



**Biju Patnaik Institute of Information  
Technology & Management Studies**

**A PROJECT REPORT ON**

**“TREND ANALYSIS OF INDIAN STOCK EXCHANGE”**



**SUMMER INTERNSHIP REPORT**

**TOWARDS FULFILLMENT OF AWARD OF THE DEGREE**

**OF**

**MASTER OF BUSINESS ADMINISTRATION**

**SESSION: 2020-2022**

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**MBA 3<sup>rd</sup> Semester**

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(Asst. Professor,BIITM)**

## **DECLARATION**

I Sanjay Sahoo an individual. We owe a sense of gratitude to the intelligence and co-operation of those people who had been so easy to let us understand what we needed from time to time for completion of this exclusive project.

We want to express our gratitude towards Mr. D.K. Mohapatra, Marketing Manager in Ventura Security Limited for giving us an opportunity to do this project. Last but not the least, we would like to forward our gratitude to Mr.Juzer Yusuf Gabajiwala, Mr.Sajid Siraj Malik, Mr.Hemant Kulinkumar Majethia, and Mr.Ganapathy Vishwanathathan, Non Apps. BIJU PATNAIK INSTITUTE OF MANAGEMENT (BHUBANESWAR). Who always endured us and stood by us and without whom we could not have envisaged the completion of our project.

Date-  
Place-Bhubaneswar

Name:  
**Sanjay Sahoo**

## **CERTIFICATE**

This to certify that **Sanjay Sahoo**, pursuing MBA from **BIITM, Bhubaneswar** bearing Registration no-**2006258178** has successfully completed his dissertation on **“TREND ANALYSIS OF INDIAN STOCK EXCHANGE”** under my guidance for partial fulfillment of his **MASTERS IN BUSINESS ADMINISTRATION** for the session **(2020-2022)**.

**Date:**

**Place:**

**Dr.Chinmaya Kumar Rout**  
**(Asst.Prof. Finance)**

## **ACKNOWLEDGEMENT**

I take this opportunity to thank the management of Ventura Security Ltd. For allowing us to be associated with the organization and Hence exposing me to its unique culture which has helped immensely in enriching our knowledge and gaining a valuable insight into the practical aspects of customer services and Customer Satisfaction.

I am also grateful to Mr. D.K. Mohapatra (Marketing Manager), Ventura Security Ltd., Mumbai and entire staff of Ventura Security Ltd., Mumbai. who had been extremely cooperative and helpful at every step throughout the Project Period. Last but not least we also extend our heartiest thanks to the customers of Analysing of India who spent their precious time in filling our questionnaire. I would like to thank Mr. K. Chandrasekhar, Placement in charge BIITM for giving me a chance to get an exposure in the corporate world. I would like to thank my project faculty guide Prof. Dr.Chinmaya Kumar Rout, BIITM Bhubaneswar for her constant follow up-support, management and guidance to complete the project within the allotted time frame.

Date-  
Place-Bhubaneswar

Name:  
**SANJAY SAHOO**

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## **PREFACE**

I have made this report file on the topic Trend Analysis of Indian Stock Exchange; I have tried my best to elucidate all the relevant detail to the topic to be included in the report. While in the beginning I have tried to give a general view about this topic.

My efforts and wholehearted co-corporation of each and every one has ended on a successful note. I express my sincere gratitude to **DR.CHINMAYA KUMAR ROUT(Asst.Prof. FINANCE)** and **Mr.D.K. Mohapatra, Manager (Marketing)**, who assisting me throughout the preparation of this topic. I thank him for providing me the reinforcement, confidence and most importantly the track for the topic whenever I needed it.

## INTRODUCTION

The field of financial services in India has entered another stage of development with a shift in its outlook to integrate with the global markets. Investor confidence, Quality services, Customer expectation and Satisfaction, Quick response, Technology integration are the words today.

With liberalization and deregulation, the Indian markets have come out of the Government curtains. The capital market has made tremendous progress since then aspect.

Proper market infrastructure, regulatory and legal frameworks are essential for emerging capital markets to function effectively in a growing world of financial integration. With the vast investing population in India characterized by illiteracy and poorly developed and automated stock exchanges which do not provide enough liquidity and desired level of transparency in operation Government of India in 1996 enacted the Depositories Act, 1996 to kick start depository services in India in a planned and systematic manner. Securities and Exchange Board of India (SEBI) provided the support to the Government's endeavor.

A Depository is an organization where the securities of shareholders are held in an electronic form at the request of shareholder. It is an electronic solution to problems of dealing in physical form and conducting transactions in capital market in a more efficient and effective manner.

The Depository holds securities in an account, transfer securities between account holders, facilitates safekeeping of securities and facilitates transfer of

Ownership without transfer of securities. Depository system is long prevalent in the advanced countries and has been playing a significant role in the stock market around the world. The system is time tested and reliable.

The study of “Depository Participant Service Process” is done to identify the effect of depository participant process in the capital market. This research is to identify how much the investor is feeling confident about the depository participant process. The study helps us to know about the awareness of depository process among the investors in the capital market. This study also helps us to identify that the investor prefer dematerialized form of shares of physical form of shares.

## **OBJECTIVES OF THE STUDY**

**The basic objectives of the study are:**

- To study the performance trend of Indian stock market.
- To understand the concept of Depository system in India.
- To identify that efficiency in performance.

## **JUSTIFICATION OF THE STUDY**

The selected topic was “Depository Participant Service Process”. The investor investing in the stock markets want a process that is secure and easy. Investors will invest their money in the financial instrument when they have proper knowledge of the instrument and they feel it is secure.



In this connection the survey was conducted on the “Depository participant service process” to identify the knowledge of investors about stock markets, depository participants and their preference for holding the shares in dematerialized form or physical form.

Depository study is made in real working environment and emphasis is given on various intricacies under the Depository Participant operational work at Fortune Financial Services (India) Limited.

## **CHAPTER -2**

### **COMPANY PROFILE**



### **Mission:**

To build true relationships and strive towards customer delight, through constant innovation on a strong foundation of dedicated and trained resources.

### **About Ventura:**

Ventura Securities Ltd. (Ventura) commenced operations in 1994 as a stock broking house. Over the past two decades, we have grown into a group of companies that provides a complete array of financial products and services.

Through a large network of sub-brokers, we offer our clients the opportunity to invest and trade in equity and equity derivatives, commodities, mutual funds, fixed income products and currency futures.

We also directly facilitate clients who wish to trade in equity online via our in-house, customized and ready to use software – Pointer – which enables seamless processes and flawless execution. We adhere to a well-defined risk management system and settlement mechanism thereby conducting fully compliant operations.

Beyond investment avenues, the Ventura Group is constantly committed to providing investors with access to timely and relevant research and data to ensure an informed and fruitful investment experience.

### **The Ventura Credo:**

#### **Building and valuing true partnerships**

When it comes to our business partners, we see our success reflected in their progress. We have facilitated them all the way with technology and marketing strategies and in turn have been rewarded with their performance and loyalty.

We envisage all our clients' diverse needs - ranging from financial planning to wealth management - well in advance and provide them with resources, tools and solutions to fulfil them.

### **Constant innovation**

Change for the better has become a way of life at Ventura. Innovations have always been customer-centric which has been amply reflected in the up gradation of systems to facilitate our network partners.

### **Team Ventura**

Our dedicated and well-trained people represent the pillar of strength and success at Ventura. Each of our members has internalized our mission and is constantly striving to build on it.

### **Directors:**

#### **Sajid Malik**

Co-promoter of Ventura and Director A chartered accountant by qualification, Sajid Malik is also the Promoter and Managing Director of Genesis. International, a company with focus on GIS mapping and engineering designing services, listed on the NSE and BSE.

#### **Hemant Majethia**

Co-promoter of Ventura, CEO and Director With over 2 decades of experience in capital market intermediation and equity research Hemant Majethia is well connected and respected in market circles for his technocratic approach to stock broking. He is a chartered accountant by qualification and has been instrumental in the development of the online platform "POINTER".

#### **Juzer Gabajiwala**

Director A member of the Institute of Chartered Accountants of India and The Institute of Company Secretaries of India heads the HR and operations functions at Ventura. He initiated the launch of the alternate products platforms for mutual fund distribution and insurance. He also spearheaded the wealth management and NRI cell. Prior to joining Ventura, has been associated with the IIT group and the TATA group.

## **VALUE ADDED SERVICE OF VENTURA SECURITIES:**

### **Introduction:**

- Ventura has launched a new Online Trading Platform - POINTER exclusively for
- Non Resident Indians (NRIs) to invest in the secondary market in India.
- NRI clients can now use the online trading facility and trade through the
- “POINTER”. Any investor can access the Indian stock markets from anywhere-
- Home, office or while traveling on a laptop.
- Ventura has tied up with Axis Bank for banking transactions and has a
- Dedicated NRI Services Cell to take care of the operations in these accounts.
- Presence in Dubai & have clients in U.S. / UK / Australia / East Africa etc.



### **Features of Ventura Online Platform**

#### **Comprehensive**

- Trading on both NSE and BSE
- Invest through Repatriable as well as Non-Repatriable funds

#### **Hassle Free**

- Simplified account opening process
- No need to send transaction details to RBI

#### **Seamless**

- No need to write Cheques
- Funds / Shares directly credited to clients Bank / DP

#### **Secure**

- Secured Socket Layer (SSL) with 128 bit encryption
- Detailed audit trail of transaction with time stamp of all orders
- Funds / Securities with Axis Bank and flows only in clients accounts

### **Customer-Centric Operations**

- 24\*7 access to portfolio; transaction statements and accounts for all investment (equity, mutual fund etc.).
- Tax reports for investments bought and sold.
- Co-ordinate with Axis Bank and Client for opening Bank account.
- Report the transactions to Axis Bank by submitting the broker contract notes within the required time.
- Handle the pay in and pay out of funds from and to the PIS account with Axis Bank.
- Dedicated NRI Cell to answer queries of NRIs and to place orders for trades in case of exigencies

# **Chapter- 3**

## **METHODOLOGY**

## METHODOLOGY

The project has been done in real working conditions at the Fortune Financial Services (India) Limited's department located at Connaught Palace (Delhi) with practical exposure for the various processes carried out by DP service division.

Information has been obtained through Primary and Secondary sources.

### Primary Sources:

- Knowledge obtained in the training session at Fortune Financial Services (India) Limited learning center where the trainees are introduced to the basic functioning of a Depository Participant.
- Personal interaction with the employees of Fortune Financial Service (India) limited who were involved in the provision of various services.
- Filled Questionnaire which is used to gather investor's views about depository system's services in India. The sampling method used was basically convenience sampling.

### Sample Size:

The study is based on sample size of 500 people who want to open demata account in Fortune Finance Services (India) Limited.

### Secondary Sources:

For this project secondary data is also used. Secondary data is the data compiled by someone other than the user. It includes published data in the form of documents, research papers, web pages and other organizational records.

It is recommended to use secondary data in order to avoid duplicating of effort, running up unnecessary costs, and tiring of informants.



## **Types of secondary data used**

In this project the secondary data used was of the following types

1. *Internal secondary data:* the data which is available within the organization was obtained from the website of Fortune Financial Service(India) Limited i.e., “<https://www.ffsil.com>”
2. *External secondary data:* the data which is obtained from sources external to the organization as commercial publications, government publications, professional organizations, trade association’s professional marketing research agencies etc.

All secondary data used in this project was in the electronic form, and was obtained from the internet.

### **Computerized databases used in this project**

1. *Bibliographical data base:* It is the one which is obtained from journals, government publications, magazines, newspapers etc. Such online publications were accessed to obtain definitions of terms used in this article.
2. *Full text database:* It was obtained from the websites of NSDL and CDSL to get the details of working of depository.
3. Collection of updated information from the internet.

# **Chapter- 4**

## **DESCRIPTION OF THE STUDY AREA**

## DESCRIPTION OF THE STUDY AREA

### **Depository:**

A Depository is an organization where the securities are kept in the electronic form. At present there are two depositories in India namely NSDL promoted by NSE, and CDSL promoted by BSE.



### **Depository Participant:**

A Depository Participant is an authorized agent of depository who effects the transactions as per the instruction of the client. Fortune Financial Services (India) Limited is one of the Depository Participants of CDSL.

Depository interacts with its clients/investors through its agents called depository participants.

For any investor/client to avail the services provided by the Depository, he has to open a Depository account, known as Demat a/c, with any of the Depository Participants.

Depository can in many ways be compared to a bank. Securities of the investors are held in electronic/book entry form by the Depository. Apart from holding the securities, Depository also provides services related to transactions in securities. Several consider the Depository to be another custodian. But the depository has an advantage over the custodian – the Depository can transfer the Beneficial Ownership of the Securities, legally, which a custodian can not do.

### **Demat Account Opening:**

A Demat account is opened on the same lines as that of a Bank Account. Prescribed Account opening forms are available with Depository Participants which to be filled by clients. Standard Agreements are to be signed by the Client and the DP, which details the rights and obligations of both the parties.



Along with the form the client requires to attach photographs of Accountholder, attested copies of proof of residence and proof of identity needs to be submitted along with the account opening form.

In case of corporate clients, additional attachments required are – true copy of the resolution for Demat a/c opening along with signatories to operate the account and true copies of the Memorandum and Articles of Association is to be attached.

### **Services offered by Depository:**

- Dematerialization is converting physical certificates to electronic form.
- Dematerialization is reverse of demat, getting physical certificates from the electronic securities.
- Transfer of securities, change of beneficial ownership.
- Settlement of trades done on exchange connected to the Depository.
- Pledge/Hypothecation of demat shares.
- Electronic credit in public offering of the companies.
- Non-cash benefits like Bonus/Rights-direct credit into the electronic form.

## Number of Depositories in the country:



- National Securities Depository Services Ltd.(NSDL)
- Central Depository Services Ltd.(CDSL)

# **Chapter 5**

## **DEPOSITORY SYSTEM**

## DEPOSITORY SYSTEM

The chief players in a depository system are the Depository, Depository Participant, Clearing Corporation, Clearing Member and Registrar and Transfer Agent.

### DEPOSITORY:

According to section 2(e) of the Depository Act, 1996

“Depository means a company formed and registered under the Company’s Act 1956, and which has been granted a certificate of registration under section 12(1A) of Securities Exchange Board Of India Act, 1992.”

The Act defines a Depository as

‘An organization where securities of a shareholder are held in the form of electronic accounts in the same way as bank holds money. The depository holds electronic custody of securities and also arranges for transfer of ownership of securities on the settlement dates.’

### NSDL AND CDSL

The two depositories registered under the act are the NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited)

### NSDL (National Securities Depository Limited):



NSDL is the first Depository in India. It was registered on 8<sup>th</sup> June 1996 with the Securities and Exchange Board of India. It was set up as a result of Depositories Act, 1996 as a public limited company and promoted by the Industrial Development Bank of India (IDBI), Unit Trust

of India (UTI) and the National Exchange (NSE) to facilitate trading and settlement of securities in dematerialized form.

The NSDL system is designed in such a way that a clearing member can give and take delivery in electronic form only if he opens a special account called the clearing account with the participant.

The launch of NSDL is a significant reform in the capital market and shall play a crucial role in driving market efficiency. The growth was slow in the beginning but gathered momentum when SEBI came out with notification regarding compulsory settlement of transactions in selected scrip in demat form by financial institutions. The number of securities which was originally restricted to eight was enhanced progressively and retail investors were also roped in compulsory settlement of selected scrip in demat form. The concept received a major boost when SEBI introduced the UNIFIED SEGMENT CONCEPT. Rendering the delivery of demat securities in physical segments as 'goods'. It was the decision of SEBI that required individual investors to accept demat shares and necessitated the opening of DP accounts. As a result the investors' accounts with NSDL through various Depository Participant showed a dramatic spurt.

The functions of NSDL include:

- Account Opening
- Dematerialization
- Rematerialization
- Settlement and Clearing
- IPOs
- Corporate Benefits
- Pledge and Hypothecation



## **CDSL (Central Depository Services Limited):**



The Depository Act 1996 introduced a multi depository framework for scrip less settlement. The Stock Exchange, Mumbai with the country's leading banks like Bank of Baroda, Bank of India, HDFC Bank and SBI has promoted the Central Depository

Services Limited, India's second depository for dealing in securities in electronic form. CDSL had an initial paid up capital of 100 crores. Securities and Exchange of India (SEBI) has granted the certificate of registration under regulation 7 of SEBI (Depositories and Participants) regulations, 1996 to CDSL on 19<sup>th</sup> August, 1998. CDSL has thus become the second depository in the country.

### **The objectives of this depository are to:**

- Accelerate the growth of scripless trading.
- Make a major thrust in individual investor participation in the depository.
- Create competitive environment, which will be responsive to the users and demands.
- Enhance liquidity.

## **DEPOSITORY PARTICIPANT:**

Depository Participant is the agent of the Depository and is the interface between the depository and the investor. According to SEBI guidelines, financial institutions, banks, custodians, stockbrokers etc can become Depository Participants.

SCHIL is the first participant registered with NSDL. In order to avail the services of a depository, an investor has to open an account with a depository through a DP just like a person opening an account with the branch of a bank. A DP is responsible for maintaining the securities accounts of the investors and handling it in accordance with the investor's instructions.



Depository Participant is the key player in the system, which acts as an agent of the Depository and is in fact the customer interface of depository. It opens the accounts of the investors, facilitates dematerialization, settle trades and effects corporate actions.

### **The segments in DP business include five main businesses:**

#### **Account Opening:**

Opening of an account in the name of the client, whose holdings are held in the same way as in a bank?

#### **Dematerialization:**

The process of conversion of holdings from physical form to electronic form.

#### **Rematerialization:**

The process of conversion of holdings from electronic form to book entry form.

#### **Trading and Settlement:**

Trading and Settlement of market and off-market trades.

## **Pledge and Hypothecation:**

Facilitating pledge of securities and to provide electronic credit of new share allotments such as bonus, public issues, rights etc.

## **ACCOUNT OPENING**

### **ELIGIBILITY FOR BEING A DEPOSITORY PARTICIPANT:**

As per SEBI (Depositories and Participants) Regulations, 1996, the following categories are eligible to become DPs.

- Public Financial Institution as defined in section 4A of the companies Act,1956.
- Bank included in the Second Schedule of the RBI Act,1934.
- RBI approved foreign banks operating in India.
- State Financial Corporation established under section 3 of SFC Act,1951.
- Institution engaged in providing financial services, promoted by any of the institutions mentioned above, either jointly or separately.
- Custodian of Securities who has been granted certificate of registration under section 12 (1A) of SEBI Act.
- Clearing Corporation or Clearing house of Stock Exchange.
- The Stockbroker, who has been granted certificate of registration under section 12 (1) of SEBI Act, provided that:
  - (a) They have a minimum net worth of Rs.50 lakh.
  - (b) Aggregate value of the Portfolio of securities held in dematerialized form in a depository through each stockbroker should not be more than 25 times his net worth.

- Non-banking Finance company provided that:
  - (a) They have a minimum net worth of Rs.5lakh, if they wish to act as a DP only on behalf of themselves and not on behalf of any other person.
  - (b) They have a minimum net worth of Rs.50crore in addition to the network specified by any other authority, if they wish to act as DP on behalf of any other person.

The Regulations empower CDSL to set its own selection criteria in the Byelaws.

Thus, the applicants must also comply with the following admission criteria stated in the Byelaws:

- The applicant should have a minimum net worth of Rs.1.5crore.
- The applicant should not have been convicted in any of the five years immediately preceding the filing of the application in any manner involving Misappropriation of funds and securities, theft, embezzlement of funds, fraudulent conversion or forgery.
- The applicant should not have been expelled, barred or suspended by SEBI, self-regulatory organization or any stock exchange.

## CLEARING CORPORATIONS:



The clearing corporation provides clearing services and is responsible for the clearing and settlement system for its clearing members and investors to settle the trade of Depository System. The National Securities Clearing Corporation Limited (NSCCL) is a wholly owned subsidiary of NSE.

**It coordinates between** the exchange for executed trades, clearing members and custodians for bringing in the necessary funds and securities for settlement.

Clearing banks for settlement of funds.

Depository for security settlement.

## **REGISTRAR AND TRANSFER AGENT:**

The registrar and transfer agent (RTA) is a critical link between Issuer Company, Stock trader and Investor. Whether it is a primary market, public issue or a secondary market trade, role of RTA is important as issue of securities or transfer of securities is done through this agency.

The scope of work for registrars to issue and share transfer agents for securities admitted in the depository system are under:

- Maintaining of folios in the depository.
- Updating of data downloaded by the depository on a periodical basis.
- Confirmation of updating to depository on a daily basis.
- Scanning of front and back of share certificate before dematerialization.
- Issue of certificates on dematerialization.
- Jobs relating to public issues.

## **CLEARING MEMBER**

Clearing members are persons who have been admitted as members by a clearing corporation. Which has been admitted as a user by the depository? He has to open a clearing member account with a participant.

Clearing member account is held with a DP by the clearing member of a clearing corporation, for the purpose of carrying out clearing and settlement functions in respect to electronic trade.

## **BENEFITS OF TRADING AND SETTLEMENT UNDER DEPOSITORY SYSTEM:**

In the Depository system, the ownership and transfer of securities takes place by electronic book entries. At the outset, this system rids the capital market of the dangers of handling of the paper. That is not all, the Depository provides other direct and indirect benefits like:

### **Benefits to and Investor:**

- Reduction of risk associated with physical scrips.
- No stamp duty on transfer.
- No bad liveries.
- No loss/theft/forgery/fake.
- Reduced transaction costs.
- Quick settlement cycles (T+5 settlement)
- Improved liquidity of stocks.

- Electronic credit in IPO's, Rights and Bonus
- Fungibility of Dematerialized Holdings.
- Holdings and transactions leading to better controls.
- Increasing immediate transfer and registration of securities liquidity of stocks with the investors and consequent turnover.
- Pay-in and pay-out out of funds are on the same day for scripless trading.
- Reduction in rate of interest on loans granted against pledge of dematerialized securities by many banks.
- Faster receipt of benefits and rights resulting from corporate action.
- Protection of shareholders rights from timely communication from issuers/registrars.

### **Benefits to Clearing Member:**

- Enhanced liquidity, safety and turnover on stockmarket.
- Opportunity for development of retail brokeragebusiness.
- Ability to arrange pledges without movement of physical scrip andfurther  
Increase overall level of trading activity, liquidity andprofit.
- Improved protection of shareholders rights resulting from more timely  
communication from theissuer.
- Reduced transaction costs through greaterefficiency.
- Elimination of forgery and counterfeit with attendant reduction in settlementrisk  
from baddeliveries.
- Provide automation to post tradeprocessing.
- Standardization ofprocessing.
- Bringing efficiency to the marketplace.
- Improved cash flows.

### **Benefit to Issuer Company:**

- Improved efficiency of registrar and transferagents.
- Efficient communication withinvestors.
- Updated list of shareholders on a weeklybasis.
- Reduction in printing and dispatch costs for new issues and transfers resultingin  
savings.

- Image with global investors.
- Up-to-date knowledge of investor's name and address.
- Corporate image and awareness.

### **Benefits to Economy/Country:**

- Growing and more liquid capital markets to provide financing and development  
Stemming more efficient post trade systems with reduced transaction costs.
- Increase in competitiveness in the international market place and attracting investors and fund managers by complying with stipulated international standards calling for an efficient and risk free trading environment.
- Great transparency in the market.
- Prevents addition of more paper in the market.
- Results in increased confidence of investors.
- Results in integration of domestic market to world capital market.
- Reduction of settlement risks and frauds.

### **SERVICES OF OFFERED BY A DEPOSITORY PARTICIPANT:**

- ACCOUNT OPENING
- DEMATERIALIZATION
- REMATERIALIZATION
- TRADING AND SETTLEMENT
- TRANSFER OF SECURITIES
- PLEDGE

### **ACCOUNT OPENING:**

An investor who wishes to operate in electronic mode will have to open an account with any of the depository participant of his choice, who is a business partner of NSDL. There is no restriction on the number of accounts that an investor can open with the DP/DPs. The investor can open an account by filling an account opening form with the DP. He has to sign an agreement with the depository participant.



**There are basically 3 types of accounts.**

- Beneficiary Account
- Corporate Account
- Clearing Member Account

**Procedure for opening a Beneficiary or a Client Account:**

- The individual is required to fill in an account opening form available at various ISC's (Investor Service Centre) of the DP requesting the DP to open an account in his/her name or names.
- The account should be opened in the same name/names as it appears on the share certificates.
- The client has to submit the filled-up form along with the requisite documents as specified by the DP.
- The client is required to furnish details regarding the bank name, the branch address, PAN/GIR number, bank account number and tax deduction status.
- If client is an NRI investor, details regarding the foreign address, RBI reference number and RBI approval data are to be furnished.
- If client is a minor, the Guardian details (name and address) and the minor's date of birth are to be provided.
- If the client wishes to have a nominee, the nominee details (name and address) are to be provided.
- In case of joint holders, the names of all the holders, their father/husband's name and their PAN/GIR numbers have to be specified.
- An agreement is executed with the DP.
- The DP verifies for completeness of the form and enclosed documents.
- If all the information about the client is in accordance with the original documents, the account is opened and an account number called the client Id is given to the client.
- This client Id along with the DP is unique.
- The client has to quote this client id in all future correspondence with the DP.

## Account Opening for Corporate:

- Corporate Account may be a house or a non-house account. A house account is the participant's own beneficiary account held in its own system for the purpose of holding its own securities.
- Non-house corporate may be financial institutions, Foreign Institutional Investors, Body corporate, Mutual Fund, Trust or Bank.
- Procedure is same as that of an individual client.
- Corporate have to furnish additional documents like the company board resolution, the Memorandum of Association and the Articles of Association.
- The signatures of all the authorized signatories are scanned and stored for future verification.

## Procedure for Opening a Clearing Member Account:

A Clearing member may be a broker or an intermediary between a broker and the clearing corporation. Clearing member account is an account held with the participant by a clearing member of a clearing corporation for the purpose of carrying out clearing and settlement function in respect of electronic trades.

A clearing member's account consists of three parts:

1. Pool Account
2. Delivery Account
3. Receipt Account

**Pool Account** means account of a clearing member maintained with a participant, which is used for transfer of the securities from accounts of the client to the clearing corporation to the accounts of clients in case of purchase of securities.

**Delivery Account** means the account of the clearing member maintained with the participant for receiving securities, from the pool account and transferring the same to the clearing corporation.

**Receipt Account** means the account of the clearing member maintained with the participant for receiving securities and transferring the same to the pool account.

## Dematerialization process:

Whenever an investor wishes to dematerialize the securities, he or she has to fill a Demat request form (DRF) provided by the depository participant (DP) for dematerialization of shares. The form is submitted along with the physical certificates.

Each security comes with a unique International securities identification number (ISIN) and each different ISIN requires a different request form to be furnished. The process of Dematerialization involves the following steps:

- Investor submits Physical Share Certificates with the DRF to the DP.
- The depository is intimated of the request by the DP.
- The certificates are submitted to the Issuer company's registrar
- The Dematerialization request is confirmed by the registrar
- Registrar then updates accounts after Dematerialization and informs the depository of the completion of the process.
- Depository updates accounts and information is passed on to the DP.
- Investor's Demat account is updated by the DP.

**Prerequisites for Dematerialization Request:**

1. The registered holder of the securities should make the request.
2. Securities to be dematerialized must be recognized by NSDL eligible. In other words, only those securities whose ISIN has been activated by NSDL, can be dematerialized.
3. The company/issue should have established connectivity with NSDL. only after such connectivity is established that securities of that company/issuer are recognized to be available for dematerialization.
4. The holder of securities should have a beneficiary account in the same name as it appears on the security certificates to be dematerialized.
5. The request should be made in the prescribed dematerialized request form.

## **PROCEDURE FOR DEMATERIALIZATION OF PHYSICAL STOCK:**

- No requests for Demat should be entertained for a person other than the registered shareholder in the books of the company.
- The client will submit a request to the Depository Participant in the dematerialization request form for dematerialization along with the certificates of securities to be dematerialized. Before submission, the client to deface the certificates by writing “surrendered for Demat”.
- The Depository Participant will verify that the form is duly filled in and the number of certificates, number of shares and the security type (Equity, Debentures etc) are given in the DRF (Demat Request Form).
- In case securities are not in order they are returned to the client and acknowledgement is obtained. The Depository Participant will reject the request and return the DRF and certificates in case.
- If the ISIN of the certificate surrendered, pertaining to a single DRF is not the same.
- In case the certificates are mutilated, or they are defeated in such a way that the material information is not readable, the participant will reject the Dematerialization request. He may advise the client to send the certificates to the Issuer/R&T agent and get new shares in lieu thereof.
- The Participant must verify the nature of the security, its paribus status with reference to the list of ISIN (International Security Identification Number) codes available with it. Wrong allocation may result in avoidable losses to the clients. The ISIN is entered in space provided for it in the Dematerialization request form.
- If part of the certificates pertaining to a single DRF are partly paid-up the participants will reject and return the DRF along with the certificates. He may advise the client to send separate request for the locked-in certificates. Also certificates locked-in for different reasons should not be submitted together with a single DRF.
- In case the securities are found in order the details of the request as mentioned in the form are entered in the DPM and Dematerialization request number will be generated by the system.
- The DRN so generated is entered in the space provided for the purpose in the DRF.

- A person other than the person who entered the data should verify details recorded for the DRN. The participant then releases the request to DM.
- The DM forwards the request to the Issuer/R&T agent electronically.
- The participant will punch the certificates on the company name as shown in the Annexure-II-B so that it does not destroy any material information on the certificate.
- The participant will then dispatch the certificates along with the request form and a covering letter like Annexure-II-C to the Issuer/R&T agent.
- When the Issuer/R&T agent confirms acceptance of the request form for Dematerialization the DM electronically authorize the creation of appropriate credit balances in the client's account.
- The DPM will credit the client's account automatically.

### **Procedure for Dematerialization of Primary Issue:**

An investor while applying for a primary issue has to indicate the option to receive allotment of securities in electronic form in the application. The account number of the investor and the participant's identification number with NSDL also have to be mentioned in the application form.

- On allotment, the Issuer/R&T agent allocates the securities to NSDL. The Issuer/R&T agent in the DPM uploads this information.
- The DM downloads the allocation of securities to the 'relevant clients' accounts in the DPM.
- The participant informs the client accordingly.
- In case where allocation will not be credited to the client's account due to incorrect account number, the same is booked to the suspense account at the DPM.
- A report is generated of all allocation booked to the suspense account.
- Manual processing is undertaken in resolving the allocations booked to suspense account. Each allocation is checked separately. This involves follow up with the Issuer/R&T agent to find the right beneficiary.
- Once the right beneficiary accounts traced, the right booking is reported to the DM. The allocation is moved out of the suspense account and the DM credits the right account.

- If the correct beneficiary account cannot be traced for more than fifteen days, the Issuer/R&T agent will be asked to post physical certificates to the conc.
- The Participant must inform the client the changes in the client's account following the conformation of the request.
- Earned investors and the suspense balance will be reduced to zero.

### **Precautions:**

- Holdings in those securities that have not yet been admitted for dematerialization by NSDL cannot be dematerialized. List of securities admitted for dematerialization should be verified before defacing these securities.
- Holdings in street name cannot be dematerialized. A new procedure is in place for transfer & demats to be done together.
- The combination and sequence of names of holders as printed on the physical certificate should be identical with the names initiating the dematerialization request.
- Separate dematerialization request will have to be filled for locked-in and free holdings.
- Separate dematerialization requests will have to be filled for fully paid up and partly paid up holdings.
- Separated dematerialization requests will have to be filled for holdings in the different ISINs of a company.

### **Reasons for Rejection:**

The Depository Participant, for the following reasons that reject the Demat request forms.

- If the client ID not mentioned.
- If the holder's signature is missing.
- If the pattern of the names on the application are in mismatch with that on the securities.
- If the name itself is in mismatch with that on these securities.
- If the quantity of shares in the application are in mismatch with that of these securities.
- If the client ID is incorrect.
- The scrip is not under Dematerialization.
- If the number of share certificates does not tally with the number specified on the application.
- If details such as folio, distribution numbers are not mentioned.
- If the shares are warrant Equity Shares or Debentures.
- If two ISINs are mentioned on the same DRF.
- If the client ID is not active.

- If the DRF is received without the share certificates.
- If the application form is already rejected.

## **REMATIALIZATION**

Re-materialization is the process of issuing physical securities in place of the securities held electronically in book-entry form with depository. Under this process, the depository account of a beneficial owner is debited for the securities sought to be rematerialized and physical certificates for the equivalent number of securities are issued.

A beneficial owner holding these securities with a depository has a right to get his electronic holding converted into physical holding at any time. The beneficial owner desiring to receive physical security certificates in place of the electronic holding should make a request to the issuer or its R&T Agent through his DP in the prescribed Re-materialization Request Form (RRF).

### **Prerequisite to a Re-materialization Request:**

1. The beneficial owners of the securities should make the request.
2. There should be sufficient free balance of securities available in the beneficiary account to honor the re-materialized request.

## Re-Materialization Process:

1. The DP should provide re-materialization request forms(RRF) to clients.
2. The client should complete RRF in all respects and submit it to the DP.
3. The DP should check RRF for validity, completeness and correctness. In particular, the following points should be checked.
  - There is sufficient free balance available in the client's account to honour the re-materialization request.
  - The name of the client on RRF is exactly the same as that in the client account.
  - In case of joint holding, the order of names appearing in RRF is the same as in the client's account.
  - Details like security, face value, issuer's name and lock-in status are filled incorrectly.
  - The client has indicated his option to receive physical certificates either in jumbo lot for the entire quantity requested or in market lot.
  - **Separate RRF are submitted for**
    1. Free and locked-in securities
    2. Securities locked-in for different reasons
    3. Each ISIN
    4. Securities of different paid-value and
    5. Each client account
  - **RRF is signed by**
    1. The sole holder in case of single holding
    2. All joint holders in case of joint holding
    3. Authorized Signatories in the case of corporate accounts,
    4. Constituted attorney in the case of NRI accounts
4. If RRF is not found in order, the DP should return the RRF to the client for rectification.
5. DP should enter the re-materialization request in DPM. DPM will generate a Demat request number (RRN) which should be mentioned on RRF.
6. An authorized person, other than one who entered the RRF details in DPM, should verify the details of RRN and release a request to the depository.
7. The DP should complete the authorization for RRF to the issuer or its R&T Agent for re-materialization. The DP should forward RRF to the issuer or its R&T Agent within seven days of accepting it from the client.



8. The issuer or its R&T Agent should verify the RRF for validity, completeness and correctness. It should also match the deals with the intimation received from the depository against the sameRRN.
9. IncasetheissueroritsR&TAgentfindsRRFinorder,itshouldconfirmtheDemat request the issuer or its R&T Agent should then proceed to issue the physical security certificates and dispatch them to the beneficialowner.
10. The DP, on receiving confirmation of debit entry in DPM, should inform the client Accordingly.

Theentireprocesstakesamaximumof30days.Notradingispossibleonthesecuritiessent forDemat.

## **TRADING AND SETTLEMENT IN DEPOSITORY MODE:**

Trading in Dematerialized securities is different from trading in physical securities and trade in one form cannot be settled in another form.

However, SEBI has announced that with effect from 6<sup>th</sup> April, 1998, dematerialized securities can be delivered against obligation in the physical market of both NSE and BSE. This means an investor who has sold securities in physical market can deliver either physical or dematerialized securities. But physical securities cannot be delivered against obligation in the market for dematerialized securities.

Currently, dematerialized securities can be traded on NSE and BSE. All trades done in Depository segment with effect from 15<sup>th</sup> January, 1998 should follow Rolling Settlement Cycle.

### **Rolling Settlement (T+2):**

In case of Rolling Settlement Cycle, the accounting period is reduced to one day. This means that if the broker executes the transaction on Monday, settlement of the same will be on Thursday. Similarly, for trades executed on Tuesday, settlement will be on Friday and so on.

## **Procedure for Selling Demat Securities:**

The procedure for selling Demat securities is very simple. After selling the securities one would instruct his/her DP to debit his/her account with the number of securities sold by him and credit his/her broker's account. This delivery instruction has to be given to his/her DP using the delivery instruction slips given to him/her by his DP at the time of opening the account.

### **Procedure for selling securities is as follows:**

1. You sell securities in any of the stock exchanges linked to NSDL through a broker.
2. You give instructions to your DP to debit your account and credit the broker's account.
3. Before the pay-in day, your broker gives instruction to its DP for delivery to clearing corporation.
4. Your broker receives payment from the stock exchange (clearing corporation).
5. You receive payment from the broker for the sale of securities.

## **Procedure for Purchasing Demat Securities:**

For receiving Demat securities one may give a one-time standing instruction to his/her DP. This standing instruction can be given at the time of account opening or later. Alternatively, one may choose to give separate receipt instruction every time some securities are to be received. The transaction relating to purchase of securities are summarized.

### **Procedure of purchase securities is as follows:**

- You purchase securities through a broker.
- You make payment to your broker who arranges payment to clearing corporation on the pay-in-day.
- Your broker receives credit of securities in its clearing corporation on the pay-in-day.
- Your broker gives instruction to its DP to debit clearing account and credit your account.

- You receive shares into your account. However if standing instruction are not given at the time of opening the account you will have to give instructions to your DP for receiving credit.
- You should ensure that your broker transfers the securities from its clearing account to your depository account before the book closure. If the securities remain in the clearing account of the broker the company will give corporate benefit (dividend or bonus) to the broker. In that case you will have to collect the benefits from the broker.
- Trading in dematerialized securities can be bifurcated into market and off-market trades.

## **Market Trades:**

Market trades are those trades that are executed on the stock exchanges and are cleared and settled through the clearing corporation. For the purpose of NSDL operations, trades, which are negotiated and subsequently reported to the stock exchange for being cleared and settled through the clearing corporation, is also treated as Market Trades. Market trades can be settled only through a clearing member. Any clearing member intending to participate in Depository segment of the market has to open a special clearing member account with a participant. If the clearing member is itself is a participant, the account can be opened in its own participant set-up. When clients sell securities, securities are removed from the client's account to the pool account of the member. At the time of pay- in the securities are moved to the clearing corporation based on the net obligation of the clearing member. Invariably, the retail clients use the services of the selling broker as a clearing member for settlement of their transactions.

However, the facility for using a clearing member other than the broker who executes the order is available. In such cases the client will indicate the clearing member at the time of placing order. If the clearing member accepts the trade, the trading member who executed the transaction to the clearing members transfers their net obligations to the clearing corporation. On the payout day, the clearing corporation will credit the pool amount of the clearing member with net receivables by the clearing member.

The clearing member will then give instructions for transferring the balances from the pool account to the buying client's accounts.

## **Off-Market Trades:**

Off-Market Trades are those trades that are cleared and settled through the clearing corporation or the clearing house.

Off-Market Trades are deals generally for bulk quantities, which are negotiated outside the trading system of stock exchange between trading members directly. If these trades are subsequently reported to the stock exchange and cleared through the clearing corporation, they are not treated as Off-Market Trades. Off-Market Trades result in transfers from one beneficiary account to another beneficiary account and between a beneficiary account and the house account of a participant.

## **PLEDGE**

NSDL provides beneficial owners with the facility Pledge/Hypothecate securities held in Dematerialized form.

### **Procedure for creating a Pledge or Hypothecation:**

When the beneficial owner intends to create a Pledge or Hypothecation on a security owned by him, he should make an application to the DP who has an account in respect of such a security.

The details regarding the quantity of shares to be pledged and the time period have to be furnished.

The DP shall after making a note in its records of the notice of pledge and hypothecation, forwards the application of the beneficial owner to the depository.

On receipt of such application the depository shall make investigation as it may consider necessary and if approves the creation of pledge or Hypothecation, it shall enter the particulars in its records and intimate the DP.

### **The DP in turn informs the beneficial owner.**

If the depository rejects the creation of Pledge or hypothecation it shall record the reasons for such disapproval and intimates the DP, who in turn informs the beneficial owner.

- The Participant without the concurrence of the pledge shall affect no transfer of securities, in respect of which notice of pledge or entry is in force.
- The Pledged securities are booked in favor of the Pledge, who can release the pledge once the pledgor repays its loan.
- If the pledgor fails to repay the loan, the pledgee can invoke the pledge in accordance with the pledged deed.
- On invoking the pledge, the securities will get transferred to the Pledgee's account and in its name immediately.
- The pledgor can close pledge by making an application to the DP after repayment of the loan to the pledgee.

### **OTHER SERVICES OFFERED BY A DEPOSITORY PARTICIPANT:**

- TRANSMISSION OF SECURITIES
- TRANSPOSITION
- UNFREEZING OF AN ACCOUNT
- FREEZING OF AN ACCOUNT
- SUSPENSION OF AN ACCOUNT

### **TRANSMISSION OF SECURITIES**

In the event of death of any of the joint holders, in which case, the other existing joint holders can get these securities transmitted in their favor by producing the death certificate. The existing joint holders have to open a new account with a participant.

**Transmission of Securities,** In the event of death of a sole trader, in which case, the claimants/successors/legal heirs can get the securities transmitted in their favor by submitting the relevant legal documents to the Participant.

The claimants/legal heirs/successors should open an account with a participant to get securities transmitted in their favor.

## **TRANSPPOSITION OF SECURITIES**

The Companies Act, 1956 permits joint holding of shares. When shares are issued in physical form, names of all the joint holders are printed on the share certificates. All the joint holders are recognized as members of the company. However the company will deal the member whose names appeared first among the joint holders for payment of dividend and delivery of documents/communication/notices. The joint holders are entitled to change the sequence of names by making a written request to the company. This does not constitute a transfer changing the sequence of joint holders is called 'Transposition'. However transposition is to be availed for entire holding in a folio and not allowed for partholding.

If the same set of joint holders held securities in different sequence of names, these joint holders were earlier required to open different Depository account in NSDL depository system. NSDL has introduced 'Transposition cum Demat facility to help joint holders, to demat securities in the same account even though share certificates are in different sequence of names. For this purpose the DRF and an additional form called 'Transposition form' should be submitted to the DP.

## **FREEZING OF AN ACCOUNT**

A client may wish to freeze its account by deactivating it. The participant has a facility in the DPM to freeze an account. The account is frozen for any transaction thereafter until it is reactivated on a request from the client. An account may be frozen for debits or for both debits and credits depending on the choice of the account holder, but any benefit arising, due to corporate actions is credited to the account just like any other account.

**Procedure for freezing an account:**

- The client submits a request form to the participant in the prescribed form for freezing its account.
- On receipt of the request form, the participant verifies whether the form is duly filled or not and then issue signed and stamped acknowledgements slip to the client.
- The participant compares the signature of the client on the form with that of available in its records.
- If the request form is in order the participant changes the status of the client's account from 'ACTIVE' to 'SUSPENDED FOR DEBIT' or 'SUSPENDED FOR ALL' depending on the choice of the client from the date mentioned by the client on the form. The participant enters the reasons for change in status.
- The participant then intimates to the client about the change in status.

**UNFREEZING OF AN ACCOUNT**

A client whose account is frozen may request to unfreeze it. The Participant has the facility in the DPM to unfreeze an account. The account is reactivated and transactions are allowed on the account thereafter.

**Procedure for unfreezing an account:**

- The client submits a request to the participant in the prescribed form for unfreezing his account.
- On receipt of the request form, the participant verifies whether the form is duly filled or not. Then it issues a signed and stamped acknowledgment slip to the client.
- The participant compares the signature of the client on the form with that of available in its records.

- If the request form is in order, the Participant changes the status of the client's account to 'ACTIVE' on the date mentioned by the client on the form. The participant enters the reason for change in the status.
- The participant intimates the client about the change in status.

## **SUSPENSION OF AN ACCOUNT**

A Participant has the facility in the DPM to suspend a client's account in case it receives a directive or order to that effect from NSDL, Income tax or Judicial authorities. No transactions are allowed on the account, but benefits arising due to corporate action are credited to the suspended account just as in any other account. The client cannot move the frozen holdings out of the account. The Participant intimates the client about the suspension of his accounts.

### **Procedure for Suspending an Account:**

On receipt of directive/order for suspending of a client account, the Participant has to change the client's account status in the DPM from 'ACTIVE' to 'SUSPEND FOR DEMAT' or 'SUSPEND FOR ALL'. It records the reason for the status change as 'directive/order of the concerned authority'.

The Participant intimates the client about the suspension of his account. In case of clearing member's client, the participant intimates the clearing corporation also about the suspension.



# **Chapter- 6**

## **Data Analysis and Interpretation**

## Data Analysis and Interpretation

The data is collected through questionnaire is now analyzed. The respondents were asked to provide some information regarding this research will provide important information about customer's investment in shares and customer's satisfaction level. The data should be analyzed with the help of table graph and charts. The percentage was computed for interpretation of different variables.

### 1. Do you have knowledge of stock

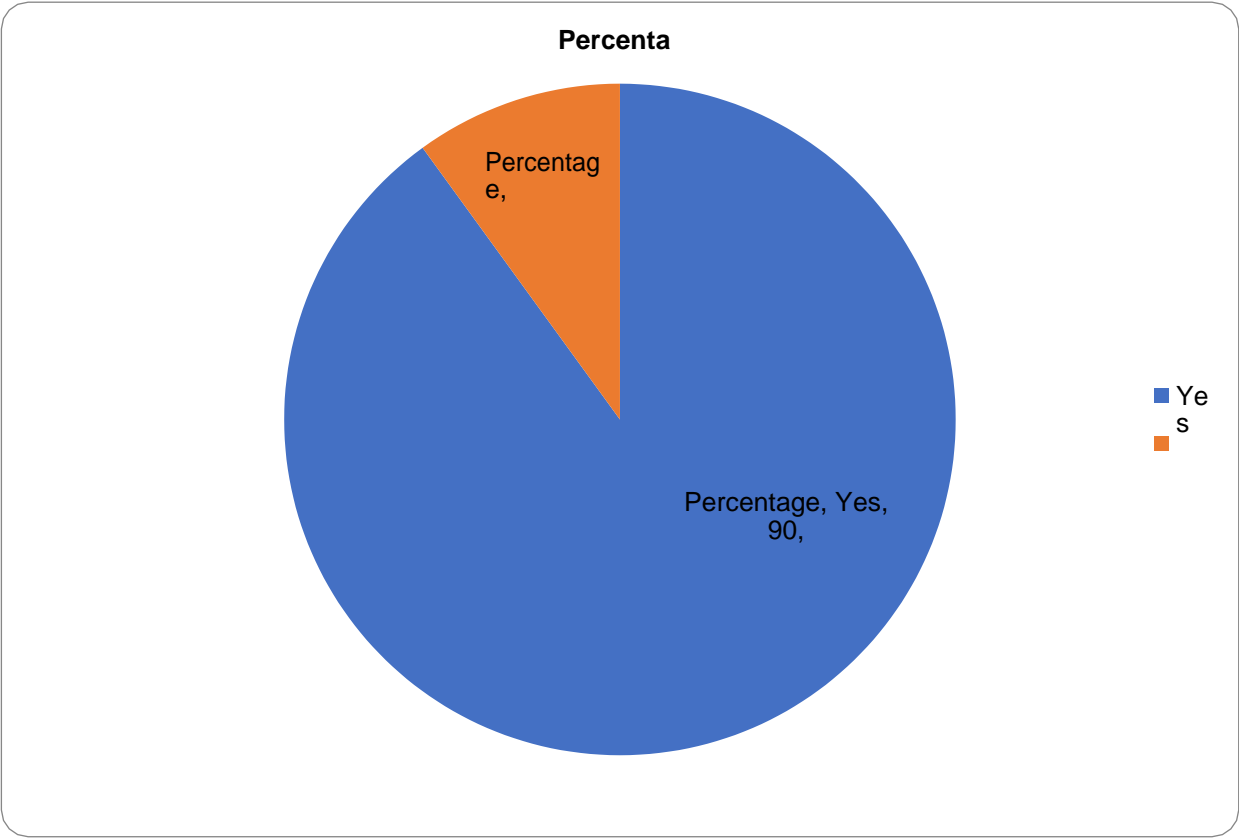
Market

?Table

1:

Option	Response	Percentage
Yes	450	90
No	50	10
Total	500	100

**Interpretation:** From the table and graph above it can be seen that most of the persons have knowledge of stock market but they like to invest their money through brokers.

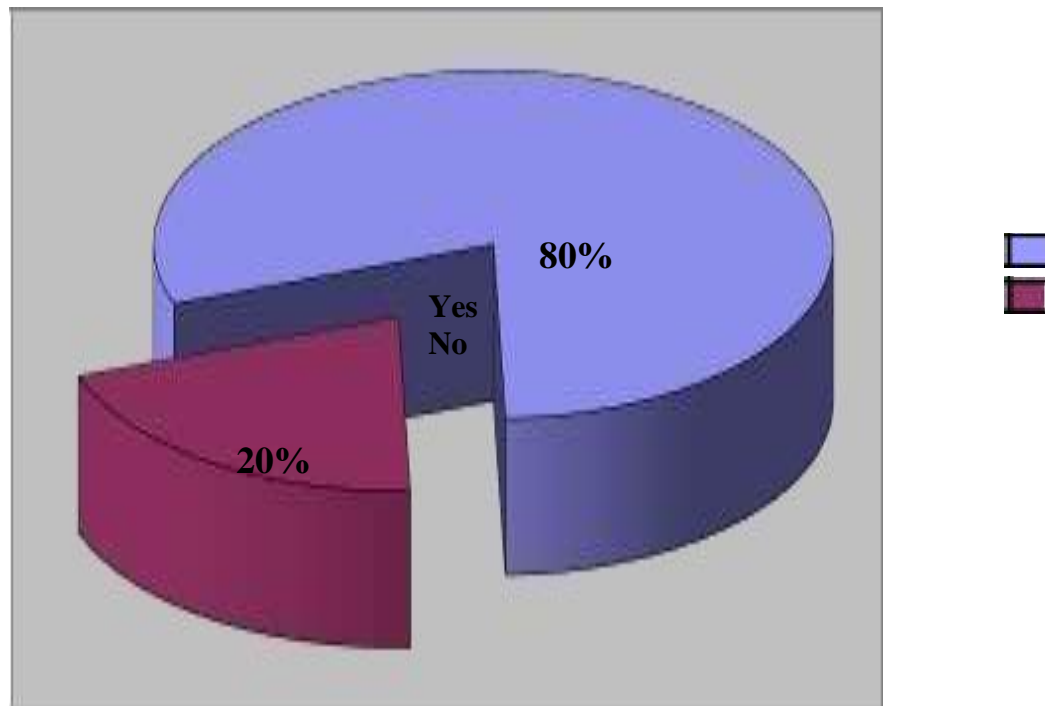


**Graph 1:**

## 2. Are you a shareholder?

**Table 2**

Option	Response	Percentage
Yes	400	80
No	100	20
Total	500	100



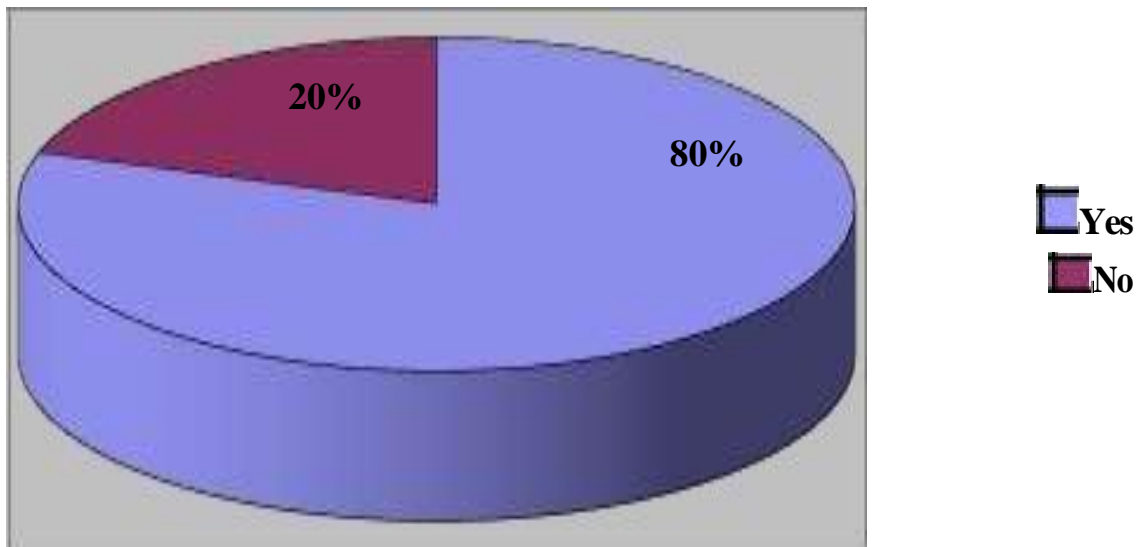
**Graph 2**

**Interpretation:** According to 500 respondents 80% of them say yes they are investing in shares, and rest 20% of them say no they are not investing in shares. It can be seen that about 20% of the persons just come for get knowledge from the brokers.

### 3. Are you aware of DepositorySystem?

**Table 3**

Particulars	Response	Percentage
Yes	400	80
No	100	20
Total	500	100



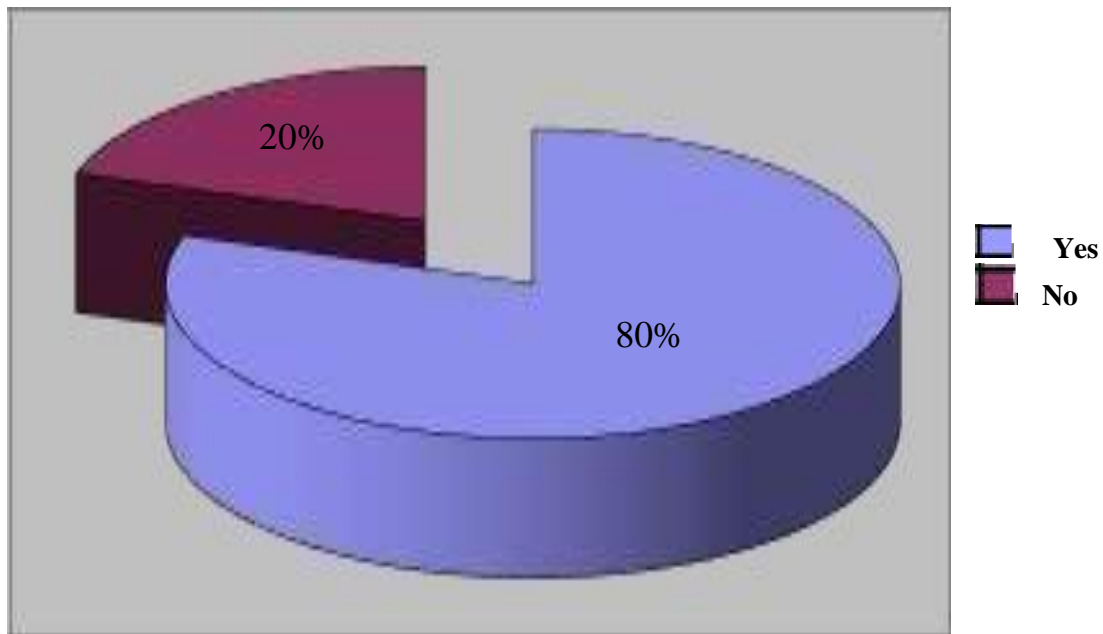
**Graph 3**

**Interpretation:** According to 50 respondent 80% of them say yes they are aware of depository system, and rest 20% of them say no they are not aware of depository system. 20 % of the persons coming to the broker want to invest in stock market but they don't have knowledge of depository system.

#### 4. Are you aware of demat account?

**Table 4**

Particular	Response	Percentage
Yes	400	80
No	100	20
Total	500	100



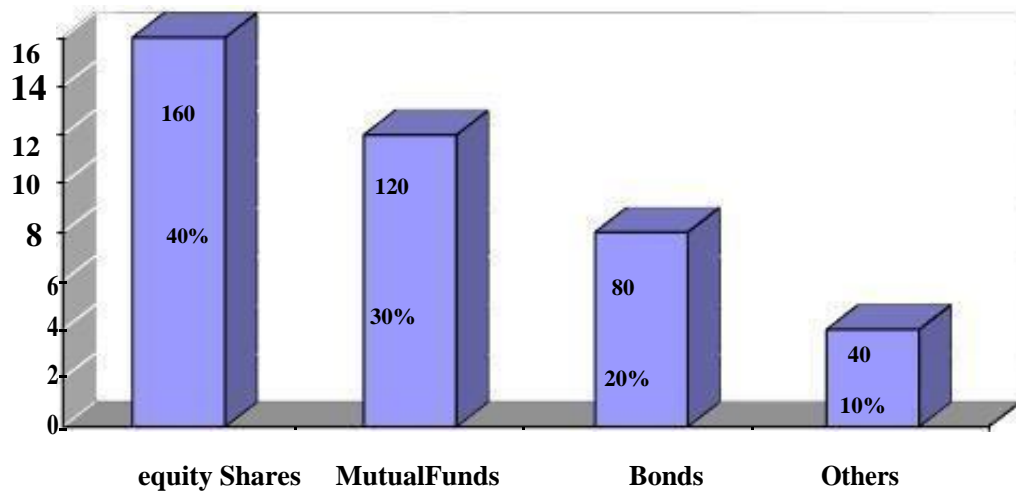
**Graph 4**

**Interpretation:** The above table clearly shows from a sample size of 500 respondent, 400 individual were aware of demat account. So, 80% are aware and 20% are not aware. 20% of the customers don't have demat account to invest in stock market.

5. What is the most preferred area of your investment?

Table 5

Particular	Frequency	Percentages
Equity Shares	160	40
Mutual Funds	120	30
Bonds	80	20
Others	40	10
Total	400	100



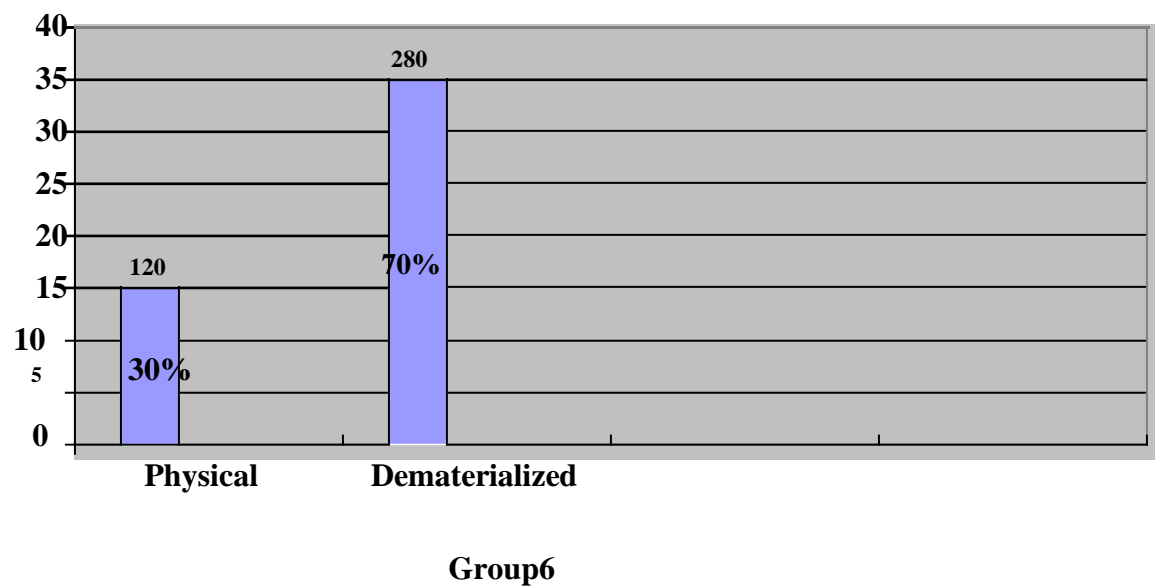
Graph 5

**Interpretation:** Majority 40% of the investors want to invest in equity shares, showing that they want good returns on their investment. 20% are invested in bonds, showing that they want risk-free investment & 10% in others.

**6. Which type of scripts you have?**

**Table 6**

Scripts	Response	Percentage
Physical	120	30
Dematerialized	280	70
Total	400	100



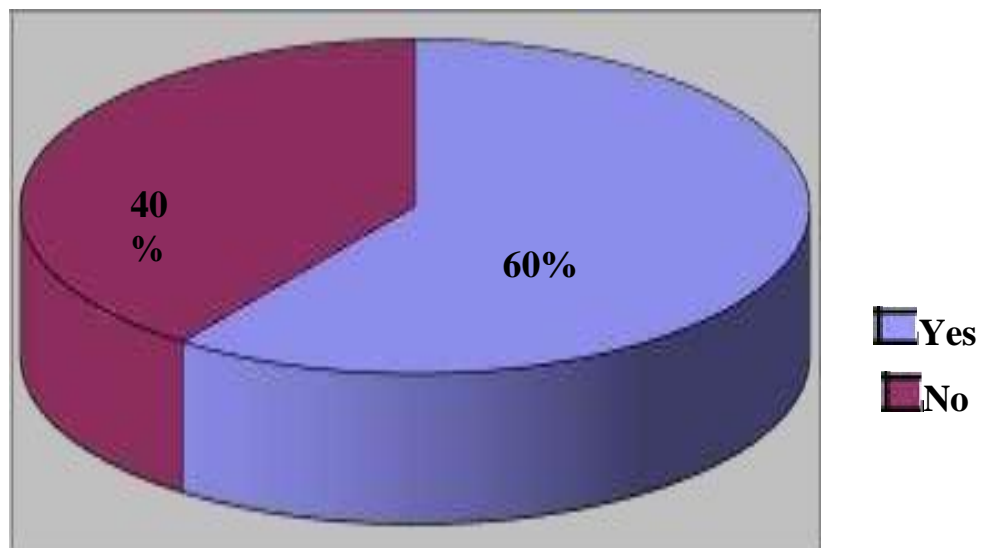
**Interpretation:** Above graph shows that most of individual prefer dematerialized scripts because they are easy to operate in the stock market and some have physical scripts because they don't have proper knowledge of stock market.



**8.If Physical do you convert your Shares electronically?**

**Table 7**

Particulars	Response	Percentage
Yes	72	60
No	48	40
Total	120	100



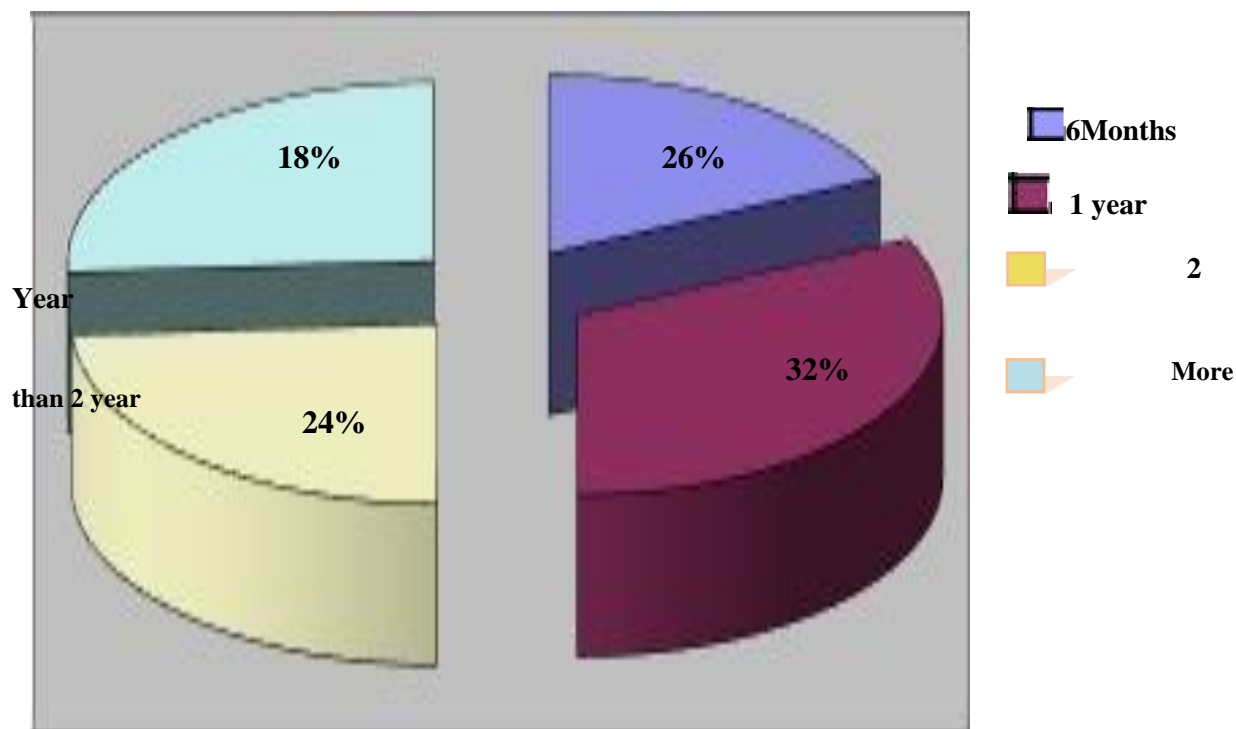
**Graph 7**

**Interpretation:** this chart shows that 72 individual wanted to their shares electronically because they want comfortable and secured working in share market and rest were not.

**8. Since how long have you been operating your Demataccount?**

**Table 8**

Sr. no.	particular	No. of respondents	Percentages
1	6 months	104	26%
2	1 year	128	32%
3	2 year	96	24%
4	More than 2 year	72	18%
5	Total	400	100%



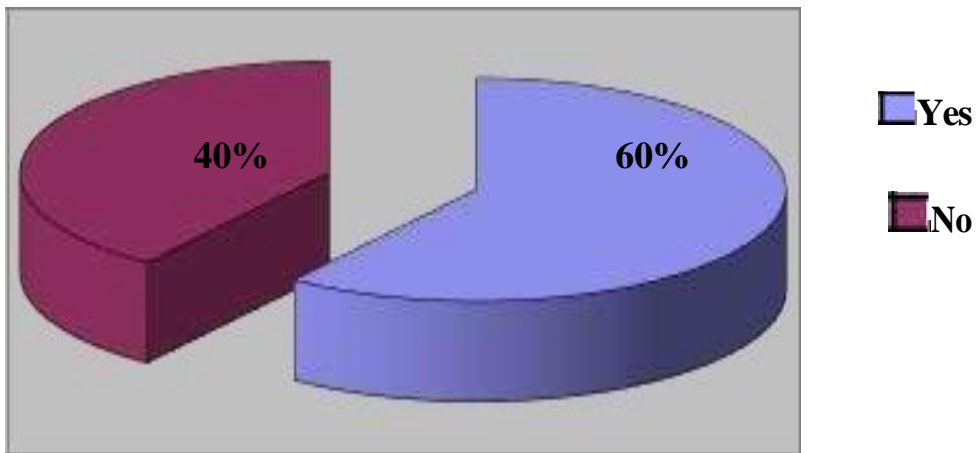
**Graph 8**

**Interpretation:** the above table and graph shows that in recent years awareness about demat account is increasing in investors. They know that without opening of demat accounts they can't invest in stock market.

**9. Did you get information of every transaction?**

**Table 9**

Option	Response	Percentages
Yes	240	60%
No	160	40%
Total	400	100%



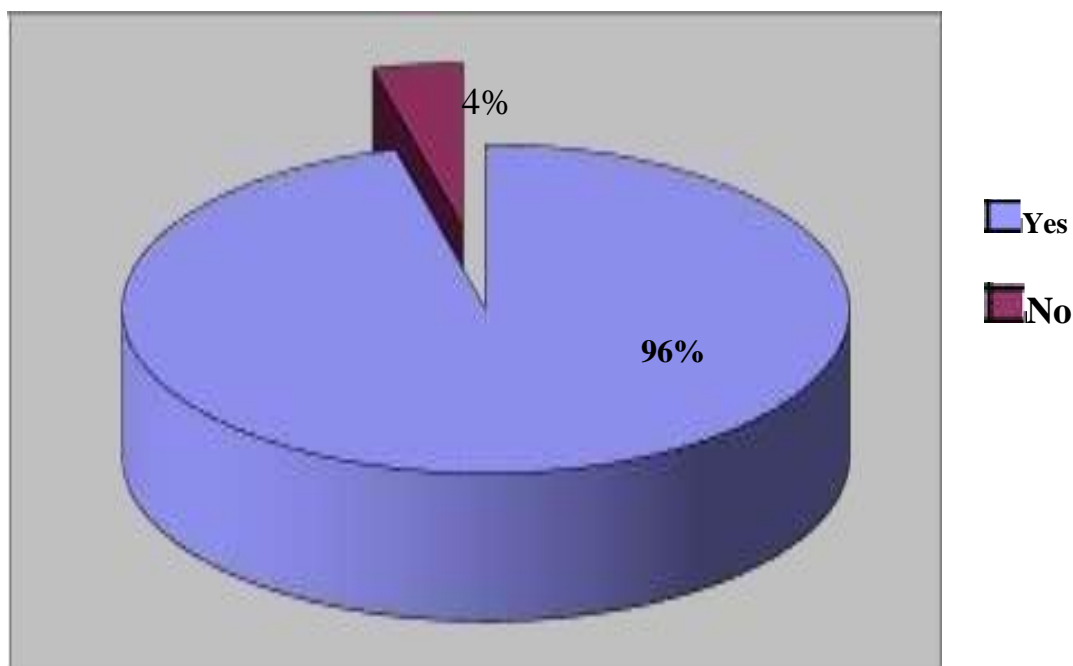
**Graph 9**

**Interpretation:** According to 500 respondents 60% of them say yes they get information of every transaction, and rest 40% of them say no they do not get any information of every transaction. The above table states that major part of customers gets information from their brokers or company about their transaction.

**10. Do you like dematerialization form of shares?**

**Table 10**

Option	Response	Percentage
Yes	384	96%
No	16	4%
Total	400	100%



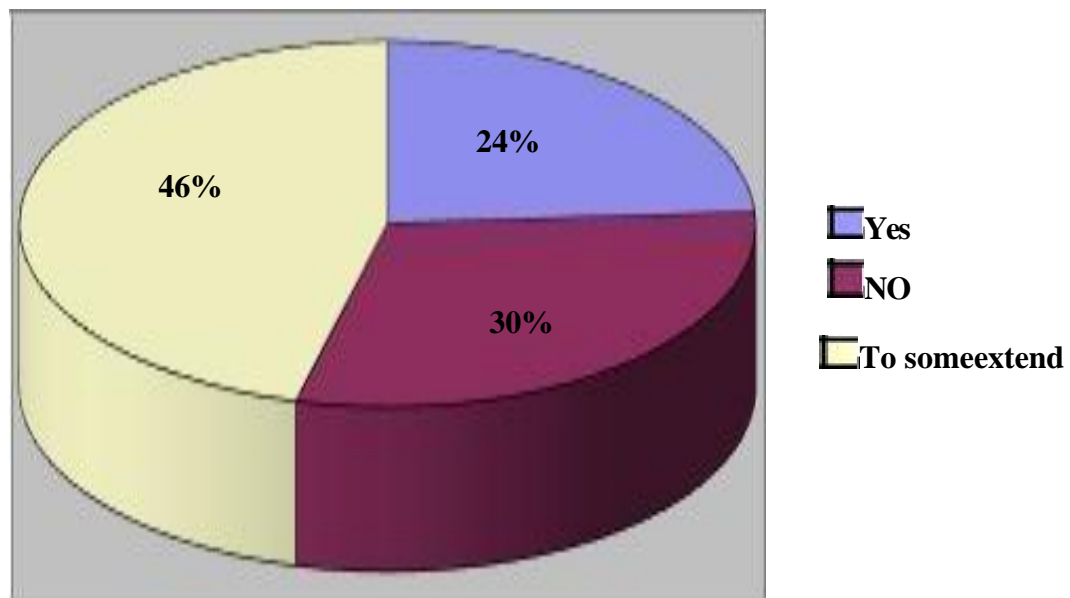
**Graph 10**

**Interpretation:** According to 400 respondents 96% of them say yes they like the dematerialization electronic form of shares and rest 4% of them say no they do not like the dematerialization electronic form of shares.

**11. Have you sufficient knowledge and awareness about NSDL and CDSL?**

**Table 11**

Particulars	No. of respondents	Percentages
Yes	120	24%
No	150	30%
To some extend	230	46%
Total	500	100%



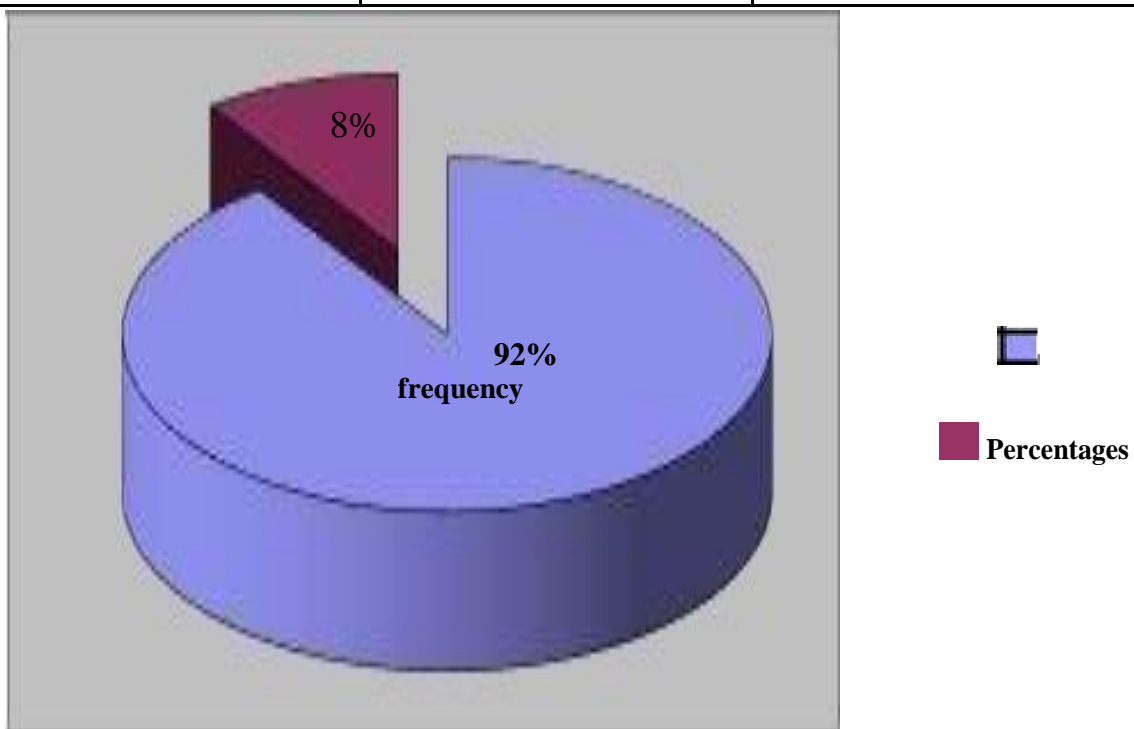
**Graph 11**

**Interpretation:** From the table it is analyzed that 24% respondent aware and have knowledge about NSDL and CDSL, and 30% are not aware, and 46% respondents are aware to some extent.

**12. Do you think Demat is safe and secure?**

**Table 12**

Particulars	Frequency	Percentages
Yes	460	92%
No	40	8%
Total	500	100%



**Graph 12**

**Interpretation:** From the table it is analyzed that 92% of Depository holders are feeling that Demat is safe & secure because they think that it is not physical. So, it can't be stolen or burned and it is easy to do transactions in a demat account whereas only 8% are feeling unsatisfied. It represents that they like the physical way of transaction in the stock market.

# **Chapter- 7**

## **SUMMARY**

## **SUMMARY**

1. Since dematerialization has a great bearing on the creation and protection of wealth and investment earnings of an investor, DPs must increase their efforts in promoting enhanced services in general, and in those involving security and safety in particular.
2. To encourage the existing and prospective shareholders, all efforts should be made to ensure good returns, in addition to providing greater security and safety.
3. Since the investors expect better service from depository participants, it should provide them value-added services.
4. The processing of the DEMAT account opening should be made fast and non-tedious.
5. The DEMAT holders should be given basic information about NSDL, CDSL and Depositories Act 1996.
6. Clear picture of the deductions made by depository participant or the charges levied on the customers should be provided in black and white.
7. Bank should expand its network by opening its more branches and franchise and there should be easy accessibility of services rendered by this system.
8. The processing of the demat account opening should be made fast.



# CONCLUSIONS

## REFERENCES:

- The relationship between Depository Participant and the Depository is governed by an agreement made between the two under the DP Act.
- A Depository Participant can offer depository activities only after obtaining a certificate of registration from SEBI.
- If a stock broker seeks to act as a Depository Participant in more than one depository he should comply with specified net worth criteria separately for each such depository.
- CDSL requires minimum net worth of Rs.1.5 crore to be eligible to become a DP.
- A Depository shall indemnify a beneficial owner any loss caused due to negligence of the by the Depository.
- CDSL obtains audited financial reports from all its Depository Participants once every year.
- Depository participants are required to submit to CDSL internal audit reports every quarter.
- CDSL develops software required by Depository Participants, Companies and Clearing Corporations for conducting depository operations.
- Depository Participants may develop software of their own, for co-ordination, communication and control and provide service to their clients. It is called 'BackOffice Software'.

## Limitations

1. The duration of the project undertaken was only 30 days.
2. The main concentration was given to the services offered by the CDSL's Depository Participants.

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