Chapter V
CHAPTER-V

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

INTRODUCTION

The study aimed at finding the investors’ level of satisfaction towards the future and options. For the purpose of this study, 600 sample respondents who have invested in future and options were selected randomly.

First-hand information was collected from these six hundred respondents through field survey method. For collecting the data, a well structured questionnaire was used as a main tool. The data thus collected were arranged and tabulated systematically in an orderly form and appropriate statistical tools were used for data analysis. In this chapter, an attempt has been made to recapitulate the key findings, suggestions and conclusions. Based on the findings, a few suggestions have also been made for the betterment of future and options investment.

1. Age-wise analysis was conducted to ascertain the investors’ level of satisfaction. It was found from the study that investors’ who were crosses above 51 years of age group had perceived the maximum level of satisfaction than the young and middle age crossed category. The chi-square test also proved that there is a close relationship between age of the respondents and level of satisfaction.
2. Sex-wise classification of investors revealed that male category of investors have had perceived the maximum level of satisfaction than the female respondents and the chi square test proved that there is a close relationship between sex of the respondents and their level of satisfaction towards their investment in future and options.

3. It was witnessed from the analysis of marital status of the respondents that the respondents who were married had perceived maximum level of satisfaction in investing future and options. But the results of chi-square test showed no significant association between marital status of the respondent and their level of satisfaction perceived on investment in future and options investment.

4. The educational qualification of the respondents and their investment behavior was studied and it was noted that majority of the investors who completed professional level qualification have had expressed the maximum level of satisfaction and the chi-square analysis proved that there is a close relationship between the educational qualification of the respondents and their level of satisfaction towards investment future and options.

5. The investment behavior of the respondents possessing various occupational statuses was studied and found that the incumbent of private employees have perceived the maximum level of satisfaction than the Agriculturist, Businessmen, incumbent of Government employees and professionals. The result of the chi-square test also revealed that there is a close relationship between occupation of the respondents and their level of satisfaction.
6. The study highlighted that the respondents earning Rs.30001 – 40000 monthly incomes have had expressed maximum level of satisfaction than the other category of income earners. The chi-square test proves that there is a close relationship between respondents’ monthly income and their level of satisfaction in the investment on future and options.

7. The number of earning members in the family and their investment behavior on future and options reveal that the respondents having three earning members in the family have perceived maximum level of satisfaction on investment and the hypothesis was tested with the help of chi-square test. The result of the chi-square test proved that there is no relationship between the number of earning members in the family and the level of satisfaction perceived in their investment.

8. Mode of residence and their investment in future and options was studies and it is inferred from the analysis that the respondents residing in rental house have perceived maximum level of satisfaction than the respondents residing in own house and living in quarters. The chi-square test proved that there is a close relationship between respondents’ mode of residing and the level of satisfaction perceived in their investment.

9. It was witnessed from the analysis that the respondents who have saved above 30% from their income have perceived maximum level of satisfaction on their investment and the chi-square test found that there is a close relationship between percentage of saving in income and their level of satisfaction in their investment.
10. It was noted from the analysis that the respondents of more than 5 years of common time frame of investment group have perceived the maximum level of satisfaction and the chi – square analysis found there is a close relationship between the common time frame of investment of the respondents and their level of satisfaction on investment.

11. The study concluded that that the respondents of old age group at entry of investment group have perceived the maximum level of satisfaction and chi – square analysis found there is no close relationship between the respondents age at entry and level of satisfaction perceived in their investment.

12. The study highlighted that the respondents of high experience in investment have perceived the maximum level of satisfaction and chi – square analysis found that there is a close relationship between the years of experience of the respondents and their level of satisfaction on investment.

PERCENTAGE ANALYSIS

1. The reason for selecting future and options is studied and it is found that majority of the respondent (45.5%) reason for selecting future and options is more return.

2. The study highlighted that 36.6 of the respondent were motivated to invest by the reason of the old age.

3. It is learned from the analysis that 89% of the respondents were first generation investors.
4. It is noted from the analysis 35.2% of the respondents used technical analysis for investing in the future and options market.

5. It is witnessed from the analysis that majority (56%) of the respondents opined highly volatile securities are the best.

6. It is noted from the analysis that 86.7% of the respondents have declared that their participation in stock market have increased during the past years.

7. It is identified from the analysis 17% of the respondents reported to have got information through brokers. 14.5% of the respondents reported that they have got information through friends and relatives.

8. It is noted from the analysis that majority (87.7%) of the respondents reported future and options market investment as risky. Similarly it was learnt that majority (59.3%) of the respondent reported that risk can be controlled by avoiding investment in risk areas.

9. It is evident from the analysis that 46.9% of the respondents reported that they learn risk diversification from own experience.

10. Risk perspective associated with future and options market investment over these years is studied under three heads such as market risk, counterparty risk and operational risk. Among these majority (70.3%) of the respondents stated that market risk increased, (49.3%) of the respondents stated that counterparty risk is decreased and (50.3%) of the responded stated that operational risk is increased.
11. It is witnessed from the analysis majority (70.5%) of the respondents stated that risk diversification provided net gain. Similarly it was learn that majority (62.5%) of the respondent stated that the introduction of derivative market have helped risk diversification.

12. The study identified that majority (69.3%) of the respondents stated they do consider political risk while investing in the future and options.

13. It is witnessed from the analysis majority (50%) of the respondents reported that precautions to cover the political risk is “no activity” when there is change in the Government. Similarly it is learn that majority (72.5%) of the respondents stated that they have incurred loss in the stock market due to political instability.

14. The study highlighted that majority (56.2%) of the respondents stated they incurred loss due to international reasons.

15. The study identified that majority (50.5%) of the respondents stated they met with bad delivery. Similarly it is learned that majority (81.5%) of the respondents stated that they have not complained to some authority and (58%) of the respondents stated that their complaint on bad delivery has been rectified.

16. It is found from the analysis majority (86.2%) of the respondents stated that they realised the expected rate of return.

17. It is noted from the analysis 33% of the respondents reported that reason for not achieving the expected rate of return is lack of timely decision.
18. It is witnessed from the analysis 25.7% of respondents have taken measures to reduce risk through mathematical models.

19. The level of risk factors has been classified into seven heads viz. Size of the company, Profitability, Dividend, Growth, Debt equity, Earning per share and earning variability, 61.5% reported that the risk factor involved in the size of the company is large, 48.5% respondents stated that profitability risk level is moderate, 47.3% respondents stated that dividend risk level is constant, 51.5% respondents stated that growth risk level is normal, 52.7% respondents stated that dept equity risk level is high and 47.3% respondents stated that earning per share risk level is high.

20. The study identified that majority (83.7%) of the respondents stated that they are satisfied with the investors protection measures of SEBI. Similarly it is learned that majority (69.3%) reported that they have not registered any complaints to SEBI and (71.8%) of the respondents stated that no action has been taken on the basis of the complaint.

21. It is evident from the analysis that 22% of the respondents opined that information related measures strengthen the stock market, The study highlighted that majority (82.2%) of the respondents stated that they have met with financial difficulties while operating in stock market. Similarly it is learned that 22% of the respondents opined that by availing loans they managed financial difficulties in investment.
MULTIPLE REGRESSION ANALYSIS

It is found from the multiple regression analysis that the level of satisfaction perceived by the selected sample respondents on future and options investment is positively associated with the factors like Education, Occupation, Family Monthly Income, Respondent Residing, Percentage of Saving in Income, Common time frame of Investment and Age of entry in future and options market of the respondents.

FACTOR ANALYSIS

It is found from the factor analysis that the different components selected and analysed, each component offered different output among these factors Education, Occupation, Family monthly income, Respondent residing, Percentage of saving income, Common time frame investment and Age of entry in the future and options market showed high co – coefficient which revealed that there was a high level of acceptance for the future and options investment.

HENRY GARRETT RANKING TECHNIQUE

1. Henry Garrett ranking method was used to identify the investor various factors considered by investors before deciding upon a company for investing. It was found that Blue Chip Company was the major factor influencing by the investor. It was followed by Image of the company and Credit worthiness.
2. The study used Henry Garrett ranking to know the mode of investment. It was found that commodities investments were the major mode of investment bank investment and share market investment as second and third respectively. Henry Garrett ranking method was employed to factors determining the selection of companies for investing in future and options by the respondents. It was found that an earnings per share was the major factor determined by the investor. It was followed by growth of the company, and profitability.

3. The problems faced by investor in future and option investment were analysed with the help of Henry Garrett ranking method. It was found that exorbitant (transaction) cost was the major problem faced by the investor followed by difficult to obtain and understanding stock market information and wrong information.

SUGGESTIONS

Based on the finding the following suggestions are made

1. The present research work has clearly brought out that future and options is facing several challenges in this rapid changing environment and it has also been underlined that the existing system of three months contract is not fulfilling the needs of the investor. Hence, it is suggested that investor’s sentiment can be improved by introducing eighteen months contract as done in USA which will help the investors’ to retain the future and options with breathing time, otherwise, it incurred a huge losses for the investors.
2. The common problem faced by the investors of future and options was studied with the help of Henry Garret ranking method by selecting thirteen problems. Among these problems, “Exorbitant cost incurred for transaction of future and options” and “Difficult to obtain and understanding stock market information” were mentioned as the most burning issues. Hence it is suggest that the SEBI authorities who are involved in future and options administration should take appropriate steps to reduce the transaction cost.

3. The investors behaviors are varying in looking-up their saving in the capital market since the Indian capital market is not practicing openness in providing authenticate information and no safety to the investors. The SEBI shall take necessary steps to give the much needed confidence to the investors.

4. The authorities concerned should also take necessary steps to conduct orientation classes in future and options to educate the investors on effective utilisation of information supplied by the Indian capital market and SEBI.

5. Investor protection should be the goal of the regulators and all the existing regulations and fresh regulatory proposals are to be reviewed to achieving this goal. It is time to take stock of the realities and make suitable measures to ensure safety to the investors.

6. Investors should put forward their grievances to the regulatory bodies for redressal and there should be a mechanism to sort out the issues raised by the investors.
7. SEBI should provide more information and greater transparency in the disclosure of information of top income earners as well as income loosers of the respective companies to inspire greater investor confidence.

8. The existing investors can share their successful as well as bitter experiences with the new investors and give them proper awareness and confidence to make their investment in this segment.

9. Investors should not run after hot tips and they should try to find out whether the price of a share is a real reflection of the earning capacity and future prospects of the issuer. Investment requires caution, patience and hard work and the investors should never let greed judge their sentiment.

10. The study has identified that young investors do not prefer capital market investment due to the high risk associated with it and hence, steps should be taken to educate them about hedging and other measures to reduce risk. Investors opined that no action has been taken on the basis of complaint. The regulators should be able take quick action and punish the fraud.

11. Investors opined that strict actions are not taken on the basis of complaints and the regulators should be able to take quick action and punish the fraud to protect the interest of the investors.

12. It was learned from the analysis of marital status that unmarried youths are not ready to invest in future and options due to already people’s wrong advice and their bitter experience and losses creates a fear to invest in future and options. This attitude should be wiped out through transparency system.
13. 87.73% of the respondents opined that investing their money in future and options is highly risky. Hence, it is suggested that the investors’ capital amount should be secured even in the company incurred losses.

14. The changes in the political party introducing new policies which is very much affecting the future and options. The finance minister’s wrong polices affect common public and industry. At this juncture the chief justice of the Supreme Court should take this issue as sumo motto and punish the minister for taking wrong policies against the welfare of the nation. Even the affected investors can also file a case and claim compensation with retrospectives effect from the date of announcement of new policy by the finance minister.

15. In India future and options are used only for speculative purpose and SEBI should introduce delivery system at the time of maturity of the contract to make it as a real investment option.

CONCLUSION

Indian capital market is one of the oldest and biggest capital markets in the world and there are different investment avenues with varying degrees of risk and return. Indian capital market is one of the oldest and biggest capital markets in the world. It was started to develop from independence and rapid growth during eighties and nineties. The number of future and options traders in the market has increased significantly.
The future and options invariably attracted the investors due to its ability to provide higher returns despite the risk involved in it. The images of the company and credit worthiness are also other important factors in future and options investment. The investors are facing exorbitant cost in transacting their future and options business. They are also finding problems in obtaining and understanding stock market information.

The analysis reveals that the male investors are dominating in the capital market and the young investors are not ready to enter in the future and options market because of huge risk. Over all it is concluded that the potential investors must be properly educated and guided so that more money kept idle or invested in other fields will flow into the capital market. During the data collection, the researcher has meet all the respondent and asked them to reveal the reality taking place in future and options trading. It is disheartening to note that all the respondent unanimously expressed that a big gambling is taking place in the name of future and options, more than 87% of the respondent burned their fingers due to investment in future and options and they have diverted their investment in nationalised banks as fixed deposits. This scenario can be wiped out only when SEBI and capital market practicing open as transparency system otherwise this sector will vanish.