



Factors influencing retail investors' attitude towards investing in security market

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Abstract

Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment has namely two attributes namely Risk and Returns. Present consumption is sacrificed to get a return in the future.

The main operate of the securities market is to alter interchange the shares of public firms, that successively mirror the performance of the businesses whose shares are traded in the stock market. Here is providing you with a close securities market summary. Stock markets are a significant part of Associate in Nursing economy or the financial system of a rustic.

Today most economies round the world are judged by the performance of their stock markets. The stock markets serve a significant purpose within the growth and development of an organization that wishes to expand.

Such firms with growth plans and new comers are in would like of funding and therefore the securities market is the simplest platform from that an organization will 'sell' itself to the discerning public on the premise of benefit among alternative things. To interchange the securities market an organization should be fully clear regarding its very important fundamentals like revenues, income, assets, liabilities, infrastructure, etc. as this permits the finance public to create a good assessment of the aforementioned company's market value.

This study helps to know investors attitude towards investment in stock market and it will also help to know what investor's perception towards investing in stock market are. It will help broking agencies to know percentages of investors are actually ready to invest their funds into stock market and also to know how much percentage of their funds they would like to invest in stock market.

Keywords: security market, gender wise investment

Introduction

The main perform of the exchange is to change interchange the shares of public corporations, that successively replicate the performance of the businesses whose shares area unit listed in the stock market. Here is providing you with a close exchange summary. Stock markets are a significant a part of associate degree economy or the financial set-up of a rustic. Today most economies round the world area unit judged by the performance of their stock markets. The stock markets serve a significant purpose within the growth and development of a corporation that desires to expand. Such corporations with growth plans and new comes area unit in want of funding and therefore the exchange is the simplest platform from that a corporation will 'sell' itself to the discerning public on the premise of benefit among alternative things. To interchange the exchange a corporation needs to be completely clear regarding its important fundamentals like revenues, income, assets, liabilities, infrastructure, etc. as this enables the investment public to form a good assessment of the same company's market price.

Today mad cow disease provides associate degree economical and clear marketplace for mercantilism in equity, currencies, debt instruments, derivatives, mutual funds. BSE SME is India's largest SME platform that has listed over 250 corporations and continues to grow at a gradual pace. BSE Star MF is India's largest on-line investment firm platform that method over twenty seven large integer transactions per month and adds virtually two large integer new SIPs ever month. BSE Bond, the clear and economical electronic book mechanism method for personal placement of debt securities.

There are a unit twenty three recognized stock exchanges in India, together with the Over the Counter Exchange of India (OTCEI) for tiny and new corporations and therefore the National securities market (NSE) that was set up as a model exchange to produce nation-wide services to investors. NSE, that within the recent past has accounted for the biggest mercantilism volumes, contains a absolutely machine-controlled screen based mostly system that operates within the wholesale debt market section as well as the capital market segment.

The recent call of the government of easing limits on inward portfolio investment, with a rise within the ceiling for FII and non-resident Indians from twenty four % to half-hour, provides a tremendous incentive to FII investment. FIIs are permissible to speculate self-owned funds within the debt market and in unlisted securities. Current list of debt funds approved by SEBI includes UBS, HSBC, Morgan Grenfell, James Buchanan Capital, amongst others.

Literature Review

A number of recent contributions have documented interesting regularities in the past-return- based behaviour of investors. Grinblatt *et al.* (1995) ^[4] "find that mutual fund supervises and creates a momentum strategies. Badrinath and Walhal (1998) "evaluates weaker evidence of this for the more general category of 13f "lers. Odean (1998) "identify that the investors are reluctant to realize losses, and presents evidence which can also be inter- pretend consistent with contrarian behaviour.

Brennan and Cao (1997) present a theoretical model and

empirical evidence that supports the view that foreign investors should pursue momentum strategies and achieve inferior performance because they are less informed than domestic investors. Froot *et al.* (2000) and Choe *et al.* (1999) "notice that foreign investors likely to be momentum investors. Latter paper focusing on short past-returns. Recently Bennet, E., Selvam, M., Indhumathi, G., Ramkumar, R. R., & Karpagam, V. (2011) [7]. Factors Influencing Retail Investors' Attitude. Analysed the performances and investment behaviour in the stock market. A simultaneous analysis of the investment behaviour and performance of all investor categories has been impossible until now because of data limitations. Deferent research methods, deferent data frequencies, deferent horizons for past returns, and deferent institutional arrangements unavoidably blur the compare- son of the results and make it dicot to identify general patterns behind the behaviour and performance of isolated investor categories. This paper analyses the data that portrays the behaviour and performance of all investors in the stock market.

Objectives of Investment

Risk: Risk of holding securities is expounded with the chance of actual come turning into but the expected come. The word risk is similar with the phrase variability of come. An investment whose rate of returns varies widely from period to period is risky than whose returns doesn't change much. Every investor likes to reduce risk of his investment by proper combination of different securities.

Liquidity: The liquidity depends upon the selling and commerce facility. Stocks square measure liquid as long as they command sensible market by providing adequate come through dividends and capital appreciation.

Returns: Investors always expect a good rate of returns from their investments. Rate of return could be defined as the total income the investors receives during the holding period stared as a percentage of the purchasing price at the beginning of holding period.

Safety: the chosen investment avenue ought to be underneath the legal and restrictive frame work. If it's not underneath the legal frame work, it's troublesome to represent the grievances, if any. Even though approved by the law, the safety of the principal differs from one modes of investment to another Investments done with Government assure more safety than with the private parties.

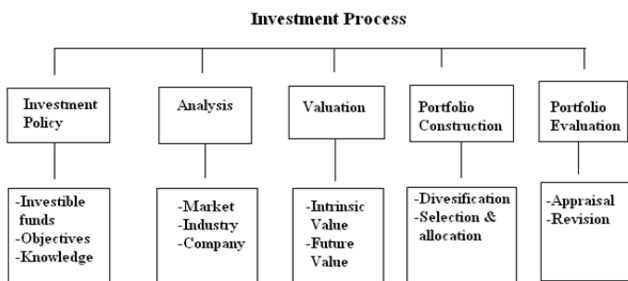


Fig 1

Investment Alternatives

- 1. Gold and Silver:** Gold and silver is one important option in which the investor can invest here the investor will be secured as there is not much risk of losing the funds invested. Most of the investors who don't like to take the risk normally go for this investment option.
- 2. Mutual Funds:** Investment companies or investment

trusts obtain funds from large number of investors through sale of units. The funds collected from the investors are placed under professional management for benefit of the investors. The mutual funds are broadly classified into open-ended and close-ended scheme.

- 3. Bank Deposits:** It is the simple investment avenue open for the investors. He has to open an account and deposit the money. Traditionally banks offered Savings bank account, Current account and fixed deposit account.
- 4. Insurance:** Insurance is a contract for payment of a sum of money to the assured (or to the person entitled to receive the same) on the happening of event insured against. Usually the contract provides for the payment of an amount on the date of maturity or at specified dates at periodic interval or if unfortunate death occurs.
- 5. Stock Market:** It is the huge term to use Stock Market here there are different types of market like Primary Market and Secondary market and in these different types of market there are different types products like Commodities, Equity, Currency Derivatives and many more which I have already discussed while discussing about stock market.
- 6. Other alternatives:** There are still more number of investment avenue available to the investors like Post office deposits, Real estate investment etc. Here I have tried to cover few.

Research Methodology

Data source

- **Primary data:** Interaction with Branch Manager, Survey with Questionnaire.
- **Secondary data:** Company website and other related websites. Area covered for research: Investors in Hubli-Dharwad city. **SAMPLING:**

Selection of sample: Sampling allows us to concentrate our attention upon relatively small number of people and hence devote more energy to ensure that the information collected from them accurate.

Sample size: 100 units.

Sample method: Convenience sampling method.

Analysis and interpretation

1) Age of the person

Table 1

	Frequency	Percent	Cumulative Percent
Below 20	1	1.0	1.0
20-30	51	51.0	52.0
30-40	35	35.0	87.0
40-50	6	6.0	93.0
Above 50	7	7.0	100.0
Total	100	100.0	

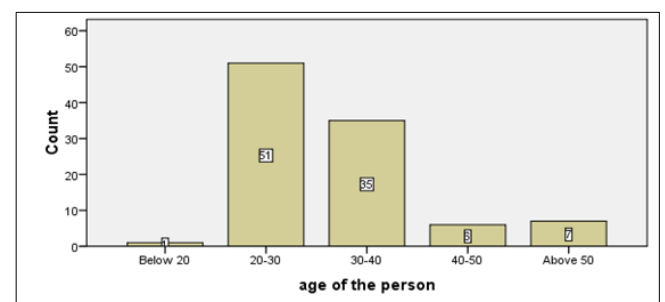


Fig 2

Interpretation

Out of 100 respondents there are 51 are between the age 20 to 30 and 35% are 30 to 40. Most of the young generation people are very much interested to invest in the stock market so I have taken the more number of respondents between the ages 20 to 40.

2) Gender of the Respondent

Table 2: Gender of the person

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	79	79.0	79.0	79.0
Female	21	21.0	21.0	100.0
Total	100	100.0	100.0	

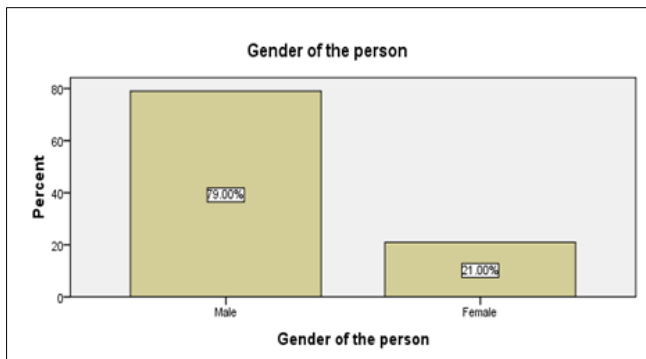


Fig 3

Interpretation: The above table shows that 79% of the respondents are Male and 21% of the respondents are the Female. During the survey most of the respondents who have visited to the organization were male so it was difficult to get Female respondents. Still I tried my level best to go for 21% of the female respondents.

3) Occupation of the Respondents

Table 3: Occupation of the person

	Frequency	Percent	Cumulative Percent
Salaried	35	35.0	35.0
Business	26	26.0	61.0
Student	11	11.0	72.0
Retired	5	5.0	77.0
Professional	17	17.0	94.0
Others	6	6.0	100.0
Total	100	100.0	

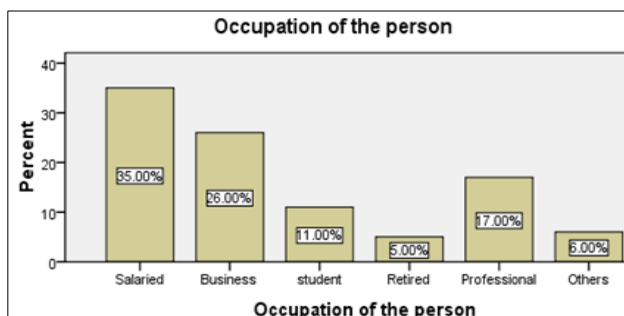


Fig 4

Interpretation: The above table and Graph shows that 35% of the respondents are Salaried, 26% respondents are

Business men, 11% are students, 5% retired persons, 17% are professionals and 6% are others like farmers and all. As most of the salaried and business persons look for better returns in less time they will go for the investments in different avenues.

4) In which sector would you like to invest your funds?

Table 4: In which sector you would like to invest your Funds

	Frequency	Percent	Cumulative Percent
Private Sector	55	55.0	55.0
Government Sector	27	27.0	82.0
Public Sector	14	14.0	96.0
Foreign Sector	4	4.0	100.0
Total	100	100.0	

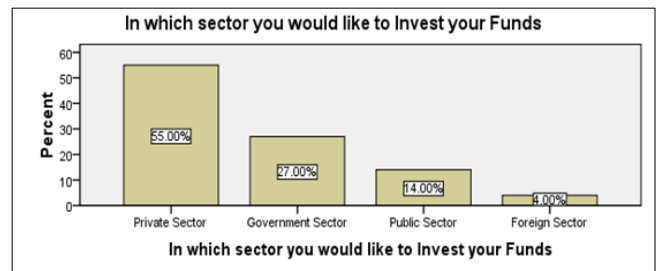


Fig 5

Interpretation: The above table shows that most of the investors are very much interested to invest their funds into private sectors as 55% people would like to invest their funds into private sector. Even in the Government sectors people would like to invest as there is 27% investors would like to invest their funds into government sector. It shows that in Dharwad city very less people would like to go for public and foreign sectors.

5) What are your Savings objectives?

Table 5: What are your savings objectives?

	Frequency	Percent	Cumulative Percent
Education	7	7.0	7.0
Marriage	12	12.0	19.0
Home Purchase	23	23.0	42.0
Health	23	23.0	65.0
Others	35	35.0	100.0
Total	100	100.0	

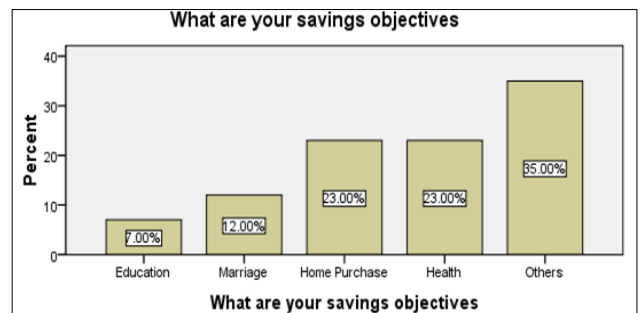


Fig 6

Interpretation: The above table shows that most of the people would like to save their earnings for Health and Home purchase at Dharwad city as 23% of the people are said there

saving objective is Health and Home purchase which shows that most of the people are very much worried about having their own home and also they save funds for the purpose of health. Most of the people are savings is for other than the Education, Marriage, Home purchase and Health so it shows they got other plans for their savings.

6) In which option you would like to invest your funds?

Table 6: In which option you would like to invest your funds

	Frequency	Percent	Cumulative Percent
Gold and Silver	14	14.0	14.0
Mutual Funds	21	21.0	35.0
Stock Market	23	23.0	58.0
Bank Deposits	29	29.0	87.0
Others	13	13.0	100.0
Total	100	100.0	

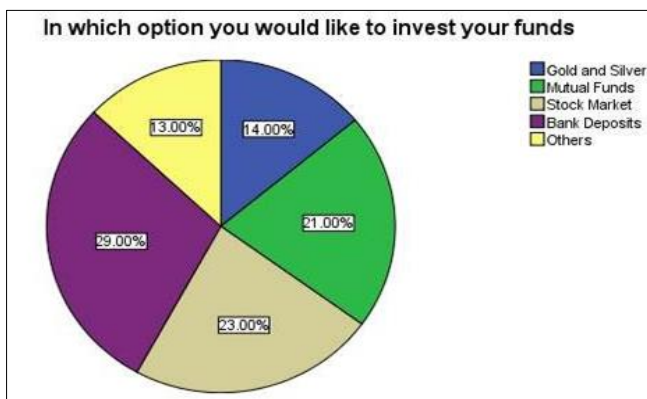


Fig 7

Interpretation: The above table and Graph shows that 29% of the people would like to invest their funds into Bank Deposits as they feel that it is safety mode to invest in Bank Deposits. In stock market also people are ready to invest as there is 23% of the people would like to invest their funds into stock market. There is a similarity in Mutual funds and Stock market in Mutual funds also 21% of the people would like to invest their money. In Gold & Silver 14 and in others 13% people would like to invest their funds. So the above table shows that there is a positive attitude towards stock market investment.

Findings

Most of the investors in Hubli-Dharwad city would like to invest their money into private sector because 55% of the investors want to invest their funds into private sector. The second preference will be for Government sector as 27% people would like to go for Government investments. 62% of the respondents would like to invest their funds into stock market so it shows that investors attitude towards investment in stock market is quite positive. Only 38% respondents don't like to invest their funds into stock market. 85% of the people would like to invest less than 30% of their investable funds so it shows that even though 62% want to invest out of that 85% people don't like to invest their 70% of the funds into stock market. 48% of the investors would like to invest their funds into equity and very less people would like to invest in all other options. So it shows that people are less aware about other options.

Suggestions

62% of respondents ready to invest only 30% of their funds into stock market but we can make them to invest more money by giving them more knowledge about (HNI) high net worth investors. They can invest more money and it will help to create more funds flow to stock market. As most of the respondents want to invest their funds into equity the broking firm needs to create awareness about future and options products which will help the investors to reduce their risk and get better returns. There are respondents who would like to invest their funds in future in stock market those type of customers need to be tapped and make them aware benefits they will get from stock market. After doing this study, it is known that most of the investors would like to invest their funds into stock market but they would like to invest less percentage of funds into stock market.

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