A STUDY ON STOCK MARKET INVESTMENT PATTERN OF INDIVIDUAL INVESTORS WITH SPECIAL REFERENCE TO TIRUCHIRAPPALLI DISTRICT

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ABSTRACT

Investors tend to look at the Return – the potential return possible from investment; Risk- the variability in returns from an investment in avenues due to value going up and down or market fluctuations; Liquidity – the ease with which the investment can be converted into cash. Based on the preferred risk, return and liquidity each individual selects investment avenues that match with his investment objectives. An individual investor has to confront his/her demographics, lifestyle and investment psychology whether the investor's age or occupation or annual income plays a significant role while making preference for investment avenues. This Study tried to explore the Investment Pattern of Individual Investor who resides in Tiruchirappalli City. The Primary objective of the study is to check the investment pattern of people those who are dealing in stock market. The scope of this study is geographically limited to Tiruchirappalli city, it include all class of people those who are dealing in stock market.

Keywords—Investment Avenues, Investment Pattern, Risk – Return, Stock Market.

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I. INTRODUCTION

ACCORDING to economics, investment is the utilization of resources in order to increase income or production output in the future. Investment means putting your money to work to earn more money. Done wisely, it can help you to meet your financial goals. Investing even a small amount can produce considerable rewards over the long term, especially if you do it regularly. But you need to make decision about how much you want to invest and where to invest it. To choose wisely, you need to know the investment options thoroughly and there relative risk exposures. Financial planning is the process of meeting your life's goals through proper management of your finances. An amount deposited into a bank or machinery that is purchased in anticipation of earning income in the long run both are examples of investments .Although there is a general broad definition to the term investment, it carries slightly different meanings to different industrial sectors. When investment is done in Fixed Income avenues it means that the investment is done in term deposit in bank, post office deposit, insurance saving plan, pension funds, provident funds etc. Nevertheless, there are certain problems in investing this type of avenues. The major problem is that these types of the instruments are Low Returns, Risk of Repayment or Credit Risk and Non-transparency. These types of instruments yield very low returns so investor get lower interest rates for the period you have invested it. As far as investing in equity markets or related instruments are concerned the investment is done in shares and stocks, index futures and forwards. Investing in equity also has its drawbacks. The major drawback that is involved in this avenue is that it is highly risky and volatile market, operative expenses are too high because of investment of lot of intermediates. The equity instruments do not have access to technical and fundamental reports.

II. REVIEW OF LITERATURE

Investment Behaviour of Individual Investor in Stock Market by Dr. D. P. Warne (2012)

The study attempts to understand the behaviour of individual investor in stock market, specifically their attitude and perception with respect to the stock market. A survey is conducted to attain the objectives of the paper. Respondents are classified in to different categories on the basis of income, profession, education status, sex and age. Primary data is collected from a sample around 50 investors of Ambala District. Finally there are different factors which affect

the investment behaviour of individual investors such as their awareness level, duration of investment etc. The study reveals that the respondents integrate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance of consideration by the respondents, because the level of income decides the level of savings. Today's investors are fully aware about the stock market. The market movements affect the investment pattern of investors in the stock market.

III. RESEARCH METHODOLOGY

3.1. Statement of Problem

A problem statement is a clear concise description of the issues that need to be addressed by a problem solving team and should be presented to them(or created by them)before they try to solve the problem. When bringing together a team to achieve a particular purpose efficiently provide them with a problem statement. Trading and investment pattern in India is not so organized so, to know in which segment people are investing and trading more and which factors influence them to take decision of investment. The problem statement in this research study is "Investment Pattern of Investors dealing in Stock Market".

3.2. Objectives of the Study

The main objective of the study is to study the investment patterns of individual investors in stock market in different investment avenues among the people of Tiruchirappalli City.

3.2.1. Some other Secondary Objectives are as under

➢ To analyze the investment habit of the people of Tiruchirappalli City.

➢ To check the purpose of investing in Investment Avenues.

3.3. Scope of the Study

✓ The research contains people of Tiruchirappalli city who are investing in stock market.

✓ The research involves all income group people of Tiruchirappalli city.

✓ All the different occupations are covered under this study.

✓ In this research, all the segments viz., Equity, Bank deposits, Debt market, etc in which people of Tiruchirappalli city are investing is taken into consideration

3.4. Population and Sample Size

All the individuals who are dealing in stock market in Tiruchirappalli city will be the population for this study whereas 70 individuals have been taken as Sample for the purpose of the study.

3.5. Data Collection

The study is based on Primary data. The main source of data used for this study is primary and it will be derived from structured Questionnaire. Other sources of data are journals, reports, books and other web sites.

3.6. Tools of Analysis

Current study is based on primary data so collected data have been analyzed using Chi-square test.

3.7. Null Hypothesis of the study

  : There is no significant relationship between the family type and purpose of investment.

  : There is no significant relationship between the individual income and investment avenues

3.9. Limitations of the Study

 Research Study is conducted in theTiruchirappalli city only for study purpose. So, it provides idea of that particular regions' investment pattern and their preference only.

 Sample size may or may not be able to match with population result as it is 70, which may be small.

  Scope of the study is limited to the selected investment instruments only.

 Biasness of Individuals while answering questions, it may affect findings of the study.

IV. DATA ANALYSIS AND INTERPRETATION
PERSONAL DETAILS

Sex	No. of Respondents	Individual income (per month)	No. of Respondents
Male	60	Up to 10000	22
Female	10	10000-20000	34
Age		20000-30000	12
Below 30	24	30000-40000	02
30-40	12	Above 40000	--

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40-50	14	**Area of residence**	
50-60	06	Urban	38
Above 60	14	Semi-urban	18
		Rural	14

Marital Status			
Married	46	**Number of dependents**	
Un married	24	Up to 2	42
Number of children		3	16
1	32	4	08
2	16	5	--
3	08	Above 5	04
4	04	**Family size**	
Above 4	10	Up to 3	28
Education		3-4	26
Up to School	02	4-5	20
UG	24	5-6	04
PG	30	**Number of earning members in the family**	
Professional	06	1	28
Technical	08	2	26
Occupation		3	14
Private	44	4	02
Government	06	Above 4	--
Business	08	**Total family income**	

		(per month)	
Profession	--	Up to 20000	12
Retired	12	20000-30000	18
Family type		30000-40000	06
Nuclear	24	40000-50000	04
Joint	46	Above 50000	--

The above table exhibits that majority of the respondents are male and under the age group of below 30.

Majority of the respondents are Post graduates. Majority of them are married, having family size of upto 2, and having one child. The majority of respondents are residing in urban area, living in joint family and mostly employed in private organizations. Majority of respondents are having individual income of Rs.10000-20000 and family income of Rs.20000-30000.

Stock Investment Pattern:-

Investment avenues	
Bank	20
Provident Fund	06
Debt Market	02
Equity Shares	18
Mutual Funds	06
Real Estate	04
Gold and Silver	12
Chit Funds	02
Derivatives	--
Amount of investment target per year	
Upto 25000	24
25000-50000	34
50000-75000	06

75000-100000	06
Above 100000	--
Primary purpose of investment	
Wealth creation	06
Earn returns	42
Face uncertainties	08
Tax savings	08
Combination of the above	06
Investment benefit expectation	
Income only	04
Growth only	10
Income & Growth	30
Growth & Safety	08
Income & Safety	14
Income, Growth & Safety	04
Percentage of income expectation	
0%	02
Up to 25%	40
25% - 50%	24
50% - 75%	04
Above 75%	--
Percentage of growth expectation of capital	
0%	04
Up to 25%	40
25% - 50%	18
50% - 75%	08
Above 75%	--
Sources of fund for investment	
Own fund	54

Borrowed fund	14
Combination of both	02
Percentage of risk which you are ready to take in investment	
0%	06
Up to 25%	52
25% - 50%	04
50% - 75%	06
Above 75%	--
Source of investment advice	
News papers	08
News channels	26
Friends and Relatives	08
Family members	02
Magazines	08
Internet	08
Advisors	10
Primary need of investment for child	
Education	34
Marriage	14
Vehicle	02
Health	14
Others	06

The above table indicates that majority of the respondents are depositing in bank and have an investment target per year was Rs.25000-50000. Majority of the respondents told that the primary purpose of investment is to earn returns and they expect Income & Growth as the investment benefit. Majority of the respondents expect up to 25% of income and up to 25% of growth of capital. Majority of the respondents use their own fund for investment and ready to take risk up to 25%. Majority of the respondents uses newspapers for investment advice and primary need of investment for child is education.

FAMILY TYPE vs. PRIMARY PURPOSE OF INVESTMENT

Family type / Primary purpose of investment	Neutral	Joint	Total
Wealth creation	-	06	06
Earn returns	16	28	44
Face uncertainties	04	04	08
Tax savings	02	06	08
Combination of the above	02	02	04
Total	24	46	70

CHI – SQUARE TEST BETWEEN FAMILY TYPE AND   PRIMARY PURPOSE OF INVESTMENT

Chi – Square test is applied to test the hypothesis: $X^2 = \frac{(O-E)2}{E}$

Ho = There is no significant relationship between the family type and purpose of investment.

H1 = There is significant relationship between the family type and purpose of investment.

Number of degrees of freedom = (5-1) (2-1) = 4

Table value for 4 d.f. at 5% level is 9.48. Since the calculated Chi – square value is (15.09) is greater than the table value. Hence Ho is rejected at 5% level, i.e., there is some significant relationship between the family type and purpose of investment.

INDIVIDUAL INCOME vs. INVESTMENT AVENUES

Individual Income/	Bank	Provident Fund	Debt Market	Equity Shares	Mutual Funds	Real Estate	Gold and	Total

Investment Avenues						Silver		Total
Up to 10000	10	02	-	04	-	-	06	22
10000-20000	08	04	02	12	-	02	06	34
20000-30000	04	-	-	04	02	02	-	12
30000-40000	-	-	-	-	02	-	-	02
Total	22	06	02	20	04	04	12	70

CHI – SQUARE TEST BETWEEN INDIVIDUAL INCOME AND INVESTMENT AVENUES

Chi – Square test is applied to test the hypothesis: $X^2 = \frac{(O-E)2}{E}$

Ho = There is no significant relationship between the individual income and investment avenues.

H1 = There is significant relationship between the individual income and investment avenues.

Number of degrees of freedom = (5-1) (9-1) = 32

Table value for 32 d.f. at 5% level is 20.07. Since the calculated Chi – square value is (56.41) is greater than the table value. Hence Ho is rejected at 5% level, i.e., there is some significant relationship between the individual income and investment avenues.

FINDINGS OF THE STUDY

- Majority of the respondents are male and under the age group of below 30.
- Majority of the respondents are Post graduates.
- Majority of them are married, having family size of upto 2, and having one child.
- Majority of respondents are residing in urban area, living in joint family and mostly employed in private organizations.
- Majority of respondents are having individual income of Rs.10000-20000 and family income of Rs.20000-30000.
- Majority of the respondents are depositing in bank and have an investment target per year was Rs.25000-50000.

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- Majority of the respondents told that the primary purpose of investment is to earn returns and they expect Income & Growth as the investment benefit.

- Majority of the respondents expect up to 25% of income and up to 25% of growth of capital.

- Majority of the respondents use their own fund for investment and ready to take risk up to 25%.

- Majority of the respondents uses newspapers for investment advice and primary need of investment for child is education.

- There is some significant relationship between the individual income and investment avenues.

- There is some significant relationship between the family type and purpose of investment.

CONCLUSION

In Trichirappalli district awareness of investment knowledge & investment opportunities are quite high. These people are helped by financial portals, financial news channels, financial newspapers; various markets related T.V. shows, Expert talks, magazines. Though they are having sound knowledge of financial market and economic condition of India yet they lack the edge above the others as this field is very unpredictable and vast hence they must be backed up by a financial planner. Most of the investor relies on bank deposits. It is the best investment avenue for them. It is also found out that preference to invest in a specific investment avenue is strongly affected by the individual income.

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