

A STUDY ON INVESTORS EDUCATION AND GRIEVANCES IN VIRUDHUNAGAR PANCHAYAT

R. K. Sharma*

V. Alagu Pandian**

ABSTRACT

Investment is the sacrifice of certain present value for the uncertain future reward. Investment is always interesting, challenging and rewarding. It is interesting because the stock market is dynamic and excitable one. It is challenging because it is uncertain, the only certainty is uncertainty, rewarding because it is more risky. Generally, when there is a high risk, more rate of return is assured. Risk and rewards go together. The main objectives of investment are.

- ❖ *Safety*
- ❖ *Profitability*
- ❖ *Liquidity*
- ❖ *Minimize risk*
- ❖ *Capital appreciation*

With the increasing role of globalization and liberalization in the world, the concept of investor protection has gained importance. Educated and empowered investors always allow the market forces to play their role to shape a fairer and efficient competitive market

Thus “a banker is follow who lends us his umbrella when the sun is shining but wants it back the minute it begins to rain.” Thus the investors must be aware. It is a strong need that the investors should make prompt and effective measures to catch hold the money invested.

* Director, Institute of Cooperative Management , Dehradun

**Faculty Member, Institute of Cooperative Management, Dehradun

INTRODUCTION

“Today’s Investment is the tomorrow’s gift”

Investment is the sacrifice of certain present value for the uncertain future reward. Investment is always interesting, challenging and rewarding. It is interesting because the stock market is dynamic and excitable one. It is challenging because it is uncertain, the only certainty is uncertainty, rewarding because it is more risky. Generally, when there is a high risk, more rate of return is assured. Risk and rewards go together. The main objectives of investment are.

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INVESTORS’ EDUCATION

With the increasing role of globalization and liberalization in the world, the concept of investor protection has gained importance. Educated and empowered investors always allow the market forces to play their role to shape a fairer and efficient competitive market.

Foreign institutional investors are becoming major participants in the stock markets. To generate faith, Indian markets have to become more transparent, more informative and encourage greater participation from the institutions and the individuals. Better Educated and empowered investors play their role in stabilizing the market which itself generates a faith among the investors who are looking forward for better investment opportunities. These investors strongly influence the national economy.

In 1992, SEBI was constituted to protect the interest of the investors. The Regulatory Guidelines, Rules, Regulations and Clarifications are all directed towards the objective of bringing more and more transparency in the primary as well as secondary markets with a view to safeguard the interest of the investors. The Investors education has also emerged as a crucial part of SEBI’s efforts to protect the interest of the investors in securities market.

SEBI constituted a Working Group on Investors’ Education to advise SEBI on matters relating to investors’ education. SEBI has also brought out an information pamphlet titled “A Quick Reference Guide for Investors” for the benefit of the investors.

INVESTORS GRIEVANCES

In spite of the Guidelines issued by the SEBI on different matters relating to investors' protection, there are several areas where the investor usually face a lot of problems and have grievances to be redressed.

Investors' Information Centers have been set up in every recognized stock exchange with in addition to the complaints about the security traded with them, will take up all complaints regarding the traders effected in the exchange and the relevant number of the exchange. Two other avenues are always available to the investors to seek redressal of their grievances through (a) consumer forums, and (b) a suit in the court of law.

SEBI (Disclosure and Investor protection) Guidelines, 2000, provide the following in respect of redressal of investor 's grievances in respect of an issue of securities :

- (a) The merchant bankers shall assign high priority to investor's grievances and take all preventive steps to minimize the number of complaints.
- (b) The lead manager shall set up proper grievance monitoring and redressal system in coordination with the issuers and Registrars to the issue, and take all necessary measures to resolves the grievances quickly.
- (c) The merchant bankers shall actively associate with the post – issue refund and allotment activities and regularly monitor investor grievance arising there from.

STATEMENT OF THE PROBLEM

In the era of LPG, the Indian economy is being transformed from an agro- base to industry orientation. In the Indian economic situation, the percentage of agriculture sector reduced form 70 to 65 percent in the year 2000. now it is further decreased to 55 percent. The increased needs of trade, commerce and Information technology requires huge investment, for which the potential investors are equipped to become real investors in various fields through investors' education.

SCOPE OF THE STUDY

Virudhunagar is a popular commercial town. In the evolution of IT, most of the people have invested in their savings in various securities. The present study focuses mainly the investors 'education and investors' grievances in Virudhunagar.

OBJECTIVES OF THE STUDY

1. To know the levels of investors' education in Virudhunagar.
2. to determine the problems faced by the investors while investing and
3. To suggest suitable solutions to solve the problem.

AREA OF THE STUDY

The researcher has taken in and around Virudhunagar for the study.

METHODOLOGY

The data required for the study have been collected from both Primary and Secondary sources. A structured interview schedule is prepared to collect primary data from the investors. The secondary data is collected from relevant books, journal and internet.

SAMPLE DESIGN

The population of the current study is the investors in Virudhunagar it is not feasible to collect data from the entire population. Therefore, the researcher has used the sampling technique for data collection. The researcher has selected 100 sample investors on the basis of convenience sampling techniques.

STUDY PERIOD

The study is based on both primary and secondary data. The primary data were collected from the investors during the month September, 2011.

PLAN OF ANALYSIS

To analyze and interpret the collected data, the researcher has been used the tools like percentages and chisacacne.

LIMITATIONS OF THE STUDY

1. Due to the paucity of time and cost, the researcher conducts only 100 respondents.
2. The location also be restricted by the researcher has select Virudhunagar area only.

INVESTORS' EDUCATION

SOURCES OF GETTING INVESTMENT AWARENESS

Investors are getting the available investment awareness from various sources like brokers, friends and relatives, investment consultant, family members, etc. The Survey result showed that 42 % of the investors are getting awareness about investment avenues through brokers, 18% of then getting knowledge with the help of friends and relatives, 14 % of them through investment consultant, 10% of them getting consultant with family members. Each 6 % of the investors are influenced by television advertisement and the remaining 4 % of them having the magazine information.

Table -I

SOURCES OF GETTING INVESTMENT AWARENESS

S. No.	Sources	Respondents	Percentage
1	Brokers	42	42.0
2	Friends and Relatives	18	18.0
3	Investment Consultant	14	14
4	Family Members	10	10
5	Television	6	6
6	Newspaper	6	6
7	Magazine	4	4
	Total	100	100

Source : Primary Data

It is vivid from the table that 42 % of the investors are getting consultant with brokers about the available investment avenues.

INVESTMENT AWARENESS IN PANCHAYAT VERSUS MUNICIPALITY AREA

Table 2

Observed frequency**Awareness**

Awareness / Area	Panchayat	Town	Total
Known	6	66	72
Not known	14	4	28
Total	30	70	100

It is lucid from the above table that out of 100 respondents, 72 respondents are having familiar with the learn investment in securities and 28 respondents are not familiar with the awareness of investment in securities.

“investors in Panchayat area are having equal awareness than that of town investors.”

To test the hypothesis the researcher has used the chi-square test.

Table 3

Expected frequency

Awareness / Area	Panchayat	Town	Total
Known	21.6	50.4	36
Not known	8.4	19.6	14
Total		70	50

Table 4

Chi- Square Test

O	E	O - E	(O-E) ²	(O-E) ² /E
6	21.6	15.6	243.36	11.27
66	50.4	15.6	243.36	4.83
14	8.4	5.6	31.36	2.24
4	19.6	15.6	243.36	12.42
	Total			30.76

Degrees of freedom = (c-1) (r-1)

$$= (2-1) (2-1)$$

$$= 1$$

for 1 d. f. @ 5% level of significance, the table value is 3.841

Inference

Hence, the calculated value (30.76) is much greater than the table value (3.841), so hypothesis is rejected.

So it is concluded that investors in panchayat area are not having equal awareness then that of town investors.

INVESTORS' GRIEVANCES

Even though, there are various facilities available in both primary as well as secondary market, investors a face a lot if problems while investing in any security. The present deals with three types of securities namely equity. Debenture and mutual funds.

INVESTMENT PREFERENCE

The researcher ahs segregated the investors into equity holders, debenture holders and mutual fund holders with regard to investment media , 44% of the investors prefer equity as his security, 32 % of them choose mutual fund for minimize risk and the remaining 24% of them debentures for his investment.

Table 5

INVESTMENT REFERENCE

S. No.	Investment Media	Investors	Percentage
1	Equity	44	44
2	Mutual Funds	32	32
3	Debenture	24	24
4	Total	100	100

Source : Primary Data

It is lucid from the table that 44 % of the investors are having equity as security.

NATURE OF PROBLEMS IN INVESTMENT

Investors face a lot of problems while dealing with the investment. It arises from receiving application to getting reward for it. Out of 100 respondents, 44% of them suffered due to unclear advertisement, followed by 22% of them noted that delay in receiving acknowledgement in the major problem, 20% of them feel that non payment of interest and dividend is considered to be one of the problem while investing.

Table 6

NATURE OF PROBLEMS IN INVESTMENT

S. No.	Problems	Mutual fund holders	Equity holders	Debenture holders	Total	Percentage to total
1	Unclear advertisement	32	8	4	44	44
2	Delay in receiving acknowledgement	-	16	6	22	22
3	Non- payment of interest and dividends	-	12	8	20	20
4	Delay in transfer of securities	-	4	4	8	8
5	Non- receipt of annual accounts	-	4	2	6	6
	Total	32	44	24	100	100

Source: Primary Data

It shows that unclear advertisement is the major problem to the imperfection of investment portfolio.

LODGING COMPLAINTS AGAINST GRIEVANCES

The researcher has made an attempt to study that how many of the investors have lodged complaints and the sources they use for their problems with the concerned authorities. The survey report shows that 46.95 % of the investors made a complaint with repaid to investment through stock exchange grievances cell, followed by 39.63% of them made it directly to the company, 15.38% of them file a suit in the court against the company and remaining 3.385% of them publish their complaint in the newspaper.

Table 7
COMPLAINTS

S. No.	Complaints	Respondents	Percentage
1	Informing Stock Exchange Grievance cell	24	46.15
2	Directly to the company	18	34.62
3	Writing letter to the newspaper and periodical	2	3.85
4	Filling suit in the court of law	8	15.38
	Total	52	100

Source: Primary Data

It is clearly noted that 46.155 of the investors are making complaints with the help of stock exchange grievance cell.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

From the analysis and interpretation of investors' education and investors' grievance, the following results were made.

1. The investment awareness is more in case of male potential investors than that of the female investors.
2. 42% of the investors are getting knowledge about investment avenues from brokers.
3. The panchayat investors are having less awareness than of town investors. Rural people are not at all ben familiar with the tem investment in securities.
4. Hence the calculated value (30.76) is much greater than the table value (3.84), so hypothesis rejected. Investors in panchayat area are not having equal awareness that of town investors.

SUGGESTIONS

1. The investors should deal with registered intermediaries and he should not indulge in speculative trading.
2. The Brokers, investment consultant and SEBI has taken a serious step regarding the investors' education in rural areas, because investors' education is poor in rural areas. So it should require serious care to the executives to promote the rural areas.
3. The investors are advised to use the investors' grievance redressal systems of the Exchange to redress their grievances.
4. The investors should have knowledge of the working of investor service cell for complaint against brokers/ listed companies.
5. The investors should go for online trading by registering with a broker.

CONCLUSION

The investor helpline website issues a code to every complaint as soon as it is lodged. The code helps the investor to keep track of the status of the complaint. Thus various services offered for an investor. The investor should buy to get to know about these services or facilities and make use of it. Month if September is observed as Investors Awareness month of Ministry.

Thus "a banker is follow who lends us his umbrella when the sun is shining but wants it back the minute it begins to rain." Thus the investors must be aware. It is a strong need that the investors should make prompt and effective measures to catch hold the money invested.

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2. Avathani, V.A., "Investment Management." Himalaya Publishing House. 1996

WEB ADDRESSES

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2. www.Yahoo.com