

A Study on Investors Perception towards Derivative Markets with the Special Reference to the Investors of Kodak Securities Ltd, Tirunelveli, TamilNadu.

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ABSTRACT:

The current find out about is to discover the focus level, perception, product that are most preferred by way of the investor. The research study carried out is descriptive in nature. Both fundamental and secondary information are amassed to meet the requirements. For gathering information a structured questionnaire technique is used as an instrument. The sample dimension is a hundred and fifty. The numbers of statistic tools have been additionally used for the research purpose. The study printed that about 60 percent of the investors have been conscious about the derivate market but most of them were not involved in investing because of high hazard and too elaborate one. The researcher suggests that the interest level of the investor is excessive in knowing about the derivative market segment, the company can enhance the investor's appreciation by imparting seminars and conducting or organizing a workshop related to the market.

Keywords: Derivatives market, Investors, Perception, Kodak securities, and Awareness:

1. Introduction:

The notable landmark in Indian financial systems is introduction of derivates products and trading derivative products in Indian derivative markets. Along with this best element, the proponents of derivatives additionally admit that this time period arouses more controversies and most human beings seem to be at them with suspicion and few would accept as genuine with that they do make a contribution to the society's welfare. But the reality is that derivatives are a fashionable hazard administration gadget that allows risk- sharing and allows the environment friendly allocation of capital to productive funding activities. In this study, we will strive and learn about the veracity of a few misconceptions that surround derivatives alongside with their economic benefits. The present research is tries to talk about Investors Perception towards Derivative Markets and behaviors of investor in derivative market in India.

2. Review of literature:

Gautami and Nalla Bala Kalyan (2018) in their reveal that as part of financial market reforms, new instruments and financial reengineering have been introduced in India since 1991. One area where the growth and innovation is slow is in the introduction of derivatives. In India, the appearance and enlargement of derivatives market is moderately a recent phenomenon. Since its beginning in June 2000, derivatives market has exhibited exponential enlargement both in terms of volume and number of traded contracts. The term derivatives, refers to a broad class of financial instruments which mainly include options and futures. These instruments derive their

value from the price and other related variables of the underlying asset. They do not have worth of their own and derive their value from the claim they give to their owners to own some other financial assets or security.

Meenakshi Bindal (2018) in her research reveals that the derivative market has an important role to play in economic development of a country. Change in exchange rates, interest rates and stock prices of different financial markets have increased the financial risk to the corporate world. Adverse changes in the macroeconomic factors have even threatened the very survival of business world. It is therefore necessary to develop a set of new financial instruments known as derivatives in the Indian financial markets, to manage such risk. The objectives of these instruments is to provide commitments to prices for future dates for giving protection against adverse movements in future prices, in order to reduce the extent of financial risks.

Disha (2018) in her study shows that India's most of the investment avenues are termed to be risky by the investors. The major feature of investment as perceived by the investors is income stability, principal amount, liquidity, easy transferability and approval. there are a number of investment avenues available in India such as share, silver, real estate, gold, Life Insurance, Bank, postal savings, etc. The desired level of Return and the tolerance for risk help in deciding the choice of the investor. The investment may differ from provident fund, national saving certificate, chit funds, insurance schemes, company fixed deposits, government securities, bonds, equity, mutual fund schemes and derivatives. It can be concluded that every investor want to save extra, be added risk directs to more profit. This is the major reason why the perception of the investor changes when it comes to the investment in equity and derivatives. There is lot confusion in the investment patterns and the investment avenues to be decided between equity and derivatives.

3. Research Methodology:

The study is containing both primary and secondary data. The sampling size of this study is 120. The data collected from Investors of Kodak Securities Ltd, Tirunelveli, and TamilNadu. Descriptive research has been used for the study to describe the causal relationship between the derivatives market, macroeconomic variables, finally, based on our results, we provide policy implications for the promotion derivatives market and its products to the market participant.

4. Objectives:

- To study the investors perception level and attitude towards derivative segment
- To understand the profile of the investors
- To analyze the investing habits of the investor towards derivative market.
- To analyze the factors influencing the investor in choosing the types of derivative Segment
- To analyze investors risk preferences towards derivative market.

5. Results and Discussion:

5.1.1 Hypothesis Testing

- 5.1.1. Ho1: There is no significant relationship between the users and gender
- 5.1.2.Ho2: There is no significant relationship between Awareness and interest towards derivative market
- 5.1.3Ho3: There is no significant relationship between gender and age level of the investors
- 5.1.4.Ho4: There is no significant relationship between gender and awareness towards derivative market
- 5.1.5.Ho5: There is no significant relationship between Income level and users towards derivative market
- 5.1.6.Ho6 :There is no significant relationship between age level and percentage of investment
- 5.1.7.Ho7 :The investors have no preference among the major risk factors
- 5.1.8.Ho8 :The investors have no preference among various Sectors
- 5.1.9. Ho9: The investors have particular no reasons for not investing in derivative market.

5.1.1 Gender and users towards derivative market

S.no	Gender	Derivative user	Non derivative user	Total
1.	Male	36	84	120
2.	Female	6	24	30
	Total	42	108	150

Sources: Primary data

Inference:

It is found from the above analysis that, there is no significant relationship between the users and gender.

5.1 2. Awareness and interest towards investing in derivative market

S.no	Awareness	Interested	Not interested	Total
1.	Aware	42	48	90
2.	Unaware	40	20	60
	Total	42	108	150

Sources: Primary data

Inference:

It is located from the above evaluation that there is a close significant relationship between awareness and interest towards derivative market.

5.1.3. Age level and gender of the investors

S.no	Age level	Male	Female	Total
1	Below 35 Yrs	28	17	45
2	35-45 Yrs	32	7	39
3	Above 45 yrs	60	6	66
	Total	120	30	150

Sources: Primary data

Inference:

It is inferred from the above analysis that, there is close significant relationship between gender and age level of the investors.

5.1.4. Gender and awareness towards derivative market

S.no	Gender	Aware	Unaware	Total
1	Male	77	43	120
2	female	13	17	30
	Total	90	60	150

Sources: Primary data

Inference:

It is derived from the above analysis, that there is a close significant relationship between gender and awareness towards derivative market.

5.1.5. Income level and users towards derivative market

S.no	Annual income	Derivative users	Non derivative users	Total
1	Less than 1 lakhs	2	31	33
2	1 -3 lakhs	14	22	36
3	3 -5 lakhs	14	33	47
4	Above 5 lakhs	12	22	34
	Total	42	108	150

Sources: Primary data

Inference:

It is found from the above analysis that there is close significant relationship between income level and users towards derivative market.

5.1.6. Age level and percentage of investment

S.no	Percentage of investment	Age level of the investors			Total
		Below 35 Yrs	35-45 Yrs	Above 45 yrs	
1.	Below 10%	20	9	20	49
2.	10% -20%	8	21	22	51
3.	20%- 30%	8	6	15	29
4.	Above 30%	9	3	9	21
	Total	45	39	66	150

Sources: Primary data

Inference:

It is said from the above analysis that there is close significant relationship between age level and percentage of investment.

5.1.7. Risk factors for investing in derivative market

Sources: Primary data

Risk factors	Observed frequency	Expected frequency
Liquidity risk	136	125.8
Asset volatility	152	125.8
Hard to determine the best opportunities	76	125.8
Risk of making poor investment	141	125.8
Risk of poor professional advice	124	125.8

Inference:

It is also found from the above analysis that, the investors have particular preference among the major risk factors.

5.1.8. Investors preference towards different sectors for investing

Sectors	Observed frequency	Expected frequency
IT sector	627	379.5
Banking sector	677	379.5
Pharmaceutical sector	293	379.5
Auto sector	205	379.5
Cement sector	326	379.5
Others	149	379.5

Sources: Primary data

Inference: It is found from the above analysis that, the investors have precise preference among various sectors.

5.1.9. Reasons for not investing in derivative market

Risk factors	Observed frequency	Expected frequency
High level of risk	493	321.4
Lot size	209	321.4
Contract specifications	228	321.4
uncertainty	356	321.4
Huge amount of investment	321	321.4

Sources: Primary data

Inference:

It is found from the above analysis that the investors have particular preference among the factors for not investing in derivative Market.

6. Suggestions:

The attention of the derivative market segment is high but they have been not involved in investing in this segment. Reasons for not investing are that they experience it is too riskier, so the corporation can furnish shielding measures for safeguarding them and they can give guidance and higher support. Most of the respondents agreed that if they are provided with practice and guide they would make investments in this market. Companies can make use of this and make many seminars to wide awake the people regarding their investment.

There are some relationships recognized in this study. They ought to use this statistics for their in addition research to perceive the goal market. Many of them sense that the derivative market is appropriate for FII, mutual fund and corporate, the company should make the retail investors clear that investing in the derivative market is very easy. Though the majority of the investors have been male the company can go for canvassing the women in particular housewives for investing in this market which would be an appropriate one for them.

7. Conclusion:

The research was once carried out in the Tirunelveli district for Kodak securities, the find out about printed that investors have the biggest preference for safety. Most of the respondents have invested in the cash segment than in the derivative segment. The level of attention of the spinoff market related to the traders is high, but no longer fascinated in investing due to the fact of the excessive stage of risk. Since many buyers expressed their hobby in studying more about the derivative market segment. The statistical analysis of statistics has given insight into investor demographics and investment preferences. Based on the investor profile and investor preferences, guidelines have been made for the organization to increase its market penetration

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