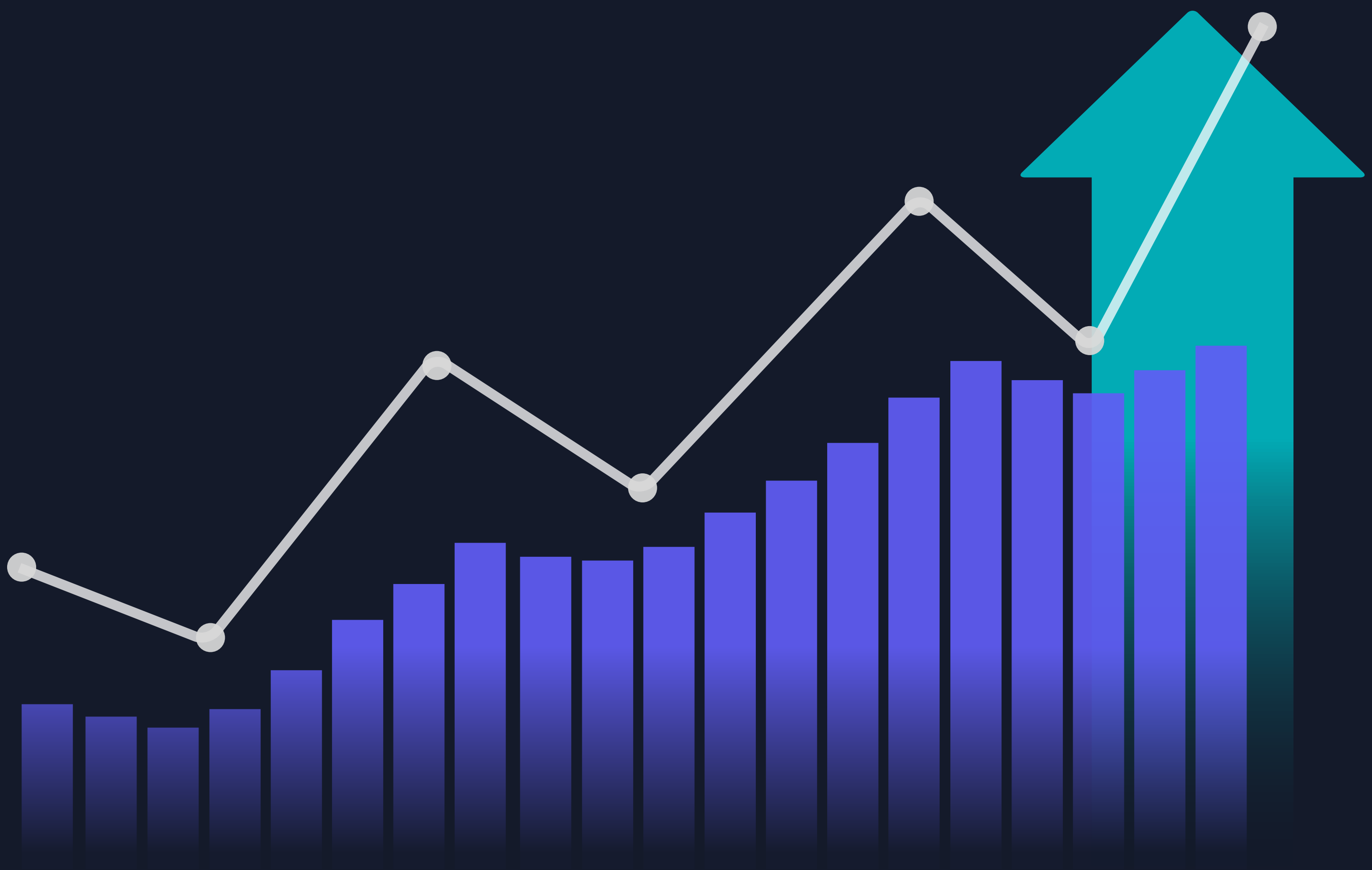
Capital Market Awareness:

NEED OF THE HOUR



Dr. Prasad John Dabre

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Capital Market Awareness:

Need of the Hour

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Capital Market Awareness: Need of the Hour

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Preface

Broadly speaking the capital market is of crucial importance as it provides institutional mechanism to transfer capital from lender to borrower. Capital market is vital for the development and growth of the economy. A strong and vibrant capital market assists corporate sector initiatives, finances and exploits new processes and instruments. However, an important problem facing the Indian government for the last two decades and yet remaining unsolved is how to revive the country's capital market. The market continues to be in depression which started around 1995 mainly due to withdrawal of retail investors. An important factor underlying such withdrawal is the erosion of retail investors confidence in capital market.

Investor awareness and confidence is the base of any market. Awareness and confidence in systems and procedures, management of funds and functioning of market, fairness to all investors, transparency in dealing are some of the important aspects of capital market. Systems and procedures followed by stock exchanges, fund management companies, brokers etc. should be of highest standards and protect the interests of investors. The data revealed by National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) as well Securities & Exchange Board of India (SEBI) Investors Survey (2015) indicates that number of retail investors in India increased marginally as compare to its total population. The survey conducted by Society for Capita Market Research and Development(2005) indicates majority of the people haven't watched T.V programs on investors education sponsored by Ministry of Corporate affairs(MCA) nor attended any investor education seminar organized by Securities and Exchange Board of India(SEBI). Hence it is imperative to instill investor confidence through intensive investor education and awareness programs.

There have been instances of frauds, scams and mismanagement of the capital in the country. This has led to a numerous distortion in the capital market working as well as in the capital market reform process. As a result, investors suffered a lot, particularly the retail investors and extent of losing confidence on capital market is increasing. Hence, there is a need for a fool-proof method of checking and controlling the frauds and mismanagement of this sector in such a way that all investors are fully educated and very well informed so that they may operate with a greater confidence. Therefore, it is valuable to understand SEBI's role in educating, guiding and protecting investors interest in the Indian capital market as a regulatory authority. Generally every regulator applies his or her judgment and takes a decision by keeping in mind the investors interest. Regulation is not a static subject and it is a very dynamic one. Hence, the study in the field of investors education in Indian capital market require to be updated frequently. That is why it is important for the researcher to undertake this study.

The present study focuses on critical analysis of SEBI’s role in educating the retail investors from Palghar & Thane districts. The important aspects of capital market & its growth, meaning of investors awareness , SEBI & its role in educating retail investors, retail investors, broking firms & brokers association survey, data analysis and findings etc. are presented through seven chapters including introductory & literature review chapters.

This journey is like a sky is the limit where I could make a tiny contribution.

Acknowledgement

It gives me an immense pleasure to express my profound gratitude to all the concerned people who have helped me immensely in the completion of my research work. At the outset , I would like to express my heartfelt gratitude towards Jesus Christ and Mother Mary without whose grace this work would never been completed.

My heartily thanks to my parents, Mr. John Anthony Dabre and Mrs. Martin John Dabre as this work is an outcome of their countless blessings. My spouse, Mrs. Roma Dabre has been a constant support and motivation throughout especially for making grammatical corrections in the thesis . I remember all my teachers (from Jr. Kg till today) who have shaped my life and made me worthy to reach till this stage. I also acknowledged all my family members, relatives, friends, colleagues, priests and nuns for their concern and encouragement in form of prayers to complete this work.

My Ph.D. guide and supervisor Dr. Subhash Anton D'Souza, M.Com., M.Phil., Ph.D., Professor & HOD (Commerce Department) St. Joseph College, Satpala, Virar (W) played crucial role in carrying out my research work successfully. His micro level observations, valuable suggestions and timely support along with constant encouragement lead me to move in right direction.

I owe my sincere thanks to Dr. Aditya Srinivas, CEO of Brokers Forum & Chief Economist, Bombay Stock Exchange (BSE) & Mr. Unnikrishnan, Manager, Securities & Exchange Board of India (SEBI) Mumbai for reviewing my research work and proposing valuable inputs and suggestions.

I honestly thank to Dr. Minu Madlani, Principal, Dr. Kuldeep Sharma, Ph.D. Coordinator and Mr. Sunil Jumani, Head Clerk K.P.B Hinduja College, Mumbai for providing their whole hearted support and co-operation during the time of my research work.

I am also grateful to Management of Dnyandeep Mandal Uttar Vasai, Ex- Principal Dr. Jayashree Mehta (who encouraged me to select the topic) , Our college librarian Dr. Dinesh Sanadi (who acted as troubleshooter), Dr. Kavita Almeida , Miss Meghna Sutar, Miss Tejaswini Sutar, Miss Shainaz Shaikh, Mrs. Jayashree Correia, Mr. Ashutosh Karela & typist Mr. Denis Pereira (who spent his precious time for typing work) who have been helping hand towards this journey.

I wish to make a special mention about my nephew Eliston Elias Dabre who extended prompt IT and Technical support as when required. I am extremely thankful to the respondents of survey for their quick responses to online survey conducted and to the learned authors of selected references ; whose writings proved the base for this thesis.

Dabre Prasad John Martin

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Chapter - 1

Introduction & Methodology

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INTRODUCTION

Broadly speaking the capital market is of crucial importance as it provides institutional mechanism to transfer capital from lender to borrower. Capital market is vital for the development and growth of the economy. A strong and vibrant capital market assists corporate sector initiatives, finances and exploits new processes and instruments. However, an important problem facing the Indian government for the last two decades and yet remaining unsolved is how to revive the country's capital market. The market continues to be in depression which started around 1995 mainly due to withdrawal of retail investors. An important factor underlying such withdrawal is the erosion of retail investors confidence in capital market (Gupta, 2005).

Investor awareness and confidence is the base of any market. Awareness and confidence in systems and procedures, management of funds and functioning of market, fairness to all investors, transparency in dealing are some of the important aspects of capital market. The data revealed by National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) as well Securities & Exchange Board of India (SEBI) Investors Survey (2015) indicates that number of retail investors in India increased from about 10 million in 1990 to just over 23 million by 2015. This is merely 2.10% of 1.30 billion Indian population (2015, source: www.worldometers.info).The survey conducted by Society for Capita Market Research and Development (SCMRD - 2005) indicates that as high as 68% of the respondents neither watched the T.V programs on investors education sponsored by Ministry of Corporate affairs(MCA) nor attended any investor education seminar organized by SEBI. Hence it is imperative to instill investor confidence through intensive investor education and awareness programs. With globalization of the Indian economy, the role of the Indian capital market regulator, stock exchanges and broker forums assumes even more significance. The regulator has to be dynamic and responsive to changes and challenges not only to domestic but also international ones. At the same time, markets are getting seamlessly integrated (Raju 2004).

There have been instances of frauds, scams and mismanagement of the capital in the country. As a result, investors suffered a lot, particularly the retail investors and extent of losing confidence on capital market is increasing. Hence, there is a need for a fool-proof method of checking and controlling the frauds and mismanagement of this sector in such a way that all investors are fully educated and very well informed so that they may operate with a greater confidence. Therefore, it is valuable to understand SEBI's role in educating, guiding and protecting investors interest in the Indian capital market as a regulatory authority. Therefore, the studies in the field of investors education in Indian capital market require to be updated frequently.

1.1 Capital Market-Meaning and Importance in Economic Development:

The capital market is an organized market for meeting long term financial needs of business enterprises. It channelise the money provided by savers like individuals and depository institutions such as bank, insurance companies, etc. to borrowers and investees such as corporate & government through a variety of financial instruments (bonds, stock, derivatives etc.) called securities. Broadly speaking the capital market is of crucial importance as it provides institutional mechanism to transfer capital from lender to borrower.

According to Arun K. Datta[1] - The capital market may be defined as "The capital market is a complex of institutions investment and practices with established links between the demand for and supply of different types of capital gains".

According to F. Livingston[2] defined the capital market as "In a developing economy, it is the business of the capital market to facilitate the main stream of command over capital to the point of the highest yield. By doing so it enables control over resources to pass into hands of those

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who can employ them most effectively thereby increasing productive capacity and spelling the national dividend". Capital market is highly decentralized system made up of three major parts as follows:

1. Stock Market
2. Bond Market
3. Money Market

It refers to all facilities and institutional arrangements for borrowing and lending term loans. It converts savings into profitable investment for industrial development. The need arises for long term finance is basically from private sector and public sector undertaking as well as from the government. Thus, on the demand side of the capital market are various sectors of the economy interested in mobilizing long term finance such as industry, trade, government and semi government institutions. Companies raising funds through public issues are the main borrowers in the capital market. Along with the demand for funds, there are agencies/institutions which supply funds to the capital market. They include retail investors, financial intermediaries such as banks, insurance companies, investment trusts, issue houses, underwriting funds specialized institutions including ICICI, IDBI, UTI and mutual funds and pension funds etc.

The capital market thus has three components viz. the lenders, the borrowers and the intermediaries (who deal with the lenders on one hand and the borrowers on the other).

The capital market is also classified into two broad divisions:- the primary market and the secondary market. The primary market refers to the new issues market which is meant for issue of new securities. The secondary market acts as a market for old or already issued securities.

The capital market plays an important role in bringing rapid industrial development of a country through the process of capital formation. It conducts various functions such as mobilization of funds to corporate sector at cheapest cost, provision of easy liquidity to securities and finally acting as a connecting link between investors and borrowers of money. A healthy capital market facilitates economic growth of any country.

Developed countries have well organized and professionally managed money and capital markets. However, in many developing countries such markets are not well organized and well developed. This naturally hinders the whole process of economic growth. A developed capital market can solve the problem of scarcity of funds and provides a number of lucrative investment avenues to the investors. Industrial development needs long term investment in the industrial sector and such investment is possible mainly through capital market mechanism. In fact, economic development of many western countries mainly due to the services offered by capital market and its components.

Moreover, the leading economies of the world like U.S.A. in terms of total population nearly half of the population invests in capital market directly or indirectly (2013). One-third of Singapore working population invests in capital market. In Malaysia, this works out to 26 percent (2015) while in China it is 14.6 percent of total population. Interestingly, in China nearly 85 percent of trading in Stock market is done by retail investors one of the highest in the world compare this with 53 percent in USA. In Hong Kong, stocks were the most popular investment vehicle. Nearly 30% Hong Kong adult population invest in capital market.

Despite of fastest growing economy in the world, participation of retail investors in Indian capital market is dismally low as compare to other leading economies. Though, over the period of time the number has increased since the investors' confidence is being maintained but this is quite negligible as compare to potential which Indian capital market has.

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1.2 Retail Investors: Meaning and their Role in the Capital Market:

Retail investors are considered as the backbone of the Indian economy. They play a vital role in the capital market along with the foreign institutional investors and domestic financial institutions. The retail investors assume greater significance because the household savings account 30% of gross domestic savings and it is the prime source of funding. At the same time both the business houses and government look towards retail investors for raising money in order to meet their need for funds for short-term and long-term development projects. Hence, a strong presence of retail investors in the capital market for a long period provides the stability to the markets.

In accordance with SEBI (Disclosures of Investor Protection) Guidelines {DIP Guidelines}, a retail individual investor is defined as the one who applies or bids for securities of or for a value not exceeding 1 lakh as against the earlier limit of 50,000. However, SEBI has since increased the limit for retail investors to 2 lakh (SEBI Circular, 2010). The word “applies or bids” means the investor can invest in primary market through an IPO application or in mutual fund or in secondary market by bidding through a broker/sub-broker.

1.3 Meaning & Importance of Investor Education for Retail Investors:

Retail investors are expected to make their investment decisions based on education, awareness and knowledge. Investor education is a phenomena which focuses on issues relevant to the education of individuals who participate or planning to participate in capital market. Organisation for Economic Co-operation and Development (OECD) defines investor education a process by which investors improve their understanding about financial products, concepts and risks and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help and to take other effective actions to improve their financial well-being (2005). Investor awareness, education and confidence is the base of any market. This confidence is an outcome of investor education and protection. Investor education is necessary for making sound financial decisions and ultimately achieving individual financial wellbeing. Investor education is helpful for investor in making better assessment of relevance and suitability of the investment advice, investment products and services. This is really helpful, when there are numerous advisors who promise great return from investment. Thus apart from guiding investors in making investment decisions for their financial well being, investor education is required for investor protection as well.

Minimal cost of entering the capital market along with prospects of high returns encourages many investors to enter for the first time especially to the young investors and has also caused existing investors to invest substantially in multiples. Number of small investors in India have increased from about 10 million in 1990 to over 23 million by 2015. The definition of the retail investors (also called Retail Individual Investor (RII) by SEBI Circular, 2010) has been revised from one who applies for shares up to Rs.100,000 or less to one who can apply for shares up to Rs.2,00,000 or less.

The worth of the small Investor was recognized by T.T. Krishnamachari, Finance minister during his budget speech in 1957-58. He said “In the ultimate analysis, the limit of expansion in the economy is set by availability of savings and in a country like India where the bank saving is under development. Small savings have a special role to play. Small savings are more than a way of collecting money. It is a scheme for spreading habit of thrift and of encouraging participation by the common man in plan effort.

Retail investors are the lifeline of any capital market around the world. However, many of them may not possess enough knowledge to take informed decisions. They are generally not aware of the complete risk- profile of the companies they are putting their hard earned money. In India,

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over the past 2 decades many small investors have lost their hard earned savings by ignorantly placing their trust in companies promoted by unscrupulous promoters. In addition to the risks inherent in most investment channel and products, the small investor faces the added risk of falling prey to a financial perpetrator-and scamsters. It may be some one operating a scam. It could be a seller of financial products or it could be fraud. Many have been convinced to mortgage their home, take a bank loan or to use margin to invest and then the value of the investment goes down.

Various types of scams are perpetrated on the small and ignorant investors such as Ponzi Schemes (one type of scam) where initially investors are offered a handsome rate of return out of money collected from the next investor. The scam continues as people fail to realize the nature of the scam.

Some of the scams occurred during the last two decades are as follows :

1. The Securities Scam in 1992
2. The IPO Cheat
3. Preferential Allotment Defraud
4. CRB's Cardboard Trick
5. Plantation Firms' Scam
6. Mutual Funds Scam
7. The 1998 Scam
8. DSQ Software Scam
9. Satyam Rip-off
10. Subrata Roy Debentures Blow

All India survey carried out by The Society for Capital Market Research and Development shows that as high as 79% of the respondents had ‘no’ confidence in the corporate management’.

This is a very clear indicator that investors would like to have knowledge that the market is moving in right direction. It is safe and not manipulated. Only if the small investor gets confidence, he will invest more and more in the market. A strong economy attracts large investors. This coupled with small investors would make the capital market grow faster and be more efficient. Thus, investor education cum protection is very critical for the economy.

The process of taking care of these small investors can be looked at three different levels-

1. Ensuring a matured and well regulated market so that they are not taken for a ride.
2. Educating them as to what are basic things they should be knowing before investing in a company or scrip.
3. In-spite of the two levels mentioned above, if there are some issues / grievances, which are the agencies he/she should approach and what are the laws / rules / regulations which he can take support under.

If this process is managed well, the small investor will feel more informed, secured and confident thus will invest more: which in turn will lead to a mature, well regulated and less volatile market.

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1.4 Significance of the Study:

1. The Indian economy depends on the capital market and its future is closely associated with SEBI's regulatory, developmental and awareness measures along with other regulatory authorities.
2. After the abolition of the Controller of Capital Issues (CCI), it is the SEBI which shoulders the entire responsibility of the regulation of new issues.
3. SEBI has to ensure that the investors are to be educated and protected for capital formation which will be directed into productive corporate sector of the economy.
4. SEBI is now more than a two decade old and has had a monumental role with functioning of the securities markets especially with respect to educating and protecting investors.
5. Retail investor plays a significant role to the national savings which could be used for building capital of the nation.
6. The definition of the retail investors (also called Retail Individual Investor (RII) by SEBI Circular, 2010) has been revised from one who applies for shares up to Rs.100,000 or less to one who can apply for shares up to Rs.2,00,000 or less.
7. There is a need to educate the retail investors of Palghar and Thane districts about the basics of capital market operating in India. This will help to raise more and more funds for the corporate sector in form of capital at cheaper rates vis-à-vis others type of borrowings.
8. This would lead to an industrial growth and eventually economic development of our country.
9. At the same time capital market being highly paid avenue of investment will certainly increase revenue and earning capacity of retail investors of Palghar and Thane districts which in turn would raise their standard of living resulting in a rural development.
10. To achieve this goal, there is immense need to educate the retail investors in this region. In most of the cases retail investors are not informed about the development of the securities market and role played by regulatory authorities i.e. SEBI, Brokers Forum, Investors associations etc. operating in Palghar and Thane districts.
11. It is therefore necessary to study and understand the present level of awareness among the retail investors in Palghar and Thane districts in light of investors education strategies adopted by SEBI. This can provide some vital clues as to what needs to be done in the area of investor education.

1.5 Statement of the Problem:

Investors awareness and confidence is the base of any market. Awareness and confidence in systems and procedures, management of funds and functioning of market, fairness to all investors, transparency in dealing are some of the important aspects of capital market. Systems and procedures followed by stock exchanges, fund management companies, brokers etc. should be of highest standards and protect the interest of investors. Number of retail investors in India increased from about 10 million in 1990 to over 23 million by 2013 (Loksatta 2014). The survey conducted by Society for Capital Market Research and Development (2005) indicates that as high as 68% of the respondents neither watched the T.V. programs on investors education sponsored by Ministry of Corporate Affairs (MCA) nor attended any investors education seminar organized by Securities and Exchange Board of India (SEBI). Hence, it is imperative to instill investor confidence through intensive investor education and awareness programs. This demanded an attempt to understand what had happened in this regard during capital reform period. Retail investors, mutual funds, pension funds and insurance funds place their money in various instruments of the capital market. Therefore, sustainable and pragmatic development of the capital market has become essential. With globalization of the Indian economy, the role of the Indian capital market regulator, stock exchanges and broker forums assumes even more significance. The regulator has to be dynamic and responsive to changes and challenges not only to domestic but also international ones. At the same time, markets are getting seamlessly integrated. (Raju 2004)

There have been instances of frauds, scams and mismanagement of the capital in the country. This has led to a number of distortions in the capital market working and in the capital market reform process. As a result, investors suffered a lot, particularly the retail investors and extent of losing confidence in capital market is increasing. Hence, there is a need for a fool-proof method of checking and controlling the frauds and mismanagement of this sector in such a way that all investors are fully educated and very well informed so that they may operate with a greater confidence. Therefore, it is valuable to understand SEBI's role in educating, guiding and protecting investors interest in the Indian capital market as a regulatory authority. Generally, every regulator applies his or her judgment and takes a decision by keeping in mind the investors interest. Regulation is not a static subject and it is a very dynamic one. Therefore, the studies in the field of investors education in Indian capital market require to be updated frequently.

The Indian capital market has witnessed impressive technological progress in the last two decades regarding the trading system. Historically, it has given decent rate of returns provided the investment strategy is correct and stocks are fundamentally sound.

The returns given by BSE SENSEX (Representative) is higher as compared to other asset classes historically. In the last 32 years i.e. from the period 1980 to 2012, the return generated by various class assets is given in below table :-

Table 1.1

Asset Class	**Average Rate of Return from 1980 to 2012 (in %)**
Inflation	8.10
Fixed Deposit	8.80
Postal Savings (National Saving Certificates, Kissan Vikas Patra, Public Provident Fund)	8.70
Gold	11.10
Equities & Mutual Funds (Sensex/Nifty)	17.00

Source: Motilal Oswal Research Reports, 2013

The above table shows that although the capital market is sensitive, it has given highest rate of returns vis-à-vis other class of assets. Nevertheless, there is a strong perception in the minds of the people that capital market is gambling which is a myth. National Sample Survey Office of India (NSSO) in its report (2014) has revealed that despite of SEBI, Association of Mutual Funds in India (AMFI), Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Ministry of Corporate Affairs (MCA) etc, consistent education and awareness programs for retail investors about capital market through various forums, only 2.25 crores retail investors have opened their DEMAT accounts. The report further states that in the urban India out of total savings of the people, merely 0.17% savings gets diverted into shares and allied securities whereas the scenario in rural India is dismal where out of total saving of individuals only 0.07% savings accounts for shares and allied securities. It is apparent that most of the individuals place their money in traditional and conventional form of investment avenues as shown above. Therefore, unless the retail investors are educated enough to understand the basics of the capital market's behavior and stock selection criteria, most of them would be unable to benefit from the market's technical progress.

India has a remarkable potential of achieving double digit GDP growth in the future, and if large number of retail investors join the capital market, it would mean that more capital is being employed for productive purposes in the economy and India can achieve its well-cherished dream of becoming a global economy by 2020.

However, there are many cases of capital market where investors have lost bulk of their hard earned life savings invested due to their own lack of understanding, as well as their greed and gullibility. Financial markets abound with people who are looking for easy preys, i.e. ignorant investors. There is need for vastly greater efforts in the direction of promoting investor education and for giving more thoughts to both the content and the delivery mechanism for investor education on countrywide basis.

Since its inception in 1992, SEBI has been framing various rules, regulations and guidelines and also changing them from time to time to make Indian capital market a modern, safe, fair, transparent to create conducive atmosphere for investment. Significant efforts have been made to restructure the Indian capital market keeping in mind investors education. Many of the bottlenecks, weaknesses and inefficiencies of the capital market have been removed from time to time. SEBI has initiated a number of steps to boost up the participation of retail investors. Following factors have culminated in emergence of retail investors and their greater participation in securities market:

1. Nation- wide access of trading terminals of BSE and NSE.
2. Stronger Corporate Governance norms.
3. Increased participation of retail investors in IPOs.
4. Stipulation of minimum public shareholding.
5. Launch of various schemes by Mutual Funds for retail investors.
6. Introduction of shorter settlement cycle.
7. DEMAT of shares.
8. Increase in minimum public shareholding.
9. Application Supported by Blocked Amount (ASBA).

The above-said measures have brought retail investor to the forefront of Indian Stock Market and their contribution can be gauged from the fact that Reliance Industries Limited alone has 35 lakhs retail shareholders or investors and the company has risen to the greater heights due to the large participation of retail investors. However, the fact remains that despite aforesaid measures initiated by SEBI and by the few of top corporate luminaries, the population of retail investors has not increased to the desired level. As an acknowledgment to SEBI's efforts, the report published by World Bank has recognized SEBI's initiatives to educate and protect the investors by assigning seventh rank worldwide. Therefore, there is a need to understand such initiatives and to measure their impact on capital market in general and on investors in particular. That is why regulators fine-tune their policies towards encouraging and educating investors. It would, therefore, be appealing and valuable to study:

1. What is the contribution of capital market in economic development?
2. What is the growth pattern of the Indian capital market?
3. Who are the retail investors?

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4. Has the importance of retail investors declined?
5. What are the problems faced by retail investors?
6. To what extent are the retail investors educated?
7. What is the role of the SEBI, broking and sub-broking firms and brokers forum in educating retail investors?
8. Are the investors, particularly retail investors satisfied with the present awareness/education mechanism followed by Indian capital market?

The researcher seeks to answer some of these questions through this study.

1.6 Objectives of the Study:

The main objectives of the study are:

1. To study the evolution and growth pattern of the Indian capital market.
2. To understand the concepts, need and importance of investors education in existing Indian capital market.
3. To have deep insight into the role and importance of SEBI, Broking &Sub-broking firms and Brokers Association in educating retail investors.
4. To make investors aware about the various steps and measures taken by SEBI, Broking &Sub-broking firms and Brokers Association in educating the retail investors in selected area.
5. To study and understand the perceptions, preferences, attitude and worries of retail investors in the Indian capital market.
6. To understand the profile and investment choices of retail investors of Palghar and Thane districts.
7. To have deep understanding of comfort level of retail investors while investing in various instruments in the capital market.
8. To analyse the role and attitude of SEBI, Broking & Sub-broking firms and Brokers Association in educating the retail investors and study further the satisfaction level of retails investors of Palghar and Thane districts.
9. To suggest the measures towards educating retail investors in Palghar and Thane districts so as to improve the fundamental knowledge of these investors leading to have greater participation in capital market.

1.7 Hypotheses of the Study:

Capital market acts as a barometer and lifeline of Indian economy. Systematic and well planned investment in capital market has enabled retail investors to earn good returns irrespective of retail investor is from urban or rural area. Capital market is a boon to urban retail investors at the same time retails investor in rural areas like Palghar and Thane districts have not been able reap the benefits lack of knowledge, awareness and poor financial background. Thus investors education program initiatives by Indian capital market in Palghar and Thane districts will certainly help in upliftment of poor section by raising their standard of living.

Hence for the purpose of the study, the researcher has laid down the following hypotheses:

1. It is assumed that there is a significant relationship between investors education and economic development.

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2. It is presumed that there is a relationship between educational qualification of retail investors and investors education programs initiated by capital market of India and SEBI in the district of Palghar and Thane.
3. It is believed that there is no association between occupation of retail investors and education programs offered by capital market of India and SEBI in the district of Palghar and Thane.
4. It is assumed that retail investors investment of Palghar and Thane district is influenced by the demographic factors and investment education programs framed by capital market of India and SEBI.
5. It is presumed that there is a spurt in satisfaction level of retail investors of Palghar and Thane district due to education initiatives taken by SEBI as a result retail investors are getting back into the trading ring.

1.8 Profile of Palghar and Thane Districts:

India is the seventh largest country in the world by geographical area which accounts for 2.4% of the world surface comprising of 135.79 million square km. It is the second most populous country in the world with more than 120 crore populace and it is the world’s largest democracy. India is well known for its rich heritage and diverse culture. India's economy became the world's fastest growing in the G20 developing nations in the last quarter of 2014, replacing the People's Republic of China. India's literacy and wealth are is at rising trend. According to New World Wealth, India is the seventh richest country in the world with a total individual wealth of $5.6 trillion. However, it still has numerous social and economic issues like poverty, unemployment, corruption etc. India is a founding member of the World Trade Organisation (WTO), and has signed the Kyoto Protocol.

Maharashtra is one of the progressive states of India. It is located in western India. Maharashtra covers 3,07,713 square km geographical area and ranks third according to it. There are 36 districts in Maharashtra. The state is divided into five regions viz. Konkan, Western Maharashtra, Khandesh, Vidarbha & Marathwada. As per the 2011 national census, Maharashtra stands second most populous state in India with 11,23,74,333 population (9.28% of India’s population)

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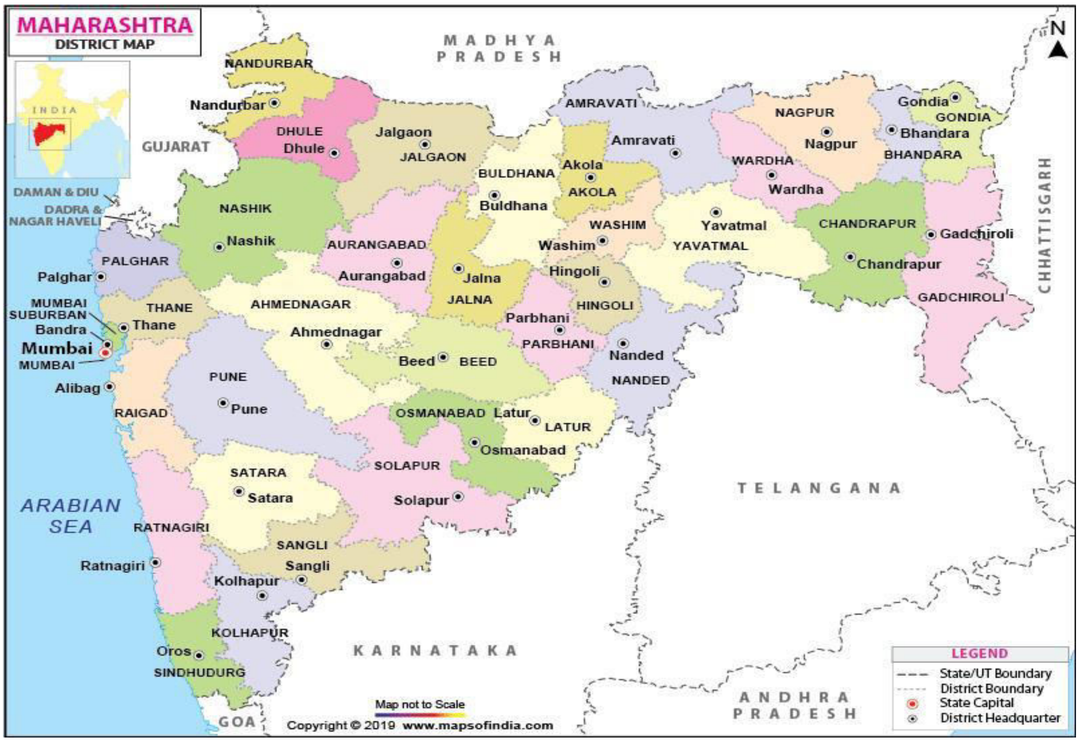
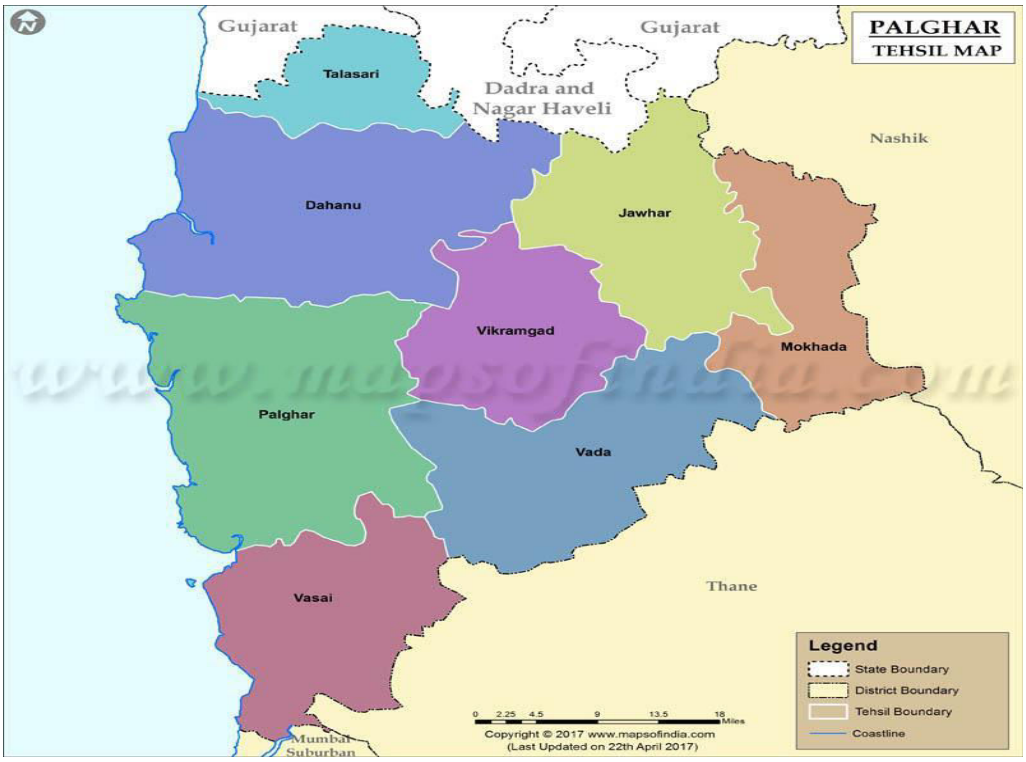
1.1 Map of Maharashtra State:



Source: https://www.mapssofindia.com/maps/maharashtra/maharashtra.html

1.8.1 PALGHAR DISTRICT:

1.2 Map of Palghar District:



Source: https://www.mapssofindia.com/maps/maharashtra/tehsil/palghar.html

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1.8.2 Historical Aspect of Palghar District:

Palghar district came into existence on 1st August, 2014 as a 36th district of Maharashtra. Earlier Palghar district was a part of Thane district. Vasai, Jawhar and Palghar talukas of Palghar district have golden historical heritage. According to Buddhist scriptures; in the period of Gautam Buddha i.e. 540 B.C. Sopara was the Royal seat and a centre of Commerce. Vasai taluka was colony of Portuguese empire.

In the Peshawa Empire, Chimaji Appa hoisted the flag of Marathas in Vasai i.e. almost 300 years ago. In 1802, Britishers took possession of Vasai under the treaty of Vasai. In 1812, Vasai was merged with the Bombay presidency. Five freedom fighters from Palghar Taluka sacrificed their lives in India's freedom movement during 1942's "Go Back Movement". A Martyr Square - 'Panch Batti' was constructed in the memory of these martyrs at Palghar. Many activists from the Saatpati and Vadarai joined 'The Satyagraha Movement' in 1930. In Jawhar, Palace of Jawhar's king "Mukune' witnesses the great history of the king.

1.8.3 Geography of Palghar District:

Palghar district has geographical area of 9558 sq. km. It consists of eight talukas viz. Vasai, Palghar, Dahanu. Talasari, Jawhar, Vikramgad, Mokhada and Wada. Palghar district has 4,69,699 hectares geographical area spread over 1008 villages, 3818 sub-villages and 477 grampanchaytas. The climate of Palghar is hot & humid and temperature range is maximum 40.8 centigrade to minimum 8.3 centigrade. The District has average rainfall of 2293 mm. Arabian sea lies on the west side of the district whereas Valsad & Dadra Nagar Haveli on north side. Nashik district is on north-east side of the district. Thane district lies on the south and east side of the district where as Greater Mumbai is on south west side.In the eastern region of the district Sahyadri ranges run north-south direction. Jawhar is the hill station in Palghar district. Vaitarana is the main river in the district, which rises in the hills near to the Trimbak in Nashik district and flows towards the arabian sea. Pinjal, Daheraja, Surya and Tanasa are the tributaries of the river Vaitarana. Black soil is found in Dahanu, Palghar and Vasai which is fertile and useful for paddy cultivation, horticulture and vegetables. Red soil is found in eastern slope i.e. Talasari and Mokhada. This soil is useful for cultivation of millets like Nagi and Varai crops

1.8.4 Demographics of Palghar District:

Table 1.2

No. of villages and cities in the district of Palghar (According to 2011 Census)

Sr.No.	Taluka	Number of villages	Number of cities
1	Vasai	50	02
2	Palghar	203	12
3	Dahanu	173	02
4	Talasari	46	00
5	Jawhar	109	01
6	Mokhada	59	00
7	Wada	168	02
8	Vikramgad	93	01
	Total	**901**	**20**

Source: Census Handbook 2011

As per the 2011 census of India, there are total 901 villages and 20 cities in Palghar district. Palghar Taluka accommodates maximum number of cities and villages i.e. 12 and 203 respectively. Talasari and Mokhada are the two talukas without cities.

1.8.5 Population of Palghar District:

According to 2011 census, Palghar district has total population of 29,90,116 inhabitants out of which 15,45,779 is male population and 14,44,337 is female population. Out of this, 16,43,145 people live in rural area and 13,52,283 people live in urban area.

Table 1.3
Talukawise Population of Palghar District

		Total Population		
Sr. No.	**Taluka**	**Male**	**Female**	**Total**
1	Vasai	7,09,771	6,33,631	13,43,402
2	Palghar	2,88,514	2,61,652	5,50,166
3	Wada	91,990	86,380	1,78,370
4	Dahanu	1,99,574	2,02,521	4,02,095
5	Talasari	76,417	78,401	1,54,818
6	Jawhar	69,333	70,854	1,40,187
7	Vikramgad	68,489	69,136	1,37,625
8	Mokhada	41,691	41,762	83,453
	Total	**15,45,779**	**14,44,337**	**29,90,116**

Source: http://palghar.gov.in/phpfiles/about.php?english=English

1.8.6 Literacy Rate of Palghar District:

Overall literacy rate is 66.65% in Palghar district. Male literacy rate is 72.23% whereas female literacy rate is 59.28%. Table No. 6.3 give the details of literacy rate in Palghar district.

Table 1.4
Literacy Rate in Palghar District (In %)

		Literacy Percentage		
Sr. No.	**Taluka**	**Male**	**Female**	**Avg. Literacy**
1	Mokhada	53.70	39.40	46.54
2	Talasari	57.33	37.57	47.33
3	Jawhar	54.48	41.43	47.88
4	Dahanu	59.21	33.32	51.15
5	Vikramgad	61.00	46.26	53.60
6	Wada	70.07	55.77	63.15
7	Palghar	76.34	64.04	70.49
8	Vasai	80.02	73.49	76.94

Source: http://palghar.gov.in/phpfiles/about.php?english=English

As per table 1.3 Vasai taluka has highest literacy rate i.e 76.94% whereas Mokhada taluka has 46.54% literacy rate which is lowest literacy rates among all the talukas of Palghar district. Vasai taluka has highest male and female literacy rate in both male and female population.

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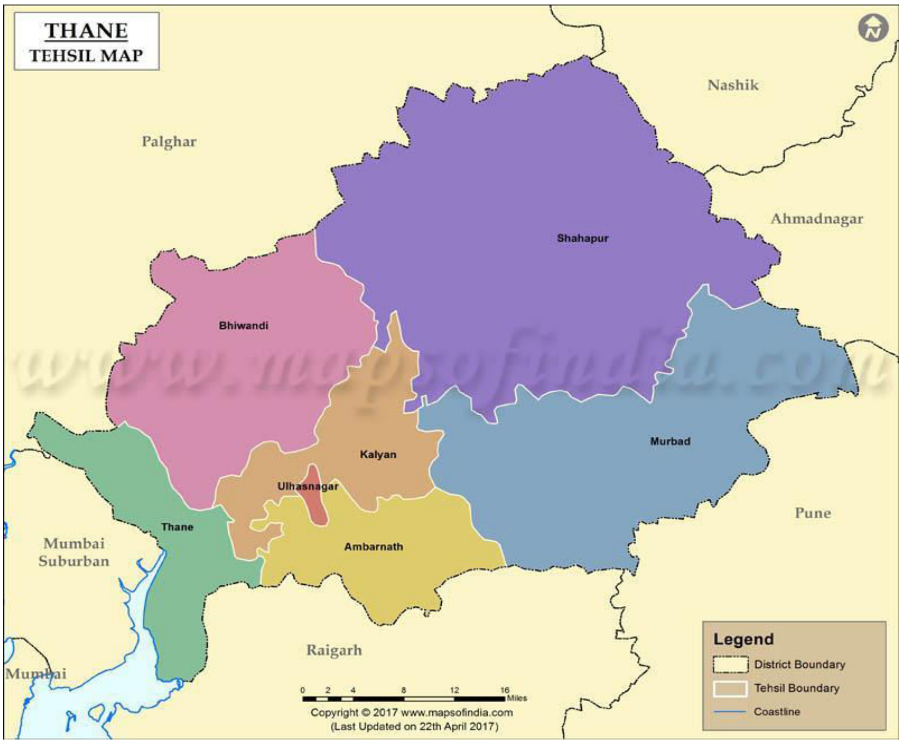
1.8.7 THANE DISTRICT:

1.3 Map of Thane District:



1.8.8 Historical Aspect of Thane District:

Till 2014 Thane district was considered as the India's most populous district. On 1st August, 2014 Palghar district was separated from Old Thane district. Thane district has a mark of trade with Egypt, Phoenicia, Babylon, Persia, Arabia from 2500 B.C to 1200 A.D. Thane was earlier called 'Apranta' and Puri - Konkan was its capital later named as Puri. Thane city was described as a pretty town in Shilahar Empire, who reigned North Konkan for more than 400 years.

Mogul's continued their supremacy over Thane district under the strong rule of Mohammad Tughlak. Old Thane district as part of North Konkan, which was ruled by Mogul's, Portuguese. Marathas and Britishers in their respective ruling period Thane city witness the emergence of railway in India because the first railway ran between Mumbai - Boribunder to Thane on 16TH April, 1653.

1.8.9 Geography of Thane District:

Thane district has geographical area of 4,214 sq. km. which has spread over 820 villages and 30 cites. The climate of Thane district is humid & warm and temperature range is maximum 28.0 to 35.2 centigrade und minimum 16.3 to 26.5 centigrade. The district has average rainfall of 2576 mm. Mumbai suburban, Mumbai City und Arabian Sea lies on the west side of the district, where as Palghar district is on north and north west side. Nashik district lies at north east side and Ahmednagar and Pune is on east side. Raigad district is situated at south side of the district. Sahyadri range runs through the district. Yeoor Hills und Mama Bhanja Hills are the hill stations in the district. Ulhas is the main river in the district which rises in the Bhoir Pass and flows towards the Vasi Creek. Baravi and Bhatasa are the tributaries of the Ulhas River. Black soil is found in Thane tehsil which is fertile and useful for paddy cultivation, horticulture and vegetables. Brownish-Black soil is found in Shahpur, Bhiwandi and Kalyan tehsil. This soil is useful for Paddy cultivation.

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1.8.10 Demographics of Thane District:

Table 1.5			
No. of Villages and Cities in the district of Thane (According to 2011 Census)			
Sr.No.	**Taluka**	**Number of villages**	**Number of cities**
1	Thane	14	03
2	Bhiwandi	213	14
3	Shahapur	225	06
4	Kalyan	86	03
5	UIhasnagar	00	01
6	Murbad	206	01
7	Ambernath	76	03
	Total	**820**	**31**

Source: Census Handbook 2011

Table 1.4 reveals that as per 2011 census of India, there are total 820 villages and 31 cities in Thane district. Bhiwandi Taluka accommodate maximum number of cities i.e. 14 whereas Shahapur Taluka contain maximum number of villages i.e. 225. Ulhasnagar taluka has no villages.

1.8.11 Population of Thane District:

Table 1.5 below shows that as per 2011 census, Thane district has total population of 80,70,032 inhabitants out of which 43,19,299 is male population and 37,50,733 is female population. Out of this ,902325 people live in rural area and 7162395 people live in urban area.

Table No 1.6		
Gender & Locality wise Population of Thane District		
Gender	**No. of people**	**Rural/Urban**
Male	43,19,299	9,02,325 (R)
Female	37,50,733	71,62,395 (U)
Total Population	**80,70,032**	**80,70,032**

Source: Census Handbook 2011

Table No 1.7		
Talukawise Population of Thane District		
Sr. No.	**Taluka**	**Population**
1	Thane	37,87,036
2	Kalyan	15,65,417
3	Ulhasnagar	5,06,098
4	Shahapur	3,14,103
5	Murbad	1,90,652
6	Bhiwandi	11,41,386
7	Ambarnath	5,65,340
Total Population		**80,70,032**

Source: Census Handbook 2011

From Table No 1.6 it can be seen that Thane taluka has highest population of 37,87,036 people as compare to rest of the talukas followed by Kalyan taluka which is second highest in population among all other talukas. On the other hand Murbad talukas contain lowest population of 1,90,652 people.

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1.8.12 Literacy Rate of Thane District:

As shown in table 1.7 and according to census 2011,Thane district has average literacy rate of 87.24%. Male literacy rate is 90.57% whereas female literacy rate is 83.37%.

Table No 1.8

Literacy Rate in Thane District

Sr. No.	Gender	Literacy (%)
1	Male	90.57
2	Female	83.37
	Average Literacy	**87.24**

Source: http://thane.gov.in/phpfiles/about.php?english=English

1.8.13 Financial Literacy in Thane & Palghar Districts:

Ever since economic slowdown in 2008 the phenomena or the term Financial Literacy has gained unprecedented significance and momentum worldwide. The Organization for Economic Co-operation & Development (OECD,2012) has defined Financial Literacy as "Financial Literacy is a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being. Financial Literacy is a root of Financial Inclusion & Financial Stability.

In India, ever since our independence, the governments proclaimed about poverty alleviation from time to time. Finance Ministry, RBI, SEBI, IRDAI, PFRDA, NABARD etc. apex financial institutions of the country designed and launched various programs and implemented in that direction. The National Centre for Financial Education (NCFE), a non-profit company, was created under section 8 of companies act 2013, to promote financial literacy in India. However, more than 80% of our population did not have bank account or have bank account but not active. This shows that the standard of living of people in rural India has not changed. Hence, it was imperative to have Financial Literacy in our country on war foot basis. In light of this, the then Finance Minister of India while presenting Union Budget in the year 2010-11 stated that "For long time the financial sector had ignored the needs of poor. There is an urgent need to include people from all strata in the main stream of banking system of our country.

In this context, a researcher visited the financial literacy centre (FLC) in-charge of Maharashtra Bank, a lead bank for Palghar & Thane Districts Mrs. Savita Pavsker located at Wagle Estate Thane. The excerpts of interview are as follows :

The Financial Literacy program in Thane & Palghar district was launched on 11th July,2011. Bank of Maharashtra was assigned as Lead Bank to monitor & execute the financial literacy program in Thane & Palghar districts. The District Level Financial Literacy Centre (DLFLC) was also set up under lead bank. Both, lead bank and district level financial centre are located at Zonal office of Bank of Maharashtra, Wagle Estate Thane. Twenty one nationalized banks with nearly 850 Branches reports quarterly about financial literacy campaign undertaken by them in Thane & Palghar Districts. The quarterly consolidated report is submitted by lead bank to State Level Bankers Committee (SLBC), Pune. The various committees viz. Block Level Bankers Committee (BLBC) & District Level Consolidated Committees (DLCC) have also been formed and indulged actively in the campaign of financial literacy. The Following target groups have been approached by designated banks and their braches under the banner of financial literacy.

1. Farmers
2. Micro, Small & Medium Enterprises (MSME)
3. Senior Citizens
4. Self Help Groups (SHG)

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5. School Children

Ever since its inception in 2011, the lead bank and financial literacy centre of Thane & Palghar districts have carried out various financial literacy programs with the help of designated banks and their branches. To list a few as follows :

1. Pradhan Mantri Jan Dhan Yojana (PMJDY)
2. Agricultural Development Programs.(ADP)
3. Prime Minister Employment Programs (PMEP)
4. Pradhan Mantri Suraksha Bima Yojana (PMSBY)
6. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMSBY)
7. Atal Pension Yojana (APY)
8. Mudra Offerings
9. Pradhan Mantri Awas Yojana (PMAY)
10. Janani Suraksha Yojana (JSY)

1.8.14 Conclusion:

Thane and Palghar are the districts belong to Konkan division in Maharashtra state and situated between Sahyadri range and Arabian sea. Both the districts have some geographical similarities but have many demographic and socio-economic differences. Thane district is more populous district as compare to Palghar district. The literacy rate is high in the Thane district vis-a-vis Palghar district. Palghar district has more scheduled tribe population as compare to Thane district.

1.9 Research Methodology:

1.9.1 Sample Size:

The sample size is be based on different categories of stakeholders which primarily comprise of retail investors, broking & sub firms, brokers association etc. The sample size is 550 retail investors (list maintained) , 8 broking & sub broking firms viz. Moon Investments, Idrish Vora Securities, Deven Investments, SMC Global Securities, KDM Capital Services, Kaushik Shah Shares & Securities Pvt. Ltd., Jamnadas Virji Share & Stock Brokers Pvt. Ltd. and 1 broker association viz. BSE Brokers Forum.

1.9.2 Scope of the Study:

For the purpose of this study, Palghar and Thane Districts have been selected. Samples are drawn from Palghar and Thane Districts of Maharashtra for collection of primary data. A structured questionnaire has been administered for this purpose. The period of the study is restricted upto financial year 2014-15.

1.9.3 Statistical /Quantitative Techniques:

A researcher has used regression method as a quantitative technique to measure investors education level and steps taken by SEBI.

1.9.4 Sources of Data:

The study is based on both primary as well as secondary sources of data.

1. Primary Sources:

Primary data has been collected using questionnaire approach. Online surveys is conducted, through structured questionnaire to get factual information from the respondents which mainly include retails investors, broking & sub broking firms, brokers forum etc.

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2. Secondary Sources:

Reports of various investor associated institutions viz. Securities & Exchange Board of India(SEBI), Bombay Stock Exchange(BSE), National Stock Exchange (NSE), Reserve Bank of India (RBI), National Sample Survey of India(NSS), Society for Capital Market Research and Development (SCMRD), National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL), Association of Mutual Funds in India(AMFI), Ministry of Corporate Affairs (MCA),Broker Forums, published literature in the form of books and articles from journals, business magazines, newspapers, websites, etc. have been used to collect the secondary data.

1.9.5 Working Definitions of Terms Used in the Study:

Following are the definitions of the terms used in the study:

Capital Market: refers to the facilities and institutional arrangements for borrowing and lending of long-term funds. In this study, however, the term capital market is used interchangeably with the securities market.

Primary Market: The new issues market which issues new securities.

Secondary Market: The market which acts as a market for old or already issued securities.

Investor: Any person investing in the capital market.

Retail Investor: A Retail investor, as defined by SEBI, is an investor who invests Rs 2,00,000 or less.

Bombay Stock Exchange (BSE): a voluntary non-profit making Association of Persons engaged in providing an efficient and transparent market for trading in securities, debt, derivatives and having permanent recognition in 1956 from the Government of India under the Securities Contracts (regulation) Act.1956.

National stock exchange (NSE): established in November 1992 with an equity capital of Rs. 25 crores and promoted by IDBI, ICICI, LIC, GIC and its subsidiaries, State bank of India and SBI Capital Markets Limited.

Securities and Exchange Board of India (SEBI): the regulatory and developmental authority in the Indian capital market, set up in 1988 and which became a statutory body in 1992 through an Act of Parliament.

1.9.6 Indicators Used:

While studying the growth of the capital market, following are the indicators of growth which have been looked into:

1) New capital issues by non-government public limited companies: volume wise and number of issues wise.
2) Number of intermediaries registered with SEBI.
3) Trends in mutual fund mobilization.
4) Trends FII investments.
5) Total capital mobilized.
6) ADR/GDR & ECB mobilisation.
7) Annual Averages of share price indices and market capitalisation.

For analysing the responses of investors in the survey, percentage, ranking method and cross tabulations have been used.

1.10 Limitations of the Study:

1. The present study is confined to only two districts of Maharashtra state and does not cover whole of India due to constraint in resources.
2. The capital market is very sensitive and changes are taking place rapidly therefore, the inputs and outcome of the study may or may not be relevant in future.
3. There is an exceptional possibility that the primary data collected from respondents may not reveal the exact details due to their personal bias.
4. The perception, approach and attitude of retail investors towards capital market may vary due to demographic and geographical factors such as income, age, education, sex, culture, employment status etc.
5. The present study is partly based on secondary sources of information and thus suffers from the same limitations as all such studies that rely on secondary data.

1.11 Chapter Scheme:

The study consists of seven chapters.

1.11.1 Introduction and Methodology:

Chapter one deals with meaning of capital market and its importance in economic development, meaning and importance of investors education awareness and protection, the problem and the objectives of the study, hypotheses of the Study, profile of Palghar and Thane districts, Limitations of the Study etc. Further, it also outline the methodology of the study which includes scope of the study, sources of data, definitions of selected terms, tools and techniques used, limitations of the study and chapter scheme of the study.

1.11.2 Review of Literature

This chapter reviews the literature on capital market and investors education. It is divided into two sections. First section reviewed the studies in the global scenario whereas the second section reviewed the studies in the Indian context.

1.11.3Growth of the Indian Capital Market

Chapter three will throw light upon the growth of the Indian capital market from the financial year 2005-2006 to 2014-2015.

1.11.4Need for Investors Education :

Capital markets across the globe are undergoing profound, unprecedented and fast-paced changes. Technology has revolutionalised the processes and information explosion has sparked off remarkable changes in the way the world has been operating. What are the changes that have occurred in the Indian capital market is the focus of the fourth chapter. This chapter attempts to assess the changes in (a) channelization of household saving (b) capital market reforms (c) regulatory framework (d) the capital market design and scams which occurred during the 2000. Due to these changes, need for investors education arises. This is highlighted in this chapter.

1.11.5Investors Education: Role of SEBI :

A well informed and educated investor feels safer and invests more and more in the capital market-leading to greater economic development of the country. An educated investor is also a safer investor. Thus, investor education and protection go hand in hand. This chapter examines what specifically SEBI has done for educating the retail investors.

1.11.6 Investor Survey - Socio Economic Profile of the Respondents:

Chapter six explains the research methodology of the survey analysis, profile of the respondents, data analysis and interpretation in detail. It is an analytical report of the survey undertaken in Palghar and Thane Districts.

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1.11.7 Conclusions - Findings & Recommendations:

This chapter will elaborate the hypothesis testing, testing of objectives, findings and recommendations as a concluding part of the study.

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Chapter - 2

Literature Review

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INTRODUCTION

In order to carry out research study in a systematic and scientific way, it is necessary to go through existing relevant literature. Literature review assists to gain background knowledge of research topic and research gap. Various studies have been conducted in the past related with retail investors awareness about Indian capital market. In light of this, a researcher has gone through available literature viz. research reports, articles, thesis etc. which was of immense help to understand the subject and research problem in depth. The aim of this chapter is to review concerned literature for the research problem undertaken by the researcher. This chapter is divided into three sections. Section one deals with literature in the global scenario. Section two deals with literature in the Indian context whereas section three identifies certain gaps in the earlier literature and suggest the need for the present study. However, the focus of this topic is not only to find out research gap from the past research studies but also to know diverse aspects of capital market about retail investors globally.

2.1 Literature in the Global Context:

Globally, there are increased facts to suggest that investor education and awareness has assumed an important role in the economic development of any country. In this context, the economist (1998) indicated that so far, several measures have been taken in the area of investors education, however a lot of issues need to be addressed to make the capital markets investors familiar, friendly and favorite destination to invest. Investors education refers to level of education and awareness about capital market and its products, participants, process etc. All of these require a long-term strategy and planning of promoting growth and regulating the market place.

Black, Barbara (2008) is of the view that policymakers should analyse investor education as an important part of fairness and the regulator must "encourage and promote informed investment decision-making" as one of the main goal. According to author, it is unjust treatment if investors participate in markets about which they lack the necessary and enough education.

Mamunur Rashid and Md. Ainun Nishat, (2009), in their article, "Satisfaction of retail investors on the structural efficiency of the market: Evidence from a developing country context", **s**atisfied investors are a necessary element of the stock market. They help to finance rapid expansion in developing countries. This study explores the components of market structure that contribute to the satisfaction level of retail investors. Around 300 retail investors from 25 randomly selected brokerage houses registered with the Dhaka Stock Exchange, Bangladesh were surveyed using a structured questionnaire. Analyses reveal that most of the investors were young and inexperienced but educated, with shortages of skills and income. The study suggests the importance of effective regulation, disclosure requirements to ensure a supply of quality information, investor education and technology driven trading in brokerage houses for overall investor satisfaction. They concluded that investor education and involvement in capital market is root cause of their satisfaction.

Lee Hsien Loong (2000) stressed upon that the prosperity of Association of Southeast Asian Nations (ASEAN) is depend upon regaining investor confidence through investor education. He pointed out that for investor confidence, rebuilding of sound fundamentals, economic co-operation amongst ASIAN countries, corporate restructuring, banking sector reforms and improvement of social and political conditions is essential.

Joseph Oliver (2000) studied the steps taken by the Canadian government to develop healthy capital market, enhance investors confidence and the importance of regulatory and intermediaries in capital market in ensuring good corporate governance. He recommended that half of the Canadian have investments in equities and their confidence is essential to healthy and dynamic capital market. Deep bear markets, corporate scandals, insider trading, high levels of executive compensation and inaccuracy of published financial statements are cited as reasons

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for lack of investor confidence in Canadian capital markets. He was of the view that regulators, accounting professionals, analysts and broking firms, public companies, shareholders and government must contribute to ensure good governance and reduce corporate failures.

McCall (2002) in his demonstration before The Committee on Financial Services : United States House of Representatives observed that the integrity of the financial markets and economic well being of the country depend on corporate accountability and investor confidence.

Bloomfield. Libby and Nelson (2000) have indicated that less informed investors are over confident in investments.

Hong Kong is an international financial centre and retail investors' participation in the financial markets is among the highest in the world and yet research has revealed the number of inadequacies among Hong Kong investors when it comes to making informed investment decisions.

An organization dedicated for improving financial literacy in **Hong Kong, the Investor Education Centre (IEC)** recently conducted a research study comprising both qualitative investigation and quantitative interviews to understand Hong Kong retail investors' attitudes and behavior towards investing, with a view to inform the formulation of future investor education initiatives. Key research findings are outlined as follows :

1) About 3 in 5 Hong Kong people made an investment in the financial markets in the past year, with close to half investing in stocks. As per the incidence check conducted among a sample of general population, 59% of adults aged 18-70 had invested in at least one financial product in the previous 12 months.
2) Investor education will be an important part of IEC's mission in raising financial literacy levels in Hong Kong. Based on the research findings, the IEC will strive to address the weaknesses identified by encouraging more prudent and responsible attitudes towards investing, as well as promoting better understanding of different investment products, through the provision of comprehensive investor education programs and resources. Further, the IEC would continue to promote holistic personal financial planning and financial planning and seek to empower Hong Kong people to make informed financial decisions.

A study in form of survey from the **Emerging Markets Committee(EMC)** of the International Organization of Securities Commissions (IOSCO), 2002 reveals that investor education receives considerable attention from EMC member regulators. All the survey participants emphasized that investor education is a subject that deserves further work by the organization. Survey participants indicated that they are willing to devote up to 10-15% of their resources in educational initiatives. A majority of respondents have operational investor education programs and are planning to increase their efforts in this area. Members that do not have operating programs are preparing to start one. The survey showed that few EMC members had evaluated the effectiveness of their investor education programs. Considering that these activities may be new to many EMC members, it is likely and understandable that efforts are first focused on getting the programs planned and started. Feedback and effectiveness analysis will follow in a later phase. Several EMC members may not presently have the resources to conduct research related to investor education. The sharing of experience and of related documentation within the IOSCO membership is therefore particularly important for EMC members. Members regulating developed markets have in that regard accumulated a considerable of knowledge and experience that could be very useful to the others. Many EMC member regulators are concerned about increasing financial and investment literacy among local investors and about fostering market development and growth. The potential benefits of investor education for emerging market economies are considerable. In developed markets, a large percentage of the public is already familiar with investment products, their nature and their risks, either through family values, higher education, or access to highly specialized economic-market news. In contrast, several EMC members reported that CIS were new investments products in their jurisdiction. EMC regulators feel that the general public lacks basic knowledge regarding many aspects of these investment vehicles, including the benefits and the risks involved. Recent advances in communication, in particular the internet, have provided EMC member regulators with tools to improve their investor education efforts. Many respondents to the present survey reported they had set up websites as a cost-effective way of reaching investors and the public in general.

EMC members have demonstrated strong interest in the subject of investor education. Considering the potential benefits, a desire has been expressed by EMC members for follow up work on investor education. The EMC has therefore asked the EMC advisory board, the EMC Working Group on Investment Management and the IOSCO General Secretariat to prepare during 2003 a comprehensive seminar & training program during which:

1. EMC members will be presented with useful experiences and documentation to assist them in initiating or further developing investor education programs;
2. Effective means of financing investor education programs will be explored;
3. The role of CIS in attracting retail investors to the securities market will be discussed;
4. Other potential IOSCO initiatives related to investor education programs will be explored.

Although the Technical Committee report indicated that a ‘one size fits all’ approach to investor education is not always adequate, emerging markets have certain important common characteristics that will be further explored in this seminar. The jurisdictions of EMC members appear to possess a section of society that is starting to accumulate savings, which are frequently held outside the financial market. For largely cultural reasons, this section of society does not have the habit of participating in securities markets and would seem to be an obvious target for investor education initiatives. If their savings could be relatively safely and effectively channeled through securities market they could significantly contribute to long-term and stable economic development the jurisdictions of EMC members

The paper prepared and published by **Mr. Andrea Grifoni,** Policy Analyst, Organisation for Economic Co-operation and Development (OECD) with oversight from Flore-Anne Messy, Head of the Financial Affairs Division, OECD (2015) on the title “OECD/INFE Policy Framework for Investor Education” focuses on investor education as an important component of increasing awareness of financial institutions and capital markets, encouraging participation and fruitful investment strategies when relevant and perhaps even more importantly ensuring financial well-being for individuals and their families. Based on an analysis of levels of participation in capital markets and of the barriers preventing individuals and households from investing for the long-term, it suggests a policy framework for investor education. The framework is intended for use by national authorities as well as private stakeholders. This paper further provides an analysis of the role of financial education in policies in supporting and encouraging long-term savings and investment, and in particular of investor education, and offers a high-level international policy framework to support governments in their investor education initiatives, aimed at both existing and potential investors, in advanced as well as emerging economies. As a complement to financial consumer protection and investor protection regulation, investor education initiatives can support an informed and beneficial participation of consumers in retail capital markets. Such participation can contribute to supporting individuals’ financial well-being, while also achieving broader public policy objectives. For individuals, long-term investment decisions can underpin the search for higher returns on savings, the purchase of real estate, the need to appropriately fund retirement, or accumulate wealth to be passed on to future generations. From a government perspective this can stimulate investment in domestic capital markets and divert investments from unproductive assets, while contributing to a more effective financial markets regulation. For emerging economies in particular, these initiatives can encourage participation of local investors in domestic capital markets, increase their depth and make these less dependent on external factors and more resilient to global financial shocks. Against this background, in most countries that are part of the OECD International Network on Financial Education (OECD/INFE) a majority of citizens do not participate in capital markets, and specifically that they do not invest at all or to a limited extent for the long-term. The framework, developed with the input of the policy makers members of the OECD/INFE Working Group on Long-term Savings and Investments, takes into account both the diversity of national circumstances and the diversity among potential and existing investors, in particular when it comes to their levels of financial literacy and awareness and their behavioral biases. The framework aims to remove the potential barriers that can prevent (potential) investors from participating in financial markets and achieving financial well-being while also seeking behavioral change, such as by addressing inappropriate risk-taking or excessive risk aversion.

2.2 Literature in the Indian Context:

The intensive survey conducted by the Society for Capital Market Research and Development, sponsored by Ministry of Corporate Affairs through Investor Education & Protection Fund, Government of India, in the year 2005. The survey involved interviewing nearly 5908 households spread over 90 cities / towns and across 24 states/union territories all over the India. The primary objective of the survey undertaken was to understand household investor perceptions, awareness about capital market as well as problems, needs, and concern of retail investors regarding investment in capital market instruments in particular.

The major findings regarding investor education were:

2.2.1 The Indian stock market has witnessed impressive technological progress in the last decade regarding the trading system. However, unless the retail investors are educated enough to understand the basics of the stock market's behavior and stock selection criteria, most of them would be unable to benefit from the market's technical progress. There are many cases of stock market investors losing the bulk of the money invested due to their own lack of understanding, as well as their greed and gullibility. Financial markets abound with people who are looking for easy preys, i.e. ignorant investors.

2.2.2 The Ministry of Company Affairs has acknowledged this problem. It administers a special fund, known as Investor Education and Protection Fund (IEPF). It is a laudable idea but it is just a beginning. There is need for vastly greater efforts in the direction of promoting investor education and for giving more thought to both the content and the delivery mechanism for investor education on countrywide basis.

2.2.3 The fast-socio-economic changes in India, as in other countries, are increasingly forcing people to provide for their own retirement during their working life. While some of this provision is to be through public or private pension funds, a good part should preferably be through self-managed investments. How well one manages own investments will determine the retirement income. The investors should be equipped with knowledge to undertake this task. Such knowledge should be imparted in a systematic way. The affluent people can hire portfolio management services but the ordinary people will find these too costly.

2.2.4 Understandably, the first investments by a young person usually take the form of life insurance and bank fixed deposits. In the case of shares, some learning is necessary for

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successful investing. Hence, there is need for suitable educational programs for investors.

2.2.5 What should be the delivery mechanism and method for investor education programs is an important problem in a vast and diverse country like India with many regional languages.

2.2.6 Most of even the educated English-knowing middle-class people are familiar only with simple forms of investments, like fixed deposits and government savings schemes. Their understanding about the share market and mutual funds is mostly poor. Hence, investment education programs are needed for large numbers of retail investors across the country.

2.2.7 A large number of people lose money by investing in shares because they start investing before they have learnt the basics of share investment. They may be investing at the wrong time, like the peak of a bull market, or their stock selection may not be based on sound criteria. They may lack a historical perspective about the stock market’s boom-bust characteristic and inherent volatility. Such perspective will guard the investors against being over-optimistic and will help them in evolving a sound long-term investment strategy.

2.2.8 There is a definite need for some formal and systematic training for investors during their working life even if they may not be investing significantly in shares at that time. Just as they go through training for a vocation or occupation to earn a living, every earner should ordinarily save and invest a part of the earnings to provide for old age, children’s education, etc. Learning to invest should be regarded as a preparation for adult life. Education programs to facilitate this process should be made easily accessible on a countrywide basis. The internet is a potent tool for making this possible.

2.2.9 The training of investors can take many forms, including exciting investment portfolio games. Some investment games can be arranged to create awareness among investors about how much, or how little, they know. There is scope for devising varied investment games which can be used as pedagogical tool. There could be a formal training “school” catering to investors spread across the country, based on today’s e-business model.

2.2.10 At younger age, the potential investors can be encouraged to experiment for a while taking small bets with share investment. The young people have a long future before them. They will learn from mistakes. By the time, they have grown and have substantial money to invest, they would be much better prepared for investing skillfully.

2.2.11 Most of the ordinary investors are familiar with simple investments, like bank fixed deposits and government savings schemes. Share investment is a more complex type of investment. It can be more exciting because it can earn a far higher return than fixed-income types but it has to be learnt. Serious share investment is methodological and not just a lottery. One should understand the various investment strategies, methods of risk control, the importance of timing and how the share market as a whole and the individual shares behave and what the underlining factors are.

2.2.12 Such training should particularly drive home the point that shares which do well in the long run belong to companies which do well in the long run and hence the key to successful investing is to buy shares of successful companies, or potentially successful companies.

2.2.13 Depending entirely on tips can be very risky. If one has learnt share investing, one would also be able to evaluate a tip. One should be clear about the type of information on which the investor should focus. The investor should understand the basic elements of both market behavior and company financial performance.

2.2.14 The investors themselves are feeling the need for education programs. Suggestions received from respondents in the course of the recent household investors survey indicate the need for improving the investor education programs being offered. The suggestions make a long list of what they want to learn from the evaluation of a company's performance and prospects to the evaluation of the market conditions, procedures of buying and selling, how to devise a good investment portfolio suited to one's own circumstances, how to choose mutual funds, how the changes in interest rate affect the value of investments, how to interpret stock indices, etc.

2.2.15 More effective ways and alternative delivery channels have to be devised. Educating the ordinary investors should be an important mission for the benefit of the mass of ordinary investors.

Kannadhasan M (2011) Investor education becomes particularly imperative with the increasing variety of investment products of greater complexity. In addition, many retail investors make their investment decisions based on recommendations from brokers (so called Tips). In most of the cases, these recommendations prove harmful to retail investors. Thus, investors need education about basic investment theory so that they can understand and assess their advisors' recommendations. The retail investors are having a mix of the objectives i.e. regular income, value appreciation, liquidity or marketability and most important safety & security.

Rai (2010) As per RBI data, the retail investors have put in around 2% of their savings in capital market (RBI, Economic Review, 2009). There is urgent need to look into the causes and to take remedial actions, if we expect consistent double-digit growth in GDP. There is need to increase the retail investors' participation, and this could be done by increasing the financial literacy and awareness, expanding the number of issues, providing diverse investment options, training and increasing the reach of intermediaries, enhancing investor protection measures, simplified norms and cost-effective services.

Srinivasan Aditya V, (2014) Chief Operating Officer and Chief Economist of Bombay Stock Exchange Brokers Forum has conducted more than 1200 Investor Awareness Programs in 125 cities in India and trained around 52000 participants. The participants include students from Commerce and Management colleges and top Business schools, Government officials including income tax, police, army, navy etc. and common investors at large. He has stated in his article that wealth creation through capital market can take place provided the stock is fundamentally sound and the investment strategy is correct. Further, the following are his brief observations about the Investor Awareness Programs :

1. Investor Awareness Programs (IAP) are very critical and decisive for the overall growth of the Indian capital market since the awareness among the people about the stock market is very less.
2. The programs gives them basic understanding and inculcates the interest to invest in the markets for a long-term view.
3. The IAPs are the main backbone to get in new investors to the stock market, this will increase the number of retail investors which are currently only 3.5 crores in stock market and 1.54 crores in Mutual funds. The total number of persons in India with Pan Cards are 29

crores which means that there is huge gap still to be filled up. (A person with Pan Card can only invest in the stock market so the potential market is 29 crore persons).

4. There is a possibility that Government may make Aadhar Card as one-point KYC document for anyone to invest in the financial markets. Today Aadhar card is with 120 crore persons and hence if this becomes true then the size of Indian financial markets becomes very large overnight.
5. The mutual funds are investing Rs. 5500 crore every month in the Indian stock market through the SIP route which is the backbone of the investors and financial markets. The success of the mutual funds lies in the fact that lot of fund houses have done Investor Awareness Programs and this has the given the product the much-needed weightage.
6. The need of the IAP can be ascertained from the fact that the long term investing and wealth creation are slowly becoming the part and parcel of the investors and they have understood the benefits of long term investing. This is very vital if we want to create healthy class of investors.

A study jointly conducted by **Sharan Vivan, Business Head, gTrade Carbon Ex Rating Services Pvt. Ltd. and Kumar Aman, Consultant, gTrade Carbon Ex Rating Services Pvt. Ltd.** on investor awareness, education & protection (2013) concludes that India has always been a nation of savers but for the growth of the economy it is important to channel these savings into productive capital via capital markets. While volumes in daily trading of Indian markets have grown substantially over the last two decades, it is largely from derivative trading that this growth has been derived. New capital formation is dependent on participation of investors in the primary market. By converting a larger share of these retail savings into capital investment whether directly or indirectly, will help in not only contributing towards capital formation but also providing a type of financial buffer or retirement plan for investors. An interesting by-product of this type of contribution by retail participants could be a reduced dependence and deepening of the capital markets on foreign institutional investors for its growth and development. Many proponents also feel that retail participation also leads to a better regulatory and disclosure regime.

A recent report released by **McKinsey and Co. states that** Indian households invest much less in equity markets than do their developed market counterparts, particularly in the United States and the United Kingdom. As a result, retail equity ownership (non-promoter) amounts to only around 10 % of total equity ownership, and has come down by 3 % over the years. It was also noted that there exists a problem of dominance of top-4 cities in trading volumes: Only four cities, 'Mumbai, Delhi, Ahmadabad and Kolkata' account for 85 % of cash trading. Considering the minuscule contribution of the other top-350 urban centers, there is a huge opportunity to deepen the retail investor base in India. In light of the above iterated need to increase retail participation in equity markets, there is an underlying need to promote investor education and awareness.

Murthi (2005), former Chairman of Infosys, is of the view that all our institutions are as good as our people. As long as you have crooks in the system, you will come across problems because these crooks are able to by-pass regulatory mechanism you put in place. He was of the opinion that it is also very important for us to educate our people to become better quality citizens, and not to allow these crooks to benefit taking advantage of innocent and ignorant people.

Narayan (2005), President, Tamil Nadu Investor Association says that small investors depend upon rumors and tips even now, and they really don't go behind the fundamentals as he/she is not keen to spend any time to get proper advice. So, when his investment decision goes wrong

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and he blames everybody except himself. Here is a need to educate these small investors to make prudent decisions. He, further goes on to say that to make capital market healthy, we need to educate the investors. We need to have investor awareness programs and we must have a mechanism of investor protection. We need to make the small investors a smart investor.

A survey conducted by market regulator SEBI which is known as **SEBI Investor Survey (SIS - 2015)** conducted across urban and rural areas of the country in the year 2015 has revealed that not even 1% of rural households in India are investors in stock markets, indicating a total lack of awareness among people about this mode investment. There are a mere 32 investors (0.234%) amongst the 13,697 rural survey respondents. Of these investors, 21 (66%) invest in mutual funds (MF), 4 (12.5%) invest in equities and 7 (22%) invest in bonds and debentures although none have ever invested in derivatives or futures,". However, 95% of rural survey respondents have bank accounts, 47% have life insurance, 29% have post office deposits and 11% save in precious metals.

Although the SIS data showcases a high inclination towards savings, these prospective investors do not participate in the securities markets - possibly, due to a lack of awareness. "Almost all respondents are aware of bank deposits while 88% and 76% are aware of life insurance and post office savings, respectively. The awareness levels for MFs and equities are 1.4% although less than 0.5% are cognizant of futures, derivatives or debentures, it said.

According to the SEBI Investor Survey (SIS – 2015) data, nearly 40 % of the rural respondents earn more than Rs 20,000 per month while 24 % of households have a total savings of 40 % to 60 % of their annual income and a further 7 % have savings higher than 60 percent of their annual income. Although these households, which have the income levels and the tendency to save, can potentially participate in the securities markets, the percentage of investors is as low as that of the broader rural average.

Overall, including both urban and rural households, more than 95 % Indian households prefer to park their money in bank deposits, while less than 10 % opt for investing in mutual funds or stocks, the SEBI survey showed. The survey, showed that life insurance (61.7 %) was second most preferred investment vehicle, followed by precious metals (30.3 %), post office savings (30.1 %) and real estate (16.5 %, as the top five investment options. MFs came at sixth place (9.7 %), followed by stocks (8.1 %), pension schemes, company deposits, debentures, derivatives and commodity futures (1 %) as investment vehicles for the urban households.

On a positive note, the survey found the investor base in India is increasing as nearly 75 % of the investors in the SEBI Investor Survey 2015 participated in the securities markets for the first time within the last five years.

Although, nearly all the survey participants are staggeringly aware of bank deposits (99.9 %), life insurance (94.7 %) and Post Office Savings (89.4 %), familiarity with MFs and equities is just 28.4 % and 26.3 %, respectively. On the other hand, awareness of derivatives (10.4 %) and futures (9.5 %) is between savings schemes and investment instruments; cognizance about savings schemes is significantly higher.

According to **Dalal (2010)**, famous Finance Journalist, Capital Market should be offered early to the students as a subject in their syllabus after they finish their matriculation examination. She further says that she has been receiving lots of emails from many people wherein they say that they want to understand the basics of capital market and there are hardly any books on capital market. She advises that BSE should start courses of three months duration in capital market, and goes on to further add that the single most important corrective measure is to make market little safer. Education, bringing more people on board, making the system more accessible, spreading on infrastructure would go a long way in making market safer. At the same time, we don't have to get complacent because of having a world class system as most of the turnover figures in our market are due to foreigners putting in their capital and trading in few scrips or when you have 6000-7000 scrips where there is no trading.

Parekh (2005), Chairman, HDFC, was of the view that key to greater participation of retail investor is the investor education. Investors who understand the risk and return possibilities, will be able to make a more informed decision regarding their assets, and would be prone to a lesser chance of disappointment from the capital markets. Understanding that one type of investment or a particular asset allocation may not be appropriate for all investors, and that each investor based on his objective and risk appetite needs to allocate his savings into specified securities, is important.

Venkateshwaran (2011) is of the view that the development of the securities market brings in a host of benefits, including the creation of more complete financial markets, facilitating financial disintermediation and risk diversification, financing of the government deficit, smooth conduct of the monetary policy, stabilization of capital inflows and product innovation. There is need to have a comprehensive data and relevant information from the regulated entities for incorporation in the flow of funds accounts.

Neelakantan, Dipti (2010) claims that if we look at the participation of retail investors in Indian securities market, the picture is not at all comparable with global statistics. The retail investors have preferred to stay away from the securities market and have favored to invest their hard-earned money in other safer and traditional modes of investment like Bank deposits, Postal schemes, Insurance products, Gold, Real estate, etc. Price manipulation, increased volatility, repeated scams, ineffective corporate governance norms, etc. have been the main reasons for keeping the retail investors away from the securities market. A wide investor base is always in the interest of capital markets. It helps in checking the volatility, deepening of the markets and reducing the cost of transactions Thus, there is an urgent need to take care of the interests of retail investors if we wish to have a strong and robust economy.

Maruthu Pandian. P, Benjamin Christopher, (2010), conducted a study entitled, "A Study on Equity Investor Awareness" in order to study the stock market literacy of the investors about the company, stock exchanges as well as capital market regulatory bodies. The primary data using multiple regression, path analysis and chi-square test along with ANOVA clearly revives difference in the awareness among the investors. The research work found that the awareness index is high among young male investor, post-graduates and meticulous business men.

Statman, (2010), in his research entitled, "A Century of Investors", compared the investors a century ago with investors today. He concluded that today's investors are more rapidly informed than their predecessors, but they are neither better informed nor better behaved.

Shivkumar Deene, Madari D.M and Gangashetty, (2009), in their paper, "Capital market Reforms: some issues", capital market is vital for the development and strength of economy. A strong and vibrant capital market assists corporate world initiatives, finance and exploration of new processes and instruments, facilitates management of financial risk. Retail investor is the backbone of the capital market. But with the expansion of the capital market, scams and anomalies, also multiplies. It ultimately leads to the dilution of the faith of the small investor, mutual funds, pension funds, foreign institutional investor and insurance companies in the capital market.. This includes educating capital market participants regarding their rights and duties for proper functioning of capital market.

Subha. M.V, (2008), in her article entitled, "Indian Capital Markets - A Road Ahead", addressed the current issues in the Indian capital market, lack of individual participation and the ways of restoring investor confidence. The article concluded that the responsibility of creating conducive environment of trust and confidence lies with the regulators, stock exchanges and companies. Each of them should act in a responsible way and provide a healthy atmosphere for the functioning of an efficient capital market.

Shobana. V.K. and Jayalakshmi. J, (2010), in their study entitled, "Investor Awareness and Preferences", studied the investors' preferences, the level of investor awareness and the factors influencing investor awareness of 100 respondents in Salem district of Tamilnadu. The study reveals that real estate, bank deposits and jewelries were the preferred investments. Investors above 50 years of age, postgraduates and professionals had high level of awareness. Age and education do not have any significant influence over investor awareness, but occupational status leads to difference in the awareness level of people.

In an essay written and subsequently survey conducted by **Sunudha S.** on investor education for college going and young investors state that investors were enquired about their participation in investor education programs. They were enquired whether they have watched on TV or attended investor education programs sponsored by SEBI or Department of Company Affairs or stock exchanges? Their responses reveals that less than half of the investors (45.1%) only have attended the investor education programs sponsored or conducted by DCA, SEBI, BSE etc. A large number of investors have not attended these programs so far. The investors who have not attended these programs so far (54.9%) were enquired about reasons for not attending these programs – Their responses shows that nearly 62 percent of investors who have not attended the program cited they were not aware of such programs. Timings not suitable and venue not easily reachable are also the reasons that were cited by the investors. This shows that despite SEBI, BSE, NSE and DCA taking several measures to inform the investors regarding the investor education programs, the message has not reached majority of investors. In this backdrop, the investors were enquired to suggest ways to reach them. 281 of those investors who were not aware of these education programs have suggested some ways to reach them. Some of them are listed below – Nearly 40 percent of the investors have suggested advertisements in newspapers and magazines. To be specific they wish 'advertisements' be given in general English papers like 'The Hindu' and local vernacular papers. Twenty percent of the investors suggested these programs be advertised in business news channels like NDTV Profit, Times Now, etc. during the trading hours. Twelve percent of the investors have suggested this information can be passed on to the investors through brokers and depository participants. Six percent of the investors have suggested that the schedule of these programs can be sent to them through e-mail, details of which are available with depository participants. The job of sending these e-mails may be given to respective regional depository participants too. Three percent of the investors have suggested putting the information on popular websites such as Yahoo(dot)com etc. Rest have suggested like sending the materials to them through post by taking information from depository participants, investor forums etc. The investors who have attended these investor education programs rated them on a four-point scale about their usefulness in educating the investors, informing the investors about the recent stock market developments, raising necessary cautions, helping them to take informed decisions, etc. The investors' viewpoint on the usefulness of investor education programs reveals that nearly 60 percent of the investors who have attended the investor education programs have said these programs are somewhat useful and more than one fourth have expressed that they are very much useful in educating the investors. Only 14 percent have said that those programs are not of much use. In the personal discussions with investors, they complained that mostly the content of these programs are of repetitive nature. The same information is repeated with few updates. For the first time attendants it is informative but for repeated attendants there is no enough new information. To know what more information they expect from these meetings, the investors who have attended these programs were requested to suggest some topics, which should be covered in these education programs. Fifty-eight percent of the investors who have attended these education programs have given their suggestions. The long list of suggestions was arranged and a frequency table was prepared. She concludes that an Educated Investor is a Protected Investor. The regulator of the capital market, SEBI and the premier stock exchange of the country, The Bombay Stock Exchange understanding this, have taken various steps to educate the individual investors in the country. Majority of those who have attended the investor education programs find them somewhat useful and little more than one fourth find them very much useful in educating the investors.

Gandhi Kajal (2011) in her Study on the topic 'Retail Investors and Indian Stock Market - A Survey of Kolkata' states that in India participation of retail investors in capital market is comparatively low. India has one of the highest savings rates in the world. But only a small percentage of household savings in India is invested in the stock market. The primary destinations of savings across household categories in India are banks, post offices, insurance products, and metals. Investment experts and capital market researchers have tried to find out the major reasons for Indian household investors' not choosing the stock market as the primary investment destination. It has been observed that the reasons are many and varied. Retail participation in stock market in India is of supreme importance. The development of the capital market is not possible without increasing the base of investors. It is through enhanced retail participation that the investor base can be widened. The current low retail participation is due to many complex issues. One of the major issues is ignorance of investors which leads to investors education and awareness. Hence, the matter should be tracked gravely.

Sadhan Kumar Chattopadhyay and Samir Ranjan Behera, (2006), in their paper, "Financial Integration for Indian Stock Market", the Indian stock market is considered to be one of the earliest in Asia, which is in operation since 1875. However, it remained largely outside the global integration process until 1991. The reform of the Indian stock market started with the establishment of Securities and Exchange Board of India (SEBI), although it became more effective after the stock market scam in 1991. With the establishment of SEBI and technological advancement Indian stock market has now reached the global standard. The study finds that contrary to general belief, Indian stock market is not co-integrated with the developed market as yet. It is derived from the study that although some positive steps have been taken up, which are responsible for the substantial improvement of the Indian stock market, these are perhaps not sufficient enough to become a matured one.

The Reserve Bank of India (RBI) has released the National Strategy for Financial Education (NSFE): 2013-2018 document for creating a financially aware and empowered India. RBI seeks to educate people to manage their finances in a better way. Through this document, it intends to empower various sections of the population to develop adequate knowledge, skills, attitude and behavior to manage their money better and plan for their future. It aims to carry out financial literacy by laying down the strategic objectives to be achieved and a '5 C' (Content, Capacity, Community, Communication and Collaboration) approach to achieve these objectives. National Centre for Financial Education prepare this document in consultation with all the financial sector regulators, i.e. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA)etc. under the aegis of the Technical Group on Financial Inclusion and Financial Literacy (TGFIFL).Financial literacy content helps people to manage their financial life better as it aims to educate all sections of the society, i.e. children, women, senior citizens and illiterate people in managing finances.

Joychen Manuel (2014) In his thesis titled "The study titled "Behavioral Finance and Investors' Perception – A Study with Special Reference to Stock Market Investors in Kerala" was undertaken in the context of the new development in the field of finance. The analysis, made with the six objectives, proves that behavior of investors plays an important role in determining the investment success. The study further reveals that investor confidence, level of

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risk taking ability, herd mentality, level of rationality also result in high fairness of return on investment.

Rawal Priya (2014) In her thesis titled “Indian Stock Market & Investment Strategy” states that the capital market is a platform where securities can be traded. The capital market is said to be efficient if the information is made available to the investors and transparency is maintained. This will certainly increase market participation.

Soni Satya Prakash (2013) In her thesis titled “Retail Investors Protection in Capital Market” conclude that in 14 years of 'Open Capital Market', hardly 1000 small and big Investors awareness Programs, conferences have been held in total by all the Regulators, Stock Exchanges and others. All the major Regulators, SROs should organize minimum 500 Conferences, Programs individually, independently every year. Help of Investor Associations, Universities and Management Colleges may be taken. The Regulators, SROs have crores of Rupees. Certain percentage should be reserved for these campaigns.

Mehta Jayashri F. (2006) in her thesis titled “A Study of Investors Protection in Indian Capital Markets with special reference to small investors in Mumbai” states that retail investors confidence is bedrock of any capital market. The investor confidence can be instilled through investor protection and investor education. Unless retail investors are protected and educated the growth prospects of capital market will be hampered.

Verma Lalit Kumar (2013) in his thesis “A study on Investor's behavior in Indian Capita Market” has established the fact that the investment strategies of the investors are largely influenced by the demographic factors of the investors. The main finding of the study is that majority of the investors have a short term perspective while investing in stock market. Nearly 20 % of them have incurred losses over the past five years but a majority of them evinced keen interest in the game of investing as evident by the time spent by them for investing activities. The need of the hour is to promote financial literacy at a very early age in one's life and help the common man to make his financial plan profitable for himself as well as for the capital market in India.

Bennet E. (2011) in his thesis titled “Sentiments Of Indian Equity Investors” concluded that the overall Market Specific Factors had high influence on Investors’ Sentiment in investing in Stocks, whereas the overall Stock Specific Factors did not have much influence Investors’ Sentiment in India. The study also found that Investors’ Participation was influenced by Performance Factors.

Nayak Keyurkumar M (2005) in his thesis titled “A Study of Investors Views in Capital Market in Valsad District” has emphasized the necessity of educating the rural masses and extending the exchange trading network to far off places. Before we leave the rest of what the study has brought out to the serious thought and consideration of those monitoring the day-to-day developments in the securities market with keen interest, the discussion taken up earlier has shown much involving inordinate delays in carrying out transfer and/or endorsement activities. Among other things, this aspect also needs to be given a fresh look to find out ways and means of Introducing efficiency. While the incorporation of depositories has helped in reducing the gravity of delays to some extent, assigning the task to the like of an enforcement cell in the SEBI with necessary powers to deal with areas of delay would add a new dimension to the area of improvements.

Balasubramaniam S. (2005) An Empirical Study on Equity Investors' Awareness (2005) has maintained that individual investors' role in Indian capital market cannot be underestimated. However, their investment in equities had declined over the years. This is because; they lost their hard earned money due to various stock market scams. This had eroded their confidence in stock market. To protect their interest, securities market supervisory body, SEBI, was established. SEBI, apart from its regulatory duties felt the importance of investors' education and, of late, has started various investor education measures. The study results indicate the need; and existence of scope, for improvement of investors' awareness level. The various government and non-governmental institutions engaged in investor education shall concentrate largely regarding improving awareness on various investor protection and redressal mechanism. The awareness level in this regard was found to be very low comparing to other aspects. The need for increase in awareness level of mutual fund investment also exists. Instead of a uniform program of investor awareness, either different program for different groups of investors based on their age or their income or their occupation shall yield better results or else, apart from a baste awareness program, a supplementary program on different aspects of equity investments targeting different investors based on their personal profile will also be useful. However, the study results bring out the fact that programs based on investors' occupation shall be more effective. Special awareness programs for women investors are needed. To carry out the programs, investment journals and newspapers are the best source. The study results reveal that, investors who read investment journals and information on equity investment in newspapers regularly are more in proportion than occasional readers are. There exists a need for increasing the reach of investment programs through televisions either by changing the program timing or offering repeat programs at convenient timing. Investors need to be educated and encouraged regarding the use of Internet as a potential source of equity investment related information and activity. There exists a scope for educating investors the benefits of investing in mutual funds. The study also brings out the existence of positive relationship between investors' awareness and their satisfaction. Increase in awareness of investors on various aspects of equity investment will certainly make them more rational in equity investments. This will surely result in an increase in their satisfaction and ultimately increase their confidence in securities market

2.3 The Research Gaps:

Many studies which have been undertaken till today to study and analyse the educational program initiatives by SEBI, capital market and investors association operating in our economy. However, the review of literature apparently indicates that the studies on retail investor education in Thane and Palghar districts are less in number. In other words very few or rather negligible studies have been conducted in the area of Palghar and Thane districts as far as investors education initiatives are concerned. Furthermore, Thane and Palghar districts despite having proximity to commercial capital of India i.e. Mumbai have not been benefited much from the investors education program initiatives undertaken by SEBI, Indian capital market and investors associations. The various reasons like illiteracy, lack of basic infrastructure, dominance of rural and tribal region etc. can be attributed to such grave ground reality.

In light of this, the researcher has selected the tribal districts like Thane & Palghar in order to study whether the retail investors are aware adequately about the investors education program initiatives undertaken by SEBI. The study further focuses on whether retail investors of these districts are satisfied with SEBI's investor education programs and as a result of this the number of retail investors have increased in the last few years from this region. The present study titles "A STUDY ON CRITICAL ANALYSIS OF INVESTORS EDUCATION PROGRAM INITIATIVES BY INDIAN CAPITAL MARKET WITH SPECIAL REFERENCE TO RETAIL INVESTORS OF PALGHAR AND THANE DISTRICTS" highlights critical aspects in the area of retail investor education. The researcher has reviewed earlier studies related with household investor education and framed the current titled accordingly in order to study various dimensions associated with retail investors education specifically from Thane & Palghar districts.

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Chapter - 3

Growth of Indian Capital Market

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INTRODUCTION

This chapter stresses upon the growth of the Indian Capital Market after marking out its birth in brief. It presents a picture of how the capital market has grown in last two decades with regard to resource mobilization from primary market, American Depository Receipts (ADR), Global Depository Receipts (GDR), External Commercial Borrowings (ECB), Market Capitalisation, Mutual Funds, Sensex, Nifty etc. The growth of capital market intermediates have also been reflected in this chapter. For collecting the secondary data, the period of ten years i.e. from 2005-06 to 2014-15 has been taken into consideration.

3.1 Birth of Indian Capital Market:

The Indian Capital Market had very modest inauguration. Initially, the stock exchange became functional under a tree at Apollo Street, Bombay. The Bombay Stock Exchange which was established in 1875 and founded by Premchand Roychand, is Asia's first stock exchange. Although, the government securities were the main element of dealing, there were shares of a small number of companies which were traded sometimes. Gradually, shares of shipping and sugar companies were added. The NATIVE SHARE AND STOCK BROKER'S ASSOCIATION used to monitor the business in Bombay Stock Exchange which was subsequently supervised by the finance department of the Government of Bombay. This was continued by the formation of new stock exchanges in Ahmadabad (1894). Calcutta (1908) and Madras (1937). The private sector developed subsequently and this growth is replicated in increased number of joint-stock companies and their paid up share capital. A large chunk of capital was raised through the issue of equity shares. Debentures were not very popular in those days due to lack of awareness and heavy stamp duties on purchase and sale of debentures. Corporate securities as a form of investment, were not accepted in India before 1951 because of general mistrust of the public in the companies belonging to private sector. Company laws and the organization of the industrial securities market had miserably failed to curb the mal practices prevailing in the market by company promoters and market operators. As a result of this, the investors had lost all its faith in corporate securities. The situation changed post 1980s.

3.2 Growth of Indian Capital Market: Primary Market:

3.2.1 Pre - Capital Reforms Period (1981-82 to 1990-91):

Although with the induction of new policy measures, the capital market witnessed a revolution in the decade of 1990s.Prior to this, a capital market encountered with numerous challenges in the decade of 1980s. The decade of the 1980s experienced a remarkable growth and prosperity. Ever since its inception, the capital market established its potential by mobilizing savings of the household sector leading to industrial development. The average amount of capital raised by Indian companies from the primary market was only Rs. 58 corers in 1947. The capital market remained dull and stagnant till the late 70s when the average amount of capital raised from the primary market was merely Rs.70 corers in the 1960s and about Rs. 90 corers in the 1970s. It is apparent from the above that from 1947 to 1970 the average amount of capital raised from the primary market was not exceeded Rs.100 corers. The year 1980 was perhaps the impressive year for the capital market development.

3.2.2 Post-Capital Reform Period (1992-93 to 2001-02):

The post capital reform period was a boon to Indian economy and capital market in particular. The Capital market set the new records in terms of growth and development. The institution of SEBI brought about a paradigm shift in the Indian Capital Market from “Control” to “Disclosure-based regulation”. SEBI has taken numerous initiatives to improve the competence and transparency of the primary market which provide investors with assured and lucrative returns and for companies, a market where they can raise capital economical rates. As a result of SEBIs reforms in the capital market, total capital mobilization from the primary market

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increased robustly during the decade of 1990s from Rs.4,12,270 million on 1992-93 to Rs.22,69,112 million in 2001-02, an increased by 450 %.

Table 3.1 : Resources Mobilised from the Primary Market (Amt. in crore)

Year	Category - Wise				Issuer Type				Instrument – Wise					
	Public		Rights		Listed		IPOs		Equities At Premium		Preference		Debentures	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
2005-06	103	23,294	36	4,088	60	16,446	79	10,936	128	27,000	0	0	0	0
2006-07	85	29,796	39	3,710	47	5,002	77	28,504	119	32,889	0	0	2	356
2007-08	92	54,511	32	32,518	39	44,434	85	42,595	113	79,352	2	5,687	2	1,603
2008-09	22	3,582	25	12,638	26	14,138	21	2,082	40	14,176	1	448	1	1,500
2009-10	47	49,236	29	8,319	37	32,859	39	24,696	71	54,866	1	180	3	2,500
2010-11	68	58,105	23	9,503	38	32,049	53	35,559	78	57,617	1	490	10	9,451
2011-12	55	46,093	16	2,375	17	6,953	54	41,515	47	12,753	0	0	20	35,611
2012-13	53	23,510	16	8,945	36	25,926	33	6,528	45	14,902	0	0	20	16,982
2013-14	75	51,075	15	4,576	52	54,416	38	1,236	36	12,445	0	0	35	42,383
2014-15	70	12,452	18	6,750	42	15,891	44	3,311	55	8,740	1	1,000	24	9413

Source: SEBI Handbook 2013 (Page No. 18) & 2015 (Page No. 11)

Equity share Capital, Preference Share capital and Debentures are the traditional and popular instruments or securities through which companies mobilized the funds required by them. This indicates the funds mobilised from the instruments viz. Equity Share Capital, Preference Share Capital and Debentures. The equity share capital raised from primary market was Rs 27,000 crores in the year 2005-06 which was increased to Rs.79,352 crores in the year 2007-08. This indicates the funds mobilised from the instruments viz. Equity Share Capital (at premium), Preference Share Capital and Debentures. In instrument-wise category, there was upward trend in mobilization of equity share capital from primary market from the year 2005-06 till the year 2010-11 which had exception of the year 2008-09. The mobilization of funds through bonds shows increasing trend in terms of number of issues as well as amount raised. The highest amount raised through bonds in the year 2011-12 which was Rs 35,611 crores. The preference share capital was not so popular and the fund raised from this instrument was quite minimum exception of the year 2007-08. Funds raised from the issuer type perspective has also been elaborated in table 1 which shows two types viz. listed (existing) companies and initial public offering (IPO). The maximum capital mobilised from the listed companies was Rs. 54,416 crores in the year 2013 -14 whereas in case of IPO it was Rs.42,595 crores in the year 2007-08. There is mixed trend of investment in listed and IPO type of funds mobilisation.

Table 3.2 : Mobilisation of ADRs/GDRs and ECBs

Year	ADRs/GDRs (USD Million)	ECBs (USD Million)
2005-06	2,552	2,508
2006-07	3,776	16,103
2007-08	6,645	22,610
2008-09	1,162	7,860
2009-10	3,328	2,000
2010-11	2,049	12,160
2011-12	597	10,344
2012-13	187	8,485
2013-14	20	11,777
2014-15	1,271	1,570

Source: SEBI Handbook 2013 (Page No. 22) & 2015 (Page No. 14)

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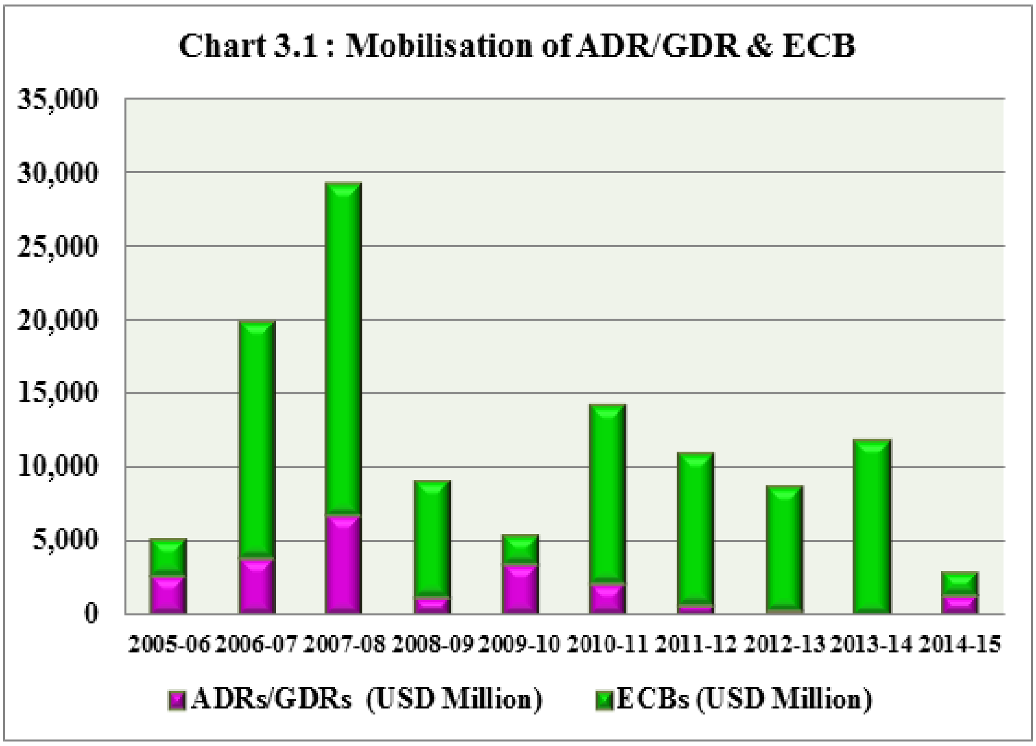

The American Depository Receipt's (ADR) and Global Depository Receipt's (GDR) which are the foreign investments in form of negotiable securities were 2552 million US $ in the year 2005-06 which was increased its record to 6645 million US $ in the year 2007-08. This increment was 160.38% as compare to base year i.e. 2005-06. The External Commercial Borrowings (ECB) which refers to commercial loans availed from non-residents was 2508 million US $ in the year 2005-06. There was upward trend of ECB during the year 2006-07 and 2007-08. The trend was declining from the year 2008-09 and 2009-10. The highest ECB was recorded in the year 2007-08 which was 22610 million US $ vis-à-vis 2508 million US $ in the year 2005-06. This increment was 801.51 % as compare to the year 2005-06.

Table 3.3 : Annual Averages of Share Price Indices and Market Capitalisation

Year	BSE Sensex	NSE Nifty	Market Capitalisation (Rs. In Crore)	
			BSE	NSE
2005-06	8280	2513	30,22,191	28,13,201
2006-07	12277	3572	35,45,041	33,67,350
2007-08	16569	4897	51,38,014	48,58,122
2008-09	12366	3731	30,86,075	28,96,194
2009-10	15585	4658	61,65,619	60,09,173
2010-11	18605	5584	68,39,084	67,02,616
2011-12	17423	5243	62,14,941	60,96,518
2012-13	18202	5257	53,48,645	52,32,273
2013-14	20120	6010	74,15,296	72,77,720
2014-15	26557	7967	1,01,49,290	99,30,122

Source: SEBI Handbook 2013 (Page No. 23) & 2015 (Page No. 20)

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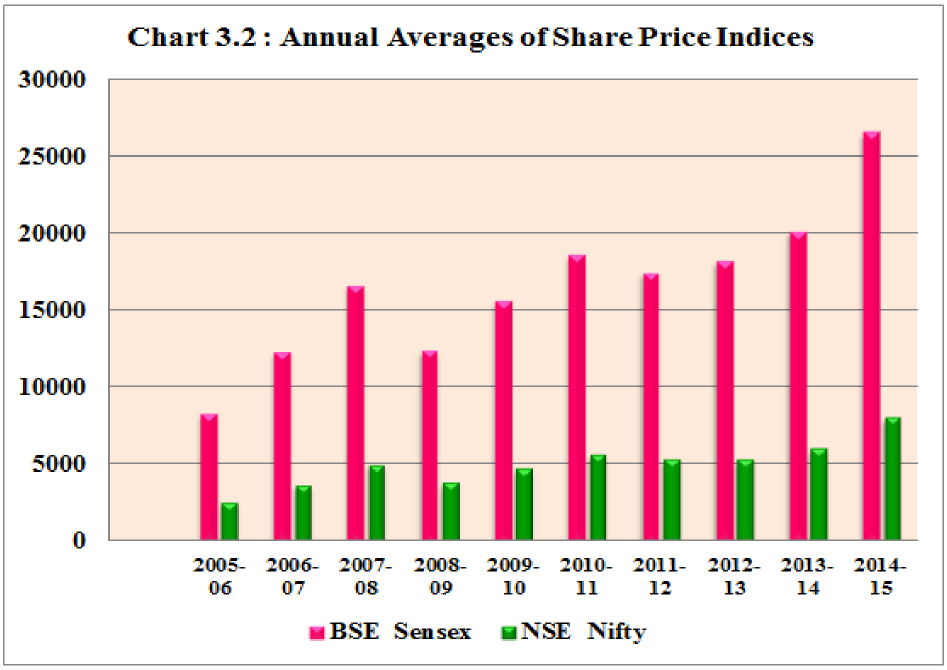

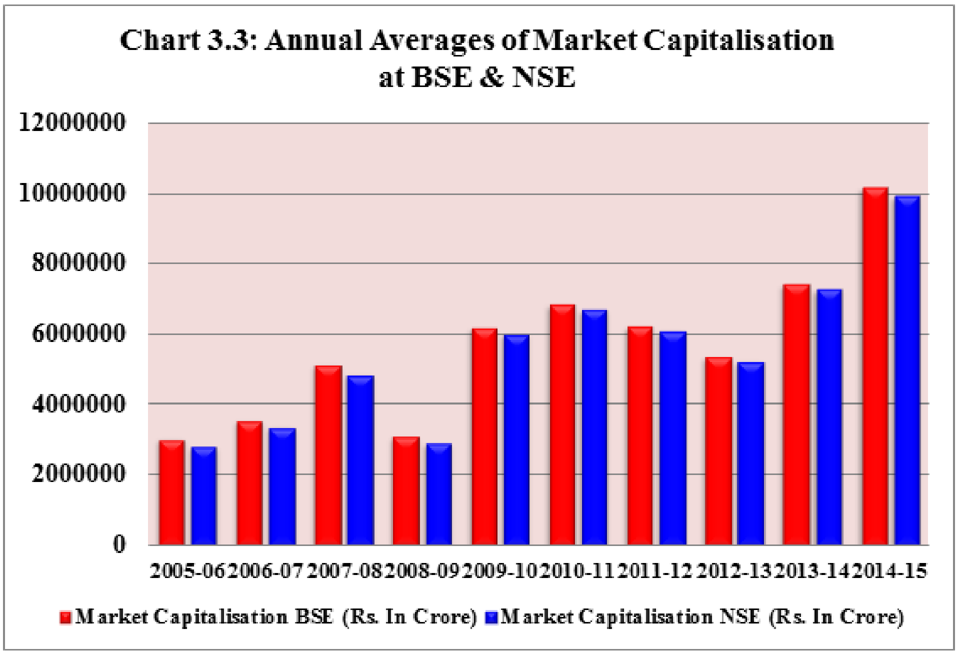

Bombay Stock Exchange (BSE) Sensex which is a free float market weighted stock market index of 30 well established and financially sound companies whereas NIFTY 50 index is National Stock Exchange of (NSE) India's benchmark broad based stock market Index for the Indian Equity Market. It can be seen from the above table 3 that the annual averages of share prices indices of Sensex and Nifty is in upward trend from 2005-06 till 2014-15. The Sensex was 8280 in 2005-06 which has incredibly gone up to 26657 in the year 2014-15. The spurt in index was 220.73% as compare to the year 2005-06. Similarly, NSE Nifty index was nearly 2513 in the year 2005-06 which has also increased to 7967 in year 2014-15. The market capitalisation both in BSE and NSE also shows increasing trend year after year. The aggregate capital on BSE was Rs.30, 22,191 crores in the year 2005-06. This has shoot up to Rs.1, 01,

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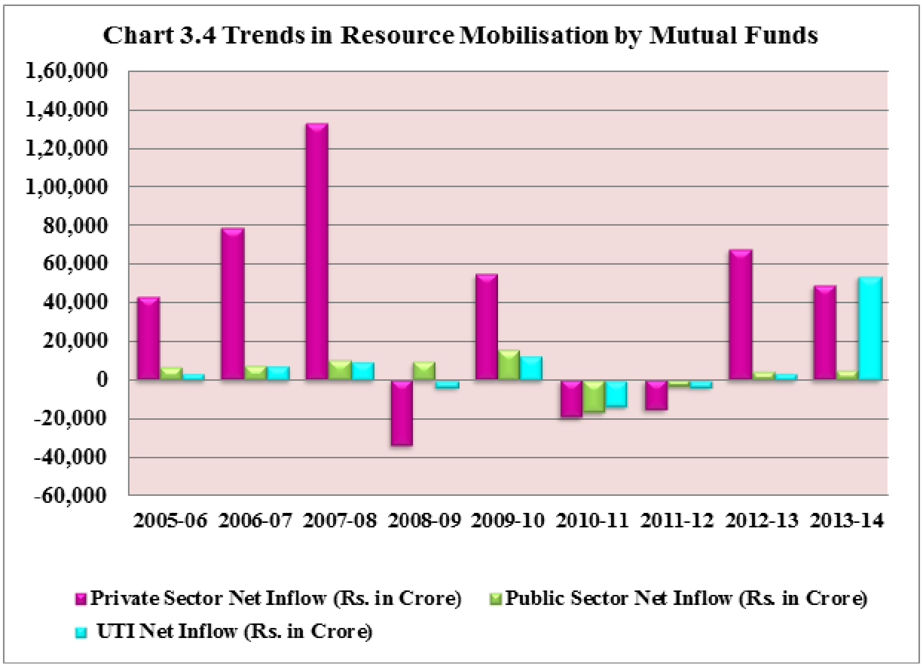
49,290 crores in the year 2014-15. This increment was 335.82% as compare to base year 2005-06. The market capitalization on NSE has also increased remarkably from Rs.28, 31,201 crores in 2005-06 to Rs. 99, 30,122 crores in the year 2014-15. This increment was 252.98%. Eventually, there seems to be growth in Share Price Indices and Market Capitalisation which is an important parameter showing the growth in Indian capital market in the second decade of post reforms period.

Table 3.4 : Trends in Resource Mobilisation by Mutual Funds

Year	Net Inflow (Rs. in Crore)			
	Private Sector	Public Sector	UTI	Total
2005-06	42,977	6,379	3,424	52,779
2006-07	79,038	7,621	7,326	93,985
2007-08	1,33,304	10,677	9,820	1,53,802
2008-09	-34,018	9,380	-3,658	-28,296
2009-10	54,928	15,653	12,499	83,080
2010-11	-19,215	-16,636	-13,555	-49,406
2011-12	-15,446	-3,184	-3,394	-22,024
2012-13	67,911	4,629	3,999	76,539
2013-14	48,838	4,944	53,783	1,07,565

Source: SEBI Handbook 2013 (Page No. 44) & 2015 (Page No.33)



Mutual funds have emerged as strong financial intermediaries and are playing an vital role in bringing stability to financial systems and efficiency to the resource allocation process. Mutual fund industry is one of the most preferred investment avenues in India. From the table 4 above it can be seen that in 2005-06 the net inflow of mutual funds from public sector, private sector and unit trust of India was Rs.52,779 crores which has been surged to Rs.1,07,565 crores in the year 2013-14 which itself is all time highest 103.80% as compare to base year. Such whopping increased in mutual funds attributes to emergence of private sector mutual funds companies in India in the late 1990's which has been registered and regulated under SEBI. There was decreasing trend in 2010-11 and 2011-12 in net inflow of mutual funds as well. However, a mutual fund industry has made a consistent and sizable growth.

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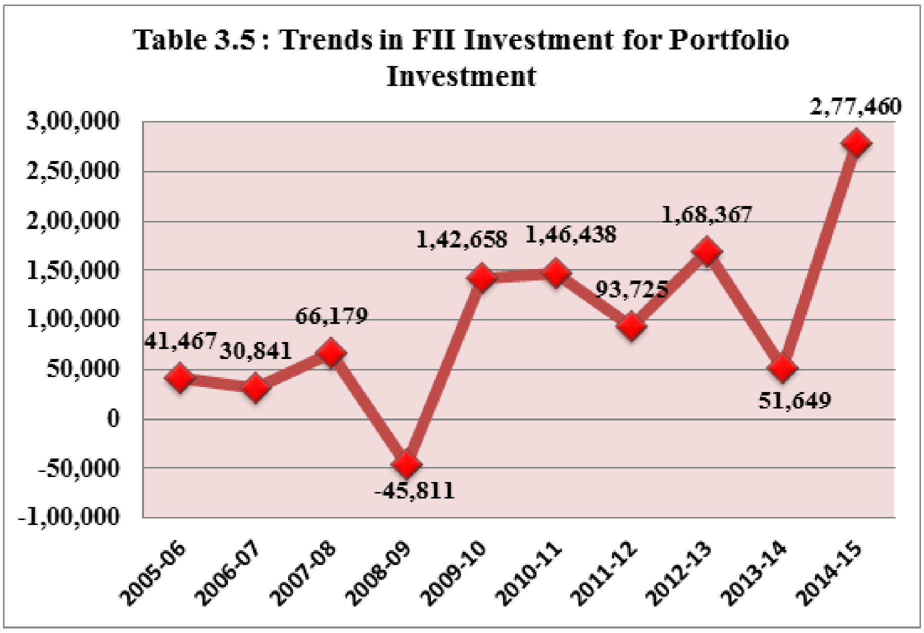
Table 3.5 : Trends in FII Investment for Portfolio Investment	
Year	**Net Investment (Rs. in Crore)**
2005-06	41,467
2006-07	30,841
2007-08	66,179
2008-09	-45,811
2009-10	1,42,658
2010-11	1,46,438
2011-12	93,725
2012-13	1,68,367
2013-14	51,649
2014-15	2,77,460

Source: SEBI Handbook 2013 (Page No. 43) & 2015 (Page No. 30)



A Foreign Institutional Investment (FII) is an investment or investment fund registered in a country outside of the one in which it is investing. FII notably includes hedge funds, insurance companies and mutual funds. Table 5 shows that FII investments in Portfolio investment was just Rs. 41,467 crores in 2004-05 which has been augmented to whooping Rs. 2,77,460 crores in the year 2014-15. This growth was 569.11% in comparison with the year 2005-06 which indicates a phenomenal growth of FII in Indian capital market. There was also a fluctuating trend in FII in the span of 10 years i.e. from 2005-06 to 2014-15.

Table 3.6 : Trends in Foreign Investment Inflows	
Year	**Net Foreign Direct Investment (Rs. in Billion)**
2005-06	134
2006-07	349
2007-08	638
2008-09	1,000
2009-10	858
2010-11	541
2011-12	1,021

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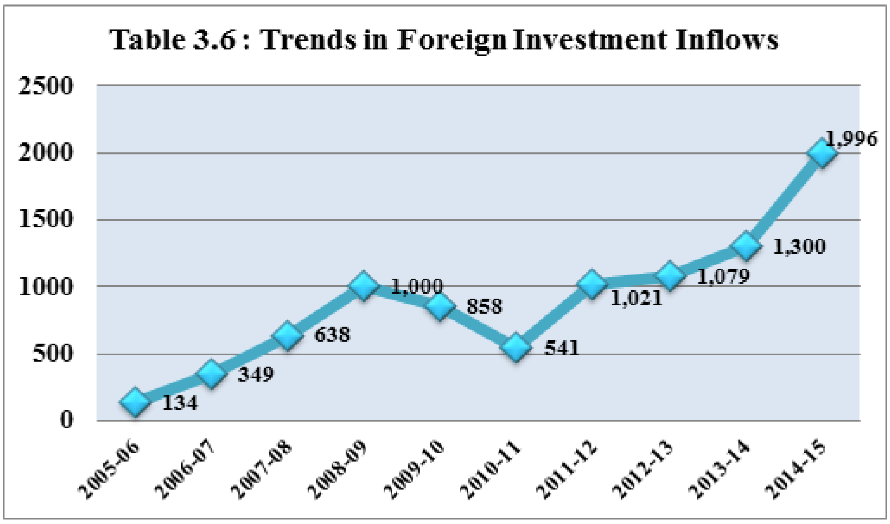
2012-13	1,079
2013-14	1,300
2014-15	1,996

Source: SEBI Handbook 2013 (Page No. 43) & 2015 (Page No. 30)



Foreign Direct Investment (FDI) is a major monetary source or inflow for economic development in India. Under FDI, Foreign companies invest directly in fast growing private Indian businesses to take benefit of cheaper wages and changing business environment . Table 6 shows that Net Foreign Direct Investment was merely 134 billion in the year 2005-06 which has gone up to 1996 billion in the year 2014-15. This impressive hiked was 1389.55% which is record high in the decade of 2005-06 to 2014-15. There is also an increasing trend in this decade except in the year 2009-10 and 2010-11 where it shows marginally downward trend.

Table 3.7 : List of Intermediaries Registered Under SEBI (in No's)

Particulars	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Stock Exchanges*	25	24	21	24	25
Brokers**	14475	14893	15017	15703	16350
Sub Brokers	23,479	27,541	44,074	62,471	75,378
FII's	882	997	1,319	1,635	1,713
Sub-accounts	-	-	-	4,967	5,378
Custodians	11	11	15	16	17
Depositories	2	2	2	2	2
Depository Participants	526	593	654	714	758
Merchant Bankers	130	152	155	134	164
Bankers to an Issue	60	47	50	51	48
Credit Rating Agencies	4	4	5	5	5
Venture Capital Funds	80	90	106	132	158
Foreign Venture Capital Investor	39	78	97	129	143
Registrars to an Issue & Share Transfer Agents	83	82	76	71	74
Portfolio Managers	132	158	205	232	243
Mutual Funds	38	40	40	44	47
Investment Advisors	-	-	-	-	-

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Table 3.7 : List of Intermediaries Registered Under SEBI (in No's)

Particulars	2010- 11	2011- 12	2012- 13	2013-14	2014-15
Stock Exchanges*	25	25	27	23	21
Brokers**	17993	18489	20528	19774	14741
Sub Brokers	83,952	77,165	70,178	51,885	42,409
FII's	1,722	1,765	1,757	1,710	Na
Sub-accounts	5,686	6,322	6,335	6,344	Na
Custodians	19	19	19	19	19
Depositories	2	2	2	2	2
Depository Participants	805	854	865	857	854
Merchant Bankers	192	200	198	197	197
Bankers to an Issue	55	56	57	59	60
Credit Rating Agencies	6	6	6	6	6
Venture Capital Funds	184	207	211	207	201
Foreign Venture Capital Investor	153	175	182	192	204
Registrars to an Issue & Share Transfer Agents	73	74	72	71	72
Portfolio Managers	267	250	241	212	188
Mutual Funds	51	49	52	50	47
Investment Advisors	-	-	-	129	271
*Stock Exchanges includes all Stock Exchanges of Cash Market, Stock Exchanges of Derivatives Market, Stock Exchanges of Currency Derivatives.					
Broker includes all Brokers in Cash Segment, Corporate Brokers in Cash Segment, Brokers in Equity Derivatives, Brokers in Currency Derivatives.					

Source: SEBI Handbook 2013 (Page No. 4) & 2015 (Page No. 3)

It can be seen from Table 7 that the number of registered market intermediaries as on 31st March 2006 were : Brokers 14475, Sub-brokers 23479, Foreign Institutional Investors 882, Custodians 11, Depository Participants 526, Merchant Bankers 130, Credit Rating Agencies 4, Venture Capital Funds 80, Foreign Venture Capital Investment 39, Portfolio Managers 132, Mutual Funds 38. The same intermediaries increased to the extent of Brokers 19774, Sub-brokers 51885, Foreign Institutional Investors 1710, Sub-accounts 6344, Custodians 19, Depository Participants 857, Merchant Bankers 197, Credit Rating Agencies 6, Venture Capital Funds 207, Foreign Venture Capital Investment 192, Portfolio Managers 212, Mutual Funds 50, respectively as on 31st March 2014. The number of brokers have increased by 80% similarly, total number of sub-brokers were increased robustly by 90% for the period 2006-2014. Brokers and Sub-brokers are the two key intermediaries in the secondary market. Due to SEBI's initiative, registered brokers and sub-brokers have been increasing from year to year. Furthermore, a significant benefit of SEBI reform in corporatization of broking firms and corporate structure has brought more capital transparency, professionalism and transform traditional proprietary concerns. SEBI's initiative is helping the small investors to a great extent. There was a spurt in FII year after year which rose to highest numbers 1765 in the year 2011-12. Subaccounts though introduced recently shows increasing trend. The number of custodians increased from 11 in 2005-06 to 19 in the year 2014-15 which was almost doubled. A sub account is a segregated balance of funds (account) for which the bank acts on behalf of the account holder. Such accounts operate under very strict guidelines, as funds can only be accessed in accordance with the terms of a Power of Attorney agreement approved and executed by the bank. Sub-accounts were introduced in the year 2008-09 which shows an increasing trend. Custodians which were merely 11 in the year 2005-06 has been increased almost by double i.e. 19. **Depository Participants** (DP) which is described as an Agent (law) of the **depository** and act as an intermediaries between the **depository** and the investors have been increased rapidly in the time span of ten year form 2006-15.The number of DP's in the year 2005-06 were 526 which were increased to 854 by the end of 2015.This increment was 62%. Similarly, Merchant Bankers which deals in commercial loans and investment have also been increased in numbers in the decade as shown above. The total number of merchant banks operating in the capital market were 130 which were increased sizably to 197. Credit Rating Agencies are the agencies which provide rating of credit taken by the companies. From the table 7 it can be seen that in the year 2005-06 there were 4 such credit rating agencies operating in Indian capital market which are further increased by 2 and by 2014-15 the total number of credit rating agencies have increased to 6. Venture capital funds are investment funds that manage the money of investors who seek private equity stakes in startup and small- to medium-sized enterprises with strong growth potential. The growth in the number of venture capital funds from the year 2005 -15 is phenomenal. The total number of venture capital funds functional in Indian capital market were merely 80 in the year 2005-06 and by the end of the year 2015 it has gone up to whooping 201 in numbers. This apparently shows an increasing trend in venture capital funds from 2005-2012 irrespective of market conditions and economic situation in a country. Foreign Venture Capital Investor (FVCI) is an investor incorporated or established outside India who can invest either in a Domestic Venture Capital Fund or a Venture Capital Undertaking (Domestic Unlisted Company). In a Similar way, Foreign Venture Capital Investor have also been increased significantly in a consistent manner. The above table reveals that the number of Foreign Venture Capital Investor were 39 in the year 2005-06 which increased to 204 by the end of the year 2015. The increment was 423% in the time span of 10 years i.e. from 2006 -15. A **portfolio manager** is a professional who is responsible for making investment decisions and carrying out investment activities on behalf of vested individuals or institutions. The total number of Portfolio Managers in the year 2005-06 were 132 which increased to record high to 267 in the year 2010-11. There is also a growth in number of Mutual Funds operating in Capital Market. It can be seen from above table that private mutual fund companies were 38 in the year 2005-06 which has gone up to 47 in the year 2014-15. Investment advisor is a recent phenomenon. An investment advisor is any person or group that makes investment recommendations or conducts securities analysis in return for a fee. Such Investment advisors were 129 in the year 2013-14 and increased to double in subsequent year.

3.3 CONCLUSION

The purpose of this chapter was to indicate the growth and development of Indian capital market. For this, brief study has been done right from the inception of capital market, developments during pre- capital reforms period (1981- 91) and post- capital reforms period (1991-2001). Further, elaborate study has been done for the decade 2005-06 to 2014-15 on the basis of various parameters.

It is found from the aforesaid data that resources mobilised from the primary market have increased. The foreign investments in form of American Depository Receipt's (ADR), Global Depository Receipt's (GDR) and External Commercial Borrowings (ECB) have also been increased considerably ever since its emergence. There is a spurt in annual averages of share price indices of BSE Sensex and NSE Nifty year after year. Trends in resource mobilisation by mutual funds in private sector, public sector and by unit trust of India also reveals an increasing trend over the years. Foreign Institutional Investors (FII) and Foreign Direct Investment (FDI) also shows upward trend. Almost all capital market intermediaries operating under the regulation of SEBI have increased in the decade of 2006 -15 as far as number is concerned. It is apparent from all above tables that there is considerable growth in Indian capital market.

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Chapter - 4

Need for Investor Education

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INTRODUCTION

Universally, Capital Markets have undergone through drastic, unprecedented and swift changes over last three decades. Technology has brought the revolution in the process of functioning of capital markets and the information outburst has sparked off noteworthy changes in the way the world has been operating. The changes that have been occurred in the Indian capital market is the spotlight of the fourth chapter.

This chapter emphasizes to assess (1) The changes in channelisation of household saving (2) The changes in capital market i.e. reforms in capital market (3) The changes in the regulatory structure and (4) The changes in the capital market designs. It also focuses in brief the scams which occurred despite all these changes and eroded the sentiments of retail investors. Hence, it has been presumed that the need for investor education is strongly arises due to these changes.

4.1 Changes in Channelisation of Household Saving in the Capital Market:

Retail investors are the bulwark of the Indian economy. The capital market is a medium for mobilizing the saving of the retail investor and is a vehicle for transforming them into the most attractive and productive forms of investment.

The former Chairman of SEBI Mr. U.K.Sinha asserted that in order to achieve sustainable development of capital market, attempt is to be to include maximum number of participation from all the sections of the society especially retail investors. He further states that the development of securities markets has unique effect on the development and growth of an economy.

The top industrial luminary late Mr. Dhirubhai Ambani and Late Mr. J.R.D. Tata had great faith in Indian retail investors. The companies of these luminaries created world class business empire just by motivating the retail investor to invest in their business ideas and thereafter sharing the wealth with them. They were of the view that true spirit of corporate democracy comes from participation of retail investors, which in turn leads to the overall growth of the economy. The small money pooled from millions of investors makes it big for companies and helps them realize the potential which is quite evident from the mutual funds and their collections (assets under management).

The domestic capital market could be strengthen and consolidated only with the existence of immense retail investors base. Relying merely on foreign institutional investors can only create a rosy picture of a strong economy as these funds are impermanent in nature. It is the huge retail investor base with provides a counter check to this. Also, a strong and vast retail indigenous investors base gives greater strength to the capital market which eventually attract sound and healthy foreign institution investment, without the fear of fraudulent and bogus operations in the market by foreign institution investors.

The size and function of a country's capital market is determined to a large extent by the volume and pattern of savings and investment especially those of retails investors.

As the capital market is an vital part of the economic structure in any country which assist financial deepening, they are also influenced by the growth of the economy, such as the growth of gross domestic product , per capita income and savings. Despite India being depending upon centralized economic planning, has achieved significant success in economic growth and its GNP (at factor cost) at 1993-94 prices. The growth rate of gross national product (GNP) which was 3.7 percent during the first five year plan (1951-56)

Most of the retail investors are relatively small investors judging by the size of their investments as well as personal wealth. However, as a group, they are enormously important and dominant. They account for more trades by number as well as volume than any other category of investors, including domestic financial institutions and foreign institutional investors. In other words, they are the bulwark of Indian capital markets. The individual investors consistently increase both buying and selling if their past investment outcomes are positive, and decrease them if the outcomes are negative, but appear to care much less for the size of the same outcomes (gains as well as losses).

Investors' education is of immense importance to retail investors. The retail investor, unlike the institutional ones, is a capital supplier. He is an individual who buys securities for himself and not for any organization. He is also known as an individual or small investor who purchases securities with small capital.

It should be noted that investors education intimates the investors of emerging trends in the capital market. The capital market is the medium for buying and selling of equity and debt instruments. It involves issuing of stocks and bonds for medium-term or long-term duration. Equity and debt instruments are stocks and bonds securities respectively. Institutions under the capital market are insurance companies, investment banks, finance corporations, investment trust, and basically the stock exchange. The stock exchange is a highly organised capital market which provides safe facilities for buying and selling of securities such as shares, stocks, debentures and government bonds.

In order to increase retail investors' participation in the capital market, investors' education is crucial. It is crucial in the sense that it changes their mindset and invariably increases their number of participation in the capital market. The perception of some investors toward the capital market prevents the participation at mass level. Some of the things that restrict mass participation include fear of risk bearing, injustice and fraudulent acts, inability to make good investment decisions etc.

Moreover, investors education also teaches how to manage risk. Some retail investors cannot bear the risk of losing their meager capital. As one of the reasons for investors education, risk management procedures has become necessary to help investors make rational choices. An adage says "a man that wants to eat the honey embedded in the rock would not consider the wedge of the axe". This adage emphasizes that staying away from investment just because of the fear of being a risky terrain should not totally alter the huge financial benefits of being a successful investor. Risk would always come, but investors need not to be worried. The steps required to successfully manage such risk are fully emphasized in many books, seminars and workshops.

Table 4.1: Growth of Savings in India (As a percentage of GDP)

Year	Household Savings Rate (%)
2004 – 05	23.60
2005 – 06	23.50
2006 – 07	23.20
2007 – 08	22.40
2008 – 09	23.60
2009 – 10	25.20
2010 – 11	23.10
2011 – 12	22.80
2012 – 13	21.90
2013 – 14	17.80

Source: Economic Survey of India, 2014-15 Page 15 & 16

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It is revealed from Table 4.1 that the household saving in India has remain two digits from 2006 -2015. It is almost in the range of 20% to 25 % except in the year 2013-14 where it has been decreased to 17.80 percent. Further, it shows fluctuating trend in the initial years and declining trend from 2010-11 onwards. Nevertheless, the household saving rates continue to be the largest contributor to gross capital formation in India.

4.2 Reforms in Capital Market from 1990:

The Indian capital market witnessed major reforms in the decade of 1990's and there after. Government of India undertook several measures as a part of reforms in capital market. The purpose of such reforms was to improve and ensure the working of Indian Stock Exchanges and to make it more transparent, progressive, vibrant and investor friendly. For this purpose, a high level Narasimham committee was formed under the chairmanship of Shri M.Narasimham in the year 1991.In other words,a parcel of reform comprising of measures to liberalize, categorize, control and promote the capital market was introduced in the 90's by the Union of India with the purpose of promoting and safeguarding the interests of investors in securities and empowers it to achieve this objective. Some of these major reforms are:

1. SEBI Act, 1992
2. Setting up of OTCEI
3. Establishment of NSE
4. Free Pricing
5. DIP Guidelines
6. Entry of Foreign Investments into India
7. Screen Based Trading
8. Dematerialization of Securities
9. Rolling Settlement
10. Clearing Corporation
11. Derivative Trading
12. Demutualization of Exchange

A brief outline of aforesaid reforms is given below :

4.2.1 SEBI ACT , 1992 : The enactment of the SEBI Act, 1992 was the first revolutionary step towards integrated regulation of the capital market. It was warranted as the confidence of investors was eroded and the economic growth was impaired as a result of market abuse. Retail investors were lured into making investment decisions based on the incorrect or misleading information provided leading to the creation of artificial market and inflated results. Huge amounts of money were manipulated with the help of various financial scandals and security scams. Manipulators had a vast knowledge about the working of the system and henceforth, they took the advantage of the opportunity to manipulate the system as well as the retail investors. Thus, to develop and regulate the fast growing securities markets in India, especially following the economic reforms of 1991, the Securities and Exchange Board of India Act, 1992, established the Securities and Exchange Board of India (SEBI) on April 12 of that year. Through comprehensive monitoring, supervision, and policy development, SEBI continued to showcase its keenness to promote and develop the Indian securities markets and protect investors' interest.

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Thus, the primary objective, which was to be achieved with the establishment of SEBI, was the creation of such an environment that helps in effective mobilization as well as the allocation of resources with the help of capital market of India. Such an environment was bundled with policy frameworks, rules and regulations, infrastructures and practices in order to meet the requirements of various class of people which were the main players of the market. Some of them were the investors, the market intermediaries and the companies, which were issuers of securities.

1. For the Purpose of Investors :
The credit for making market active goes to the investors. SEBI has the motive of providing accurate, authentic and adequate information on a regular basis in order to safeguard the interests and rights of the investors. This is done in order to restore the confidence of the investors or the general public, who is willing to invest their money in the market.

2. For the Purpose of Issuers of Securities :
The demand of the various corporate fields, who are responsible for issuing securities, is a transparent and safe market place where they can look forward to raising the number of funds confidently in an efficient and easy manner. SEBI works with the aim of making such a safe as well as a healthy market place available to the issuers.

3. For the Purpose of Intermediaries :
Intermediaries are those people who are entitled to act as middlemen for any transaction or agreement between the investors and the issuers. They are entrusted with the object of providing better services to the issuers and investors. For this purpose, SEBI is empowered to make an ever-expanding, professional and competitive market with an efficient and adequate infrastructure available to the intermediaries. Financial transactions become safer and smoother because of the role of intermediaries. They are also known as the brokers of the capital market.

Thus, SEBI was empowered with statutory rights and power and shouldered it with the responsibilities of : (I) Protection of investors interests in the capital market (ii) Promotion or development of the capital market by focusing on investors education and (iii) Regulating the capital market. Indeed, SEBI was an invention for the necessity.

4.2.2 Setting up of OTCEI : Over the Counter Exchanges in India (OTCEI) markets are envisaged as floorless security trading system equipped with the computer network through which nationally and internationally scattered buyers and sellers can conduct business more efficiently. Investors can walk into any of the counters of members and dealers, see the quote-display on the screen, decide to deal and conclude the transaction. All the counter of members and dealers are connected by a telecom network to the OTC Central computer. OTC trading also provides transfer of shares by registrars up to certain percentage per folio. This results in faster transfers. The concept of immediate settlement makes it better for the investor.OTC trading began from 1993 with only two scrips but now it is making its presence clearly felt on the capital market scene.

4.2.3 Establishment of NSE : National Stock Exchange (NSE) was given recognition as a stock exchange in April 1993. Inception of NSE was important milestone in the history of Indian capital market. NSE was set up with the objectives of (a) establishing a nationwide facility for all types of securities, (b) ensuring equal access to all investors all over the country through an appropriate communication network, (c) providing a fair, efficient and transparent capital market using electronic trading system, (d) enabling shorter settlement cycles and book entry settlements, and (e) meeting the international benchmark and standards. Within a short span of life, above objectives have been largely realised and the exchange has played a leading role as a change agent in transforming the Indian capital market to its present form.NSE has emerged as the world's fourth largest stock exchange in terms of volume of trade undertaken.

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4.2.4 Free Pricing : The Capital Issues (Control) Act, 1947, which used to regulate the issue of various securities in capital market was abolished. This was lead to paving the way for market determined distribution of resources. The companies were required to follow with the specific guidelines and then access the market. They can enter the market only if they fulfill minimum eligibility norms with respect to profits and net worth.

4.2.5 DIP Guidelines : SEBI issued Disclosure and Investor Protection (DIP) guidelines in the interest of the investors . The guidelines contain a considerable body of requirement for issuers/intermediaries. The broad intention being to ensure that all concerned observe high standards of integrity and fair dealing. In other words, this was intended to bring more transparency in the capital market and thus to boost up investors confidence. SEBI expected that company should make known the fact to the investors. That means the guidelines intended to secure complete disclosure of relevant information about the issuing company and the nature of securities to be issued so that the investors can take informed decision. Thus, DIP guidelines clearly directed the issuing company that they are now required to comply with these guidelines and then access the market.

4.2.6 Entry of Foreign Investments into India : Foreign investment were allowed to invest in the capital market from september,1992 prior to that, for all practical reasons it was not welcomed. Foreign investment has penetrate Indian markets mainly in three ways : through Foreign Direct Investment (FDIs), through Foreign Institutional Investors (FIIs) and in form of American Depository Receipts (ADRs), Global Depository Receipts (GDRs). Foreign Currency Convertible Bonds (FCCBs) and External Commercial Bonds (ECBs). All this has led to an enormous increased in the market capitalization and volatility in market as well. This was a major impact of Globalization.

4.2.7 Screen Based Trading : In order to provide more effectiveness, liquidity and transparency, NSE introduced a nation - wide on line fully-automated Screen Based Trading System (SBTS) where a member can punch into the computer, quantities of securities and the prices at which he likes to trade and the transaction is implemented as soon as it finds a matching order from counterparty. This shrinks on time, cost and risk of error, as well as on fraud resulting in greater operational efficiency. It allowed faster incorporation of price sensitive information into prevailing prices, thus increasing informational efficiency of the markets. It allows a large number of market participants, irrespective of geographical locations, to trade with one another simultaneously improving the depth and liquidity of the markets.

4.2.8 Dematerialisation of Securities : To prevent the numerous problems associated with trading and settlement of physical securities, the depositories Act, 1996 was passed, which provided for the establishment of depositories with the objective of ensuring free transferability of securities with rapidity accuracy and safety by:

1. Making securities of public limited companies freely transferable.
2. Dematerializing securities held in depositories and
3. Providing for maintenance of ownership records in a book entry form. The National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) have come up to provide instantaneous electronic transfer of securities. As on date, demat delivery constitutes 99.99% of total delivery based settlement.

4.2.9 Rolling Settlement : With a view to introduce greater transparency, liquidity and to lessen too much speculations and problems of defaults, the mechanism of rolling settlements was introduced in the year 1998 and has been gradually extended in coverage and scope. In other words, rolling settlement was a significant step in order to enhance the efficacy and integrity of

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the capital market. Earlier, the trading cycle was wide-ranging between 14 days to 30 days for different securities and the settlement process took another fortnight. Often, there was no consistency in maintaining the cycle. This was led to defaults on several occasions and amounted to risks in settlement. The SEBI gradually shortened the trading cycle over a period of time from T+5 to T+2 with the aim being to move to T+1.Shorter settlement cycles reduce the trading cost for market participants and reduce the risk of counter party failure. Rolling settlement has improved the attractiveness of Indian capital market over the years.

4.2.10 Clearing Corporation : The National Securities Clearing Corporation Ltd. (NSCCL), a wholly owned subsidiary of NSE, was incorporated in the year 1995.It was set up to bring and sustain confidence in clearing and settlement of securities :to promote and maintain , short and consistent settlement cycles; to provide counter party risk guarantee and to operate tight risk containment system. In short, NSCCL was shouldered the responsibility of Clearing, Guarantee and Risk Management. NSCCL carries out the clearing and settlement of trades executed in the equities and derivatives segments. NSCCL has successfully brought about an up-gradation of the clearing and settlement procedures and has brought Indian financial markets in line with international benchmark.

4.2.11 Introduction of Derivatives: The internationally popular and standard method of speculative trading which is known as derivatives was introduced in the year 2000. This was immensely benefited to the Indian capital market in form of speculations without resulting in losses of speculation to the average investors. Derivatives securities (popularly known as Future & Options) refer to the securities which have no tangible worth of their own and which derive their value from the underlying main security. Stock derivates are more admired in India. In fact, India is one of the few countries to have stock futures. The equity derivates market has grown dramatically ever since its inception and has become one of the most successful derivatives markets amongst all the countries across the globe.

4.2.12 Demutualisation of Exchanges : Traditionally the brokers, who provided broking services, also owned, controlled and managed stock exchanges. In case of row between the brokers and investors, there was no guarantee that investors interest would be safeguarded and protected. The SEBI Board, therefore, focused on reducing the supremacy of the brokers in the management of the stock exchanges. As on date, the managing body of stock exchanges has not less than 50% of non-broker representation and no broker is an office bearer. The regulators and the exchanges are now working to corporatize the stock exchanges by which ownership, management and trading membership would be segregated from one another. NSE, which accounted for 80% of turnover on exchange during 2001-02, has adopted a pure demutualised governance structure from its inception.

4.3 The Changes in Regulatory Structure of Capital Market:

Prior to the founding of the SEBI, the regulatory structure of capital market in India was within the purview of the following enactment :

1. The Capital Issues (Control) Act,1947
2. The Companies Act, 1956
3. The Securities Contracts (Regulation) Act, 1956

Subsequent to the enactment of the SEBI Act, 1992, and the abolition of the Capital Issues (Control) Repeal Act, 1992, on May 30, 1992, the present regulatory framework for securities market is provided by the following four legislations :

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4.3.1 The Capital Issues (Control) Act, 1947 came into force in order to provide for control over issues of capital. This act was abolished and replaced by SEBI Act,1992 which prescribes the objectives of SEBI and its statutory duties, rights and powers. The Act is administered by SEBI.

4.3.2 The Companies Act, 1956, wholly managed by the Department of Company Affairs (DCA), and the Company Law Board (CLB), Ministry of Law, Justice and Company Affairs, Government of India. The objective of companies act was to regulate the formation, financing, functioning and winding up of companies. The act further prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies.

4.3.3 The Securities Contracts (Regulation) Act,1956 (SCRA) governed by the Ministry of Finance, Department of Economic Affairs, Government of India. The purpose of SCRA was to prevent undesirable transactions in securities by regulating the business of dealing therein. However, SEBI has been empowered to regulate certain decisive sections of this act and accordingly subsequent notifications are being issued by the Central Government.

4.3.4 Depositories Act, 1996, came in to the force with the aim of making certain a free and fair transferability of security. Under this act, depositories in securities were establishment. The Act provides transfer of ownership of securities electronically by merely passing a book entry without physical movement of securities from person to person. Thus the main function of a depositories is to dematerialize the securities and enable their transaction in book entry form. The Act has made the securities of all public limited companies freely transferable, confining the company's right to use its discretion in all transfer related matters.

Through the aforesaid regulatory framework, SEBI strives to create conducive environment which would enabled to channelize sufficient resources through the capital market and it's well-organized allocation-thus fulfilling its four fold objective :

1. Safeguarding the interest of investors in capital market.
2. Growth of the capital market.
3. Regulation of capital market.
4. Education and awareness amongst the prospective as well as existing investors about capital market.

SEBI Act and the Depositories Act have laid down prescribed rules and regulations for registration and regulation of all capital market intermediaries, and for prevention of mal practices , insider trading etc. Under these Acts, Government and SEBI issue notifications, guidelines and circulars which need to be complied with by market participants.

The task for regulating the capital market is assigned jointly to Department of Economic Affairs (DEA),Department of Company Affairs (DCA), Reserve Bank of India (RBI) and SEBI. The activities of these institutions pertaining to capital market are synchronized by a High Level Committee on Capital Markets.

One of the vital strategic aims of SEBI is to create intensive awareness among the investors about capital market on consistent basis in order to promote capital market. Unless the retail investors are educated enough to understand the basics of the capital market's behavior and stock selection criteria, most of them would be unable to benefit from the market's progress. The market should be efficient, but above all fair to the investors. There are a large

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number of institutions active in the capital market. The sensitivity of capital market makes the role of regulator and concerned authorities exceptionally imperative. The regulator has to ensure that the market players act in a rational and civilized manner so that the capital market maintains its status to be a major source of finance for corporate sector as well as to the government and the interest of the investors are protected.

SEBI Registered Market Intermediaries/Institutions:

SEBI is responsible for regulating the following:

1. Banks - Issues Collection.
2. Listed Companies.
3. Stock Exchanges.
4. Brokers.
5. Sub-brokers.
6. Foreign Institutional Investors.
7. Sub-accounts.
8. Custodians.
9. Depositories.
10. Depository Participants.
11. Qualified Depository Participants of NSDL & CDSL.
12. Merchant Bankers.
13. Bankers to an Issue.
14. Underwriters.
15. Debenture Trustees.
16. Credit Rating Agencies.
17. KYC Registration Agency (KRA).
18. Venture Capital Funds.
19. Foreign Venture Capital Investors.
20. Registrars to an Issue & Share Transfer Agents.
21. Portfolio Managers
22. Mutual Funds.
23. Investment Advisors.
24. Collective Investment Schemes.
25. Investment Bankers.
26. Investor Associations.
27. Mutual Fund Brokers/Agents (along-with AMFI).
28. Mutual Funds and Assets Management Companies.

Source: SEBI Handbook 2013 (Page No. 4) & 2015 (Page No. 3)

Thus, SEBI has a very central role to play as a regulator. After the elimination of the Controller of Capital Issues (CCI), it is the SEBI which bear the entire responsibilities of regulation of capital market. Further, SEBI has to ensure that the retail investors are educated and encouraged so that more and more capital is channelized into productive corporate sector of the economy.

Undeniably, regulations need to abreast with the vigorously changing business environment globally because regulators cannot deal with complexities of the new age business environment with outdated rules, regulations. Therefore, in this age of uprising across the world regulations need to be vibrant and forward looking in nature.

At the global level, regulators focus is shifting dramatically from regulations to development of the markets. Today, regulators focus on simply defining the broad framework/parameters of the game and within that framework, market participants are allowed to operate without intervention. This approach is all about having confidence in the market and systems.

4.4 The Change in Market Design:

The Indian Capital Market has witnessed sea changes in the way of its functioning in the last three decades.

The major reforms like establishment of SEBI, NSE, OTCEI, introduction of screen based trading, rolling settlement etc. has increased the efficiency of capital market in general. Physical form of delivery of securities has been replaced by electronic form.

4.4.1 Changed Market Design of the Indian Capital Market:

In spite of the transformation in market design, the composition of household savings in financial instruments demonstrate that the share of retail investors in shares, debentures and other securities is quite meager. The key reason for such slow up attributes to perception that such investments are expose to risk and the capital market is unsafe. In other words, the scams in capital market in any form creates the panic among all categories of retail investors very badly which spread the negative sentiments across and eventually hampers the growth of capital market for longer period.

4.5 Major Scams in Capital Market in the Last two Decades and its Impact on Retail Investors:

Indian capital market has always been successfully able to grabbed every opportunity offered by the India's fiscal policy in terms of modernization, alteration and expansion. A paradigm shift in the economic policy and furious developmental activities by the SEBI, BSE and NSE have put both the regulator and bourses almost at par with the best in the world in term of structure, system and regulation. In spite of all the actions implemented to develop the capital market, it still remains flawless due to lack of three major key elements viz. governance, accountability, and penalty. As a result of this , the capital market of India has trembled with scams and scandals one after another which eventually maligned and tarnished the image of capital market of India. In the process, it has been the retail or small investors who suffered a lot and have been real losers. As a consequence, capital market lost its credibility from retail investors view point. This has resulted in distress and has manifested itself in the slow growth of India’s retail investor population. China has over 25 million investors whereas India, with all its rapid development and 130 year-old stock exchange culture has only 19 million investors.

A straightforward listing of the below top 10 investment scams narrates the account of why Indian investors were left annoyed by the scamsters. Therefore, it is necessary to have insight into the scams occurred in capital market in recent past.

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4.5.1 The Securities Scam in 1992

The capital market experienced its largest ever investment scandal in the form of securities in the year 1992. The inefficiencies in the settlements system was major reason for such unprecedented scam. It was rather a result of absolute disorder and lack of administration in the existing fiscal market. There was record increased in market index in that period which went up by 143%.

4.5.2 The IPO Cheat

The IPO Scam which spanned for over three years from 1993 to 1996 finally unearthed when prices of listed companies began to collapse. This scam had two parts – the first was perpetrated by existing companies who manipulated and inflated the prices of securities and other part had an involvement of small traders, businessmen and chartered accountants who had nexus with banks to float new companies in order to raise funds from public. It disappointed retail investors' so gravely that the primary market remained lifeless for the next three years, almost until the beginning of 1999.

4.5.3 Preferential Allotment Defraud

This was a consequence of the uncontrolled price rigging on the secondary market. Apart from raising fresh finances promoters of Indian companies who were under impression that prices would never fall, quickly organized general body clearances to allot shares to themselves on a preferential basis and at a considerable discount to the market. Multinational giant companies started the trend and it led to a benefit of nearly Rs. 5000 crores (in relation to market prices at that time) to retail investors before the Securities and Exchange Board of India (SEBI) put in place a set of rules to block the practice. A public interest litigation filed at that time to drag the culprits in a court of law.

4.5.4 CRB's Cardboard Trick

C R Bhansali's web of deceit was elaborate. He had conglomerate of 133 companies to pull in funds and suck them out. Money came easy; he was inspiring with his high-flying plans, high interest rates and entry into mutual fund and banking. CRB's dramatic rise in the early 90s coincided with the boom in the Non-Banking Finance Company (NBFC) sector. Market exploitation was an important spotlight of operation of this group. His fall in 1996 was equally fast. Even credit-rating agencies didn't see it coming. CARE, a leading agency, gave 'AAA' rating at a time when the company was going down. The debacle of CRB's had an adverse impact on other finance companies leading to a massive crises and losses to investors.

4.5.5 Plantation Firms' Scam

This scam was a concept of disappearing new companies in mid-90s which were subject to no guidelines from regulators. The plantation firms projected themselves as a part of mutual fund and IPO and assured massive returns. The investors were tempted and the companies accrued profits from fake campaigns of around Rs. 8000 crores plus.

4.5.6 Mutual Funds Scam

In the decades of 1990's and 2000's state owned mutual funds had failed to earn enough assured returns to pay to its investors which had to bailed out by their holding institution or sponsor banks which was included giant bailed out package to cash crunched Unit Trust of India (UTI).Though UTI was established under its own act, but it was tax payers Rs. 4800 crores which used for bailout in 1999. But rather UTI's turnaround, in next three years it bought Ketan Parekh controlled scrips which resulted in huge losses. It tooked a considerable amount of time for capital market to regain the trust of mutual fund investors.

4.5.7 The 1998 Scam

The notorious scamster of 1992 scam, Harshad Mehta bounced back with a bag of actions again in 1998. This time he lured investors through a website by trading stock through tips. His unremitting manipulation of several shares resulted in the much expected collapse of Bombay Stock Exchange.

4.5.8 DSQ Software Scam

In the year 2000 and 2001, the Managing Director of DSQ Software, Mr. Dinesh Dalmia, was found guilty for uncertain mergers and discriminatory allocation of the amount of upto Rs.595 Crores. He was later convicted in the year 2006.

4.5.9 Satyam Rip-off

After influencing the firm's documents for several years, the former chairman and chief executive of Satyam Computers Ltd, Mr. Ramalinga Raju, was arrested and put behind the bar for committing scam, following immoral practice and forgery. It showed higher profits and committed fraud of Rs. 700 crores scam.

4.5.10Subrata Roy Debentures Blow

This case is also called Sahara India Pariwar investor fraud case. Subrata Roy, the chairman of the Sahara India failed to return Rs 24,000 crore plus interests to its debenture holders as directed by the Supreme Court of India. Eventually, he was arrested and sent to Tihar jail, along with two other Sahara directors, for failing to deposit Rs 10,000 crore to SEBI as per Supreme court of India orders.

4.6 CONCLUSION

India's post independence gross domestic saving rates have increased from 8.9 % in 1951 to all-time high of 37.8 % in 2008 and a record low of 8.0 % in 1954. It was 32.24% in the year 2015 which increased multiple times over 1951 and during reform period on an average it remained at more than 23 %. Although, there is swing in savings pattern of the household sector from physical assets to financial assets and within financial assets from bank deposits to securities, the trend got reversed in the recent past.

Substantial variations are seen from 1991 onwards in mutual funds investment. Manifold changes in capital reforms were introduced during 1990s The change took place in the regulatory framework and hence SEBI is the prime regulatory autonomous authority as on date. The Indian capital market has undergone fundamental changes in the way of performance in the last two decades. The SEBI has command over the capital market as a regulatory authority, screen-based trading has come in, rolling settlement has made things a little more transparent and physical delivery has been replaced by electronic delivery. The composition of household saving in financial assets reflects that the share of investment of household in shares and debentures is too little.

To sum up, in spite of several reforms in capital market protective change number of scams took place, namely (1) The securities scam of 1992 (2) the IPO Bubble (3) Preferential allotment rip-off (4) CRB's House of cards (5) Plantation companies (6) Mutual funds Disaster (7) The 1998 collapse (8) The k-10 gimmick. It therefore seems that the capital market remains seriously flawed because of absence of three key ingredients namely adequate supervision, strict accountability and appropriate punishment. As result of this, the investor's population growth slow downed and small investor lost their trust and confidence in capital market. Therefore, a need for investor's protection, education and awareness has arisen more than ever before.

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Chapter - 5

Investor Education and Protection: Role of SEBI

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INTRODUCTION

Since globalization of the Indian Economy in 1990s, the role played by the capital market has become very significant. The capital markets and household retail investors perception has changed considerably. The equity culture has penetrated a new type of retail and household investors in the stock market. The BSE data shows that the people in far-off places are also tilting towards the stock market, whether it is through mutual funds or direct investing. There are two reasons for this. As the interest rates on traditional bank deposits are on decreasing trend day by day. Investors are looking for better alternatives. The young working population wants to invest money online just like they buy everything online. So it is coming from many sources but the driving force is that investors are looking to put their money where it can grow. The retail and household investors want to make sure that their money is deployed in the best way. Therefore, it is seen that retail investors are entering into the equity market, either directly or through mutual funds across the country. There is more systematic and scientific approach towards investments decisions and portfolio management. Despite of all initiatives, reforms and progress in a capital market, a large chunk of retail investors have distant themselves from the capital markets for one or other reasons which mainly include lack of knowledge and panic or negative perception about capital market.

Various regulatory authorities in the financial market (i.e. capital and money market) viz. Department of Company Affairs (DCA), Company Law Board (CLB), Ministry of Finance (MoF), Securities and Exchange Board of India (SEBI), RBI, BSE and NSE are functioning towards investors protection. Of these; SEBI's functioning towards investors education, protection, grievances handling is being assessed here.

This chapter is divided into two sub-sections. They are as follows:

1. SEBI's role in investor protection, grievance handling and investors education.
2. Conclusion

5.1 SEBI's Role in Investor Protection, Grievance Handling and Investor Education:

5.1.1 The Inception of SEBI:

Growing number of retail investors, enormous huge volume of turnover and the rising number of companies turning to stock market to raise capital. This has led to a record growth in the Indian capital market. However, such an extraordinary growth perpetually gives rise to number of irregularities. Growth is overshadowed and is tend to suffer unless vibrant and appropriate legislation is passed to promote, curb the mal practices and keep everything in control and to allow the market to function in sound manner. This led to rapid development in the capital market and brought sea changes in the capital structure of the companies across corporate segment. As a result of this, new intermediaries and institutions in capital market were introduced which explored the possibilities of investment in the securities market to the investors. In spite of the growth and the progress of capital market in terms of quantity and value, it was the quality which lagged far behind and there was deficiency of the satisfactory proficiency and reasonable competition among the various players in the market. Market development is anticipated on the basis of sound, reasonable and apparent regulatory framework. To keep up the growth of the capital market and shape up the growing awareness and interest into a dedicated, perceptive and growing band of investors, it was indispensable to overcome the trading mismanagement (which includes insider trading, price manipulation, bear raiding, wash trading etc.) and structural failure existing in the market, and to provide the investors a well organized, well regulated market place under whose integrity investors can have deep confidence and assurance, where they are made aware, motivated and encouraged to invest in capital market

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without any panic, their rights are fully sheltered and grievance redressal made easily reachable and efficient.

The Union Finance Ministry therefore, had a conclusion to set up a supreme autonomous body for the first time, exclusively for protecting the interest of investors and for the promotion of systematic and healthy growth of the capital market. Accordingly, the securities and exchange board of India (SEBI) was constituted on April 12, 1988. SEBI was recognized as a independent statutory body on February 21, 1992. Subsequently , the securities and exchange board of India regulation was replaced by the securities and exchange board of India act on April 4, 1992.SEBI performance is in line with the legal framework of the SEBI act, 1992.

The multiple objectives of SEBI are as follows:

1. To Safeguard and to protect the interest of investors in securities market;
2. To Promote the securities market;
3. To Regulate the securities market ; and
4. To curb fraudulent practices by maintaining a balance between statutory regulations and self-regulation.
5. To define the code of conduct for the brokers, underwriters, and other intermediaries.

Keeping in view the aforesaid objectives, SEBI has laid down a tactical aim in the four key specialties which include SEBI’s functions viz. investors, issuers, intermediaries and regulator.

a) To the investors , SEBI attempts to assure that their rights are safeguarded and protected entirely, they should be made aware and educated intensively about the market so as they are able to make informed decisions about their investments.
b) To the issuers, SEBI’s endeavor is to provide a transparent and healthy market where they can raise finance at cheaper rates, carry out themselves in accordance with the highest norms of corporate governance, and attentively meet their regulatory obligations.
c) To the intermediaries, SEBI makes every effort to provide conducive atmosphere in a market in which they can operate in free and fair manner which eventually gives the investors and market participants an assurance that the market is efficient, orderly and fair.

In the regulatory regime, SEBI seeks to make sure that there should be complete transparency which leads to its credit worthiness and reliability so as it would always remains proper, impartial and valuable.

With these aforesaid core tactical objectives in view, SEBI has been persistently evaluating and reviewing its policies, devising new polices and rules to cover areas up till now inadequately regulated and execute them in a way so as to encourage the growth of the capital market with lucidity, equality, competence and reliability which will enable investors to have larger participation in a market.

5.1.2 SEBI: Investor Protection, Grievances Handling and Investor Education:

In the interest of investors and to promote the capital market, over two decades SEBI has made a number of transformation, some of which are outlined below in chronological order of year:

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1. Stock invest scheme introduced in 1992.
2. Carry forward transactions were stopped in 1994.
3. On-line trading introduced in BSE and NSE in 1995.
4. National Securities Depositories Limited (NSDL) was set up in 1996.
5. Trading/Settlement in dematerialized form of securities began in 1996.
6. The Securities Lending Scheme introduced in 1997.
7. Weekly trading cycle implemented in all stock exchange in 1997.
8. Optional T+5 rolling settlement introduced in 1998.
9. Modified carry forward system introduced in 1998.
10. Settlement of trades in the depository started from 1998.
11. Online screen based trading in all stock exchanges started from 1999
12. Trading through the internet on stock exchange permitted in 2000.
13. Derivatives trading commenced from 2000.
14. Compulsory T+5 rolling settlement introduced in 2001.
15. Compulsory T+3 rolling settlement introduced in 2002.
16. Compulsory T+2 rolling settlement introduced in 2003.

SEBI's role in investor protection can be looked briefly from four distinct parameters which have been described below:

5.1.2.1 Registration of Intermediaries

5.1.2.2 Surveillance

5.1.2.3 Investigations

5.1.2.4 Grievances Handling

5.1.2.1 Registration of Intermediaries:

In a market place, primary market plays a key role in mobilizing the capital from investors and this happens with the assistance of number of intermediaries like brokers, sub-brokers, merchant bankers, underwriters, bankers to an issue, registrars to an issue and share transfer agents and debenture trustees etc. exist in the market. In the secondary capital market, the brokers role is very important in getting both the buyers and sellers as one to compose total demand and supply at any point of time. Similarly, sub brokers are also bound to play constructive role between the brokers and investor. In an upbeat market environment where the brokers may not think about retail investors and to fill in this gap, the sub-brokers come out as a class of intermediaries. With a view to safeguard and protect retail investors interest, especially small investors, SEBI has made compulsory registration of intermediaries operating in the market with SEBI and carried out such registration drive as per the guidelines of Narasimhan Committee report. These guidelines are meant to protect the investors and trying to avoid and prevent unhealthy practices of intermediaries functioning in the capital market.

5.1.2.2 Surveillance:

Capital Market surveillance division was set up by SEBI in August 1995. Ever since, it has been quite dynamic in ensuring security and reliability of the market. The surveillance

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department has been reinforced to keep an eye on movement, to be aware of price volatility, scrutinize its causes and take appropriate and quick action in co-ordination with stock exchanges and depositories. In order to have better co-ordination, Stock Exchanges were instructed to have independent surveillance cells under the control of Executive directors of the Exchange and such executive director is solely responsible for surveillance related actions. Exchanges were asked to have mechanism for on-line monitoring system which would be easy and time saving. Though the prime responsibility for market surveillance vested with the stock exchange, SEBI keeps a regular watch on the surveillance activities of stock exchange and have periodical meeting are held with intermediaries to gather information and exchange views.

In an attempt to tackle the various challenges regarding surveillance, SEBI had commissioned a study under USAID (United States Agency for Industrial Development) and a technical committee of specialist was constituted by SEBI which was occupied in directing on the execution of the project. Accordingly, the number of surveillance was increased from time to time. SEBI had a closed watch on the happenings and developments related with surveillance.

5.1.2.3 Investigation:

Investigation entail the detection of persons who might be indulged in all sorts of unfair market practices viz. breach, collection of complex data regarding primary issues, transactions in the secondary market, trading details etc. The investigation cases are divided into preliminary enquiries and proper investigations. Over the years, thorough investigations were taken up by SEBI in numerous cases including price rigging, circular trading, price maintenance, dealing in fake shares, insider trading and take-over of companies without compliance of relevant set of rules, mis-statement in the prospectus and price manipulation prior to the public an right issue.

The nature of cases taken up and accomplished by SEBI were classified as follows:

1. Market Manipulation and Price Rigging.
2. Fake Stock Investments.
3. Manipulation of Issues.
4. Insider Trading.
5. Merger, Take-over and Acquisitions.
6. Miscellaneous.

- **Market Manipulation and Price Rigging :**

Market manipulation and price rigging investigations were taken up by SEBI in 29 cases in 1997-98. Such actions coupled with effective market surveillance under the oversight of the SEBI have resulted in significant reduction in cases of market manipulation and price rigging.

- **Fake Stock Investments :**

With regard to fake stock investment SEBI has passed an order banning individuals, broking firms and companies from offering any investment or investment advise to anyone. It has further directed them to remove all advertisements, banners, brochures and other forms of communication that spoke about their so-called investment advisory business & barred them from securities market. In some cases penalty has also been imposed.

- **Manipulation of Issues :**

In 1996-97, SEBI took up 24 cases for investigation of issue related manipulation. These cases mainly pertained to allegations of grey market operations and acceptance of late applications,

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misuse of stock invests, contravention of various SEBI guidelines and the provisions of the Companies Act, 1956.

- **Insider Trading :**

In India, SEBI (Insider Trading) Regulation, 1992 framed under the Section 11 of the SEBI Act, 1992 which was intended to curb and prevent the menace of insider trading in securities. An insider is a person who is an accepted member of a group or organization who has special knowledge regarding his firm.

- **Merger, Take-over and Acquisitions :**

Mergers and amalgamations are regulated under the provisions of the Companies Act, 1956 whereas takeovers are regulated under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations.

The nature of investigation by SEBI which is always displayed in SEBI's annual reports.

5.1.2.4 Grievance Management:

SEBI has a broad investors grievances processing system. SEBI interacts with investors through its Office of Investor Assistance and Education (OIAE) which is the single window interface of SEBI with the investors. OIAE admit grievances of all investors who prefer to lodge their complaints with SEBI for matter falling under its authority. A uniform complaint format is available at all SEBI offices and on the SEBI website also for the ease of the investors. Grievances received from investors are acknowledged and a reference number is generated and forwarded to the complainant. Complaints are taken up with the concerned entities either directly by OIAE or by the investor complaint cell of the concerned department. SEBI officers also hold meetings with the company officials to have impact upon them to fulfill their obligation to redress the grievances of investors.

SEBI has been empowered to deal with the following types of grievances.

1. Non payment of refund order/ allotment letters/ stock invest.
2. Non payment of dividend.
3. Non issue of share certificates/ bonus shares.
4. Non issue of debenture certificates/ interest on debentures/ redemption amount of debentures /interest on delayed payment of interest on debentures/redemption amount of debentures.
5. Non receipt of annual reports/ right forms/ interest/ delayed receipt of refund order/ dividend.

5.1.3 SEBI and Investor Education:

Meaning & Importance of Investor Education for Retail Investors:

Retail investors are expected to make their investment decisions based on education, awareness and knowledge. Investor education is a phenomena which focuses on issues relevant to the education of individuals who participate or planning to participate in capital market. Organisation for Economic Co-operation and Development (OECD) defines investor education a process by which investors improve their understanding about financial products, concepts and risks and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help and to take other effective actions to improve their financial well-being (2005). Investor awareness, education and confidence is the base of any market. This confidence is an outcome of investor education and protection. Investor education is necessary for making sound financial decisions and ultimately achieving individual financial

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wellbeing. Investor education is helpful for investor in making better assessment of relevance and suitability of the investment advice, investment products and services. This is really helpful, when there are numerous advisors who promise great return from investment. Thus apart from guiding investors in making investment decisions for their financial well being, investor education is required for investor protection as well.

Investor education and awareness are two sides of a coin and both are complimentary to each other. Investor education and awareness is as important as investor protection. An investor experience more protected and safe if he is made educated and aware about capital market. A learned investor feels secured and is more buoyant to invest in the capital market. Hence, investors require appropriate and exact education so that they can make informed decisions about their investments.

Retail investors are backbone and major sources of funds which are essential for the companies who are looking to tap the capital market. These investors are scattered across the country and have different levels of knowledge and perception about the capital market. Investors do have different experience about their investment in capital market which carries positive and negative sentiment about the capital market across the class of investors. However, sometimes the disloyal capital market may come across such a catastrophe which compel the investors to quit the market permanently leaving behind the feeling that the capital market is not his cup of tea and he has parked his hard earned money at wrong place. Nevertheless, if there are adequate mechanism which provide clarity, disclosure and a effective investor grievances mechanism, the investor would be a healthier informed investor. This would lead to make them feel secured and safer. One of the primary objectives of the SEBI with reference to the investors in capital market is to aware and educate the investors in order to promote and develop the capital market.

To create the awareness among the investors and to educate them, SEBI undertakes intensive education program through which it issues chain of advertisements in a diverse local language newspapers about investor rights, their responsibilities, basic concepts and key terms used in capital market as well as the risks associated with the capital market. SEBI broadcasts informative and educative message for the investors through All India Radio and regional stations of Akashwani as well as telecasted on television channels. In addition to this more than crore of handy booklets (Investor Manuals) which are meant to guide the investors as a quick reference have been distributed either through the various companies or made it available on freely to the investors whoever visit SEBI offices. SEBI's annual report discloses detail information as what SEBI does for investor awareness and investors education. SEBI's various investors education and awareness program initiatives are listed out below:

5.1.3.1 Investor Awareness Programs/Workshops :

Various investor awareness programs were conducted by SEBI with the help of exchanges, depositories etc. SEBI also reimburses the cost of the approved programs conducted by investor associations which it recognises, subject to certain limits. Most of these programs also try and sensitize people against unregistered collective investment schemes which offer unrealistic returns.

Table 5.1 Trends in Awareness Programs/Workshops Conducted by SEBI :

Particular	2013-14	2014-15
Number of Programs	224	223

Source: SEBI Annual Report 2014 -15, Page No. 103

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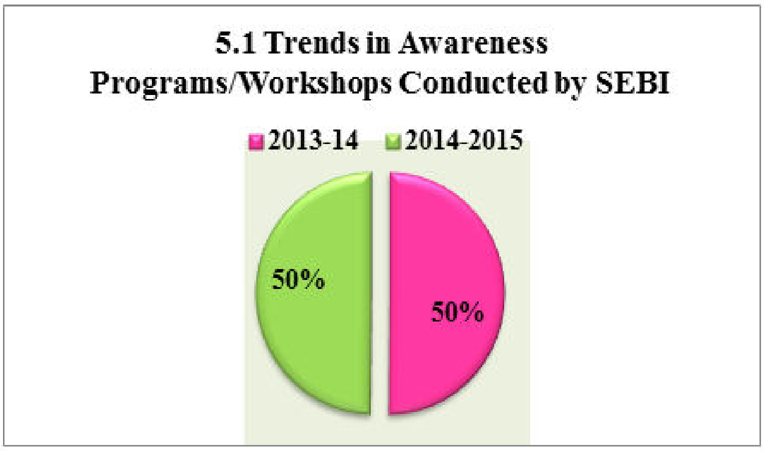


5.1.3.2 Mass Media Campaign:

SEBI's multimedia investor education and awareness campaign during 2014-15 aimed at spreading awareness against unregistered collective investment schemes (CIS)/Ponzi schemes were undertaken through mass media covering print, television and radio in Hindi, English and 11 major Indian languages. Through these campaigns, investors were cautioned not to go by rumor and not to rely on schemes offering unrealistic returns, and to do proper due diligence. More than 840 insertions in print, 90,000 radio spots and 17,000 television spots were covered in the campaign undertaken in 2014-15. Considering the menace of schemes offering unrealistic returns to dupe unsuspecting investors, a bulk SMS campaign was initiated on a pilot basis to caution people in the states of Assam, Bihar, Jharkhand, Odisha and West Bengal. More than two crore SMS's were sent cautioning investors not to invest in such schemes.

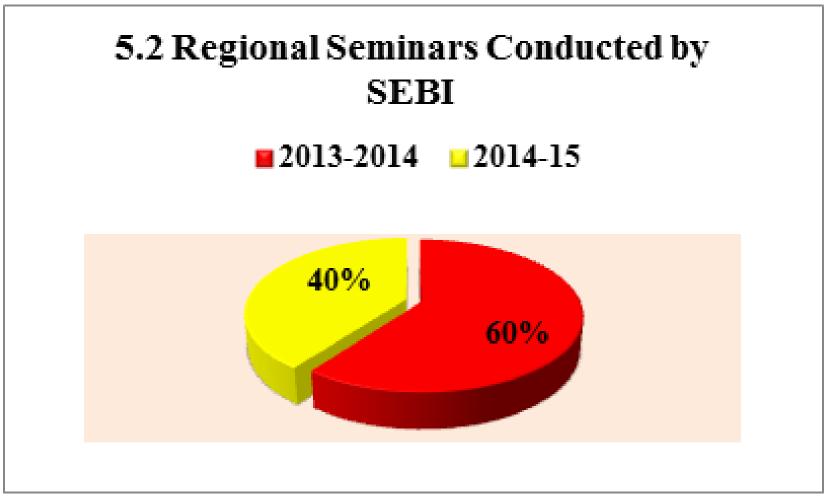
5.1.3.3 Regional Seminars:

This initiative was started in 2011-12 and has been extended to reach out to masses. It concentrates primarily on Tier II and Tier III cities in India. During 2014-15 efforts were made to cover towns and cities not covered in previous years.

Table 5.2 Regional Seminars Conducted by SEBI:

Particular	2013-14	2014-15
Number of Seminars	77	51

Source: SEBI Annual Report 2014 -15, Page No. 105



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5.1.3.4 Dedicated Investor Website:

SEBI maintains an updated, comprehensive website for education of investors (www.investor.sebi.gov.in). The website has been revamped to make it more user friendly and educative material is being updated. The schedule of various programs is also updated on the website.

5.1.3.5 Investors Assistance:

SEBI provides assistance/guidance to investors by replying to their queries received through the following modes:

1. Email (asksebi@sebi.gov.in)
2. Investors visiting various offices
3. Letters to SEBI

SEBI replied to around 3,500 queries during April 1, 2014 to March 31, 2015. Assistance so rendered to investors was augmented by gathering details from FAQs, circulars etc. available on the SEBI website and from the details gathered through email and phone calls from market intermediaries.

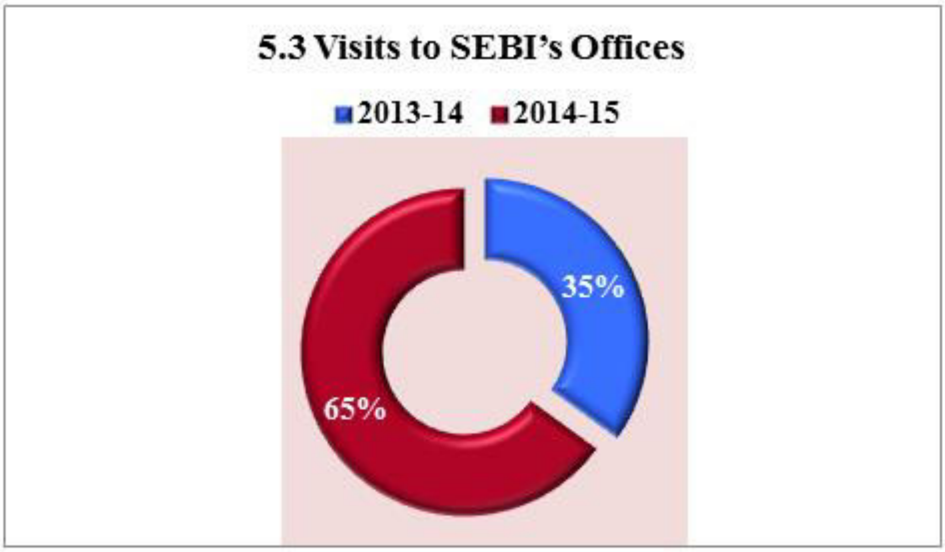
5.1.3.6 Visit to SEBI:

SEBI hosts 2-3 hour programs for students from schools, colleges and professional institutes who are interested in learning about SEBI and its role as a regulator of securities markets. The programs was started in February 2011 and has been quite popular. Till date, SEBI had hosted 336 such visits with participants visiting from different parts of the country and from different courses (company secretaries, management, commerce, banking, law, arts, science, etc.). Further, visits have also been initiated in SEBI's various local and regional offices.

Table 5.3 Visits to SEBI's Offices:

Financial Year	2013-14	2014-15
Total Visits to SEBI	90	167

Source: SEBI Annual Report 2014 -15, Page No. 109



5.1.3.7 Other Initiatives:

1) SEBI stalls at various Fairs and Exhibitions

SEBI associated with exchanges where stalls were put up by the min fairs and exhibitions for engaging in conversation with general public, explaining the grievance redressal mechanism and taking suggestions from the public.

2) Awareness programs for complainants at various offices

SEBI educated investors when groups of complainants visited local offices regarding complaints against ponzi schemes or schemes offering Unrealistic returns etc. These sessions were appreciated by the participants and they said that they would be careful in the future while investing and would also advise their friends/relatives to exercise caution.

3) SEBI has designed "Do's and Don'ts" in lucid and simple form for investors relating to various aspects of the securities market. These are available on the SEBI website and has been printed in the form of handouts to be distributed to the investors across country.

4) Investor Education Reading Material

SEBI has uploaded comprehensive and elaborate Investor Education Reading Material on its website. This titled has further been extended and named as "Beginner's Guide to Capital Market". Under this heading detail information about Primary Market, How to Invest in Public Issues?, How to Read Offer Document?, IPO Grading, Credit Rating, Secondary Markets, Mutual Funds, Rights and Responsibilities of Investors etc. aspects of capital markets are covered. This enables investors to get familiar about capital market.

5) With financial aid from SEBI , some of the SEBI registered investors associations organizes seminars for educating investors on various aspect of the capital market.

6) Investor Education and Protection Fund (IEPF) has been established by SEBI under Section 205C of the Companies Act, 1956 by way Companies (Amendment) Act, 1999 for promotion of investors' awareness and protection of the interests of investors. The Central Government notified the establishment of the Investor Education and Protection Fund (IEPF) with effect from October 1, 2001.The IEPF is credited with amounts in unpaid dividend accounts of companies, application moneys received by companies for allotment of any securities and due for refund, matured deposits and debentures with companies, and interest accrued thereon, if they have remained unclaimed and unpaid for a period of seven years from the due date of payment. The IEPF is utilized for promotion of awareness amongst investors and protection of their interests.

5.1.3.8 Training of Intermediaries:

A. National Institute of Securities Markets (NISM)

SEBI established the National Institute of Securities Markets (NISM) to cater the education about securities markets and training of intermediaries which is considered to be of a national importance. The activities of NISM are dedicated towards enhancing the quality of participation in securities markets within the broad framework of its vision, mission and philosophy. This involves developing the knowledge and skill base of all stakeholders. The activities of NISM are carried out through its six schools - School for Securities Education (SSE), School for Securities Information and Research (SSIR), School for Regulatory Studies and Supervision (SRSS), School for Investor Education and Financial Literacy (SIEFL), School of Certification of Intermediaries (SCI), School for Corporate Governance (SCG) and the National Centre for Finance (NCFE). In addition, NISM publishes various materials with a view to enhancing the knowledge levels of participants in the securities market. Over the years, NISM has also developed and implemented certification examinations for professionals employed in various segments of the Indian securities markets.

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5.2 CONCLUSION:

There have been several ups and downs in the capital market right from its inception due to one or other reasons. The capital market has witnessed numerous structural changes. However, the retail investors have not been educated to the extend to which they should have been. The data revealed by National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) as well SEBI Investors Survey (2015) indicates that number of retail investors in India increased from about 10 million in 1990 to just over 23 million by 2015.This is merely 2.10% of 1.30 billion Indian population (2015, source: www. worldometers.info) The volume of capital market in terms of number and amount has increased substantially over the decades but the penetration of retail investors in capital market is quite meager. Lack of comprehensive awareness, scams, malpractices, negative sentiments about the capital market, misconception etc. are the major reasons as why the retail investors have kept themselves away from the ambit of the capital market. SEBI, BSE, NSE and Various Investors Association viz. Ghatkopar Investors Welfare Association, Mumbai, Investors Grievances Forum,Mumbai etc. are playing their own individual & coordinated role in protecting the investor, handling grievances and educating them. SEBI, in its role as a market regulator and developer, has played an incredible role on the various front of investors protection, grievance handling, surveillance and investors education. The point to be noted, however, is that inspite of all these initiatives the small investors have not been benefited which indicates that there is fair scope of improvement by way of effective measures. It is therefore interesting to know what the investors feel about these measures, how educated and informed they feel about the market and how useful do they find the investor education programs run by SEBI. This forms the basis of the next two chapters.

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Chapter - 6

Investor Survey & Analysis – Socio Economic Profile of the Respondents

INTRODUCTION

In the era of post globalization and rapid industrialization, capital market is considered as one of the most attractive avenues of investment. However, it is imperative to inculcate the knowledge among the household and retail investors about the capital market and its various instruments of investments. The concerned authorities have been striving hard to achieve this goal. Over the years, ever since its inception, the SEBI as a market regulator has been instrumental and path indicator in order to create awareness among the retail investors about capital market.

This chapter mainly focuses on socio economic aspects of retail investors, survey analysis and findings. It becomes easy to understand the status of retail investors through analysis of socio economic profile of retail investors. The information on the basis of various parameters is being collected through structured questionnaire and survey is being conducted.

6.1 Research Design:

The present work is based on questionnaires, interviews and on secondary data. For the purpose of collecting necessary primary data, a structured questionnaires was designed and a survey was conducted over a sample of 550 capital market investors based in Palghar and Thane districts, with aim of knowing the opinions of these investors and their experiences on different aspect reflecting their perception, problems, preferences, status, major worries, adopted policies, present and future conservative or balanced approaches, attitude, regulators role , broking firms policies etc. The term small investors as used in this study has a wider meaning and covers individual shareholders, debenture holders, mutual fund holders and creditors whose investment is less than Rs. 200,000. Due to COVID - 19 pandemic, the survey and interviews were conducted online. A total of 553 individual investors have been consulted in this study. These 553 investors have been selected randomly and on the basis of convenience between June 2020 and September 2020. Of these 553 questionnaires administered, 553 responses were received. They belong to different areas in Palghar and Thane districts. As respondents are reluctant to openly provide necessary data, more so in the matters of income and investment size, therefore the investors participating in the study were assured that their individual responses would be used only for research purposes and would be held in strict confidence and therefore their names have not been mentioned anywhere in the study.

The results were presented in suitable tables and charts for the purpose of analysis and interpretation. The socio-economic profile of the respondents is given in the present chapter. The elaborate survey analysis & interpretation are also presented in this chapter.

6.2 Investors Socio - Economic Profile & Survey Analysis :

In this section the personal information of retail investors is given. The personal information includes age, gender, marital status, educational qualification, occupation, annual income etc. Whereas in next section investors survey analysis are given elaborately.

6.2.1 Age-wise Classification:

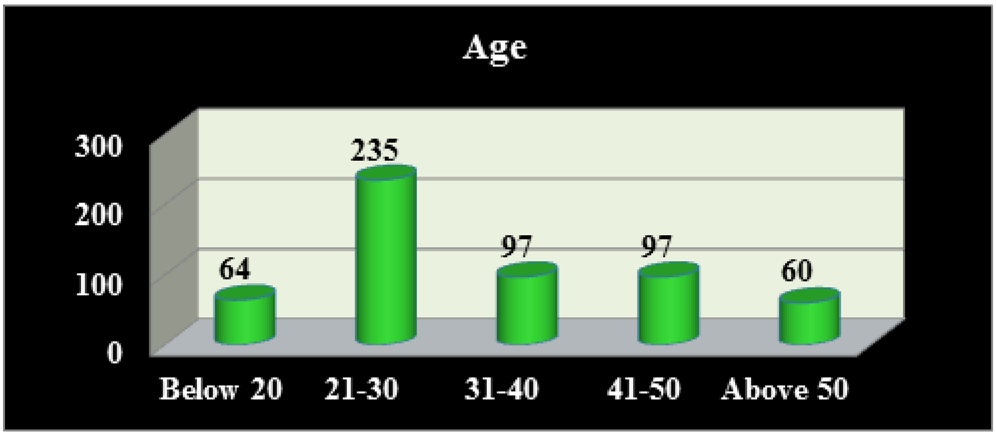
The retail investor belongs to various age groups. The age is the deciding personal factor that influences the investor towards the investment decisions. It is an element that always helps the investors in deciding the investments avenues, interest in making investments, etc. Hence, the classification of the respondents are made on the basis of their age. The age profile of the respondents is presented through Table 6.1 and Chart 6.1.

Age-wise Classification of Investors

Table 6.1

Age wise response of the Investors		
Age Group (in years)	**Frequency**	**Percentage (%)**
Below 20	64	11.60
21-30	235	42.50
31-40	97	17.50
41-50	97	17.50
Above 50	60	10.80
Total	**553**	**100.00**

Chart 6.1



It can be seen from Table 6.1 and Chart 6.1 that the maximum number of respondents were in the age group between 21- 30 years i.e. 235 (42.50%) followed by 97 (17.50%) respondents in the age group of 31- 40 years and 31-40 years respectively. The respondents in the age group below 20 are 64 (11.60%) which shows a positive sign. Notably, 493 respondents were below the age group of 50 years. There are 60 retail investors above the age of 50 and their number is 10.80 % which is quite insignificant. It is evident from the above information that 396 (71.60%) respondents belong to the age groups of below 20 years to 40 years which gives optimistic picture of inclination towards capital market.

6.2.2 Gender-wise Classification:

The below table attempts to analyse the gender of the investors. Gender-wise classification helps significantly in better understanding people's awareness and interest towards investment options. Hence, the classification of the gender of the respondents is made and presented in below table.

Gender-wise Classification of Investors:

Table 6.2

Gender wise response of the Investors		
Gender	**Frequency**	**Percentage (%)**
Male	350	63.30
Female	203	36.70
Total	**553**	**100.00**

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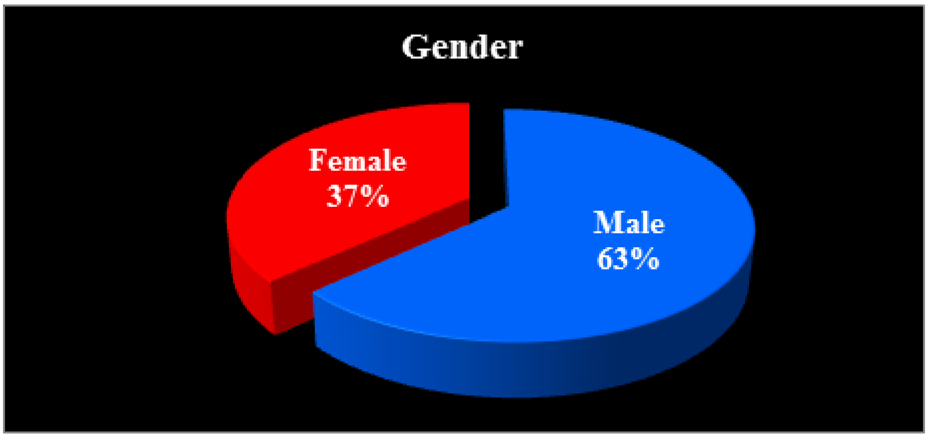
Chart 6.2



It has been found from table 6.2 and chart 6.2 that, among the total respondents, 350 (63.30%) are males and 203 (36.70%) are females respondents. Male respondents are in overwhelming majority that makes up almost 3/4th of the total number of respondents. The rest, 203 (36.70%) respondents are female which comprise of almost 1/4th of the total respondents. This shows a huge deviation based on gender. It is apparent from the above table and chart that male respondent are more inclined to invest their money in the capital market as compare to female. Hence, there is wide scope to increase the penetration of female investors towards capital market as females normally prefer to park their saving in gold & jewelries.

6.2.3 Marital Status:

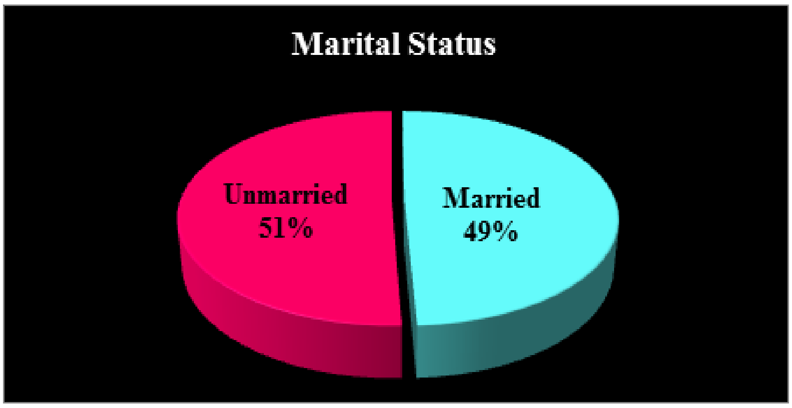
The below section highlights about the marital status of the respondents with the objective to know whether marital status influences the investment of an individual.

Marital Status -wise Classification of Investors:

Table 6.3

Marital Status	Frequency	Percentage (%)
Married	273	49.40
Unmarried	280	50.60
Total	**553**	**100.00**

Chart 6.3



From the above table 6.3 and chart 6.3 it can be seen that out of total respondents 273 (49.40%) respondents are married whereas rest 280 (50.60%) respondents are unmarried. There is marginal difference between the proportion of married and unmarried respondents. Being

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unmarried is of plenty advantageous as they are free to make financial decision and they can create desirable financial future. On the other hand, married respondents have to discuss many things with their spouse before making any financial planning. It is thus inferred that unmarried respondents could be a big chunk to target towards investor education.

6.2.4 Educational Qualifications:

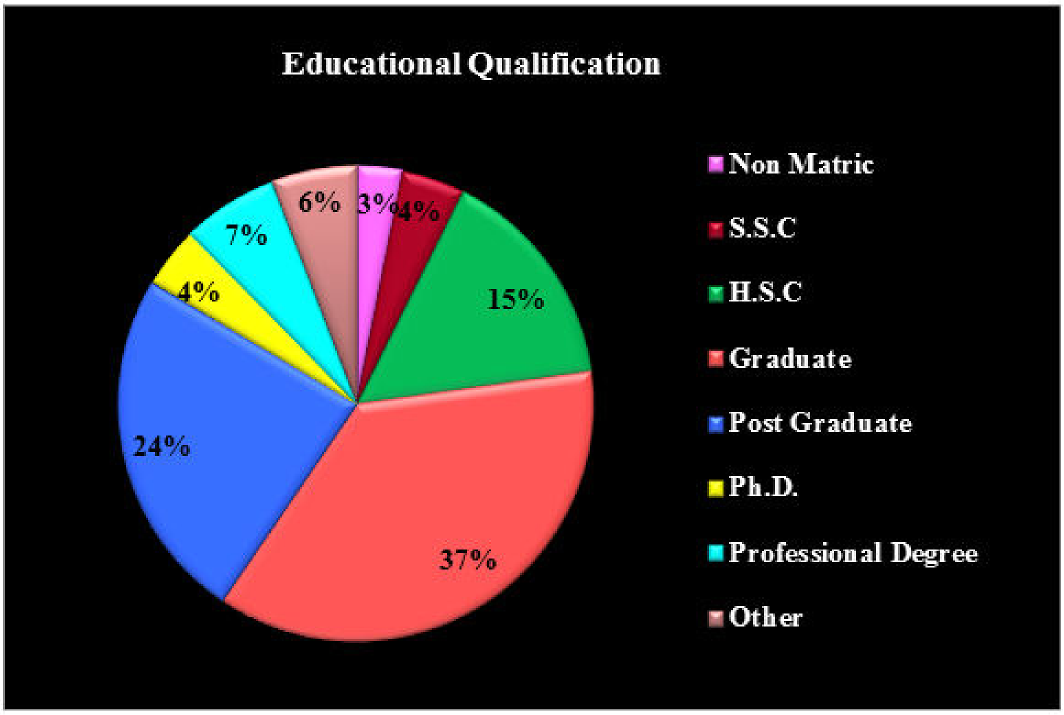
The following data helps us to understand whether the level of education is associated with investment in capital market.

Educational Qualifications-wise Classification:

Table 6.4

Education Qualification	Frequency	Percentage (%)
Non Matric	17	3.10
S.S.C	24	4.30
H.S.C	85	15.40
Graduate	203	36.70
Post Graduate	133	24.10
Ph.D.	23	4.20
Professional Degree	36	6.50
Other	32	5.80
Total	**553**	**100.00**

Chart 6.4



The study needs to understand whether the level of education is associated with investment in capital market .The data in table 6.4 and chart 6.4 reveals that the majority of the 203 (36.70%) respondents are Graduates followed by Post Graduates with 133(24.10%). 23 (4.20%) respondents posses Ph.D. whereas 36 (6.50%) people have professional degree 89(22%).Those with lesser qualification accounts for 22.80 % of the total population. It is interesting to note that 395 (71.50 %) respondents possess higher education (Bachelor plus). The different

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levels of educational qualification shown above table will have impact on investors education. In other words higher the educational qualification greater would be the awareness about capital market and vice versa. It is thus concluded that intensive education programs should be undertaken to bring all class of individuals especially highly educated individuals in the ambit of capital market.

6.2.5 Occupation of Respondents:

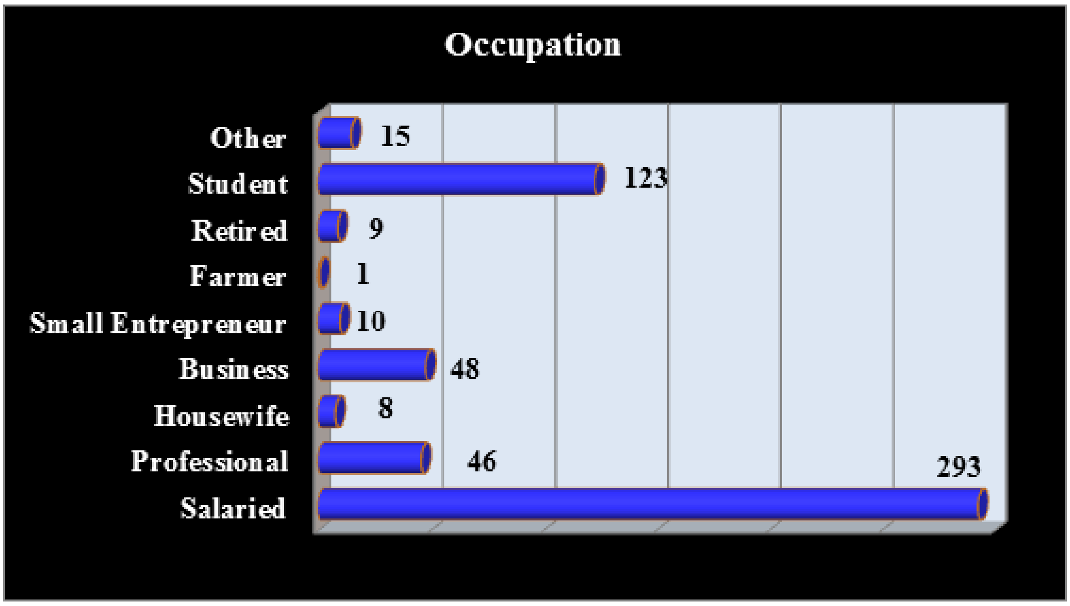
The occupation of the respondents is being analysed through below section in order to know occupational status of an individual.

Occupation-wise Classification:

Table 6.5

Occupation	Frequency	Percentage (%)
Salaried	293	53.00
Professional	46	8.30
Housewife	08	1.40
Business	48	8.70
Small Entrepreneur	10	1.80
Farmer	01	0.20
Retired	09	1.60
Student	123	22.20
Other	15	2.70
Total	**553**	**100.00**

Chart 6.5



While distributing respondents based on their employment status, it was found that more than half of the proportion belongs to salaried employee's category. The above table 6.5 and chart 6.5 shows that out of 553 respondents under the study, 293 (53%) respondents are salaried employee. The prospects for targeting the class of salaried employees for creating awareness about capital market are better by virtue of their fixed nature of income.46 (8.30%) respondents are professionals, 58 (10.50%) respondents are businessman and small entrepreneurs respectively. Barely 8 (1.40%) respondents are housewives. Further, this table shows that merely 9 (1.60%) respondents belong to retired category. This means that retired people seem to park their sizable and substantial savings elsewhere. Similarly, barely 1 (0.20%) respondent are farmers by occupation which demonstrates that farming community is ignorant about capital market. Remarkably 123 (22.20%) respondents are students pursuing and possess higher education. They can be act as prospective and future investors if the awareness is created.

6.2.6 Income-wise Classification

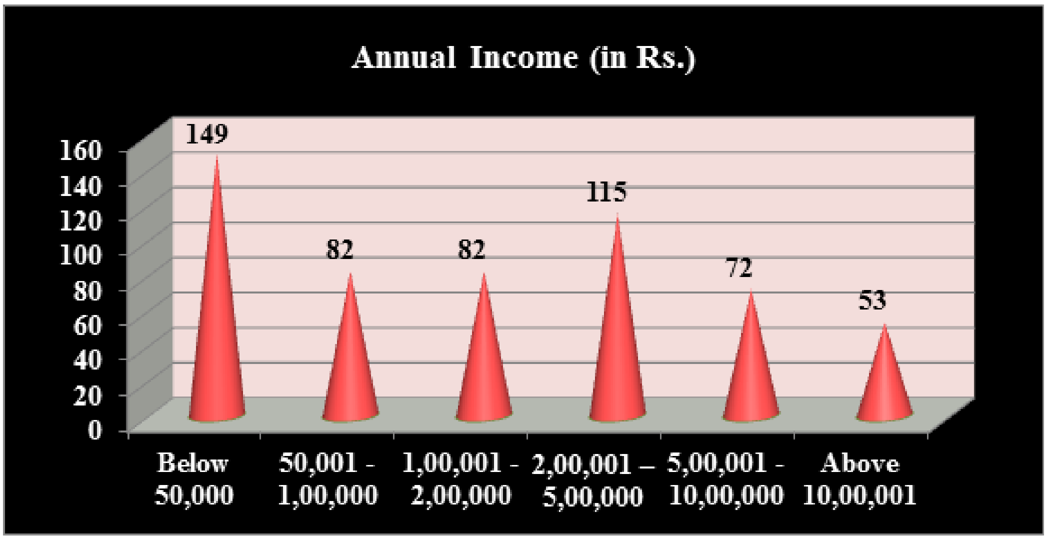
The income of the people is an essential factor that influences and motivates them for making their investments. The investors are classified on the basis of their income per annum presented in the table below.

Income-Wise Classification:

Table 6.6

Income wise response of the Investors		
Annual Income (Rs.)	Frequency	Percentage (%)
Below 50,000	149	26.90
50,001 - 1,00,000	82	14.80
1,00,001 - 2,00,000	82	14.80
2,00,001 – 5,00,000	115	20.80
5,00,001 - 10,00,000	72	13.00
Above 10,00,001	53	9.60
Total	**553**	**100.00**

Chart 6.6



It can be seen from table 6.6 & chart 6.6 that out of the total 553 respondents 149 (26.90 %) respondents are earning below Rs.50000 annually; 82 (14.80 %) respondents are earning between Rs. 50000 to 1 lakh per annum. Similarly 82 (14.80 %) respondents are earning Rs.1 lakh to Rs.2 lakhs. 115 (20.80%) respondent's income is in the range of Rs.2 lakhs to Rs. 5 lakhs whereas 72 (13.00%) respondents are earning Rs.2 lakhs to Rs. 5 lakhs per annum and the rest of 53 (9.60%) respondents are earning Rs.10 lakhs and above annually. The maximum numbers of respondents 149 (26.90%) who are having an annual income below Rs.50000. It is therefore inferred that 240 (43.40%) respondents were from the income group of Rs. 2 lakhs to above Rs.10 lakhs which shows that there is huge scope for investment in the capital market from these specific group of people. Although more than 313 (56.50%) of the respondents were in the lower income group between Rs. 50 000 - Rs. 2 lakhs, they also have potentials to become future investors of capital market.

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6.2.7 Investment Avenues:

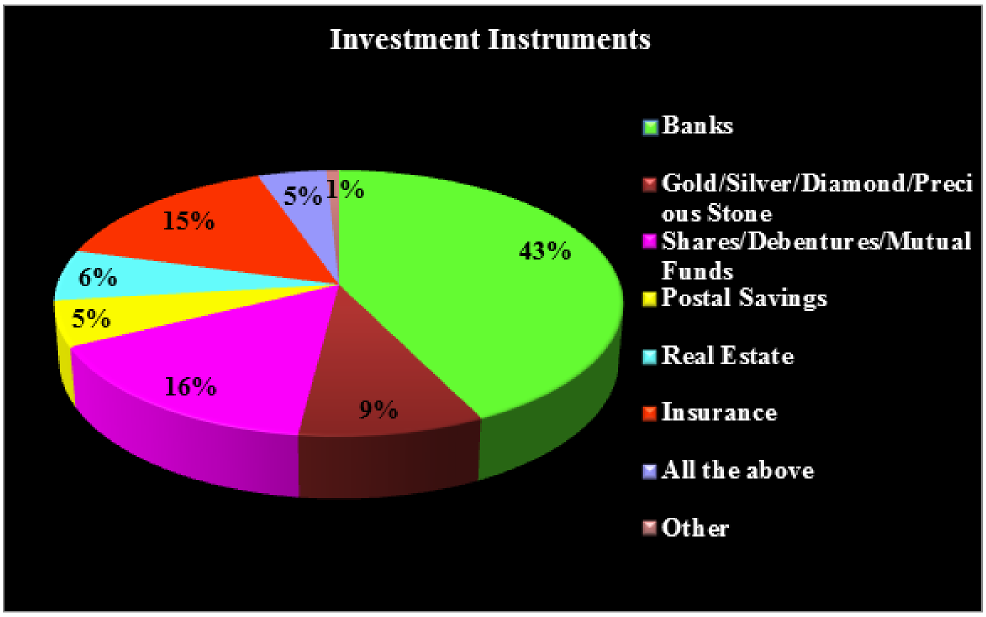
The household or retail investor park their savings in various avenues of investment according to their perception and understanding. Most of these avenues are traditional which have been examined through below table and chart.

Investment Instruments Wise Classification:

Table 6.7

Investment Instruments	No. of Respondents	Percentage (%)
Banks	427	77.40
Gold/Silver/Diamond/Precious Stone	93	16.80
Shares/Debentures/Mutual Funds	156	28.30
Postal Savings	55	10.00
Real Estate	62	11.20
Insurance	154	27.90
All the above	45	8.20
Other	08	1.40

Chart 6.7



From the table 6.7 and chart 6.7 the result found that majority of the respondents i.e. 427 (77.40%) choose to invest their money in Bank savings whereas second most preferred investment vehicle is Shares/Debentures/Mutual Funds with 156 (28.30%) followed by Insurance with 154 respondents i.e. 27.90% of total respondents. Most of the investors held least amount of financial resources in the Gold / Silver/ Diamond / Precious Stone, Postal Savings and Real Estate with 93 (16.8%), 55 (10.00%) and 62(11.20%) respectively. It is noteworthy that 45 (8.20%) respondents have park their savings in all financial instruments. It is thus concluded that majority of respondents still park their money in conventional and traditional avenues of savings which leads to lower penetration in capital market. Hence investor awareness could be decisive to bring all such people in the domain of capital market.

6.2.8 Investment in the Capital Market:

From the below section, it has been strived to know whether respondents invest in capital market or not.

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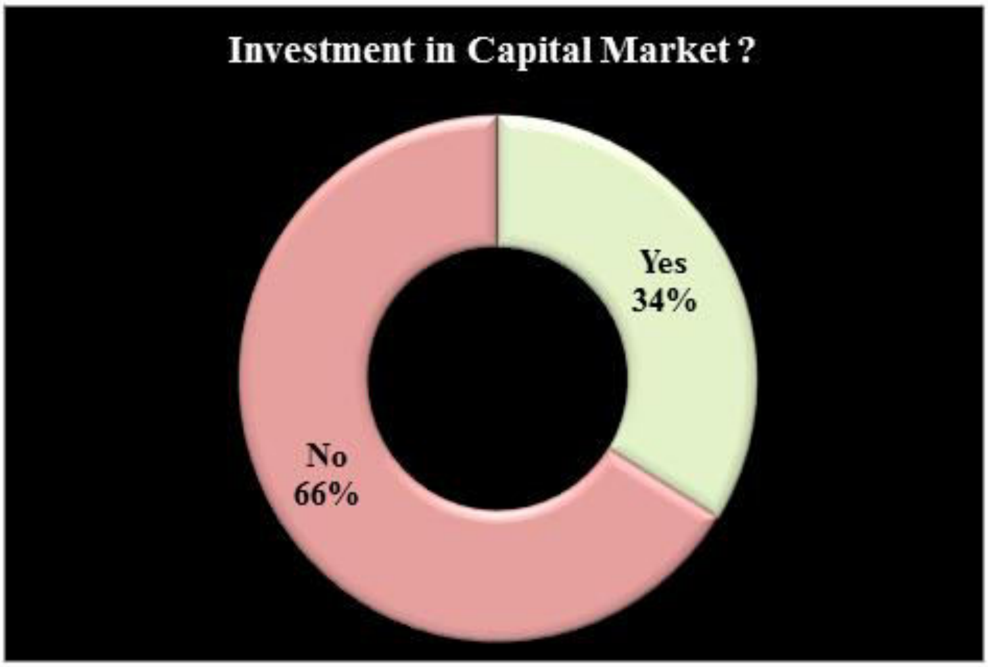
Classification Based on Investment in the Capital Market

Table 6.8

Investment	Frequency	Percentage (%)
Yes	187	33.80
No	366	66.00
Total	**553**	**100.00**

Chart 6.8



It can be observed from the above table 6.8 and chart 6.8 that out of total respondents i.e. 553, merely 187 (33.80%) respondents have invested in capital market. In other words, bulk of the individuals i.e. 366 (66.20%) do not invest in capital market. There is significant deviation between investing and non investing respondents. This gives rise to rigorous investor education and awareness campaign.

6.2.9 Investment Experience in the Capital Market:
The investment experience of retail investors in capital market is being scrutinized from below table. The table is being further simplified through graph as shown beneath.

Classification Based on Investment Experience

Table 6.9

Investing Since	Frequency	Percentage (%)
0 - 2 Years	71	12.80
3 - 5 Years	47	8.50
6 - 10 Years	34	6.10
11 years above	35	6.30
Not Applicable	366	66.20
Total	**553**	**100.00**

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Chart 6.9

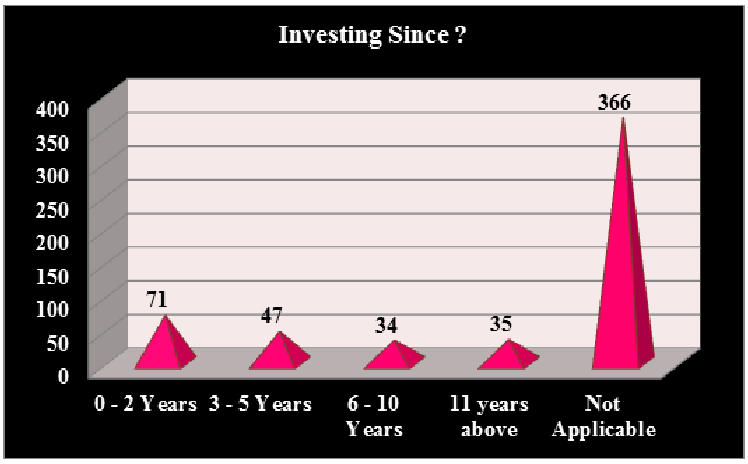


Table 6.9 and chart 6.9 disclose that out of the total 553 respondents, 71 respondents (12.80%) have been investing since last 2 years; 47 (8.50%) respondents were investing from the period between 3 to 5 years; 34 (6.10%) respondents are investing from 6 to 10 years whereas as many as 35 (6.30%) respondents are investing from above 11 years. It has been observed that the aggregate respondents of all class having investment experience are 187 (33.80%). However, greater part of the respondents i.e. 366 (66.20%) are still outside the sphere of capital market.

6.2.10 Current/Present Investment in the Capital Market:

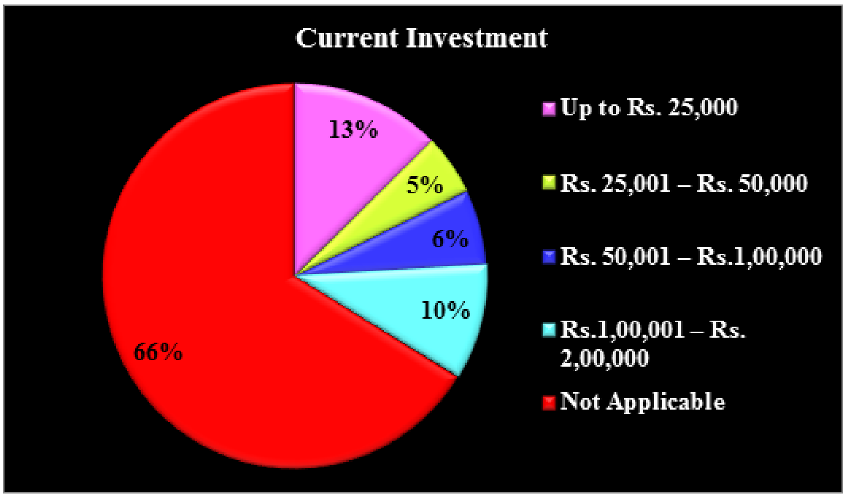
This section emphasizes about investment presently made by respondents in capital market.

Current/Present Investment Wise Response of the Investors

Table 6.10

Current Investment	Frequency	Percentage (%)
Up to Rs. 25,000	70	12.70
Rs. 25,001 – Rs. 50,000	28	5.10
Rs. 50,001 – Rs.1,00,000	35	6.30
Rs.1,00,001 – Rs. 2,00,000	54	9.80
Not Applicable	366	66.20
Total	**553**	**100.00**

Chart 6.10



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As per table 6.10 and chart 6.10 above, out of total 553 respondents, 70 (12.70%) respondents have currently invested upto Rs.25000; 28 (5.10%) respondent's existing investment is in the range of Rs.25001 to Rs.50000; 35 (6.30%) respondents have parked Rs.50001 to Rs.100000 currently in capital market. Similarly, at present. 54 (9.80%) respondents have invested between Rs.100001 to 2 lakhs. It is concluded that the majority 70 (12.70%) respondents currently invest upto Rs.25000, which shows the poor interest of the respondents in investment in capital market.

6.2.11 Frequency of Investment in the Capital Market

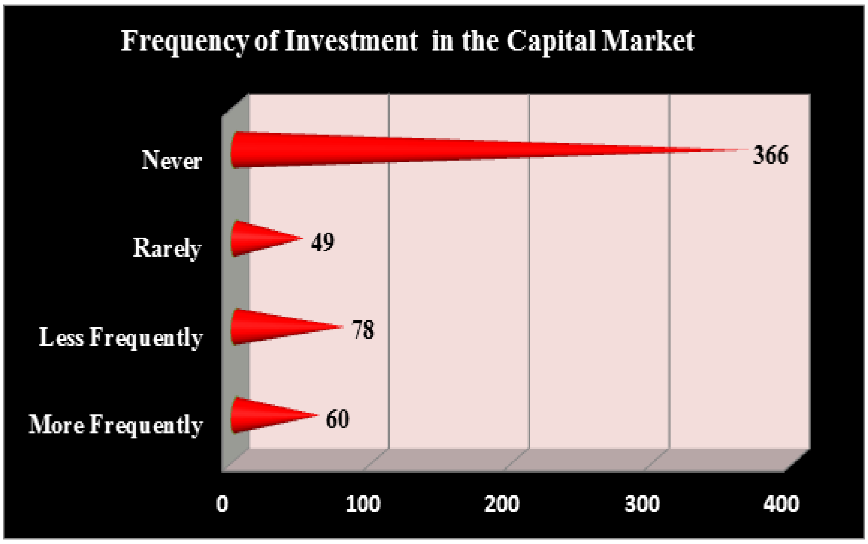
The frequency of investment made by retail investors in capital market has been reviewed through below table and chart.

Frequency of Investment in the Capital Market

Table 6.11

Frequency	No. of Respondents	Percentage (%)
More Frequently	60	10.80
Less Frequently	78	14.10
Rarely	49	8.90
Never	366	66.20
Total	**553**	**100.00**

Chart 6.11



From the above table 6.11 and chart 6.11 it can be seen that 60 (10.8%) respondents invest more frequently whereas 78 (14.10%) respondents invest less frequently. Similarly 49 (8.90 %) respondents invest rarely and the whopping 366 (66.20%) respondents have never invested in capital market. Among the investing class of investor; 138 (24.90%) investors are actively involved and show keen interest in trading and take part in trading accordingly. It is inferred that frequency towards investment in capital market is not adequate. There is thus need for awareness.

6.2.12 Benefit from Investment:

Every kind of investment is usually made with an intention to get some concrete and sizable returns on such investments. The investors are always optimistic about such returns and gains. The benefit with respect to investment done in capital market is being evaluated through below section.

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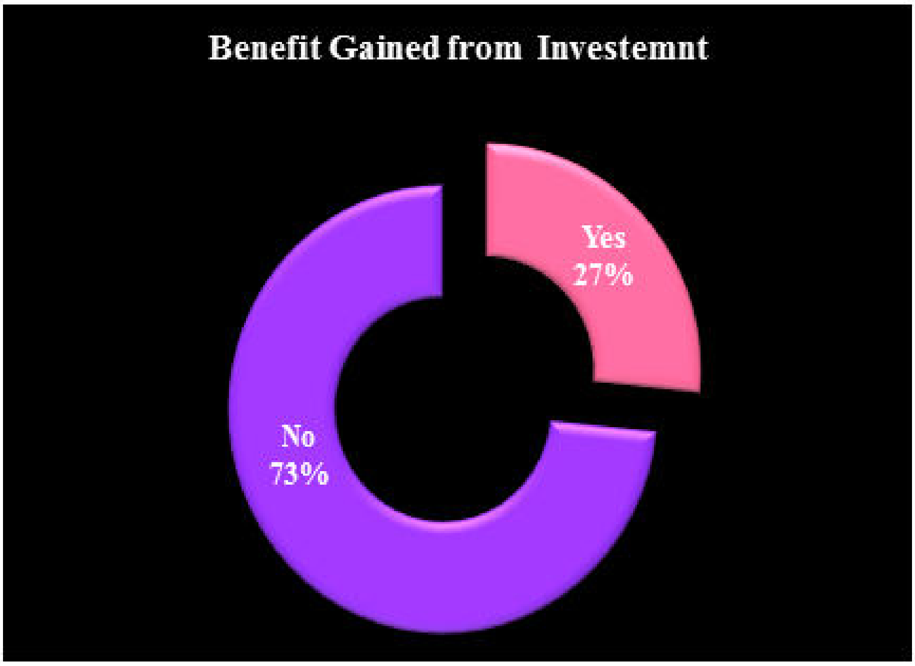
Benefit Gained from Investment

Table 6.12

Benefited or Not	Frequency	Percentage (%)
Yes	147	26.60
No	406	73.40
Total	**553**	**100.00**

Chart 6.12



The above table 6.12 and chart 6.12 presents the benefit gained by the investors from capital market on their investment. Out of the total respondents 147 ((26.60%) respondents are of the opinion that they have been benefited from the investments made in capital market whereas rest of the 406 (73.40%) respondents (which includes non investing respondents) have opposite opinion. It is evident from the above information that 1/4 of the of the total respondents are beneficiaries of capital market and they have positive perception and attitude about capital market.

6.2.13 Frequency of Benefit from Investment

The frequency of benefit derived to the respondents against the investment made in capital market is being analysed in below table and reflected through graph as well.

Classification Based on Frequently of Benefit

Table 6.13

Frequency of Benefits	Frequency	Percentage (%)
Always	30	5.40
Occasionally	91	16.50
Rarely	57	10.30
Not Applicable	375	67.80
Total	**553**	**100.00**

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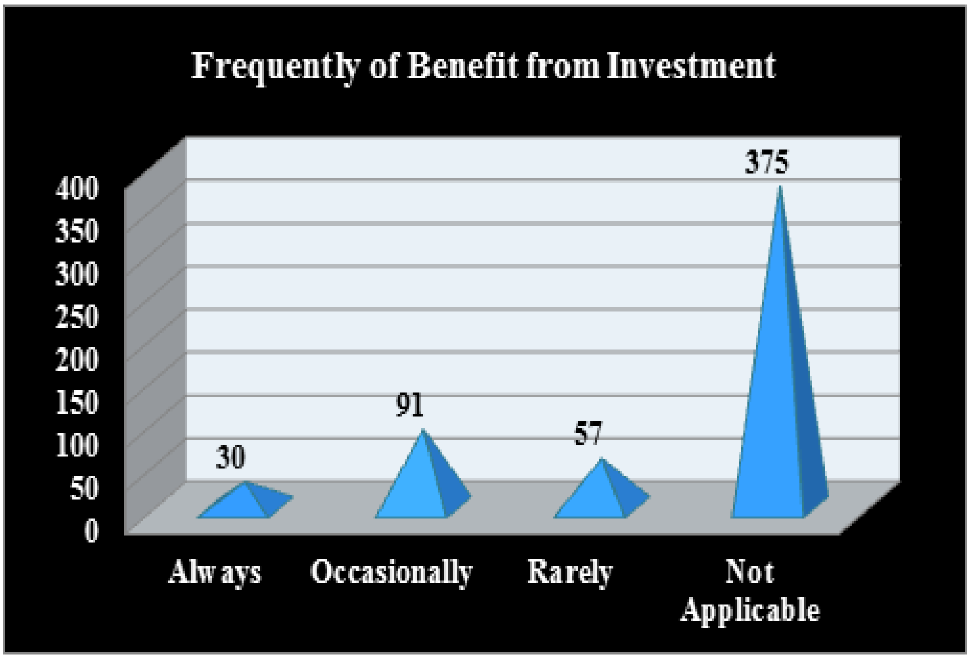
Chart 6.13



The above table 6.13 and chart 6.13 attempts to present as how frequently the investors are benefited from the capital market as against the investment made by them. Out of total respondents, 30(5.40%) respondents said that they have constantly benefited from capital market whereas 91 (16.50%) respondents have experienced the benefit on occasional basis.57 (10.30%) respondents were of the opinion that they were benefited rarely out of their investment in capital market. It is therefore inferred that 1/3 of the total respondents have benefited either on regular, occasionally or rare basis which is certainly an optimistic picture and shows the ray of hope and prospects for awareness about capital market.

6.2.14 Reasons for Not Getting Benefited

As the investment in capital market is subject to market risk. It is not necessary that every investment yields a return. There could be loss against investment due to wrong investment strategies adopted by the individual investors. The reasons for not getting benefitted against the investment in capital market are evaluated below:

Reasons for Not Getting Benefited

Table 6.14

Reasons	Frequency	Percentage (%)
Lack of Knowledge in Investment	83	15.00
Poor Planning in Investment	39	7.10
Relying on Friends advise	14	2.50
Greed about Stock Market	13	2.40
Not Applicable	336	60.80
Other	68	12.30
Total	**553**	**100.00**

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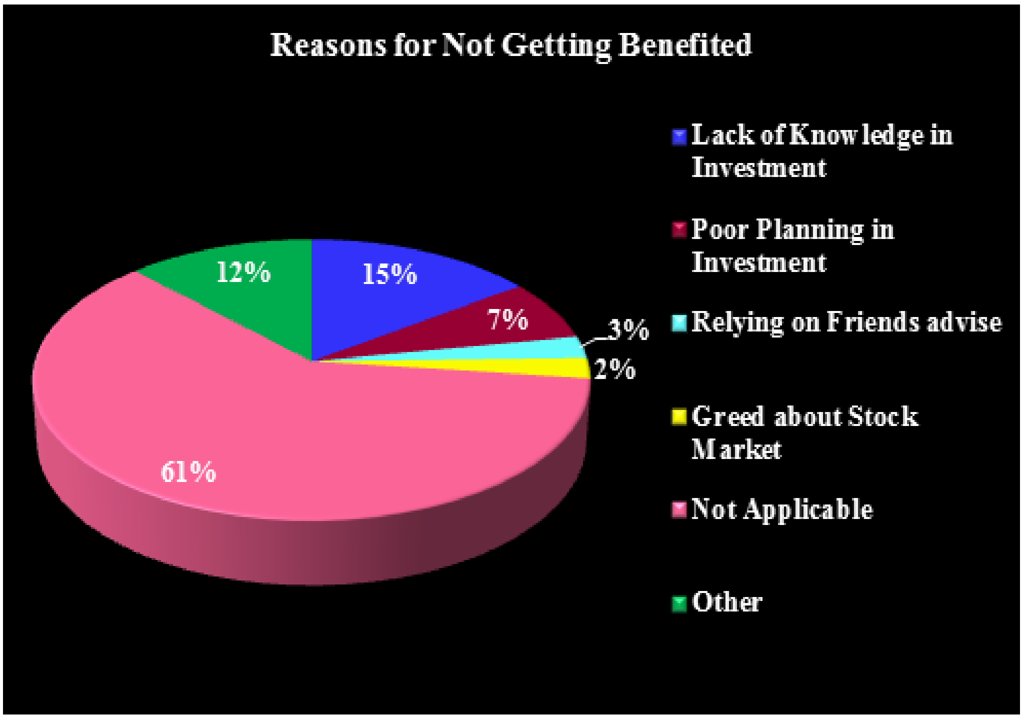
Chart 6.14



From the table 6.14 and chart 6.14 the result found that 83 (15.00%) respondents have uttered that they couldn't gain from capital market due to lack of their knowledge in investment ; 39 (7.10%) respondents voiced saying their poor planning in investment is the reason behind not getting returns or benefit from their investment whereas 14 (2.50%) respondents feels that relying on friends advise is the reason for not getting benefited. Similarly, 13 (2.40%) respondents feel that greed about capital market is a reason for not meeting its expectation about returns. The sizable portion of people have remained away from the ambit of capital market in other words they are no where in the picture.

6.2.15 Problems Faced while Investing in Capital Market:

While dealing with investment in capital market, the investors encounter with numerous problems. All such problems are being looked at through below table.

Problems Faced while Investing in Capital Market

Table 6.15

Problems Faced	Frequency	Percentage (%)
Lack of Information	124	22.50
Time Constraint	97	17.60
Trustworthiness of Intermediaries	66	12.00
Too Much Information	47	8.50
Lack of Technology	29	5.30
All the above	43	7.80
Not Applicable	296	53.60
Other	4	0.70

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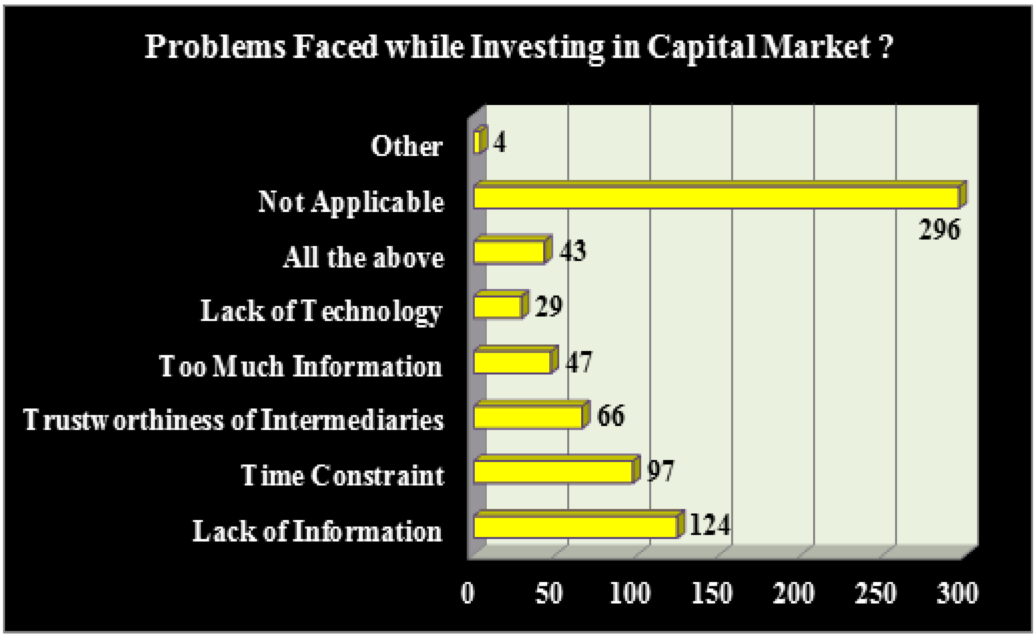
Chart 6.15



The above table 6.15 and chart 6.15 shows the problems faced by the people while investing in the capital market. Of the total 553 respondents, 124 (22.50%) respondents feel that lack of information is one of the major problem faced by them while investing in capital market followed by 97 (17.60%) respondents according to whom time constraints is one of the problem they encountered while investing. 66 (12.00%) respondents have questioned about trustworthiness of intermediaries. In other words they are skeptical about the role played by market intermediaries. 47 (8.50%) respondents are of the opinion that explosion of information i.e. too much information cause a problem and creates confusion in investment. It is thus concluded that if the aggregate number of respondents from "Not Applicable" and all above categories are added together, there is serious problem of awareness about capital market among the household investors.

6.2.16 Understanding and Perception about Capital Market

An individual or a common man and a prospective investors have different perceptions and understanding about capital market which varies from person to person and investor to investor. All such perceptions have been analysed below.

Overall Understanding and Perception about Capital Market

Table 6.16

Perceptions & Understanding	Frequency	Percentage (%)
It creates long term wealth	209	37.80
It is only speculation	55	9.90
It is source of side income	172	31.10
It is better than traditional financial instrument	88	15.90
It is like gambling	153	27.70
Other	30	5.40

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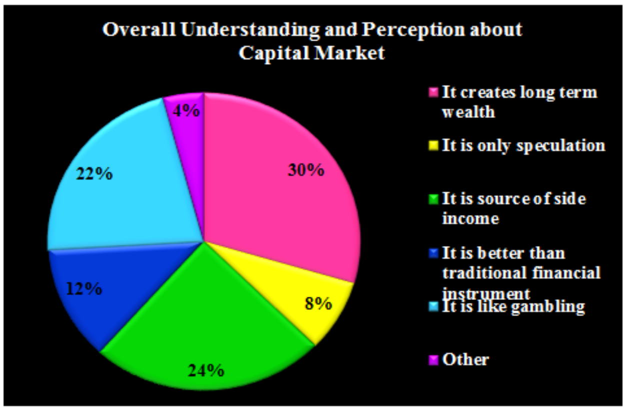
Chart 6.16



The table 6.16 and chart 6.16 contemplates to know the perception of common man about capital market. Out of the total 553 respondents, most of 209 (37.80%) respondents perceive that they invest their money in capital market for creating long term wealth. Second highest number of respondent's 172 (31.10%) understanding is that capital market is a source of side income. 153 (27.70%) respondents feel that capital market is like a gambling whereas 88(15.90) respondents are of the opinion that better than traditional financial instrument. 55(9.90%) respondents sense that capital market is mere speculation. It is thus inferred that various perceptions are there in the minds of ordinary household individuals about the capital market.

6.2.17 Attitude of Investor

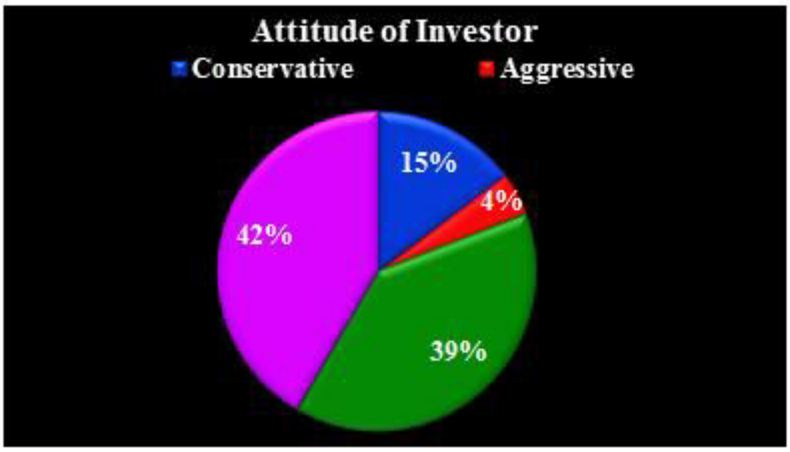
The retail investor is too not an exception to a well known phrase "Many Heads Many Minds". There is diverse mindset among the investing community. The following table elaborates about such mindset

Attitude of Investor

Table 6.17

Type of investors	Frequency	Percentage (%)
Conservative	82	14.80
Aggressive	24	4.30
Balanced	217	39.20
Not Applicable	230	41.60
Total	**553**	**100.00**

Chart 6.17



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It can be seen from the table 6.17 and chart 6.17 that 217 (39.20%) respondents out of total 553 respondents consider themselves as balanced investors. 82 (14.80%) perceived themselves as conservative investors whereas just 4.30% of the total respondents claims that they are aggressive type of investors.

6.2.18 Knowledge about SEBI, BSE, NSE, etc.

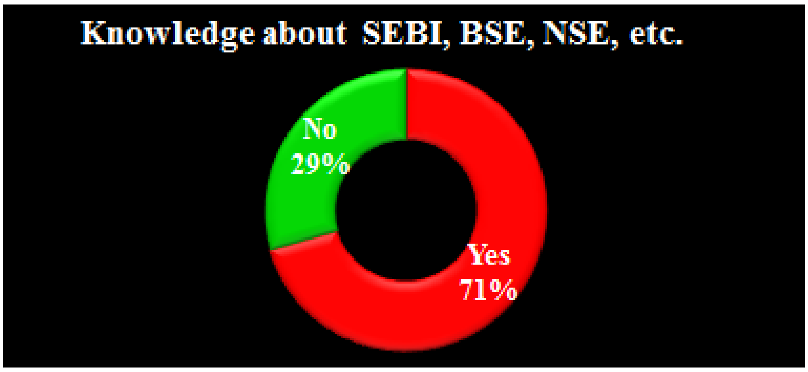
The attempt is being made through below section whether the respondents are aware about the apex and premier institutions associated with capital market.

Knowledge about SEBI, BSE, NSE, etc.

Table 6.18

Aware or Not Aware	Frequency	Percentage (%)
Yes	390	70.50
No	163	29.50
Total	**553**	**100.00**

Chart 6.18



From the above table 6.18 and chart 6.18 it is surprising to note that, out of the total respondents, 390 (70.50%) respondents are well aware about the premier institutions viz. SEBI, BSE, NSE, etc. associated and indulged in investor awareness programs about Indian capital market. 163 (29.50%) respondents do not know about such institutions. As a result, it is concluded that most of the respondents have limit their understanding merely for knowing the names of such statutory bodies and not moved one step ahead to invest in the capital market. The causes of investors not being active in capital market have been analysed in detail in later part in this chapter.

6.2.19 Sources to Know about SEBI, BSE, NSE etc.

In connection with the previous table, the below table highlights the information as from where the respondents got to know about all capital market related institutions.

Sources to Know about SEBI, BSE, NSE etc.

Table 6.19

Various Sources	Frequency	Percentage (%)
TV Channel	150	27.10
Newspaper/Magazine/Journal	218	39.40
Internet/YouTube/Social Media	195	35.30
Information from friends/relatives	150	27.10
Not Applicable	155	28.00
Other	37	6.70

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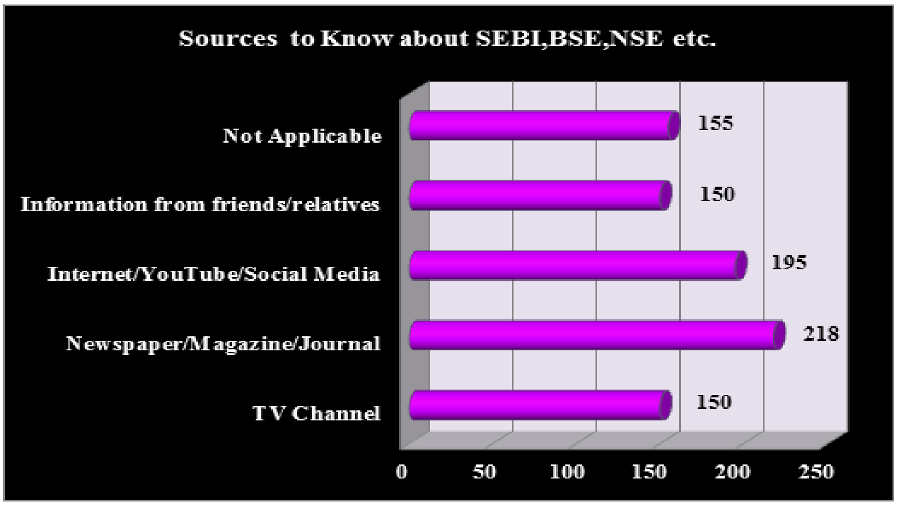
Chart 6.19



It is revealed from the table 6.19 and chart 6.19 that 150 (27.10%) respondents came to know about SEBI, BSE,NSE etc. from TV Channel; 218 (39.14%) respondents got to know through Newspapers/Magazines/Journals.195(35.30%) respondent's source of information was Internet/YouTube/Social Media whereas as many as 150 (27.10%) respondents had to depend upon or resort to their friends and relatives to know about such institutions. It is thus concluded print and electronic media has played a significant role to create awareness about capital market related institutions like SEBI,BSE,NSE etc. It has been further observed that more than ¼ respondents from each category came to know through various sources and there is awareness about capital market related institutions.

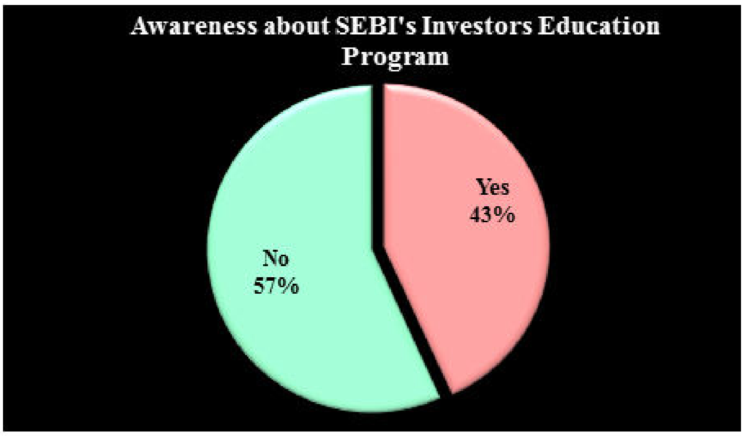
6.2.20 Awareness about Investors Education Programs Undertaken by SEBI

From the below table, attempt is being made to know about the awareness among the investors regarding investor education programs undertaken by SEBI.

Table 6.20

Awareness	Frequency	Percentage (%)
Yes	239	43.20
No	314	56.80
Total	**553**	**100.00**

Chart 6.20



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The result in Table 6.20 and chart 6.20 indicate that 239 (43.20%) respondents have expressed that they are aware about investor education programs undertaken by SEBI. This apparently shows that bulk of the respondents are at least aware about SEBI and its investors education programs. On the contrary, the large chunk of the respondents i.e. 314 (56.80%) are ignorant and uninformed regarding investors education initiative by SEBI.

6.2.21 Participation in SEBI's Investor Awareness Programs

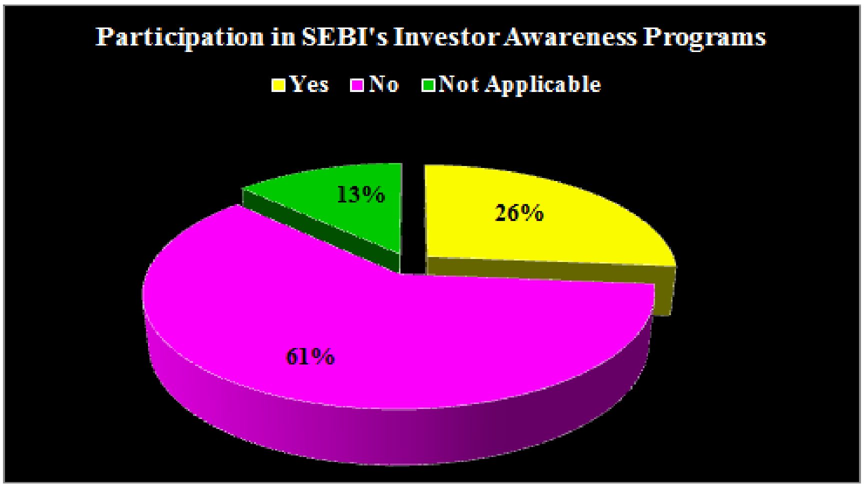
An attempt is being made to know whether the respondents actually participate in investors education programs conducted either directly by SEBI or through SEBI's initiative through different means and ways. The following table reflects the participation of respondents in such education programs.

Participation in SEBI's Investor Awareness Programs

Table 6.21

Participation	Frequency	Percentage (%)
Yes	146	26.40
No	336	60.80
Not Applicable	71	12.80
Total	**553**	**100.00**

Chart 6.21



The table 6.21 & and chart 6.21 shows that 146 (26.40%) respondents have shown interest and attended the investors education programs initiated and conducted by SEBI. Whereas, rest of the respondents which carries majority i.e. 407 (73.60%) have preferred not to attend or not aware about such awareness programs. In fact, table 6.19 and table 6.20 reveals that considerable respondents are aware about SEBI & SEBI's investor education programs respectively but out of it hardly 26.40% respondents have actually attended the investors education programs organized by or through SEBI. Thus it is the grave reality that the people are well aware about SEBI & SEBI's investor education programs but they don't come forward to attend such programs. This could be due to one or another reasons which apparently point out that they are least bother about all such education programs initiated by SEBI.

6.2.22 Usefulness of Investor Education Programs

The feedback has been taken through following table from the respondents about the effectiveness, usefulness and efficacy of investor education programs undertaken by SEBI.

Usefulness of Investor Education Programs

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Table 6.22

Usefulness	Frequency	Percentage (%)
Very much useful	70	12.70
Somewhat useful	65	11.80
Not much useful	20	3.60
Can't say	81	14.60
Not Applicable	317	57.30
Total	**553**	**100.00**

Chart 6.22

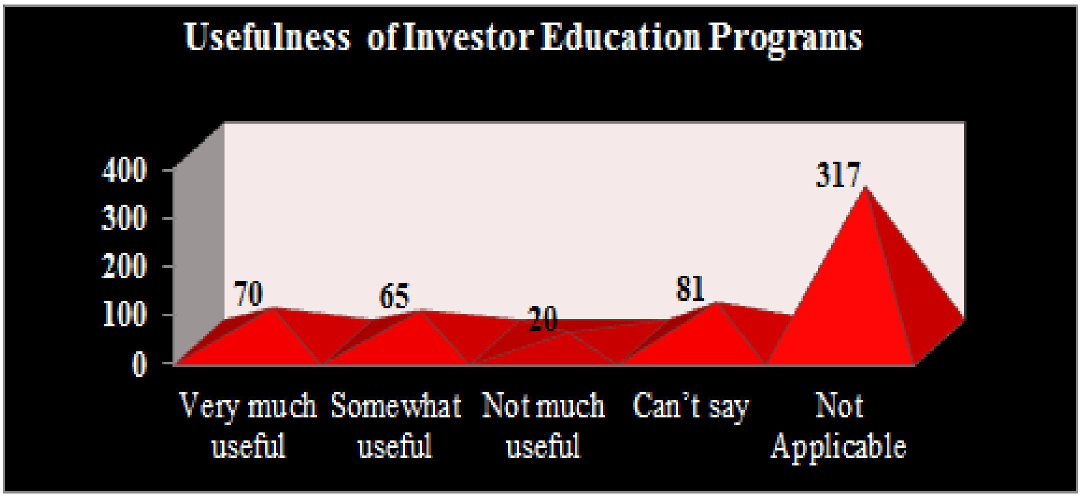

Table 6.22 and chart 6.22 points out the efficacy and the effectiveness of SEBI education programs from investors point of view. 70 (12.70%) respondents are of the view that SEBI education programs are very much useful; 65 (11.80%) respondents after attending SEBI education program feel that such programs are somewhat useful whereas 20 (3.60%) have expressed that such education programs are not much useful. 81 (14.60%) respondents refused to give their comments by saying "Can't Say". Thus the analysis apparently implies that very few respondents have positive opinion about the SEBI's education program initiative.

6.2.23 Outcome of Education Programs

The in-depth analysis has been done from below table whether there is an increase in knowledge and confidence among the retail investors about capital market after attending investor education programs offered by SEBI.

Is there Increased in Knowledge & Confidence about the Capital Market as a Result of Participating in Investor Education Programs?

Table 6.23

Increase in Knowledge	Frequency	Percentage (%)
A lot	70	12.70
Somewhat	111	20.10
Not at all	18	3.30
Can't Say	103	18.60
Not Applicable	251	45.40
Total	**553**	**100.00**

Chart 6.23

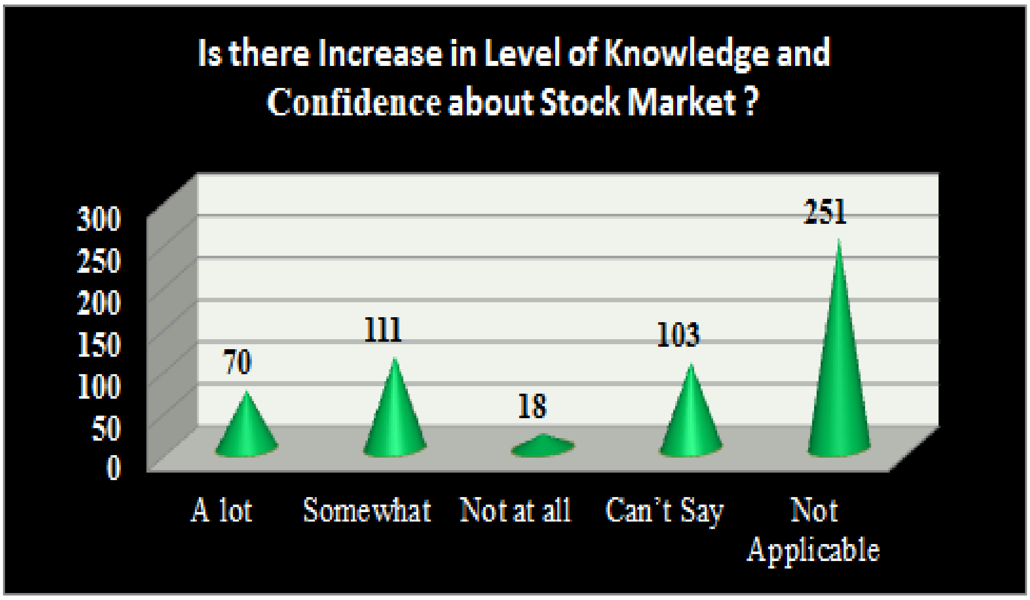

Table 6.23 and chart 6.23 shows that out of the total respondents, 70 (12.70%) respondents believe that after attending SEBI's education programs their knowledge and confidence about the capital market have increased; 111 (20.10%) respondents have expressed that their knowledge and confidence have increased somewhat whereas 18(3.30%) respondents have negative experience about such educational programs and feel that these kind of programs are not at all increased their level of knowledge and confidence about capital market. It is interesting to note that 103 (18.60%) respondents have refused to comment on the same.

6.2.24 SEBI's Effective Education Programs

The below table depicts about SEBI's most admired and popular investor education programs

SEBI's Most Admired Investors Education Programs

Table 6.24

Education Program	Frequency	Percentage (%)
Awareness Programs/Workshops through Stock Exchanges	149	26.90
Mass Media Campaign through T.V, Radio,	59	10.70
Regional Seminars	41	7.40
Dedicated Investor Website	36	6.50
Investors Assistance through	35	6.30
Visit to SEBI	66	11.90
SEBI stalls at various Fairs and Exhibitions	26	4.70
Not Applicable	322	58.20

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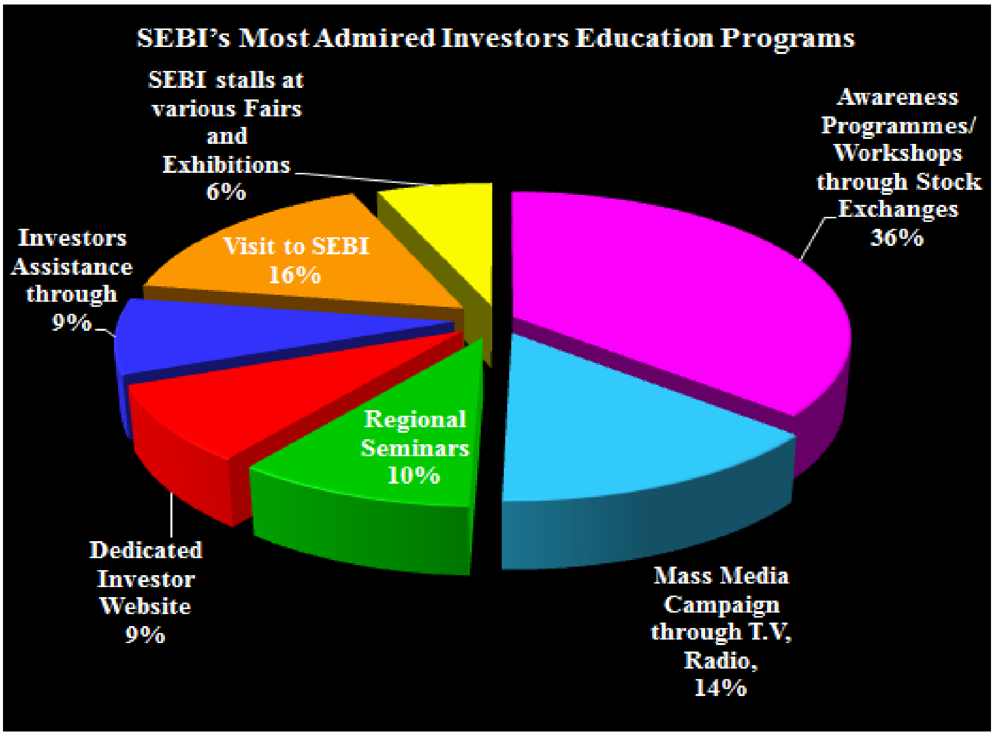
Chart 6.24



As long as the SEBI's investors education program is concerned, out of 553 respondents the above table 6.24 and chart 6.24 indicates that 149 (26.90%) respondents strongly feel that they liked most about SEBI's "awareness programs and workshops conducted through stock exchanges". The second most 66 (11.90%) respondents think that visit to SEBI is an impressive and unique way of investor education program; 59 (10.70%) respondents impression is that campaign through electronic media like T.V, Radio etc. are effective way of investors education. Similarly 41 (7.40%) respondents consider regional seminars of SEBI as distinctive way of educating investors. Rest 97 (17.50%) respondents have favored to dedicated Investor website, investors assistance through emails, letter to SEBI, SEBI stalls at various fairs and exhibitions respectively as an investor education programs.

6.2.25 SEBI's Most Powerful Content of Education Module

Through its literature, SEBI has framed a variety of educational modules in order to create awareness among the investors. The below table strives to assess most powerful content among such educational modules.

SEBI's Most Powerful Content of Education Module

Table 6.25

Content of Education Programs	Frequency	Percentage (%)
Need of Financial Planning	75	13.60
Why to start investing at early age	47	8.50
Various Investment areas in stock market	39	7.10
Precautions to be taken while investing	38	6.90
Investment strategies to achieve investment goal	15	2.70
How to begin investing	39	7.10
Not Applicable	300	54.20
Total	**553**	**100.00**

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Chart 6.25

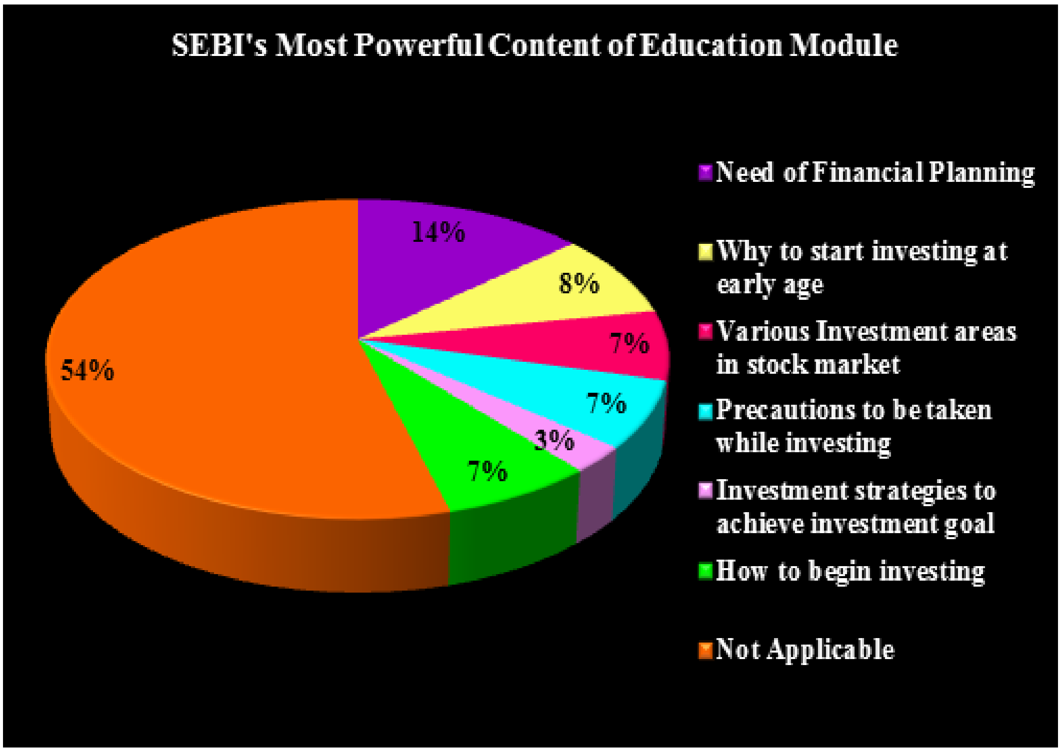

Table 6.25 and chart 6.25 shows that out of total respondents 75 (13.60%) respondents have expressed that they liked SEBI's "Need of Financial Planning" as powerful content of education whereas 47 (8.50%) respondents chosen "Why to start investing at early age" content as influential content of awareness; 39 (7.10%) respondents selected "Various investment areas in stock market" & "How to begin investing early" respectively as a dominant content of education by SEBI while 38 (6.90%) respondents are of the opinion that "Precautions to be taken while investing" is the prominent means of educating the investors. Rest 15 (2.70%) respondents believes that "Investment strategies to achieve investment goal" is leading content of SEBI to create awareness about capital market. More than half of the respondents have nothing to do with such education programs initiative of SEBI.

6.2.26 Additional Contents to be Included

SEBI's relentless efforts and initiative to create awareness among the retail investors is incredible and praiseworthy. It has been acknowledged worldwide. However, there is always scope for an improvement. Hence, attempt is being made in that direction to review what can be done to achieve the best.

Contents to be Included in SEBI's Investors Education Modules to make it More Effective?

Table 6.26

Education Module	Frequency	Percentage (%)
Regional Language	136	24.60
Through Games and Examples	109	19.70
Lucid Presentation	72	13.00
Not Applicable	315	57.00
Others	9	1.60

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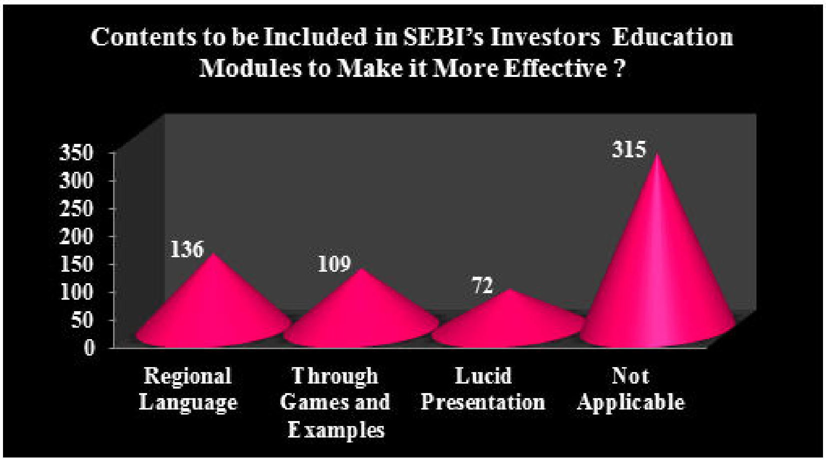
Chart 6.26



The above table 6.26 and chart 6.26 demonstrates about the respondents observation as how SEBI education program can be made more effective and investors friendly. Out of the entire respondents 136 (24.60%) respondents consider that "Regional Language" should be given topmost priority while framing investor education module; 109 (19.70%) respondents believe that "Games & Examples" could be incorporated as an investor education module. Similarly, 72 (13.00%) respondents think that "Lucid way of Presentation could be an impressive way of education. Greater part of respondents strongly feel that regional language should to be given more emphasis in order to intensify the campaign of investor education.

6.2.27 SEBI's Perspective about Rural Area

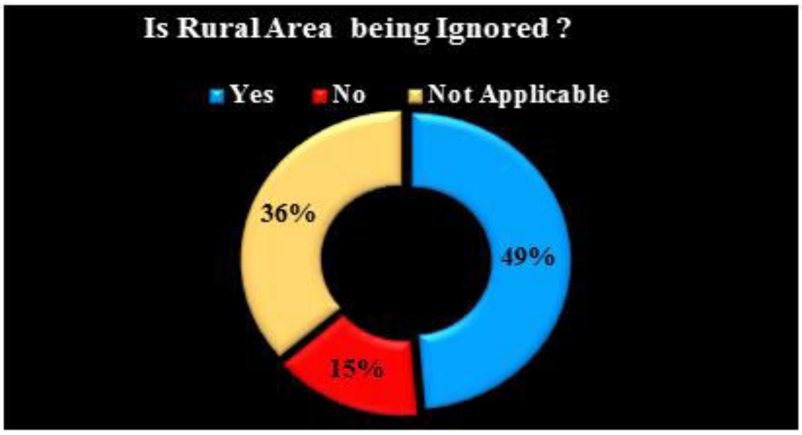
It has been reviewed form below table that the rural areas have indeed been ignored or neglected by SEBI while designing investor education programs.

Is Rural Area Being Ignored or Neglected while Framing Investors Education Programs by SEBI?

Table 6.27

Feeling Ignored/Neglected	Frequency	Percentage (%)
Yes	269	48.60
No	83	15.00
Not Applicable	201	36.30
Total	**553**	**100.00**

Chart 6.27



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When questioned to respondents about their views as rural area is being ignored or neglected during framing investors education programs by SEBI, as many as half i.e. 269 (48.60%) respondents expressed that the rural area is being ignored by SEBI whereas almost half of the respondents sense the opposite opinion. This is being depicted through above table 6.27 and chart 6.27. The causes of ignorance are being analysed further in next question.

6.2.28 Reasons for Ignorance

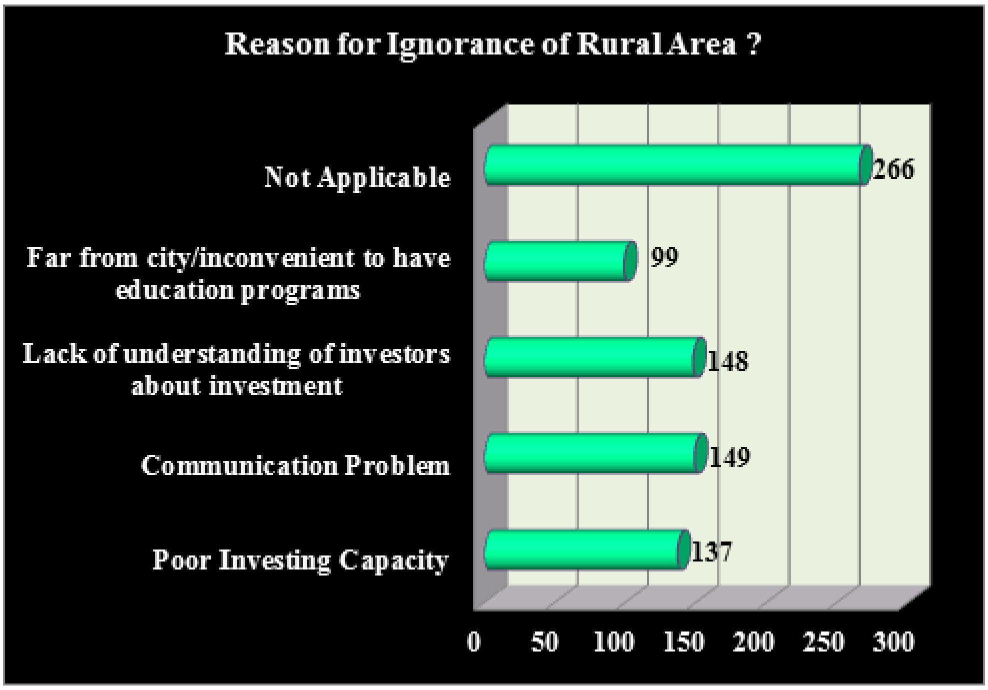
The reasons of ignorance of rural areas are being analysed in below table.

Reasons for Ignoring or Neglecting Rural Area while Framing Investors Education Programs by SEBI?

Table 6.28

Reason for Ignorance	Frequency	Percentage (%)
Poor Investing Capacity	137	24.80
Communication Problem	149	26.90
Lack of understanding of investors about investment	148	26.80
Far from city/inconvenient to have education programs	99	17.90
Not Applicable	266	48.10
Other	4	00.70

Chart 6.28



The table No. 6.28 and chart 6.28 examine and scrutinize the causes as Why rural area is being ignored or neglected during framing investors education programs by SEBI. Out of the total respondents 137 (24.80%) respondents feel that poor investing capacity is one of the major reason for negligence by SEBI. 149 (26.90%) respondents consider communication problem ; 148 (26.80%) respondents believes Lack of understanding of investors about investment is key factor of ignorance whereas 99 (17.90%) respondents trust that distance from city/inconvenience to have education programs is main reason to have ignored rural area from SEBI education campaign. It is therefore concluded that there are several reasons of ignorance by SEBI while framing investor education programs.

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6.29 Factors of Priority while Designing Education Programs

In light of prevailing situation, due consideration is to be given to some of the factors while framing or designing investors education programs by SEBI. All such factors have been focused through below table.

Factors to be Given Priority/Importance by SEBI while Designing Investor Education Programs

Table 6.29

Factor of Priority	Frequency	Percentage (%)
Perception	121	21.90
Attitude	83	15.00
Knowledge	285	51.50
Geographical Conditions	108	19.50
Preferences	101	18.30
Worries	75	13.60
Demographic Parameters	72	13.00
Can't Say	202	36.50

Chart 6.29

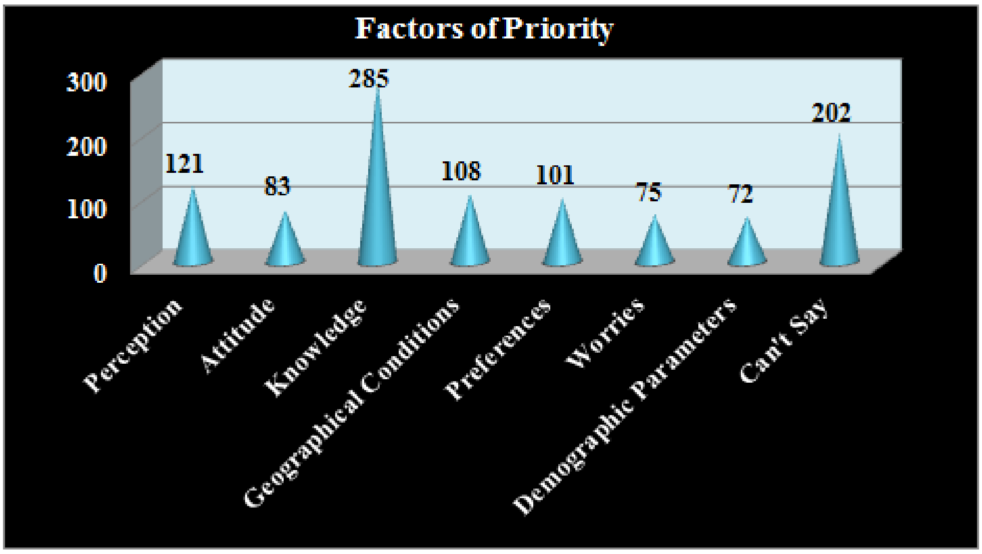

Table 6.29 and chart 6.29 shows that out of the total respondents more than 1/5 i.e. 121 (21.90%) respondents feel that perception is to be given more priority while framing investor education programs; 83 (15.00%) respondents think that attitude is to be given more importance. However, it is interesting to note that majority 285 (51.50%) i.e. more than half of the respondents strongly believe that knowledge could be a decisive and impactful factor to be borne in mind at the time framing investor education program strategies. 108 (19.50%) respondents presume that geographical conditions should be given attention during planning investor education programs. 101 (18.30%) respondents have expressed that preferences and 75 (13.60%) respondents have said that worries needs to be taken into consideration or taken into account at the time of designing investor education programs strategies.

6.2.30 Measures to be adopted by SEBI to Educate the Retail Investors.

Educating common man about capital market has remain one of the primary objectives of SEBI and it has been doing it over the years ever since its inception. It has been contemplated through below table regarding measures necessary to educate retail investor more effectively.

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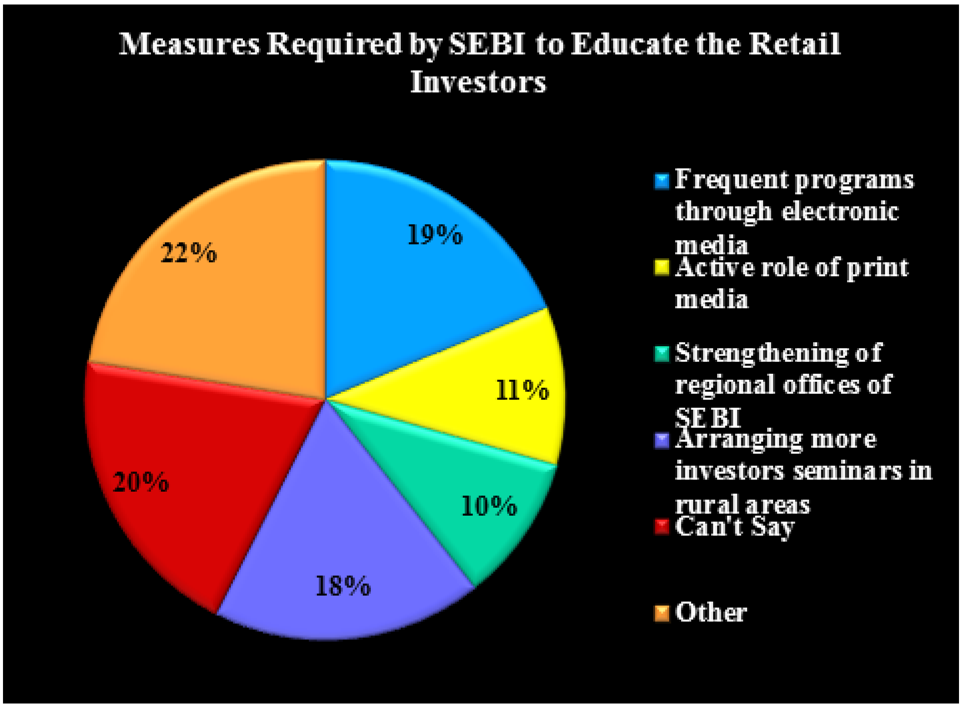
Measures Required by SEBI to Educate the Retail Investors

Table 6.30

Measures	Frequency	Percentage (%)
Frequent programs through electronic media	191	34.60
Active role of print media	109	19.70
Strengthening of regional offices of SEBI	101	18.30
Arranging more investors seminars in rural areas	185	33.50
Can't Say	204	37.00
Other	229	41.50

Chart 6.30



An in depth analysis has been carried out through table 6.30 and chart 6.30 to know the measures required by SEBI to educate the retail investors about capital market. Out of the aggregate responses 191 (34.60%) respondents are in favor of conducting frequent education programs through electronic media. 185 (33.50%) respondents suggest that SEBI should arrange more seminars on investor education in rural areas.109 (19.70%) respondents advocate to emphasize on involving print media by SEBI in investor education drive whereas 101(18.30%) respondents propose to strengthen SEBI's regional offices.

6.2.31 Own Initiative of Retail Investors

As a part of financial planning it is a responsibility of every earning individual to get the knowledge about capital market through his own initiative from various sources available. The analysis has been done about such self motivated efforts taken by respondents.

Sources Used Through Own Initiative to Get the Knowledge about Capital Market

Table 6.31

Source	Frequency	Percentage (%)
TV Channel	182	35.80
Newspaper/Magazine/Journal	182	35.80

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Internet/Youtube/Social Media	264	51.90
Information from friends/relatives	145	28.50
Tips from Brokers	113	22.20
Attending workshops/seminars	116	22.80
Other	35	6.90

Chart 6.31

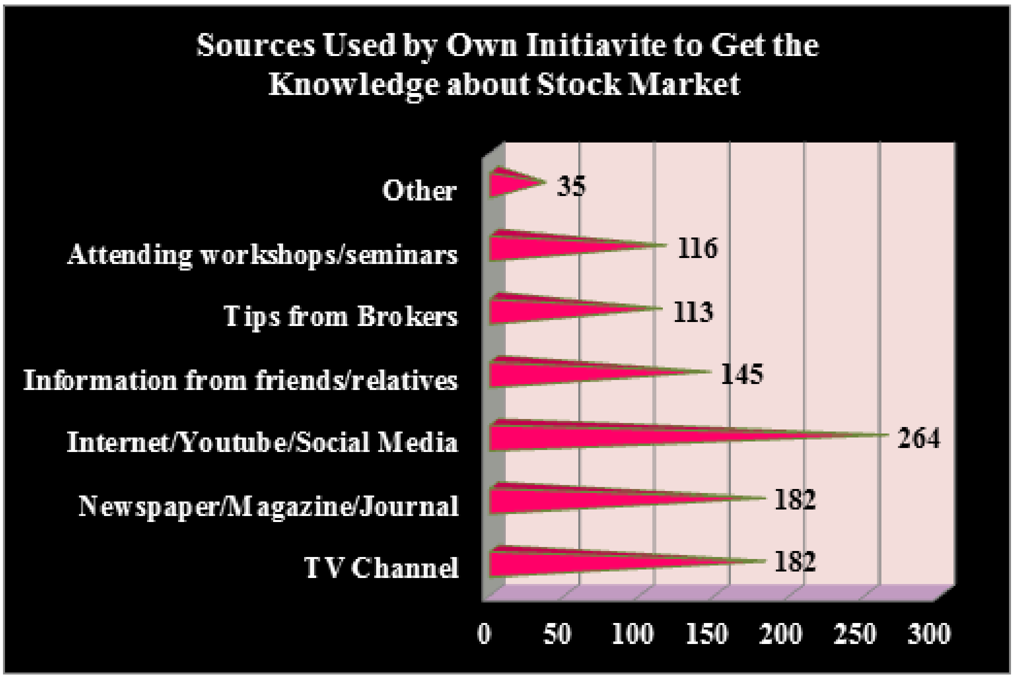

Table No. 6.31 and chart 6.31 contemplates to know as how ordinary person is self motivated and take initiative of his own to get aware about capital market and various modes he resort to do so. Out of the cumulative responses 182 (35.80%) respondents rely on TV channel ; similarly 182 (35.80%) respondents refer to newspaper / magazine / journal etc. However, it is appealing to know that highest number of respondents i.e. 264 (51.90%) are inclined to internet, YouTube, social media etc.; 145 (28.50%) respondents said they depend upon friends and relatives to get the information about stock market; 113 (22.20%) respondents think that tips from broker is first hand information. 116 (22.80%) respondents prefers to attend the workshop and seminars as their self initiative.

6.2.32 Investors Education v/s Investors Base (Penetrations)

The ultimate outcome of creating awareness among the retail investors by SEBI through conducting investor education programs is to attract the investors towards capital market. The opinion of respondents whether the investor education increases investor penetration in capital market is evaluated through below table.

Can Retail Investors Education Programs by SEBI Increase Retail Investors Base (Penetrations) in the Capital Market ?

Table 6.32

Opinion	Frequency	Percentage (%)
Yes	384	69.40
No	169	30.60
Total	**553**	**100.00**

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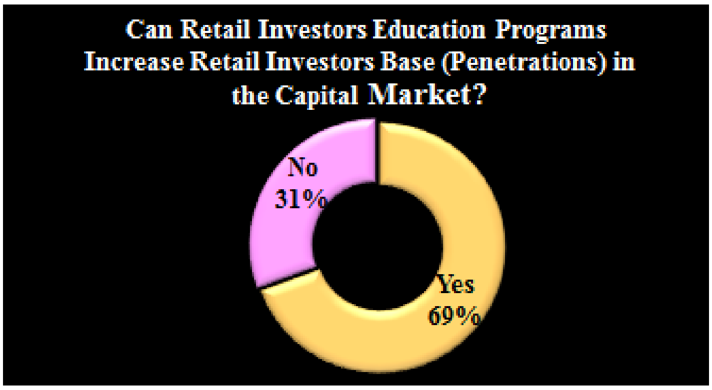
Chart 6.32



From the above table 6.32 chart 6.32 the possibility is being explored whether there is a scope for investor education in order to increase retail investors participation in capital market. It is remarkable to note that 384 (69.40%) respondents believe that that retail investors education programs will certainly increase retail investors base (penetrations) in the capital market. On the contrary, 169 (30.60%) respondents claims that investor education programs will not help to increase investor base in Indian capital market. It is thus inferred from above data that there is tremendous scope for educating common people to woo them towards capital market. The conclusion is drawn from above data that there is vast scope for investor education and awareness about capital market.

6.2.33 Scams v/s Fear

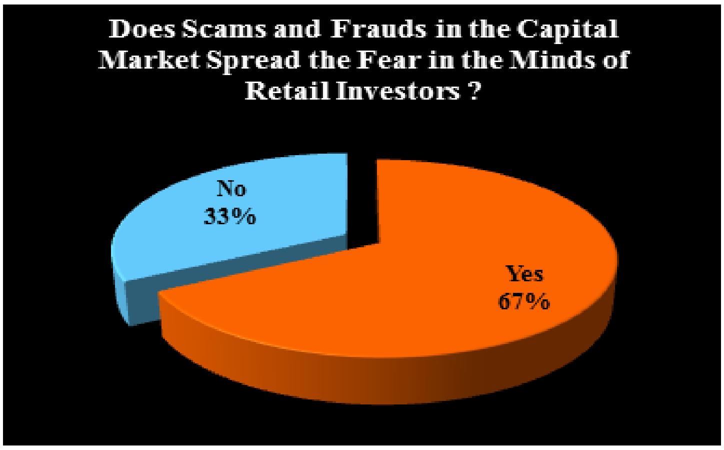
Over the years the capital market has witnessed several scams and frauds which eventually hampers the development of market and affects adversely country's economic growth. It has been strived to sought from below table whether scams & frauds in the capital market indeed spreads the fear in the minds of retail investors.

Does Scams & Frauds in the Capital Market Spread the Fear in the Minds of Retail Investor?

Table 6.33

Opinion	Frequency	Percentage (%)
Yes	372	67.30
No	181	32.70
Total	**553**	**100.00**

Chart 6.33



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Through table no. 6.33 chart 6.33 attempt is being done to know about the impact of scams and frauds in the stock market leading to spread the fear in the mind of retail investors. Out of the total respondents 372 (67.30%) respondents maintain that scams and frauds in the capital market spread the fear in the minds of retail investors whereas 181 (32.70%) respondents asserted that it does not make any negative impact as such. It is worth mentioning that ¾ of the respondents claim that there is a sharp impact of fraud on the minds of investors which create negative sentiment among them for a long time.

6.2.34 Scams & Growth Prospects of Capital Market

From the following table the endeavor is being done to analyse that the scams and frauds in the capital market affects the growth prospects of the capital market.

Scams and Frauds in the Capital Market Affects the Growth Prospects of the Capital Market?

Table 6.34

Opinion	Frequency	Percentage (%)
Yes	345	62.40
No	208	37.60
Total	**553**	**100.00**

Chart 6.34

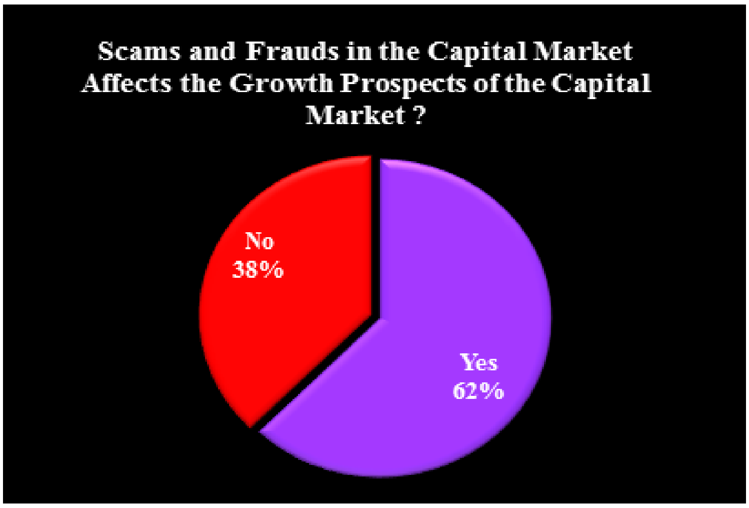

Table 6.34 and chart 6.34 shows that out of the aggregate responses, 345 (62.40%) respondents claim that fraud and scams in capital market hampers the growth prospects. On the other hand, rest 208 (37.60%) respondents keep the different and opposite opinion. It is thus implies that the frauds and scams in capital market affect the growth prospects of capital market.

6.2.35 Worries of Retail Investors

The household investors come across with several worries while dealing with capital market. Some of the worries are genuine while others arise due to their own misconceptions or lack of knowledge. All such worries have been analysed through below table.

Worries about Indian Capital Market

Table 6.35

Worries	Frequency	Percentage (%)
To much price manipulation	203	36.70
To much insider trading	172	31.10

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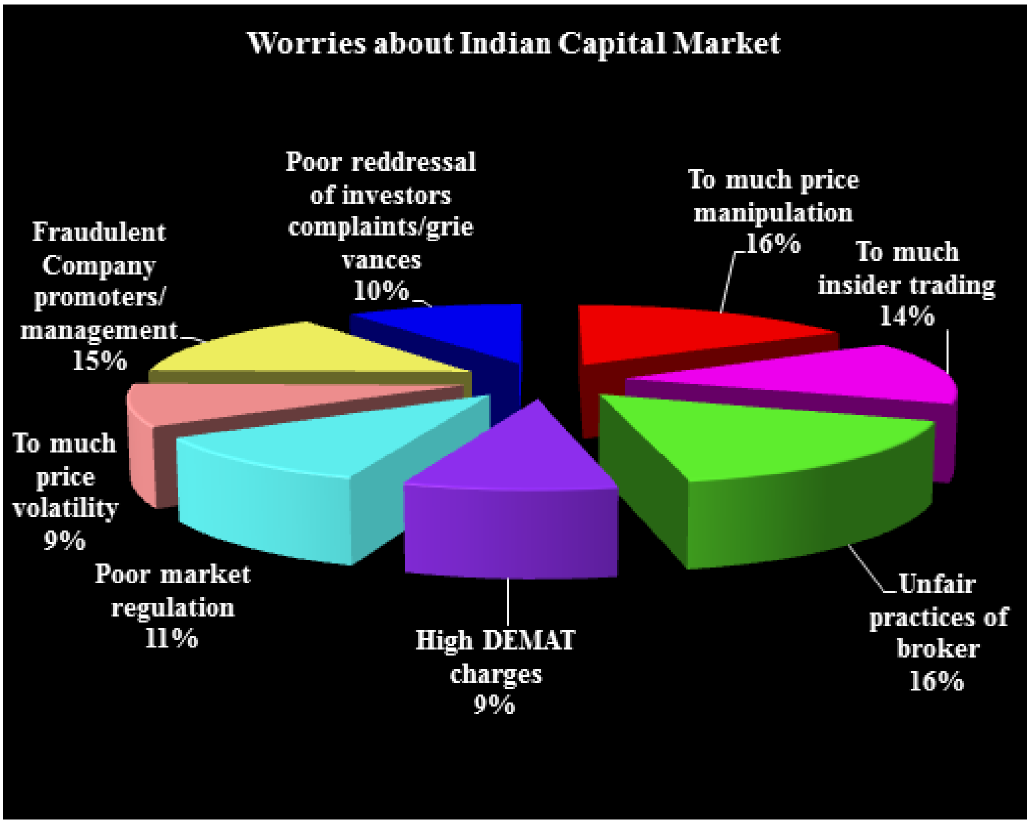
Unfair practices of broker	199	36.00
High DEMAT charges	109	19.70
Poor market regulation	131	23.70
To much price volatility	113	20.40
Fraudulent Company promoters/ management	179	32.40
Poor reddressal of investors complaints/grievances	124	22.40

Chart 6.35



The attempt is being made through Table No. 6.35 and Chart 6.35 to analyse and interpret the worries of household and retail investors about Indian capital market. It is attention-grabbing that all the worries have been expressed in two digits as long as percentages are concerned. Out of the total respondents, 203 (36.70) respondents consider that "Too much price manipulation" is the biggest worry followed by 199 (36.00%) respondents who recognize unfair trade practices of broker as a major worry. 179 (32.40%) respondents figure out that fraudulent company promoter/management is the matter of concern. Too much insider trading is being expressed as a worry by 172 (31.100%) respondents. 131(23.70%) respondents feel that poor market regulation is cause of worry to the retail investors. 124 (22.40%) consider poor redressal of investors grievances is as main worry. According to 113 (20.40%) respondents, too much price volatility is major cause of worry for retail investor whereas 109 (19.70%) respondents expressed high DEMAT charges as major worry about capital market from investor perspective.

6.2.36 Awareness about SEBI's Role in Investors Protection

One of the SEBI's key objectives is to protect the interest of the investors. To the large extend SEBI has successfully accomplished the task of investor protection. From the below table it has been reviewed whether the respondents are aware about SEBI's this kind of unique function.

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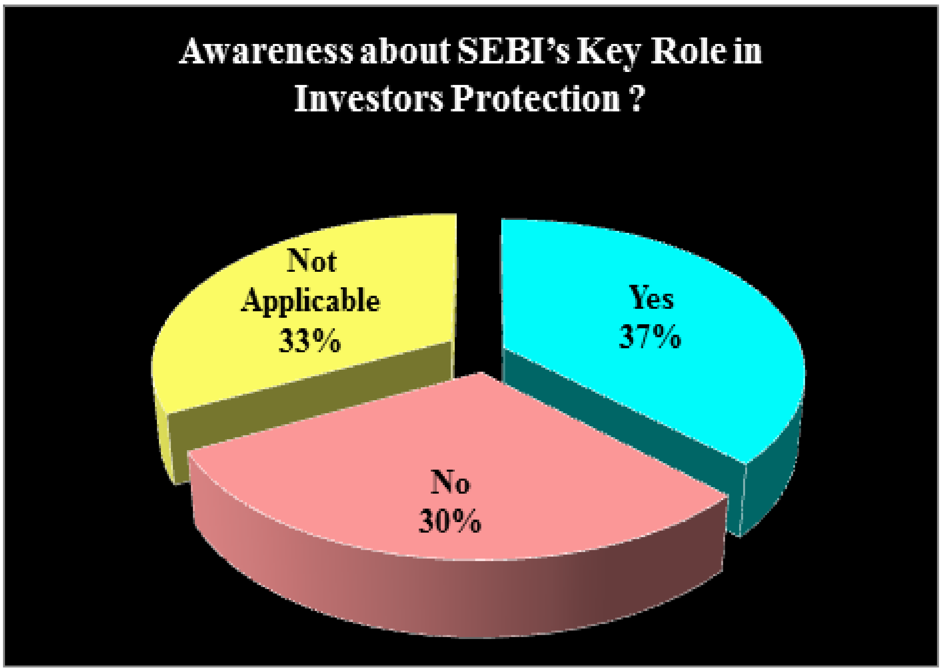
Awareness about SEBI's Key Role in Investors Protection

Table 6.36

Level of Awareness	Frequency	Percentage (%)
Yes	206	37.30
No	166	30.00
Not Applicable	181	32.70
Total	**553**	**100.00**

Chart 6.36



The table no. 6.36 and chart 6.36 contemplates to reflect the SEBI's role in investor protection. Out of the 553 respondents, 206 (37.33%) i.e. more than 1/3rd respondents agree that they are aware about SEBI key role in investor protection. Whereas, the balance respondents have either "No" or "Not Applicable" respectively believes that they are not aware of SEBI key role in investors protection.

6.2.37 Broker & Investor Awareness Programs

It is the principal responsibility of every broking and sub-broking firms to take initiative to organise investor awareness programs in the vicinity in which they are operating. In light of this, the attempt is being made through below table whether broker conducts investor awareness programs.

Does Broker Conducts Investor Awareness Programs?

Table 6.37

Conducts the Programs	Frequency	Percentage (%)
Yes	133	24.10
No	420	75.90
Total	**553**	**100.00**

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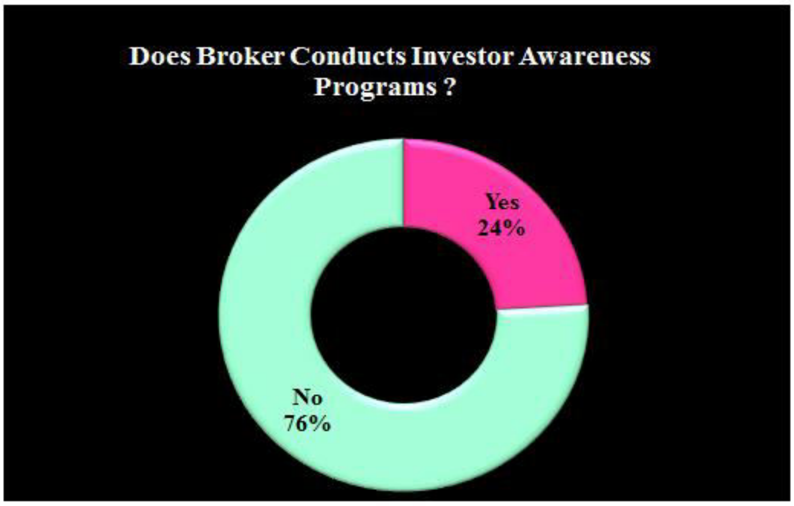
Chart 6.37



Broker and Sub-broker being key players in the capital market are expected to conduct investor education and awareness programs frequently and repeatedly. Nevertheless, it is astonishing to note from table no 6.37 & chart no 6.37 that more than 3/4 respondents i.e. 420 (75.90%) have belief and conviction that brokers do not conduct any kind of investor awareness programs. Further, it is noticeable that there are negligible number of brokers operating in area under research. On the other hand the number of sub-brokers are also not in big numbers. This is being reflected through table 6.37 and chart 6.37 above.

6.2.38 Participation in Investor Education Programs Organised by Brokers

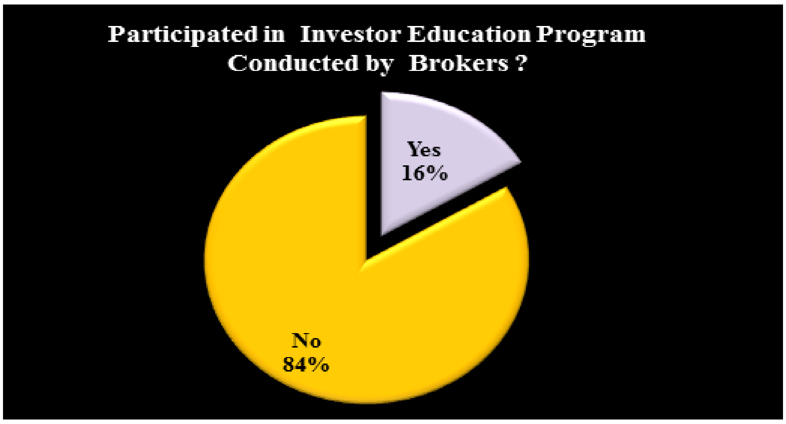
The interest of the respondents regarding attending investor education program conducted by broker is being checked through below table**.**

Participated in Investor Education Program Conducted by Brokers?

Table 6.38

Attendance	Frequency	Percentage (%)
Yes	91	16.50
No	462	83.50
Total	**553**	**100.00**

Chart 6.38



It can be seen from the table no 6.38 and chart 6.38 that out of total respondents whopping 462 (83.50%) respondents have never attended investors education programs conducted by brokers

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and sub-brokers whereas only just 91 (16.50%) respondents do have shown interest and participated in such education programs organized by brokers and sub-brokers. It is thus concluded that most of the investors are averse or reluctant to attend investor education program either conducted by SEBI,BSE,NSE or Brokers.

6.2.39 Knowledge through Broker

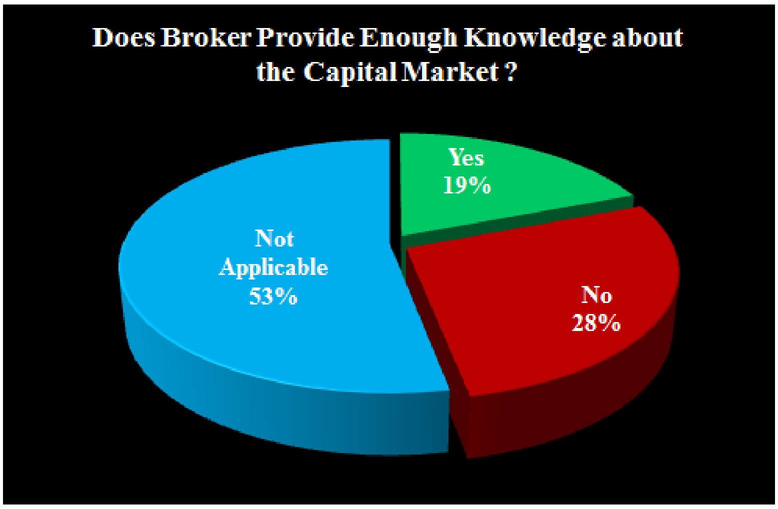
Brokers being an important intermediary of capital market is expected to create intensive and comprehensive awareness among the retail investors about capital market under the guidance of SEBI. The performance of broking and sub-broking firms regarding investor education is assessed from the below table.

Does Broker Provide Enough Knowledge about the Capital Market?

Table 6.39

Knowledge Imparted	Frequency	Percentage (%)
Yes	106	19.20
No	154	27.80
Not Applicable	293	53.00
Total	**553**	**100.00**

Chart 6.39



On raising the question whether broker gives enough knowledge about the capital market, the table 6.39 and chart 6.39 reveals that 106 (19.20%) respondent's feedback is positive and they endorse that "Yes" brokers do enough to give knowledge about capital market to retail investors whereas 154 (27.80%) respondents consider that brokers are not proactive in giving and enhancing knowledge about the capital market.

6.2.40 Pursuing Broker Advice

It has been reviewed from below table as to what extend and how respondents follow and pursue broker advice in terms of percentage

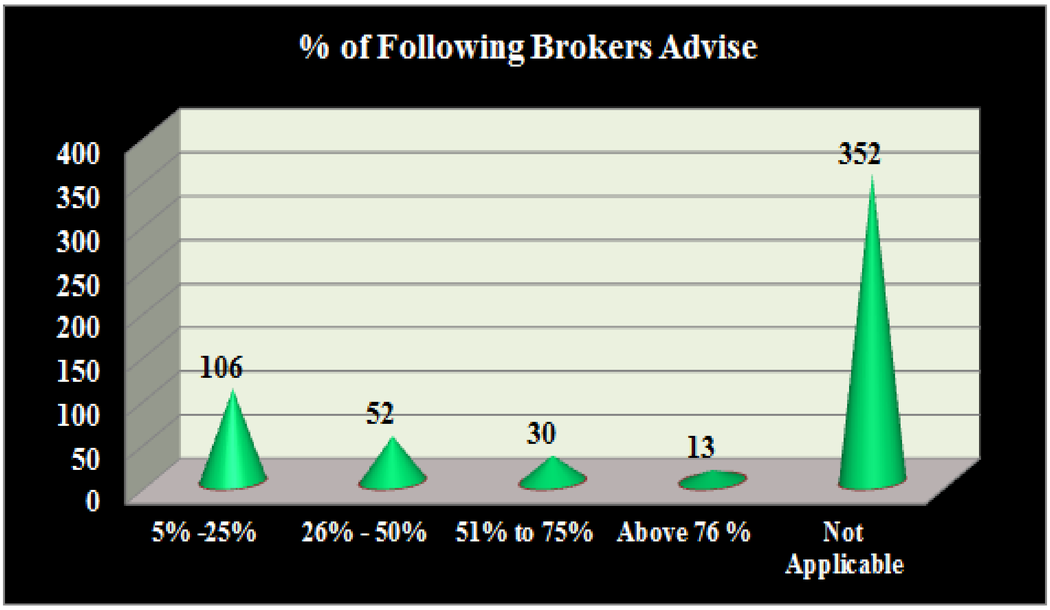
Extend of Following Brokers Advice

Table 6.40

% Following Advise	Frequency	Percentage (%)
5% -25%	106	19.20
26% - 50%	52	9.40
51% to 75%	30	5.40

Above 76 %	13	2.40
Not Applicable	352	63.70
Total	**553**	**100.00**

Chart 6.40



The analysis is being done in terms of percentages from table no 6.40 and chart 6.40 regarding acting and performing as per the brokers advise. Out of the total respondents greater part i.e. 106 (19.20%) respondents consider to take action in the range of 5 % to 25% which indicates less and rare dependence on brokers advise followed by 52 (9.40%) respondents who said that they act from 26 % to 50% upon brokers advice which amount to sometimes or occasional dependence. Hardly 30 (5.40%) and 13 (2.40%) respondents respectively who have more than 50 % confidence and trust on brokers advise. It is therefore concluded that the brokers advise makes the influence on investors investment decision to an extend. There is need to build the relationship and bonding between brokers/sub-brokers and retails investors.

6.2.41 Mode of Investment

The light has been thrown upon mode of investment from below table. In other words it has been tried to assess whether retail investor invest in capital market directly or through mutual funds.

Mode of Investment

Table 6.41

Investment Mode	Frequency	Percentage (%)
Direct Stock Market	116	21.00
Mutual Funds	224	40.50
Not Applicable	213	38.50
Total	**553**	**100.00**

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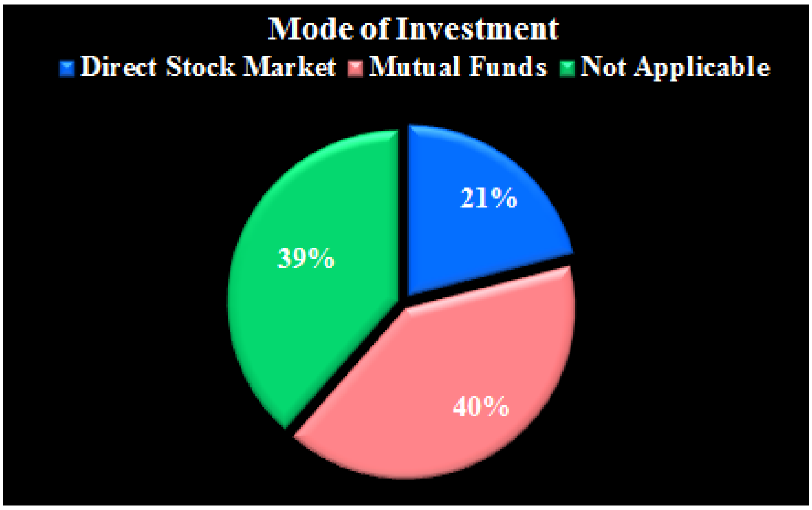
Chart 6.41



The above table 6.41 and chart 6.41 exhibits investor preferences of investment. Out of the total respondents 224 (40.50%) respondents wish to invest through mutual funds where as 116 (21.00%) respondents are inclined to make direct investment in stock market. It is evident from above data that the majority of the investors favor investment through the channel of mutual fund companies via-a-vis. Investing directly in the stock market.

6.2.42 Media Effectiveness

The below table helps to understand as which media is effective in educating the retail investors.

Which Media is Effective to Educate the Investors?

Table 6.42

Media Effectiveness	Frequency	Percentage (%)
Print Media	90	16.30
Electronic Media	463	83.70
Total	**553**	**100.00**

Chart 6.42

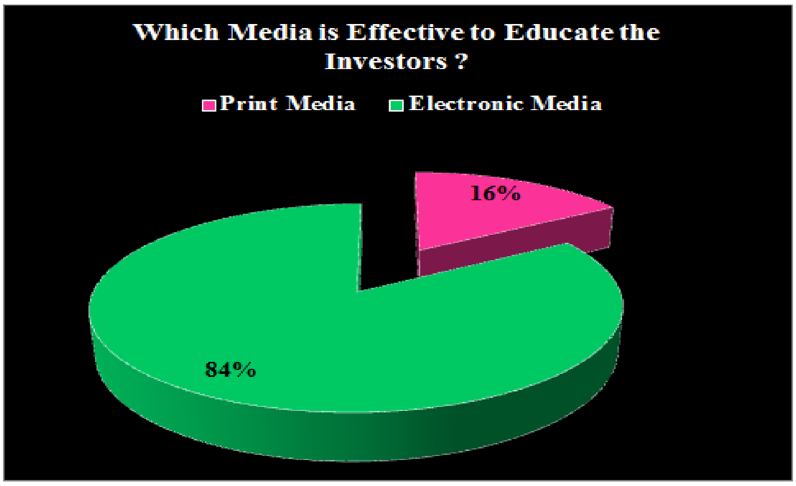


Table 6.42 and Chart 6.42 disclose about respondents views about effectiveness of print and electronic media to educate the investors . Accordingly, out of total respondents mass

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respondents i.e. 463 (83.70%) consider electronic media is effective to educate investors; 90 (16.30%) respondents have trusted more on print media as long as investor education is concerned. It is thus concluded that electronic media can play crucial role in creating the intensive awareness about capital market.

6.2.43 Investor Education Program – A Tool to Reduce Fear

The below table gives precise and clear idea as investor education programs assist in reducing the fair in the minds of retail investor about frauds and scams in capital market.

Can Investor Education Programs Act as a Tool to Reduce the Fear about Frauds and Scams in the Capital Market?

Table 6.43

Fear Elimination	Frequency	Percentage (%)
Yes	427	77.20
No	126	22.80
Total	**553**	**100.00**

Chart 6.43

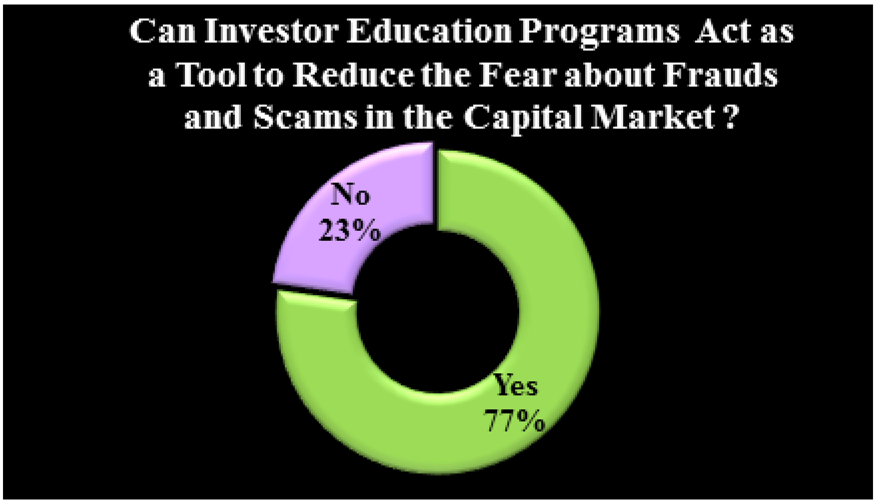

Table 6.43 and Chart 6.43 illustrates that out of 553 respondents, 427 (77.20%) respondents concede that investor education programs can act as a tool to reduce the fear about frauds and scams in the stock market whereas remaining 126 (22.80%) respondents do not share with this opinion. It is thus inferred that greater part of respondents are in favor of having investor education programs to eliminate fear in the minds of retails investors about capital market.

6.3 Responses from Broking & Sub-broking Firms:

If the investors wish to invest in stocks of companies in India, they have to do it through the stock exchanges. The two most prominent stock exchanges in India are - Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). However, for a common man, it's not possible to buy the stocks directly from the exchange. They need middlemen to execute the trade; such middlemen are known as 'stock brokers'. The role of a stock broker is to facilitate the buying and selling of stocks at the stock markets, on behalf of investors. There are many prominent stock broking and sub-broking firms in India through which investor can trade in stock exchanges.

Broking and Sub-broking firms are the significant market intermediaries which play key role in capital market. Under the regulation of SEBI and stock exchanges, it is the expected from broking and sub-broking firms to remain instrumental in order to create rigorous awareness

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among the retail investors. From the present study the survey has been conducted from 8 broking and sub-broking firms through the structured questionnaire. The analysis is being done from table 6.44 to table 6.57.

6.3.1 Broking Firms & Investor Education Programs

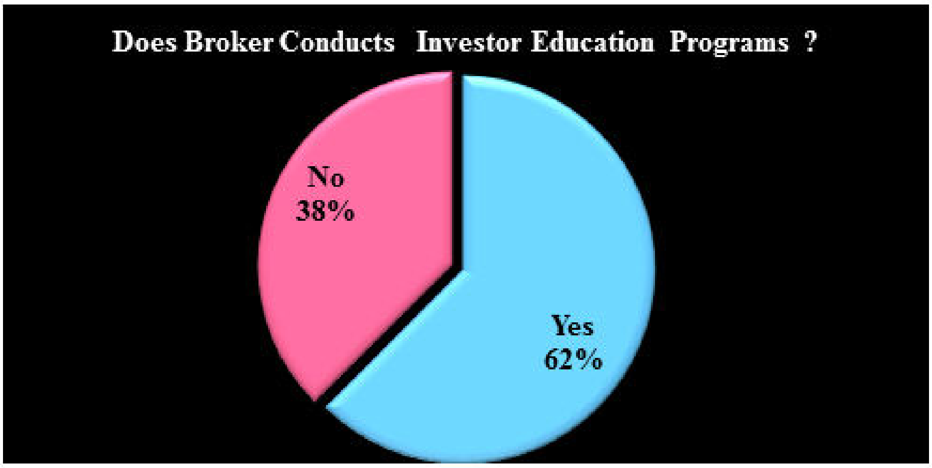
From the below table analysis is being done through broker's opinion whether they are engaged in any investor education programs.

Does Broker Conduct Investor Education Programs?

Table 6.44

Conducting or not	Frequency	Percentage (%)
Yes	5	62.50
No	3	37.50
Total	**8**	**100.00**

Chart 6.44



It has been strived to have feedback from various broking and sub-broking firms operating in Palghar and Thane districts whether they are conducting or have undertaken any investor education program for retail investors. For this purpose multiple questions have been designed. Table 6.44 and chart 6.44 states that out of total 8 broking and sub–broking firms, 5 (62.50%) brokers asserted that they conduct investors education programs for their clients whereas balance 3 (37.50%) said they do not conduct such kind of education programs. It is thus inferred that majority of broking and sub-broking firms conduct investor education programs for their clients.

6.3.2 Frequency of Investor Education Programs

It has been reviewed through below table as how frequently broking and sub-broking firms conducts investor education program to create the awareness among the investors.

Frequency of Conducting Investor Education Programs

Table 6.45

Frequency	Respondent	Percentage (%)
Once in a month	3	37.50
Half yearly	1	12.50
Annually	1	12.50
Not Applicable	3	37.50
Total	**8**	**100.00**

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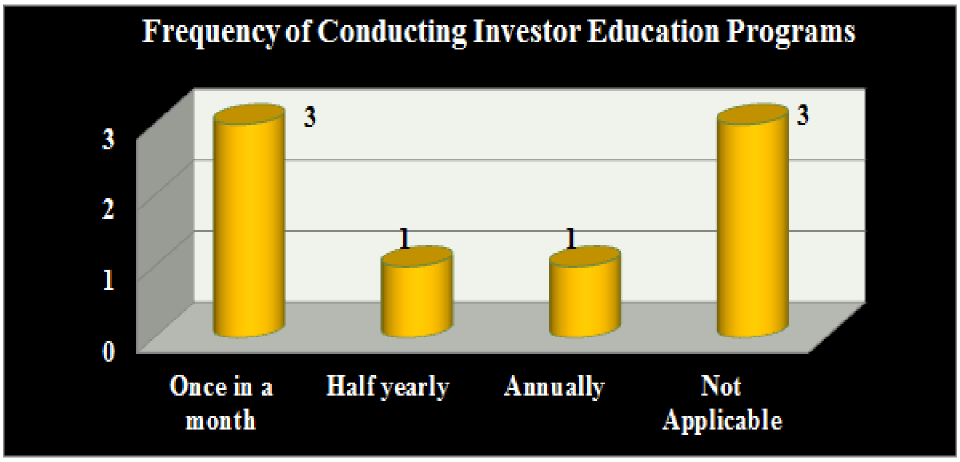
Chart 6.45



On questioning about the frequency of conducting the retail investors education programs, 3 (37.50%) broking and sub-broking firms claim that they conduct investors education programs once in a month; one each said that they undertake it on half yearly and annual basis respectively. It has been explained through table 6.45 & chart 6.45. It is concluded that there is need to increase the frequency of investor education programs organized through broking & sub-broking firms.

6.3.3 Methods of Investor Education

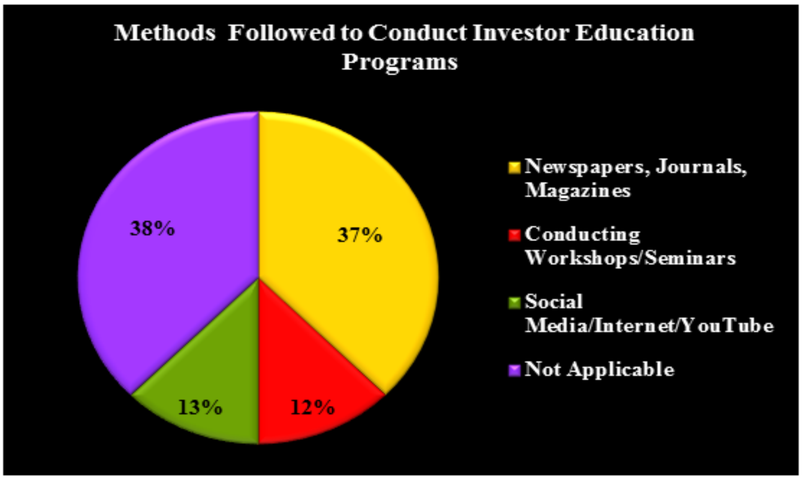
In order to conduct retail investor education programs broking & sub-broking firms resorts to various methods. The below table gives detail information about all such methods followed by the broking and sub-broking firms.

Methods Followed for Conducting Investor Education Programs

Table 6.46

Method Used	Frequency	Percentage (%)
Newspapers, Journals, Magazines	3	37.50
Conducting Workshops/Seminars	1	12.50
Social Media/Internet/YouTube	1	12.50
Not Applicable	3	37.50
Total	**8**	**100.00**

Chart 6.46



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From the above table 6.46 and chart 6.46, the attempt is being made to know as which method broking and sub-broking firms follow while conducting investor education programs. Out of the total respondents 3 (37.50%) respondents state that they rely upon newspapers, journals and magazines in order to create awareness about stock market. Rest one each consider as conducting workshops, seminars and social media, internet, YouTube etc. respectively for making awareness to their clients about stock market. It is inferred from above data that print and electronic media can play vital role in creating awareness about capital market.

6.3.4 Method of Conducting Education Programs

From the below table it has been strived to know the methodology adopted by broking & sub-broking firms to conduct the investor education program i.e. outsourcing or in house.

Outsourcing Investor Education Programs or Conducting by Own ?

Table 6.47

Outsource /Own	Frequency	Percentage (%)
Own	4	50.00
Not Applicable	4	50.00
Total	**8**	**100.00**

Chart 6.47

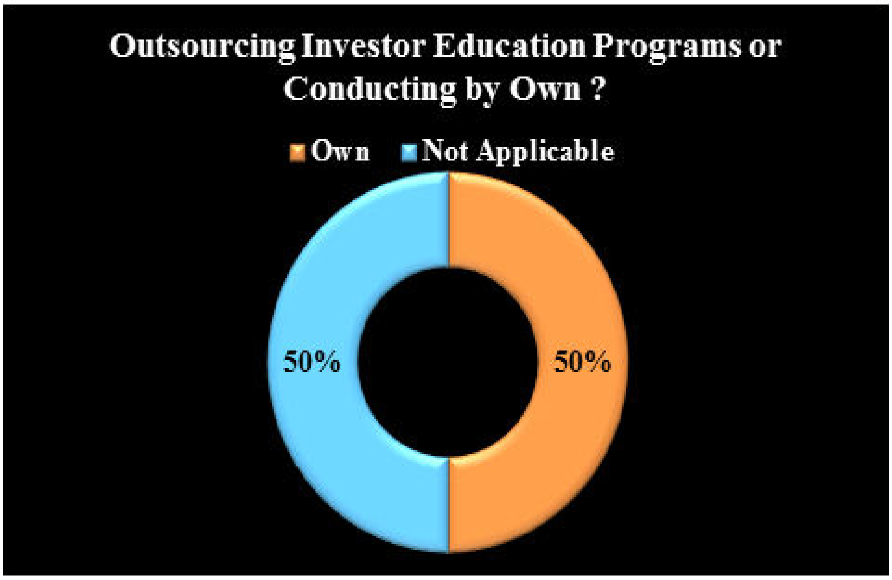

Table 6.47 and chart 6.47 exhibits that out of the total broking and sub-broking firms surveyed, 4 (50.00%) broking and sub-broking firms said that they themselves conduct investors education programs.

6.3.5 Details of Outsource

From below table, the further analysis is being made whether outsourcing is done by broking firms is form reputed and professional institutions or not.

Is it outsourced from a Reputed Institute?

Table 6.48

Reputed Institute	Frequency	Percentage (%)
Yes	2	25.00
Not Applicable	6	75.00
Total	**8**	**100.00**

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Chart 6.48

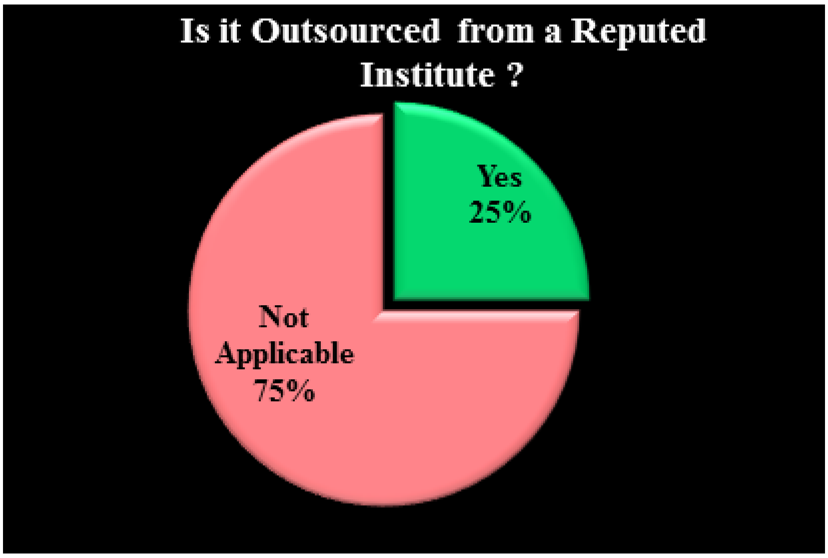


Table No. 6.48 and chart 6.48 reveals about whether outsourcing is done through reputed institution or not. 2 (25.00%) broking and sub-broking firms take the help of reputed and professional institutes for making awareness about investor awareness.

6.3.6 Efficacy of Education Programs

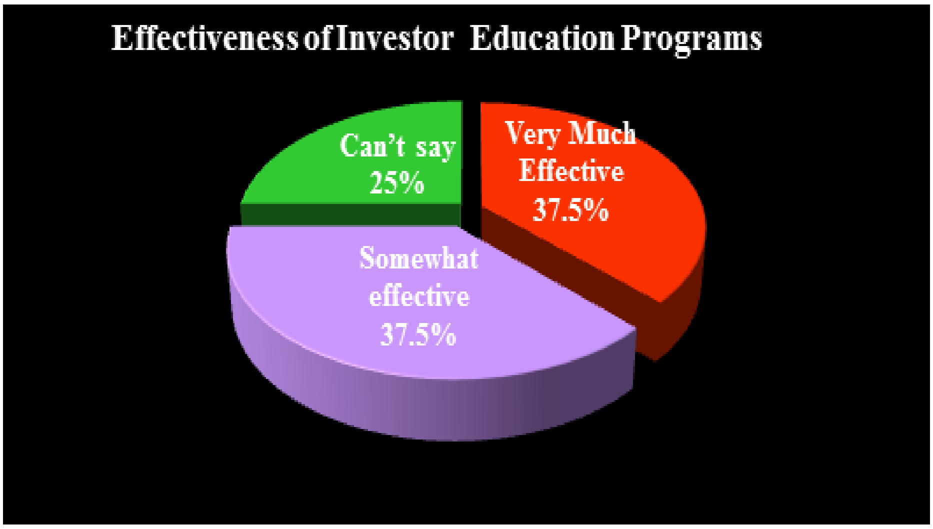
The efficiency and effectiveness of retail investors education programs conducted by the broking firms has been evaluated through below table.

Effectiveness of Investor Education Programs

Table 6.49

Degree of Effectiveness	Frequency	Percentage (%)
Very much effective	3	37.50
Somewhat effective	3	37.50
Can't say	2	25.00
Total	**8**	**100.00**

Chart 6.49



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The table 6.49 and chart 6.49 indicates that out of 8 broking and sub-broking firms 3 (37.50%) have view that investor education programs conducted by them are very effective; 3 (37.50%) respondents claims that they are somewhat helpful and effective and remaining 2(25.00%) have refused to comment. It is thus concluded that majority of the broking and sub broking firms have opinion that investor education programs are valuable and quite useful per se.

6.3.7 Satisfaction over Investors Education Programs

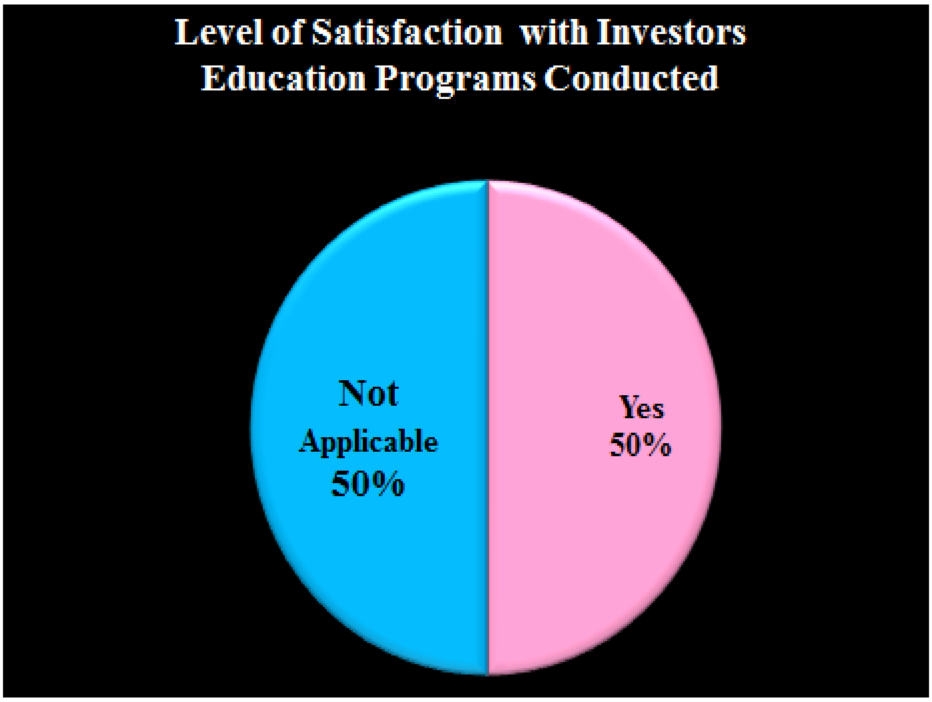
From the below table the attempt is being made to know from broking and sub-broking firms about satisfaction level of investor education programs conducted by them.

Level of Satisfaction with Investors Education Programs Conducted

Table 6.50

Level of Satisfaction	Frequency	Percentage (%)
Yes	4	50.00
Not Applicable	4	50.00
Total	**8**	**100.00**

Chart 6.50



It can be seen from the above table 6.50 and chart 6.50 that 4 (50.00%) broking and sub-broking firms supposed that they are contented with investors education programs conducted by them for retail investors in their vicinity.

6.3.8 Investors Education: Problems Faced

The broking firms come across numerous problems while organizing investor education program and all such problems have been analysed below.

Problems Faced to Organize Investors Education Programs

Table 6.51

Problem Faced	Frequency	Percentage (%)
Lack of Investors knowledge	2	25.00

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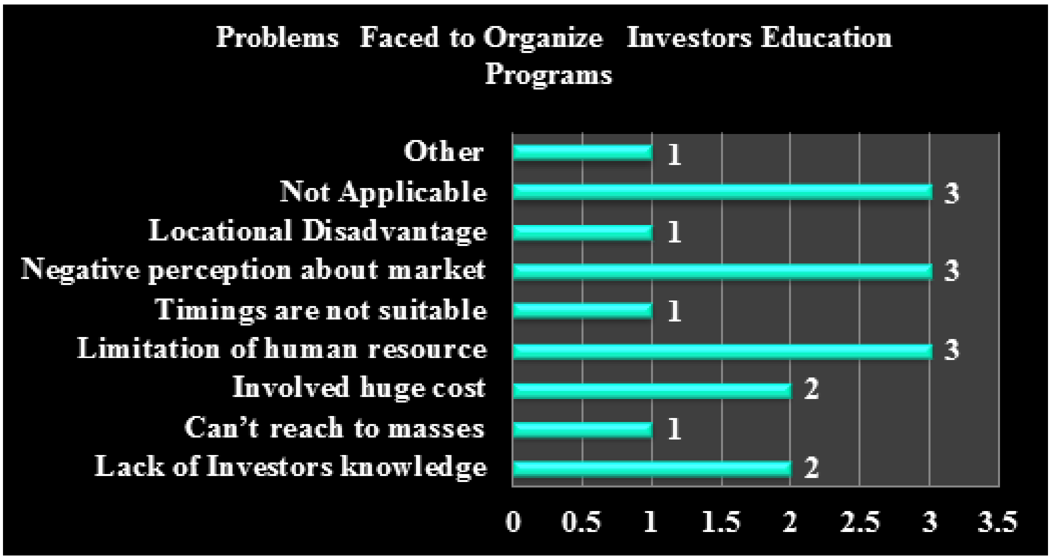
Can't reach to masses	1	12.50
Involved huge cost	2	25.00
Limitation of human resource	3	37.50
Timings are not suitable	1	12.50
Negative perception about market	3	37.50
Locational Disadvantage	1	12.50
Not Applicable	3	37.50
Other	1	12.50

Chart 6.51



The endeavor is being done form above table 6.51 and chart 6.51 to makes in depth analysis about various problems encountered while organsing investor education program by broking and sub-broking firms. 2 (25.00%) respondents feel that lack of investor knowledge and huge cost involved respectively are the major challenges; 3 (37.50%) broking and sub-broking firms state that limitation of human resources and negative perception about capital market respectively are the difficulties and obstacle to organize investor education programs. Whereas 1 (12.50%) respondent asserted that suitable timings, reaching to masses, locational disadvantage respective are the hindrances in organizing investor education programs.

6.3.9 Impact of Investor Education Programs

The view of the broking and sub broking firms has been analyzed through below table whether investor education programs conducted by broker will create awareness about capital market.

Investors Awareness Programs Conducted by Brokers will Create Awareness about Capital Market?

Table 6.52

Awareness	Frequency	Percentage (%)
Yes	4	50.00
Not Applicable	4	50.00
Total	**8**	**100.00**

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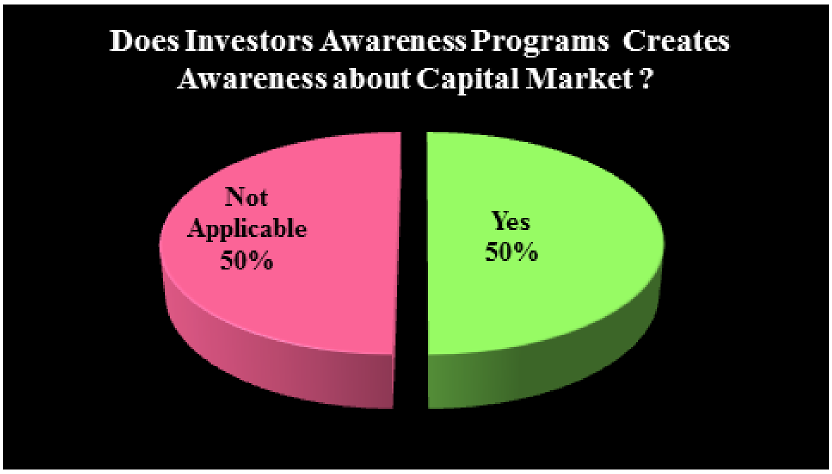
Chart 6.52



In response to the question whether investors awareness programs conducted by broking and sub-broking firms will create awareness about capital market; 4 (50.00%) broking and sub-broking firms maintains that investor education and awareness campaign creates intensive awareness about capital market among the retail investors. Table 6.52 and chart 6.52 reflects about this.

6.3.10 Measures of Friendly Investor Education Programs

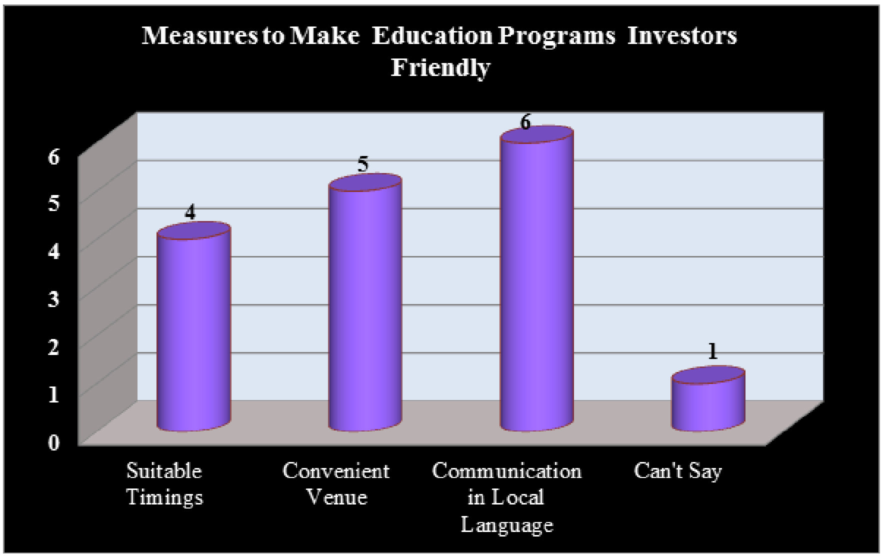
The attempt is being done through following table to know the measures in order to make investor education program investor friendly.

Measures to Make Education Programs Investors Friendly

Table 6.53

Measures	Frequency	Percentage (%)
Suitable Timings	4	50.00
Convenient Venue	5	62.50
Communication in Local Language	6	75.00
Can't Say	1	12.50

Chart 6.53



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The table 6.53 and chart 6.53 focuses upon the suggestions from the broking and sub-broking firms for making education and awareness program investors friendly. Out of the total respondents 4 (50.00%) respondents suggest that suitable and convenient timings could help to make investors education program friendly.5 (62.50%) respondents assert that convenient timings is crucial factor to make investor education programs investors friendly. 6 (75.00%) respondents claims that communication in local language is decisive factor for making investor education program more friendly. Hence, it is concluded from the above that majority broking and sub-broking firms strongly feel that local language could make an impact as long as success of investor education program

6.3.11 Benefits of Attending Education Programs

The feedback from broking firms have been taken from below table about the benefits which the investor can derived by attending investor education programs attended by broking firms.

Benefits to Investor by Attending Education Programs

Table 6.54

Benefits	Frequency	Percentage (%)
Knowledge about Investment	5	62.50
Increase in confidence level	6	75.00
Increase in amount of investment	4	50.00
Reduces wrong perception about market	6	75.00
Not Applicable	1	12.50

Chart 6.54

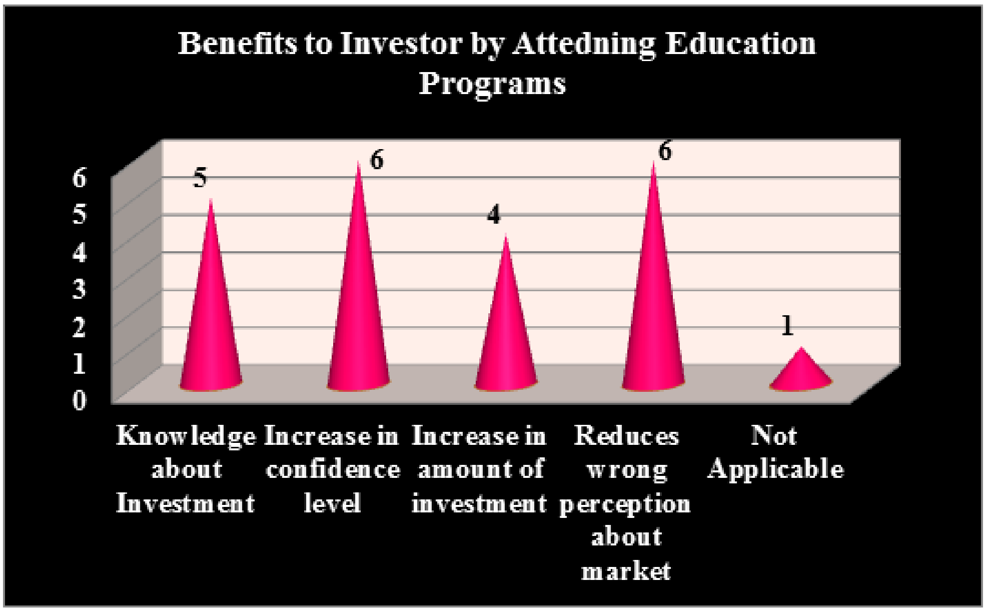

Table no. 6.54 and chart 6.54 attempt to identify the benefit to investors after attending investor education program conducted by broking and sub-broking firms. Out of the total respondents 5 (62.50%) respondents sense that investor education programs increases the knowledge of investors about capital market; 6 (75.00%) respondents admit that such kind of education programs increase confidence level of investors; 4 (50.00%) broking and sub-broking firms feel that investor education programs increases the amount of investment whereas 6 (75.00%) respondents make out that the awareness initiatives helps to reduce wrong perception about capital market.

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6.3.12 Ways & Means to Make Education Program More Impressive

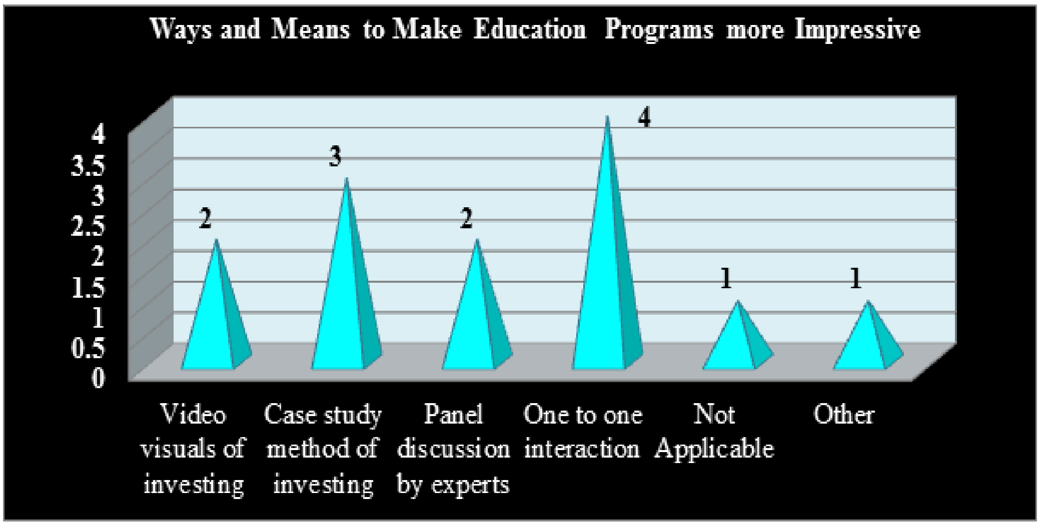
From the below table the opinion from broking & sub-broking firms is taken about multiple ways and means to make investor education program more meaningful, impressive and investor friendly.

Ways & Means to Make Education Program More Impressive

Table 6.55

Ways and Means	Frequency	Percentage (%)
Video visuals of investing	2	25.00
Case study method of investing	3	37.50
Panel discussion by experts	2	25.00
One to one interaction	4	50.00
Not Applicable	1	12.50
Other	1	12.50

Chart 6.55



In order to know broking and sub-broking firms view as what could be added to make investor education program more impressive, effective and investor friendly. Table 6.55 and chart .6.55 reveals that out of eight respondents 2 (25.00%) respondents expressed that video visuals of investing could be effective way; 3 (37.50%) feel that case study method of investing will be notable method of awareness; 2 (25.00%) broking firms and sub-brokers believe that panel discussion by experts is an impressive approach to educate investors; 4 (50.00%) respondents are in favor of one to one interaction.

6.3.13 Investor Education & Client Conversion

The analysis is being done through below table whether investor education programs results in joining new investor into capital market.

Client Conversion (Joining of New Clients) as a Result of Investor Awareness Programs

Table 6.56

Conversion Level	Frequency	Percentage (%)
Yes	04	50.00
No	01	12.50
Not Applicable	03	37.50
Total	**08**	**100.00**

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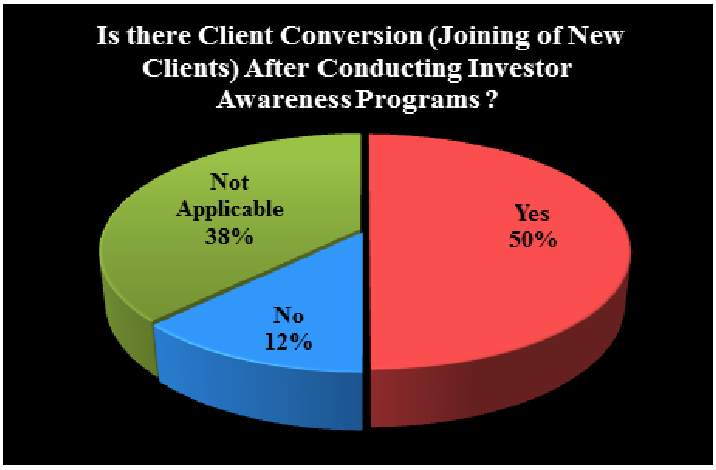
Chart 6.56



The table no 6.56 and chart 6.56 discloses the result of conversion of new clients after conducting investor education programs by broking and sub broking firms. Out of the total respondents 4 (50.00%) respondents demonstrates that after conducting investor awareness programs, there will be joining of new clients. On the other hand remaining 4 respondents are not in favor of this view point.

6.3.14 Better Prospects Through Investor Education

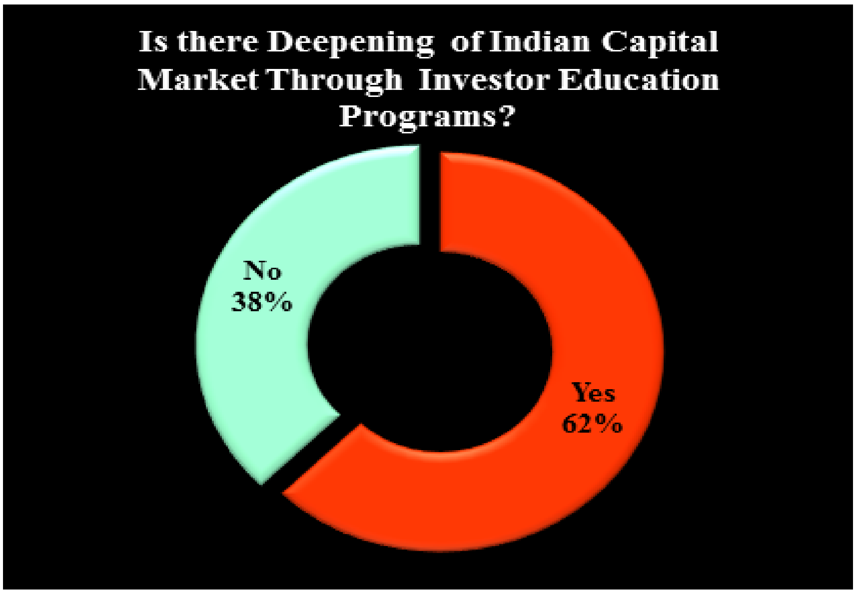
The feedback is being taken from broking firms through the following table regarding the progress of capital market as a result of investor education.

Is There Deepening of Indian Capital Market through Investor Education Programs?

Table 6.57

Deepen or Not	Frequency	Percentage (%)
Yes	05	62.50
No	03	37.50
Total	**08**	**100.00**

Chart 6.57



From table 6.57 and chart 6.57 it can be understood that out of the total respondents, 5 (62.50%) respondents maintain that investor education programs will deepen and prosper the Indian capital market. On the contrary 3 (37.50%) respondents disagree with this view. It is apparently indicate and concluded that majority of the broking and sub-broking firms are optimistic about outcome of investor education programs undertaken by them.

6.4 Responses from Brokers Association:

The Bombay Stock Exchange Brokers' Forum (BBF) is a non profit association of intermediaries of Indian Capital Market. With more than 700 members pan India, BBF is only Forum recognized by the Government/Regulator/Market Infrastructure Institutions as an apex body of the Indian Securities firms. BBF is also a member of various international forums like Asia Securities Forum (ASF), International Council of Securities Associations (ICSA) and International Forum for Investor Education (IFIE). Through this forums, BBF is in touch with local financial market bodies of various jurisdictions around the world.BBF advocates stable, competitive and efficient Indian capital markets that are necessary to support the region's economic growth.BBF initiatives include consultations with regulators and exchanges, advocacy for enhanced markets through policy papers, seminars/webinars/workshops for members, international investment conference summits, sessions on Investor Education and Awareness and a monthly Capital Market & Life Lifestyle Magazine.

From the present study the survey has been conducted from one and only brokers forum i.e. BSE broker forum through the structured questionnaire. The responses from broking forum have been described in text format which are as follows:

6.4.1 The broking association plays a significant role in creating capital market awareness among retail investors.

6.4.2 Sessions and expert talk are the methods applied by brokers association in creating the awareness.

6.4.3 Broking association has responsibility to create more investors.

6.4.4 Knowledge session are to emphasized by brokers association to create awareness.

6.4.5 The probability of investment will rise after investor awareness programs.

6.4.6 Investor awareness programs certainly helps in creating new investors.

6.4.7 Broking associations are vital for the development of the capital market.

6.4.8 Broking associations can get new clients into the market.

6.4.9 Broking associations should train brokers for more knowledge imparting sessions for the investors.

6.4.10 Broking associations should give code of conduct to broker members for ethical dealing in order to safeguard and protect the interest on investors.

6.4.11 Broking associations should impart more knowledge base training for investors.

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Chapter - 7

Conclusions – Findings & Recommendations

CONCLUSIONS – FINDINGS & RECOMMENDATIONS

In this chapter of research study, researcher has summarized hypothesis, findings and suggestions that have emerged from statistical analysis and other relevant data related to critical analysis of retail investor education programs initiative undertaken by SEBI in Palghar and Thane Districts. The research topic titled "A STUDY ON CRITICAL ANALYSIS OF INVESTOR EDUCATION PROGRAM INITIATIVES BY INDIAN CAPITAL MARKET WITH SPECIAL REFERENCE TO RETAIL INVESTOR OF PALGHAR AND THANE DISTRICTS" contains step by step analysis of technical and other relevant data to study critical analysis of retail investor education programs initiative undertaken by SEBI.

The data was analyzed using SPSS 21. The respondent consists of the people residing in Palghar and Thane districts. The initial process involved converting the data into codes. Cleaning process was thus incorporated to ensure uniformity of data. Initially descriptive statistics was conducted with the results displayed as above. The second step involved inferential statistics. The method chosen for this purpose was regression as the regression helps in estimating the relationship between the dependent and the independent variable. The subsequent section deals with the finding of the analysis and thus followed by data interpretation.

FINDINGS:

The first stage was involved in converting the items into a single factor with the use of principal component analysis. Principal component analysis is a technique used to reduce dimensionality of data set leading to the increase of interpretability and at the same time reducing the loss of data.

Mathematically KMO test is calculated as,

$$\mathrm{KMO}_j = \frac{\sum_{i\neq j} r_{ij}^2}{\sum_{i\neq j} r_{ij}^2 + \sum_{i\neq j} a_{ij}^2}$$

Where, r_{ij} is the simple correlation coefficient between variable i and j and,

a_{ij} is the partial correlation coefficient between variable i and j

Kaiser (1970), Kaiser (1974) states that the degree, each variable in the set are predicted in the set are without errors by other variables.

Table 6.58 : **Items Used for Principal Component Analysis**. This shows the items that have been used to consolidate together to form a factor by the researcher in broader context for better interpretation of data.

Items Used	**Dimensions**
Do you invest in the stock market	Economic Development
If Yes, Since how long you are investing in the stock market	
Amount currently invested in the stock market	
Do you know about investors education programs undertaken by SEBI	Education Program
Have you attended any such awareness programs	
If yes, then in what way was it useful to you	
Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market	
Age	Demographic
Sex	
Marital Status	
Do you know about investors education programs undertaken by SEBI	Education Initiative

Have you attended any such awareness programs	
If yes, then in what way was it useful to you	
Are you aware of the SEBI, BSE, NSE, etc.	
Have you benefited from the investments in the stock market	Satisfaction Level
Do you think that after attending such programs your knowledge and confidence about the stock market has increased	
Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market	

Table 6.58: Items used for Principal Component Analysis

As per Table 6.59 : The principal factor analysis for the items is : - Do you invest in the stock market, If Yes, since how long you are investing in the stock market and Amount currently invested in the stock market only produced one factor. The factor was renamed as economic development. The KMO was found to be .748 and $\chi 2$ was 968.341 with df as 3 and the significance (p) was found to be .000 which is highly significant.

Items	Factor 1	Factor 2	Dimensions
Do you invest in the stock market	**.829**		Economic Development
If Yes, Since how long you are investing in the stock market	**.837**		
Amount currently invested in the stock market	**.803**		
Do you know about investors education programs undertaken by SEBI	**.806**	-.098	Education Program
Have you attended any such awareness programs	**.094**	.851	
If yes, then in what way was it useful to you	**.644**	.453	
Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market	**.658**	-.444	
Age	**.904**		Demographic
Sex	**.505**		
Marital Status	**.894**		
Do you know about investors education programs undertaken by SEBI	**.811**	-.110	Education Initiative
Have you attended any such awareness programs	**.078**	.880	
If yes, then in what way was it useful to you	**.632**	.448	
Are you aware of the SEBI, BSE, NSE, etc.	**.726**	-.362	
Have you benefited from the investments in the stock market	**.548**		Satisfaction Level
Do you think that after attending such programs your knowledge and confidence about the stock market has increased	**.737**		
Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market	**.740**		

Table 6.59 Result for Principal Factor Analysis

For factor analysis of education initiative: the following items were used to create the factor Education Program: Do you know about investors education programs undertaken by SEBI, have you attended any such awareness programs, If yes, then in what way was it useful to you,

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Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market. Factor analysis yielded 2 factors. Factor 1 was accepted, as it was explaining 37% of the variance while factor 2 was explaining the only 28% of variance. Therefore factor 1 was renamed as Education Program. The KMO was found to be .535 and $\chi 2$ was 136.642 with df as 6 and the significance (p) was found to be .000 which is highly significant.

Factor analysis for Demographic included items: Age, Sex and Marital Status. Only one factor was derived from the factor analysis, renamed as Demographic. The KMO was found to be .551 and $\chi 2$ was 463.787 with df as 3 and the significance (p) was found to be .000 which is highly significant.

Table 6.60: Result for KMO Barlett's Test

Factor	KMO	$\chi 2$	df	p
Economic Development	.748	968.341	3	.000
Education Program	.535	136.642	6	.000
Demographic	.551	463.787	3	.000
Retail Education Program	.556	171.515	6	.000
Investment Benefit	.561	64.492	3	.000

Factor analysis of retail education initiative included: Do you know about investors education programs undertaken by SEBI, have you attended any such awareness programs, If yes, then in what way was it useful to you, Are you aware of the SEBI, BSE, NSE, etc. The factor analysis yielded two factors. Factor 1 was accepted, as it was explaining 39% of the variance while factor 2 was explaining the only 29% of variance. Thus factor 1 was renamed as education initiative The KMO was found to be .556 and $\chi 2$ was 171.515 with df as 6 and the significance (p) was found to be .000 which is highly significant.

Factor analysis for satisfaction level items: Have you benefited from the investments in the stock market, do you think that after attending such programs your knowledge and confidence about the stock market has increased, Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market. Only one factor was derived from the factor analysis, renamed as satisfaction level. The KMO was found to be .561 and $\chi 2$ was 64.492 with df as 3 and the significance (p) was found to be .000 which is highly significant.

The second stage involved establishing relationship between the hypothesis. Simple linear regression was used for the purpose of the study.

Mathematically regression is calculated as:

$y = \beta 0 + \beta_1 X + \varepsilon$ where;

y is dependent variable,

X is the independent variable,

β_0 is the intercept, the predicted value of y when the x is 0

β_1 is he regression coefficient – how much we expect y to change as x increases and

ε is he error of the estimate, or how much variation there is in our estimate of the regression coefficient

7.1 Results of Hypothesis Tested:

Hypothesis 1: There is a significant relationship between investors education and economic development.

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As per Table 6.61, the mathematical expression can be computed as

Economic Development = 3.434 + .440* Education Qualification + .063
The R square is .082, which means the 8.2% variance of education qualification is explained by economic development. The adjusted R square is lower than R square value which is .286. The F-ratio measures whether the model as a whole has statically significant predictive capability and is therefore another useful measure when assessing the model's predictive power (Dallal, 2000). As the $p < 0.05$, thus the null hypothesis is rejected.

Table 6.61 Regression result for Education Qualification and Economic Development

Model	Unstandardized Coefficients		Standardized Coefficients	T	p	f	R	R^2	Δ R^2
	B	SE	B						
Education Qualification	3.434	.063		54.786	.000	49.115	.286[a]	.082	.080
Economic Development	.440	.063	.286	7.008	.000				

Hypothesis 2: There is a significant relationship between educational qualification of retail investors and investors education programs initiated by capital market of India and SEBI in the district of Palghar and Thane.

Mathematically, the regression expression can be expressed as,

Education Program = 3.434 + .378* economic development + .063

As per Table 6.62, the R square is .082, which means the 6.1% of variance of education qualification is explained by education program. The adjusted R square is lower than R square value which is .059. As the $p < 0.05$, thus the null hypothesis is rejected.

Table 6.62 Regression Result for Education Qualification and Education Program

Model	Unstandardized Coefficients		Standardized Coefficients	T	p	f	R	R^2	Δ R^2
	B	SE	B						
Education Qualification	3.434	.063		54.160	.000	35.492	.246[a]	.061	.059
Education Program	.378	.063	.246	5.957	.000				

Hypothesis 3: There is relationship between occupation of retail investors and education programs offered by capital market of India and SEBI in the district of Palghar and Thane.

The regression expression can be expressed as,

Education Program = 1.146 + (-.031) * Retail Investor Occupation + .017

As per Table 6.63, the R square is .006, which means the 0.6% of variance of education program is explained by retail investor occupation. The adjusted R square is lower than R square value which is .004. As the $p < 0.05$, thus the null hypothesis is rejected.

Table 6.63 Regression table for Education program and Retail investor occupation

Model	Unstandardized Coefficients		Standardized Coefficients	t	p	f	R	R^2	ΔR^2
	B	SE	B						
Education Program	1.146	.017		68.002	.000	3.359	.078[a]	.006	.004
Retail Investor Occupation	-.031	.017	-.078	-1.833	.047				

Hypothesis 4: There is relationship between retail investors investment of Palghar and Thane district is influenced by the demographic factors and investment education programs framed by capital market of India and SEBI.

The mathematical equation can be written as,

Demographic = .000 + 0.48 * Retail Investor Investment + .043

As per Table 6.64, the R square is .002, which means the 0.2% of variance of demographic is explained by retail investor investment. The adjusted R square is lower than R square value which is .001. As the $p > 0.05$, thus the null hypothesis is accepted.

Table 6.64 Regression table for Demographic and Investor education program

Model	Unstandardized Coefficients		Standardized Coefficients	t	p	f	R	R^2	ΔR^2
	B	SE	B						
Demographic	.000	.043		-.003	.998	1.276	.048[a]	.002	.001
Investor education program	.048	.043	.048	1.130	.259				

Hypothesis 5: There is a relationship between spurt in satisfaction level of retail investors of Palghar and Thane district due to education initiatives taken by SEBI.

Mathematically, the expression can be written as,

Satisfaction Level = 1.001 + .593 * Education Initiative + .034

As per Table 6.65, the R square is .352, which means the 35.2% of variance of satisfaction level is explained by education initiatives. The adjusted R square is lower than R square value which is .351. As the $p < 0.05$, thus the null hypothesis is rejected.

Table 6.65 Regression Table for Satisfaction level and Education Initiatives

Model	Unstandardized Coefficients		Standardized Coefficients	t	p	f	R	R^2	ΔR^2
	B	SE	B						
Satisfaction level	1.001E-013	.034		.000	1.000	299.469	.593[a]	.352	.351
Education Initiatives	.593	.034	.593	17.305	.000				

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INTERPRETATION:

Hypothesis 1: There is a significant relationship between investors education and economic development.

H_0: There is no significant relationship between investors education and economic development.

H_a: There is a significant relationship between investors education and economic development.

For every unit increase in investors education, a .440 unit increase in economic development is predicted.

Hypothesis 2: There is a significant relationship between educational qualification of retail investors and investors education programs initiated by capital market of India and SEBI in the district of Palghar and Thane.

H_0: There is no significant relationship between education qualification of retail investors and investors education program initiated by capital market of India and SEBI in the district of Palghar and Thane districts.

H_a: There is a significant relationship between education qualification of retail investors and investor education program initiated by capital market of India and SEBI in the district of Palghar and Thane.

For every unit increase in investors educational qualification, a .378 unit increase in investors education program is predicted.

Hypothesis 3: There is no relationship between occupation of retail investors and education programs offered by capital market of India and SEBI in the district of Palghar and Thane.

H_0: There is no significant relationship between occupation of retail investors and education program offered by capital market of India and SEBI in the district of Palghar and Thane.

H_a: There is a significant relationship between occupation of retail investors and education program offered by capital market of India and SEBI in the district of Palghar and Thane.

For every decrease of one point of occupation, the impact of education program is predicted to be decreased by -.031 point

Hypothesis 4: There is no relationship between retail investors investment of Palghar and Thane district is influenced by the demographic factors and investment education programs framed by capital market of India and SEBI.

H_0: There is no significant relationship between retail in retail investors investment of Palghar and Thane district is influenced by the demographic factors and investment education programs framed by capital market of India and SEBI.

H_a: There is a significant relationship between retail investors investment of Palghar and Thane district is influenced by the demographic factors and investment education programs framed by capital market of India and SEBI.

For every unit increase in demographic factor, a .048 unit increase in retail investors investment is predicted. But since the $p>0.05$, the null hypothesis is accepted. There might be other factors, which the researcher might have not considered for the purpose of this study, given the time constraints for the study.

Hypothesis 5: There is a relationship between satisfaction level of retail investors of Palghar and Thane district due to education initiatives taken by SEBI.

H_0: There is no significant relationship between satisfaction level of retail investors of Palghar and Thane district and education initiatives taken by SEBI

H_a: There is significant relationship between satisfaction level of retail investors of Palghar and Thane district and education initiative taken by SEBI

For every unit increase in education initiatives, a .593 unit increase in satisfaction level is predicted.

7.2 Testing of Objectives of the Study:

Objective 1: To study the evolution and growth pattern of the Indian capital market.

The Indian capital market had modest inauguration. It has long and glorious history of over 150 years. It has played significant role in the development and growth of the economy ever since its inception despite of numerous obstacle and barriers. The average amount of capital raised by Indian companies from the primary market was only Rs. 58 corers in 1947 whereas the average amount of capital raised from the primary market was merely Rs.70 corers in the 1960s and about Rs. 90 corers in the 1970s. The post capital reform period was a boon to Indian economy and capital market in particular. The total capital mobilization from the primary market increased robustly during the decade of 1990s from Rs.4,12,270 million on 1992-93 to Rs.22,69,112 million in 2001-02, an increased by 450 %. It is found from data collected that the resources mobilised from the primary market have increased. The equity share capital raised from primary market was Rs 27,000 crores in the year 2005-06 which was increased to Rs.79,352 crores in the year 2007-08. The foreign investments in form of American Depository Receipt's (ADR), Global Depository Receipt's (GDR) and External Commercial Borrowings (ECB) have also been increased considerably ever since its emergence. There is a spurt in annual averages of share price indices of BSE Sensex and NSE Nifty year after year. The Sensex was 8280 in 2005-06 which has incredibly gone up to 26657 in the year 2014-15. The spurt in index was 220.73% as compare to the year 2005-06. Similarly, NSE Nifty index was nearly 2513 in the year 2005-06 which has also increased to 7967 in year 2014-15.Trends in resource mobilisation by mutual funds in private sector, public sector and by unit trust of India also reveals an increasing trend over the years.In 2005-06 the net inflow of mutual funds from public sector, private sector and unit trust of India was Rs.52,779 crores which has been surged to Rs.1,07,565 crores in the year 2013-14 which itself is all time highest 103.80% as compare to base year. Foreign Institutional Investors (FII) and Foreign Direct Investment (FDI) also shows upward trend. FII investments in Portfolio investment was just Rs. 41,467 crores in 2004-05 which has been augmented to whooping Rs. 2,77,460 crores in the year 2014-15. This growth was 569.11% in comparison with the year 2005-06. The Net Foreign Direct Investment was merely 134 billion in the year 2005-06 which has gone up to 1996 billion in the year 2014-15. This impressive hiked was 1389.55% which is record high in the decade of 2005-06 to 2014-15.Almost all the capital market intermediaries operating under the regulation of SEBI have increased in the decade of 2006 -15 as far as number is concerned. It is apparent from all above tables that there is considerable growth in Indian capital market. Therefore, the objective viz. **To study the evolution and growth pattern of the Indian capital market is achieved.**

Objective 2: To understand the concepts, need and importance of investors education in existing Indian capital market.

Retail investors are expected to make their investment decisions based on education, awareness and knowledge. Investor education is a phenomena which focuses on issues relevant to the education of individuals who participate or planning to participate in capital market. Investor awareness, education and confidence is the base of any capital market. This confidence is an outcome of investor education and protection. Investor education is necessary for making sound

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financial decisions and ultimately achieving individual financial wellbeing. Investor education is helpful for investor in making better assessment of relevance and suitability of the investment advice, investment products and services. This is really helpful, when there are numerous advisors who promise great return from investment. Thus apart from guiding investors in making investment decisions for their financial well being, investor education is required for investor protection as well. In order to promote and develop capital market SEBI has initiated various investors education programs, workshops, mass media campaign, regional seminars, dedicated investor website, investors assistance drive such as Email (asksebi@sebi.gov.in), investors visiting various SEBI offices, letters to SEBI, visit to SEBI etc. Thus, the aforesaid objective namely **To understand the concepts, need and importance of investors education in existing Indian capital market has been achieved through the study undertaken by the researcher.**

Objective 3: To have deep insight into the role and significance of SEBI, Broking & Sub-broking firms and Brokers Association in educating retail investors.

The research study reveals that the various investor related institutions viz. Securities & Exchange Board of India (SEBI), Association of Mutual Funds in India (AMFI), Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Ministry of Corporate Affairs (MCA), Various Broking &Sub-broking firms, Broker Forums namely BSE Brokers Forum etc, are playing their own individual & coordinated role in protecting , handling grievances and educating the investors. SEBI, being a market regulator and developer, has played an incredible role on the various front of investors protection, grievance handling, surveillance and investors education. SEBI has initiated various investors education programs, workshops, mass media campaign, regional seminars, dedicated investor website, investors assistance drive such as Email (asksebi@sebi.gov.in), investors visiting various SEBI offices, letters to SEBI, visit to SEBI etc. **Hence, it has been concluded that the aforesaid objective has been fulfilled.**

Objective 4: To make investors aware about the various steps and measures taken by SEBI, Broking & Sub-broking firms and Brokers Association in educating the retail investors in selected area.

In order to promote and develop capital market SEBI has initiated various investors education programs, workshops, mass media campaign, regional seminars, dedicated investor website, investors assistance drive such as Email (asksebi@sebi.gov.in), investors visiting various SEBI offices, letters to SEBI etc., visit to SEBI, other initiatives such as SEBI stalls at various fairs and exhibitions, awareness programs for complainants at various offices, SEBI has designed "Do's and Don'ts" in lucid and simple form for investors relating to various aspects of the securities market, investor education reading material has been designed by SEBI. Social media has been emerged as a powerful tool with SEBI to educate the retail investors. With financial aid from SEBI , some of the SEBI registered investors associations organizes seminars for educating investors on various aspect of the capital market. Investor Education and Protection Fund (IEPF) has been established by SEBI under Section 205C of the Companies Act, 1956 by way Companies (Amendment) Act, 1999 for promotion of investors' awareness and protection of the interests of investors. The retail investor survey shows that 43.20 % respondents are aware about SEBI's investor education programs. Similarly the study also reveals that BSE brokers forum is engaged intensively in investor awareness campaign. However, 75.90 % respondents claims that broking and sub-broking firms don't conduct investor education programs. It is thus concluded that SEBI & Broker association have taken various steps and measures to educate the retail investors where as broking and sub-broking firms have not performed well as far as investor investors are concerned. **Therefore, it is maintained that the said objective has accomplished to a greater extend.**

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Objective 5: To study and understand the perceptions, preferences, attitude and worries of retail investors in the Indian capital market.

Out of the total 553 respondents, 209 (37.80%) respondents perceive that they invest their money in capital market for creating long term wealth. Second highest number of respondent's 172 (31.10%) understanding is that capital market is a source of side income. 153 (27.70%) respondents feel that capital market is like a gambling whereas 88(15.90) respondents are of the opinion that better than traditional financial instrument. 55 (9.90%) respondents sense that capital market is mere speculation. It is thus inferred that various perceptions are there in the minds of ordinary household individuals about the capital market.

As far as retail investors preferences are concerned, it is found that the majority of the respondents i.e. 427 (77.40%) choose to invest their money in Banks savings whereas second most preferred investment vehicle is Shares/Debentures/Mutual Funds with 156 (28.30%) followed by Insurance with 154 respondents i.e. 27.90% of total respondents. Most of the investors held least amount of financial resources in the Gold / Silver / Diamond / Precious Stone, Postal Savings and Real Estate with 93 (16.8%), 55 (10.00%) and 62 (11.20%) respectively. It is noteworthy that 45 (8.20%) respondents have park their savings in all financial instruments.

When it comes to attitude of retail investors, it was noticed that 217 (39.20%) respondents out of total 553 respondents consider themselves as balanced investors. 82 (14.80%) perceived themselves as conservative investors whereas just 4.30% of the total respondents claims that they are aggressive type of investors.

The attempt is being made to analyse and interpret the worries of household and retail investors about Indian capital market. It is attention-grabbing that all the worries have been expressed in two digits as long as percentage is concerned. Out of the total respondents, 203 (36.70) respondents consider that "Too much price manipulation" is the biggest worry followed by 199 (36.00%) respondents who recognize unfair trade practices of broker as a major worry. 179 (32.40%) respondents figured out that fraudulent company promoter / management is the matter of concern. Too much insider trading is being expressed as a worry by 172 (31.100%) respondents. 131(23.70%) respondents feel that poor market regulation is cause of worry to the retail investors. 124 (22.40%) consider poor redressal of investors grievances is as main worry. According to 113 (20.40%) respondents, too much price volatility is major cause of worry for retail investor whereas 109 (19.70%) respondents expressed high DEMAT charges as major worry about capital market from investor perspective. Thus, the abovementioned objective to **understand the perceptions, preferences, attitude and worries of retail investors in the Indian capital market has been reached.**

Objective 6: To understand the profile and investment choices of retail investors of Palghar and Thane districts.

The data reveals that the majority of the 203 (36.70%) respondents are Graduates followed by Post Graduates with 133(24.10%). 23 (4.20%) respondents posses Ph.D. whereas 36 (6.50%) people have professional degree 89(22%). Those with lesser qualification accounts for 22.80 % of the total population. It is interesting to note that most of the respondents possess higher education (Bachelor plus) and this factor will increase the reliability of conclusions drawn about the matters under investigation. As far as retail investors preferences are concerned, it is found that the majority of the respondents i.e. 427 (77.40%) choose to invest their money in Banks savings whereas second most preferred investment vehicle is Shares / Debentures / Mutual Funds with 156 (28.30%) followed by Insurance with 154 respondents i.e. 27.90% of total respondents. Most of the investors held least amount of financial resources in the Gold/Silver/Diamond/Precious Stone, Postal Savings and Real Estate with 93 (16.8%), 55

(10.00%) and 62(11.20%) respectively. It is noteworthy that 45 (8.20%) respondents have park their savings in all financial instruments.

As far as the income of the respondents is concerned, out of the total 553 respondents 149 (26.90 %) respondents are earning below Rs.50000 annually; 82 (14.80 %) respondents are earning between Rs. 50000 to 1 lakh per annum. Similarly 82 (14.80 %) respondents are earning Rs.1 lakh to Rs.2 lakhs. 115 (20.80%) respondent's income is in the range of Rs.2 lakhs to Rs. 5 lakhs whereas 72 (13.00%) respondents are earning Rs.2 lakhs to Rs. 5 lakhs per annum and the rest of 53 (9.60%) respondents are earning Rs.10 lakhs and above annually. The maximum numbers of respondents 149 (26.90%) who are having an annual income below Rs.50000. It is therefore inferred that 240 (43.40%) respondents were from the income group of Rs. 2 lakhs to above Rs. 10 lakhs which shows that there is scope for investment in the capital market from these specific group of people. Although more than 313 (56.50%) of the respondents were in the lower income group between Below Rs. 50 000 - Rs. 2 lakhs, they also have potentials to become future investors of capital market.

It is thus concluded that despite of possessing good qualification and sizable income, the common people have emphasized on traditional modes of investment. **The objective under study has not been fulfilled**.

Objective 7: To have deep understanding of comfort level of retail investors while investing in various instruments in the capital market.

When it comes to comfort level of retail investors, it was noticed that 217 (39.20%) respondents out of total 553 respondents consider themselves as balanced investors. 82 (14.80%) perceived themselves as conservative investors whereas just 4.30% of the total respondents claims that they are aggressive type of investors. Thus, the objective **to have deep understanding of comfort level of retail investors while investing in various instruments in the capital market has been accomplished .**

Objective 8: To analyse the role and attitude of SEBI, Broking & Sub-broking firms and Brokers Association in educating the retail investors and study further the satisfaction level of retails investors of Palghar and Thane districts.

SEBI, being a market regulator and developer, has played an incredible role on the various front of investors protection, grievance handling, surveillance and investors education. In order to promote and develop capital market SEBI has initiated various investors education programs**,** workshops, mass media campaign, regional seminars, dedicated investor website, investors assistance drive such as Email (asksebi@sebi.gov.in), investors visiting various SEBI offices, letters to SEBI etc., visit to SEBI, other initiatives such as SEBI stalls at various fairs and exhibitions, awareness programs for complainants at various offices, SEBI has designed "Do's and Don'ts" in lucid and simple form for investors relating to various aspects of the securities market, investor education reading material has been designed by SEBI. With financial aid from SEBI , some of the SEBI registered investors associations organizes seminars for educating investors on various aspect of the capital market. Investor Education and Protection Fund (IEPF) has been established by SEBI. The retail investor survey shows that 43.20 % respondents are aware about SEBI's investor education programs. The study further reveals that 146 (26.40%) respondents have shown interest and attended the investors education programs initiated and conducted by SEBI. Whereas, rest of the respondents which carries majority i.e. 407 (73.60%) have preferred not to attend or not aware about such awareness programs but out of it hardly 26.40% respondents have actually attended the education programs. Thus the analysis clearly shows that people are well aware about SEBI & SEBI's investor education programs but they don't come forward to attend such programs due to one or another reasons which apparently point out that they are least bother about all such education programs initiated by SEBI. Similarly the study also reveals that BSE brokers forum is engaged intensively in investor awareness campaign. However, 75.90 % respondents claims that broking and sub-broking firms don't conduct investor education programs. 70 (12.70%) respondents are of the view that SEBI education programs are very much useful; 65 (11.80%) respondents after attending SEBI education program feel that such programs are somewhat useful whereas 20 (3.60%) have expressed that such education programs are not much useful. 81 (14.60%) respondents refused to give their comments by saying "Can't Say". Thus the analysis apparently implies that very few respondents have positive opinion about the SEBI's education program initiative. Although, SEBI & BSE Broker Forum have been taking keen interest and initiative to create the awareness about capital market, the retail investors are not satisfied with such initiatives as they don't participate due to various reasons like time constraint, poor infrastructure, language barrier etc. **The inference is drawn that the abovementioned objective has not gained.**

Objective 9: To suggest the measures towards educating retail investors in Palghar and Thane districts so as to improve the fundamental knowledge of these investors leading to have greater participation in capital market.

An in depth analysis has been carried out to know the measures required by SEBI to educate the retail investors about capital market. Out of the aggregate responses 191 (34.60%) respondents are in favor of conducting frequent education programs through electronic media. 185 (33.50%) respondents suggest that SEBI should arrange more seminars on investor education in rural areas.109 (19.70%) respondents advocate to emphasize on involving print media by SEBI in investor education drive whereas 101(18.30%) respondents propose to strengthen SEBI f regional offices. The investor education should be incorporated as a syllabus at schools and colleges level as a part of financial literacy Further, a researcher has given certain recommendations based on the primary and secondary data in order **to educate retail investors in Palghar and Thane districts so as to improve the fundamental knowledge of these investors leading to have greater participation in capital market. Thus, the abovementioned objective has been fulfilled**.

7.3 FINDINGS OF THE STUDY:

7.3.1 General Findings of the Study:

1. recognized in international arena. In the area of investor education SEBI is conducting The Indian Capital Market had very modest beginnings with first trading happened at Apollo Street, Mumbai under a tree. Nevertheless, there was spurt in the market post 1980's. It established its scope not only to mobilize the savings of household sector but also allocate it with some degree of efficiency for industrial development.

2. The decade of 80's and 90's even post liberalization period observed investors from small cities and rich rural pockets across the country, discovering that public issues were profitable investments. There were tremendous growth in capital markets in terms of trading, public issues, number of intermediaries, stock exchanges, new financial instruments

3. Host of reforms took place in a capital market resulting in elimination of malpractices, manipulation and bureaucratic control and brought the transparency to a greater extend which was necessary to gain the confidence of retail investors.

4. Various surveys undertaken recently by Society for Capital Market Research and Development (SCMRD) and SEBI have proved that retail investors are distancing themselves from capital market and the percentage of their investment in capital market is quite meager vis-à-vis all other avenues of investments. The reason being they have been cheated.

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5. Retail investors flock to capital market if they feel safe and secured. A safe investor is one who is well informed and educated about capital market. An informed investor can take rational decision based on facts and figures rather than rumor and tips. Regrettably most of the household investors are not aware about investor education programs initiated by SEBI,BSE,NSE etc.

6. In light of aforesaid findings, SEBI has remain pioneer and instrumental in protecting the interest of retail investors and educating the retail investors immensely. Ever since its incorporation, SEBI has taken various steps to bring fairness and transparency in the capital market through numerous reforms. SEBI has been playing key role for protecting the interest of investors and its efforts are being investor awareness programs such as workshops, mass media campaign, regional seminars, dedicated investor website, investor assistance, visit to SEBI etc.

7.3.2 Retail Investor's Survey Findings:

1. The maximum number of respondents were in the age group between 21 - 30 years i.e. 42.50% followed by 17.50% respondents in the age group of 31-40 years and 31-40 years respectively. Notably, 493 respondents were below the age group of 50 years. 60% respondents are from the age group of 21 to 40 years which gives optimistic picture of inclination towards capital market.

2. Male respondents are in overwhelming majority that makes up almost 3/4th of the total number of respondents. The rest, 36.70% respondents are female which comprise of almost 1/4th of the total respondents. It is apparent that male respondents are more inclined to invest their money in the capital market as compare to female respondents. There is ample scope to increase the penetration of female in capital market operations.

3. There is marginal difference between the proportion of married and unmarried respondents.

4. The majority, 36.70% respondents are graduates followed by post graduates with 24.10%; 4.20% respondents posses Ph.D. whereas 6.50% people have professional degree. It is interesting to note that most of the respondents possess higher education (Bachelor plus). The intensive education programs should be undertaken to bring all class of individuals especially highly educated individuals in the ambit of capital market.

5. It was found that more than half of the proportion belongs to salaried employee's category, 8.30% respondents are professionals, 10.50% respondents are businessman and small entrepreneurs respectively. The prospects for targeting the class of salaried employees for creating awareness about capital market are better by virtue of their fixed nature of income. Remarkably, 22.20% respondents are students pursuing and possess higher education. They can be act as prospective and future investors if the awareness is created

6. Out of the total respondents , 26.90 % respondents are earning below Rs.50000 annually; 14.80 % respondents are earning between Rs. 50000 to 1 lakh per annum. Similarly, 14.80% respondents are earning Rs.1 lakh to Rs.2 lakhs yearly. 20.80% respondent's income is in the range of Rs.2 lakhs to Rs. 5 lakhs whereas 13.00% respondents are earning Rs.5 lakhs to Rs. 10 lakhs per annum and the rest of 9.60% respondents are earning Rs.10 lakhs and above annually. It is therefore inferred that overall 43.40% respondents were from the income group of Rs. 2 lakhs to above Rs. 10 lakhs which shows that there is scope for investment in the capital market from these specific group of people. Although, more than 56.50% of the respondents were in the lower income group between Rs. 50 000 - Rs. 2 lakhs, they also have potentials to become future investors of capital market.41.70% respondents have income below Rs 100000 which indicates that at present they have less potentials to save and park their surplus money in capital market.

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7. 77.40% respondents choose to invest their money in banks savings whereas second most preferred investment vehicle is shares / debentures / mutual funds with 156 (28.30%) followed by insurance with 154 respondents i.e. 27.90% of total respondents. The trend of parking surplus money in traditional instruments still prevails. However, there is huge scope to attract the households towards capital market through systematic and exhaustive investor education programs.
8. Merely 187 (33.80%) respondents have invested in capital market. In other words, bulk of the individuals i.e. 366 (66.20%) do not invest in capital market. There is significant deviation between investing and non investing respondents. This gives rise to rigorous investor education and awareness campaign.
9. 12.80% respondents have been investing since last 2 years; 8.50% respondents were investing from the period between 3 to 5 years; 6.10% respondents are investing from 6 to 10 years whereas as many 6.30% respondents are investing from above 11 years. The aggregate respondents of all class having investment experience are 187 (33.80%). It is thus concluded that more number of new investors are joining to capital market.
10. Out of total respondents, 12.70% respondents have currently invested upto Rs.25000 ; 5.10% respondent's existing investment is in the range of Rs.25001 to Rs.50000, 6.30% respondents have parked Rs.50001 to Rs.100000 currently in capital market. Similarly, at present. 9.80% respondents have invested between Rs.100001 to 2 lakhs. It is concluded that the majority, 12.70% respondents currently invest upto Rs.25000, which shows the poor interest of the respondents in investment.
11. 24.90% investors are regular and actively involved in capital market investment and show keen interest in trading and take part in trading accordingly. It is inferred that frequency towards investment in capital market is not adequate. There is thus need for awareness.
12. 26.60% respondents are of the opinion that they have been benefited from the investments made in capital market. It is evident from the above information that 1/4 of the of the total respondents are beneficiaries of capital market and they have positive perception and attitude about capital market. This sentiment of positivity could be utilized to gain the confidence of household masses. Nevertheless, ¾ of the respondents needs to be approached.
13. As long as frequency of benefit from investment in capital market is concerned, 1/3 of the total respondents have benefited either on regular, occasionally or rare basis which is certainly an optimistic picture and shows the ray of hope and prospects for awareness about capital market.
14. 15.00% respondents have uttered that they couldn't gain from capital market lack of their knowledge in investment ; 7.10% respondents voiced saying their poor planning in investment is the reason behind not getting returns or benefit from their investment whereas 2.50% respondents feels that relying on friends advise is the reason for not getting benefited. Similarly, 2.40% respondents feel that greed about capital market is a reason for not meeting its expectation about returns. The sizable portion of people have remained away from the ambit of capital market. In other words they are no where in the picture.
15. While dealing with investment in capital market, the investors have encountered with numerous problems. Out of the total respondents whopping 22.50% respondents feel that lack of information is one of the major problem faced by them while investing in capital market followed by 17.60% respondents according to whom time constraints is one of the problem they encountered while investing. 12.00% respondents have questioned about trustworthiness of intermediaries. In other words they are skeptical about the role played by market intermediaries. 8.50% respondents are of the opinion that explosion of information.

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16. 37.80% respondents perceive that they invest their money in capital market for creating long term wealth. Second highest number of respondent's 31.10% understanding is that capital market is a source of side income. 153 respondents feel that capital market is like a gambling whereas 15.90% respondents are of the opinion that better than traditional financial instrument. 9.90% respondents sense that capital market is mere speculation. It is thus inferred that various perceptions are there in the minds of ordinary household individuals about the capital market.

17. The attitude of respondents have varied from person to person. Out of total 553 respondents 39.20% respondents consider themselves as balanced investors ; 14.80% perceived themselves as conservative investors whereas just 4.30% of the total respondents claims that they are aggressive type of investors.

18. It is surprising to note that 70.50% respondents are well aware about the premier institutions viz. SEBI, BSE, NSE, etc. associated and indulged in investor awareness programs about Indian capital market. As a result, it is presumed that most of the respondents have limit their understanding merely for knowing the names of such statutory bodies and not moved one step ahead to invest in capital market.

19. It is revealed that more than ¼ of the respondents came to know about SEBI,BSE,NSE etc. from TV Channel, Newspaper/Magazine/Journal, Internet/YouTube/Social Media friends and relatives. Print and electronic media has played a significant role to create awareness about capital market related institutions like SEBI,BSE,NSE etc. It can be concluded that there is awareness about capital market related institutions.

20. 43.20% respondents have expressed that they are aware about investor education programs undertaken by SEBI whereas large chunk of the respondents i.e. 56.80% are ignorant and uninformed regarding investors education initiative by SEBI. This apparently shows that bulk of the respondents are at least aware about SEBI and its investors education programs. It is thus inferred that there is vast scope about retail investors awareness about capital market in Palghar and Thane districts.

21. The survey finds that 26.40% respondents have shown interest and attended the investors education programs initiated and conducted by SEBI. Whereas, rest 73.60% of the respondents which carries majority, have either not aware or preferred not to attend such awareness program. In fact, earlier findings reveals that 43.20% respondents are aware about SEBI education program but out of it hardly 26.40% respondents have actually attended the education program. Thus the analysis clearly indicates that people are well aware about SEBI & SEBI's investor education programs but they don't come forward to attend such programs due to one or another reasons which apparently point out that they are least bother about all such education programs initiated by SEBI.

22. About 24.50% i.e. ¼ of the respondents claims that SEBI investor education programs are very effective. Thus the analysis apparently implies that very few respondents have positive opinion about the SEBI's education program initiative.

23. Out of the total respondents, 12.70% respondents believe that after attending SEBI's education programs their knowledge and confidence about the capital market have increased; 20.10% respondents experienced is somewhat increased in confidence level whereas hardly 3.30% respondents have negative experience about such educational programs and feel that these kind of programs are not at all increased their level of knowledge and confidence about capital market.

24. 26.90% respondents strongly feel that they liked most about SEBI's "awareness programs and workshops conducted through stock exchanges" followed by 11.90% respondents who think that visit to SEBI is an impressive and unique way of investor education program.
25. Out of the total respondents, 13.60% respondents have expressed that they liked SEBI's "Need of Financial Planning" as powerful content of education whereas 8.50% respondents chosen "Why to start investing at early age".
26. 24.60% respondents consider that "Regional Language" should be given topmost priority while framing investor education module; 19.70% respondents believes that "Games & Examples" could be incorporated as an investor education module. Similarly, 13.00% respondents think that "Lucid way of Presentation could be an impressive way of education. Greater part of respondents strongly feel that regional language should to be given more emphasis in order to make investor education program purposeful.
27. As many as half i.e. 48.60% respondents said that rural area is being ignored by SEBI while framing investors education programs &policies.
28. Out of the total respondents 24.80% respondents feel that poor investing capacity is one of the major reason for negligence by SEBI; 26.90% respondents consider communication problem is reason for negligence by SEBI; 26.80% respondents believe that lack of understanding of investors about investment is a key factor of ignorance whereas 17.90% respondents trust that distance from city/inconvenience to have education programs is main reason to have ignored rural area from SEBI education campaign.
29. It is interesting to note that more than half of the respondents strongly believe that awareness and knowledge about capital market could be a decisive and impactful factor to be borne in mind at the time framing investor education program strategies.
30. It is noteworthy that out of the aggregate responses 34.60% respondents are in favor of conducting frequent education programs through electronic media whereas 33.50% respondents suggest that SEBI should arrange more seminars on investor education in rural areas ; 19.70% respondents advocate to emphasize on involving print media by SEBI in investor education drive & 18.30% respondents propose to strengthen SEBI regional offices.
31. As far as own initiative of investor education is concerned, it is appealing to know that highest number of respondents i.e. 51.90% are inclined to internet, YouTube, social media etc. followed by TV channel, newspaper / magazine / journal etc..With change in time and technology, social and electronic media could be used as powerful weapon for creating awareness among retail investor.
32. It is remarkable to note that 69.40% respondents believe that retail investors education programs initiated by SEBI will certainly increase retail investors base (penetrations) in the capital market.
33. It is worth mentioning that67.30% or ¾ of the respondents claim that there is a sharp impact of fraud on the minds of household investors which create negative sentiment among them for a long time.
34. 62.40% respondents claims that fraud and scams in capital market hampers the growth prospects.
35. Majority of respondents consider that "Too much price manipulation" is the biggest worry followed by respondents who recognize unfair trade practices of broker as a major worry. 32.40% respondents figure out that fraudulent company promoter/management is the matter of concern. Too much insider trading is being expressed as a worry by 172 respondents.

23.70% respondents feel that poor market regulation is cause of worry to the retail investors. 124 consider poor redressal of investors grievances is as main worry. According to 20.40% respondents, too much price volatility is major cause of worry for retail investor.

36. More than 1/3rd of the respondents agree that they are aware about SEBI key role in investor protection.

37. It is astonishing to note that more than 3/4 respondents have belief and conviction that brokers do not conduct any kind of investor awareness programs in Palghar and Thane districts for retail investors.

38. Out of total respondents whopping 462 respondents have never attended any investors education programs conducted by brokers and sub-brokers. The scale of organizing as well of participation in investor education program is quire meager.

39. 19.20% respondent's feedback is positive and they endorse that brokers do enough to give knowledge about capital market to retail investors whereas 27.80% respondents consider that brokers are not proactive in giving and enhancing knowledge about the capital market.

40. In all 36.30% respondents follow and act as per broker advise which ranges from 5% to 100%. Therefore, it can be concluded that the broker influence the decision of investors to some extend.

41. Out of the total respondents 40.50% respondents wish to invest through mutual funds where as 21.00% respondents are inclined to make direct investment in capital market . It is thus evident that the majority of the investors are in favor of investment through the channel of mutual fund via-a-vis. investing directly in the capital market.

42. Remarkably, 83.70% respondents consider electronic media is effective to educate investors.

43. Notably, 77.20% respondents concede that investor education programs can act as a powerful tool to reduce the fear about frauds and scams in the capital market. It is therefore concluded that investor education programs can change the mindset of common man.

7.3.3 Findings Based on Responses from Broking Firms:

1. The percentages of conducting investor education programs by broking and sub broking firms are satisfactory but not sufficient. Broking and sub-broking firms, being key market intermediaries, should take every effort to reach out to household investors through investor education programs.

2. The frequency and the interval of conducting investor education programs by broking and sub-broking firms is not at all exciting although majority of the broking and sub broking firms have opinion that investor education programs are valuable and quite useful per se. There is need to increase the frequency of investor education programs organized through broking & sub-broking firms.

3. Majority of the broking & sub-broking firms are of the opinion that the print and electronic media can play vital role in creating awareness about capital market.

4. Lack of investor knowledge, huge cost involved, limitation of human resources and negative perception about capital market respectively are the difficulties and obstacle to organize investor education programs.

5. Notably, 50% broking and sub-broking firms maintain that investor education and awareness campaign will help to create intensive awareness among the retail investors about capital market.

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6. Greater part of the respondents suggest that suitable and convenient timings, communication in local language could help to make investors education program popular and friendly.
7. A good number of broking and sub-broking firms believe that investor education programs will certainly help to reduce worries, wrong perceptions and problems faced by retail investors.
8. It is apparently indicate and concluded that majority of the broking and sub-broking firms are optimistic about outcome of investor education programs undertaken by them. In other words there would be joining of new clients as a result of effective investor education programs.

7.3.4 Findings Based on Responses from Brokers Associations:

1. The BSE brokers association has been playing a significant role in creating capital market awareness among retail investors & it is vital for the development of the capital market.
2. Various sessions and expert talks have been arranged by BSE brokers association in order to create the awareness among retail investors.
3. Knowledge sessions have been emphasized by BSE brokers association to create awareness.
4. The probability of fresh investment arises after investor awareness programs initiated by BSE brokers association.
5. Through investors awareness programs, BSE brokers associations can get new clients into the market.
6. BSE Brokers associations has been engaged intensively to train brokers for more knowledge imparting sessions for the investors.
7. BSE Brokers associations is contemplating to give code of conduct to broker members for ethical dealing in order to safeguard and protect the interest on investors.

7.4 RECOMMENDATIONS

1. A special and dedicated investment education website should be launched by SEBI. This website should be given broad publicity especially in a public domain. In every prospectus of an IPO, it should be mandatory to put a caption stating that investors are advised to visit the Investors education website before going for an investment. This should be easy to understand and cover an area specifically devoted to describing common type of schemes, do’s and don’ts, precaution, scams etc. which the investors should know. In addition, it should have a list of question investors should ask themselves before investing in any securities
2. A mechanism should be developed to have a better co-ordination between SEBI and all stakeholders viz. stock exchanges, broking firms, broker associations, investors association etc. so as to evaluate the work done by each one of the above stakeholder in the area of investors education on regular basis and to know the outcome of the same. Further, they should ponder upon as what is to be done in order to have efficacy of investor education programs.
3. In order to encourage and motivate all the stakeholders in the field of investor education, system of recognition, acknowledgement and awards should be inculcated. A stakeholder who does excellent work for educating the retail investors should be awarded accordingly in order to inspire others.

4. Before taking any policy decisions by SEBI regarding investor education, it should be mandatory to invite all the stakeholders especially small investors and small investor associations to participate in the decision making process connected with the capital market. Though, SEBI presently invites comment by usually putting up discussion papers on the internet, but this should be made even through more robust system. All regulators like stock exchanges, AMFI, should also be encouraged to have more interaction with small investors to create awareness among the investors and understand their problems and perspectives.
5. The study indicates that most of the respondents are not at all aware about the investor education programs initiated by SEBI. Very few respondents are aware of such programs. Majority of the respondents found the programs not much helpful. Hence, programs needs to be re-designed keeping the small investors expectation and problems in mind. These need to be campaigned in better way and made more interesting so that more and more investors actually benefitted out of it. A standardized well researched better designed programs would go a long way in bringing investors towards market.
6. The content of literature or material available for investor education program should be very lucid, simple and precise. It should be easily interpreted by common man. In other words bombarding of too much information will not suffice the purpose of investor education.
7. It is advised to early age, young and first time investors to invest either through Mutual Funds or in Sensex 30/ Nifty 50 companies from long term perspective so as to minimize the risk element involved in the investment made by them. Fundamentally strong companies and Mutual Funds have given robust return in long run.
8. Stock market is described as a barometer of country's economy. Further, stock market performance is directly affected by the economic decisions of the country. Considering the significance and impact of stock market directly or indirectly on the lives of all citizens of country, capital market should be a subject right from school level.
9. At college level, more and more events, workshops, discussion, activities about capital market should be organised along with the visit to SEBI, BSE, NSE .This will help immensely to create interest and augment curiosity among the students fraternity about capital markets.
10. Today's higher educating students are tomorrow immediate investors. Keeping this phrase in mind, investor education should be incorporated as a separate subject in the syllabi of colleges and universities. It is observed that most of the students belonging to commerce stream from the rural area are not serious about capital market neither syllabi is strong enough to enlighten their minds about investors education. They possess and restrict their knowledge for scoring the marks. The students of professional courses viz. Chartered Accountancy, Cost Accountancy, Company Secretary, Chartered Financial Analyst, Master of Business Administration should be taught about investor education, their rights responsibilities intensively so that they may become informed and educated investors at a very young age. This will help to mobilize more savings into the capital market.
11. The time, energy and talent of college going students especially commerce faculty students can be tapped by involving them in the campaign of investor education by providing formal training and offering them reasonable stipend. This will enable them to earn while learn and they themselves will become aware about their role as a future prospective investors. The internship could be one of the best way to train and educate young brigade.

12. From career perspective, the knowledge about investment in capital market should be imparted right from schools onwards so that when students complete their graduation, they can easily make their career choices in most appropriate manner.
13. Being ocean of career opportunities, while conducting any investment education and awareness programs by SEBI,BSE,NSE the focus should also be made on the career opportunities that one can grab in the field of capital markets.
14. Investor awareness programs should be conducted on simple theme of equity as an investment asset class, role of mutual funds in wealth creation. As they will guide students to save money and invest wisely.
15. Success stories about national and international level wealth creators form capital market viz. Warren Buffett, Rakesh Jhunjhunwala, Porinju Veliyath, Vijay Kedia, Nemish Shah, Ramesh Damani, Raamdeo Agrawal, Dolly Khanna etc. to be produced before young and college going students .
16. Capital market is a sentiment based market thus a single scam and fraud in any company operating across the capital market creates the atmosphere of tremendous panic and fear across the segment of common man, prospective investors and existing investors and the impact of the same prevails for a long time. This is major cause why the retail and common investor is reluctant to trade in capital market. This block is to be eliminated through continuous awareness campaign.
17. Literature published by SEBI/Stock Exchanges on investor awareness should be made available to the masses freely and easily. Through reading such brouchers/ hand outs he can learn and realized the merits, demerits, rights and responsibilities as an investor. Similarly more and more seminars with more publicity ensures more investor education and awareness.
18. The risk factors associated with an investment in capital market are disclosed in fine print. Even, on TV commercial a statement is made for risk factors, refer to the prospectus. However, this statement is made so quickly, that it hardly registers in the minds of people. In order to have better understanding in rural and semi-rural areas, the risk factors should also be published precisely in Hindi and / or vernacular language.
19. Most of the retail investors are from vernacular medium and do not understand English language properly. Considering this, the sessions or programs on investor awareness should be conducted in vernacular languages so as to reach to the last person in the queue is possible.
20. The emphasize should be on practical approach in investor education programs. Thus, more and more sessions should be conducted along with practical viewing of stock market terminal as visuals make more impact and effect.
21. In last two decades mutual funds have gained wider publicity among retail investors having little or no knowledge about capital market. In order to create awareness about mutual funds and attract more and more investors towards mutual fund schemes, Systematic Investment Plan(SIP) calculators should be shown to the investors so that they may understand the significance and power of compounding. Thus, small investments can also lead to wealth creation.
22. Frequent discussion about capital market should happen on the tables of the families as Gujarati families do. This could open up the minds of people and create inclination towards stocks/share market.

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23. In the last, I would like to conclude that there is no academic degree in the world that can guarantee you success in stock market. It is ultimately the experience that makes you learn.
24. Quite often investors do not understand as when to buy and when to sell their stocks. This leads to over expectations and eventually they land up in huge losses.
25. Many of the shopkeepers, small and medium scale entrepreneurs, people working abroad on cruise line, teaching and non teaching fraternity esp. from aided section having commerce and non commerce background, government and municipal employees, big peasants & fishermen could be educated to have more retail penetration in capital market as these people have substantial income but have least exposure and awareness about stock market neither education programs are conducted for them in Palghar and Thane districts hence there is a vast scope from this perspective.
26. Till today, the majority of household individuals in Palghar and Thane districts have numerous misconception, fear, ignorance etc. about capital market. As a result they prefer to stay away from stock market and park their savings in traditional avenues of investments. Time and again it is imperative to instill confidence among them through various education programs by SEBI and capital market.
27. The stock markets esp. Bombay Stock Exchange (BSE) could be described as emblem of trustworthiness and one the commercial monument in the history of Indian economy. BSE has made a glorious journey of more than145 years. In its meritorious and long journey it has undergone numerous windy and cyclonic storms of scams, rumors, misconceptions, scandals. But at the same time reforms too have taken place over a period of time. Many have gone to ashes and many have raised from ashes through this institution. However, BSE as an institution stands firmly at the heart of south Mumbai as a symbol and story of prosperity and success. Retail investors should be made realized the credibility of all such exchanges to motivate them to enter into stock markets.
28. The funding to Investor Education & Protection Fund (IEPF) should be augmented and used intensively and effectively for creating awareness among retail investors at mass level.

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II – ANNEXTURE (i) QUESTIONNAIRE FOR RETAIL INVESTORS

For the purpose of collecting necessary primary data, a structured questionnaires is designed and an online survey was conducted over a sample of 553 capital market investors located in Palghar and Thane districts, with aim of knowing the opinions of these investors and their experiences on different aspect reflecting their perception, problems, preferences, status, major worries, adopted policies, present and future conservative or balanced approaches, attitude, regulators role , broking firms policies etc.

The purpose of designing structured questionnaire is to meet the objectives of the study and to test the hypothesis of the study.

1. Name

2. Email

3. Mobile No.

4. Age

- (●) Below 20
- ( ) Between 21-30
- ( ) Between 31-40
- ( ) Between 41-50
- ( ) Above 50

5. Sex

- ( ) Male
- ( ) Female
- ( ) Transgender

6. Marital Status

- ( ) Married
- ( ) Unmarried

7. Educational Qualification

- ( ) Non Matric
- ( ) S.S.C
- ( ) H.S.C
- ( ) Graduate
- ( ) Post Graduate
- ( ) Ph.D.

- Professional Degree
- Other:

8. Academic Discipline

- Arts
- Commerce
- Science
- Engineering
- Other:

9. Occupation

- Salaried
- Professional
- Housewife
- Business
- Small Entrepreneur
- Farmer
- Retired
- Student
- Other:

10. Annual Income

- Below Rs.50,000
- Rs. 50,001 - Rs 1,00,000
- Rs. 1,00,001 - Rs.2,00,000
- Rs.2,00,001 – Rs.5,00,000
- Rs. 5,00,001 - Rs.10,00,000
- Above Rs.10,00,001

11. No. of Members in the Family ?

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8 & Above

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12. No. of Members Earning in the Family ?

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8 & Above

13. No. of dependent members in the family ?

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8 & Above

14. Where do you invest (park) your savings ?

- Banks
- Gold/Silver/Diamond/Precious Stone
- Shares/Debentures/Mutual Funds
- Postal Savings
- Real Estate
- Insurance
- All the above
- Other:

15. Do you invest in the stock market ?

- Yes
- No

16. If Yes, Since how long you are investing in the stock market ?

- 0 - 2 Years
- 3 - 5 Years
- 6 - 10 Years

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- 11 years above
- Not Applicable

17. Amount currently invested in the stock market ?

- Up to Rs. 25,000
- Rs. 25,001 – Rs. 50,000
- Rs. 50,001 – Rs.1,00,000
- Rs.1,00,001 – Rs. 2,00,000
- Not Applicable

18. How frequently do you invest in the stock market ?

- More Frequently
- Less Frequently
- Rarely
- Never

19. Have you benefited from the investments in the stock market ?

- Yes
- No

20. If Yes, then how frequently have you benefitted ?

- Always
- Occasionally
- Rarely
- Not Applicable

21. If not, what are the reasons for not getting benefited ?

- [ ] Lack of Knowledge in Investment
- [ ] Poor Planning in Investment
- [ ] Relying on Friends advise
- [ ] Greed about Stock Market
- [ ] Not Applicable
- [ ] Other: ______

22. Which problems do you face while investing in the stock market ?

- [ ] Lack of Information
- [ ] Time Constraint
- [ ] Trustworthiness of Intermediaries
- [ ] Too Much Information

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- ☐ Lack of Technology
- ☐ All the above
- ☐ Not Applicable
- ☐ Other:

23. What is your overall understanding of the stock market ?

- ☐ It creates long term wealth
- ☐ It is only speculation
- ☐ It is source of side income
- ☐ It is better than traditional financial instrument
- ☐ It is like gambling
- ☐ Other:

24. What kind of investor are you ?

- ○ Conservative
- ○ Aggressive
- ○ Balanced
- ○ Not Applicable

25. Are you aware of the SEBI, BSE, NSE, etc. ?

- ○ Yes
- ○ No

26. If Yes, then how did you come to know about SEBI, BSE, NSE etc. ?

- ☐ TV Channel
- ☐ Newspaper/Magazine/Journal
- ☐ Internet/Youtube/Social Media
- ☐ Information from friends/relatives
- ☐ Not Applicable
- ☐ Other:

27. Do you know about investors education programs undertaken by SEBI ?

- ○ Yes
- ○ No

28. Have you attended any such awareness programs ?

- ○ Yes
- ○ No
- ○ Not Applicable

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29. If yes, then in what way was it useful to you ?

- ○ Very much useful
- ○ Somewhat useful
- ○ Not much useful
- ○ Can't say
- ○ Not Applicable

30. Do you think that after attending such programs your knowledge and confidence about the stock market has increased ?

- ○ A lot
- ○ Somehow
- ○ Not at all
- ○ Can't Say
- ○ Not Applicable

31. What did you like most from SEBI's Investors Education Programs ?

- ☐ Awareness Programs/Workshops through Stock Exchanges
- ☐ Mass Media Campaign through T.V, Radio,
- ☐ Regional Seminars
- ☐ Dedicated Investor Website
- ☐ Investors Assistance through emails, letters to SEBI
- ☐ Visit to SEBI
- ☐ SEBI stalls at various Fairs and Exhibitions
- ☐ Not Applicable

32. Which is the most powerful content of SEBI education module which helps you to make awareness about stock market ?

- ○ Need of Financial Planning
- ○ Why to start investing at early age
- ○ Various Investment areas in stock market
- ○ Precautions to be taken while investing
- ○ Investment strategies to achieve investment goal
- ○ How to begin investing
- ○ Not Applicable

33. According to you, what could be included in the content of SEBI investors education modules to make it more effective ?

- ☐ Regional Language
- ☐ Through Games and Examples

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- ☐ Lucid Presentation
- ☐ Not Applicable
- ☐ Other: ____

34. Do you think that rural area is being ignored or neglected during framing investors education programs by SEBI ?

- ○ Yes
- ○ No
- ○ Not Applicable

35. If yes, then why ?

- ☐ Poor Investing Capacity
- ☐ Communication Problem
- ☐ Lack of understanding of investors about investment
- ☐ Far from city/inconvenient to have education programs
- ☐ Not Applicable
- ☐ Other: ____

36. In your view, which of the following factors should be given priority/importance by SEBI while designing an investor education programs?

- ☐ Perception
- ☐ Attitude
- ☐ Knowledge
- ☐ Geographical Conditions
- ☐ Preferences
- ☐ Worries
- ☐ Demographic Parameters
- ☐ Can't Say

37. Which are the following measures required by SEBI to educate the retail investors ?

- ☐ Frequent programs through electronic media
- ☐ Active role of print media
- ☐ Strengthening of regional offices of SEBI
- ☐ Arranging more investors seminars in rural areas
- ☐ Providing educative literature in local language
- ☐ Investors education to be introduced at school college level
- ☐ Can't Say
- ☐ Other: ____

38. Are you of the opinion that scams and frauds in the stock market spread the fear in the

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minds of retail investors ?

- Yes
- No

39. If yes, then does it affects the growth prospects of the stock market ?

- Yes
- No

40. Do you think that investor education programs can act as a tool to reduce the fear about frauds and scams in the stock market ?

- Yes
- No

41. What are your worries about Indian Stock market ?

- To much price manipulation
- To much insider trading
- Unfair practices of broker
- High DEMAT charges
- Poor market regulation
- To much price volatility
- Fraudulent Company promoters/ management
- Poor redressal of investors complaint

42. Are you aware of SEBI key role in investors protection ?

- Yes
- No
- Can't Say

43. Do you feel that retail investors education programs will increase retail investors base (penetrations) in the stock market ?

- Yes
- No

44. Does your broker conduct investor awareness programs ?

- Yes
- No

45. Have you attended an investor education program conducted by your broker?

- Yes
- No

46. Do you think that your broker does enough to give you knowledge about the stock

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market ?

- Yes
- No
- Not Applicable

47. To what extent do you follow your brokers advise ?

- 5% -25%
- 26% - 50%
- 51% to 75%
- Above 76 %
- Not Applicable

48. Do you prefer to invest in the stock market directly or through mutual funds ?

- Direct Stock Market
- Mutual Funds
- Not Applicable

49. What source do you use through your own initiative to get the knowledge about stock market ?

- TV Channel
- Newspaper/Magazine/Journal
- Internet/Youtube/Social Media
- Information from friends/relatives
- Tips from Brokers
- Attending workshops/seminars
- Other:

50. According to you, which media is effective to educate the investors ?

- Print Media
- Electronic Media

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II - ANNEXTURE - (ii) QUESTIONNAIRE FOR BROKERS

The survey has been conducted from 8 broking and sub-broking firms from Thane & Palghar Districts through the structured questionnaire.

1. Do you conduct investor education programs for your clients?

Yes ☐ No ☐

2. If yes, what is a frequency of conducting such education programs?

Once in a month ☐

Once in a quarter ☐

Half yearly ☐

Annually ☐

3. Which method do you follow to conduct such programs?

Newspapers, Journals, Magazines ☐

TV Channels ☐

Distribution of Handbills/Brouchers ☐

Conducting Workshops/Seminars ☐

Social Media/Internet/YouTube ☐

Any other ☐

4. Do you outsource such education programs or conduct of your own?

Outsource ☐ Own ☐

5. If outsource, then is it from reputed institute?

Yes ☐ No ☐

6. How effective such education programs are?

Very much effective ☐ Somewhat effective ☐

Not much effective ☐ Can’t say ☐

7. Are you satisfied with investors education programs conducted by you?

Yes ☐ No ☐

8. What problems do you face to organize investors education programs?

Lack of Investors knowledge ☐

Can’t reach to masses ☐

Involved huge cost ☐

Limitation of human resource ☐

Timings are not suitable ☐

Negative perception about market ☐

Locational Disadvantage ☐

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9. Do you think that investors awareness programs conducted by you will create awareness about capital market?

Yes ☐ No ☐

10. According to you, what can be done to make such education programs investors friendly?

Suitable Timings ☐

Convenient Venue ☐

Communication in Local Language ☐

11. What benefit investor get by attending such education programs?

Knowledge about Investment ☐

Increase in confidence level ☐

Increase in amount of investment ☐

Reduces wrong perception about market ☐

All the above ☐

12. What can be added to make this program more impressive?

Video visuals of investing ☐

Case study method of investing ☐

Panel discussion by experts ☐

One to one interaction ☐

13. After conducting investor awareness programs, is there any client conversion (joining of new clients) ?

Yes ☐ No ☐

14. Investor education programs will deepen Indian Capital Market?

Yes ☐ No ☐

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II - ANNEXTURE - (**iii**) QUESTIONNAIRE FOR BROKERS ASSOCIATION

The survey has been conducted from one brokers association through the structured questionnaire.

1. Has broking association played any role in creating stock market awareness?

Yes ☐ No ☐

2. If yes, what is the method of creating awareness ?

Sessions ☐

Panel Discussion ☐

Expert talk ☐

3. Do you think that broking association has responsibility to create more investors ?

Yes ☐ No ☐

4. Do you agree that knowledge session are required to create awareness ?

Yes ☐ No ☐

5. Do you feel that after Investor awareness programs, the probability of investment rises ?

Yes ☐ No ☐

6. Are you of the opinion that investor awareness programs helps in creating new investors ?

Yes ☐ No ☐

7. Do you agree that broking associations are vital for the development of the capital market ?

Yes ☐ No ☐

8. Do you feel that broking associations can get new clients into the market?

Yes ☐ No ☐

9. Do you think that broking associations should train brokers for more knowledge imparting sessions for the investors ?

Yes ☐ No ☐

10. Do you agree that Broking associations should give code of conduct to broker members for ethical dealing ?

Yes ☐ No ☐

11. Do you feel that corporate governance is vital when it comes to dealing in shares ?

Yes ☐ No ☐

12. Do you agree that broking associations should impart more knowledge base training for investors ?

Yes ☐ No ☐

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