Role of Credit Rating in Motivating Retail Investors with Reference to Coimbatore District

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CHAPTER-I

Introduction and Design of the Study

Capital market is the backbone of any country's economy. It provides for an efficient means of resource mobilization and allocation, hence an engine for economic growth. Lewin and Zervos (1996) put forth that a well-developed stock market may be able to offer financial services of different kind, that provide a different kinds of impetus to the economic development of the country. In India, it is evidenced from the study of Agarwal (1996) which tells that the two main parameters of the capital market viz., size and liquidity are statistically significant to explain the economic activity.

The Indian capital market is one of the oldest capital market in the world. Even-though, the origin of capital market dates back to the 18th Century, the orderly growth of the capital market began with the setting up of the Bombay Stock Exchange in July 1875 and Ahmedabad Stock Exchange in 1984. At present there are 23 stock exchanges in total spread up in various parts of the country. The long-term financial requirements of the corporate sectors were met by the Development Financial Institutions namely Industrial Development Bank of India, Industrial Financial Corporation of India, Industrial Credit and Investment Corporation of India as well as other investment institutions like Life Insurance Corporation of India, Unit Trust of India, General Insurance Corporation of India etc. The working capital requirements of the business firms were met by the commercial banks through an elaborate network of their branches throughout the country. Capital market activities were limited due to the easy availability of loans from banks and financial institutions.

The important enactments in India namely Capital Issues (Control) Act 1947, Securities Contracts (Regulation) Act, 1956 and the Companies Act, 1956 provided a suitable legal framework for the development of capital market in India. The Indian Capital Market has witnessed major transformation since the early 1990s after the introduction of financial sector reforms in general and the capital market reforms in particular in a big way during 1991-1992. These reforms have been aimed at improving market efficiency, enhancing transparency, checking unfair trade practices and bringing the Indian capital market up to international standards. The National Stock Exchange was incorporated in 1992 and was given recognition as a stock exchange in April 1993, which has been playing a lead role as change agent in transforming the Indian capital market into its present form. In 1992 the Securities Exchange Board of India (SEBI), an apex body, was given autonomous status with the objective of (i) protecting the interest of investors in securities, (ii) promoting the development of securities market and (iii) regulating the securities market. Indian capital market has made commendable progress under the able administration of SEBI and has been transformed into one of the dynamic capital market in the world.

CREDIT RATING

Developing nations are short of financial resources. To support this short-fall, savings of the public are to be mobilized for investment in trade and industry. This savings can be mobilized if the investment offers safety of the principal apart from liquidity and return. Safety is ensured by the industry and trade where the financial risk is least. Safety of the investment can be pre-assessed if the company's ability and capacity to pay-off the principal and other accruing dues is indicated in advance through a reliable assessment of the ability and creditability called rating. This assessment of ability to repay enhances the confidence of the investors in enterprises where they have invested their savings. Hence, a well rated enterprise can get funds from the credit lending institutions as well as from the individual investors.

IMPORTANCE OF CREDIT RATING

From the above discussion, it is understood that credit rating is highly beneficial to the investors, individual and institutional, in the following ways:

(*i*) Provides superior information at low cost;

(*ii*) Enables the investors to take calculated risk;

(*iii*) Encourages to invest in companies to get high returns;

(*iv*) Reduces dependence on brokers and merchant bankers;

(*v*) Encourages dis-intermediation;

(*vi*) It will multiply investor population;

(*vii*) Investors get the benefit of ongoing surveillance.

CREDIT RATING IN INDIA

The formal credit rating in India is fairly of recent origin. It is regulated by two authorities namely SEBI and Reserve Bank of India. As per Securities Exchange Board of India (SEBI) regulations, credit rating must be obtained from any credit rating agency before debt issue and now it is being extended to share issue also. Reserve Bank of India requires that an intended issue of commercial paper must have the best credit rating obtained within a month. Credit rating gained momentum when the SEBI passed the SEBI (Credit rating Agencies) Regulations in the year 1999. It has given different guidelines for the registration and functioning of Credit rating agencies in India. It also provides guidelines regarding the credit rating procedure. The credit rating agencies are required to follow the regulations and guidelines in their business of rating the securities of the issuers.

SIGNIFICANCE OF CREDIT RATING

Credit rating is a system which is used by investors, issuers, investment banks, broker-dealers and governments. It increases the scope of investments by investors through the provision of independent way of measurement of relative credit risk. It also opens up the way of capital markets to some borrowers like government, startup companies, hospitals, and universities. It also enhances the access to private capital market and low debt issuance cost.

The rating is considered significant to different parties associated with the credit rating system in different ways. Issuers use credit ratings as independent verification of their credit worthiness. By studying the bond market association it has noted that many institutional investors now prefer that a debt issuance must have atleast three ratings.

Regulators use ratings and permit ratings for some regulatory purposes. For example, under the Basel II agreement of the Basel Committee on Banking Supervision, banking regulator permits banks to use credit ratings from certain approved CRAs while calculating their net capital reserve requirements.

As the credit rating provides the baseline for risk assessment around which the market operates, investors could match their financial goals and risk appetites with it while making a decision to invest. Sometimes credit rating agencies may play an important role in structured financial transactions. Credit ratings often determine the rate of interest and price attached with a particular tranche of loan, based on the quality of loans and assets within that grouping.

Thus, credit rating agencies play a pivotal role as information provider and thereby facilitate the flow of capital for businesses that need it, whether they are small private firms or larger companies. The issue of securities with good credit rating made by the firms guarantees its subscription. In addition to this, credit ratings are used as critical inputs in determining investment portfolio by developed countries

REVIEW OF LITERATURE

A brief review of literature would be of immense help to the researcher in gaining an insight into the selected problem. It would help the researcher to gain good background knowledge of the area under study. So, it is a practice to review the literature available in the related area for the research study. In the area of credit rating, limited studies are available. They are discussed below:

1. Eric Paget Blanc carried out a study entitled “Which factors determine sovereign credit rating ?” with the purpose of examining the determinants of the sovereign credit ratings provided by major rating agencies viz., Fitch ratings, Moody’s and Standard and Poor. Principal component analysis was employed in order to identify the common factors affecting these ratings. The impact of the variables correlated with these factors on ratings is then assessed through linear regression modelling and ordered logistic modelling. Results showed that sovereign ratings are mostly influenced by per capita income, government income, real exchange rate, inflation rate and default history. It also highlighted the importance of corruption as measured by Transparency International Corruption Perception Index, which appears as a proxy for both economic development and quality of the governance of a country. Principal component analysis identified 13 factors each of which is highly correlated with certain variables that appear to explain sovereign ratings. Both economic and political factors have a significant impact on sovereign ratings. In order to examine the variables having the most important influence on the ratings, the results obtained by a least square regression are compared with those of an ordered logistic model. The latter model retains 9 variables instead of 11 variables. Findings revealed that 6 variables seem to have the most significant impact on sovereign ratings – per capita income, government income and changes in the real exchange rate have a positive effect on ratings, while, inflation rate has a negative effect. Moreover, the default history of a country turned out to be a crucial determinant of sovereign ratings.

2. HideakiOhta carried out a research work on "Model building on Standardisation of Assessment Methods of Credit Risk in Major Asian countries". As part of it he assessed the nature, performance of financial and capital markets in India and constraints in the development of debt market, credit rating agencies in India, its features, systems methods/techniques of credit rating and an overview of credit rating agencies in India and the problems to be solved to improve the performance of financial/capital markets including credit rating agencies in India. He identified that the major reason for low growth of corporate debt market is the levy of high stamp duty. The study insisted on the efforts needed to establish free and open debt markets, measures to promote domestic and financial and capital market and the problems to be solved for credit ratings agencies.

3. Pravin Gupta carried out a study on "New trends in credit rating" with the purpose to identify the non-conventional factors for assessing credit rating of a company. The study assessed the role of governance for the consideration of rating under various levels – corporate governance, country governance, information requirements and credit quality. It also studied the new trend in equity credit, parent subsidiaries link (both finance and non-finance subsidiaries) and the assessment for retirement benefits. It concluded that the assessment of credit worthiness of an organization should be based on the relationship between human assets and organization efficiency, long-term vision and the domestic and international politics alignment in assessing the country risk.

4. Bannier Christina E. and Hirsch Christina W in their paper entitled "The Economic function of Credit Rating Agencies-What does the Watch test tell us" analysed the economic function underlying the review procedure using Moody's rating rated between 1982 and 2004. It was found that for borrowers of high credit worthiness, rating agencies employ watch lists primarily in order to improve the delivery of information. For low quality borrowers, in contrast, the review procedure seems to have developed into an implicit contract inducing the companies on watch to abstain from risk augmenting actions. The agencies' economic role hence appears to have been enhanced from a pure information certification towards an active monitoring function.

5. Hill, Paula, Faff and Robert in their study on "The market impact of relative agency activity in the sovereign rating market" assessed the relative credit rating activity of the major agencies at the sovereign level using a sample of 101 countries over the period of 1990-2006. The study examined the market impact of the rating actions allowing for various interactions across raters and rating events. The study found evidence of stronger reactions to changes in Standard and Poor's rating assessment than in those of the other agencies. Also they found that credit outlook and credit watch levels are more timely and more informative than downgrade and upgrade.

6. H. Kent Baker and Sattar A. Mansi in their study on "Assessing credit rating Agencies by bond issuers and Institutional Investors" examined how a sample of publicly traded corporate bond issuers and institutional investors assessed 4 major nationally recognized credit rating agencies and their role in capital markets. The results of the study showed that, these issuers and institutional investors differed dramatically in their assessment about rating agencies relating to reflection of credit worthiness and timely rating and it revealed the different role provided by the credit rating agencies.

7. Steven L Schwarez in his article on "Private ordering of public markets: The rating agency paradox" examined the role of credit rating agencies in ordering financial markets in the US and abroad. It initially addressed the function, origin and terminology of the rating agencies and thereby helping the investors in assessing risk attendant to invest in the public and private quality issued debt securities. Then it addressed the regulations and concluded that the regulations are not having any role in the efficient functioning of the rating agencies as they are already motivated to provide accurate and efficient rating to retain their reputation.

8. Koresh Galil in his study on "The quality of Corporate Credit Rating: An Empirical Investigation" examined the quality of external credit ratings on the basis of rating firms' need for reputation and competitiveness in the rating industry. The sample data consisted of 2,631 bonds rated by S&P during 1983 – 1993 of which 238 defaulted in 2000. It was found that ratings could be improved by using publicly available information and that some categorization of ratings was not informative. The results suggested that rating as outlined by S&P methodology were not fully adjusted to Business cycles and hence it should be considered while rating.

9. Kuldeep Kumar and John D. Haynes in their study on "Forecasting Credit ratings using an Ann And Statistical Techniques" wanted to explore and find out the effect of the financial performance data of a firm relative to the credit rating of a debt issue of limited firms. It also proposed to capture the relationship, if any, between financial data and credit rating given by experts in an appropriate model. The study used the data of a premier credit rating agencies to build a model using conventional multiple linear discriminant model and Artificial Neural Network System.

The study concluded that, the Ann model captured the hidden relationship between the financial parameters and associated expert rating more effectively. So it can be substituted for experts to rate the securities and issuers of new companies, issues for new projects. In such cases judgment of experts alone can justify a rating used as a benchmark indication from which an expert can start his analysis and therefore it can supplement the expert analysis.

10. D. M Nachane and Sai Bal Ghosh in their paper on "Credit rating and Bank Behaviour in India" examined the impact of credit rating on capital adequacy ratios of Indian state-owned banks using quarterly data for the period 1997 to 2002. To this end, a multinomial logit model with multi credit rating indicators as dependent variable is estimated. The variables that can impinge upon capital adequacy ratio have been used as explanatory variables. Two separate models, one for long-term credit rating and another for short-term credit rating, have been estimated. The paper concluded that, both for short-term as well as for long-term ratings, capital adequacy ratios are an important factor impinging on credit rating of Indian state-owned banks.

11. Suveera Gill carried out a study on "An analysis of Long-term Rated debt" (2005) under the background of failure of credit rating agencies to warn the investors of the defaults well in advance. This study took the reliability ratings assigned by ICRA on the basis of actual default rate experience on long term debt across 5 sectors over a period of 7 years i.e., 1995-2002. It took only long-term debt instrument for the purpose of analysis because the assigned rating and its movement can be observed only over a long period of time. This study is limited to those issues that have been accepted and used by the issuers. The default ratings were examined sector wise, period wise and company or institution wise. Analysis of the background and business operating performance, management and systems, financial performance prospects, key issues and the reasons cited for the defaults were undertaken with respect to all companies. Simple metrics like default rates by rating grades and rating prior to default were used to analyse whether low ratings i.e., speculative ratings were assigned by ICRA to defaulting credits well in advance of default rate. Attempt also was made to identify whether companies in default had issued other debt instrument that were rated by other credit rating agencies.

The study revealed that the performance of manufacturing sector vis-à-vis other sector has been dismal, the period of default (1997-1998) coincide with the a high interest rate regime and poor economic conditions in India, ICRA's performance in terms of proper surveillance and provision of timely and complete information about the companies rated by them has not been upto the mark. These findings draw the attention of the top towards the fact that excessive reliance on credit rating needs to be reduced. Since the governance of these rating agencies is questionable, adequate steps have to be taken to make them more accountable.

12. Carol Ann Frost in his study on "Credit Rating agencies in Capital Markets: A Review of Research Evidence on Selected Criticism of the Agencies" assessed the validity of the criticisms levelled against three large nationally recognized credit rating agencies. The study reviewed and analysed the evidence from empirical accounting and financial research studies. It gave particular attention to Enron case because its failure occasioned the sharpest and most pointed criticism of credit rating agencies. The study provided highly useful inputs to law makers and regulators for their contribution to continuous assessment of the role of credit rating agencies and to find out the possibility for the additional regulations.

13. ChongKwee Swing in his study on "Role of Credit Rating Agencies and their development – The Malaysian Experience" assessed the evolution of Malaysian Bond market and its components, the role of credit rating agencies and the current initiatives in the said bond market. It identified the credit rating agencies as one of the components of the bond market providing institutional support on the functioning and the development of the bond market. The study revealed that the development of credit rating agencies are supported by strong regulatory support, financial viability of the credit rating agencies and strong supportive shareholders and independence in managing the affairs without any interference from shareholders and government. Its role was appreciated in promoting investment culture and supporting the investors in their investment decisions.

The study concluded that by highlighting the facilitating role played by the government, catalyst role of the credit rating agencies, and the complementary role of bond market. The study also insisted on the balanced financial structure among banks, bond and equity markets.

14. Alexander W. Butler and Larry Fauver in their study on "Institutional Environment and Sovereign Credit Ratings" used a sample of 86 countries to examine the cross-sectional determinants of sovereign credit ratings. They found that the quality of a country's legal and political institutions plays a vital role in determining these ratings. A one-standard-deviation increase in the legal environment index results in an average credit rating increase of 0.466 standard deviations, even there is control for obvious factors such as GDP per capita, inflation, foreign debt per GDP, previous defaults, and general development. Although part of this effect is due to the legal environment's endogeneity, its relative importance is robust to endogeneity concerns. Overall, the study indicated that legal environment is very important for a country's financial development and openness, and perhaps even more so than macroeconomic effects such as country wealth and development.

15. Angus and Sandra Emig in their study on "Credit rating agencies – Meeting the needs of the market?" assessed whether the credit rating agencies are providing adequate services of quality ratings. For the purpose, they compared the views of 3 separate groups of market participants in the UK- corporate treasurers, investors and other related parties viz., finance academics, finance professionals, consultants, journalists and bankers on credit rating agencies and their characteristics of quality of rating. The authors found that users had confidence in the independence of rating agencies and found no evidence of a need for more formal regulation. The study concluded that their compliance should be monitored closely; the agencies themselves need to maintain and improve their commitment to quality and improve their communication; agency's ancillary services should be formally separated from their ratings work; and any unsolicited ratings should be clearly identified as such.

16. Marwan Elkhoury in his study on "Credit rating Agencies and their impact on Developing Countries" assessed the key role played by credit rating agencies in financial markets by helping to reduce the informative asymmetry between lenders and investors. It concluded that credit rating agencies enhanced the access to private capital markets, it can reduce a firm's capital cost by certifying its value in a market and foster Foreign Direct Investment and thereby promote more vibrant local markets.

17. National Institute of Securities Market, Mumbai carried out a study on "Assessment of Long-term Performance of Credit Rating Agencies in India" in the light of the significant events in the global financial system and criticism being faced by credit rating agencies in USA to assess the performance of credit rating agencies in order to identify the strong and weak areas and suggest improvements in the processes and provide inputs for policy formulations and regulations. For the purpose, it covered 5 credit rating agencies, 40 ratings, 34 analysts and 10 institutional investors. The study was based on the accounting information available from the records of rating agencies and a questionnaire to obtain opinion among the analysts, institutional investors etc.

On the basis of the study it recommended to use rating scale on comparable bands and display such ratings on common sites like websites of Securities Exchange Board of India, Reserve Bank of India, Insurance Regulatory and Development Authority and the sites of investor's association., timely publication of firm rating, publication of all ratings to the particular issue, constitution of Appeal Committee, training to the employees of rating agencies in the areas of Due diligence, accounting and audit standards, implementation of operational audits, public education on usage of ratings, policy on external committee, disclaimer of ratings and unsolicited ratings, disclosure of ownership of credit rating agencies and enforcement of corporate governance.

18. Bheemanagouda and J Madegowda (2010) carried out a study on " Working of Credit Rating Agencies in India: An Analysis of Investors' Perception". The study was carried out under the background of criticism for not having been able to accomplish the coveted goal of investor interest protection as they failed in predicting the fall of big corporate concerns inspite of its significant role in the Indian capital market. Against the backdrop of their role and criticism, the paper made an attempt to elicit and analyze the opinion of investors on the working of credit rating agencies in India to offer suggestions to enable the rating system to be efficient and effective. The study observed that the rating agencies certainly play an important role in the development of the capital market. However, there is scope for improvement of performance of the rating agencies. Whatever may be the mechanism adopted in the process of the rating, the final outcome depends on the credibility of rating agencies and genuine interest of the regulator to protect the interest of investors. Therefore, credibility of the system as a whole should be the mantra of the rating process and it will go a long way in improving of the working of credit rating agencies in India.

19. Dr. B. Ramachandra Reddy and M. Ramachandra Reddy carried out a study "Some aspects of Credit Rating: A Case Study" to find out the sample investors' opinion on the efficacy and reliability of the credit rating. The study concluded that the credit rating agencies have come to occupy a pivotal role as information provider and providing the critical inputs in the determination of the investment portfolio.

20. Nalina Saha in her article "Credit Rating: An important tool for investor's Decision making" assessed the important role of credit rating agencies in helping the corporates and investors in risk management and structuring the bond issue. The study also highlighted the processes of credit rating and its uses and brought to the limelight the International and Indian experience in credit rating. She concluded that credit rating is a guidepost to lay investors and it will help to channelize the household savings into corporate investment.

21. Vandana Gupta, R. K. Mittal and V. K. Bhalla in their study on "Role of credit rating agencies in the financial market crisis" critically examined the role of credit rating agencies in the sub-prime crisis. They have taken the development of the sub-prime crisis from its origin till its aftermath. It studied the weakness of the credit rating agencies in performing their basic functions of timely and accurate ratings of bond obligations. It also scrutinized the diversification of credit rating agencies into the structuring and rating of complex securitized products. This raised the fundamental issue of the independence and accountability of these agencies. The study came to a conclusion based on their analysis that appropriate changes in the regulatory framework of credit rating agencies are necessary to help avert similar crisis in future.

22. Gupta et al conducted an All India survey of investor preference in 1997, it was found that about 41.29 per cent of the 2,819 respondents of all income classes were not aware of any credit rating agencies in India; and of those who were aware, about 66 per cent had no or low confidence in the ratings given by credit rating agencies.

23. Blumberg, Noemi, Wirth Johanna, Litrokai, Nikita in their study on "The liability of Credit Rating Agencies to investors: A Review of the Current liability Regime and Recent Securities Exchange Commission(SEC) proposal" made an attempt to provide a comprehensive view of the current common law and statutory liability of credit rating agencies to investors under the background of growing criticism over the consistency and reliability of ratings and the independence of credit rating agencies which led to a shift in evaluation of their role as gatekeepers in the securities market. The article reviewed the changes that were made in the Securities Act by SEC in terms of what standard of due care should apply will be decisive for the rating agencies' daily business practice. The authors concluded with the decision on the creation of consistent liability system for rating agencies in the future.

24. Gill studied ICRA's performance in terms of credit rating and provision of timely and complete information on the rated companies. After analyzing the ICRA ratings for the period 1995-2002, it was found that many of the debt issues that defaulted during the period were placed in investment grade until just before being dropped to the default grade and were suddenly put into default grade at the last moment rather than being gradually downgraded. Many others were reaffirmed as investment grade at the time of default.

25. Raghunathan and Varma carried out a study on CRISIL ratings and it was found that CRISIL ratings were not only very liberal by international standards but also internally inconsistent. They failed to adequately reflect the financial ratios of the rated entity and suffered from the lack of discriminatory power.

26. Wildet el and Bhole have also expressed views on the same lines that Indian rating agencies were more liberal, internally inconsistent, lacking discriminatory power and reactive rather than proactive.

27. Leeladhar in his study found that the level of confidence on credit rating in India is very low as far as individual investors are concerned.

28. Joseph also claimed that only a few exposures to banks have been rated by the external credit rating. Another difficulty lies with the business model of credit rating agencies itself. They suffer from potential conflicts of interest like issuer paying for the rating. In India all ratings are "solicited" i.e. all ratings are paid by the rating entity. This creates a conflict of interest on the part of rating agency since it is dependent on fees of the rated entity for its business. Thus, credit rating industry in India is driven mostly by threated entities.Another criticism on the credit rating is that, the issuers of bond/ debt instruments may go to any number of agencies for a rating and have right to accept or reject the rating. Further it cannot be published unless accepted by the issuer.

29. A study by Hill identified that lack of "unsolicited" rating as an important factor leading to poor quality of credit rating. Unsolicited ratings are assigned by the credit rating agencies at their own initiative without taking the consent from the issuer. Hence, they are based on the publicly available information and the issuer does not supply any information.

From the above background of the earlier studies, the need for the present study is identified as follows.

NEED FOR THE STUDY

There are two types of investors, namely institutional investors and retail investors (households). Institutional investors are huge investors who operate through portfolio managers. Portfolio managers only shuffle around the holdings in the existing scripts but they do not inject the much needed risk capital to upcoming enterprises to undertake new industrial activities. Even foreign institutional investors generally bring capital into the country only to acquire shares in the existing highly profitable companies but do not provide risk capital to the corporate world. It is the retail investors i.e. the household sector who purchase and sell securities for his self and not for another, like to invest in risk capital. This investment comes from the valuable savings of the retail investors. The retail investors help a country grow through their investment in industrial activities. As the bulk of the savings of the country emanate from the retail investors, the capital market cannot grow without their participation directly or indirectly. The retail investors are not aware about developments in the capital market. They have to depend on some sources for information on the intricacies involved in the investment activities especially in securities. Credit rating agencies are one such source whose role is to fulfil the information gap to the retail investors who are not expert in investment activities. By providing information, rating agencies assist retail investors in taking decision in investing activities. They act as a motivating factor by providing information on risk involved in particular security and paved way for the flow of necessary capital to business firms. The investors relied on the information only when they have confidence in the services provided by the rating agencies. Such confidence could be gained on the satisfaction of the various services provided and how they perceive the role played by the agencies and the processes followed by them in assessing the securities. The information on such confidence level of the investors and their perception towards the processes used and the role played help the rating agencies understand where they stand, the expectations of the investors from the rating agencies and the like.

Moreover the existing studies covered the performance of credit rating agencies, investors' confidence over credit rating, investors' preferences and awareness, determinants of sovereign ratings, methods and techniques used in rating, working of rating agencies, enhancement of accountability of credit rating agencies, their role in ordering financial markets and capital market, impact on developing countries and the quality of credit rating. Hence, a study on this line enable the rating agencies to come upto the level of expectations of the investors and play effective role in promoting investment habits among the existing as well as prospective investors and ensure continuous flow of funds into economic activities of the country.

In this context a systematic study on the role of credit rating in motivating the retail investors assumes relevance and deserves academic attention. This prompted the researcher to take up the present study.

STATEMENT OF THE PROBLEM FOR THE STUDY

The concept of credit rating in India is quite old now. In the past few years, the rating system has got remarkable maturity. The regulations are comprehensive and best of the kind in the world. The credit ratings establish a link between risk and return along with the provision of a yardstick against which one can measure the risk inherent in any instrument. An investor uses the credit rating as a tool to assess the risk level and compare the offered rate of return that influence the composition of their portfolio as well as investment decisions.

Despite the above facts, they have failed to gain confidence of the market participants because of certain facts relating to rating. They are: There is no compulsion on the part of the corporate sector to obtain or publicize the credit rating. Also they can publish it if it is a good one and obliterate it from its prospectus if it is not good. The past failures of ratings pointed out the fact of failure to reveal the credit risk involved in concerned securities in time has put a question mark on the ability of the credit rating agencies to assess the credit worthiness of the issuers. Hence, investors in securities do not attach any importance to the credit ratings. They either get expertise opinion from the brokers or get advice from their friends, relatives, neighbors, peer groups etc. Moreover, the recent sub-prime crisis in America has added fuel to the fire where credit rating agencies have been suspected of having nexus with the issuers and not carrying due diligence. This is particularly so because the same global rating agencies are major shareholders in the Indian credit rating agencies and provide the necessary knowledge base and technical support to them.

Under this background, the following basic questions arise:

- Whether the role in credit ratings of Indian rating agencies effective?
- Whether they provide satisfactory services to satisfy the investors?
- Do they provide satisfactory assessment by following required process?
- What type of services are mostly preferred by the investors?
- Is there any inadequacies in rating the issues?

Therefore, the present study tries to examine the role played by the present credit rating system on various aspects that are important to produce necessary results. The objectives of the study are as follows:

OBJECTIVES

1. To analyse the nature, structure and performance of credit rating in India.
2. To find out the perception of retail investor towards the role of credit rating in protecting their interest.
3. To study the opinion of the investors towards the services of credit rating.
4. To present the level of satisfaction towards the process taken by the CRAs in their assessment.
5. To assess the level of satisfaction regarding the services offered by the CRAs to enhance the investor confidence
6. To offer suggestions to the regulators to monitor the performance of rating service and to CRAs to improve the services to retail investors.

METHODOLOGY

The study is empirical in nature based on survey method. The most important and crucial aspect of any investigation is the collection of appropriate information which provide necessary data on the study. The present study depended on primary data. The data were relating to the perception of the retail investors towards the role of credit rating agencies in motivating them to take decisions on their investment in capital market securities. The data were collected with the help of an interview schedule with close ended items.

The study also used secondary data relating to the development in capital market, credit rating, their evolution, principles, processes, development, procedure, symbols used performance of credit rating etc. which were collected from various published and unpublished records, annual reports, manuals, bulletins, booklets, journals, magazines, websites etc. Discussions were also held from the trading members, investors and share brokers to get related information to the study.

CONSTRUCTION AND DESIGN OF THE TOOL

The tool for collecting the data was constructed by the researcher herself on the basis of the knowledge gathered from the previous literature available both research and non-research in the area of credit rating and published and not published, information collected from the trading members and academicians who have knowledge in the field. The interview schedule was also reviewed by the specialists in the field of credit rating. The schedule consists of two parts: Part I includes questions on personal information of the respondents, their investment profile including type of investor, experience in the market, category of trading, number of companies in which investment is made, size of investment, practice of using savings for investment, source of investment, purpose of investment, sources of information about rating, mode of trading, investment preference and nature of investment. Part II consists of role of credit rating to assess the perception of the retail investors towards it in motivating them to make investment. It includes their role in the form of various functions, their services, the process used and the inadequacies in providing rating. It also consists of ranking the services by the respondents.

AREA OF THE STUDY

Coimbatore district in the State of Tamilnadu was selected for the study.

TESTING OF THE TOOL

The tool was pre-tested with 30 retail investors to ensure that the variables taken for the study had meanings, clarity, relevance and feasibility and to modify it on the basis of the feedback received. Very few corrections were made and one question was added to the schedule on the basis of the pre-test conducted.

SAMPLING

Coimbatore district, with the population of over 2.4 million on the basis of Census 2010, is the second largest industrial district in Tamilnadu and it has pioneered the growth of Textile Industry and Engineering industry in the country. In the present days it has also become an IT center on account of the development of IT parks and Software industries. It is also an education hub on account of the privatization of education in India. It includes large number of educational institutions in the field of engineering, polytechnics, medical and allied fields, arts and science colleges and other fields. Besides that, Coimbatore is considered to be one among the top 25 centers in India for mobilizing capital through new issues. It shares 2% of the traded activity on the National stock exchange. Coimbatore district comprised a network of 204 active trading members including brokers and sub-brokers. It also has a government recognized stock exchange known as Coimbatore Stock Exchange. Hence, the present study is based on this area. The sample selection was done using convenient sampling method. For the purpose, the active trading houses, brokers and sub brokers who had active participation in the trading of securities were contacted by collecting their addresses from the websites and also from the people who are engaged in investment activities.

COLLECTION OF DATA

For the purpose of collecting the data, the researcher personally visited the offices of the brokers, sub – brokers meetings organized by the trading houses etc. to meet the investors. Investors were individually contacted with the consent of the brokers, sub-brokers etc. The researcher had to wait till the investor had to complete their transaction. Then they were explained with the objectives of the study and a request was made to co-operate with the researcher in her investigation. Questions were explained by researcher to obtain relevant information from the respondents and the data were recorded by her. The schedule, thus, completed were subject to thorough checking to ensure completeness of the schedule. Approximately 20 to 30 minutes were needed to collect the data from a respondent.

Data were collected during the months of January, February and first half of March. The researcher could be able to contact 527 retail investors. Hence, the sample size for the study consisted of 527.

QUANTIFICATION AND MEASUREMENT OF THE VARIABLES OF THE STUDY

The study has been carried out by the researcher to examine and assess the investment pattern, preferences, objectives and their perception towards the role of credit rating in motivating the retail investors in investing their savings in rated securities. For the purpose, five point scaling has been developed by the researcher to measure the level of satisfaction, level of importance and the level of agreeability.

FRAMEWORK OF ANALYSIS

In order to suit the requirements of the study, the following tools have been employed:

5-point scaling technique, Descriptive analysis, Average score analysis, Average ranking analysis, t- test, Chi-square test etc. All the tests were carried out at 5% level of significance.

LIMITATIONS OF THE STUDY

Before presenting the results several potential limitations should be noted. The following are considered to be the potential limitations subject to which the study had been carried out.

- The present study was carried out in Coimbatore district and the respondents of the study consisted of individual retail investors who make investments out of their hard earned savings. The number of respondents comprised 527 only.
- There existed possibility of no response when some of the respondents were approached. But those who have participated in the survey showed much interest in the topic.
- Sample did not discriminate between retail equity investors and debt security investors.
- The choice of the investors was potentially limited to individual investors and the commercial banks, mutual fund and other types of institutional investors were not taken into consideration for the study.

Hence, making generalization on the basis of one type of investors may be inappropriate.

CHAPTER SCHEME

The present research report is coordinated into five chapters. The first chapter entitled "Introduction and research design" presents introduction, significance of the study, review of literature, need for the study, statement of the problem, objectives of the study, scope of the study, methodology, framework of analysis, limitations of the study and chapter scheme.

The second chapter covers an overview of the development of the credit rating and debt capital market.

The third chapter presents an analysis of the investment Profile of the retail investors selected for the study.

The fourth chapter analyses the role of credit rating in motivating the investors in making investment in rated securities.

The last chapter contains the summary of findings, suggestions and conclusion of the present study and the scope for further research.

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CHAPTER-II

Development of Credit Rating and Debt Capital Market – An Overview

The evolution of credit rating in India is backed by the introduction of new instruments such as commercial Papers (CPs) and the certificate of Deposits (CDs) in the money market based on the recommendations of Chakravarty Committee and the recommendations of the Vaghul Working Group and also the bonds issued by other financial institutions. Today, to garner the investors' interest, even the Non-banking Financial Companies go in for rating of their instruments.

CREDIT RATING – THE CONCEPT

Credit rating is simple and easy to understand symbolic indicator of the opinion of a credit rating agency about the risk involved in a borrowing of an issuer with reference to the capability of the issuer to repay the debt as per terms of the issue. This is neither a general purpose evaluation of the company nor a recommendation to buy, hold or sell a debt instrument. Their focus is on credit quality. Thus credit ratings are intended to provide investors with an independent, forward looking assessment of long-term and short-term risk. A rating is not a recommendation to invest, as it does not take into account many factors relevant to investors such as, issue price, liquidity in the secondary market. Nevertheless, the professional opinion of the rating agency on the quality of the credit provides valuable information to investors in both primary and secondary markets. Rating is, therefore, very widely used in the developed money markets for evaluating debt instruments like bonds, commercial papers, certificate of deposits and other structured obligations like securitization.

The relevance of credit rating services and their use by market players depend to a great extent on the status of the market itself. In a market, driven by information technology and deregulation, with its implied faith in efficiency of the open market forces for resources allocation, credit rating is an essential input. In such a market, investors would normally follow a policy of "mark to market" for their portfolios, so that a continuous evaluation of the credit quality of instruments assumes importance. Such a market would also witness, over a period of time, the relative decline of risk-free Government debt, withdrawal of Government safety nets in respect of investments and proliferation of lower quality issues.

ORIGIN OF CREDIT RATING

John Moody introduced the first ratings in 1909. He used the Aaa-through-C notations that has since become a world standard. Moody's first ratings were assigned to the bonds of more than 250 rail roads, in the United States. Rating coverage were extended to bonds of the major industrials and public utilities in 1914 and to bonds issued to U.S. cities and other municipalities in the early 1920s.

By 1924, nearly 100% of the U. S. bond market was rated including bonds of international issuers in the thriving Yankee Bond market. At that time, Moody's rated the bonds issued by governments and corporations in countries ranging from Japan, the Republic of China, Australia, Britain, Germany and France as well as Canada and Argentina. It was during this period that Standard and Poors (S&P) also came into existence. Moody's and S&P started rating commercial Papers in 1970s in U.S.

The other major rating agencies that came into existence include JBRI (The Japan Bond research institute, Japan), D&P (Duff and Phelps, Chicago), Fitch(Fitch's Investor Service, Newyork), MCM (McCarthy, Crisanti Maffei, Newyork) and CBI (Credit Information Bureau Inc. Philippines).

The rating agencies like Moody's and S&P also carry out sovereign ratings.

CREDIT RATING – SOME PRINCIPLES

Emphasis on Quality and Quantity

Quantification is integral to rating analysis, particularly since it provides objective and factual starting point for each rating assessment. Further, ratings are also the product of a comprehensive analysis of each individual issue and issuer by experienced, well informed, impartial credit analysis.

Focus on the Long-term

Since ratings are intended to measure the long-term risk, the analytical focus is on fundamental factor that will drive each issuer's long-term ability to meet debt payments, such as a change in management strategy or regulatory trends. Thus, rating agencies look through the next economic cycle or longer. Hence, ratings are not intended to move up and down with business or supply-demand cycles.

Level and Predictability of cash Flow

In every sector, the rating approach rests on the answer to one question: What is the level of risk associated with receiving full and timely payment of principal and interest on specific debt obligation and how does that risk compare with that of all other debt obligation?

"Risk to timely payment" is intended to generate cash in the future. Therefore, the focus is on the assessment of the level and predictability of an issuer's future cash generation in relation to its commitments to repay debt-holders. Hence, the main emphasis, throughout the rating analysis is on understanding the strategic factors likely to support future cash flow, while identifying critical factors that will inhibit cash flow.

Taking Cognisance of the Accounting Practices

Rating agencies deal frequently with different accounting systems and are not bound to any particular one. In examining financial data, rating agencies focus on understanding both the economic reality of the underlying transactions and on how difference in accounting conventions may-or may not-influence true economic values. For example, in an analysis of assets the concern is with their relative ability to generate cash and not with the values stated on a balance sheet.

RATING METHODOLOGY

The approach for rating of companies and financial institutions broadly comprises the analysis of the following parameters:

Parameters for Analysis of Companies

Industrial Companies:

- Company size
- Quality of accounting
- Financial leverage
- Financial protection
- Cash folw adequacy
- Interest rate sensitivity
- Sensitivity to taxation
- Method of inventory valuation
- Contingent liabilities analysis
- Industry risk.
- Financial Institutions

Financial Institutions

- The CAMEL model is considered (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity).
- In addition to the above, the other parameters that will be considered include –
    - ◆ The importance of the financial institutions in the country's financial system
    - ◆ Market characteristics in which the financial institution operates
    - ◆ Accounting practices and policies of the institution

Since rating is essentially a judgment process involving comparisons with other players in the field, ratio analysis along with comparative study with similar ratios of the other competing firms in the industry or the industry average is carried out. Advanced statistical tools are also used to assist in the process of determining ratings, defining the rating as the explained variable and ratios as the explanatory variables. Some of the financial ratios used in rating are as follows:

Performance ratios

It covers ratios like Gross profit Margin, Net Profit Margin, Profit Before Interest, Return on Investment, Return on Equity, Return on assets, Return on Personnel and Dividend Payout Ratio.

Financial Position Ratios

It includes Current Ratio, Quick Ratio, Working Capital Ratio and Retained Earnings to Profit after Tax

Coverage Ratios

It includes Debt Equity Ratio, Debt Assets Ratio, Debt Service Coverage Ratio, Interest Coverage Ratio, Leverage/Capital Adequacy Ratio and Asset Quality Ratio.

Turnover Ratios

It includes Total Assets Turnover ratio, Fixed Assets Turnover Ratio, Inventory turnover Ratio, and Receivables Turnover Ratio.

Market valuation Ratios

Earnings Per Share, Price Earnings ratio and yield are covered by this.

Besides these ratios, the EVA (Economic Value Added) is also considered while carrying out the rating process

RATING PROCESS

The typical rating process involves the following four steps:

- Gathering sufficient information to evaluate the credit risk;
- Analysing the information and assign an appropriate rating;
- Monitoring credit quality of the rated issuer or security over time;
- Keeping the investors and the market place informed.

TYPES OF INSTRUMENTS RATED

Generally, credit rating is used for evaluating debt instruments. The various instruments rated include:

- Long-term instruments like bonds and debentures.
- Short-term obligations like Commercial Papers and Certificate of Deposits
- Structured obligations such as non-convertible portion of PCDs and Preference shares.

Based on the general credit assessment, rating is carried out for a company as a whole or for a company.

DATA BASE FOR RATING

A good database is an essential ingredient for credit rating for which a well developed information system is sine-qua-non. Thus, data available from various sources viz., primary and secondary data are used extensively.

BENEFICIARIES OF CREDIT RATING

The following categories of parties are benefited from the credit rating services.

- Investors
- Issuers of debt instruments
- Financial intermediaries
- Regulators.

RATING SYMBOLS

Moody's notations of Aaa – through – C has become the world standard. All the rating agencies use these symbols to provide the ratings. Ratings of some of the rating agencies for long-term obligations are provided in the following table:

RATING AGENCIES AND THEIR SYMBOLS FOR SECURITIES

Agency	High Investment Grade	Investment Grade	Speculative Grade	Poor in Default et al
Moody's	Aaa Aa	A Baa	Ba B	Caa, Ca, C
S&P	AAA AA	A BBB	BB B	CCC, CC C1
CRISIL	AAA AA	A BBB	BB B	C D
ICRA	LAAA LAA	LA LBBB	LBB LB	LC LD
CARE	AAA AA	A BBB	BB B	C D
D&P	AAA AA	A BBB	BB B	CCC

Since all the rating symbols of Moody's have been adopted by the other rating agencies with small variations, the rating symbols are more or less standardized. Thus, the definitions for various rating symbols of Moody's are given which is all the more similar in the other rating agencies.

The Moody's debt rating definitions are as follows:

Aaa

Bonds that are rated **'Aaa'** are judged to be of best quality. They carry the smallest degree of investment risk and are generally referred to as gilt-edged. Interest payments are protected by a large or exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa

Bonds that are rated **'Aa'** are judged to be of high quality by all standards. Together with the **'Aaa'** group they comprise high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in **'Aaa'** securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present that make the long-term risk appear somewhat larger than in **'Aaa'** securities.

A

Bonds rated **'A'** possess many favourable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present that suggests a susceptibility to improvement sometime in the future.

Baa

Bonds that are rated **'Baa'** are considered as medium grade obligations, that is, they are neither highly protected nor poorly secured interest payments. Principal security appears adequate for the present, but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba

Bonds that are rated **'Ba'** are judged to have speculative elements; their future cannot be considered as well as assured. Often the protection of interest and principal payments may be very moderate and therefore not well safeguarded during both good and bad times in the future. Uncertainty of position is the characteristic of bonds in this class.

B

Bonds that are rated **'B'** generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.

Caa

Bonds that are rated **'Caa'** are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca

Bonds rated **'Ca'** represent obligations with speculation in a high degree. Such issues are often in default or have other marked shortcomings.

C

Bonds that are rated **'C'** are the lowest related class and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing. Moody's assigns the number, **1, 2 or 3** for corporate bonds in the **Aa, A, Baa, Ba, B, Caa, Ca, and C** categories indicating the relative strength and weaknesses within each rating category.

CREDIT RATING AGENCIES IN INDIA

General Features

Credit Rating system and rating agencies in India are relatively well developed and experienced. Their ratings in general have gained confidence in the domestic market.

There are three different credit rating categories: one is 'national scale' which covers local currency bonds and other debt instruments; the others are 'global scale' ratings under which sovereign and local currency denominated debt instruments are rated. Credit ratings are made to securities classified under four categories: long-term instruments, short-term instruments, fixed deposit, and corporate securities. The long-term instruments include bonds, debentures, other securities, term loans, and other fund-based and non-fund-based facilities. The short-term instruments refer to commercial paper, short-term debentures, certificate of deposit, inter-corporate deposits, working capital borrowings, etc.

Local rating agencies evaluate all issuers by local standards of risk assessment in the 'national scale', with the top rating of "AAA" awarded to the best local companies. The national scale is different from the "global scale" ratings, in the sense that the latter would not only evaluate the credit risks of particular companies but also the sovereign risks of each country. The gaps between the national and global scale ratings could be adjusted with the application of the sovereign ratings undertaken by agencies like S&P and Moody's as the maximum rating scales. However, there would be still some difference in ratings by local rating agencies and global scale agencies, since several factors are to be considered: i)strong ties to the government; ii)support from members of the same corporate groups; iii) main bank relations; iv) degrees of disclosure and corporate governance, etc.

Local credit rating agencies in India undertake those bonds and other financial instruments in local scale, while both foreign and local currency denominated bonds in global scale are to be covered by international credit rating agencies (e.g. S&P and Moody's). The credit rating of local credit rating agencies (CRAs) usually follow the processes of collection of relevant information from published data and close consultations with issuers, followed by internal rating procedures. During the courses of evaluation, several aspects and elements of risk factors of issuers are considered. Major risk weights include industrial and sectorial situations and other macroeconomic factors, financial and managerial factors for generation of profits and prospects of the companies/entities. It is generally considered that a credit rating indicates the issuer's ability and willingness to pay interest and principal on time.

CREDIT RATING INFORMATION SERVICES OF INDIA LIMITED (CRISIL) [S&P affiliate]

Among the credit rating agencies in India, CRISIL is one of the leading credit ratings agencies which cover extensive sectors of industries and follow procedures for fair rating through substantial analyses in India. CRISIL was established as an independent body in 1992, and became affiliates of S & P in 1996. CRISIL was taken over by S&P in 2004, which holds stake of 51% of CRISIL.

As one of the major characteristics of CRISIL on credit ratings and default study, CRISIL has default rate for company analyses in credit rating exercises. Other credit rating agencies are mainly focusing on failures of debt. Unlike ICRA (affiliate of Moody's), CRISIL has an independent committee on the local credit ratings and not much involved by S&P in local bond ratings.

The rating methods have been established through the relatively long experience of credit rating. To cater for uniform valuations CRISIL launched the CRISIL Bond Valuation Matrix (CRISIL BVM), which has since been mandated by SEBI/AMFI as a uniform pricing standard for the mutual fund industry. As of date nearly Rs. 80,000 crore (US $ 18 billion) of fund portfolio holdings are marked-to-market every-day, based on the CRISIL Bond Valuation Matrix. The launch of the CRISIL BVM has not only set a uniform pricing standard but has also led to a considerable deepening of the corporate bond market and helped to develop the broader concept of identifying and pricing 'risk' inherent in securities of a portfolio.

Rating Methodologies

CRISIL's analysis on each credit is carried out by a team of at least two analysts. The analysis is based on information obtained from the issuer, and on an understanding of the business environment in which the issuer operates; it is carried out within the framework of clearly spelt-out rating criteria. The analysis is then presented to a rating committee comprising members who have the professional competence to meaningfully assess the credit, and have no interest in the entity being rated. The rating committee determines the rating to be assigned.

CRISIL has introduced a qualitative cum quantitative approach for banks and financial institutions, following a structured methodology called the 'CAMEL' model, which comprises i)capital adequacy; ii)resource-raising ability; iii)asset quality; iv)management and systems evaluation; v) earnings potential; vi) liquidity/asset liability management.

Long-term rating categories range from 'AAA' to 'D', and apply '+' or '-' signs as suffixes to ratings from 'AA' to 'C'. Short-term rating categories range from 'P1' to 'P5'; a '+' sign also applied for ratings from 'P1' to 'P3'.

Major credit rating agencies in India like CRISIL undertake cumulative default rates for structured finance securities, which are now increasing in the domestic capital market in India. Default study (by CRISIL) indicates declining trend in CRISIL-rated default rates for the last 3 years (2007 study) and that the ratings are highly stable (85%)

CRISIL Bond Valuation Matrix (CRISIL BVM), which has since been mandated by SEBI/AMFI as a uniform pricing standard for the mutual fund industry. The launch of the BVM has not only set a uniform pricing standard but has also helped develop the broader concept of identifying and pricing "risk" inherent in securities of a portfolio. As of date nearly Rs. 80,000 crore (US $ 18 billion) of fund portfolio holdings are marked-to-market every-day, based on the CRISIL Bond Valuation Matrix.

The CRISIL BVM identifies the various risk factors like credit risk, interest risk and liquidity risk and using gilt yields as a benchmark, corporate bonds are priced. This is done by applying a spread or yield premium over Gilt across different duration buckets & for different categories of credit risk categories (such as AAA, AA+, etc).

The CRISIL Mutual Fund Indices were constructed in response to the need of providing the fixed income market with a reliable benchmark. Currently, CRISIL gives out the values of CRISIL Gilt Bond Index and the AAA Corporate Bond Index on a daily basis to its clients.

Bank Loan Ratings (BLR)

A CRISIL BLR is CRISIL's opinion on the relative degree of risk associated with timely payment of interest and repayment of principal on a specified bank facility. CRISIL assigns BLRs on the same long-term and short-term rating scales as it does its other credit ratings. BLRs can be used by banks to determine risk weights for their loan exposures, in keeping with the Reserve Bank of India's (RBI's) April 2007 Guidelines for Implementation of the New Capital Adequacy Framework.

(ii) INVESTMENT INFORMATION AND CREDIT RATING AGENCY IN INDIA (ICRA) [Moody's affiliate]

ICRA has been providing investors with independent, professional and reliable rating opinions on debt instruments since 1991. ICRA has fully supported the credit rating of local firms by Moody's, including provision of data and information on the firms concerned. While Moody's has its responsibility in credit ratings of local Indian firms for foreign currency denominated bonds, ICRA usually provide relevant information and assist Moody's with local credit analyses.

ICRA undertakes approximately 50 to 60 firms in credit ratings in foreign currency. The services provided by ICRA include ratings, grading, information and advisory for local firms, investors, and clients. ICRA has broad-based its services to the corporate and financial sectors, both in India and overseas, and offers its services with internationally recognized standards and methods.

(iii) CREDIT ANALYSIS & RESEARCH LIMITED (CARE)

CARE is an independent rating agency promoted by major banks and financial institutions in India. CARE was established by the leading Indian banks and financial institutions including Industrial Development Bank of India (IDBI), with investment institutions, banks and finance companies in 1993, followed by its first rating in November 1993. The three largest shareholders of CARE are IDBI Bank, Canara Bank and State Bank of India. CARE has been granted registration by SEBI under the Securities & Exchange Board of India Regulation, 1999.

CARE is a board managed company with eminent professionals on the board, and the entire Board comprises of Independent Directors. CARE is the only rating agency in India which operates with an independent rating committee comprising of senior and reputed professionals. CARE has yet to be listed in the Stock Markets in India, and it is under consideration for listing in the national markets. Disclosure has been promoted to meet the standards of listing, including dissemination of information on Web pages.

CARE Ratings cover all types of debt instruments including Commercial Papers, Fixed Deposits, Bonds, Debentures, Hybrid Instruments, Preference Shares, Loans Structured Obligations, Assets Backed Securities, Residential Mortgage Backed Securities, etc.

CARE's rating covers various types of instruments. The total issues rated are 1493 and CARE completed 4677 rating assignments, covering 4324 instruments, having aggregate value of about Rs. 12699 billion (as at June 2008), since its inception in April 1993.

CREDIT RATING AGENCIES AND BASEL II

On April 27, 2007, The Reserve Bank of India (RBI) issued new guidelines on capital adequacy for banks. These guidelines require banks to link the minimum size of their capital to the credit risk in their portfolios. This is a departure from the present framework, under which banks calculate the minimum size of their capital as a proportion of the entire loan portfolio, regardless of the degree of credit risk. To determine credit risk in their loan portfolios, banks need to use credit ratings assigned by approved External Credit Assessment Institutions (ECAIs), which include CRISIL, ICRA, and CARE in India. The revised framework for capital adequacy has been effective since March 31, 2008, for all Indian banks having an operational presence outside India (12 public sector banks and five private sector banks) and for all foreign banks operating in India. It is applied to all other commercial banks (except local area banks and regional rural banks) from March 31, 2009.

Under the new framework, banks need to provide capital for credit risk based on the risk associated with their loan portfolios, if a bank has high-quality credit exposures. The expected effects of Base II might be positive for the banking sector in general, since the risk weight for small industries reduced from 100% to 75% (formerly, the risk weight was uniformly 100%).

Credit rating agencies in India are expected to analyse the banking sector more carefully from the increased transparency of the financial status and balance sheets of each bank. RBI stipulates a minimum CAR of 9%; Indian banks have been maintaining higher CAR, in the range of 11-12%. RBI has limited the extent of 'capital relief' a bank enjoy compared to capital required as per Base II.

BOND MARKET IN INDIA

The bond markets in India have been developed since 1991, dominated by the Government securities, and only small shares of corporate bonds. The size and share of bond market in India is relatively small, compared with other emerging economies in Asia. The IPO value of equity in India is around $3 billion, while that of corporate debt is about $70 billion. The size of the capital market cannot be comparable to that of developed economies, nor NIEs or some ASEAN.

However, India's secondary market for public bonds is among the most liquid in Asia. It has 16 primary dealers that underwrite government debt sales and trade directly with the Central Bank. India also boasts an entire yield curve of securities with maturities as long as 30 years. Institutional facilities for bond markets are relatively favourable: BSE and NSE may make use of the existing infrastructure available with them for operating the trade matching platform for corporate bonds, with necessary modifications.

It is described that the Indian bond market's potentiality is large as follows:

India is likely to become a huge player in the global bond business. "India's domestic bond market is alongside Korea's in relative size and sophistication," says Marshall Mays, Hong Kong-based strategist at Emerging Alpha Asset Management. "Both could overtake Japan's under-used and Hong Kong's and Singapore's Hamstrung markets within a few years."

Companies here are borrowing to expand as the economy surges. In just one example, Reliance Infocomm plans to borrow as much as $1 billion to fund expansion and cement its place as India's biggest cellphone company. (International Herald Tribune OCTOBER 11, 2004)

Capital markets dominated by Indian Government bonds and most of the domestically issued bonds are government bonds and/or PSU (local government bonds). The government debt securities have achieved impressive growth in the past decade, and the market has become sophisticated, with a sovereign benchmark yield curve extending to 30 years. Since 1991 the Reserve Bank of India (RBI) has introduced auctions in the primary market. The central government issued treasury bills through the RBI with maturities of 91, 182 and 364 days and dated securities, with maturities of 2-30 years. The secondary market of the public bonds is liquid, but not for corporate bonds. The turnover ratio for government bonds is lower than most of emerging East Asia, and limited number of outstanding bonds indicates that the secondary market is small and illiquid. Most of the traded bonds are government and public bonds in the secondary market. While corporate debt securities have been issued, especially since 1997, when banks were permitted to hold corporate debt securities, most securities are dominated by paper issued by state-owned enterprises (public sector undertakings, PSUs), and trading is fairly limited.

Government bonds are mostly owned by financial institutions like large commercial banks and UTI and other institutional investors (e.g. pension funds; private financial assets; etc.). Banks tend to prefer holding 'safe' financial portfolio, which includes government bonds, rather than corporate bonds. Government and public sector bonds provide some advantage over corporate bonds and other financial instruments, since public sector banks are usually required to invest government securities, and regulated interest rates assured holding Govt. securities Besides, financial institutions are required to follow banking regulations, such as statutory liquidity reserve (SLR): banks are mandated to invest 25% of the net demand and time liabilities in government bonds or other approved government securities.

Under the current conditions of strict capital controls by the authority, it would be unrealistic to expect growth of domestic debt market of corporate bonds, since international investors cannot be authorized to trade debt instruments.

There are very few public offers of corporate debt (debentures) in the market, since there are no particular needs for firms to raise debt instruments: abundant financial resources are available through bank loans. Also, bond issuance through private placement is utilized as a pseudo financial scheme for many firms in India. Therefore, the cases of public offering of corporate bonds are very few in the capital market in India. It is also noted that there is little demand to hold private debt, either because retail investors have more attractive alternatives, or prohibited from participating in the market.

RELIANCE ON PUBLIC BONDS

The current situation of dominant public bonds, especially Government bonds could be account for by the traditional structure of the fiscal balances have been deficit in India. Particularly, the central government has to provide the local states with financial support, and that have increased the general government spending. Although fiscal balance has been improved recently, there still needs to issue government bonds locally. It is to be noted that the deficits of the central government are mostly financed by domestic financial resources; however, the needs of further financial resources are increasing especially in the spending for public purposes in the next decade.

On the other hand, corporate bonds markets are still to be developed, and the share of the corporate debt per GDP is still small by international comparison.

Institutional facilities for bond markets are relatively favourable: BSE and NSE may make use of the existing infrastructure available with them for operating the trade matching platform for corporate bonds, with necessary modifications. Institutional infrastructure of bond markets are also to be monitored through three organizations: the Primary Dealers Association, the Fixed Income Money Markets Dealers Association (FIMMDA), and the NSE's Committee for the Development of the Debt Market. The Primary Dealers Association is usually coordinating with the RBI in Government securities.

CORPORATE DEBT MARKET

The major financial resources (corporate financing) are bank loans in India, and it has been lagged behind the development of other financial instruments as issuance of stocks. Commercial papers (CP), Certificate of Deposits (CD), corporate debentures, bonds, and the fixed income securities are issued by financial institutions and local authorities. Corporate debt market has not been developed, due to institutional constraints, market liquidity, as well as merits of holding corporate bonds are not so large, compared with government bonds.

The composition of the debt markets is predominantly dominated by public debts (Govt. [central & state] Bonds; PSU Bonds), and the share of the public bonds among total debt issued is around 70%. It is also to be noted that frequently traded bonds are concentrated in relatively few numbers; 5 most traded corporate bonds: 58.45%; 10 (71.29%); 15(78.31%).

NATURE OF CORPORATE BOND THROUGH PRIVATE PLACEMENT

Corporate bonds are usually issued as private placement and mostly by public. Securities Exchange Board of India (SEBI) has defined 'private placement' as an offer or invitation made by sector corporations. It is noted that private placements in India are not really issuance of bonds in true sense, but issued bonds under private placement are usually disguised form of borrowing from banks and investors, since major purchasers of bonds are banks and particular companies which have close relations with the issuers. Therefore, bond issuance through private placement is utilized as a pseudo financial scheme for many firms in India.

AREAS OF PRIVATE PLACEMENT

Private placements usually undertaken in the areas as given below:

(*i*) Issued by small or poorly rated firms;

(*ii*) Small amount of issues, which would not justify the distribution costs of public offer

(*iii*) Linked to a particular project

Public offerings of corporate bonds are very few in the capital market in India.

Relevant legal frameworks of corporate finance

Major regulations and rules on stocks/corporate bonds, etc. and legal framework of corporate finance are mainly based on Securities Contracts Regulation Act (SCRA) a main capital market law, as well as Securitisation and Reconstruction of Financial Assets & Enforcement of Security Interest (SARFAESI) Act.

However, regulatory responsibility on the capital market in India is not very clear, especially on the corporate debt market. Although government bonds are mainly regulated under the auspice of the Reserve Bank of India, many regulatory matters are to be handled by SEBI (Securities Exchange Board of India). In this context, the SCRA is currently being amended to make SEBI the regulator for securitisation.

Involvement of banks means that RBI also has an interest in straight bonds, and its regulations will have an important impact on the market. (e.g. "Guidelines on Securitisation of Standard Assets" [Feb. 2006]) The guideline has imposed more severe capital requirement than Basel II, in terms of first loss, and it might have affected bank loans activities, especially personal loans. The RBI guidelines only apply to securitizations, which defined as a structure involving an SPV, which would cause a growth of direct assignments (e.g. bilateral transactions of assets and cash flows) that are unregulated and do not involve any capital market issues of securities.

Other Debt Instruments

Although the absolute size of India's market for structured finance products is still small, compared with matured markets in industrialized countries, India is the second largest market in emerging Asia for domestic issuance of structured finance markets, including Asset Backed Securities (ABS); Mortgage Backed Securities (MBS);

Collaterised Debt Oligations (CDO) etc., with issuances much higher than $14 billion, after Korea which had issuances close to $ 20 billion in 2006. China, on the other hand, issues much lower than $ 5 billion during the year. The market grew more than doubled from $ 6.7 billion to $14.6 billion (Rs 588,380 million) in 2007. Sales of collateralized loan obligations and asset-backed securities led the growth in India, where the instruments were not as complex as in more developed markets.

The asset-backed securities (ABS) have picked up in India, along with single-loan sell downs (SLSD), which is easily issued, since only a single borrower is involved and the securities issued from such loans also have shorter tenors.

Credit risks (for authorities, firms, investors)

It is felt that investment risks are to be well informed among the investors, and in this respect, financial organizations should be responsible for disseminating the risks of trading all the securities.

Constraints of development of private debt markets

It is commonly recognized that the past unfortunate experiences in the bond markets in India in the late 1990s when many issued debentures and corporate bonds defaulted, due to the deterioration of the economy, have resulted in lost confidence among the investors in India. Among the total bond issued in India, only 4-5% of the total amount (approx. Rs.30 trillion) were issued publicly, and almost all the bonds have been issued through private placement. The share of bonds among the mutual funds is about 20 % of the total (Rs. 6 trillion).

It is generally difficult for small and medium firms to issue bonds, due to unexpected risks and costs to be borne by the companies. Most bonds are issued by large firms and relatively limited.

There are also several constraints for bond markets in micro aspects as follows:

(*i*) Complexities in taxation (in particular relating to stamp duty)

The stamp duty is high, typically 0.375% for debentures, strictly ad-valorem, no volume discount. The rates of stamp duty are different in each state, and also variable depending upon both location and the nature of the issuer. The unevenness of stamp duty is one of the most important barriers for development of corporate bond markets in India.

(*ii*) Absence of parallel debt-oriented risk management tools in particular, the lack of bond futures, corporate bond repos and credit derivative markets

(*iii*) Regulatory conflict (e.g. SEBI, RBI)

(*iv*) Complexity of issuance process and time to be required for public offering (disclosure requirements for prospectus; no provision of shelf registration, etc.)

(*v*) Costs to be borne for disclosure and due diligence for public offering are high for issuers, especially small firms

On the other hand, macro aspects of constraints include as follows:

(*i*) Crowding-out effects of government capital requirements

(*ii*) Limited demand of bond finance

(*iii*) State-dominated nature of much of the banking system

(*iv*) Limitations on international investment

(*v*) Remaining effects of exchange control

There are also institutional aspects of constraints for expanding domestic bond markets as follows:

(*i*) Incentives for bond trading are relatively low, since state bank deposits are guaranteed, and favourable conditions for individual savings

(*ii*) Government guarantees remain present in the market, explicitly or implicitly

(*iii*) Commercial banks remain closer to state sector (dependent upon the state business; non-performing loan(NPL) situation of the banks has improved substantially

(*iv*) No special needs for investors for bonds issued through private placement to increase transparency

Essentially corporate bonds and other debt securities include risks such as:

(*i*) interest rate risk (higher in future [fall in debt prices])

(*ii*) reinvestment risk (fall in interest rates in the future)

(*iii*) inflation risk (reduce effective income)

(*iv*) liquidity risk

(*v*) default risk (higher risk associated with higher risk premium and yield)

Considerable efforts have been made to establish free and open debt markets and removal of constraints for development of corporate bonds markets. So far, relatively little has been done to reduce barriers to institutional investors, as follows:

(*i*) Strict control on private issuance of corporate bonds

(*ii*) Deregulation on listing of corporate bonds (listing norms to be eased)

(*iii*) Harmonization of stamp tax

(*iv*) Relaxation of the investment mandates of institutional investors

(*v*) Reforms of regulations of the investment mandates of institutional investors

(*vi*) Trading, clearing, settlement systems to be reformed

PROBLEMS OF DEBT MARKET

In India, the majority of financial resources for firms are bank lending, and pseudo lending through private placement. This situation will affect potential credit rating activities in the local markets. There are several problems in the domestic bond markets in India for further enhancement of market as follows.

First, very few public offered corporate bonds are issued in the domestic market in India. Most corporate bonds are issued by private placement, due to complexity of procedures, and cost and time to be spent for public offering. Also, the absolute needs for issuance of public bonds are not very large.

Second, the requirement of private placement is not strict and easy for issuance, and it tends to depend on private placement among many firms in India. This is very different from the case of public offering of debt (corporate bond), where cumbersome procedures, including detailed prospectus and other information materials are to be prepared before issuance. The volume of required material to be prepared is normally large and it would take costs and time for public offering, compared with private placement.

Third, technical problems of local scale ratings to be mapped to the international; standard of ratings would be also constraints for promoting locally promoted bonds.

Several deregulation measures have been proposed by public committees, including, the Patil Report [December 2005] (the Report of the High Level Expert Committee on Corporate Bonds and Securitization), which proposes enhancement of the issue base as well as investor base. Several measures have already been taken, including improvement of market infrastructure of corporate bond trading, etc.

Promotion of Debt markets

Promotion of domestic debt markets in India would require further promotional measures of the authority. As indicated in the RBI's annual report 2008-09, several measures are under consideration, which include:

(i) Simplification of debt issuance process:

In January 2008, SEBI framed the Draft Regulations on Issue and Listing of Debt Securities and placed the same on the SEBI website along with a consultative paper for Public Comments. The listing conditions for debt are also being rationalized, which include shelf prospectus* for listed corporate entities.

* A company filing a shelf prospectus is not required to file a fresh prospectus every time securities are issued subsequently; but it has to file an information memorandum about the changes in the financial position and the charges that have been created since the first issue of securities under that prospectus.

In June 2008, SEBI notified the Securities and Exchange Board of India Regulations, 2008, which defines pre-requisites to list debt securities (non-convertible debt securities (e.g. debentures, bonds, etc. other than Govt. bonds, security receipts and securitized debt instruments). These include: the debt securities proposed to be listed should be in dematerialized form; disclosures of details of conditions of issuance and other information (to be available on the web sites); rating to be obtained from at least one credit rating agency, etc.

(ii) Rationalization of Stamp Duty

Current system of stamp duty is not uniform between the states and the rates are relatively high. The stamp duty could be considered to be eliminated but at the moment, uniform duty rates are to be introduced in every state.

(iii) TDS (Tax deducted at source)

TDS is now to be reduced to facilitate bond trading. Finance Minister in his Budget speech in February 2008, of 2008-09 announces that further steps are to be taken to create an exchange-traded market for corporate bonds in BSE and NSE, which are platforms for trading in corporate bonds. Finance Ministry will introduce some more necessary measures to expand the market for corporate bonds, as stated in the Budget 2008-09 which includes;

- take measures to develop the bond, currency and derivatives markets that will include launching exchange-traded currency and interest rate futures and developing a transparent credit derivatives market with appropriate safeguards;
- enhance the tradability of domestic convertible bonds by putting in place a mechanism that will enable investors to separate the embedded equity option from the convertible bond and trade it separately; and
- encourage the development of a market-based system for classifying financial instruments based on their complexity and implicit risks.
- exemption from TDS for corporate debt instruments, issued in the format and listed on recognized stock exchanges.
- promotion of derivative and future trading of bonds in the markets

(iv) Strengthening capacity for local credit ratings

Under the current financial turmoil in the world, Indian firms might be affected in overall profit among the increased conditions in business risks, and as a result, credit ratings could be downgraded and increase in default rates in the coming years. It is therefore commended that the past experience of mapping using default rates are to be re-evaluated and reflected in local rating exercises that are reliably calculated using observations made over a period of time.

CONCLUSION

The rating agencies in India would have already abilities to undertake relatively fair and systematic rating exercises for issuance of corporate bonds, both domestically and internationally. It is therefore commended that harmonization and adjustment between “local scale” and “international scale” ratings are to be further promoted. The affiliated agencies like CRISIL and ICRA could utilize their own ratings system that could be easily comparable to that of international ratings taken by S&P and Moody’s.

CHAPTER-III

Analysis and Interpretation of Data-investment Profile

The present study was carried out by the researcher to examine and assess the investment pattern, preferences, objectives and their perception towards the role of credit rating in motivating the retail investors in investing their savings in rated securities. For the purpose five point scaling has been developed by the researcher to measure the level of satisfaction, level of importance and the level of agreeability.

In order to suit the requirements of the study, the following tools have been employed:

5-point scaling technique, Descriptive analysis, Average score analysis, Average ranking analysis, t- test, Chi-square test, Hypotheses etc. All the tests were carried out at 5% level of significance.

The information collected were processed and classified in the form of different tables. Suitable analysis was also performed using the above statistical tools. The results of these tools are given one after another and suitable interpretations are also given along with the results under different sections.

SECTION - I - DESCRIPTIVE ANALYSIS

Place of Residence

For the purpose of present research, the place of residence has been classified in to rural, semi-urban and urban. The distribution of the sample respondents of the study as per their place of residence is given in Table 3.1.

TABLE 3.1

DISTRIBUTION OF RESPONDENTS – PLACE OF RESIDENCE

Place	No. of Respondents	Percentage to Total
Rural	145	27.5
Semi urban	193	36.6
Urban	189	35.9
Total	**527**	**100**

Source : Primary Data

Table 3.1 shows that the respondents from the semi-urban areas were 36.6% and it is the highest proportion than others, the share of respondents from urban areas consisted of 35.9% and the remainder of 27.5% consisted of respondents from urban areas.

AGE OF THE RETAIL INVESTORS

The respondents for the present study have been divided on the basis of different age groups. It consists of four categories viz., 20-30 years, 30-40 years, 40-50 years and above 50 years of age. The details are presented in the following table.

TABLE 3.2

DISTRIBUTION OF RESPONDENTS – AGE

Age	No. of Respondents	Percentage to Total
20-30 years	160	30.4
30-40 years	145	27.5
40-50 years	155	29.4
Above 50 years	67	12.7
Total	**527**	**100**

Source: Primary Data

The above table shows the profile of the age group of the respondents for the present study. Each category of the age group was distributed around 30%. 20-30 years of age group captured the highest percentage (30.4%) than others, 29.4% of the sample covered under the age group of 40-50 years, 30-40 years of age group respondents consisted of 27.5% and the remainder of 12.7% of the sample coming under category of more than 50 years of age.

GENDER

The sample for the study was divided into male and female respondents on the basis of gender. These details are given in the following table:

TABLE 3.3

DISTRIBUTION OF RESPONDENTS – GENDER

Gender	No. of Respondents	Percentage to Total
Male	393	74.6
Female	134	25.4
Total	**527**	**100**

Source: Primary Data

The above table shows nearly 3/4th (74.6%) of the sample for the study was male with the remainder (25.4%) belonging to female category.

It is understood from the study that around 75% of the respondents of the study are male.

MARITAL STATUS

The sample has been grouped into two categories on the basis of their marital status. Their composition is presented in the table given below.

TABLE 3.4

DISTRIBUTION OF RESPONDENTS – MARITAL STATUS

Marital Status	No. of Respondents	Percentage to Total
Single	330	62.6
Married	197	37.4
Total	**527**	**100**

Source: Primary Data

From the above table it is clear that more 3/5th (62.6%) are belonging to the category of unmarried or single and the remaining 37.4% are married.

It can be concluded from the study that majority (62.6%) of the respondents are unmarried.

EDUCATIONAL LEVEL

On the basis of educational level, the sample was classified into respondents with school level education, respondents with graduation, respondents with post-graduation and respondents with professional qualification. Their details are furnished below in the table number 3.5.

TABLE 3.5

DISTRIBUTION OF RESPONDENTS – EDUCATIONAL LEVEL

Level of Education	No. of Respondents	Percentage to Total
School level	168	31.9
Graduates	141	26.8
Post graduation	142	26.9
Professional	76	14.4
Total	**527**	**100**

Source: Primary Data

The above table revealed that around one-third (31.9%) of the sample reported having school education, more than one-fourth (26.9%) of the respondents with post-graduation, greater than 1/4th of the respondents (26.8%) having earned post-graduation and the balance (14.4%) possessed professional qualifications like doctor, lawyer etc.

In can be observed from the study that respondents with school education were more (31.9%) compared to other category of qualification.

OCCUPATION

The Sample of the study has been grouped into the category of occupation consisting of employed, businessman, doctor, lawyer and professional investors and their details are given in the following table.

TABLE 3.6

DISTRIBUTION OF RESPONDENTS – OCCUPATION

Occupation	No. of Respondents	Percentage to Total
Employed	237	45.0
Businessman	164	31.1
Doctor	37	7.0
Lawyer	31	5.9
Professional investor	58	11.0
Total	**527**	**100**

Source: Primary Data

The distribution of the sample showed that nearly (45%) half the respondents are employed, more than one-third (31.1%) of the respondents reported to be businessmen, a reasonable proportion (11%) are professional investors. Doctors in the sample consisted of 7% only and a least (5.9%) are lawyers.

FAMILY SIZE

The sample for the study has been grouped on the basis of their family size with number of members in the family and their details are given in table number 3.7.

TABLE 3.7

DISTRIBUTION OF RESPONDENTS – NUMBER OF FAMILY MEMBERS

Number of Members	No. of Respondents	Percentage to Total
2-4	277	52.6
4-6	147	27.9
6-8	46	8.7
Above 8	57	10.8
Total	**527**	**100**

Source: Primary Data

The study revealed that most (52.6%) of the sample respondents hailing from a normal family with 2-4 members in their family, 27.9% of the respondents reported to have 4-6 members and the remainder(19.5%) have more than 6 members in their family.

NUMBER OF EARNING MEMBERS IN THE FAMILY

The sample respondents for the study have been distributed on the basis of the number of earning members in their family and the details are given in table number 3.8 below.

TABLE 3.8

DISTRIBUTION OF RESPONDENTS – NUMBER OF EARNING MEMBERS

Number of Earning Members	No. of Respondents	Percentage to Total
0-2	278	52.8
2-4	197	37.4
4-6	52	9.8
Total	**527**	**100**

Source: Primary Data

It is revealed by the above table that more(52.8%) than half of the respondents reported to have 0-2 earning members in their family, more(37.4%) than one-third having 2-4 earning members and a least (9.8%) percentage of the respondents having 2-4 members earning in their family.

MONTHLY FAMILY INCOME

The sample respondents have been classified into five categories on the basis of their monthly family income. Their details are presented in the table below.

TABLE 3.9

DISTRIBUTION OF RESPONDENTS – MONTHLY FAMILY INCOME

Income level	No. of Respondents	Percentage to Total
Rs.10,000-20,000	111	21.1
Rs.20,000 - 30,000	181	34.3
Rs.30,000 – 40,000	111	21.1
Rs.40,000 –50,000	91	17.2
Above Rs. 50,000	33	6.3
Total	**527**	**100**

Source: Primary Data

The above table represented the range of family income per month of the respondents. It ranged between Rs. 10,000 to more than Rs. 50,000. Among the respondents more than (34.3%) one-third reported to have Rs. 20,000 to 30,000 as their monthly family income. Two categories of the income group are bi-modally represented with 21.1% each viz. categories of Rs. 10,000-20,000 and Rs. 30,000 to 40000. A reasonable (17.3%) proportion of the respondents having family monthly income ranging from Rs. 40,000 to Rs.50,000 and a least(6.3%) percentage of them have income level above Rs. 50,000.

INVESTMENT PROFILE

Type of Investor

The sample respondents have been grouped on the basis of their nature of investment activity as hereditary investors and new generation investors and the details are furnished in table 3.10.

TABLE 3.10

DISTRIBUTION OF RESPONDENTS – TYPE OF INVESTOR

Type of Investor	No. of Respondents	Percentage to Total
Hereditary investor	187	35.5
New generation investor	340	64.5
Total	**527**	**100**

Source: Primary Data

The study revealed through the above table shows that more (64.5%) than two-third of the respondents reported to have investment dealings by their own and are new generation investors and the remainder (35.5%) were considered to be having acquired their dealings through elders as family business and are hereditary investors.

EXPERIENCE IN THE MARKET

On the basis of the experience in the market, the sample respondents have been grouped into four categories. These details are given below in table 3.11.

TABLE 3.11

DISTRIBUTION OF RESPONDENTS – EXPERIENCE IN THE MARKET

Year of Experience	No. of Respondents	Percentage to Total
Less than one year	57	10.8
1-3 years	204	38.7
3-5 years	136	25.8
Above 5 years	130	24.7
Total	**527**	**100**

Source: Primary Data

It can be observed from the study that more than 80% of the respondents have been making investment in securities for period ranging from more than one year to above five years and a reasonable(10.8%) percentage of them started to deal in securities in the last one year.

CATEGORY OF TRADING

The sample respondents for the study have been categorized on the basis of the category of trading viz., long-term trading, day trading or both. The details are furnished in Table 3.12.

TABLE 3.12

DISTRIBUTION OF RESPONDENTS – CATEGORY OF TRADING

Category of Trading	No. of Respondents	Percentage to Total
Long-term trading	159	30.2
Day trader	187	35.5
Both	181	34.3
Total	**527**	**100**

Source: Primary Data

It is observed by the study that more or less equal proportion of the selected respondents engaged in the identified category of trading i.e., a notified proportion(35.5%) of the respondents have been engaged in the investing activities on short-term basis as day trader, another acceptable proportion(34.3%) engaged on both long term basis as well as day trader and the remainder of 30.2% taking up investing on long-term trading.

NUMBER OF COMPANIES IN WHICH INVESTMENT IS MADE

The profile of sample respondents have been grouped on the basis of the number of companies in which they have made their investments and these details are presented in table 3.13 as given below.

TABLE 3.13

DISTRIBUTION OF RESPONDENTS – NUMBER OF COMPANIES IN WHICH INVESTMENT IS MADE

Number of Companies	No. of Respondents	Percentage to Total
0-2	107	20.3
2-4	118	22.4
4-6	167	31.7
Above 6	135	25.6
Total	**527**	**100**

Source: Primary Data

It is understood from the profile that more (31.7%) than one-third of the respondents reported to have investment in 4-6 companies and around one-fourth of them have investment in more than six companies. The remaining portion(42.7%) of them reported to have investment in 0-4 companies.

SIZE OF INVESTMENT

The sample respondents distributed according to the extent of the investment made by them. These details are given below in table 3.14

TABLE 3.14

DISTRIBUTION OF RESPONDENTS – SIZE OF INVESTMENT

Size of Investment	No. of Respondents	Percentage to Total
Below Rs.1 lakh	149	28.3
1-2 lakhs	166	31.5

Size of Investment	No. of Respondents	Percentage to Total
More than 2 lakhs	212	40.2
Total	**527**	**100**

Source: Primary Data

The study observed that a considerable proportion (40.2%) of the respondents have invested more than two lakhs rupees, more than one-third of the respondents invested between rupees one lakh to two lakhs and the remainder (28.3%) of them reported to have investment below one lakh rupees.

EXTENT OF SAVINGS IN SECURITIES

The sample of the study has been classified on the basis of the proportion of the savings diverted into investment in securities. These details are given in Table 3.15 below.

TABLE 3.15

DISTRIBUTION OF RESPONDENTS – EXTENT OF SAVINGS IN SECURITIES

Extent of Savings	No. of Respondents	Percentage to Total
Less than 20%	217	41.2
20%-40%	237	45.0
40%-60%	73	13.8
Total	**527**	**100**

Source: Primary Data

The study revealed that more than 80% of the respondents utilized upto 40% of their savings in making investment in securities and more than one-tenth of the respondents used upto 60% of their savings to deal in securities.

SOURCES OF INVESTMENT

The sample for the study has been classified on the basis of the sources from which they have made the investment and these details are presented below.

It is observed from the study that more than half (54.8%) of the respondents used their own savings for the investment in securities, one-quarter of the respondents had borrowed for their investment activities and the remainder(20.2%) of the respondents who constituted around one-fifth sourced their investment both from their own savings and borrowings.

TABLE 3.16

DISTRIBUTION OF RESPONDENTS – SOURCES OF INVESTMENT

Source of Investment	No. of Respondents	Percentage to Total
Own savings	289	54.8
Borrowing	132	25.1
Both	106	20.1
Total	**527**	**100**

Source: Primary Data

PURPOSE OF INVESTMENT

The investors have different purposes for which they make investments. Here, in the present study the selected respondents have been grouped according to the purposes for which the investment has been made. These details are furnished in table 3.17 as given below.

TABLE 3.17

DISTRIBUTION OF RESPONDENTS – PURPOSE OF INVESTMENT

Purpose of Investment	No. of Respondents	Percentage to Total
Safety of principal	97	18.4
Wealth accumulation	104	19.7
Constant income	127	24.1
Comfort factor-peace of mind	51	9.7
Tax efficiency	46	8.7
Life cover	58	11.0
Diversification of asset holding	44	8.4
Total	**527**	**100**

Source: Primary Data

It is revealed by the study that around 25% of the respondents made investment to get constant income for their livelihood, nearly 20% of the respondents interested in wealth accumulation and another 18.4% have interest in safety of the investment. Hence, equal proportion of the respondents interested in safety of the principal as well as enhanced value of their assets. The remainder (26.7%) of the respondents reported to have interest in comfort factors, handling tax issues and risk management through diversification.

The present study proved that the prime motive of making investment is to get income, enhance in the value of the investment and safety of the principal. The other purposes like comfort factors, handling tax issues and risk management through diversification are secondary only.

SOURCES OF INVESTMENT INFORMATION

Information required for making investment in securities is the base for making investment decisions. Such information is available from many sources. The prominent sources of such information are identified for the present study and are tabulated below.

TABLE 3.18

DISTRIBUTION OF RESPONDENTS – SOURCES OF INFORMATION

Source of Information	No. of Respondents	Percentage to Total
Prospectus	48	9.1
Newspaper, journal, magazine etc.	119	22.6
Investment related website	117	22.2
Brokers	32	6.1
Investment forum	15	2.8
Company announcement	62	11.8
Stock exchange information	80	15.2
Others-friends, relatives etc.	54	10.2
Total	527	100

Source: Primary Data

It is observed that information obtained through investment forum is the lowest (2.8%) and in the line brokers stand 6.1%. It can also be observed that information available from the sources viz., newspaper, journal, magazines etc. and investment related websites are depended on by nearly 45% of the respondents. This finding suggests that the credit rating agencies could make use of these sources effectively to motivate the investors to base their decision on the basis of their ratings and retain them to speak more about ratings. Next to this, a reasonable (27%) proportion of the respondents depended on the company announcement and stock exchanges for the investment decisions. Another 10.2% of the respondents depended on the words of their friends and relatives to get information about the investment sources.

MODE OF TRADING

Mode of trading includes both on-line and off-line and the respondents of the present study have been grouped according to this basis. The details are presented below in table 3.19.

TABLE 3.19

DISTRIBUTION OF RESPONDENTS – MODE OF TRADING

Mode of Trading	No. of Respondents	Percentage to Total
Online	342	64.9
Off-line	185	35.1
Total	**527**	**100**

Source: Primary Data

In terms of mode of trading, most (64.9%) of the respondents indicated that they tend to transact through online while the balance of 35.1% of them reported that they had the practice of off-line trading.

INVESTMENT PROFILE

Investors have the choice of different securities for their investment. Such securities are identified and the investors' preferences towards different securities identified and presented in the following table.

TABLE 3.20

DISTRIBUTION OF RESPONDENTS – INVESTMENT PROFILE

Gender	No. of Respondents	Percentage to Total
Initial offer in equity shares	286	54.3
Debentures	136	25.8
Government bonds	312	59.2
Fixed deposits	76	14.4
Mutual fund	346	65.7
Insurance policy	250	47.4

Gender	No. of Respondents	Percentage to Total
Stock Futures/Options	54	10.2
NSC/PF/PPF	111	21.1

Source: Primary Data

The analysis of investment profile revealed that more than 60% of the investors preferred mutual funds, more than 50% of the investors are interested in equity shares and government bonds, more than 40% have preferred insurance policy, more than 20% of the investors are having invested their funds in NSC etc.

LEVEL OF AGRREABILITY TOWARDS THE ROLE OF CREDIT RATING

Credit rating plays an effective role to motivate an investor to take decisions on the investment in corporate securities. The different roles assessed by the researcher in order to find out the agreeability of the retail investors towards these roles. The level of agreeability is determined on the basis of 5 point scale viz., Strongly Agreed, Agreed Undecided, Disagreed and Strongly disagreed. The different roles and the level of retail investors' agreeability are shown in the following table.

TABLE 3.21

DISTRIBUTION OF RESPONSES – LEVEL OF AGREEABILITY TO THE ROLE OF CREDIT RATING AGENCIES

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1. Investor protection through party opinion on credit/default risk	28.7	56.5	-	12.0	2.8	100
2. Distill complex financial structure into user friendly symbols	25.6	57.1	12.3	2.2	2.8	100
3. Provide common yardsticks to evaluate default risk for decision making	14.0	59.0	22.2	3.8	1.0	100
4. Monitor & disseminate credit opinion on issues in a timely & efficient manner	12.7	59.6	21.6	4.0	2.1	100
5. Bridge the information gap between issuers and investors and a source of credit surveillance for investors	10.8	60.3	16.9	8.2	3.8	100
6. Provide information benchmark of company's business and financial performance within and across industries	3.0	32.3	22.6	27.5	14.6	100
7. Foster product innovation	2.3	16.3	27.5	36.1	17.8	100
8. Help enlarge investor pool	1.0	16.3	23.7	34.0	25.0	100
9. Are unbiased in giving opinion	0.9	19.2	23.7	31.5	24.7	100
10. Provide accurate picture of risk	0.9	19.2	23.7	31.5	24.7	100

Source: Primary Data

From the above table, it is clear that regarding **"Investor protection through party opinion on credit/default risk"** 85.2 percentage of the retail investors have agreed or strongly agreed to it. As far as **"Distill complex financial structure into user friendly symbols"**82.7 percentage have agreed or strongly agreed.

In case of **"Provide common yardsticks to evaluate default risk for decision making"** 73% percentage of the respondents have agreed or strongly agreed to it.

Regarding **"Monitor & disseminate credit opinion on issues in a timely & efficient manner"**,72.3% percentage of the respondents have agreed or strongly agreed to the statement. Regarding the role of **"Bridge the information gap between issuers and investors and a source of credit surveillance for investors"**, 71.1% percentage of the respondent have agreed or strongly agreed to this role.

As far as **"Provide information benchmark of company's business and financial performance**

within and across industries" is concerned, 35.3 percentage of the respondents agreed or strongly agreed to the role. Regarding **"Foster product innovation"**, 18.6 percentage of the respondents agreed or strongly agreed to the role.

Regarding **"help enlarge investor pool",** 17.3 percentage have agreed or strongly agreed to the role.

In case of the role **"Are unbiased in giving opinion"**, 20.1percentage of respondents have agreed or strongly agreed to it. Regarding **"Provide accurate picture of risk"**, 20.1 percentage have agreed or strongly agreeing to the role.

TABLE 3.22

DISTRIBUTION OF RESPONDENTS – CLINCHING FACTOR IN MAKING INVESTMENT

Response	No. of Respondents	Percentage to Total
Yes	342	49
NO	185	51
Total	**527**	**100**

Source: Primary Data

From the above table it is observed that slightly lesser than (49%) half of the respondents agreed that rating is a clinching factor in making their investment transactions and the balance of 51 percentage of the respondents said that it is not a clinching factor and not given weightage before taking a decision to make investment.

LEVEL OF SATISFACTION TOWARDS SERVICES OF CREDIT RATING

Credit rating provided various services for the benefit of the investors. This study assessed the level of the investors' satisfaction towards those services offered by the credit rating. The types of services with the level of satisfaction of the retail investors selected for the study towards these services are given in the following table.

TABLE 3.23

DISTRIBUTION OF RESPONSES – LEVEL OF SATISFACTION TOWARDS CRAs IN ENHANCING INVESTOR CONFIDENCE

Statement	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total
1. Information related measures	29.2	49.0	-	19.9	1.9	100
2. Investor awareness and education	25.8	48.6	20.7	3.0	1.9	100
3. Investor protection	18.8	53.3	21.1	4.9	1.9	100
4. Assessment of Chances for risk	4.9	28.5	27.7	13.7	25.2	100
5. Creates marketability	6.3	29.6	21.4	18.4	24.3	

Source: Primary Data

The above table indicates that more (78.2%) than three-fourth of the respondents for the study have satisfaction or high level of satisfaction with the information related measures provided by the credit rating.

As far as investor awareness and education is concerned, around (74.4%) three-fourth of the respondents had satisfaction or high level of satisfaction towards this service. Significant proportion(72.1%) of the respondents have got satisfaction or high level of satisfaction with the service of investor protection.

Towards the services of assessment of chances for risk and creation of marketability, around one-third (33.4% and 35.9%) of the respondents alone have satisfaction or high level of satisfaction.

LEVEL OF SATISFACTION TOWARDS PROCESS OF RATING

The credit rating services follows a specified procedure in assessing the securities for the purpose of rating. The present study find out the level of satisfaction towards the process followed by the rating services in the assessment of the securities rated. The process and the level of satisfaction towards such process are presented in the following table.

TABLE 3.24

DISTRIBUTION OF RESPONSES – LEVEL OF SATISFACTION TOWARDS ASSESSMENT OF RATINGS

Statement	Highly Satisfied	Satisfied	Undecided	Dissatisfied	Highly Dissatisfied	Total
1. Intrinsic value assessment	26.4	45.4	21.1	5.3	1.8	100
2. Operations study	18.6	57.9	-	14.8	8.7	100
3. SWOT analysis	23.9	51.4	17.9	4.9	1.9	100
4. Financial projection	11.4	33.0	24.1	12.5	19.0	100
5. Industry/company analysis	16.7	45.5	21.1	13.9	2.8	100
6. Risk identification and allocation	5.9	12.0	25.8	47.8	8.5	100
7. Risk quantification	8.0	48.0	27.1	11.8	5.1	100
8. Technical/financial analysis	16.3	39.1	26.4	15.2	3.0	100
9. Company/promoter assessment	7.2	32.6	23.4	17.4	19.4	100
10. Market assessment	6.3	30.7	25.8	23.3	13.9	100

Source: Primary Data

From the above table, it is understood that a significant (71.4%) proportion of the respondents for the study have satisfaction or high level of satisfaction with measure intrinsic value assessment followed in the course of rating process. Regarding operations study, more than three-fourths (76.5%) of the respondents enjoyed satisfaction or high level of satisfaction.

As far as SWOT analysis is concerned more than three-fourths (75.3%) of the respondents have satisfaction or high level of satisfaction with the process. Regarding the financial projection, the level of satisfaction attached to the respondents lesser than half (44.4%) of the selected people.

In case of Industry/company analysis of the rating process, a significant proportion (72.2%) of the respondents have satisfaction or high level of satisfaction towards it. Regarding Risk identification and allocation, only a minimum (18.8%) percentage of the respondents have satisfaction or high level of satisfaction towards it.

Towards risk quantification, only 56% of the respondents have satisfaction or high level of satisfaction. More than half of the respondents (55.4%) have satisfaction or high level of satisfaction towards the financial or technical analysis.

For the process of company/promoter assessment, 39.8 percentage of the respondents alone have satisfaction or high level of satisfaction towards it. Only 37% of the respondents have satisfaction or high level of satisfaction towards assessment of market.

PURPOSE OF INVESTMENT

Investors in securities always have some purpose in investing their savings. Each investor has his own preference towards investment based on his needs and requirements. The differences in varied purposes are due to role played by personal factors like age, income, experience, sex, educational level etc.

This section examines the relationship between the purposes for which investments have been made and the personal factors.

The personal factors selected for the study are:

1. Place of residence
2. Age
3. Gender
4. Marital status
5. Educational Level
6. Occupation
7. Number of members in the family
8. Number of earning members in the family
9. Monthly family income
10. Type of investors
11. Experience in the market
12. Category of trading

Based on the average score obtained for the reasons for which the respondents make investment in securities, the relationship with the personal factors selected is assessed. To assess of the significance of the relationship between personal factors and the purpose of making investment, NULL HYPOTHSES have been framed and Chi-square test was applied at 5% level of significance. The results are presented in the form of tables along with the suitable interpretations in the forthcoming pages.

1. Place of residence and purpose of investment

The frequency score towards the purpose of investments on the basis of place of the residence are given in the following table.

TABLE 3.25

RELATIONSHIP BETWEEN PLACE OF RESIDENCE AND PURPOSE OF THE INVESTMENT

PLACE OF RESIDENCE	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
Rural	Freq.	37	21	41	20	16	10	0	145
	%	25.5	14.5	28.2	13.8	11	7	-	100
Semi urban	Freq	21	33	61	21	20	21	16	193
	%	10.9	17.1	31.6	10.9	10.4	10.9	8.2	100
Urban	Freq	39	50	25	10	10	27	28	189
	%	20.6	26.5	13.2	5.3	5.3	14.3	14.8	100
Total	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24.1**	**9.7**	**8.7**	**11**	**8.3**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

The study revealed that more than one-quarter each of the respondents from rural areas (28.2% and 25.5%) have made investment with the purpose of constant income and safety of the principal respectively. Most (31.6%) of the semi urban people have made investment for constant income and next to it 17.1% of the respondents have wealth accumulation as the purpose of their investment in securities. As far as Urban investors are concerned, most (26.5%) of investors have preference towards wealth accumulation.

To conclude, the respondents residing rural and semi urban areas have interest in constant income from their investment whereas the urban investors are interested in wealth accumulation.

HYPOTHESIS 1

HO: There is no significant relationship between place of residence and purpose of investment

TABLE 3.25.a

CHI-SQUARE –PLACE OF RESIDENCE AND PURPOSE OF INVESTMENT

	Cal. Value	Df	p. value	S/Ns
Chi Square	68.558(a)	12	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between place of residence and purpose of the investment

2. Age and purpose of investment

The age-wise purposes towards the investment in terms of the frequency score of the respondents are presented below.

TABLE 3.26

RELATIONSHIP BETWEEN AGE AND PURPOSE OF THE INVESTMENT

AGE	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
20-30 years	**Freq**	34	39	20	6	21	17	23	160
	%	21.3	24.4	12.5	3.8	13.1	10.6	14.3	100
30-40 years	**Freq**	27	32	45	15	5	16	5	145
	%	18.5	22.1	31.3	10.3	3.4	11..0	3.4	100
40-50 years	**Freq**	16	22	56	15	15	25	6	155
	%	10.3	14.2	36.1	9.6	9.7	16.2	3.9	100
Above 50 years	**Freq**	20	11	6	15	5	0	10	67
	%	29.9	16.4	8.9	22.4	7.5	-	14.9	100
Total	**Freq**	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24.1**	**9.8**	**8.7**	**11**	**8.3**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

It is revealed by the study that most of the (24.4% and 21.3%) respondents with 20-30 years of age showed interest towards wealth accumulation and safety of principal respectively. More than one-third of the respondents with 30-40 years of age (31.3%) as well as 30-40 years of age (36.1%) expected constant income from their investment. Investors with age more than 50 years showed interest in safety of principal.

To conclude, the respondents falling between 30-50 years of age are interested in constant income and the young respondents with age group of 20-30 years are interested in wealth accumulation and respondents with age more than 50 have interest in safety of the principal.

HYPOTHESIS 3

HO: There is no significant relationship between age and purpose of investment

TABLE 3.26.a

CHI-SQUARE – AGE AND PURPOSE OF INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/Ns
	98.353(a)	18	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between age and purpose of the investment

3. Gender and purpose of investment

The gender-wise purposes towards the investment in terms of the frequency score of the respondents are presented below.

TABLE 3.27

RELATIONSHIP BETWEEN GENDER AND PURPOSE OF THE INVESTMENT

GENDER	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
Male	Freq.	80	78	97	31	36	43	28	393
	%	15.2	14.8	18.4	5.9	6.8	8.1	5.4	74.6

GENDER	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
Female	Freq	17	26	30	20	10	15	16	134
	%	3.22	4.9	5.7	3.8	1.9	2.8	3	25.4
Total	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

As per the study most of the male (18.4%) and female(5.7%) respondents have expected constant income than other purposes. The next highest proportion is secured by safety of principal in case of male respondents (15.2%) and wealth accumulation in case of female respondents(4.9%).

HYPOTHESIS 3

Ho: "There is no significant relationship between the gender and purpose of the investment"

TABLE 3.27.a

CHI-SQUARE – GENDER AND PURPOSE OF INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	11.647(a)	6	.070	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that there is significant relationship between gender and purpose of investment. Hence, the null hypothesis "there is no significant relationship between gender and purpose of investment" is rejected.

4.Martial status and purpose of the investment

The purposes towards the investment in terms of the frequency score on the basis of marital status of the retail investors are presented in the following table:

TABLE 3.28

RELATIONSHIP BETWEEN MARITAL STATUS AND PURPOSE OF THE INVESTMENT

MARITAL STATUS	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
Married	Freq.	73	61	77	30	25	47	17	330
	%	22.1	18.5	23.3	9.1	7.6	14.2	5.2	100
Unmarried	Freq	24	43	50	21	21	11	27	197
	%	12.2	21.7	25.4	10.7	10.7	5.6	13.7	100
Total	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**12**	**8.4**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

According to the study, around 25% of both the married and unmarried respondents showed interest in constant income from their investment. Next to this, 22.1% of male respondents are interested in safety of the principal and 21.7% of female respondents interested in wealth accumulation.

HYPOTHESIS 4

HO: "There is no significant relationship between marital status and purpose of investment"

TABLE 3.28.a

CHI SQUARE TEST – MARITAL STATUS AND PURPOSE OF INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	28.405(a)	6	.000	S

Source: Calculated from Primary data

S-Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between marital status and purpose of the investment

5. Educational level and purpose of the investment

The purposes towards the investment in terms of the frequency score on the basis of educational status of the respondents are presented in the following table.

TABLE 3.29

RELATIONSHIP BETWEEN EDUCATIONAL LEVEL AND PURPOSE OF THE INVESTMENT

EDUCATIONAL LEVEL	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
School Level	**Freq**	42	31	25	25	15	25	5	168
	%	25	18.5	14.9	14.9	8.8	14.9	3	100
Graduates	**Freq**	27	38	45	5	10	5	11	141
	%	19.1	27.1	31.9	3.5	7	3.5	7.9	100
Post Graduates	**Freq**	21	23	20	21	6	23	28	142
	%	14.8	16.2	14.1	14.8	4.2	16.2	19.7	100
Professional	**Freq**	7	12	37	0	15	5	0	76
	%	9.2	15.8	48.7	-	19.7	6.6	-	100
Total	**Freq**	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24**	**9.7**	**8.8**	**11**	**8.4**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

As per the study, most of the graduates(31.9%) and professional respondents have invested for constant income. One-quarter of the respondents with school level education with the purpose of safety of principal and most of the(14.8%) postgraduate respondents preferred wealth accumulation.

HYPOTHESIS 5

HO: "There is no relationship between educational level and purpose of investment"

TABLE 3.29.a

CHI SQUARE TEST – EDUCATIONAL LEVEL AND PURPOSE OF THE INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	132.439(a)	18	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between educational level and purpose of the investment.

6. Occupation and purpose of the investment

The Occupation-wise purposes towards the investment by respondents in terms of their frequency score are presented below.

TABLE 3.30

RELATIONSHIP BETWEEN OCCUPATION AND PURPOSE OF THE INVESTMENT

OCCUPATION	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
	Freq	58	60	50	10	15	20	24	237
Employed	%	24.5	25.4	21	4.2	6.3	8.4	10.2	100
	Freq	30	22	36	26	17	17	16	164
Business man	%	18.3	13.4	22	15.8	10.4	10.4	9.7	100
	Freq	1	16	10	5	0	0	5	37
Doctor	%	2.8	43.2	27.0	13.5	-	-	13.5	100
	Freq	6	0	5	0	10	10	0	31
Lawyer	%	19.5	-	16.1	-	32.2	32.2	-	100
	Freq	0	6	20	10	5	11	6	58
Professional investor	%	-	10.3	34.5	17.3	8.6	19	10.3	100
	Freq	95	104	121	51	47	58	45	527
	Total	%	18.4	19.7	24	9.7	8.7	11	8.4

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

The present study showed that most of the respondents who are employed (25.4%) and doctor (51.5%) respondents preferred wealth accumulation. Most of the businessmen (22%) and lawyer (38%) respondents preferred constant income. Tax efficiency and life cover are the preferences of most of the Professional investors.

HYPOTHESIS 6

HO: "There is no relationship between Occupation and purpose of investment"

TABLE 3.30.a

CHI-SQUARE TEST – OCCUPATION AND PURPOSE OF THE INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	149.400(a)	30	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between Occupation and purpose of the investment

8.Number of members in the family and purpose of the investment

The purposes towards the investment by the respondents based on the number of members in the family of the respondents in terms of their frequency score are presented below.

TABLE 3.31

RELATIONSHIP BETWEEN NUMBER OF MEMBERS AND PURPOSE OF THE INVESTMENT

NUMBER OF MEMBERS	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
	Freq	53	60	82	26	16	17	23	277
0-2	%	19.1	21.7	29.6	9.4	5.8	6.1	8.3	100

NUMBER OF MEMBERS	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
	Freq	32	38	30	5	5	26	11	147
2-4	**%**	22	26	20.5	3	3	18	7.5	100
	Freq	11	0	15	10	10	0	0	46
4-6	**%**	23.9	-	32.6	21.7	21.8	-	-	100
	Freq	1	6	0	10	15	15	10	57
6-8	**%**	1.7	10.5	-	17.6	26.3	26.3	17.6	100
	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
Total	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

According to the study, more than one-third of the respondents with 0-2 members (34.6%) and respondents with 4-6 members preferred constant income whereas more than one-fourth of the respondents were interested in wealth maximization. More than half of the respondents with 6-8 member have shown interest in tax efficiency and life cover from their investment.

HYPOTHESIS

HO: "There is no relationship between number of members in the family and purpose of investment"

TABLE 3.31a

CHI SQUARE TEST -NUMBER OF MEMBERS AND PURPOSE OF INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	136.70(a)	18	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between number of members in the family of the respondents and purpose of the investment.

9.Number of earning members in the family and purpose of the investment

The earning members in the family of retail investors' perception towards the purpose of making investment in terms of their frequency score are presented below.

TABLE 3.32

RELATIONSHIP BETWEEN NUMBER OF EARNING MEMBERS IN THE FAMILY AND PURPOSE OF THE INVESTMENT

NUMBER OF EARNING MEMBERS	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
	Freq.	58	66	67	21	16	27	23	278
0-2	**%**	20.9	23.7	24.1	7.6	5.7	9.7	8.3	100
	Freq	38	32	45	15	15	31	21	197
2-4	**%**	19.3	16.2	22.8	7.6	7.6	15.8	10.7	100
	Freq	1	6	15	15	15	0	0	52
4-6	**%**	2	11.6	28.8	28.8	28.8	-	-	100

NUMBER OF EARNING MEMBERS	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
Total	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding Count

Irrespective of number of earning members in the family identified by the study, around one-fourth of the sample respondents is interested in constant income from their investment in securities. More-over, another 28.8% each of the respondents with 4-6 members have shown interest in tax efficiency and life cover.

HYPOTHESIS

HO: There is no significant relationship between the number of earning members in the family and purpose of investment.

TABLE 3.32a

CHI SQUARE TEST – NUMBER OF EARNING MEMBERS AND PURPOSE OF INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	79.400(a)	12	.000	S

Source: Calculated from Primary data

S-Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between the number of earning members in the family and purpose of the investment

10.Monthly income and purpose of the investment

The distribution of investors on the basis of their monthly income with purposes towards their investment in terms of their frequency score are presented below.

TABLE 3.33

RELATIONSHIP BETWEEN MONTHLY FAMILY INCOME AND PURPOSE OF THE INVESTMENT

MONTHLY FAMILY INCOME	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
	Freq	32	29	17	5	5	17	6	111
Rs. 10,000-20,000	**%**	28.8	26.2	15.3	4.5	4.5	15.3	5.4	100
	Freq	43	49	35	11	26	0	17	181
Rs. 20,000-30,000	**%**	23.7	27.1	19.3	6.1	14.4	-	9.4	100
	Freq	10	15	45	10	5	15	11	111
Rs. 30,000-40,000	**%**	9	13.5	40.6	9	4.5	13.5	9.9	100
	Freq	0	5	25	25	5	21	10	91
Rs. 40,000-50,000	**%**	-	5.5	27.5	27.5	5.5	23	11	100
	Freq	12	6	5	0	5	5	0	33
Rs. 50,000 & Above	**%**	36	18	15.3	-	15.3	15.3	-	100
	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	527
Total	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE :1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

From the above table it is clear that 6.07% of the retail investors in the category of members with the monthly income of Rs.10,000-20,000 make investment with the purpose of safety of principal and only 0.95% of them are having investment for comfort factor or tax management. Retail investors with Rs.20,000-30,000 as monthly income, 9.3% of them make investment for wealth maximization and only 2.09% with the purpose of comfort factor. In case of retail investors with Rs.30,000-40,000, 8.54% of them invest for the purpose of constant income and only 0.95% invest for tax management. As far as the investors with Rs.40,000-50,000 as monthly income are concerned, 4.745% invest with the purpose of constant income or comfort factor and only 0.95% with the purpose of wealth maximization and only 0.95%.

Retail investors with more than Rs. 50,000 monthly income (2.28%) invest with the purpose of safety of principal and 0.95% with the purpose of constant income or tax management or life cover.

It is clear that in the cases of retail investors with Rs.30,000-50,000 monthly earnings, the purpose of making investment is constant income. Retail investors within Rs. 10,000-20,000 monthly income invest for safety of the principal and for the retail investors with Rs. 20,000-30,000, wealth maximization is the purpose of investment.

HYPOTHESIS

HO: "There is no significant relationship between monthly earnings and purpose of investment"

TABLE 3.33.a

CHI SQUARE TEST –MONTHLY FAMILY INCOME AND PURPOSE OF THE INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	167.769(a)	24	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between monthly earnings and purpose of the investment

11.Type of investor and Purpose of the investment

The purposes towards the investment on the basis of type of investors in terms of their frequency score are presented below.

TABLE 3.34

RELATIONSHIP BETWEEN TYPE OF INVESTORS AND PURPOSE OF THE INVESTMENT

TYPE OF INVESTORS	PURPOSE OF INVESTMENT								
	No.	1	2	3	4	5	6	7	Total
	Freq.	39	32	50	16	20	20	10	187
Hereditary investor	%	20.9	17.1	26.7	8.6	10.7	10.7	5.3	100
New Generation	Freq	58	72	77	35	26	38	34	340
investor	%	17.1	21.2	22.6	10.3	7.6	11.2	10	100
	Freq	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
Total	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1.Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

It is understood from the study that more than one-fifth of both the hereditary investor and new generation investors preferred constant income for their investment.

HYPOTHESIS

HO: "There is no significant relationship between type of investors and purpose of investment"

TABLE 3.34a

CHI SQUARE TEST – TYPE OF INVESTOR AND PURPOSE OF THE INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	7.606(a)	6	.268	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0. 001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between type of investor and purpose of the investment

11.Experience in the market and purpose of the investment

The purposes towards the investment on the basis of experience of the respondents in terms of their frequency score are presented below.

TABLE 3.35

RELATIONSHIP BETWEEN EXPERIENCE IN THE MARKET AND PURPOSE OF THE INVESTMENT

EXPERIENCE IN THE MARKET	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Less than one year	**Freq**	20	5	10	5	0	11	6	57
	%	35.1	8.8	17.5	8.8	-	19.3	10.5	100
1-3 years	**Freq**	44	66	40	16	16	11	11	204
	%	21.6	32.4	19.6	7.8	7.8	5.4	5.4	100
3-5 years	**Freq**	15	21	50	15	15	15	5	136
	%	11	15.4	36.8	11	11	11	3.8	100
More than 5 years	**Freq**	18	12	27	15	15	21	22	130
	%	13.9	9.2	20.8	11.5	11.5	16.2	16.9	100
Total	**Freq**	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1. Safety of principal; 2.Wealth accumulation; 3.Constant income; 4. Comfort factor; 5. Tax efficiency; 6.Life cover; 7. Diversification of asset holding

As per the study, it is clear that most of the respondents with more than 3 years' experience are interested in constant income whereas more than one-third each of the respondents with less than one year and 1-3 years of experience in the market have shown interest in safety of the principal and wealth accumulation.

HYPOTHESIS

HO: **"**There is no significant relationship between experience of the investors and purpose of investment"

TABLE 3.35a

CHI SQUARE TEST – EXPERIENCE IN THE MARKET AND PURPOSE OF THE INVESTMENT

Chi Square	Cal. Value	Df	p. value	S/NS
	94.694(a)	18	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between experience and purpose of the investment

12.Category of trading and purpose of the investment

The purposes towards the investment on the basis of category of trading by the respondents investors in terms of their frequency score are presented below.

TABLE 3.36

RELATIONSHIP BETWEEN CATEGORY OF TRADING AND PURPOSE OF THE INVESTMENT

CATEGORY OF TRADING	PURPOSE OF INVESTMENT								
	No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Long term trading	**Freq.**	36	15	56	20	5	16	11	159
	%	22.6	9.4	35.2	12.6	3.1	10.2	6.9	100
Day trader	**Freq**	21	38	45	26	15	21	21	187
	%	11.3	20.3	24.1	13.9	8	11.2	11.2	100
Both	**Freq**	40	51	26	5	26	21	12	181
	%	22.1	28.2	14.4	2.8	14.5	11.5	6.5	100
Total	**Freq**	**97**	**104**	**127**	**51**	**46**	**58**	**44**	**527**
	%	**18.4**	**19.7**	**24**	**9.7**	**8.7**	**11**	**8.5**	**100**

Source: Calculated from Primary data

NOTE:1. Safety of principal; 2. Wealth accumulation; 3. Constant income; 4. Comfort factor; 5. Tax efficiency; 6. Life cover; 7. Diversification of asset holding

The study observed that most of the long-term trading respondents and day trader respondents made investment for constant income whereas the respondents who carry out trading activities as long-term and day trader showed interest in wealth accumulation.

HYPOTHESIS

HO: **"**There is no relationship between category of trading and purpose of investment"

TABLE 3.36.a

CHI SQUARE TEST –CATEGORY OF TRADING AND PURPOSE OF THE INVESTMENT

	Cal. Value	Df	p. value	S/NS
Chi Square	67.755(a)	12	.000	S

Source: Calculated from Primary data

S - Significant Ns-Not Significant *P<0.001 **P<0. 05

It is clear from the above calculation that the null hypothesis is rejected at 5% level of significance. So there is significant relationship between category of trading and purpose of the investment.

CHAPTER-IV

Analysis and Interpretation of Data of Role of Credit Rating Services Provided by the Credit Rating

The credit rating agencies, to assists the investors in their investment practices, provide various services. Such services are identified and listed below :

1. Information related measures
2. Investor awareness and education
3. Investor protection
4. Assessment of chances for risk
5. Creates marketability

5-Point Scale was used to assess the level of satisfaction of the respondents towards these services. The opinion thus obtained are compared with the personal factors of the study in order to determine the level of satisfaction attached by each personal factor with the services provided by the credit rating. The results are analysed and presented in the form of tables in the following pages along with interpretations.

Level of satisfaction towards the services of CREDIT RATING among the personal factors to enhance the investor confidence

Place of residence and Information related measures

The level of satisfaction of the respondents from each place of residence towards the service of information related measures is given in the following Table:

TABLE 4.1

Level of Satisfaction - Place of Residence & Information Related Measures

Place of Residence	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Rural	No.	61	57	27	0	-	145
	%	42.1	39.3	18.6	-	-	100
Semi urban	No.	67	90	31	5	-	193
	%	34.7	46.6	16.1	2.6	-	100
Urban	No.	26	111	47	5	-	189
	%	13.8	58.7	24.9	2.6	-	100
Total	**No.**	**154**	**258**	**105**	**10**	**-**	**527**
	%	**29.2**	**49.0**	**19.9**	**1.9**		**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly dissatisfied

A greatest proportion (81.4%) of the respondents from rural areas has been satisfied or highly satisfied with the information related measures. Regarding the respondents from Semi-urban areas with a significant proportion (81.3%) has satisfaction or high level of satisfaction towards the information related measures and a highest share (72.5%) of respondents has high level of satisfaction or satisfaction towards the service provision of information related to investment decision making.

Place of residence and Investor awareness and education

On the basis of place of residence, the level of satisfaction of the respondents towards the service of Investor awareness and education is given in the following table.

TABLE 4.2

Level of Satisfaction - Place of Residence & Investor Awareness and Education

Place of Residence	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Rural	No.	52	78	10	5	0	145
	%	35.9	53.8	6.9	3.4	-	100
Semi urban	No.	47	84	52	5	5	193
	%	24.4	43.5	26.9	2.6	2.6	100
Urban	No.	37	94	47	6	5	189
	%	19.6	49.7	24.9	3.2	2.6	100
Total	**No.**	**136**	**256**	**109**	**16**	**10**	**527**
	%	**25.8**	**48.6**	**20.7**	**3**	**1.9**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant proportion of the respondents from rural (89.7%), semi urban (77.9%) and urban (69.3%) areas showed satisfaction or higher level of satisfaction towards the creation of awareness and education provided about the investment avenues and other matters related to the investment.

Place of residence and Investor protection

On the basis of place of residence, the level of satisfaction towards the service of Investor protection is given in the following table:

TABLE 4.3

Level of Satisfaction – Place of Residence & Investor Protection

Place of Residence	Investor Protection						
	Freq.	1	2	3	4	5	Total
Rural	No..	32	87	26	0	0	145
	%	22.1	60	17.9	-	-	100
Semi urban	No.	46	85	47	10	5	193
	%	23.8	44	24.4	5.2	2.6	100
Urban	No.	21	109	38	16	5	189
	%	11.1	57.7	20.1	8.5	2.6	100
Total	No.	**99**	**281**	**111**	**26**	**10**	**527**
	%	**18.8**	**53.3**	**21.1**	**4.9**	**1.9**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant proportion of the respondents from rural (82.1%), semi urban (67.8%) and urban areas (68.7%) have high level of satisfaction or satisfaction with the safety of their investment.

Place of residence and Assessment of Chances for risk

On the basis of place of residence, the level of satisfaction towards the service of assessment of chances for risk is given in the following table.

TABLE 4.4

Level of Satisfaction – Place of Residence & Assessment of Chances for Risk

Place of Residence	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Rural	No.	5	67	38	10	25	145
	%	3.5	46.2	26.2	6.9	17.2	100
Semi urban	No.	5	52	75	31	30	193
	%	2.6	26.9	38.9	16.1	15.5	100
Urban	No.	16	84	33	31	25	189
	%	8.5	44.4	17.5	16.4	13.2	100
Total	No.	**26**	**203**	**146**	**72**	**80**	**527**
	%	**4.9**	**38.5**	**27.7**	**13.7**	**15.2**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of the respondents from rural and semi urban areas of the study were satisfied or highly satisfied with the service of assessing the chances for risk included in the particular securities (Rural respondents 48.7% and Semi-urban 29.5%) whereas slightly more than half (52.9%) of the respondents from urban areas have satisfaction or high level of satisfaction towards the service of assessment of chances for risk.

Place of residence and Creation of marketability

On the basis of place of residence the level of satisfaction towards the service of creation of marketability is given in the following table.

TABLE 4.5

Level of Satisfaction – Place of Residence & Creation of Marketability

Place of Residence	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Rural	No.	5	47	42	31	20	145
	%	3.3	32.3	29	21.2	13.3	100
Semi urban	No.	5	59	31	35	63	193
	%	2.6	30.2	16.2	18.2	32.8	100
Urban	No.	23	50	54	31	31	189
	%	12.1	26.5	28.6	16.4	16.4	100
Total	No.	33	156	127	97	114	527
	%	**6.3**	**29.6**	**24.1**	**18.4**	**21.6**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Irrespective of the place of residence, around one-third of the respondents only has high level of satisfaction and rest of them have been highly dissatisfied with the service of creation marketability (Rural 35.6%, Semi urban 32.8% and Urban 38.6%).

Age and Information related measures

The level of satisfaction of the investors on the basis of age group of the respondents towards the service of information related measures by credit rating is given in the following table:

TABLE 4.6

Level of Satisfaction – Age & Information Related Measures

Age	Information Related Measures						
	Freq.	1	2	3	4	5	Total
20-30 years	No.	37	103	10	10	-	160
	%	23.1	64.3	6.3	6.3	-	100

Age	Information Related Measures					
	Freq.	1	2	3	4	5	Total
30-40 years	No.	55	57	33	0	-	145
	%	37.9	39.3	22.8	-	-	100
40-50 years	No.	41	78	36	0	-	155
	%	26.5	50.3	23.2	-	-	100
Above 50 years	No.	21	20	26	0	-	67
	%	31.3	29.9	38.8	-	-	100
Total	**No.**	**154**	**258**	**105**	**10**	**-**	**527**
	%	**29.3**	**49**	**19.9**	**1.9**	**-**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A greater proportion (ranging from 75% to 87%) of the respondents with age from 20-50 years has been satisfied or highly satisfied with the information related measures whereas a reasonable proportion (61.2%) of the respondents with 50 years or more has satisfaction or high level of satisfaction towards the information related measures.

Age and Investor awareness and education

The level of satisfaction of the respondents on the basis of their age group of investors towards the service of investor awareness and education is given in the following table:

TABLE 4.7

Level of Satisfaction - Age & Investor Awareness and Education

Age	Investor Awareness And Education						
	Freq.	1	2	3	4	5	Total
20-30 years	No.	28	95	27	0	10	160
	%	17.5	59.4	16.9	-	6.2	100
30-40 years	No.	52	62	31	0	0	145
	%	35.8	42.8	21.4	-	-	100
40-50 years	No.	36	83	25	11	0	155
	%	23.2	53.6	16.1	7.1	-	100
Above 50 years	No.	20	16	26	5	0	67
	%	29.9	23.9	38.8	7.4	-	100
Total	**No.**	**136**	**256**	**109**	**16**	**10**	**527**
	%	**25.8**	**48.6**	**20.7**	**3**	**1.9**	**100**

Source: Calculated from Primary Data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A greater proportion (ranging from 75% to 80%) of the respondents with age from 20-50 years has been satisfied or highly satisfied with the awareness created and educating the investors whereas a reasonable proportion (53.8%) of the respondents with 50 years or more has satisfaction or high level of satisfaction towards the awareness created and education.

Age and Investor protection

The level of satisfaction of the respondents on the basis of age group of respondents towards the service of investor protection is given in the following table:

TABLE 4.8

Level of Satisfaction - Age & Investor Protection

Age	Investor Protection						
	Freq.	1	2	3	4	5	Total
20-30 years	No.	11	111	28	5	5	160
	%	6.9	69.4	17.5	3.1	3.1	100
30-40 years	No.	48	45	46	6	0	145
	%	33.1	31	31.7	4.2	-	100
40-50 years	No.	35	84	26	5	5	155
	%	22.6	54.2	16.8	3.2	3.2	100
Above 50 years	No.	5	41	11	10	0	67
	%	7.5	61.2	16.4	14.9	-	100
Total	**No.**	**99**	**281**	**111**	**26**	**10**	**527**
	%	**18.8**	**53.3**	**21.1**	**4.9**	**1.9**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A greater proportion (ranging from 75% to 80%) of the respondents with age from 20-30 and 40-50 years has been satisfied or highly satisfied with the awareness created and educating the investors whereas a reasonable proportion (65% to 70%) of the respondents with 30-40 years and 50 years or more have satisfaction or high level of satisfaction towards the awareness created and education.

Age and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their age group towards the service of assessment of chances for risk is given in the following table.

TABLE 4.9

Level of Satisfaction – Age & Assessment of Chances for Risk

Age	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
20-30 years	No.	11	57	56	16	20	160
	%	7	35.5	35	10	12.5	100
30-40 years	No.	0	51	48	21	25	145
	%	-	35.2	33.1	14.5	17.2	100

Age	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
40-50 years	No.	10	74	26	20	25	155
	%	6.5	47.7	16.8	12.9	16.1	100
Above 50 years	No.	5	21	16	15	10	67
	%	7.5	31.3	23.9	22.4	14.9	100
Total	**No.**	**26**	**203**	**146**	**72**	**80**	**527**
	%	**4.9**	**38.5**	**27.7**	**13.7**	**15.2**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around half (ranging from 45% - 55%) of the respondents hailing from all age group of the study was satisfied or highly satisfied with the service of assessing the chances for risk included in the particular securities.

Age and Creation of marketability

The level of satisfaction of the respondents on the basis of their age group towards the service of creating marketability is given in the following table:

TABLE 4.10

Level of Satisfaction - Age & Creation of Marketability

Age	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
20-30 years	No.	12	57	33	26	32	160
	%	7.5	35.6	20.6	16.3	20	100
30-40 years	No.	5	46	37	21	36	145
	%	3.5	31.7	25.5	14.5	24.8	100
40-50 years	No.	11	42	31	40	31	155
	%	7.1	27.1	20	25.8	20	100
Above 50 years	No.	5	11	26	10	15	67
	%	7.5	16.4	38.8	14.9	22.4	100
Total	**No.**	**33**	**156**	**127**	**97**	**114**	**527**
	%	**6.3**	**29.6**	**24.1**	**18.4**	**21.6**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A moderate proportion (around 40%) of the respondents with the age of 20-50 years has high level of satisfaction or satisfaction towards the service of creation of marketability for the securities whereas only 23.9% of the respondents from the age group of more than 50 years has been satisfied or highly satisfied towards the service of creation of marketability through credit rating.

Gender and Information related measures

The level of satisfaction of the investors on the basis of gender of retail investors towards the service of information related measures is given in the following table:

TABLE 4.11

Level of Satisfaction - Gender & Information Related Measures

Gender	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Male	No.	124	196	63	10	-	393
	%	31.6	49.9	16	2.5	-	100
Female	No.	30	62	42	0	-	134
	%	22.4	46.3	31.3	-	-	100
Total	No.	154	258	105	10	-	527
	%	29	49	20	2	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

According to the gender of the study, more than 68.7% of the female respondents and 81.5% of the male respondents have been highly satisfied or satisfied with the service of information related measures.

Gender and Investor awareness and education

The level of satisfaction of the respondents on the basis of their gender towards the service of investor awareness and education is given in the following table:

TABLE 4.12

Level of Satisfaction - Gender & Investor Awareness and Education

Gender	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Male	No.	104	189	79	11	10	393
	%	26.5	48.1	20.1	2.8	2.5	100
Female	No.	32	67	30	5	0	134
	%	23.9	50	22.4	3.7	-	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around 75% of both the male and female respondents have been highly satisfied or satisfied with the service of investor awareness and education.

Gender and Investor protection

The level of satisfaction of the respondents on the basis of gender of retail investors towards the service of investor protection is given in the following table:

TABLE 4.13

Level of Satisfaction – Gender & Investor Protection

Gender	Investor Protection						
	Freq.	1	2	3	4	5	Total
Male	No.	57	219	96	16	5	393
	%	14.5	55.7	24.4	4.1	1.3	100
Female	No.	42	62	15	10	5	134
	%	31.3	46.3	11.2	7.5	3.7	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around 60% to 80% of both the male and female respondents for the study have been highly satisfied or satisfied with the service of investor protection.

Gender and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their gender towards the service of assessment of chances for risk is given in the following table:

TABLE 4.14

Level of Satisfaction – Gender & Assessment of Chances for Risk

Gender	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Male	No.	20	142	124	52	55	393
	%	5.1	36.1	31.6	13.2	14	100
Female	No.	6	61	22	20	25	134
	%	4.5	45.5	16.4	14.9	18.7	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of both the male and female respondents have been highly satisfied with the service of assessment of chances for risk.

Gender and Creation of marketability

The level of satisfaction of the respondents on the basis of their gender towards the service of creation of marketability is given in the following table:

TABLE 4.15

Level of Satisfaction - Gender & Creation of Marketability

Gender	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Male	No.	28	115	106	61	83	393
	%	7.1	29.3	27	15.5	21.1	100
Female	No.	5	41	21	36	31	134
	%	3.7	30.6	15.7	26.9	23.1	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

According to the study less than two-fifth of both the male and female respondents have high level of satisfaction or satisfaction towards the service of creation of marketability.

Marital status Information related measures

The level of satisfaction of the respondents on the basis of their marital status towards the service of information related measures is given in the following table:

TABLE 4.16

Level of Satisfaction – Marital Status & Information Related Measures

Marital Status	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Married	No.	102	150	68	10	-	330
	%	30.9	45.5	20.6	3	-	100
Unmarried	No.	52	108	37	0	-	197
	%	26.4	54.8	18.8	-	-	100
Total	No.	154	258	105	10	-	527
	%	29	49	20	2	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 75% of the married and unmarried respondents are satisfied or highly satisfied with the service of information related measures.

Marital status and Investor awareness and education

The level of satisfaction of the respondents on the basis of their marital status towards the service of investor awareness and education is given in the following table:

TABLE 4.17

Level of Satisfaction - Marital Status & Investor Awareness and Education

Marital Status	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Married	No.	72	165	67	16	10	330
	%	21.8	50	20.3	4.8	3.1	100
Unmarried	No.	64	91	42	0	0	197
	%	32.5	46.2	21.3	-	-	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of both married (71.8%) and unmarried (78.7%) respondents are satisfied or highly satisfied with the service of creating awareness and educating the investors in securities.

Marital status and Investor protection

The level of satisfaction of the respondents on the basis of their marital status towards the service of investor protection is given in the following table:

TABLE 4.18

Level of Satisfaction - Marital Status & Investor Protection

Marital Staus	Investor Protection						
	Freq.	1	2	3	4	5	Total
Married	No.	72	159	73	16	10	330
	%	21.8	48.2	22.1	4.8	3.1	100
Unmarried	No.	27	122	38	10	0	197
	%	13.7	61.9	19.3	5.1	-	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of both married (70%) and unmarried (75.6%) respondents are satisfied or highly satisfied with the service of creating awareness and educating the investors in securities.

Marital status and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their marital status towards the service of assessment of chances for risk is given in the following table:

TABLE 4.19

Level of Satisfaction – Marital Status & Assessment of Chances for Risk

Marital Status	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Married	No.	5	133	96	46	50	330
	%	1.5	40.3	29.1	13.9	15.2	100
Unmarried	No.	21	70	50	26	30	197
	%	10.7	35.5	25.4	13.2	15.2	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of the respondents in both the categories of married (41.8%) and unmarried (46.2%) respondents have satisfaction or high level of satisfaction towards the service of assessment of chances for risk.

Marital status and Creation of marketability

The level of satisfaction of the respondents on the basis of their marital status towards the service of creation of marketability is given in the following table:

TABLE 4.20

Level of Satisfaction – Marital Status & Creation of Marketability

Marital Status	Creation of Marketabiity						
	Freq.	1	2	3	4	5	Total
Married	No.	18	95	68	61	88	330
	%	5.4	28.8	20.6	18.5	26.7	100
Unmarried	No.	15	61	59	36	26	197
	%	7.6	31	29.9	18.2	13.3	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of the respondents in both the categories of married (41.8%) and unmarried (46.2%) respondents have satisfaction or high level of satisfaction towards the service of creation of marketability.

Educational level and Information related measures

The level of satisfaction of the respondents on the basis of their educational level towards the service of information related measures is given in the following table:

TABLE 4.21

Level of Satisfaction - Educational Level & Investor Information Related Measures

Educational Level	Information Related Measures						
	Freq.	1	2	3	4	5	Total
School level	No.	46-	82	40	0	-	168
	%	27.4	48.8	23.8	-	-	100
Graduates	No.	45	65	26	5	-	141
	%	31.9	46.1	18.4	3.6	-	100
Post Graduates	No.	35	90	17	0	-	142
	%	24.6	63.4	12	-	-	100
Professional	No.	28	21	22	5	-	76
	%	36.8	27.6	28.9	6.7	-	100
Total	No.	154	258	105	10	-	527
	%	29.2	49	19.9	1.9	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents at different educational levels viz., school level (76.2%), graduation (78%), post-graduation (88%) and three-fourth of the professional respondents have satisfaction or high level of satisfaction towards the service of information related measures.

Educational level and Investor awareness and education

The level of satisfaction of the respondents on the basis of their educational level towards the service of investor awareness and education is given in the following table:

TABLE 4.22

Level of Satisfaction - Educational Level & Investor Awareness and Education

Educational Level	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
School level	No.	55	83	25	5	0	168
	%	32.7	49.4	14.9	3	-	100
Graduates	No.	21	79	31	5	5	141
	%	15	56	22	3.5	3.5	100
Post Graduates	No.	38	70	28	6	0	142
	%	26.8	49.3	19.7	4.2	-	100
Professional	No.	22	24	25	0	5	76
	%	28.9	31.6	32.9	-	6.6	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents at different educational levels *viz.*, school level (82.1%), graduation (71%), post-graduation (76.1%) and around two third of the professional respondents (60.5%) have satisfaction or high level of satisfaction towards the service of creating investor awareness and their education.

Educational level and Investor protection

The level of satisfaction of the respondents on the basis of their educational level towards the service of investor protection is given in the following table:

TABLE 4.23

Level of Satisfaction - Educational Level & Investor Protection

Educational Level	Investor Protection						
	Freq.	1	2	3	4	5	Total
School level	No.	46	76	36	5	5	168
	%	27.4	45.2	21.4	3	3	100
Graduates	No.	36	68	32	0	5	141
	%	25.5	48.2	22.7	-	3.6	100
Post Graduates	No.	10	93	28	11	0	142
	%	7.1	65.5	19.7	7.7	-	100
Professional	No.	7	44	15	10	0	76
	%	9.2	57.9	19.7	13.2	-	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents at different educational levels *viz.*, school level (72.6%), graduation (73.7%), post-graduation (72.6%) and more than two third of the professional respondents (67.1%) have satisfaction or high level of satisfaction towards the service of protecting the investors.

Educational level and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their educational level towards the service of assessment of chances of risk is given in the following table:

TABLE 4.24

Level of Satisfaction - Educational Level & Assessment of Chances for Risk

Educational Level	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
School level	No.	15	51	52	30	20	168
	%	8.9	30.4	31	17.9	11.8	100
Graduates	No.	0	64	37	15	25	141
	%	-	45.4	26.3	10.6	17.7	100
Post Graduates	No.	11	60	24	22	25	142
	%	7.7	42.3	16.9	15.5	17.6	100
Professional	No.	0	28	33	5	10	76
	%	-	36.8	43.4	6.6	13.2	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of the respondents with school level (39.3%), graduation (45.4%), post-graduation (50%) and professionals (36.8%) respondents have satisfaction or high level of satisfaction towards the service of assessment of chances for risk.

Educational level and Creation of marketability

The level of satisfaction of the respondents on the basis of their educational level towards the service of creation of marketability is given in the following table:

TABLE 4.25

Level of Satisfaction – Educational Level & Creation of Marketability

Educational Level	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
School level	No.	5	61	41	30	31	168
	%	2.9	36.3	24.5	17.7	18.6	100
Graduates	No.	16	43	26	21	35	141
	%	11.3	30.5	18.5	14.9	24.8	100
Post Graduates	No.	12	40	38	20	32	142
	%	8.5	28.2	26.7	14.1	22.5	100
Professional	No.	0	12	22	26	16	76
	%	-	15.8	28.9	34.2	21.1	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Less than half of the respondents from all categories of educational level have satisfaction or high level of satisfaction with the service of creation of marketability provided by credit rating. But only 15.8% of the professional respondents alone has high level of satisfaction towards the service of creation of marketability.

Occupation and Information related measures

The level of satisfaction of the respondents on the basis of their occupation towards the service of information related measures is given in the following table:

TABLE 4.26

Level of Satisfaction - Occupation & Information Related Measures

Occupation	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Employed	No.	72	113	47	5	-	237
	%	30.4	47.7	19.8	2.1	-	100
Business-man	No.	45	94	25	0	-	164
	%	27.5	57.3	15.2	-	-	100
Doctor	No.	10	10	17	0	-	37
	%	27	27	46	-	-	100
Professional investor	No.	11	10	5	5	-	31
	%	35.5	32.3	16.1	16.1	-	100
Lawyer	No.	16	31	11	0	-	58
	%	27.6	53.5	18.9		-	100
Total	No.	154	258	105	10	-	527
	%	29.5	49	19.8	1.7	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents who are employed (78.1%), businessmen (74.8%), lawyers

(81.1%), 54% of the doctors and 67.8% of the professional investors have been highly satisfied or satisfied with the service of information related measures provided by credit rating.

Occupation and Investor awareness and education

The level of satisfaction of the respondents on the basis of their occupation towards the service of investor awareness and education is given in the following table:

TABLE 4.27

Level of Satisfaction - Occupation & Investor Awareness and Education

Occupation	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Employed	No.	62	122	32	16	5	237
	%	26.1	51.5	13.5	6.8	2.1	100
Business-man		47	86	31	0	0	164
	%	28.7	52.4	18.9	-	-	100
Doctor	No.	11	11	15	0	0	37
	%	29.7	29.7	40.6	-	-	100
Professional investor	No.	5	11	10	0	5	31
	%	16.1	35.5	32.3	-	16.1	100
Lawyer	No.	11	26	21	0	0	58
	%	19	44.8	36.2	-	-	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents who are employed (77.6%), businessmen (81.1%), lawyers (63.8%), 59.4% of the doctors and 51.6% of the professional investors have been highly satisfied or satisfied with the service of creating investor awareness and education by credit rating.

Occupation and Investor protection

The level of satisfaction of the respondents on the basis of their occupation towards the service of investor protection is given in the following table:

TABLE 4.28

Level of Satisfaction - Occupation & Investor Protection

Occupation	Investor Protection						
	Freq.	1	2	3	4	5	Total
Employed	No.	40	149	38	0	10	237
	%	16.8	62.9	16	-	4.3	100
Business-man	No.	37	91	31	5	0	164
	%	22.6	55.5	18.9	3	-	100
Doctor	No.	12	20	5	0	0	37
	%	32.4	54.1	13.5	-	-	100
Professional investor	No.	5	5	16	5	0	31
	%	16.1	16.1	51.7	16.1	-	100
Lawyer	No.	5	16	21	16	0	58
	%	8.6	27.6	36.2	27.6	-	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant percentage of the respondents who are employed (79.7%) and businessmen (78.1%), doctors (86.5%), lawyers (34.2%) and 32.2% of the professional investors have been highly satisfied or satisfied with the service of investor protection extended by credit rating.

Occupation and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their Occupation towards the service of assessment of chances for risk is given in the following table:

TABLE 4.29

Level of Satisfaction – Occupation & Assessment of Chances for Risk

Occupation	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Employed	No.	11	124	42	30	30	237
	%	4.6	52.3	17.7	12.7	12.7	100
Business-man	No.	15	38	60	21	30	164
	%	9.1	23.2	36.6	12.8	18.3	100
Doctor	No.	0	11	16	5	5	37
	%	-	29.7	43.3	13.5	13.5	100
Professional investor	No.	0	10	16	0	5	31
	%	-	32.3	51.6	-	16.1	100

Occupation	Assessment of Chances for Risk					
	Freq.	1	2	3	4	5	Total
Lawyer	No.	0	15	17	16	10	58
	%	-	25.9	29.3	27.6	17.2	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Only around 30% of all the categories of respondents except employed have been satisfied or highly satisfied with the service of assessment of chances for risk whereas more than half of the employed respondents has satisfaction or high level of satisfaction towards the service.

Occupation and Creation of marketability

The level of satisfaction of the respondents on the basis of their occupation towards the service creation of marketability is given in the following table:

TABLE 4.30

Level of Satisfaction – Occupation & Creation of Marketability

Occupation	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Employed	No.	12	92	46	35	52	237
	%	5.1	38.8	19.4	14.8	21.9	100
Business-man	No.	11	48	37	21	47	164
	%	6.6	29.3	22.6	12.8	28.7	100
Doctor	No.	10	11	10	6	0	37
	%	27	29.8	27	16.2	-	100
Professional investor	No.	0	0	11	10	10	31
	%	-	-	35.6	32.2	32.2	100
Lawyer	No.	0	5	23	25	5	58
	%	-	8.6	39.7	43.1	8.6	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than half of the doctors and half of the employed and businessmen alone have high level of satisfaction or satisfaction towards service of creation of marketability.

Number of members in the family and Information related measures

The level of satisfaction of the respondents on the basis of number of members in the family towards the service of information related measures is given in the following table:

TABLE 4.31

Level of Satisfaction - Number of Members & Information Related Measures

Number of Members	Information Related Measures						
	Freq.	1	2	3	4	5	Total
2-4	No.	92	132	53	0	-	277
	%	33.2	47.7	19.1	-		100
4-6	No.	42	75	25	5	-	147
	%	28.6	51	17	3.4		100
6-8	No.	5	31	10	0	-	46
	%	10.9	67.4	21.7	-	-	100
Above 8	No.	15	20	17	5	-	57
	%	26.3	35.1	29.8	8.8	-	100
Total	No.	154	258	105	10	-	527
	%	29.2	49	19.9	1.9	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Four-fifth of the respondents with 2-8 members in their family and 61.4 % of the respondents with more than 8 members have been satisfied or highly satisfied with the service of information related measures.

Number of members in the family and Investor awareness and education

The level of satisfaction of the respondents on the basis of number of members in the family towards the service of investor awareness and education is given in the following table:

TABLE 4.32

Level of Satisfaction - Number of Members & Investor Awareness and Education

Number of Members	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
2-4	No.	85	133	48	11	0	277
	%	30.7	48	17.3	4	-	100
4-6	No.	35	81	21	5	5	147
	%	23.8	55.1	14.3	3.4	3.4	100

Number of Members	Investor Awareness and Education					
	Freq.	1	2	3	4	5	Total
6-8	No.	5	21	20	0	0	46
	%	10.9	45.6	43.5	-	-	100
Above 8	No.	11	21	20	0	5	57
	%	19.3	36.8	35.1	-	8.8	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around 80% of the respondents with 2-6 members in their family and more than half of the respondents with 6-8 members have been satisfied or highly satisfied with the service of investor awareness and education.

Number of members in the family and Investor protection

The level of satisfaction of the respondents on the basis of number of members in the family towards the service of investor protection is given in the following table:

TABLE 4.33

Level of Satisfaction - Number of Members & Investor Protection

Number of Members	Investor Protection						
	Freq.	1	2	3	4	5	Total
2-4	No.	51	160	55	11	0	277
	%	18.4	57.8	19.8	4	-	100
4-6	No.	26	70	31	10	10	147
	%	17.7	47.6	21.1	6.8	6.8	100
6-8	No.	5	26	15	0	0	46
	%	10.9	56.5	32.6-	-	-	100
Above 8	No.	17	25	10	5	0	57
	%	29.8	43.9	17.5	8.8	-	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around three-fourth of the respondents with 2-4 and more than 8 members in their family and more than 60% of the respondents with 4-8 members are satisfied or highly satisfied with the service of investor protection.

Number of members in the family and Assessment of chances for risk

The level of satisfaction of the investors on the basis of the number of members in their family towards the service of assessment of chances for risk is given in the following table:

TABLE 4.34

Level of Satisfaction – Number of Members & Assessment of Chances for Risk

Number of Members	Assessment of Chances For Risk						
	Freq.	1	2	3	4	5	Total
2-4	No.	5	93	97	42	40	277
	%	1.9	33.6	35	15.1	14.4	100
4-6	No.	5	64	33	25	20	147
	%	3.4	43.5	22.5	17	13.6	100
6-8	No.	6	25	5	0	10	46
	%	13	54.4	10.9	-	21.7	100
Above 8		10	5	11	21	10	57
	%	17.5	8.7	19.4	36.9	17.5	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than half of the respondents with 6-8 members in their family and around 50% of the respondents with 4-6 members are satisfied or highly satisfied with the service of assessment of chances for risk.

Number of members in the family and Creation of marketability

The level of satisfaction of the investors on the basis of number of members in their family towards the service of creation of marketability is given in the following table:

TABLE 4.35

Level of Satisfaction - Number of Members & Creation of Marketability

Number of Members	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
2-4	No.	17	67	79	30	84	277
	%	6.3	24.3	28.6	10.8	30	100
4-6	No.	6	53	27	46	15	147
	%	4	36	18.4	31.4	10.2	100

Number of Members	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
6-8	No.	0	15	16	10	5	46
	%	-	32.6	34.7	21.8	10.9	100
Above 8	No.	10	21	5	11	10	57
	%	17.6	36.9	8.8	19.2	17.5	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than half of the respondents with number of members greater than 8 alone have been satisfied or highly satisfied whereas in other cases only around 30% - 40% has satisfaction or high level of satisfaction with the service of creation of marketability.

Number of earning members in the family and Information related measures

The level of satisfaction of the investors on the basis of number of earning members in their family towards the service of information related measures is given in the following table:

TABLE 4.36

Level of Satisfaction - Number of Earning Members & Information Related Measures

Number of Earning Members	Information Related Measures						
	Freq.	1	2	3	4	5	Total
0-2	No.	88	132	58	0	-	278
	%	31.7	47.5	20.8	-	-	100
2-4	No.	61	106	25	5	-	197
	%	31	53.8	12.7	2.5	-	100
4-6	No.	5	20	22	5	-	52
	%	9.6	38.5	42.3	9.6	-	100
Total	No.	**154**	**258**	**105**	**10**	**-**	**527**
	%	**29.2**	**49**	**19.9**	**1.9**	**-**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 75% of the respondents with 0-4 earning members in the family has been satisfied or highly satisfied with the service of information related measures by the credit rating.

Number of earning members in the family and Investor awareness and education

The level of satisfaction of the respondents on the basis of number of earning members in their family towards the service of investor awareness and education is given in the following table:

TABLE 4.37

Level of Satisfaction - Number of Earning Members & Investor Awareness and Education

Number of Earning Members	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
0-2	No.	90	129	48	11	0	278
	%	32.3	46.4	17.3	4	-	100
2-4	No.	40	111	41	0	5	197
	%	20.3	56.4	20.8	-	2.5	100
4-6	No.	6	16	20	5	5	52
	%	11.5	30.3	38.7	9.8	9.7	100
Total	No.	**136**	**256**	**109**	**16**	**10**	**527**
	%	**25.8**	**48.6**	**20.7**	**3**	**1.9**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 75% of the respondents with 0-4 earning members in the family have been satisfied or highly satisfied with the service of investor awareness and education.

Number of earning members in the family and Investor protection

The level of satisfaction of the investors on the basis of number of earning members in their family towards the service of investor protection is given in the following table:

TABLE 4.38

Level of Satisfaction - Number of Earning Members & Investor Protection

Number of Earning Members	Investor Protection						
	Freq.	1	2	3	4	5	Total
0-2	No.	56	141	75	6	0	278
	%	20.1	50.7	27	2.2	-	100
2-4	No.	31	120	36	0	10	197
	%	16	61	18	-	5	100

Number of Earning Members	Investor Protection					
	Freq.	1	2	3	4	5	Total
4-6		12	20	0	20	0	52
	%	23	38.5	-	38.5	-	100
Total	**No.**	**99**	**281**	**111**	**26**	**10**	**527**
	%	**18.8**	**53.3**	**21.1**	**4.9**	**1.9**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of the respondents with 0-4 earning members in the family have been satisfied or highly satisfied with the service of investor protection.

Number of earning members in the family and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of number of earning members in their family towards the service of assessment of chances for risk is given in the following table:

TABLE 4.39

Level of Satisfaction – Number of Earning Members & Assessment of Chances For Risk

Number of Earning Members	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
0-2	No.	10	98	93	42	35	278
	%	3.6	35.2	33.5	15.1	12.6	100
2-4	No.	16	74	47	20	40	197
	%	8.1	37.6	23.8	10.2	20.3	100
4-6	No.	0	31	6	10	5	52
	%	-	59.7	11.5	19.2	9.6	100
Total	**No.**	**26**	**203**	**146**	**72**	**80**	**527**
	%	**4.9**	**38.5**	**27.7**	**13.7**	**15.2**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 50% of the respondents with 4-6 earning members in the family have been satisfied or highly satisfied with the service of assessment of chances for risk.

Number of earning members in the family and Creation marketability

The level of satisfaction of the respondents on the basis of number of earning members in their family towards the service of creation marketability awareness and education is given in the following table:

TABLE 4.40

Level of Satisfaction – Number of Earning Members & Creation of Marketability

Number of Earning Members	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
0-2	No.	11	88	75	45	59	278
	%	4	31.6	27	16.2	21.2	100
2-4	No.	22	57	37	36	45	197
	%	11.2	28.9	18.8	18.3	22.8	100
4-6	No.	0	11	15	16	10	52
	%	-	21.2	28.8	30.8	19.2	100
Total	**No.**	**33**	**156**	**127**	**97**	**114**	**527**
	%	**6.3**	**29.6**	**24.1**	**18.4**	**21.6**	**100**

Source: Calculated from Primary Data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 40% of the respondents with 2-4 earning members in the family have been satisfied or highly satisfied with the service of creation of marketability.

Monthly income and Information related measures

The level of satisfaction of the respondents on the basis of monthly income of their family towards the service of information related measures is given in the following table:

TABLE 4.41

Level of Satisfaction - Monthly Income & Investor Protection

Monthly income	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Rs. 10,000-20,000	No.	27	74	5	5	-	111
	%	24.3	66.7	4.5	4.5	-	100
Rs. 20,000-30,000	No.	36	109	31	5	-	181
	%	19.9	60.2	17.1	2.8	-	100
Rs. 30,000-40,000	No.	25	55	31	0	-	111
	%	22.5	49.6	27.9	-	-	100
Rs. 40,000-50,000	No.	50	15	26	0	-	91
	%	54.9	16.5	28.6	-	-	100
Above Rs. 50,000	No.	16	5	12	0	-	33
	%	48.4	15.2	36.4	-	-	100
Total	No.	154	258	105	10	-	527
	%	29.1	49	20	1.9	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 90% of the respondents with monthly family income between Rs.10,000 – 20,000 and more than 80% with monthly family income of Rs. 20,000 – 30,0000 have been satisfied or highly satisfied with the service of information related measures by the credit rating.

Monthly income and Investor awareness and education

The level of satisfaction of the respondents on the basis of monthly family income family towards the service investor awareness and education is given in the following table:

TABLE 4.42

Level of Satisfaction - Monthly Income & Investor Protection

Monthly Income	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Rs. 10,000-20,000	No.	12	78	16	0	5	111
	%	10.8	70.3	14.4	-	4.5	100
Rs. 20,000-30,000	No.	63	76	32	5	5	181
	%	34.8	41.9	17.7	2.8	2.8	100
Rs. 30,000-40,000	No.	30	50	25	6	0	111
	%	27	45	22.6	5.4	-	100
Rs. 40,000-50,000	No.	20	40	26	5	0	91
	%	21.9	43.9	28.6	5.6	-	100
Above Rs. 50,000	No.	11	12	10	0	0	33
	%	33.3	36.4	30.3	-	-	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of all the respondents for the study with monthly family income of more than Rs.10,000 have satisfaction or high level of satisfaction with the investor awareness and education provided by credit rating.

Monthly income and Investor protection

The level of satisfaction of the investors on the basis of monthly family income towards the service of investor protection is given in the following table:

TABLE 4.43

Level of Satisfaction - Monthly Income & Investor Protection

Monthly Income	Investor Protection						
	Freq.	1	2	3	4	5	Total
Rs. 10,000-20,000	No.	17	67	22	0	5	111
	%	15.3	60.4	19.8	-	4.5	100
Rs. 20,000-30,000	No.	20	108	43	10	0	181
	%	11	59.7	23.8	5.5	-	100
Rs. 30,000-40,000	No.	30	55	21	5	0	111
	%	27	50	18.5	4.5	-	100
Rs. 40,000-50,000	No.	20	45	10	11	5	91
	%	22	49.4	11	12.1	5.5	100
Above Rs. 50,000	No.	12	6	15	0	0	33
	%	36.4	18.2	45.4	-	-	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of all the respondents for the study with monthly family income of more than Rs.10,000 have satisfaction or high level of satisfaction with the investor protection provided by credit rating.

Monthly income and Assessment of chances for risk

The level of satisfaction of the investors on the basis of monthly family income towards the service of assessment of chances for risk is given in the following table:

TABLE 4.44

Level of Satisfaction - Monthly Income & Assessment of Chances for Risk

Monthly Income	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Rs. 10,000-20,000	No.	0	44	36	16	15	111
	%	-	40	32.3	14.3	13.4	100
Rs. 20,000-30,000	No.	11	66	59	35	10	181
	%	6.1	36.5	32.6	19.3	5.5	100
Rs. 30,000-40,000	No.	5	41	20	5	40	111
	%	4.5	36.9	18	4.5	36.1	100
Rs. 40,000-50,000	No.	5	30	25	16	15	91
	%	5.5	33	27.5	17.5	16.5	100

Monthly Income	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Above Rs. 50,000	No.	5	22	6	0	0	33
	%	15.1	66.7	18.2	-	-	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

A significant proportion (81.8%) of the respondents with monthly family income of above Rs.50,000 has been satisfied or highly satisfied with the assessment of chances for risk.

Monthly income and Creation of marketability

The level of satisfaction of the respondents on the basis of monthly income of their family towards the service of creation of marketability is given in the following table:

TABLE 4.45

Level of Satisfaction - Monthly Income & Creation of Marketability

Monthly Income	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Rs. 10,000-20,000	No.	6	39	23	21	22	111
	%	5.4	35.1	20.7	18.9	19.9	100
Rs. 20,000-30,000	No.	6	66	48	25	36	181
	%	3.3	36.5	26.5	13.8	19.9	100
Rs. 30,000-40,000	No.	16	15	25	25	30	111
	%	14.4	13.5	22.5	22.5	27.1	100
Rs. 40,000-50,000	No.	0	21	25	25	20	91
	%	-	23.2	27.4	27.4	22	100
Above Rs. 50,000	No.	5	16	5	1	6	33
	%	15.2	48.4	15.2	3	18.2	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than half of the respondents with monthly family income of above Rs.50,000 have been satisfied or highly satisfied with the service of creation of marketability.

Type of investor and Information related measures

The level of satisfaction of the respondents on the basis of their type towards the service of information related measures is given in the following table:

TABLE 4.46

Level of Satisfaction – Type of Investor & Information Related Measures

Type of Investor	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Hereditary investor	No.	71	73	43	0	-	187
	%	38	39	23	-	-	100
New Generation investor	No.	83	185	62	10	-	340
	%	24.4	54.4	18.3	2.9	-	100
Total	No.	154	258	105	10	-	527
	%	29.2	49	19.9	1.9		100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 75% of both hereditary investors and new generation investors have satisfaction or high level of satisfaction with the service of information related measures.

Type of investor and Investor awareness and education

The level of satisfaction of the respondents on the basis of their type towards the service of investor awareness and education is given in the following table:

TABLE 4.47

Level of Satisfaction - Type of Investor & Investor Awareness and Education

Type of Investor	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Hereditary investor	No.	47	89	46	5	0	187
	%	25.1	47.6	24.6	2.7	-	100
New Generation investor	No.	89	167	63	11	10	340
	%	26.3	49.1	18.5	3.2	2.9	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of both hereditary investors and new generation investors have satisfaction or high level of satisfaction with the service of investor awareness and education.

Type of investor and Investor protection

The level of satisfaction of the respondents on the basis of their type towards the service of investor protection is given in the following table:

TABLE 4.48

Level of Satisfaction - Type of Investor & Investor Protection

Type of Investor	Investor Protection						
	Freq.	1	2	3	4	5	Total
Hereditary investor	No.	43	97	47	0	0	187
	%	23	51.9	25.1	-	-	100
New Generation investor	No.	56	184	64	26	10	340
	%	16.5	54.1	18.8	7.7	2.9	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of both hereditary investors and new generation investors have satisfaction or high level of satisfaction with the service of investor protection.

Type of investor and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their type towards the service of assessment of chances for risk is given in the following table:

TABLE 4.49

Level of Satisfaction - Type of Investor & Assessment of Chances for Risk

Type of Investor	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Hereditary investor	No.	0	74	58	15	40	187
	%	-	39.6	31	8	21.4	100
New Generation investor	No.	26	129	88	57	40	340
	%	7.6	37.9	25.9	16.8	11.8	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 40% of new generation investors have satisfaction or high level of satisfaction with the service of assessment of chances for risk.

Type of investor and Creation of marketability

The level of satisfaction of the respondents on the basis of their type towards the service of creation of marketability is given in the following table:

TABLE 4.50

Level of Satisfaction – Type of Investor & Creation of Marketability

Type of Investor	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Hereditary investor	No.	6	53	40	41	47	187
	%	3.2	28.3	21.4	21.9	25.2	100
New Generation investor	No.	27	103	87	56	67	340
	%	7.9	30.3	25.6	16.5	19.7	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.7	24.1	18.3	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 30% of both hereditary investors and new generation investors have satisfaction or high level of satisfaction with the service of creating marketability.

Experience in the market and Information related measures

The level of satisfaction of the respondents on the basis of their experience in the market towards the service of providing information related measures is given in the following table:

TABLE 4.51

Level of Satisfaction - Experience & Information Related Measures

Experience in the Market	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Less than one Year	No.	15	22	20	0	-	57
	%	26.3	38.6	35.1	-	-	100
1-3 years	No.	67	111	21	5	-	204
	%	32.8	54.4	10.3	2.5	-	100
3-5 years	No.	45	66	20	5	-	136
	%	33.1	48.5	14.7	3.7	-	100
More than 5 years	No.	27	59	44	0	-	130
	%	20.8	45.4	33.8	-	-	100
Total	No.	154	258	105	10	-	527
	%	29.2	49	19.8	2	-	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 80% of the respondents with 1-5 years of experience in the market and more than 60% of the respondents with less than one year and more the 5 years of experience in the market have been satisfied or highly satisfied with the service of providing information related measures.

Experience in the market and Investor awareness and education

The level of satisfaction of the respondents on the basis of their experience in the market towards the service of investor awareness and education is given in the following table:

TABLE 4.52

Level of Satisfaction – Experience & Investor Awareness and Education

Experience in the Market	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Less than one Year	No.	5	30	17	5	0	57
	%	8.8	52.6	29.8	8.8	-	100
1-3 years	No.	72	107	15	5	5	204
	%	35.3	52.5	7.4	2.4	2.4	100
3-5 years	No.	26	70	35	0	5	136
	%	19.1	51.5	25.7	-	3.7	100
More than 5 years	No.	33	49	42	6	0	130
	%	25.4	37.7	32.3	4.6	-	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 80% of the respondents with 1-3 years of experience in the market and more than 70% of the respondents with 3-5 years and more than 60 % of the respondents with less than one year and more the 5 years of experience in the market have been satisfied or highly satisfied with the service of investor awareness and education.

Experience in the market and Investor protection

The level of satisfaction of the respondents on the basis of their experience in the market towards the service of investor protection is given in the following table:

TABLE 4.53

Level of Satisfaction - Experience & Investor Protection

Experience in the Market	Investor Protection						
	Freq.	1	2	3	4	5	Total
Less than one Year	No.	10	31	11	5	-	57
	%	17.5	54.4	19.3	8.8	-	100
1-3 years	No.	37	131	31	0	5	204
	%	18.1	64.2	15.2	-	2.5	100
3-5 years	No.	30	70	26	10	0	136
	%	22.1	51.4	19.1	7.4	-	100
More than 5 years	No.	22	49	43	11	5	130
	%	16.9	37.7	33.1	8.5	3.8	100
Total	No.	99	281	111	26	10	527
	%	18.8	53.3	21.1	4.9	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 80% of the respondents with 1-3 years of experience and 70% of the respondents with less than one year experience and 3-5 years of experience in the market have been satisfied or highly satisfied with the service of providing investor protection.

Experience in the market and Assessment of chances for risk

The level of satisfaction of the investors on the basis of their experience in the market towards the service of assessment of chances for risk is given in the following table:

TABLE 4.54

Level of Satisfaction - Experience & Assessment of Chances for Risk

Experience in the Market	Assessment of Chances for Risk						
	Freq.	1	2	3	4	5	Total
Less than one Year	No.	5	26	15	11	0	57
	%	8.7	45.7	26.4	19.2	-	100
1-3 years	No.	16	66	62	25	35	204
	%	7.8	32.4	30.4	12.2	17.2	100
3-5 years	No.	0	35	41	20	40	136
	%	-	25.8	30.1	14.7	29.4	100
More than 5 years	No.	5	76	28	16	5	130
	%	3.8	58.5	21.5	12.4	3.8	100
Total	No.	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 60% of the respondents with more than 5 years of experience in the market have been highly satisfied or satisfied with the service of providing assessment of chances for risk.

Experience in the market and Creation of marketability

The level of satisfaction of the respondents on the basis of their experience in the market towards the service of creating marketability is given in the following table:

TABLE 4.55

Level of Satisfaction – Experience & Creation of Marketability

Experience in the Market	Creation of Marketability						
	Freq.	1	2	3	4	5	Total
Less than one Year	No.	0	26	10	15	6	57
	%	-	45.6	17.5	26.4	10.5	100
1-3 years	No.	11	67	68	27	31	204
	%	5.4	32.9	33.3	13.2	15.2	100
3-5 years	No.	0	15	21	35	65	136
	%	-	11	15.4	25.8	47.8	100
More than 5 years	No.	22	48	28	20	12	130
	%	16.9	36.9	21.6	15.4	9.2	100
Total	No.	33	156	127	97	114	527
	%	6.3	29.6	24.1	18.4	21.6	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 60% of the respondents with more than 5 years of experience in the market have been highly satisfied or satisfied with the service of creation of marketability for the securities possessed.

Category of trading and Information related measures

The level of satisfaction of the respondents on the basis of their category of trading in the market towards the service of information related measures is given in the following table:

TABLE 4.56

Level of Satisfaction - Category of Trading & Information Related Measures

Category of Trading	Information Related Measures						
	Freq.	1	2	3	4	5	Total
Long term trading	No.	41	67	51	0	-	159
	%	25.8	42.1	32.1	-	-	100
Day trader	No.	65	96	26	0	—	187
	%	34.8	51.3	13.9	-	-	100
Both	No.	48	95	28	10	-	181
	%	26.5	52.5	15.5	5.5	-	100
Total	No.	154	258	105	10	-	527
	%	29.2	49	19.9	1.9		100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 80% of day traders, more than 70% of the both day traders and long term traders and more than 60% of the long-term traders have been satisfied or highly satisfied with the service of information related measures.

Category of trading and Investor awareness and education

The level of satisfaction of the investors on the basis of their experience in the market towards the service of investor awareness and education is given in the following table:

TABLE 4.57

Level of Satisfaction - Category of Trading & Investor Awareness and Education

Category of Trading	Investor Awareness and Education						
	Freq.	1	2	3	4	5	Total
Long term trading	No.	40	72	41	6	0	159
	%	25.2	45.3	25.8	3.7	-	100
Day trader	No.	67	88	27	5	0	187
	%	35.8	47.1	14.4	2.7	-	100
Both	No.	29	96	41	5	10	181
	%	16	53	22.7	2.8	5.5	100
Total	No.	136	256	109	16	10	527
	%	25.8	48.6	20.7	3	1.9	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 70% of all the respondents from the different category identified have been satisfied or highly satisfied with the service of investor awareness and education.

Category of trading and Investor protection

The level of satisfaction of the respondents on the basis of their experience in the market towards the service of investor protection is given in the following table:

TABLE 4.58

Level of Satisfaction - Category of Trading & Investor Protection

Category of Trading	Investor Protection						
	Freq.	**1**	**2**	**3**	**4**	**5**	**Total**
Long term trading	**No.**	25	76	48	5	5	159
	%	15.7	47.7	30.2	3.2	3.2	100
Day trader	**No.**	56	94	26	11	0	187
	%	29.9	50.3	13.9	5.9	-	100
Both	**No.**	56	94	26	5	0	181
	%	30.9	51.9	14.4	2.8	-	100
Total	**No.**	137	264	100	21	5	527
	%	26	50	19	4	1	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 80% of the respondents who are engaged in both the type of trading and day trading and more than 60% of the respondents of long-term trading have been satisfied or highly satisfied with the service of investor protection.

Category of trading and Assessment of chances for risk

The level of satisfaction of the respondents on the basis of their category of trading in the market towards the service of assessment of chances for risk is given in the following table:

TABLE 4.59

Level of Satisfaction - Category of Trading & Assessment of Chances for Risk

Category of Trading	Assessment of Chances for Risk						
	Freq.	**1**	**2**	**3**	**4**	**5**	**Total**
Long term trading	**No.**	5	57	46	31	20	159
	%	3.1	35.9	28.9	19.5	12.6	100
Day trader	**No.**	15	62	54	26	30	187
	%	8	33.2	28.9	13.9	16	100
Both	**No.**	6	84	46	15	30	181
	%	3.3	46.4	25.4	8.3	16.6	100
Total	**No.**	26	203	146	72	80	527
	%	4.9	38.5	27.7	13.7	15.2	100

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

Around half of the respondents who are engaged in both the category of trading and around half of the respondents of long-term trading and day trading have been satisfied or highly satisfied with the service of assessment of chances for risk.

Category of trading and Creates marketability

The level of satisfaction of the respondents on the basis of their category of trading in the market towards the service of creates marketability is given in the following table:

TABLE 4.60

Level of Satisfaction – Category of Trading & Creation of Marketability

Category of Trading	Creation of Marketability						
	Freq.	**1**	**2**	**3**	**4**	**5**	**Total**
Long term trading	**No.**	17	40	31	50	21	159
	%	10.7	25.2	19.5	31.4	13.2	100
Day trader	**No.**	10	59	47	25	46	187
	%	5.3	31.6	25.1	13.4	24.6	100
Both	**No.**	6	57	49	22	47	181
	%	3.3	31.5	27.1	12.2	25.9	100
Total	**No.**	33	156	127	97	114	527
	%	**6.3**	**29.6**	**24.1**	**18.4**	**21.6**	**100**

Source: Calculated from Primary data

Note: 1-Highly satisfied; 2-Satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly Dissatisfied

More than 30% of all the categories of respondents have been satisfied or highly satisfied with the service of creating marketability.

APPLICATION OF ANOVA

In order to find out significant difference in the level of agreeability towards the role of credit rating between the different categories of age group of the respondents, ANOVA is applied and the results are furnished in the following table.

Ho 1: "There is no significant difference between the age of the respondents and level of agreeability for "Investor protection through party opinion on credit/ default risk" in relation to the role of investor protection by Credit Rating Agencies.

TABLE 4.61

ANOVA – Age & Investor Protection

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.900	3	1.633	3.251	.022
Within Groups	262.717	523	10.502		
Total	267.617	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'no Significant value of .022' there is significant difference between the age of the respondents and their level of agreeability for the role of Providing credit/default risk opinion in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected

Ho 2: "There is no significant difference between the age of the respondents and level of agreeability for the role of "Distilling complex financial structure into user-friendly symbol".

TABLE 4.62

ANOVA – Age & User-friendly Symbols

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	25.649	3	8.550	12.655	.000
Within Groups	353.334	523	0.676		
Total	378.983	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'no Significant value of .000' there is significant difference between the age of the respondents and their level of agreeability for Distilling complex financial structure into user friendly symbols" in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected.

Ho 3: "There is no significant difference between the age of the respondents and level of agreeability for "Providing common yardsticks to evaluate default risk for decision making" in relation to the role of Credit Rating Agencies.

TABLE 4.63

ANOVA – Age & Provision of Common Yardsticks

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	16.464	3	5.488	1.485	.000
Within Groups	281.312	523	0.538		
Total	297.776	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'no Significant value of .000', there is significant difference between the age of the respondents and their level of agreeability for providing common yardsticks to evaluate default risk for decision making in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected.

Ho 4: "There is no significant difference between the age of the respondents and level of agreeability for "Monitoring and disseminating credit opinion on issues in a timely and efficient manner" in relation to the role of Credit Rating Agencies.

TABLE 4.64

ANOVA – Age & Monitoring and Dissemination of Information

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	12.949	3	4.316	6.993	.000
Within Groups	322.808	523	0.617		
Total	355.757	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .000' there is significant difference between the age of the respondents and their level of agreeability for Monitoring and disseminating credit opinion on issues in a timely and efficient manner in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected.

Ho 5: "There is no significant difference between the age of the respondents and level of agreeability for Bridging the information gap between issuers and investors and a source of credit surveillance for investors" in relation to the role of Credit Rating Agencies.

TABLE 4.65

ANOVA – Age & Bridging Information Gap

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	28.000	3	9.333	11.909	.000
Within Groups	409.879	523	6.784		
Total	437.879	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .000' there is significant difference between the age of the respondents and their level of agreeability for Bridging the information gap between issuers and investors and a source of credit surveillance for investors in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected.

Ho 6: "There is no significant difference between the age of the respondents and level of agreeability" for Fostering product innovation in relation to the role of Credit Rating Agencies.

TABLE 4.66

ANOVA – Age & Fostering Product Information

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	19.432	3	6.477	5.214	.001
Within Groups	649.714	523	1.242		
Total	669.146	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .001' there is significant difference between the age of the respondents and their level of agreeability for Fostering product innovation in relation to the role of Credit Rating Agencies.

Hence the hypothesis is rejected.

Ho 7: "There is no significant difference between the age of the respondents and level of agreeability for helping to enlarge investor pool".

TABLE 4.67

ANOVA –AGE & HELP TO ENLARGE INVESTOR POOL

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	12.429	3	4.143	3.930	.009
Within Groups	551.283	523	1.054		
Total	563.712	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .009' there is significant difference between the age of the respondents and their level of agreeability for helping to enlarge investor pool.

Hence the hypothesis is rejected.

Ho 8: "There is no significant difference between the age of the respondents and level of agreeability for giving unbiased opinion.

TABLE 4.68

ANOVA – Age & Unbiased Opinion

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	19.994	3	6.665	6.174	.000
Within Groups	564.526	523	1.079		
Total	584.520	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .000' there is no significant difference between the age of the respondents and their level of agreeability for giving unbiased opinion

Hence the hypothesis is rejected.

Ho 9: "There is no significant difference between the age of the respondents and level of agreeability for Providing accurate picture of risk".

TABLE 4.69

ANOVA – Age & Provision of Accurate Risk

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	5.225	3	1.742	1.485	.218
Within Groups	613.492	523	1.173		
Total	618.717	526			

Source: Calculated from Primary data

The ANOVA result shows that at 5% level of significance, with the 'Significant value of .218' there is significant difference between the age of the respondents and their level of agreeability for Providing accurate picture of risk.

Hence the hypothesis is rejected

ANALYSIS OF LEVEL OF SATISFACTION TOWARDS THE PROCESS FOLLOWED BY CREDIT RATING

The credit rating follows a process to assess the securities for the purpose of rating. The following factors are used by the credit rating for their assessment of securities in general.

1. Intrinsic value
2. Operations study
3. SWOT analysis
4. Financial projection
5. Industry/company analysis
6. Risk identification and allocation
7. Risk quantification
8. Technical/financial analysis
9. Company/promoter assessment
10. Market assessment.

The investors, while making investment in securities, look into these assessment processes for their decision on investment and each investor may have his own preference towards these factors. In the present study, analysis is carried out to find out the level of importance given by gender to these factors using the average score and also to find out the difference in the level of satisfaction towards these factors between the genders. The analysis has been carried out and the results are presented in the following tables with interpretations.

TABLE 4.70

Test of Significance – Intrinsic Value

Gender	N	Mean	Std. Deviation
Male	393	3.8601	.95204
Female	134	3.9776	.81772

Source: Calculated from Primary data

The above table shows that the mean values of the male and female respondents 3.8 and 3.9, which shows that female respondents have more importance to Intrinsic value assessment than male respondents.

APPLICATION OF 't' TEST

't' test has been applied to find out the significant difference in the level of satisfaction on the basis of gender of the respondents towards Intrinsic value assessment

Ho: "There is no significant difference between the genders towards the level of satisfaction on intrinsic value assessment."

TABLE 4.70.a

T – Test for Equality of Means – Intrinsic Value Assesment

T	Df	Sig. (2-tailed)
-1.278	525	.202

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on operations study and hence the hypothesis is rejected.

TABLE 4.71

Test of Significance – Operations Study

Gender	N	Mean	Std. Deviation
Male	393	3.8244	.83128
Female	134	3.9776	.76055

Source: Calculated from Primary data

The mean values of the overall mean score on operations study are between 4 and 3.8. The mean values of the male and female respondents are 3.8 and 3.9 respectively, which shows that female respondent has more importance with operations study than male respondents.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards operations study.

Ho: "There is no significant difference between the genders towards the level of satisfaction on operations study."

TABLE 4.71.a

T – Test for Equality of Means — Operation Study

T	Df	Sig. (2-tailed)
-1.1881	525	.060

The ‘t’ test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on operations study and hence the hypothesis is accepted

TABLE 4.72

Test of Significance – Swot Analysis

Gender	N	Mean	Std. Deviation
Male	393	3.9338	.89540
Female	134	3.8209	.83936

Source: Calculated from Primary data

The mean values of the overall mean score on SWOT analysis are between 4 and 3.8. The mean values of the male and female respondents 3.9 and 3.8, which shows that male respondents have attached more importance to the SWOT analysis while making investments.

APPLICATION OF ‘t’ TEST

‘t’ test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards SWOT analysis

Ho: “There is no significant difference between the genders towards the level of satisfaction on SWOT analysis.”

TABLE 4.72.a

T – Test for Equality of Means – SWOT Analysis

T	Df	Sig. (2-tailed)
1.281	525	.201

The ‘t’ test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on SWOT analysis and hence the hypothesis is rejected.

TABLE 4.73

Test of Significance – Financial Projection

Gender	N	Mean	Std. Deviation
Male	393	3.1170	1.33689
Female	134	2.8657	1.13582

Source: Calculated from Primary data

The mean values of the overall mean score on financial projection intrinsic value assessment are between 4 and 3.8. The mean values of the male and female respondents 3.1 and 2.8, which shows that male respondents attached more importance to the financial projection in making their investment.

APPLICATION OF ‘t’ TEST

‘t’ test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards financial projections.

Ho: “There is no significant difference between the genders towards the level of satisfaction on financial projection.”

TABLE 4.73.a

T – Test for Equality of Means – Financial Projection

T	Df	Sig. (2-tailed)
1.950	525	.052

The ‘t’ test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on financial projection and hence the hypothesis is rejected

TABLE 4.74

Test of Significance – Industry/Company Analysis

Gender	N	Mean	Std. Deviation
Male	393	3.5954	1.04329
Female	134	3.5896	0.91940

Source: Calculated from Primary data

The mean values of the overall mean score on industry/company analysis are between 4 and 3.8. The mean values of the male and female respondents 3.59 and 3.58 which shows that male respondents have been attached more importance to industry/company analysis.

APPLICATION OF ‘t’ TEST

‘t’ test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards industry analysis/company analysis.

Ho: “There is no significant difference between the genders towards the level of satisfaction on industry/company analysis.”

TABLE 4.74.a

T – Test for Equality of Means – Industry/Company Analysis

T	Df	Sig. (2-tailed)
0.058	525	.954

The 't' test results states that at 5% level of significance, there is no significant difference between the genders towards the level of satisfaction on industry/company analysis and hence the hypothesis is accepted.

TABLE 4.75

Test of Significance –Risk Identification and Allocation

Gender	N	Mean	Std. Deviation
Male	393	3.3282	1.03344
Female	134	3.6567	0.86802

Source: Calculated from Primary data

The mean values of the overall mean score on risk identification and allocation are between 4 and 3.8. The mean values of the male and female respondents 3.3 and 3.6, which shows that female respondents have been attached more importance to risk identification and allocation.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards risk identification and allocation.

Ho: "There is no significant difference between the genders towards the level of satisfaction on risk identification and allocation."

TABLE 4.75.a

T – Test for Equality of Means – Risk Identification and Allocation

T	Df	Sig. (2-tailed)
-3.303	**525**	**.001**

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on risk identification and allocation and hence the hypothesis is accepted

TABLE 4.76

Test of Significance – Risk Quantification

Gender	N	Mean	Std. Deviation
Male	393	3.3130	.97743
Female	134	3.7313	.89413

Source: Calculated from Primary data

The mean values of the overall mean score on risk quantification are between 4 and 3.8. The mean values of the male and female respondents 3.3 and 3.7, which shows that female respondents have been attached more importance to risk quantification.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards risk quantification.

Ho: "There is no significant difference between the genders towards the level of satisfaction on risk quantification."

TABLE 4.76.a

T – Test for Equality of Means – Risk Quantification

T	Df	Sig. (2-tailed)
-4.370	525	.001

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on risk quantification and hence the hypothesis is rejected.

TABLE 4.77

Test of Significance –Technical/ Financial Analysis

Gender	N	Mean	Std. Deviation
Male	393	3.4453	1.04866
Female	134	3.6791	0.96246

Source: Calculated from Primary data

The mean values of the overall mean score on technical/ financial analysis are between 4 and 3.8. The mean values of the male and female respondents 3.4 and 3.6, which shows that male respondents have been attached more importance to technical/financial analysis.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards technical/financial analysis.

Ho: "There is no significant difference between the genders towards the level of satisfaction on technical/ financial analysis."

TABLE 4.77.a

T – Test for Equality of Means – Technical/Financial Analysis

T	Df	Sig. (2-tailed)
-2.275	525	.023

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on financial/technical analysis and hence the hypothesis is rejected.

TABLE 4.78

Test of Significance –Company/ Promoter Assessment

Gender	N	Mean	Std. Deviation
Male	393	2.9771	1.26046
Female	134	2.7090	1.19412

Source: Calculated from Primary data

The mean values of the overall mean score on company/ promoter assessment are between 4 and 3.8. The mean values of the male and female respondents 2.9 and 2.7, which shows that male respondents have been attached more importance with company/promoter assessment.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards company/promoter assessment.

Ho: "There is no significant difference between the genders towards the level of satisfaction on company/ promoter assessment."

TABLE 4.78.a

T – Test for Equality of Means – Company/Promoter Assessment

T	Df	Sig. (2-tailed)
2.155	525	.32

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on company/promoter assessment and hence the hypothesis is rejected.

TABLE 4.79

Test of Significance – Market Assessment

Gender	N	Mean	Std. Deviation
Male	393	3.0229	1.15705
Female	134	2.6269	1.11498

Source: Calculated from Primary data

The mean values of the overall mean score on market assessment are between 4 and 3.8. The mean values of the male and female respondents 3.02 and 3.62 which shows that male respondents have given more importance to market assessment.

APPLICATION OF 't' TEST

't' test has been applied to find out the difference in the level of satisfaction on the basis of gender of the respondents towards market assessment.

Ho: "There is no significant difference between the genders towards the level of satisfaction on market assessment."

TABLE 4.79.a

T – Test for Equality of Means – Market Assessment

T	Df	Sig. (2-tailed)
3.453	525	.001

The 't' test results states that at 5% level of significance, there is significant difference between the genders towards the level of satisfaction on market assessment and hence the hypothesis is rejected.

RANKING OF SERVICES

The overall characteristics of services rendered by credit rating are ranked by the respondents in the present study. The details of such ranking show the preference of the particular service in terms of its importance to the investors. The result of the ranking is provided in the following table.

Table 4.80

Ranking of Services

Name of the Service	Mean Score	Final Rank
Creating awareness	3.61	4
Descriptive nature of information	3.74	5
Accuracy of rating	3.05	1
Creating confidence	3.17	2
Sufficiency of Information	3.59	3
Easy understanding of symbols	3.83	6

Source: Calculated from Primary data

From the above table it is understood that the retail investors prefer the services of accuracy of rating and creating confidence in making investment. Awareness, descriptive nature of information and understanding of symbols have secured last three ranks. Hence it can be concluded that the respondents attached more importance to accuracy of rating.

CHAPTER-V

Summary of Findings, Suggestions and Conclusion

INTRODUCTION

Capital market is the backbone of any country's economy. It provides for an efficient means of resource mobilization and allocation, hence an engine for economic growth. Lewin and Zervos (1996) put forth that a well-developed stock market may be able to offer financial services of different kind, that provide a different kinds of impetus to the economic development of the country. In India, it is evidenced from the study of Agarwal (1996) which tells that the two main parameters of the capital market viz., size and liquidity are statistically significant to explain the economic activity.

The Indian capital market is one of the oldest capital market in the world. Even-though, the origin of capital market dates back to the 18th Century, the orderly growth of the capital market began with the setting up of the Bombay Stock Exchange in July 1875 and Ahmedabad Stock Exchange in 1984. At present there are 23 stock exchanges in total spread up in various part of the country. The long-term financial requirements of the corporate sectors were met by the Development financial institutions namely IDBI, IFCI, ICICI as well as other investment institutions like LIC, UTI, GIC etc. The working capital requirements of the business firms were met by the commercial banks through an elaborate network of their branches throughout the country. Capital market activities were limited due to the easy availability of loans from banks and financial institutions.

The Indian Capital Market has witnessed major transformation since the early 1990s after the introduction of financial sector reforms in general and the capital market reforms in particular in a big way during 1991-1992. These reforms have been aimed at improving market efficiency, enhancing transparency, checking unfair trade practices and bringing the Indian capital market up to international standards. The National Stock Exchange was incorporated in 1992 and was given recognition as a stock exchange in April 1993, which has been playing a lead role as change agent in transforming the Indian capital market into its present form. In 1992 the Securities Exchange Board of India (SEBI), an apex body, was given autonomous status with the objective of (i) protecting the interest of investors in securities, (ii) promoting the development of securities market and (iii) regulating the securities market. Indian capital market has made commendable progress under the able administration of SEBI and has been transformed into one of the dynamic capital market in the world.

Developing nations are short of financial resources. To support this short-fall, savings of the public are to be mobilized for investment in trade and industry. This savings can be mobilized if the investment offers safety of the principal apart from liquidity and return. Safety is ensured by the industry and trade where the financial risk is least. Safety of the investment can be pre-assessed if the company's ability and capacity to pay-off the principal and other accruing dues is indicated in advance through a reliable assessment of the ability and creditability called rating. This assessment of ability to repay enhances the confidence of the investors in enterprises where they have invested their savings. Hence, a well rated enterprise can get funds from the credit lending institutions as well as from the individual investors.

The formal credit rating in India is fairly of recent origin. It is regulated by two authorities namely SEBI and Reserve Bank of India. As per SEBI regulations, credit rating must be obtained from any credit rating agency before debt issue and now it is being extended to share issue also. Reserve Bank of India requires that an intended issue of commercial paper must have the best credit rating obtained within a month. Credit rating gained momentum when the SEBI passed the SEBI (Credit rating Agencies) Regulation in the year 1999. It has given different guidelines for the registration and functioning of Credit rating agencies in India. It also provides guidelines regarding the credit rating procedure. The credit rating agencies are required to follow the regulations and guidelines in their business of rating the securities of the issuers.

Credit rating is a system which is used by investors, issuers, investment banks, broker-dealers and governments. It increases the scope of investments by investors and provides independent way of measurement of relative credit risk. It also opens up the way of capital markets to some borrowers like government, start up companies, hospitals, and universities. It also enhances the access to private capital market and low debt issuance cost.

The rating is considered significant to different parties associated with the credit rating system. Issuers use credit ratings as independent verification of their credit worthiness. By studying the bond market association it has noted that many institutional investors now prefer that a debt issuance must have atleast three ratings. Regulators use ratings and permit ratings for some regulatory purposes. For example, under the Basel II agreement of the Basel Committee on Banking Supervision, banking regulator permits banks to use credit ratings from certain approved CRAs while calculating their net capital reserve requirements.

As the credit rating provides the baseline for risk assessment around which the market operates, investors could match their financial goals and risk appetites with it while making a decision to invest. Sometimes credit rating agencies may play an important role in structured financial transactions. Credit ratings often determine the rate of interest and price attached with a particular tranche of loan, based on the quality of loans and assets within that grouping.

Thus, credit rating agencies play a pivotal role as information provider and thereby facilitate the flow of capital for businesses that need it, whether they are small private firms or larger companies. The issue of securities with good credit rating made by the firms guarantees its subscription. In addition to this, credit ratings are used as critical inputs in determining investment portfolio by developed countries.

Investors may be institutional investors or retail investors (households). Institutional investors are huge investors who operate through portfolio managers. Portfolio managers only shuffle around the holdings in the existing scripts but they do not inject the much needed risk capital to upcoming enterprises to undertake new industrial activities. Even foreign institutional investors generally bring capital into the country only to acquire shares in the existing highly profitable companies but do not provide risk capital to the corporate world. It is the retail investors who like to invest in risk capital i.e. the household sector who purchase and sell securities for him self and not for another. This investment comes from the valuable savings of the retail investors. The retail investors help a country grow through their investment in industrial activities. As the bulk of the savings of the country emanate from the retail investors, the capital market cannot grow without their participation directly or indirectly. The retail investors are not aware about developments in the capital market. They have to depend on some sources for information on the intricacies involved in the investment activities especially in securities. Credit rating agencies are one such source whose role is to fulfil the information gap to the retail investors who are not expert in investment activities. By providing information, rating agencies assist retail investors in taking decision in investing activities. They act as a motivating factor by providing information on risk involved in particular security and paved way for the flow of necessary capital to business firms. The investors relied on the information only when they have confidence in the services provided by the rating agencies. Such confidence could be gained on the satisfaction of the various services provided and how they perceive the role played by the agencies and the processes followed by them in assessing the securities. The information on such confidence level of the investors and their perception towards the processes used and the role played help the rating agencies understand where they stand, the expectations of the investors from the rating agencies and the like.

Moreover the existing studies covered the performance of credit rating agencies, investors' confidence over credit rating, investors' preferences and awareness, determinants of sovereign ratings, methods and techniques used in rating, working of rating agencies, enhancement of accountability of credit rating agencies their role in ordering financial markets and capital market, impact on developing countries and the quality of credit rating. Hence, a study on this line enable the agencies to come upto the level of expectations of the investors and play effective role in promoting investment habits among the existing as well as prospective investors and ensure continuous flow of funds into economic activities of the country.

In this context a systematic study on the role of credit rating in motivating the retail investors assumes relevance and deserves academic attention. This prompted the researcher to take up the present study.

The concept of credit rating in India is quite old now. In the past few years, the rating system has got remarkable maturity. The regulations are comprehensive and best of the kind in the world. The credit ratings establish a link between risk and return along with the provision of a yardstick against which one can measure the risk inherent in any instrument. An investor uses the credit rating as a tool to assess the risk level and compare the offered rate of return that influence the composition of their portfolio as well as investment decisions.

Despite the above facts, they have failed to gain confidence of the market participants because of certain facts relating to rating. They are: There is no compulsion on the part of the corporate sector to obtain or publicize the credit rating. Also they can publish it if it is a good one and obliterate it from its prospectus if it is not good. The past failures of ratings pointed out the fact of failure to reveal the credit risk involved in concerned securities in time has put a question mark on the ability of the credit rating agencies to assess the creditworthiness of the issuers. Hence, investors in securities do not attach any importance to the credit ratings. They either get expertise opinion from the brokers or get advice from their friends, relatives, neighbours, peer groups etc. Moreover, the recent sub-prime crisis in America has added fuel to the fire where credit rating agencies have been suspected of having nexus with the issuers and not carrying due diligence. This is particularly so because the same global rating agencies are major shareholders in the Indian credit rating agencies and provide the necessary knowledge base and technical support to them.

Under this background, the following basic questions arise :

- Whether the role in credit ratings of Indian rating agencies effective?
- Whether they provide satisfactory services to satisfy the investors?
- Do they provide satisfactory assessment by following required process?
- What type of services are mostly preferred by the investors?
- Is there any inadequacies in rating the issues?

Therefore, the present study has tried to examine the role played by the present credit rating system on various aspects that are important to produce necessary results. The objectives of the study were as follows:

1. To analyse the nature, structure and performance of credit rating in India.
2. To find out the perception of retail investor towards the role of credit rating in protecting their interest.
3. To study the opinion of the investors towards the services of credit rating.
4. To present the level of satisfaction towards the process taken by the CRAs in their assessment.
5. To assess the level of satisfaction regarding the services offered by the CRAs to enhance the investor confidence.
6. To offer suggestions to the regulators to monitor the performance of rating service and to CRAs to improve the services to retail investors.

The study is empirical in nature based on survey method. The most important and crucial aspect of any investigation is the collection of appropriate information which provide necessary data on the study. The present study depended on primary data. The data were relating to the perception of the retail investors towards the role of credit rating agencies in motivating them to take decisions on their investment in capital market securities. The data were collected with the help of an interview schedule with close ended items. The study also used secondary data wherever necessary. Discussions were also held from the trading members, investors and share brokers to get related information to the study.

The tool for collecting the data was constructed by the researcher herself on the basis of the knowledge gathered from the previous literature available both research and non-research in the area of credit rating and published and not published, information collected from the trading members and academicians who have knowledge in the field. The interview schedule was also reviewed by the specialists in the field of credit rating. The schedule consists of two parts. Part I includes questions on personal information of the respondents, their investment profile including type of investor, experience in the market, category of trading, number of companies in which investment is made, size of investment, practice of using savings for investment, source of investment, purpose of investment, sources of information about rating, mode of trading, investment preference and nature of investment. Part II consists of role of credit rating to assess the perception of the retail investors towards it in motivating them to make investment. It includes their role in the form of various functions, their services, the process used and the inadequacies in providing rating. It also consists of ranking the services by the respondents.

Coimbatore district in the State of Tamilnadu was selected for the study. Coimbatore district, with the population of over 2.4 million on the basis of Census 2010, is the second largest industrial district in Tamilnadu and it has pioneered the growth of Textile Industry and Engineering industry in the country. In the present days it has also become an IT center on account of the development of IT parks and Software industries. It is also an education hub on account of the privatization of education in India. It includes large number of educational institutions in the field of engineering, polytechnics, medical and allied fields, arts and science colleges and other fields. Besides that, Coimbatore is considered to be one among the top 25 centers in India for mobilizing capital through new issues. It shares 2% of the traded activity on the National stock exchange. Coimbatore district comprised a network of 204 active trading members including brokers and sub-brokers. It also has a government recognized stock exchange known as Coimbatore Stock Exchange. Hence, the present study is based on this area. The sample selection was done using convenient sampling method. For the purpose, the active trading houses, brokers and sub brokers who had active participation in the trading of securities were contacted by collecting their addresses from the websites and also from the people who are engaged in investment activities.

For the purpose of collecting the data, the researcher personally visited the offices of the brokers and sub-brokers, meetings organized by the trading houses etc. to meet the investors. Investors were individually contacted with the consent of the brokers, sub-brokers etc. The researcher had to wait till the investor had to complete their transaction. Then they were explained with the objectives of the study and a request was made to co-operate with the researcher in her investigation. Questions were explained by researcher to obtain relevant information from the respondents and the data were recorded by her. The schedule, thus, completed were subject to thorough checking to ensure completeness of the schedule. Approximately 20 to 30 minutes were needed to collect the data from a respondent.

Data were collected during the months of January, February and first half of March, 2011. The researcher could be able to contact 527 retail investors. Hence, the sample size for the study consisted of 527.

In order to suit the requirements of the study, the tools used employed to analyse the data are - 5-point scaling technique, Descriptive analysis, Average score analysis, Average ranking analysis, t- test, Chi-square test etc. All the tests were carried out at 5% level of significance.

SUMMARY OF FINDINGS

The findings recorded in the form of tables in the analysis part of the present research report were consolidated and presented in this chapter followed by suggestions to enhance utility of credit rating, conclusion and scope for further research in this area.

SOCIO ECONOMIC PROFILE OF THE INVESTORS

- The study revealed that most of the respondents (35.9%) are from urban areas.
- It is indicated by the study that more than 30% of the respondents are in the age group of 20-30 years.
- It is observed by the study that majority of the respondents (74.6%) are male.
- The study revealed that majority of the respondents (62.6%) are unmarried .
- Retail investors with school level of education are more (31.9%)than the other respondents with different levels of education.
- Regarding Occupational status, most of the respondents (45%) are employed.
- It indicated by the study that majority of the respondents (52.6%) have 2-4 members in their family.
- The study observed that majority of the respondents (52.8%) of the study have 0-2 earning members in the family.
- The study indicated that most of the respondents (34.3%) of the study are having monthly family income between Rs.20,000-30,000.

INVESTMENT PROFILE

- Regarding the type of investors are concerned new generation investors are more (64.5%) than the others.
- The study observed that the respondents with 1-3 years of experience are more (38.7%) in number than others.
- Regarding category of trading day traders are more (35.5%) in number than the long-term traders.
- The study indicated that most of the respondents (31.7%) made investment in 4-6 companies.

- It is revealed that most of the respondents (40.2%) have investment worth Rs.1-2 lakhs.
- Most of the respondents (45%) of the study have used 20-40% of their savings for investment in securities.
- Regarding the source of investment, majority of the respondents used (54.8%) their own savings for their investment.
- The study observed that constant income is the most preferred purpose of the respondents (18.4%) from their investment.
- It is revealed by the study that most of the respondents (22.6%) used newspaper and journals to know the information for the purpose of their investment.
- Regarding the mode of trading, majority of the respondents (64.9%) are having online trading.

ROLE OF CREDIT RATING

- The study indicated that highest proportion (85.2%) of the respondents have high level of agreement or agreement towards the role of "Investor protection through party opinion on credit/ default risk".
- It is observed by the study that highest proportion (82.7%) of the respondents having high level of agreement or agreement to the role of "Distilling complex financial structures into user friendly symbols".
- It is understood from the study that significant proportion (73%) of the respondents of the study has high level of agreement or agreement towards the role of "Providing common yardsticks to evaluate default risk for decision making".
- It is observed by the study that significant proportion (72.3%) of the respondents for the study has high level of agreement or agreement towards the role of "Monitoring and disseminating credit opinion on issues in a timely and efficient manner".
- The study revealed that a larger number (71.1%) of the respondents has high level of agreement or agreement for the role of "Bridging the information gap between issuers and investors and a source of credit surveillance for investors".
- It indicated by the study that moderate percentage (35.3%) of the respondents has high level of agreement or agreement towards the role of "Providing performance benchmark of company's business and financial performance within and across the industries".
- The study indicated that a reasonable proportion (18.6) of the respondents has high level of agreement or agreement towards the role of "Fostering product innovation".
- Reasonable percentage (17.3%) of the respondents has high level of agreement or agreement towards the role "Help enlarge investor pool".
- Regarding the role "Are Unbiased in giving opinion", minimum percentage (10.1%) of the respondents has high level of agreement or agreement towards it.
- The study revealed that only minimum proportion (10.1%) of the respondents has high level of agreement or agreement towards "Provide accurate picture of risk".

ROLE OF RISK MANAGEMENT SERVICES

- The study indicated that 78.2% of the respondents have satisfaction or high level of satisfaction towards the risk management service "Information related measures" by the credit rating.
- It is revealed by the study that 74.4% of the respondents has satisfaction or high level of satisfaction towards the service "Investor awareness and education" provided by the credit rating.
- The study indicated that 62.1% of the respondents has satisfaction or high level of satisfaction towards the risk management service "Investor protection" by the credit rating.
- It is revealed by the study that 33.4% of the respondents have satisfaction or high level of satisfaction towards the service "Assessment of chances for risk" provided by the credit rating.
- It is revealed by the study that 35.7% of the respondents have satisfaction or high level of satisfaction and satisfaction towards the service "Creates marketability" provided by the credit rating.

It is a telling fact from the study that significant proportion of the respondents have been satisfied or highly satisfied with the risk management ser-

vices provided by the credit rating the respondents viz. information related measures and investor awareness and education whereas the investor protection scored 62.1 and the other two services i.e., assessment of chances for risk and creation of marketability scored around 35% only. This indicated need for attention in this area to provide satisfactory services.

PROCESS FOLLOWED BY THE CREDIT RATING

- The study observed that significant proportion (71.8%) of the respondents have satisfaction or high level of satisfaction towards "Intrinsic value assessment" to assess the securities by the credit rating agencies.
- The study observed that a largest proportion (76.5%) of the respondents for the study have satisfaction or high level of satisfaction towards "Operations Study" to assess the securities by the credit rating agencies.
- The study observed that a high proportion (75.3%) of the respondents for the study has satisfaction or high level of satisfaction towards the "SWOT Analysis" to assess the securities by the credit rating agencies.
- The study observed that 44.4% of the respondents for the study has satisfaction or high level of satisfaction towards the "Financial Projection" to assess the securities by the credit rating agencies.
- The study observed that majority (62.2%)of the respondents have satisfaction or high level of satisfaction towards the "Industry/Company analysis" to assess the securities by the credit rating agencies.
- The study observed that only 17.9% of the respondents has satisfaction or high level of satisfaction towards the "Risk identification and allocation" to assess the securities by the credit rating agencies.
- The study observed that majority (56%) of the respondents has satisfaction or have high level of satisfaction and satisfaction towards the process "Risk quantification" to assess the securities by the credit rating agencies.
- The study observed that most (55.4%) of the respondents has satisfaction or high level of satisfaction and satisfaction towards the process "Technical/Financial analysis" followed by the credit rating in making assessment for their rating.
- The study observed that only 39.8% of the respondents for the study has satisfaction or high level of satisfaction towards "Company/promoter assessment" followed by credit rating agencies in making assessment for their rating.
- The study observed that only 37% of the respondents for the study have satisfaction or high level of satisfaction towards "Market assessment" followed by the credit rating in making assessment for their rating.

RESULTS OF STATISTICAL APPLICATIONS

Chi-square analysis

The relationship between the personal factors and purpose of investment is ascertained by using Chi-square analysis. The outcome of such analysis is presented here.

- It is revealed that respondents from rural and semi-urban areas are interested in constant income from their investment and respondents from urban area are interested in wealth accumulation from their investment.

  The Chi-square test revealed that there is significant relationship between place of residence and purpose of investment.
- It is identified that respondents with age group of 30-50 are interested in constant income from their investment, the respondents in the age group of 20-30 are interested in wealth accumulation from their investment and respondents above 50 years of age are interested in safety of investment.

  The Chi-square test revealed that there is significant relationship between age and purpose of investment.
- It is revealed that both male and female respondents are interested in constant income from their investment.

  The Chi-square test revealed that there is significant relationship between gender and purpose of investment.
- It is revealed that both married and unmarried respondents are interested in constant income from their investment.

The Chi-square test revealed that there is significant relationship between marital status and purpose of investment.

- It is revealed that respondents with school level of education are interested in safety of their investment, graduate respondents are interested in constant income, post graduate respondents are interested in diversification of their asset holding and professional investors are interested in constant income from their investment.

  The Chi-square test revealed that there is significant relationship between educational level and purpose of investment.

- It is revealed that respondents doctors, lawyers and businessmen are interested in constant income from their investment, respondents who are employed are interested in wealth accumulation, professional investor are interested in taxation management and wealth accumulation from their investment.

  The Chi-square test revealed that there is significant relationship between Occupation and purpose of investment.

- It is revealed that respondents with 2-4 members in the family are interested in constant income from their investment, respondents with 4-6 members are interested in wealth accumulation from their investment and respondents with more than 6 members are interested in taxation management.

  The Chi-square test revealed that there is significant relationship between number of members in the family and purpose of investment.

- It is revealed that all the respondents of the study irrespective of their number of earning members in the family are interested in constant income from their investment.

  The Chi-square test revealed that there is significant relationship between number of members in the family and purpose of investment.

- It is revealed that respondents with Rs.30,000-50,000 income are interested in constant income from their investment, respondents with Rs.10,000-20,000 income are interested in safety of their investment and respondents with Rs.20,000-30,000 income are interested in wealth accumulation.

  The Chi-square test revealed that there is significant relationship between number of earning members in the family and purpose of investment.

- It is revealed that respondents belonging to all types have interest in constant income from their investment.

  The Chi-square test revealed that there is significant relationship between number of members in the family and purpose of investment.

- It is revealed that respondents with less than one year of experience have interest in safety of principal, respondents with 1-3 years are interested in wealth accumulation from their investment, respondents who have more than three years of experience are interested in constant income from their investment.

  The Chi-square test revealed that there is significant relationship between number of members in the family and purpose of investment.

- It is revealed that respondents who trade for long term are interested in safety of principal from their investment and respondents who are day traders and both the category are interested in constant income and wealth accumulation from their investment.

The Chi-square test revealed that there is significant relationship between number of members in the family and purpose of investment.

RELATIONSHIP BETWEEN AGE AND ROLE OF CREDIT RATING – APPLICATION OF ANOVA

It is revealed by the study that the level of agreeability towards the role played by the credit rating in assisting the decision making by investors differs significantly among different age groups.

PROCESS USED BY CREDIT RATING AND ITS RELATION WITH GENDER – APPLICATION OF ‘t-test’

It is a telling fact revealed by the study that the female retail investors attach more importance than male retail investors to the process used by credit rating for their assessment to allot grades to the securities viz., Intrinsic value assessment, Operations study, Risk identification, Risk quantification and technical/financial analysis.

Male retail investors give more importance to the services “SWOT analysis, Financial projection, Industry/

company analysis, Company/promoter assessment and Market assessment".

SUGGESTIONS

To the Regulators

The awareness levels of the retail investors towards the role of credit rating is very less. They have less knowledge about the credit rating, hence investor education services specifically by targeted campaigns, are to be strengthened and it is highly important to give an exposure to the investors.

To ensure that investors are aware of the risk in making investment in securities and can make informed decisions, the regulators shall strengthen by insisting on the continuous assessment of risk at different levels of activities of the organizations like operation, supply chain, security, usage of technology, risk involved in the project undertaken, market, compliance of regulations, internal audit etc. and measures like increasing the frequency of advertisement to create marketability to the securities rated. The investors are also to be educated on how to take decisions using the symbols of credit rating to select the securities for investment.

Also investors shall be informed by their credit rating agencies perhaps atleast every 6 months of the relative weight of the securities rated. This provides the investors with the information necessary to assess their investment performance periodically. For the purpose, the rating agencies may be given power to receive the annual returns and other supportive documents relating to the performance of the organization whose securities are rated thereby enabling the rating agencies to keep an eye on the performance of the company constantly.

To the Policy makers

The policy makers can take a note of the fact that a reasonable proportion of the investors used newspapers and websites to get information about the rating of securities and make use of this source to educate and create awareness of rating and its related processes.

To make use of this technology facility in the information age, centralized website may be created for the disclosure of all company's ratings, investment options by type, risk level, the processes followed for assessment of the securities, disclosure of other relevant information and so on. It shall provide right statistics that enable the market participants have confidence in their reliability and its accessibility in the right format and time frame.

The level of dissatisfaction is more in case of the role provided by credit rating in specific cases viz., Provision of performance benchmark, fostering product innovation, help to enlarge investor pool, unbiased in giving opinion and provision of accurate picture of risk.

Necessary measures are required for the provision of benchmarking while publishing information about rating to enable the investors to take purposefully informed decision.

Regulations to the type of assessment made to assess the risk in providing those services to ensure making investment and creating marketability for the securities may be implemented.

GENERAL

Young minds may be inculcated with the investment habits by inclusion of financial literacy in the school curriculum. Coordinated efforts by relevant authorities like SEBI, RBI, MINISTRY OF COMMERCE, LAW, CONSUMER AFFAIRS under the headship of SEBI as a supervisor defining the duties, level of transparency, determining the accountability, rules relating to assessment of risk involved in the securities and in providing literacy about how to use ratings may be put in to get concrete benefits from ratings of securities. The structure may be like the following:

"Supervisor (SEBI) -> Enforcement of responsibilities, accountability and literacy-> Credit rating agencies -> Duty of care -> Retail investors"

CONCLUSION

The credit rating has come to occupy a pivotal role as information provider. It is guidepost to lay investors ensures that the securities invested are worth investments. The prospects for credit rating are looking good owing to various reasons like increase in number of investors in securities directly or indirectly. The present study indicates certain areas that require the attention of the regulators and policy makers despite the utility of the credit in making investments by the retail investors. The policy makers and regulators may take efforts to enhance the regulatory framework to improve transparency in assessment, impose accountability by insisting on integrity of procedure and methodology used to rate securities and ensuring continuous risk assessment process at different levels of activities to instill confidence in investors and motivate them to use credit rating as a base for their investment decisions which ensures pouring of more capital into industrial activities for the country to creating wealth to all and enhance the economy of the country.

SCOPE FOR FURTHER STUDY

The present study concentrated on the individual retail investors who make investment out of their savings mainly for the purpose of regular income or an asset holding whereas the institutional investors whose purpose is to make investment are kept outside the purview of the study. Hence, future research can be concentrated on the following lines:

- Further study may be taken with a large sample to ensure more accuracy and validity in the results.
- The utility of the credit rating for institutional investors as well as the companies using credit rating services for rating may be studied to ensure even better results to improve the role of credit rating.

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APPENDIX

Questionnaire

A STUDY ON ROLE OF CREDIT RATING AGENCIES IN MOTIVATING RETAIL INVESTORS WITH REFERENCE TO COIMBATORE DISTRICT

1. Place of residence:

(*a*) Rural

(*b*) semi-urban

(*c*) urban

2. Age:

(*a*) 20–30 years

(*b*) 30-40

(*c*) 40-50

(*e*) above 60

3. Gender:

(*a*) Male

(*b*) Female

4. Marital Status:

(*a*) Married

(*b*) Unmarried

5. Educational level:

(*a*) School level

(*b*) Graduates

(*c*) Post graduates

(*d*) Professional

6. Occupation:

(*a*) Employed

(*b*) Businessman

(*c*) Doctor

(*d*) Professional investor

(*e*) Lawyer

7. Number of members in the family:

(*a*) 2-4

(*b*) 4-6

(*c*) 6-8

(*d*) Above 8

8. No. of earning members:

(*a*) 0-2

(*b*) 2-4

(*c*) 4-6

9. Monthly family income:

(*a*) Rs.10,000-20,000

(*b*) Rs.20,000-30,000

(*c*) Rs.30,000-40,000

(*d*) 40,000-50,000

(*e*) Rs.40,000 & above

INVESTMENT PROFILE

10. Type of investor:

(*a*) hereditary investor;

(*b*) new generation investor

11. Experience in the market :

(*a*) less than one year;

(*b*) 1-3 years

(*c*) 3-5 years

(*d*) more than 5 years

12. Category of trading:

(*a*) Long-term trading

(*b*) Day trader

(*c*) Both

13. No. of companies in which investment is made:

(*a*) 0-2

(*b*) 2-4

(*c*) 4-6

(*d*) Above 6

14. Size of investment held at a time:

(*a*) Below Rs. 1 lakh

(*b*) 1-2 lakhs

(*c*) More than 2 lakhs

15. State the percentage of your savings in securities:

(*a*) Less than 20%

(*b*) 20%-40%

(*c*) 40%-60%

16. State the source of your investment:

(*a*) own savings

(*b*) Borrowing

(*c*) Both

17. State the purpose of your investment:

(*a*) Safety of principal

(*b*) Wealth accumulation

(*c*) Constant income

(*d*) comfort factor-peace of mind with investment

(*e*) tax efficiency

(*f*) Life cover

(*g*) Diversification of asset holding

18. Sources of information:

(*i*) Prospectus

(*ii*) Newspaper, journal magazine

(*iii*) Investment related website

(*iv*) Brokers

(*v*) Investor forum

(*vi*) Company announcement

(*vii*) Stock exchange information

(*viii*) Others(friends, relatives etc.)

19.Mode of trading:

(*a*) Online

(*b*) Off-line

20.Investment profile:

(*i*) Initial offer in equity share

(*ii*) Debenture

(*iii*) Govt. bonds

(*iv*) Fixed deposit

(*v*) Mutual fund

(*vi*) Insurance policy

(*vii*) Stock Futures/options

(*viii*) NSC/PF/PPF

ROLE OF CREDIT RATING

21.State the level of agreeability of the following statements in relation to the role of Credit Rating Agencies

Statements	Highly agreed	Agreed	disagreed	Highly disagreed
1. Investor protection through party opinion on credit/default risk				
2. Distill complex financial structure into user-friendly symbols				
3. Provide common yardsticks to evaluate default risk for decision making				
4. Monitor and disseminate credit opinion on issues in a timely and efficient manner				
5. Bridge the information gap between issuers and investors and a source of credit surveillance for investors				
6. Provide performance benchmark of company's business and financial performance within and across industries				
7. Foster product innovation				
8. Help enlarge investor pool.				
9. Are unbiased in giving opinion				
10. Provide accurate picture of risk				

ROLE OF RISK MANAGEMENT SERVICES

23. Kindly state the level of satisfaction regarding services of CRAs to enhance the investor confidence

Statements	Highly satisfied	Satisfied	Dissatisfied	Highly dissatisfied
1. Information related measures				
2. Investor awareness and education				
3. Investor protection				
4. Chances for risk				
5. Creates marketability				

24. State the level of satisfaction towards the process taken by the CRAs in making assessment of their ratings

Statements	Highly satisfied	Satisfied	Dissatisfied	Highly dissatisfied
1. Intrinsic value assessment				
2. operations study				
3. SWOT analysis				
4. Financial projection				
5. Industry/company analysis				
6. Risk identification and allocation				
7. Risk quantification				
8. Technical/financial analysis				
9. Company/promoter assessment				
10. Market assessment				

25. State the inadequacies in rating the issues:

1. CRAS follow liberal process in rating	**4. Reacting rather proactive on defaulters**
2. Internal inconsistencies	**5. Poor in timely rating action**
3. Lack of discriminating powers	**6. No revision of rating**

26. Rank the following services of CRAS

Statements	Ranking	Statements	Ranking
1. Creating awareness		**5. Sufficiency of information**	
2. Descriptive nature of information		**6. Easy understanding of symbols**	
3. Accuracy of rating			
4. Creating confidence			

27. Is the rating the clinching factor in making an investment? i) Yes; ii) No

28. Suggestions if any for the improvement of the rating services.