the major internal factor that I inoccurred during trading?	.347	.175	.326	1.975	.000
	Brokerage is the major internal factor that I	.112	.172	.105	.649	.052
	Service is the major internal factor that I inoccurred during investment	.030	.147	.033	.203	.840
	Volatility is the major external factor that I inoccurred during investment	.097	.129	.117	.753	.456

Null hypothesis (Ho):

The independent variable (LOSS, SERVICE, BROKERAGE and VOLATILITY) have impact on equity investors.

Alternate hypothesis (H1):

The independent variable (LOSS, SERVICE, BROKERAGE and VOLATILITY) have no impact on equity investors.

Significance level= 0.00
Calculated value < table value
0.00<0.05
Hence, the Null hypothesis [Ho] is accepted

CONCLUSION:

In the output above, LOSS variable is significant because of their p value is .000 which is less than 0.05, whereas the significant value of brokerage, service and volatility was .052, .840 and.456 which is >0.05, hence reject null hypothesis.

- The above table shows that investors have impact on loss respectively and hence accept Ho.
- The above table shows that investors have no impact on brokerage respectively and hence reject Ho.
- The above table shows that investors have no impact on service respectively and hence reject Ho.
- The above table shows that investors have no impact on volatility respectively and hence reject Ho.

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