RESEARCH PAPER | Management | Volume : 6 | Issue : 4 | April 2016 | ISSN - 2249-555X | IF : 3.919 | IC Value : 74.50

A Study on People Perception About Investment in Indian Stock Market

KEYWORDS: Indian stock market, Perception, Investment, and AMC

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ABSTRACT *Indian stock market is an ideal investment vehicle where a number of investors come together to pool their money with common investment goal. Indian stock markets schemes are managed by respective Asset Management Companies sponsored by financial institutions, banks, private companies or international firms. This research has been undertaken in order to study the perception of people towards Indian stock market investment. For this study the researcher has interviewed 80 respondents who are aware about Indian stock market or at least have a brief awareness about it. The study is explorative in nature; universe for this study is Nagpur city investors, sampling technique adopted is convenient sampling, sample size is 80. Data used in this study is primary data collected through structured questionnaire.*

Introduction

Indian stock market is an ideal investment vehicle where a number of investors come together to pool their money with common investment goal. Indian stock markets schemes are managed by respective Asset Management Companies sponsored by financial institutions, banks, private companies or international firms. The biggest Indian AMC is UTI while Alliance, Franklin Templeton etc are international AMC's. An investor can invest his money in one or more schemes of Indian stock market according to his choice and becomes the unit holder of the scheme. The invested money in a particular scheme of a Indian stock market is then invested by fund manager in different types of suitable stock and securities, bonds and money market instruments. Each Indian stock market is managed by qualified professional man, who use this money to create a portfolio which includes stock and shares, bonds, gilt, money-market instruments or combination of all. Thus Indian stock market will diversify your portfolio over a variety of investment vehicles. Indian stock market offers an investor to invest even a small amount of money. CRISIL's composite performance ranking (CPR) measures the performance for each of the open-ended scheme of Indian stock market. There are four parameters considered to measure the performance of a Indian stock market such as Risk-adjusted returns of the scheme's NAV, Diversification of Portfolio, Liquidity and Asset Size.

Indian stock markets are investment institutions set up to manage money pooled in from the public. The advantages of investing in Indian stock markets are the professional expertise they employ coupled with the variations offered on the basis of asset classification and the diversification of the chosen portfolio aimed at optimizing the risk for the required return.

Indian stock markets offer several benefits to an investor such as potential return, liquidity, transparency, income growth, good post tax return and reasonable safety. There are number of options available for an investor offered by a Indian stock market. The benefits that can be accrued from Indian stock markets are

- The schemes could be added to the portfolio with online updates for monitoring the performance of your investments in Indian stock markets.
- The comprehensive search, which gets you the fund matching your criteria.
- The comparison of various schemes of different Indian stock markets based on the critical and most sought after investment criteria.
- The analysis of different schemes and the outlook for the same.
- List of new launches in the market provided continuously.

Basically, Indian stock markets are trusts that are formed to mobilize the savings from the people and pool them together to invest within the securities markets. The main advantage of Indian stock markets is that it is professionally managed. And the general idea is for investors to contribute small amounts into units in the various schemes, which in turn is deployed in the various markets. This way, any investor who is not in a position to directly invest in the markets can take advantage of this route.

UTI is the oldest of Indian stock markets, having entered the arena with the launch of the Unit Scheme - 64 in 1964, hence the alphanumeric name. It was only in 1998 that other public sector banks were allowed to enter into the segment which was followed by a whole range of Asset Management companies including almost all the leading international portfolio managers including Merrill Lynch, Templeton, and Prudential among others.

(Source: http://ganga.iiml.ac.in)

Research design:

This research has been undertaken in order to Study the perception of people towards Indian stock market investment. For this study the researcher has interviewed 80 respondents who are aware about Indian stock market or at least have a brief awareness about it. . The study is explorative in nature; Universe of the study is Nagpur people who are aware about the investment in Indian stock market, sampling technique adopted is convenient sampling, sample size is 80. Data used in this study is primary data collected through structured questionnaire.

Hypothesis of the study:

H01: There is relation between holding Indian Stock in-

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vestment and risk associated with it.

H02: There exists a correlation between primary sources of knowledge about Indian stock markets and factors affecting decision making.

H03: There exists a correlation between perception about safest investment option and factor which prevents from investing in Indian Stock .

Hypothesis testing:
H01: There is relation between holding Indian Stock investment and risk associated with it.
In order to test this hypothesis correlation test is used.

Correlation can tell you something about the relationship between variables. It is used to understand:

1. whether the relationship is positive or negative
2. the strength of relationship

Correlation is a powerful tool that provides these vital pieces of information.

In the case of family income and family expenditure, it is easy to see that they both rise or fall together in the same direction. This is called positive correlation.

In case of price and demand, change occurs in the opposite direction so that increase in one is accompanied by decrease in the other. This is called negative correlation.

Coefficient of Correlation
Statistical correlation is measured by what is called coefficient of correlation (r). Its numerical value ranges from +1.0 to -1.0. It gives us an indication of the strength of relationship.

In general, $r > 0$ indicates positive relationship, $r < 0$ indicates negative relationship while $r = 0$ indicates no relationship (or that the variables are independent and not related). Here $r = +1.0$ describes a perfect positive correlation and $r = -1.0$ describes a perfect negative correlation.

Closer the coefficients are to +1.0 and -1.0, greater is the strength of the relationship between the variables.

As a rule of thumb, the following guidelines on strength of relationship are often useful (though many experts would somewhat disagree on the choice of boundaries).

Value of r	Strength of relationship
-1.0 to -0.5 or 1.0 to 0.5	Strong
-0.5 to -0.3 or 0.3 to 0.5	Moderate
-0.3 to -0.1 or 0.1 to 0.3	Weak
-0.1 to 0.1	None or very weak

Correlation is only appropriate for examining the relationship between meaningful quantifiable data (e.g. air pressure, temperature) rather than categorical data such as gender, favorite color etc.

	holding of Indian Stock	risks associated with Indian stock markets
holding of Indian Stock Investment	1	
risks associated with Indian stock markets	0.277683	1

From the above table it is clear that there is no direct relation between holding of Indian Stock investment and risks associated with Indian Stock investment since the correlation coefficient value is just 0.277. Hence, we can say that our hypothesis is rejected.

H02: There exists a correlation between primary sources of knowledge about Indian stock markets and factors affecting decision making.
To test this hypothesis correlation test is used.

	knowledge about Indian stock markets	factors affecting decision making
knowledge about Indian stock markets	1	
factors affecting decision making	0.955126	1

From the above table it is clear that there is a strong positive relation between knowledge about Indian Stock investment and factors affecting decision making to invest in Indian Stock investment since the correlation coefficient value is 0.955. Hence, we can say that our hypothesis is accepted.

H03: There exists a correlation between perception about safest investment option and factor which prevents from investing in Indian Stock investment.
To test this hypothesis correlation test is used.

	safest investment option	factor which prevents from investing in Indian Stock investment
safest investment option	1	
factor which prevents from investing in Indian Stock investment	0.489005	1

From the above table it is clear that there is a moderate positive relation between safest investment option and factors affecting decision making to invest in Indian Stock Investment since the correlation coefficient value is 0.48. Hence, we can say that our hypothesis is accepted.

Conclusion:
From this analysis we can conclude that people usually decides to hold Indian Stock Investment based on the amount of risk associated with it. People gather the knowledge about the Indian Stock Investment from Television, newspaper, internet, friends or sales representatives.

But apart from this there is still certain class of people for whom the investment in Indian Stock Investment is very risky and factors which prevent them from investing in Indian Stock Investment comprises of bitter past experience, lack of knowledge, lack of confidence in service provided, difficulty in selection of schemes, inefficient investment advisor.

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