

A PROMISE OF  
TRADITIONAL SAVING  
PLAN- ROZ SANCHAY  
(PRAMERICA LIFE  
INSURANCE)

# ACKNOWLEDGEMENT

Preservation, inspiration and motivation have always played a key role in the success of any venture. In the present world of cutthroat competition project is likely a bridge between theoretical and practical working. Willingly we have prepared this particular project.

First of all, I would like to thank the supreme power, the almighty god who is obviously the one who has always directed us to work on the right path of our life. With this grace this project could become reality.

We feel highly delighted with the way our dissertation report on topic “A PROMISE OF TRADITIONAL SAVING PLAN- ROZ SANCHAY(PRAMERICA LIFE INSURANCE) ” has been completed. We would like to thank Dr. Ankita Agarwal, Assistant Professor (Marketing-cum-Skills Development) who provided us the fruitful guidance to complete the project.

Finally, I would like to thank all the faculty members and other people who helped us in completing the project.

# DECLARATION

We hereby declare that the project work entitled “A PROMISE OF TRADITIONAL SAVING PLAN- ROZ SANCHAY”

A SPECIAL REFERENCE TO **PRAMERICA LIFE INSURANCE**, Submitted to the “BIITM”, is a record of an original work done by Sheetal Baral under the guidance of Dr. Ankita Agarwal, Assistant Professor (Marketing-cum-Skills Development) faculty member, MBA and this project work has not performed the basis for the award of any degree and similar project if any.

SHEETAL BARAL

(MBA 2020-2022)

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# **INTRODUCTION**

## **CHAPTER – 1**

### **OBJECTIVES OF THE PROJECT**

1. TO STUDY ABOUT THE POTENTIAL OF MARKET REGARDING PEOPLE DEALING IN PRAMERICA LIFE INSURANCE.
2. TO STUDY THE ROLE OF DEMAT ACCOUNT AND TRADING ACCOUNT.

### 3. TO STUDY THE PROCESS OF OPENING DEMAT AND TRADING ACCOUNT.

**METHODOLOGY** – Most of the information is gathered from google and the official web site of PRAMERICA LIFE INSURANCE.

### **LEARNING OUTCOMES –**

- Pestle analysis of finance industry.
- Application of porter's 5 forces model.
- Company's overall strategy.
- Company's position in BCG/GE matrix.
- Charactersitics and buying behavior.
- Profitability of this company.
- Positioning strategy.
- Nearest rival and competition among them.

# COMPANY ANALYSIS

## CHAPTER - 2

### COMPANY PROFILE

**PRAMERICA LIFE INSURANCE** is the broking firm of the state bank group and wholly owned subsidiary of capital markets Ltd. SSL commenced operations in the first quarter of the financial year of 2006-2007 with a view to providing primary and secondary capital market access to investors both within the group as also in the wider public domain. SSL seeks to become a leading financial intermediary, having a diversified customer base, broad range product offering and state-of-the-art execution and servicing capabilities and believes that financial inclusion can be achieved in capital markets through affordable institutionalized, professional setups that bring transparency and reliability to the table.

The company currently has its fold a wide segment of clients including banks, financial institutions, FIIS, mutual funds, corporate, high net worth individuals, Non-Resident Indians and Retail domestic investors. Its broking product range covers institutional and retail equity, Derivatives, Depository participant services, on-line trading and a wide variety of third

party distribution products. SSL registered with SEBI for its various services, a summary of which is under :

## **SERVICE PROVIDED :**

- Equity trading
- Commodity market
- Currency trading
- Mutual fund
- IPO
- Strategy trading



## **VISION STATEMENT**

Creating value for all through responsible, reliable and resourceful partnership.

## **MISSION STATEMENT**



To make the company the financial partner of choice. We seek to delight customers through our innovative product offerings and world-class servicing standards, enabling them to make informed choices using state of the art execution capabilities that provide trusted market access. We rejoice in our workforce and strive to provide an enriching workplace where value is generated for all.

## **KEY PEOPLE**

**MANAGING DIRECTOR AND CEO** – Ms. Kalpana Sampat

**CHIEF FINANCIAL OFFICER** – Mr. Alok Meherotra

**CHIEF BUSINESS OFFICER** – Mr. Kartik Chakrapani

**APPOINTED ACTUARY** – Mr. Pawan kumar Sharma

**CHIEF HUMAN RESOURCES OFFICER** – Mr. Sharad kumar Sharma

**CHIEF RISK OFFICER** – Mr. Hirak Parikh

**HEAD – RETAIL BROKING** – Mr. Amit shah

**CHIEF TECHNOLOGY OFFICER – Mr. M Srinivasan**

**HEAD HR – Mr. Sumit Ghosh**

**HEAD REATAIL SALES – Mr. Manoj Mahadeshwar**

**HEAD RETAIL ASSETS – Mr. Vineet Samuel**

## **MARKET SHARE**

- PRESIDENT OF INDIA – 62.31%
- NON RESIDENT – 13.32%
- MUTUAL FUNDS AND UT – 4.85%
- PRIVATE CORPORATE BODIES – 2.72%
- BANKS/FIs/INSURANCE Cos ETC – 10.96%
- OTHER INCLUDING RESIDENT INDIVIDUAL – 5.84%

## **SWOT ANALYSIS OF SBICAP**

<b>STRENGHT</b>	<b>WEAKNESS</b>
<b>OPPERTUNITY</b>	<b>THREATS</b>

## **STRENGTH –**

Most suitable for personal line products.

Householders comprehensive insurance.

2<sup>nd</sup> largest middle market segment in the world.

Huge pool of skilled professionals.

Just need to be relocated – no extra manpower required at any level.

A big collection of personal line products already lined up.

No and little R and D effort required at the outset.

## **WEAKNESS –**

Internet essential for operating offices.

Inflexibility of the products.

Middle class overburdened – no money left after tax.

No incentives for people to go for insurance.

Lack of goodwill by banks as well as insurance companies.

Tariffs-inflexible.

Ratings based on sound actuarial principles.

## **OPPORTUNITIES –**

Bank's enormous database.

Homogeneous groups can be churned out of the database to develop market products.

Almost all companies have done just distribution of insurance products for nearly 5-10 years before going into risk carrying business.

RBI and IRDA should have no hesitation in allowing the marriage of banks and insurance companies.

## **THREATS –**

Requires change in approach, thinking and work culture on the part of everybody concerned.

Resistance to change due to any relocation

Lower rate of return on investment.

Unholy alliances may lead to rate cutting and bancassurances may never break even

Lower profits may lead to insolvency or liquidation despite regulatory regime.

# ETHICS AND CSR ACTIVITIES

1. Objective to efface the daily life segments including poverty, malnutrition and hunger while enhancing the standard of living and promoting the facets health care and sanitation.
2. Initiative to promote the different segments of education including special education and programs to enhance the vocation skills for all ages like children, women, elderly and conducting other livelihood enhancement projects.
3. Aim to bring the uniformity in respect of different sections of the society to promote gender equality and other facilities for senior citizen and developing hostels for women and orphans and taking initiative for empowering women and lowering inequalities faced by socially and economically backward groups.
4. Elevate the segment of flora and fauna to bring the ecological balance and environment sustainability in respect of animal welfare, conservation of natural

resources and agro forestry while maintaining the quality of air, water and soil.

5. Enhancement of craftsmanship while protecting art and culture and measures to restore sites of historical importance and national heritage and promoting the works of art and setting up public libraries.
6. Steps to bring worthy to the part of war widows, armed force veterans and their department.
7. Sports programs and training sessions to enhance the level of rural sports, nationally recognize sports, paralympic sports and Olympics sports.
8. Favoring prime minister's National Relief fund and contribution to other fund set up by the central government to promote socio-economic development and welfare of the scheduled castes and scheduled tribes and for supporting backward classes, minorities and women.

# **INDUSTRY ANALYSIS**

## **CHAPTER - 3**

# **PESTLE ANALYSIS FOR THE BANKING INDUSTRY –**

The banking industry affect countries. But it's subservient to many factors, particularly to the government and the economy. The PESTLE analysis highlights key factors affecting the banking industry.

## **POLITICAL FACTOR –**

Government laws affect the state of the banking sector. The government can intervene in the matters of banking whenever, leaving the industry susceptible to political influence. This includes corruption amongst political parties, or specific legislative laws such as labor laws, trade restrictions, tariffs, and political stability.

## **ECONOMIC FACTORS –**

The banking and the economy are tied. How income flows, whether the economy is prospering or barely surviving during times of recession, affects how much capital banks can access. Spending habits, and the reason behind them, affect when customers borrow or spend funds at banks.

Additionally, when inflation skyrockets, the bank experiences the backlash. Inflation affects currency and its value and causes instability. Foreign investors think twice before providing their funds when a particular country's currency value is high.

### **SOCIOCULTURAL FACTORS –**

Cultural influence, such as buying behavior and necessities, affect how people see and use banking options. People turn to banks for advice and assistance for loans related to business, home and academics. Consumers seek knowledge from bank tellers regarding saving account, bank related credit cards, investments, and more.

Consumers desire a seamless banking experience. And technology is developing to allow consumers to buy products easier, without requiring assistance directly from banks.

### **TECHNOLOGICAL FACTORS –**

Once, it was expected to visit the local bank to make changes to financial accounts. But not any more.



Technology is changing how consumers handle their funds. Many bank offer a mobile app to witness accounts, transfer of funds, and pay bills on smart phones.

Smart phones can scan cheques, and the bank can process it from their end, at their location. This change helps to save paper and the need to drive directly to the branch to handle these affairs.

Debit cards are also changing. Chips have been implemented, requiring users to insert their card into debit machines rather than swiping them, other countries, such as Canada, have implemented a “tap” option – tapping the debit card onto the device, requiring no pin, for a transaction complete. These changes make it easier on the user to make purchases without required intrusion from banks.

Even banks themselves are utilizing technology in workplace. Telecommunicating through virtual meetings is being embraced.

**LEGAL FACTORS –**

The banking industry follows strict laws regarding privacy. Consumer laws, and trade structures to confirm frameworks within the industry. Such structures are required for customers in the allocated country and for international users.

## **ENVIRONMENTAL FACTORS –**

With the use of technology particularly with mobile banking apps – the use for paper is being reduced. Additionally, the need to drive directly to branch to handle affairs is minimized as well.

# **PORTERS FIVE FORCES THEORY**

## **1. Threat of competition :**

### **Top performing public sector banks**

- A. Andhra bank
- B. Allahabad bank
- C. Punjab National bank
- D. Dena bank
- E. SBI bank

## **Top performing foreign banks**

- a) Citibank
- b) Standard chartered
- c) HSBC bank
- d) ABN AMRO bank
- e) American express

## **2. Threat of new entrants :**

There are have been many new entrants in banking sector like YES Bank.

## **3. Threat of substitutes :**

Investors as a substitute can always invest into the capital markets instead of depositing their capital in a bank.

## **4. Buying power of suppliers :**

Charging policies and guidelines of RBI, interest rate, CRR and SLR maintained by the Banks as per RBI norms.

## **5. Buying power of customers :**

Changing scenarios, increasing and decreasing disposal incomes, other attractive options available to customers.

# **COMPETITOR ANALYSIS**

## **CHAPTER – 4**

### **TOP COMPETITORS :**

#### **IDBI CAPITAL**

IDBI CAPITAL is biggest rival of SBICAP as compared to pramerica life insurance. IDBI CAPITAL was founded in null, and is headquartered in Mumbai, Maharashtra. IDBI CAP competes in the banking industry. IDBICAP generates 27million dollar less revenue vs.roz sanchay.

#### **HDFC STANDARD LIFE**

HDFC BANK is one of the leading DP in the country with over 8 lac demat accounts.

HDFC BANK demat services offers you a secure and convenient way to keep track of your securities and investments, over a period of time, without the hassle of handling physical document that get mutilated or lost in transit.

HDFC bank is depository participant both with NSDL and CDSL.

### **ICICI Direct**

ICICI Direct is stock trading company if ICICI bank. Along with stock trading and trading in derivatives in BSE and NSE, it also provides facility to invest in IPOs, mutual funds and Bonds.

- REVENUE of SBICAP is \$37M compared to IDBICAP which is \$10M.
- Currently employees working in SBICAP is 149, and 56 employees of IDBICAP and IDBI intech.

## BCG – MATRIX

annual rate of market growth	
<b>High</b>	
<b>Earnings</b> : low, unstable, growing <b>Cash flow</b> : Negative <b>Strategy</b> : analyze to determine whether business can be grown.	<b>Earnings</b> : high stable, growing. <b>Cash flow</b> : neutral <b>Strategy</b> : invest for growth.
<b>low</b>	
<b>Earning</b> : low, stable <b>Cash flow</b> : neutral or negative. <b>Strategy</b> : divest	<b>Earnings</b> : high stable <b>Cash flow</b> : high stable <b>Strategy</b> : milk
<b>LOW</b>	<b>HIGH</b>

Relative market share

# **CUSTOMER ANALYSIS**

## **CHAPTER - 5**

### **1.CATERING TO ALL SEGMENTS OF CUSTOMERS -**

- **RETAIL CUSTOMERS –**

**Roz sanchay** securities ltd. (RSL) offers a full suit of service to cater to the investment requirements of retail investors. It support their valued customers by having a dedicated service of relationship managers and advisors through whom they can transact and interact more comfortably.

- **INSTITUTIONAL CUSTOMERS –**

ROZ SANCHAY securities ltd. Offers a wide range of service to cater to the investment requirements of institutional investors. SSL in association with state bank of India provides state art online trading solution to make an

appropriate decision through our detailed research and client focused team. their equity research team analyzes various financial credentials and market aspects to recommend stocks. They support their valued institutional customers by having a dedicated institutional desk where they can also transact conveniently.

- **NRI CUSTOMERS –**

PRAMERICA LIFE INSURANCE Offers a spectrum of services to cater to the investment requirements of NRIs residing across the globe . PLI in association with state bank of India provides state of the art online trading solution to NRIs, so they can feel at home while taking investment decisions. They support their valued NRI customers by having a dedicated NRI desk where they can also transact via offline channel(as required by the guidelines of the respective overseas country). Their NRI client base, located across various countries is a testament to the quality of SSL's services.

## **CRM OBJECTIVES –**

### **1. LIFETIME VALUE(LTV)**



- Refers to net present value of the potential revenue stream for any particular revenue stream for any particular customer over a # of years.
- Starts with current purchase activity then extrapolates to include potential additions from cross-selling upgrades, total ownership etc.

## **2. Customer ownership**

- Attempts to “own” the lion share of customer spending and “share of mind” in a particular category.
- Building brand equity, maintaining vigilant customer contact, keeping current with the market trend is critical.
- 5% point increase in customer relation = 20-125% increase in profit.

## **CRM activities of the company –**

TARGETING	ACQUISITION	RETENTION	EXPANSION
<ul style="list-style-type: none"> <li>• Who do we target.</li> <li>• What segments are most profitable.</li> </ul>	<ul style="list-style-type: none"> <li>• What is the best channel for each segment.</li> <li>• What is</li> </ul>	<ul style="list-style-type: none"> <li>• How can we retain.</li> <li>• What is our average</li> </ul>	<ul style="list-style-type: none"> <li>• How many products does our</li> </ul>

<ul style="list-style-type: none"> <li>• What segments match our value proposition.</li> <li>• What is the best segmentation for our company.</li> </ul>	<p>the acquisition cost for a segment.</p> <ul style="list-style-type: none"> <li>• Do certain channels deliver certain types of customers.</li> <li>• Cost effective acquisition.</li> </ul>	<p>CRM length.</p> <ul style="list-style-type: none"> <li>• How can we hold customers for as long as possible.</li> <li>• What is the most cost effective way of retention.</li> </ul>	<p>average customer buy.</p> <ul style="list-style-type: none"> <li>• How can we induce our current base to buy more products.</li> <li>• Who are the prime targets for expansion.</li> <li>• What is the cost of</li> </ul>
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## CONSUMER MARKETS AND BUYER BEHAVIOR –

Marketing and environmental stimuli enter the buyers consciousness. The buyer's characteristics and decision process lead to certain purchase decisions. The marketer's task is to understand what happens in the buyer's consciousness between the arrival of outside stimuli and the buyers purchase decision.

### **CULTURAL FACTORS –**

**Culture** – it is the fundamental determinant of a person's want and behavior. Buyer's perception, preference drive it.

**Sub culture** - each culture consists of smaller sub cultures that provide more specific identification and socialization for their member. Religion, racial, groups and geographic regions etc.

**Social class** –ROZ SANCHAY targets higher middle class, lower upper middle class and lower upper class segments.

## **SOCIAL FACTORS –**

**Reference group** – buying behavior of a person depends upon the reference group of all the groups that have a direct or indirect influence on the person's attitude or behavior.

A group of ROZ SANCHAY customer can influence the new member about Pramerica life insurance.

**Family** – a family member who is a customer is PLI can tell their family member to be a customer of **ROZ SANCHAY**.

**Roles and status** – the position of a person in a group may influence others of that group.

**EX** – Supreme court judge as more status than a sales manager.

## **PERSONAL FACTORS –**

**Age and stages of life cycle** – a kid have no intension to buy product because he has no income, but a middle aged man can go for ROZ SANCHAY and a

aged person also can go for products of ROZ SANCHAY.

**Occupation and economic circumstances –**

occupation influences a person. A govt job holder can afford the products and services of ROZ SANCHAY but a farmer can't afford the same.

**Life style –** a computer manufactures might find that most buyers are achievement oriented. The marketer may than aim the brand more closely at the achievers life style. There is 9 stages of life style so it depends upon the stage in which a person is living to acquire a ROZ SANCHAY product.

**Personality and self concept –** each person as distinct personality that influences buyer's behavior. Personality is usually described in terms of such traits as self confidence, dominance, autonomy, deference, sociability.

**PSYCHOLOGICAL FACTORS –**

**Motivation –** it depends upon the needs a person have. One person may be motivated to buy the products of ROZ SANCHAY and the other may not.

They arise from psychological states of tension such as need for recognition, esteem or belonging.

**Perception** – perception is the process by which an individual selects, organize and interprets in formations input to create a meaningful picture of the world. Some may think that the products of PLI are necessary at the same time sme other may think exact opposite.

## **LEARNING –**

Learning involves changes in an individual's behavior arising from experience. Most human behavior is learning. Learning theorist believe that learning is produced through interplay of drives, stimuli, cues, response and reinforcement. Learning theory teaches marketers that they can buildup demand for a product by associating it with strong drives, using motivating cues and providing positive reinforcement.

## **BELIEFS AND ATTITUDE –**

Through doing a learning, people acquire beliefs and attitudes. There is an influence on buying behavior.

A belief is a descriptive thought that a person holds about something. An attitude is a person's enduring favorable or unfavorable evaluations, emotional feelings and actions tendencies towards some object or idea.

## **PRODUCTS OF PRAMERICA LIFE INSURANCE-**

- **EQUITY :**

Trading exchange NSE/BSE :

ROZ SANCHAY securities offers a convenient and seamless way, across all the channel and segment to buy or sell shares on both the NSE and BSE. Also, you can opt for the best rate between both NSE and BSE through our "BEST" tool.

### **PRODUCT TYPE:**

#### **INTRADAY:**

It offers intraday based trading where in you can buy or sell positions and close it on the same day.

#### **DELIVERY:**

It offers delivery based trading for investors who look to hold their positions and close it on the same trading day. This kind of buying and then selling or selling and buying is done to take advantage of intraday movement of share value.

T+5 :

We also offer an additional benefit of “T+5” trading wherein customers shall be able to buy shares through PLI online by paying a margin and can either square off his position or can take delivery of the stocks in the 5 days of period by paying additional funds till the square off time specified by PLI.

#### **ORDER TYPES :**

**The various order are application for equity derivatives and currency derivatives as well.**

#### **LIMITED ORDER :**

You can place a limit order to buy or sell securities at the price specified by you. You can specify the maximum price per unit in case of a buy order and the minimum price per unit in case of a sell order. The actual transaction can be at a price more favorable than the price specified.

#### **MARKET ORDER :**

A market order is an order in which you can buy or sell the securities at the market price. The available price for buy



or sell will be considered immediately for execution of the market order at a market price.

### **STOP LOSS TRIGGER PRICE :**

A stop loss trigger price is an order to buy or sell a security – once the price of the security climbs above(or dropped below) a specified stop price. When the specified stop price is reached, the stop loss is entered as a market order called as a stop loss market order or a limit order called as a stop loss limit order.

### **STOP LOSS LIMIT ORDER :**

It is an order that enables placing a limit order subsequent to the price touching a trigger price called the stop less trigger price. Once the price of scrip crosses the trigger price, the limit order is placed at the exchange.

### **STOP LOSS MARKET ORDER :**

It is an order that enables placing a market order subsequent to the price touching a trigger price called the stop loss market price. Once the price of the scrip crosses the trigger price, the market order is placed at the exchange.

### **EQUITY DERIVETIVES :**

Through PLI smart, you can place orders in exchange-traded derivative instruments i.e. in futures and options. It provide you an opportunity to buy and sell securities in future through NSE exchange. You can buy or sell a

contract in lots in index futures such as BANK NIFTY as well as stock futures for a specific stock.

**PRODUCT TYPE :**

It offer intraday based trading where in you can buy or sell positions in futures and close it on the same trading day.

This kind of buying and then selling or selling and then buying is done to take advantage of intraday movement in the share's value. Intraday helps in gaining on the same day without taking delivery of securities in your demat account.

Using normal, one can do settlement based trading where in you can buy or sell positions in futures for investors who look to hold their positions beyond the current date up to specified expiry date. The biggest advantage of normal based trading is that you are not bound to sell the contract and can hold it up to the specified expiry date. In case you find it advantageous to close your position before it; then you can also square it off.

**AMO :**

PLI provide after market order facility where in it gives you the facility to place trades in futures even after the regular trading hours. This facility is beneficial if you do not have time to transact during normal market hours. AMO orders can be placed anytime between 4:30 p.m. to 9.00 a.m.

They provide you an opportunity to buy and sell securities in option through NSE exchange. You can buy or sell a contract in lots in index option as well as stock options for specific stock. In options trading, you can buy or sell lots at the strike price determined by you.

**CALL OPTION :**

You can buy or sell call option at the strike price specified by you.

**PUT OPTION :**

You can buy or sell put options at the strike price specified by you.

**The various order types under equity are applicable for equity derivatives as well.**

**CURRENCY DERIVATIVES :**

Through PLI smart you can trade in currency derivatives. These are futures and options contracts where in you can buy or sell a specific quantity of a particular currency pair at a future date. It is similar to the stock futures and stock option but the underlying happens to be a currency pair instead of stocks. They provide you an opportunity to buy and sell currency pair in futures through NSE exchange.

**PRODUCT TYPE :**

They offer intraday based trading where in you can buy or sell currency pair in future and close it on the same trading day. This kind of buying and then selling or selling and then

buying is done to take advantage of intraday movement in the foreign exchange rate.

Using normal, one can do settlement based trading where in you can buy or sell currency pair in future for investors who look to hold their position beyond the current date up to specified expiry date. The biggest advantage of normal based trading is that you are not bound to sell the contract and can hold it up to specified expiry date. In case, you find it advantageous to close your position before it; then you can also square off.

**The various order types under equity are applicable for currency derivatives as well.**

- **DEMAT SERVICES :**

**Dematerialization of shares :**

The customer can convert their physical certificate to electronic form by surrendering their physical certificate along with DRF(demat request form) at any of its branch.

**RE-MATERIALIZATION OF SHARES :**

Re-materialization enables you to convert the dematerialized shares into physical form.

As per SEBI, scrips can be divided as :

- Scrips eligible for demat – these scrips can be traded either in physical or electronic form.

- Scrips falling under compulsory demat – these scrips can only be traded in electronic form.

## **PLEDGE :**

you can pledge or hypothecate your dematerialized shares against loan or credit facilities extended by a pledge who has an account with DP.

- **IPOS :**

IPO is the initial offer for the sale of shares by the privately owned company to the public. As per the new guidelines if SEBI you can invest in IPO through ASBA account mandatorily. You can invest in IPO by visiting any of the company's branch.

- **MFS :**

Pramerica life insurance offers a convenient and seamless way to purchase and redeem mutual fund units. You can purchase through demat mode or physical mode. You can transact MFS through exchange as well.

Additionally, they also offer you the facility to buy and sell mutual fund units through systematic investment plan(SIP) in which you can invest periodically as per your requirement and convenience.

- **OFS :**

We provide our customers, both retail investors as well as non-institutional investors, a facility to invest, in offer for sale(OFS) as it offers an opportunity to invest in listed companies stock when promoters dilute their holding in these listed companies.

Within few clicks, the investment of OFS can be made with ease of us.

- **NCDS :**

Pramerica life insurance offers you with a facility to buy non convertible debenture(NCD) through online as well as offline mode. You can invest in NCD through demat by online mode or opt for investment through their nearest SSI for demat mode as well as physical mode.

You can sell NCD directly through demat account after it gets listed on the exchange.

- **NFOS :**

Pramerica life insurance securities offers you the facility of investing in New fund offer(NFO)wherein you got an opportunity to invest in mutual funds through its initial offer.

Also, a timely update of NFO on the website helps in knowing the upcoming or newly launched funds for investment at face value. You can invest in NFO through demat as well as physical mode.

- **HOMELOANS :**

Roz sanchay offers you the opportunity to fulfill your dream to buy a house by providing you the facility of availing home loan at your doorstep.

- **CARLOANS :**

They offer you the opportunity to fulfill your dream to own a car by providing you the facility of a car loan. Now you can opt for the car loan in a convenient way at your doorstep.

- **ETFS :**

They provide you with the tool to buy or sell ETFs(S&CNX NIFTY, BSE SENSEX, CNX bank index, CNX PSU bank index, etc) that are listed and traded on exchange as it enables investors to gain broad exposure to entire stock markets as well as in specific sectors with relative ease, on a real-time basis and at a lower cost than many other forms of investing.

## **CHAPTER - 6**

### **WHAT IS DEMAT AND TRADING ACCOUNT –**

DEMAT ACCOUNT –

It is an account to hold financial securities(equity or debt)in electronic form. In India demat accounts are maintained by two depository organizations, National securities Depository Limited and Central Depository Services Limited.

- DEMAT refers to dematerialized account.
- Dematerialization is the process of converting physical shares into electronic format.

Investor surrenders his physical shares and in turn gets electronic shares in his demat account.

An investor who wants to dematerialize his shares needs to open a demat account with depository participant.

## **FEATURES OF A DEMAT ACCOUNT :**

- **DEMAT** is a safe and convenient way to hold securities as it allows immediate transfer of securities.
- No need to stamp duty on transfer of security.
- Purchase, hold and sell of shares in electronic form.
- Change in address recorded with DP gets registered with all investor holds securities electronically. Due to this the investor do not need to correspond with each of them separately.



- Major reduction in paperwork involved in transfer of securities.
- Elimination of risk such as bad delivery, loss of certificates, delay and theft.
- Automatic credit into DEMAT account of shares, arising out of bonus/split/consolidation/merger etc.

## **DEMAT PARTICIPANTS :**

- INVESTOR
- DEPOSITORY PARTICIPANTS(DP)
- DEPOSITORY –
  1. National securities depository Ltd(NSDL)
  2. Central depository security India Ltd(CDSL)

## **INVESTOR :**

Beneficial owner is person in whose name a demat account is opened with depository for the purpose of holding securities in the electronic form.

A beneficial owner can be -

- Individual
- Partnership firm
- Hindu undivided family
- Company

## **DEPOSITORY PARTICIPANTS(DP) :**

- Depository participant will provide official procedure to open an demat account.
- Investor can hold his shares in this account.
- DP acts as an intermediary between the Depository and the Investor.
- A depository is similar to a bank. It hold shares, which belong to investor, in electronic form.
- The investor has to open an account with the depository, through a depository participant.

## **National securities depository Ltd(NSDL) :**

- NSDL was established on 8 November 1996 as the first electronic depository in India.
- It has established a national infrastructure using international standards that handles most of the securities held and settled in dematerialized form in the Indian capital market.
- NSDL is promoted by Industrial Development Bank Of India(IDBI) and National Stock Exchange Ltd (NSE) and Specified Undertaking Of The Unit Trust Of India (SUUTI).
- National securities depository (NSDL) had 1.50 crore investor accounts as per sept 2016 analysis.

## **Central Depository Securities India Ltd (CDSL) :**

- CDSL was founded on feb 1998.
- Central Depository Services Limited (CDSL), is the second Indian central securities depository based in Mumbai.
- Its main function is the holding securities either in certificated or uncertificated dematerialized form, to enable book entry transfer of securities.
- CDSL is promoted by BOMBAY stock exchange, jointly with state bank of India, Bank of India, Bank of Baroda, HDFC Bank, Standard chartered Bank, Axis Bank and Union Bank of India.

## **TRADING ACCOUNT –**

This account is used to place buy or sell orders in stock market. It is a separate account managed by banks that buy securities for their own purpose.

## **2. ROLE OF DEMAT AND TRADING ACCOUNT.**

### **• ROLE OF DEMAT ACCOUNT.**

#### **1. NO RISK OF PHYSICAL DAMAGE OF CERTIFICATE –**

As all the documents are in electronic form no risk of physical damage or theft. In addition all corporate action directly credited into your linked bank account.

**2. SAFER THAN PAPER-SHARES –**

Earlier risks associated with physical certificates such as bad delivery, fake securities, delays, thefts, etc. are mostly eliminated.

**3. IMMEDIATE TRANSFER OF SECURITIES –**

Earlier days we need to sign and send to physical shares to registrar. Registrar matched sign and sends back new physical shares to new buyer its take approx 10-15 days time. With help of demat it can be transfer with in 24 hr to new buyer demat account.

**4. TRADERS CAN WORK FROM ANYWHERE –**

With electronic transfer your presence at broker office not required as soon as you sell delivery of your stock your broker debited that stock from your demat account and transfer to depository to credit buyer account and exchange give money to your broker he will transfer fund to into your bank account. All process is done online within 24-48 hrs without physical presence required to visit broker's office.

**5. EASY TO MAINTAIN PHYSICAL SHARE –**

With demat account process you can easily maintain physical shares as you can actually know the value of your

stocks on your finger tip. As well as you can get latest update about your stocks. You can also get company's update and received credit in your demat linked bank account.

**6. CHANGE IN ADDRESS IN ONE PLACE AND GET UPDATED IN EVERY COMPANY'S REGISTRAR RECORDS –**

Before electronic mode started share holder used to send every company registrar office if they change their communication address. Which now is like one click process, you just need to change address in one place every company registrar will get your update by depository.

**7. REDUCED TRANSACTION COST –**

With electronic transfer cost of transaction cost reduce drastically. As it's a online process only transfer charges application cost involved.

**8. EVEN ONE SHARE CAN BE SOLD, NO MINIMUM LOT REQUIRE TO SHARE CERTIFICATE –**

In old days if you required selling stock then you have only in lot which physical share mention. After its converted into demat form you can sell one single share also if u wish.

9. Reduced paperwork for transfer of securities.

10. Easy and convenient way to hold securities.

11. No stamp duty on transfer of securities.

12. A single demat account can hold investments in both equity and debt instruments.

### ● **ROLE OF TRADING ACCOUNT –**

- This account is used to place buy or sell orders in stock market. It is a separate account managed by banks that buy securities for their own purpose.
- It is a primary account of a trader.
- The assets held in a trading account are separated from others that may be part of a long-term buy and hold strategy.
- It is an investment account.
- The activity in a trading account typically **constitutes day trading**.
- A trading account is distinguished from other investment accounts by the level of activity, purpose of that activity and the risk involved.

## **3.THE PROCESS OF OPENING DEMAT AND TRADING ACCOUNT –**

### **❖ DEMAT ACCOUNT –**

#### Documents required

1. Aadhar card/pan card

2. Voter id/driving license/passport.
3. Telephone bill/ electricity bill/bank passbook/ voter id.
4. Passport size photo.

#### PROCESS OF OPENING –

1. Choose a depository participant(DP).
2. Fill DRF(demat request form) provided by DP along with the account opening procedures.
3. Investors has to submit the DRF to the DP along with prescribed document.
4. DP opens the account and provides the investor with a unique account number which is beneficiary to owner identification number(BOID).

**PLI DEMAT ACCOUNT OPENING IS A KEY FEATURE OF YONO MOBILE APP/WEBSITE. YOU COULD OPEN INSTANT PAPERLESS PLI DEMAT ACCOUNT ONLINE USING YONO APP.**(one visit to branch is still needed to complete the account opening process.

#### **CHARGES FOR OPENING DEMAT AND TRADING ACCOUNT –**

Basic charges in PLI is 850 rs, plus GST charges that is 18% on account opening charges I.e 153 rs. So total amount for opening an account with PLI is 1003 .

## ❖ **PROCESS OF TRADING ACCOUNT OPENING –**

It is not feasible to take physical orders from every client on time. So, to make this process seamless, it is advisable to open an online trading account. Using this trading account, you can place buy or sell orders either online or phone, which will automatically be directed to the exchange through the stock broker.

### **STEPS –**

- I. Select broker or firm.
- II. Compare brokerage rates and service provided.
- III. Get in touch with selected broker for account opening.
- IV. Fill account opening and KYC forms. Submit along with proofs of identity and address.
- V. Application verification process.
- VI. Get trading account details.
- VII. Place or buy order.

### **CONCLUSION :**

As per the securities and exchange Board of India (SEBI) guidelines all trades have to be settled in dematerialized form only. Although SEBI has allowed of up to 500 shares to be



settled in physical form. If you want to buy and sell shares through the stock exchange. In a easy and simple way they you must have a demat account.

PLI capital is proving a easy way to handle one's securities. It has covered a large segment of customers and providing various type of products in one segment. The opening of demat and trading account with PLI capital is so much easy comparing to others.





