



## Investors’ Attitude Towards Secondary Market (With Special Reference to Equity Investments)

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**ABSTRACT**

The capital markets consist of the primary market and the secondary market. The primary market is where new stock and bonds issues are sold (underwriting) to investors. The secondary markets are where existing securities are sold and bought from one investor or speculator to another, usually on an exchange (eg. - New York Stock Exchange). Investors in India historically have been used to investing in fixed income instruments. Macro data suggests that less than 5 per cent of the financial savings of the households are invested in the equity markets, only 7.5 per cent of the households have some sort of equity investment in India. The confidence of individual investors would improve if they get better returns in their equity investments. Higher returns in the equity investments would attract more investors, pushing prices further up.

**KEYWORDS**

“Money is not everything; but without money man is nothing.” Each and every body runs after money and they want to run after money to multiply their savings.

The stock indices are once again in the news, as after a prolonged painful lull they have reached 15 months high! It is too early to celebrate this but we would like to share today some of the aspects of investor behavior. Investment is increasingly considered as a subject falling under behavioral science rather than finance or economics. It is governed more by trends and group behavior rather than rationality and cold calculations. Investors like consumers are also immensely influenced by fashions and what is “in thing”. Ideas and beliefs take longest to change is a well established fact by the behavioral science.

World over, equity investments emerged as the best solution for providing long-term returns to the investors. However investors in India are in the state of ‘once bitten twice shy’. The investors in India had bad memories related with equity investments. The returns on equity investment, counted on the basis of average yearly movement of BSE Sensex shows that returns on equity has been negative 2 per cent. The yearly average value of Sensex has remained in the range of 3000-4000 for 9 years, except the tech bubble in 99-00 when it touched 4658. Naturally, the confidence of individual investors, has reached the lowest ebb.

The confidence of individual investors would improve if they get better returns in their equity investments. Higher returns in the equity investments would attract more investors, pushing prices further up. The time is ripe now; the investors have to seriously rethink about their investment options. One needs to understand that the trend and conditions are changing. Equities are the only avenue which can provide attractive returns in the long term.

**STATEMENT OF THE PROBLEM**

In practice the investor face several problems in the stock market. Investors come up with so many problems which pose a threat to the investment desired. Institutional investors may flood the market but unless the small investor becomes active the development of stock market will become a distant cry. Scamp and frauds though common to any system tend to keep away the investors from the stock market. The preference towards risk may differ from investor to investors. The

volume of trading in stock exchanges mainly depends upon the tendency towards accepting of risk. The socio –economic and other factors force an investor to take a different view about risk. The objective of any investment is to minimize the risk involved in investment and maximize the return. This arises the following questions.

- What source of information do the investors use before investing?
- What is the motive of an equity investor?
- What factors do they consider while buying shares?

**OBJECTIVES OF THE STUDY**

1. To learn the various sources of investment information existing at present and their influence equity investors.
2. To study the Investment behavior of equity Investors.
3. To identify the Investment pattern of investors other than equity investment.
4. To find out the factors considered while investing in shares.

**METHODOLOGY**

Data collection : Inerview Schedule

Sampling method: Judgemental sampling

Sample size - 100

Area of the study - Coimbatore

Statistical tools used – ANOVA

**SERVICES OBTAINED FROM THE INVESTOR FORUM**

Table No 1 depicts that there exists significant relationship between the demographic variables like gender, educational qualification and the services obtained from the investor forum. Hence the hypothesis is rejected.

There is no significant relationship between age, marital status, occupation, monthly income, family status and the services obtained from the investor forum.

**SERVICES OBTAINED FROM THE STOCK BROKERS:**

Table No 2 depicts that there exists significant relationship between the demographic variables like gender, educational qualification, occupation and the services obtained from the

stock brokers. Hence the hypothesis is rejected.

There is no significant relationship between age, marital status, monthly income, family status and the services obtained from the stock brokers.

**Table No: 1**  
**Table showing relationship between age and the services obtained from the investor forum- Anova**

	Source of variation	Sum of square	df	Mean square	Variance ratio	5%F limit
Age	Between columns	474.89	2	237.445	3.0998	6.94
	Between rows	557.6	2	278.8	3.6397	6.94
	Residual factors	306.4	4	76.6		
Gender	Between columns	712.33	2	356.165	12.64	19.00
	Between rows	170.66	1	170.66	6.06	18.51
	Residual factors	56.34	2	28.17		
Marital status	Between columns	712.33	2	356.165	12.64	19.00
	Between rows	130.66	1	130.66	4.64	18.51
	Residual factors	56.34	2	28.17		
Education	Between columns	284.93	2	142.74	2.4899	4.46
	Between rows	346.66	4	86.67	1.5147	3.84
	Residual factors	457.74	8	57.22		
Occupation	Between columns	356.17	2	178.085	7.0057	5.14
	Between rows	186	3	62	2.439	4.76
	Residual factors	152.5	6	25.42		
Monthly income	Between columns	356.17	2	178.085	7.1007	5.14
	Between rows	252	3	84	3.3493	4.76
	Residual factors	150.5	6	25.08		
Family status	Between columns	712.33	2	356.165	5.0757	19.00
	Between rows	80.66	1	80.66	1.1495	18.51
	Residual factors	140.34	2	70.17		

**Table No: 2**  
**Table showing relationship between dependent in the family and the services obtained from the investor forum- Anova**

	Source of variation	Sum of square	df	Mean square	Variance ratio	5%F limit
Age	Between columns	337.56	2	168.78	3.4485	6.94
	Between rows	557.56	2	278.78	5.6961	6.94
	Residual factors	195.77	4	48.9425		
Gender	Between columns	506.33	2	253.165	5.8644	19.00
	Between rows	170.66	1	170.66	3.9532	18.51
	Residual factors	86.34	2	43.17		
Marital status	Between columns	506.33	2	253.165	2.3623	19.00
	Between rows	130.66	1	130.66	1.2192	18.51
	Residual factors	214.34	2	107.17		

Education	Between columns	202.53	2	101.265	2.3677	4.46
	Between rows	346.66	4	86.665	2.0263	3.84
	Residual factors	342.14	8	42.77		
Occupation	Between columns	253.1667	2	126.58	10.3333	5.14
	Between rows	186.003	3	62.001	5.0613	4.76
	Residual factors	73.5003	6	12.25		
Monthly income	Between columns	253.17	2	126.585	8.125	5.14
	Between rows	252	3	84	5.3915	4.76
	Residual factors	93.5	6	15.58		
Family status	Between columns		2	253.165	5.605	19.00
	Between rows	80.66	1	80.66	1.7857	18.51
	Residual factors	90.34	2	45.17		

**CONCLUSION**

The favorable equity market conditions in 2003 boosted long term equity investor returns past the inflation level. Unlike recent years, the 20 year equity investor returns have now moved ahead of inflation. **“Buy low and sell high, but when in doubt, buy now.”** Equity investment generally refers to the buying and holding of shares of stock on a stock market by individuals and funds in anticipation of income from dividends and capital gain as the value of the stock rises.

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