REVIEW OF LITERATURE

This section covers the review of literature of some of the important studies, research papers, various national as well as international journals, published articles in various official standard books & referring to various websites on the internet on different aspects of Depository system.

**Bhatt & Bhatt (2012)** in their paper entitled “Financial Performance Evaluation of depositories in India (A comparative study of NSDL & CDSL)” explores the fact that the trend of automation especially, Dematerialization, has enabled the Indian capital market to take the world center stage & scale to unprecedented heights. Securities market in India has grown exponentially. The analysis of the progress of NSDL & CDSL in economic terms clearly reveals that both the depositories have shown a remarkable progress in terms of DEMAT accounts, DEMAT value & quantity, Settlement value and quantity and the number of depository participants. Their study reveals that both the depositories have been working financially smoothly over a period of last six financial years.

**Chaudhary & Malik (2011)** in their paper “Depository system in India: An appraisal” states that majority of the participants are resided with NSDL with stake of 55 percent. Thus, it acts as the primary organization with the majority of participants in the system. Further the paper analysis concludes that the respondents have no clear & crisp idea regarding the services offered by the DPs to their clients. In order to overcome geographical & time barriers formal & informal communication need to be developed. The majority of respondents were comfortable with the prevailing fee structure of depository which shows the existing fee structure followed by NSDL is benevolent.

**George (1996)** in his article “Towards a paperless settlement system” explains about the role of the NSDL in revolutionizing the paperless stock settlement system in the country. He has
examined steps taken by the depository to ensure that the scripless trading system is a success. He has also stressed the importance of the role of regulatory body in making the depository system successful.

**Jeyanthi (2007)** in his research work “A study on National Stock Exchange of India Limited” has highlighted that the NSE has created a niche for itself not only in the national arena but also in the international market with the adaptation of required structural changes. Therefore there is no doubt that NSE will be an attractive destination for the national & international investors to park their funds in the years to come.

**Javaid (2003)** in his thesis “A study of operations of stock exchanges with the special reference to Delhi Stock Exchange” discussed that Indian stock market has emerged as a major source of finance for the corporate sector. It is an institution evolved in the industrial developed capitalistic economies with free market mechanism. Stock exchange was termed as institutional allocator of resources par excellence.

**Kaur (2013)** in her paper “Investors preference between DEMAT & REMAT and awareness regarding depository & its various laws” explains the depository system in India, focussing on the reasons for investors preference between REMAT & DEMAT. To sum up she concludes that the growth rates of DEMAT account holder is increasing over years. The Indian system of capital market is two tier system-Indian government allows holding securities in any form i.e. either in physical securities or in electronic (DEMAT) form. The respondents feel that the dematerialization provides enough services & it is convenient to use. Majority of people are shifting towards dematerialization as compared to the past history & study.

**Olekar & Talwar (2013)** in their paper “Online trading & DEMAT account in India – Some issues” observed that the banks normally levy a lower service charges compared to other
depository participants. He also found that when the numbers of users are more online, the speed of transactions is affected.

Rao (1995) in his paper “Depository System : A boon for India capital markets” holds the view that the introduction of depositories would improve the market efficiency. It is also expected to arrest the prolonged depression in the stock market. The paper analysis shows the manner in which the depository would help to revive the stock market. To sum up, he states that the eligibility criteria will require companies to improve their internal systems. He is hopeful that depository system will bring a sea change in corporate democracy, particularly in corporate management, price discovery in market place & proxy exercise etc.

Sahoo (1995) in his article “ The depositories ordinance , 1995 explained” has explained the provisions of Depositories Ordinance 1995, which provides a legal basis for the establishment of depositories in securities with a view to ensure free & expeditious transfer of securities.

Singh & Goyal (2011) in their paper entitled “ Analysis of factors affecting the Decision Making of the Investors in Depository System” holds the view that most of the investors think that the shorter settlement period, safety of securities with the depositories, attitude of the staff available with the DPs, timely services provided by the DPs to the investors, reduction in transaction costs, rapatriation of sales proceeds of shares / debentures are some of the factors which affects the decision making of the investors in depository system. Opening DEMAT account with DP is easy but they charge for providing this service. The education of the investors plays an important role in decision making where the difference in the opinions of the investors is found significant in most of the cases followed by other factors such as occupation, age etc.