

A STUDY ON SHARE HOLDERS' AWARENESS TOWARDS ONLINE- SHARETRADING IN ERODE CITY

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ABSTRACT

The economic operation of any country is spinned around its financial markets and financial institutions. Online trading is a service offered on the internet for purchase and sale of shares. In online share trading the investor can access a stockbroker's website through internet enabled PC and place orders through the broker's internet based trading engine. The present study is mainly based on primary data. Convenient sampling method was employed in the selection of respondents. In order to study the shareholders awareness towards online share trading tools employed are Percentage analysis, Chi-square analysis and Ranking .The study found that the investor's awareness level should be improved and for this SEBI should hold more awareness programmes.

INTRODUCTION

Investment is the employment of funds which with the aim of achieving additional income as growth in value. The essential quality of an investment is that it involves waiting for a reward. It involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will accrue in future.

History tells us that putting money in the stock market over the long term can be much more lucrative than just sticking money in a deposit account. One of the most prominent developments in international finance, the last few decades and the one of that is likely to presume even greater importance in future is online trading. So to do share trading, now-a-days online is the best way. There are many companies offering online share trading. The convenience provided by online trading is even then worth the costs involved. However, it is important to compare the various online trading sites on brokerage rates, inclusive of all sub-charges.

STATEMENT OF THE PROBLEM

Investments have become a basic necessity for everyone. In our country there is a rapid growth in investment in shares. More number of investors is investing their funds in different type of shares. Investing wisely is a function of investors. Each investor has different objectives that need to be met depending on age, income and attitude towards risk. Therefore an attempt is made to examine the level of investors awareness regarding online trading options and trading risks.

OBJECTIVES

The following is the objectives of the study

- To examine the level of investors awareness regarding online trading options and trading risks.
- To offer suggestions on the basis of the results of the study.

DESIGN AND METHODOLOGY ADOPTED

Convenient sampling method was employed in the selection of respondents. The primary data from a sample of 100 respondents have been collected through a questionnaire in Erode city. The statistical tools employed are Percentage analysis and Chi-square analysis. The study is limited to hundred samples due to the time factor.

ANALYSIS AND INFERENCE

The results are as follows

Chi-Square analysis

Chi-Square analysis is used to test the level of awareness towards on-line share trading. The level of awareness of the respondents are analysed by various factors namely knowledge about trading type, amount of investment, banks used for online trading, immediate rate updating. These factors are compared with the demographic factors like age, gender, occupation, educational qualification and monthly income.

Hypothesis 1

Ho: There is no significant relationship between gender and preference of trading type.

Table No: 1

Gender and Preference of Trading Type

Type of trading	Intraday	Delivery	BTST	Total
Gender				

Male	26	40	2	68
Female	18	8	6	32
Total	44	48	8	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Gender and preference of trading type	6.795	5.991	2	Significant

Table no.1 shows that the null hypothesis is rejected as the calculated value is more than the table value. Hence, it is concluded that there is a significant relationship between the respondents' gender and trading type.

Hypothesis 2

Ho: There is no significant relationship between gender and maximum amount of investment in shares.

Table No: 2**Gender and Maximum Amount of Investment in Shares**

Amount \ Gender	Less than 1 lakh	Rs.1-3 lakhs	Rs. 3-5 lakhs	Above 5 lakhs	Total
Male	18	16	18	16	68
Female	6	14	6	6	32
Total	24	30	24	22	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Gender and maximum amount of investment in shares	2.136	7.815	3	Not Significant

Table no. 2 indicates that the calculated value based on chi-square test is 2.136 between gender and maximum amount of investment. The table value at degree of freedom 3(5% level of significance) is 7.815. The calculated value is less than the table value. Hence, null hypothesis is accepted and inferred that there is no significant relationship between gender and maximum amount of investment in shares.

Hypothesis 3

Ho: There is no significant relationship between age and preference of trading type.

Table No: 3**Age and Trading type**

Trading type \ Age	Intraday	Delivery	BTST	Total
Under25 years	8	8	-	16
25-34	16	24	6	46
35-44	10	2	2	14
Above 44 years	10	14	-	24
Total	44	48	8	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Age and preference of trading type	6.413	12.592	6	Not Significant

Table no. 3 exhibits that the calculated value based on Chi-Square test is 6.413 between Age and trading type. The calculated value is less than the table value. Hence, it is concluded that there is no significant relationship between respondents' age and trading type.

Hypothesis 4

Ho: There is no significant relationship between age and maximum amount prefer to investment in shares.

Table No.4**Age and Amount of Investment**

Amount \ Age	Less than 1 lakh	Rs.1-3 lakhs	Rs. 3-5 lakhs	Above 5 lakhs	Total
Under25 years	10	2	2	2	16
25-34	8	12	12	14	46

35-44	0	6	4	4	14
Above 44 years	6	10	6	2	24
Total	24	30	24	22	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Age and maximum amount prefer to investment in shares.	11.658	16.919	9	Not Significant

Table no.4 shows that the calculated value 11.658 is less than the table value 16.919. Hence, it is concluded that there is no significant relationship between age and maximum amount prefer to investment in shares.

Hypothesis 5

Ho: There is no significant relationship between occupation and preference of other investments.

Table No.5**Occupation and Other Investments**

Type of investment \ Occupation	Bank Deposit	Mutual Fund	Real Estate	Govt. Bonds	Insurance	ULIP	Total
Employee	12	2	6	2	6	2	30
Business	6	6	16	4	4	10	46
Professional	2	4	-	-	-	6	12
Others	-	4	2	2	2	2	12
Total	20	16	24	8	12	20	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Occupation and preference of other investments	17.804	24.996	15	Not Significant

Table no. 5 states that the calculated value 17.8 is less than the table value 24.996; hence, null hypothesis is accepted. It is concluded that there is no significant relationship between respondents occupation, age and investors preference towards other investments.

Hypothesis 6

Ho: There is no significant relationship between gender and respondents opinion of more capital gain.

Table No.6**Gender and Opinion of More Capital Gain**

Opinion \ Gender	Excellent	Very Good	Good	Fair	Poor	Total
Male	18	20	22	8	-	68
Female	2	14	16	-	-	34
Total	20	34	38	8	-	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Gender and respondents opinion of more capital gain	5.656	9.488	4	Not Significant

Table no.6 depicts that the calculated value is less than the table value 9.488. Hence, null hypothesis is accepted. It is concluded that there is no significant relationship between gender and opinion of more capital gain of respondents.

Hypothesis 7

Ho: There is no significant relationship between age and respondents opinion towards performance of broker/agent

Table No 7**Age and Performance of Broker/Agent**

Opinion \ Age	Excellent	Very Good	Good	Fair	Poor	Total
Under 25 years	4	8	2	2	-	16
25-34	4	14	20	8	-	46
35-44	-	2	8	4	-	14

Above 44 years	2	6	8	8	-	24
Total	10	30	38	22	-	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Age and respondents opinion towards performance of broker/agent	7.999	21.026	12	Not Significant

Table no.7 shows the null hypothesis is accepted as the calculated value is less than the table value. Hence it is concluded that there is no significant relationship between age and performance of broker/agent.

Hypothesis 8

Ho: There is no significant relationship between age and respondents preference towards other investment.

Table No 8**Age and Other Investment**

Investment type Age	Bank Deposit	Mutual Fund	Real Estate	Govt. Bonds	Insurance	ULIP	Total
Under25 years	6	4	4	-	2	-	16
25-34	4	8	14	-	8	12	46
35-44	4	2	-	6	-	2	14
Above 44 years	6	2	6	2	2	6	24
Total	20	16	24	8	12	20	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Age and respondents preference towards other investment.	23.010	24.996	15	Not Significant

Table no.8 pinpoints that the calculated value based on Chi-square test is between age and respondents preference towards other investment. The table value at degree of freedom 15

(5% level of significance) is 24.996. The calculated value is less than the table value. Hence, null hypothesis is accepted. It is concluded that there is significant relationship between age and respondents preference towards other investment.

Hypothesis 9

Ho: There is no significant relationship between educational qualification and respondents' preference towards trading type.

Table No 9**Educational Qualification and Trading Type**

Trading type	Intraday	Delivery	BTST	Total
Educational qualification				
Middle	4	-	-	4
SSLC/H.Sc.	8	12	2	22
Graduate	10	14	2	26
PG	10	18	4	32
Technical / Vocational	12	2	-	14
Others	-	2	-	2
Total	44	48	8	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Educational qualification and respondents' preference towards trading type.	10.283	18.307	10	Not Significant

Table no.9 depicts that the calculated value is less than the table value. Hence, the null hypothesis is accepted. It is concluded that there is no significant relationship between educational qualification and respondents' preference towards trading type.

Hypothesis 10

Ho: There is no significant relationship between occupation and respondents percentage of brokerage/ commission paid.

Table No.10
Occupation and Brokerage/ Commission Paid

Occupation	% of Brokerage/Commission	0.20%	0.30%	0.40%	0.50%	Total
Employee		4	10	10	6	30
Business		4	16	16	10	46
Professional		-	2	8	2	12
Others		8	-	-	4	12
Total		16	28	34	22	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Occupation and respondents percentage of brokerage/ commission paid.	18.291	16.919	9	Significant

Table no.10 states that the calculated value is greater than the table value. Hence, the null hypothesis is rejected and concluded that there is significant relationship between occupation and brokerage/ commission paid by the investors.

Hypothesis 11

Ho: There is no significant relationship between monthly income and respondents' percentage of brokerage/ commission paid.

Table No.11
Monthly Income and Brokerage/ Commission Paid

Monthly Income	% of Brokerage/Commission	0.20%	0.30%	0.40%	0.50%	Total
Below Rs.10000		10	8	6	10	34
Rs.10000- Rs.25000		2	12	12	10	36
Rs.25000-Rs.50000		4	-	10	-	14
Above Rs.50000		-	8	6	2	16
Total		16	28	34	22	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Monthly income and respondents' percentage of brokerage/ commission paid.	15.575	16.919	9	Not Significant

Table no.11 depicts that the calculated value is less than the table value. Hence, the null hypothesis is accepted. It is concluded that there is no significant relationship between monthly income and respondents' percentage of brokerage/ commission paid by the investor.

Hypothesis 12

Ho: There is no significant relationship between occupation and Banks used for online trading.

Table No.12
Occupation and Banks Used for Online Trading

Name of the bank	ICICI	AXIS	HDFC	SBI	KVB	IOB	OTHERS	TOTAL
Occupation								
Employee	4	12	8	4	-	2	-	30
Business	-	24	12	2	-	-	8	46
Professional	-	6	4	-	2	-	-	12
Others	2	2	2	2	2	-	2	12
Total	6	44	26	8	4	2	10	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Occupation and respondent's preference of banks used for online trading	20.272	28.869	18	Not Significant

Table no.12 reveals that the calculated value is less than the table value. Hence null hypothesis is accepted. It is concluded that there is no significant relationship between Occupation and the banks used by investors for online trading.

Hypothesis 13

Ho: There is no significant relationship between monthly income and bank used for online trading.

Table No.13**Monthly Income and Bank used for online trading**

Name of the bank	ICICI	AXIS	HDFC	SBI	KVB	IOB	OTHERS	TOTAL
Monthly Income								
Below Rs.10000	4	8	4	2	4	2	10	34
Rs.10000- Rs.25000	2	22	8	4	-	-	-	36
Rs.25000-Rs.50000	-	8	4	2	-	-	-	14
Above Rs.50000	-	6	10	-	-	-	-	16
Total	6	44	26	8	4	2	10	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Monthly income and respondent's preference of banks used for online trading	27.385	28.869	18	Not Significant

Table no.13 reveals that the calculated value is less than the table value. Hence null hypothesis is accepted. It is concluded that there is no significant relationship between monthly income and bank used for online trading.

Hypothesis 14

Ho: There is no significant relationship between age and respondents opinion on immediate rate updating.

Table No.14**Age and Immediate Rate Updating**

Opinion	Excellent	Very Good	Good	Fair	Poor	Total
Age						
Under 25 years	2	10	2	2	-	16
25-34	24	12	6	4	-	46
35-44	8	-	6	-	-	14
Above 44 years	10	6	4	2	2	24
Total	44	28	18	8	2	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Age and respondents opinion on immediate rate updating	14.680	21.026	12	Not Significant

Table no.14 portrait the calculated value is less than the table value, hence null hypothesis is accepted. It is concluded that there is no significant relationship between age and immediate rate updating by the investor.

Hypothesis 15

Ho: There is no significant relationship between gender and respondents preference towards investment type.

Table No.15**Gender and Investment Type**

Type of investment	Equity	Futures	Options-Call/Put	Mutual Fund	Initial Public Offer	Total
Gender						
Male	38	12	2	8	8	68
Female	18	2	10	2	-	32
Total	56	14	12	10	8	100

Source: Questionnaire Data

Factor	Chi-Square Value	Table Value	Degrees of freedom	Remarks
Gender and respondents preference towards investment type.	10.489	9.488	4	Significant

Table no.15 indicates that the calculated value is greater than the table value. Hence null hypothesis is rejected. It is concluded that there is significant relationship between gender and investment type.

Ranking analysis

Motives of investment may vary according to the investor's objectives. For the research purpose some factors are considered for investment in online share trading, they are high returns, Capital appreciation, prestigious, safety and others.

Table No.16
Raking of Factors Influencing the Investment Decision of the Respondents

Factors	1	2	3	4	5			Rank
High Returns	32	34	28	4	2	100	390	2
	160	136	84	8	2			
Capital Appreciation	38	34	20	4	4	100	398	1
	190	136	60	8	4			
Prestigious	18	20	14	28	20	100	208	3
	72	60	28	28	20			
Safety	12	10	32	44	2	100	188	4
	48	30	64	44	2			
Others	4	0	6	18	72	100	146	5
	20	0	18	36	72			

Source: Questionnaire Data

The above table exhibits that majority of the respondents prefer Capital appreciation and it is ranked first, second rank goes to high returns, third rank goes to prestigious, fourth rank goes to safety and the other category is preferred by least percentage of the respondents and it is ranked in the fifth place.

CONCLUSION

The study reveals the shareholders attitude towards online share trading in Erode Town. It also ascertains the level of awareness among the investors in online share trading. The study also reveals that the Axis bank is selected by the maximum respondents for online share trading. A strong promotional campaign should be done by nationalized banks. SEBI should take protective measures for the investors trading through online.