



SATISFACTION OF CUSTOMERS IN STOCK MARKET

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Introduction

In general, the financial market divided into two parts, Money market and capital market. Securities market is an important, organized capital market where transaction of capital is facilitated by means of direct financing using securities as a commodity. Securities market can be divided into a primary market and secondary market.

Primary Market

The primary market is an intermittent and discrete market where the initially listed shares are traded first time, changing hands from the listed company to the investors. It refers to the process through which the companies, the issuers of stocks, acquire capital by offering their stocks to investors who supply the capital. In other words primary market is that part of the capital markets that deals with the issuance of new securities. Companies, governments or public sector institutions can obtain funding through the sale of a new stock or bond issue. This is typically done through a syndicate of securities dealers. The process of selling new issues to investors is called underwriting. In the case of a new stock issue, this sale is called an initial public offering (IPO). Dealers earn a commission that is built into the price of the security offering, though it can be found in the prospectus.

Secondary Market

The secondary market is an on-going market, which is equipped and organized with a place, facilities and other resources required for trading securities after their initial offering. It refers to a specific place where securities transaction among many and unspecified persons is carried out through intermediation of the securities firms, i.e., a licensed broker, and the exchanges, a specialized trading



organization, in accordance with the rules and regulations established by the exchanges.

A bit about history of stock exchange they say it was under a tree that it all started in 1875. Bombay Stock Exchange (BSE) was the major exchange in India till 1994. National Stock Exchange (NSE) started operations in 1994.

NSE was the first to introduce electronic screen based trading. BSE was forced to follow suit. The present day trading platform is transparent and gives investors prices on a real time basis. With the introduction of depository and mandatory dematerialization of shares chances of fraud reduced further. The trading screen gives you top 5 buy and sell quotes on every scrip.

Origin of Indian Stock Market

The origin of the stock market in India goes back to the end of the eighteenth century when long-term negotiable securities were first issued. However, for all practical purposes, the real beginning occurred in the middle of the nineteenth century after the enactment of the companies Act in 1850, which introduced the features of limited liability and generated investor interest in corporate securities.

An important early event in the development of the stock market in India was the formation of the native share and stock brokers 'Association at Bombay in 1875, the precursor of the present day Bombay Stock Exchange. This was followed by the formation of associations/exchanges in Ahmedabad (1894), Calcutta (1908), and Madras (1937). In addition, a large number of ephemeral exchanges emerged mainly in buoyant periods to recede into oblivion during depressing times subsequently.

Stock exchanges are intricacy inter-woven in the fabric of a nation's economic life. Without a stock exchange, the saving of the community- the sinews of economic progress and productive efficiency- would remain underutilized. The task of mobilization and allocation of savings could be attempted in the old days by a much less specialized institution than the stock exchanges. But as business and



industry expanded and the economy assumed more complex nature, the need for 'permanent finance' arose. Entrepreneurs needed money for long term whereas investors demanded liquidity – the facility to convert their investment into cash at any given time. The answer was a ready market for investments and this was how the stock exchange came into being.

Stock exchange means any body of individuals, whether incorporated or not, constituted for the purpose of regulating or controlling the business of buying, selling or dealing in securities. These securities include:

- (i) Shares, scrip, stocks, bonds, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- (ii) Government securities; and
- (iii) Rights or interest in securities.

The Bombay Stock Exchange (BSE) and the National Stock Exchange of India Ltd (NSE) are the two primary exchanges in India. In addition, there are 22 Regional Stock Exchanges. However, the BSE and NSE have established themselves as the two leading exchanges and account for about 80 per cent of the equity volume traded in India.

The BSE has over 6000 stocks listed and has a market capitalization of around Rs 9, 68,000 crore. Most key stocks are traded on both the exchanges and hence the investor could buy them on either exchange. Both exchanges have a different settlement cycle, which allows investors to shift their positions on the bourses. The primary index of BSE is BSE Sensex comprising 30 stocks. NSE has the S&P NSE 50 Index (Nifty) which consists of fifty stocks. The BSE Sensex is the older and more widely followed index.

Both these indices are calculated on the basis of market capitalization and contain the heavily traded shares from key sectors. The markets are closed on Saturdays and Sundays. Both the exchanges have switched over from the open outcry trading system to a fully automated computerized mode of trading known as BOLT (BSE on Line Trading) and NEAT (National Exchange Automated Trading) System.



Stock Exchange

“Stock Exchange is an institution evolved in industrially developed capitalist economics with free market mechanism”. In typical free market, the individual investor would ideally choose to make money available to those new or existing enterprises which offer the best prospect of immediate and continuing profit. And since he is entitled to withdraw money from a less profitable enterprise by selling his shares, as long as he can find a buyer and to reinvest it, he will be continually looking for new and more profitable outlets for his money. Therefore, in theory, stock exchange was termed as institution allocator of resources par excellence.

The stock exchange an institution broadly fulfilling the following objectives:

- Making funds available to entrepreneurs for business activity ;
- Ensuring maximum return on the investment made by the investors;
- Providing platform for saving, investment and reinvestment activity.

Stock exchange remain absolutely on the borders of industrial financing and investment activity in pre-independence economy, the primary reason being the general distrust by the public of private business. With the absence of any meaningful role in industrial financing and investment activity, the functioning, organization and management of the institution of stock exchange tended to develop as that of an organization primarily concerned with speculative activity. The organization and management of major stock exchanges formed during this period did not prove to be positive to the developments and desirable changes later, more particularly during the period of 1980's.

The recent reforms in stock markets were triggered by issues of surveillance and any developments that will have a bearing on the quality and effectiveness of the surveillance and implications on the quality of growth. This is an important aspect that should be seriously addressed to the stock markets and the regulators. While



government and regulatory authorities will have a greater role to play in promoting competition, the stock exchanges at their individual level have to take keen interest and initiate measures that would promote greater inter-exchange cooperation helping each other on overcoming shortfalls and setbacks. A fair degree of cooperation is required within the stock exchanges in the country to avoid imprudent practices and inducements that will be harmful to the health of the markets.

The term 'Stock Market' is a concept for the mechanism that enables the trading of company stocks (collective shares), other securities and derivatives. The stock market is one of the most important sources for companies to raise money. This allows businesses to go public, or raise additional capital for expansion. The liquidity that an exchange provides affords investors the ability to quickly and easily sell securities. This is an attractive feature of investing in stocks, compared to other less liquid investments such as real estate.

History has shown that the price of shares and other assets is an important part of the dynamics of economic activity, and can influence or be an indicator of social mood. Rising share prices, for instance, tend to be associated with increased business investment and vice versa. Share prices also affect the wealth of households and their consumption. Therefore, central banks tend to keep an eye on the control and behavior of the stock market and, in general, on the smooth operation of financial system functions.

Exchanges also act as the clearinghouse for each transaction, meaning that they collect and deliver the shares, and guarantee payment to the seller of a security. This eliminates the risk to an individual buyer or seller that the counterparty could default on the transaction.

The smooth functioning of all these activities facilitates economic growth in that lower costs and enterprise risks promote the production of goods and services as well as employment. In this way the financial system contributes to increased prosperity.



Despite its expansion a very small percentage of household's savings is channelized into the securities market. What worries further is the intention revealed that the majority of existing shareholders are unlikely to invest in the securities market in the coming years. It indicates lack of confidence by the existing investors in the securities market. The recent crises on the equity market have highlighted the deficiencies of governance with broker-run exchanges. While there is a broad agreement that the governance structures of the broker-run exchanges need to be transformed.

Functions of Stock Exchange

The functions of Stock Exchanges are as followed:

- **Maintains Active Trading:** Shares are traded on the stock exchanges, enabling the investors to buy and sell securities. The prices may vary from transaction to transaction. A continuous trading increases the liquidity or marketability of the shares traded on the stock exchanges.
- **Aids in Financing the Industry:** A continuous market for shares provides a favorable climate for raising capital. The negotiability and transferability of the securities helps the companies to raise long-term funds.
- **Fixation of Prices:** Price is determined by the transactions that flow from investor's demand and supplier's preferences. Usually the traded prices are made known to the public. This helps the investors to make better decisions.
- **Ensures Safe And Fair Dealings:** The rules, regulations and by-laws of the stock exchanges provide a measure of safety to the investors. Transactions are conducted under competitive conditions enabling the investors to get a fair deal.
- **Performance Inducer:** The prices of stocks reflect the performance of the traded companies. This makes the corporate more concerned with its public image and tries to maintain good performance.
- **Dissemination Of Information:** Stock exchanges provide information through their various publications. They publish the share prices traded on daily basis along with the volume traded. Handouts, Handbooks and



Pamphlets provide information regarding the functioning of the stock exchanges.

- **Self Regulating Organization:** The stock exchanges monitor the integrity of the members, brokers, listed companies and clients. Continuous internal audit safeguards the investors against unfair trade practices. It settles the disputes between member brokers, investors and brokers.

Common Used Stock Exchange in India

➤ **THE BOMBAY STOCK EXCHANGE (BSE)**

The Indian stock market is one of the oldest markets in Asia. Its history dates back to nearly two centuries. The earlier records of security dealings in India are meager and obscure. The East India Company was the dominant institution in those days and business in its loans securities was transacted towards the close of the eighteen century.

By the 1830's business in corporate stocks and shares in bank and cotton presses took place in Bombay. Through the trading list was broader in 1839, there were only a half a dozen brokers recognized by the banks and merchants.

In 1860-61, the American Civil War broke out and Cotton supply from the United States of America and Europe was stopped. This resulted in the "Share Mania" for cotton trading in India. The number of brokers increased to between 200 and 250. However, at the end of the American Civil War, 1865 a disastrous slump began- for example, a bank of Bombay share that had touched Rs. 2850 could only be sold at Rs. 87.

At the same time, brokers found a place in Dalal Street, Bombay where they could conveniently assemble and transact business. In 1887, they formally established the "Native Share and Stock Brokers Association". In 1895 the association acquired premises in the same street; it was inaugurated in 1899 as the Bombay Stock Exchange.



The Bombay Stock Exchange is governed by a board, chaired by a non-executive chairman. The executive director is in charge of the administration of the exchange and is supported by elected directors, Securities Exchange Board of India (SEBI) nominees, and public representatives.

➤ **THE NATIONAL STOCK EXCHANGE(NSE)**

The National Stock Exchange of India Limited was set up to provide access to investors from across the country on an equal footing. NSE was promoted by leading financial institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company, unlike other stock exchanges in the country.

On its recognition as a stock exchange under the Securities Contracts (Regulation) Act, 1956 in April 1993, NSE commenced operations in the wholesale debt market (WDM) segment in June 1994. The capital market (equities) segment commenced operations in November 1994, and operations in the derivatives segment commenced in June 2000. The organizational structure of NSE is through the link between National Securities Clearing Corporation Ltd. (NSCCL), India Index Services and Products Ltd. (IISL), National Securities Depository Limited (NSDL), DotEx International Limited (DotEx) and MSEIT Ltd.

This study told that when an investor decides to invest in stock market and when he decides to leave i.e. the decisions regarding buying and selling are based on some analysis. What are that factors, on the basis of which he decides to, make investment in stock market? Investors take several precautions before investing. They analyze various factors in terms of fundamental analysis as well as technical analysis. After analyzing all the factors they decided whether it is the right time to invest in market or whether it is the right time to invest in any particular company. All of their decisions are based on their analysis.



Objective of the Study

1. The objective of the study is to know investors investment decisions in stock market.
2. Analyzing the preferred broking house.
3. Checking the satisfaction level of customers towards preferred broking house.
4. To know about fundamental factors like economic factors, industry analysis, company analysis which affects investment decisions.
5. To know about the competitors of the client present in the market.
6. To understand the problem faced by customers and finding way to solve the queries.

Research Methodology

“A research design is simply a plan or framework for a study that is used as a guide in collecting & analyzing the data. It helps the researcher to conduct the study by ensuring that economical procedures are employed & probing is relevant to the problem”.

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. Every researcher has to design methodology for his problem. To understand the system better and to make practical suggestions for improvement, it is imperative to think in an innovative manner and within the constraints imposed by the system. To affect this plan and to get deeper into the system, the following methodology was adopted.

- **Sampling Technique:** - Every research is based on some facts and findings and these are found or calculated through sample, so sample selection and technique used plays very vital role in any research methodology. It is of two types:



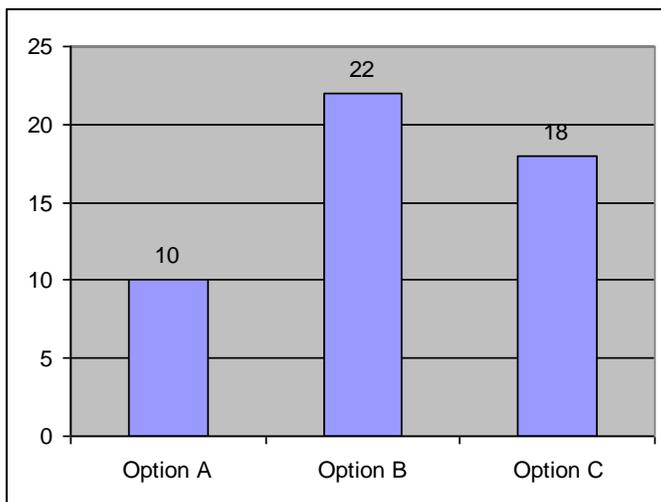
- a) Non-Probabilistic Sampling: - It is that type of sampling which is according to the convenience of researcher therefore it is called convenience research also.
- b) Probabilistic Sampling: - Probabilistic sampling is characterized by the fact that each element of the population is known & non-zero chance of being included in the sample.

This project requires data that have already been collected by someone else or newer one. Here the newer data has been analyzed there for primary data source is used. Research instrument is used for collecting the data. This relates to the tools used for collection of data and other information required for the purpose of the project. Research Instrument used in the project is questionnaire. For the purpose of analysis the project has been taken with 50 Investors as samples. It covers Investors as measuring unit.

Data Analysis and Interpretation

1. Views regarding general investment period

- Option A: Long Term
Option B: Medium Term
Option C: Short Term

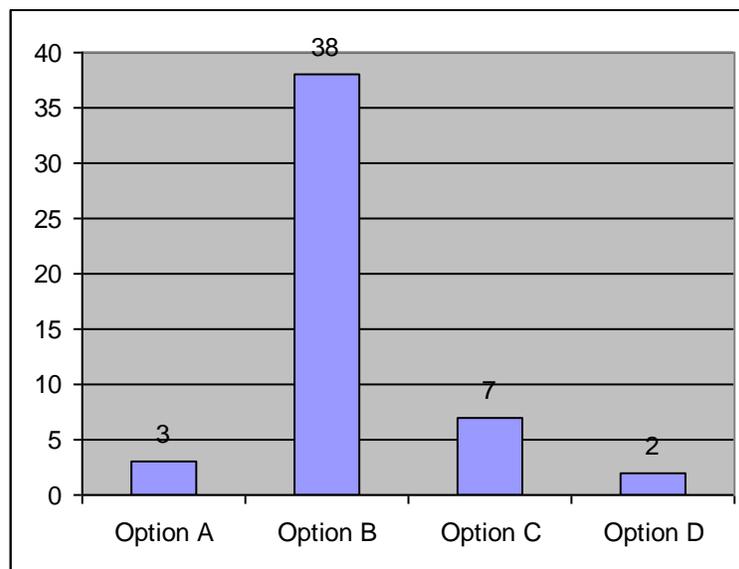


INTERPRETATION –

According to this, 22 investors invest for medium term, 18 investors invest for short term period and only 10 investors invest for a long term period.

2. Views on stock investment experience with Primary Market

- Option A: Very Satisfactory and Rewarding
Option B: Reasonably satisfactory
Option C: Unsatisfactory
Option D: Very Unsatisfactory



INTERPRETATION-

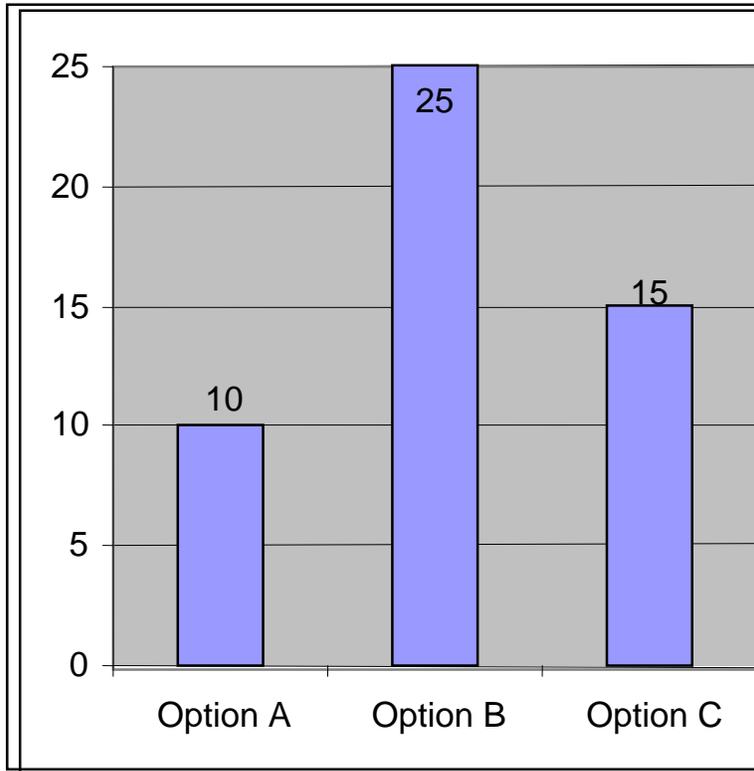
According to this, 38 investors are reasonably satisfactory, only 3 investors are very satisfactory and rewarding, 7 investors are unsatisfactory and only 2 investors are very unsatisfactory with the experience with primary market.

3. Views on deficiencies in brokers services

- Option A: Bad execution

Option B: □ High cost

Option C: □ Any other



INTERPRETATION-

According to this, 25 investors views high cost as the reason for deficiencies in broker's services, 10 investors views as bad execution and 15 investors views any other reason for the deficiencies in broker's services.

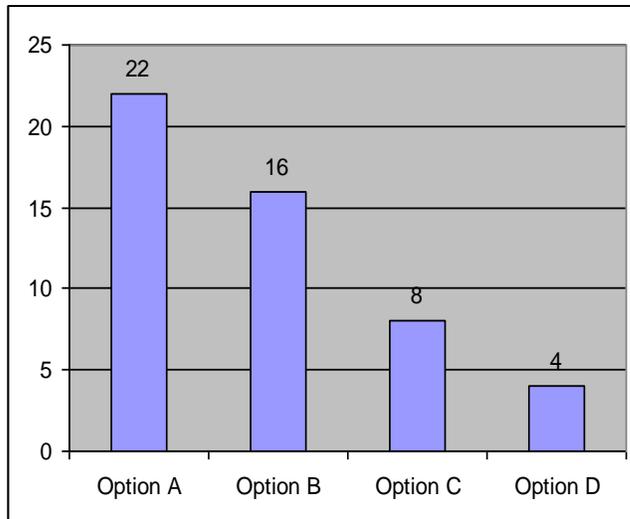
4. Clients opinion regarding what should be ideal brokerage?

Option A: 0.10%

Option B: 0.20%

Option C: 0.30%

Option D: 0.40%

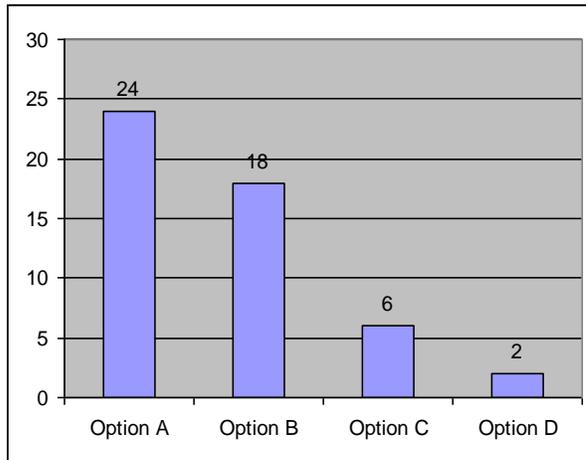


INTERPRETATION-

According to this, 22 investors views 0.10% as the ideal brokerage, 16 investors views 0.20% as the ideal brokerage, 8 investors views 0.30% as the ideal brokerage and 4 investors views as 0.40% as the ideal brokerage.

5. Reason behind dealing with sub-brokers

- Option A: Sub-broker provide services at your doorstep
Option b: you don't know about any stock
Option C: not the stock exchange members
Option D: any other reason

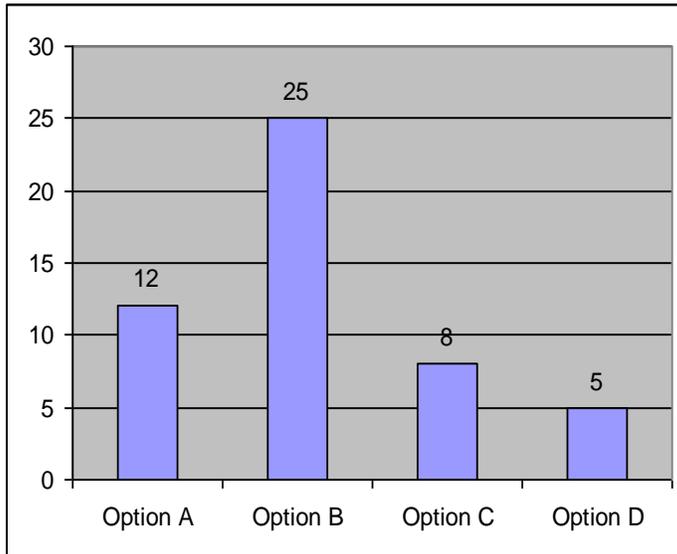


INTERPRETATION-

24 investors deals with sub – brokers, as they provide services at the door step, 18 investors deals because they don't about any stock, 6 investors deals because they are not a member of stock exchange and 2 investors deals with sub- broker because of any other reason.

6. Views on confident level of investors on the fair dealing with their brokers

- Option A: □ Very confident
- Option B: □ somewhat confident
- Option C: □ somewhat doubtful
- Option D: □ Very doubtful

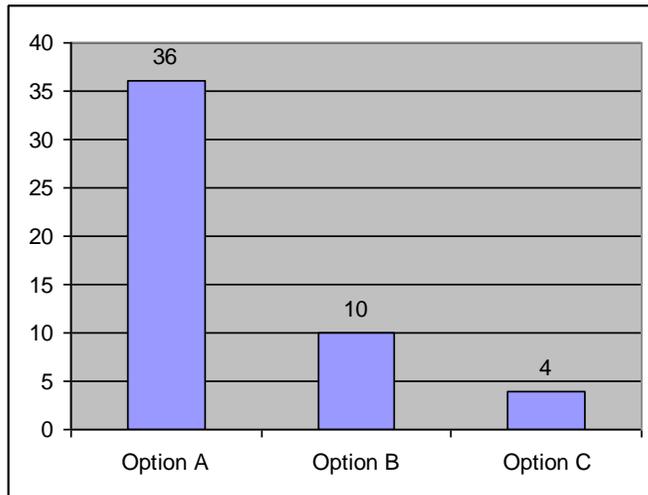


INTERPRETATION-

According to this, 25 investors are feeling somewhat confident on fair dealing with their brokers, 12 investors feels very confident, 8 investors feels somewhat doubtful and only 5 investors feels very doubtful on the fair dealing with their brokers.

7. Which one of your most favourite Stock Exchange?

- Option A: NSE
Option B: BSE
Option C: Any other



INTERPRETATION-

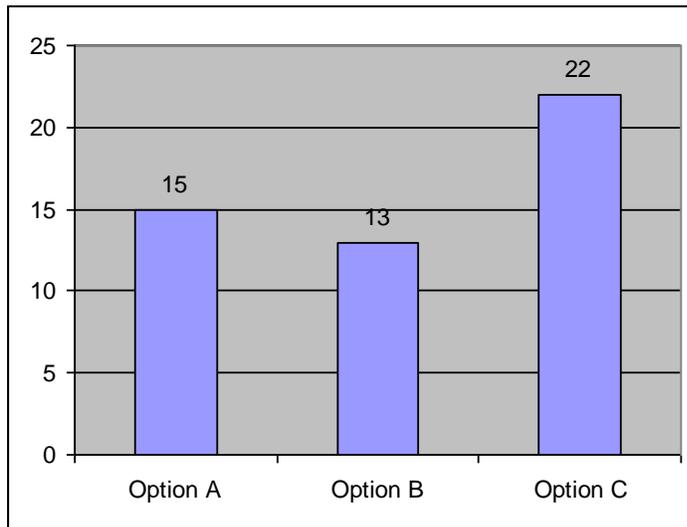
According to this, 36 investors take NSE as the most favorite stock exchange, 10 investors take BSE as the most favorite stock exchange and 4 investors take any other stock exchange as the most favorite.

8. On what Basis you invests in stock market?

Option A: On Fundamental Analysis

Option B: On Technical Analysis

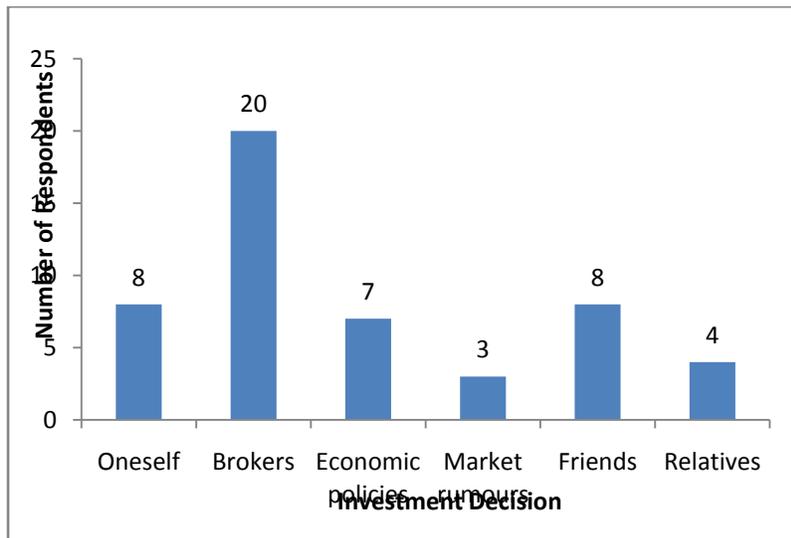
Option C: both



INTERPRETATION-

According to this, 22 investors take both fundamental and technical analysis as the basis for investing in stock market, 15 investors does the fundamental analysis and 13 investors does the technical analysis for investing in stock market.

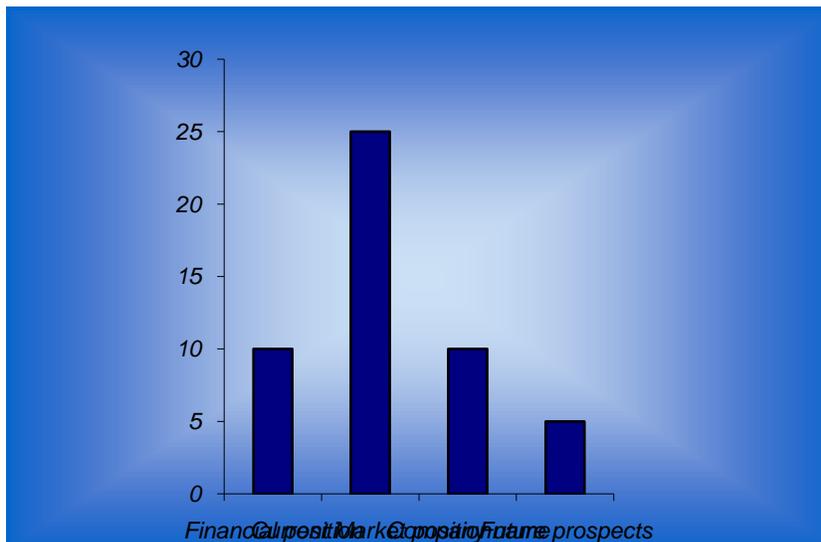
9. Investment Decision in stock market



INTERPRETATION-

According to this, 20 investors takes the investment decision by consulting their brokers, 8 investors takes the investment decision oneself, 8 investors takes the investment decision based on their friends, 7 investors takes investment decision because of economic policies, 4 investors because of their relatives and 3 investors takes investment decision because of market rumours.

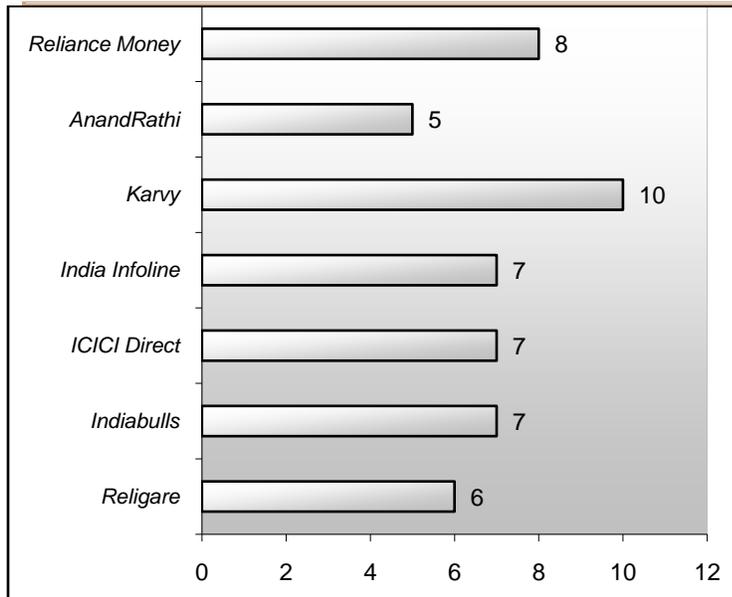
10.Factors considered for investment in a company



INTERPRETATION-

When the respondents were asked about the factors, which they considered before investing, 25 investors sees the current market position, 10 investors sees the financial position of the company, 10 investors sees the company name and 5 investors sees the future prospects while they investing.

11.Association with Broking House

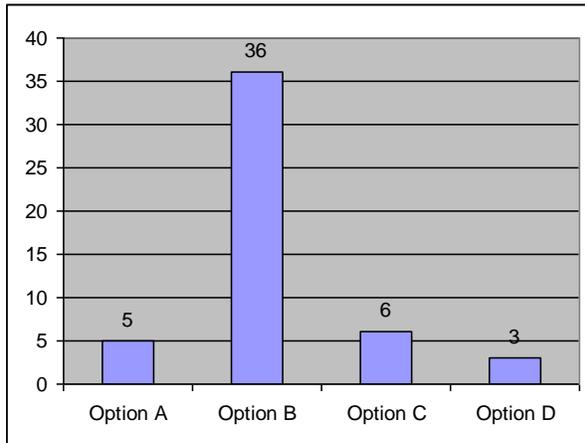


INTERPRETATION-

Karvy still rule the charts with 10 investors associated to it, next down the association list comes the number of Reliance Money with 8 Investors associated to it, then comes the turn of Indiabulls, ICICI Direct and India Infoline with 7 Investors associated to each. Religare having 6 investors association ranks just after that. Anand Rathi holds the last position with just 5 investors.

12. Views on satisfaction level with brokers

- Option A: Very satisfied
Option B: Some what satisfied
Option C: Some what dissatisfied
Option D: Very dissatisfied



INTERPRETATION-

According to this, 36 investors are somewhat satisfied, 6 of the investors are somewhat dissatisfied, 5 of the investors are very satisfied and only 3 investors are very dissatisfied with brokers.

Findings And Recommendation

There are some suggestions which may be helpful for brokers and Investors regarding analyzing stock market which increased confidence among investors regarding stock market. These are:

1. A uniform organizational structure among all the stock exchanges having democratic representation of different interest groups would be proposed. It would facilitate in dealing with crises situation promptly, firmly and impartially.
2. Steps to be taken towards improvement of operational efficiency includes enhancement of trading hours, strict vigilance on the price manipulation, advancement of computerized trading and development of communication system in the remote areas of the country.
3. Prudent use of available mechanism like imposition of margin money, volume restrictions, and circuit breakers to control the temporal disequilibrium of the market.



4. To increase investor's confidence in stock market must be regained in order to encourage capital mobilization through primary market issues.
5. The investor forum as well other authorities should have power to dispose off the cases summarily and to award compensation to the investors.
6. The detail information regarding investments which investors wants may include the form of organization, management, capital adequacy, liabilities, defaults and penal actions taken by the regulator and self regulatory organizations against the broker in the past and other relevant information, must provides them.
7. The stock market is integrated with banking sector so that the effective and efficient payment, settlement and clearing systems are developed.
8. Further expansion of banking activities in conjunction with further efforts to liberalize the banking system.
9. The culprit needs to be punished in an exemplary manner so that it becomes a lesson for others. The investors should have means to recover their loss caused by the culprit.

Limitations of the Study

- 1) I could not get exact information, as I was not given the opportunity to have more exposure of different parts of India as I was only taking care of Rohtak City.
- 2) Biased answers can sometimes received in questionnaire.
- 3) Survey is done under limited time constraint so the completeness of the product may not be sure.
- 4) People were hard pressed with time so most of them were reluctant to answer.
- 5) Some people were asking money in lieu of filling the questionnaire
- 6) Some respondents were avoiding filling the questionnaire for the following-
 - ❑ Getting late for home.
 - ❑ What's the use?
 - ❑ Any benefits e.g. discount, prizes etc.



Annexure

Questionnaire

1. Views regarding general investment period

Option A: Long Term

Option B: Medium Term

Option C: Short Term

2. Views on stock investment experience with Primary Market

Option A: Very Satisfactory and Rewarding

Option B: Reasonably satisfactory

Option C: Unsatisfactory

Option D: Very Unsatisfactory

3. Views on deficiencies in brokers services

Option A: Bad execution

Option B: High cost

Option C: Any other

4. Clients opinion regarding what should be ideal brokerage?

Option A: 0.10%

Option B: 0.20%

Option C: 0.30%

Option D: 0.40%

5. Reason behind dealing with sub-brokers

Option A: Sub-broker provide services at your doorstep

Option b: You don't know about any stock

Option C: Not the stock exchange members

Option D: Any other reason

6. Views on confident level of investors on the fair dealing with their brokers

Option A: Very confident



Option B: Somewhat confident

Option C: Somewhat doubtful

Option D: Very doubtful

7. Which one of your most favourite Stock Exchange?

Option A: NSE

Option B: BSE

Option C: Any other

8. On what Basis you invests in stock market?

Option A: On Fundamental Analysis

Option B: On Technical Analysis

Option C: Both

9. Investment Decision in stock market

a) Oneself

b) Brokers

c) Economic policies

d) Market rumours

e) Friends

f) Relatives

10. What are the factors that you consider before investing in a particular company?

a) Financial Position []

b) Current Market position []

c) Goodwill/Brand name []

d) Future prospects []

11. If you Trade through a Broker, which Broking house you are associated with?

a) Religare []

b) India Bulls []

c) ICICI Direct []

d) Reliance []

e) Anand Rathi []

f) Karvy []



g) India Infoline []

12.Views on satisfaction level with brokers

- Option A: Very satisfied
Option B: Somewhat satisfied
Option C: Somewhat dissatisfied
Option D: Very dissatisfied

Personal Details:

Name:

Address:

Phone Number:

E-mail:

Occupation:

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