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Commerce

A STUDY OF SMALL INDIVIDUAL INVESTORS BEHAVIOR IN STOCK MARKET OF INDIA

KEY WORDS: Investor's behavior, Stock Market, Attitude, Perception, Demographic Awareness, Awareness Level, Liquidity.

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ABSTRACT

In this modern age, money plays an important role in one's life. An individual invest their small saving to overcome future problems. Investment is the commitment of the funds which have been saved from current consumption with the intension of rewards in future. Individual savings are invested in assets depending on their risk and return demands, safety of money, Liquidity etc. The investors play a very vital role in the stock market as they share a huge amount of saving in the country. The Regulatory body of the stock market (SEBI) can never ignore the attitude of individual investors. This study is conducted with the intention to understand the behavior of individual investors in the stock market, specially their behavior and approaches with respect to the stork market. A survey is conducted to collect data relating to the above subject. Respondent were classified into different category like income, profession and age. Primary data is collected from a sample of 50 investors of Ahmadabad state Gujarat, India. The study also focus on the investment behavior of individual investors such as their awareness level, duration of investments ect.

INTRODUCTION:

Investors are the backbone of capital market. A developing economy, like India, needs a huge amount of fund to run the enterprise. Investment is the flow of fund which can be used in productive way. So the great emphasis is given on primary instrument for economic growth and development of a country. A large number of investment instruments are available in the market. Some are marketable and some are not marketable. The investor's choice depends upon their specific need, risk and return expectation. Investment choices can be classified into two region, economic investments and financial investments. Purchasing of physical assets like building, machinery or equipments is an economic investment while investing in financial instruments like shares, debentures or mutual funds is termed as financial investments. Economic investments will be added to capital stock of a society while financial investments will be added to the capital stock of the country.

A stock market is a place which deals in financial investments. It is a place where long term capital is raised by trade and commerce, the government and local authorities and also its capital market. The fund obtains from private investors, insurance companies, pension funds and banks are usually arranged by the investment banks and merchant banks. Stock exchange is a part of capital market where dealing in shares is done to raise capital. Stock market is platform where securities are purchases and sold at an agreed price.

Indian stock market is the oldest market started in 1875. The BSE India SENSEX is the first stock market index worldwide. It is having an index of 30 stocks. Bombay Stock Exchange (BSE) is India's biggest stock exchange. The main role of BSE in the development of the Indian Capital Market is being widely recognized. The largest stock exchange of India is National Stock Exchange (NSE). NSE is the huge exchange in stock market. Securities Exchange Board of India (SEBI) is the regulatory authority of Indian Stock market. The main functions of SEBI are to provide protection against the investment of investors and their rights, to regulate brokers, underwriters and also to prohibit the unfair practices in stock market.

Meaning:

Investment has different meaning in the term of finance and economics. In term of Finance Investment means depositing money into something with the expectation of high profit with higher amount of risk. In term of economic Investment means the creation of capital or goods for producing other goods and services.

There are three types of investors namely traditional, moderate and aggressive investors. There are also difference sources available to investors to invest like equity shares, preferences share, debentures, ADRs or GDRs etc.. This study is related to individual investment behavior in stock market in India.

Literature Review:

Review of previous studies helps a researcher to get a research idea. It plays an important role in the research cycle of discovering, creating and publishing data. A literature review will set a theoretical framework for research problems; recognize the knowledge gap of current research problem, define and redefine the present research problem, justify the research questions and evaluate the literature and satisfied the reader of present research work. An analytical and systematic review of existing studies on the same area will helps the researcher to develop a complete understanding of previous studies. It will also help to make the current studies easy to understandable.

Sivanesan (1997):

Sivanesan discloses that his study has brought out various results arising from different tools of analysis. All applicable factors have been considered to bring out the relationship awareness. The investor's awareness increases with the duration of investment, when investors invest for a long period of time.

Ayyappans (2009):

His study has tried to analyze investor's satisfaction and their awareness. On the basis of the results of his study, he has made some definite suggestions like taking good investment decision, select proper method of investment, to compare the performance of return and investors could easily receive updated information for the further development of investments. It was expected that, the awareness of investors will increase to certain extent, if all the suggestions are implemented.

Kaboor (2010):

Kaboor study examines the individual investors Financial Literacy of the investment option. The outcomes of the study have brought out the investors attributes that determine investor financial literacy. The developed and modern investor's financial literacy would enable a researcher to understand the spread of financial literacy among investors of different states.

Ranjani Komal Srinivasan, Anjali Vivek Chopra (2011):

He concluded that the respondent showed important awareness in matters related to investment and personal financial planning. Opposite to modern perception, the same population showed awareness about financial planning and willingness to take investment decisions relating to personal finance. At the time of retirement planning, majority of the respondents felt that they had not adequately planned for their retirement.

Kousalya P R and Gurusamy (2012) :
In their study on 'Women Investors Perception towards Investments' he observed that there is no significant relationship between age of the women investors and level of awareness on investment. They have also concluded that the educational level of women investors does not influence the level of awareness.

Meenakshi Chaturvedi, Shruti Khare (2012):
He stated that the age of the investor cannot be taken to influence their level of awareness and it is very clear from the results that the gender of the investors has no effect on their level of awareness about any investment channel.

Jothi Baskara Mohan, Ramji P.R.(2013):
He conducted a study on 'Women Investors Recital at Rajapalayam City' the results study shows shows that 92% of respondents are aware of Investment and remaining 8% are unaware of Investment.

Shanmugam (1990):
He studied a group of 90 investors to find the factors affecting investment decision. The study focused its analysis on investment objectives and the extend of awareness of factors affecting investment decisions. The study concluded that the investors were high risk takers, then interested in capital gains and current dividend income. Investors possessed adequate knowledge of government regulations, monetary and fiscal policy.

National Council of Applied Economic Research (NCEAR) (2000):
Urban saving survey remarked that irrespective of occupation, education level and age attained, household in each group thought saving for the future was desirable. It was seen that the desire to make reserve for future is very important. SEBI and NCEAR (2000) survey of Indian Investors had been report that safety and liquidity were the primary consideration which determined the choice of an asset.

Objectives of the study:
- To study the behaviors of investors in stock market in India.
- To study the factor affecting the different type of investors.
- To study the perceptions of different age groups toward investment pattern.

Research Methodology:
The primary data were used for the study. Data have been collected through questionnaire method and survey method. Since the aim of the survey is to allow every person to list his opinion about investment. 30 responses have been collected from the stock market investors of Ahmedabad city. Secondary data has also been used in the study. The data were taken from newspaper, magazines and other research articles. Percentage method is used to explain the data of the study.

Limitation of the study:
- The study is limited to 30 Investors.
- The study has been done to find out some factors affecting investment behavior of the investors.
- The survey is done in one city (Ahmedabad) so it is not conclusive.
- To identify the preferred source of information influencing investment decision.

Research Design:
- **Descriptive Research:**

The research is descriptive in nature. The sources of information are both primary and secondary. A questionnaire was prepared and personal interviews were conducted to collect the customer's perception, through questionnaire perception, through this questionnaire.

- **Sampling Methodology:**

The sample size was restricted to only 30, which comprised of mainly people from Ahmedabad city. Sampling procedure is Non Probability Convenient Sampling. Simple random procedure is used to select the respondents.

Data Analysis:
Table 1 Gender and Age wise responses:

Gender	Responses	Age	Responses
Male	20	Less than 25	1
Female	10	25-35	3
		35-45	14
		Above 45	12

The above table shows that the 66% respondents are male and 34% respondents are female. Maximum responses are from the age group of 35- 45.

Table 2 Responses about Annual income, Education and Occupation:

Income	Number of Respondent	Education	Number of Respondent	Occupation	Number of Respondent
Less than 50,000	8	10+2	5	Private employees	10
50,001 to 1,00,000	10	Graduate	9	Government employee	3
More than 1,00,000	12	Post graduates	16	Business	17

The above table reveal that out of 30 respondent, 27% respondents fall under category of less than 50,000; 33% respondents fall under category of 50,000 to 1,00,000; whereas 40% respondents fall under category of more than 1,00,000. If we considered education and occupational levels it can be seen that 30% are from graduates and 53% are from post graduates while in case of occupational level it can be seen that 33% are from private sectors, 10% are from government sectors and 57% are in business category.

Table 3 Duration of Investment:

Duration	Responses
Short term	15
Middle term	3
Long term	12

Above table shows that 50% investors are preferred to invest for short term (less than 2 years), only 10% investors preferred middle term investment, whereas 40% are interest in long term investment (more than 5 years).

Table 4 Sources of Information:

Sources	Responses
Newspaper	15
Broker	9
Internet	3
Financial consultant	2
Other	1

From the above table it can be said that in case of equity the major sources of information is newspaper, as 50% responses are from newspaper, whereas 30% favors brokers.

CONCLUSION:
The study reveals that the respondents understands the

objective of saving, factors affect the saving, and also the sources of information for decision making. The annual income of the investors and the rate at which annual saving are done are also given importance by the respondents. Some investors are aware about the stock market and they feel that market movement affect the investment pattern of the investors in the stock market.

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