

A study of Investors' Attitude towards Stock market.

Determinants of investment intentions.

(An experimental study)

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Abstract

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.

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.

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.

KEY WORDS: Investment Pattern, Capital Employed, Reasons for Investment.

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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 an 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.

LITRATURE REVIEW

A number of recent contributions have documented interesting regularities in the past-return-based behavior of investors. Grinblatt et al. (1995) "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 behavior.

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). Factors Influencing Retail Investors' Attitude. Analyzed the performances and investment behavior in the stock market. .

A simultaneous analysis of the investment behavior 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 behavior and performance of isolated investor categories. This paper analyses the data that portrays the behavior and performance of all investors in the stock market.

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.

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:**

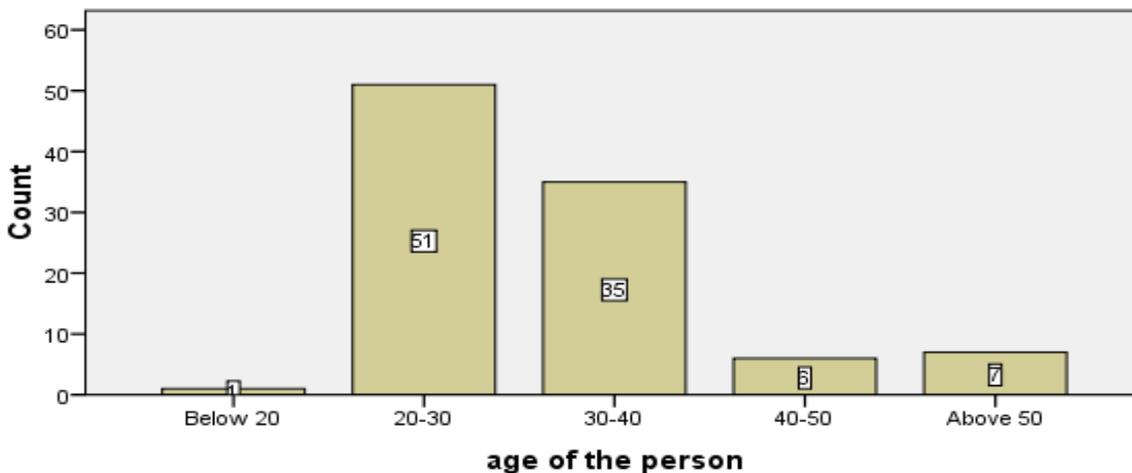
Selection of sample: Sampling allows us to concentrate our attention upon relatively small number of people and hence devote more energy to ensure that the information collected from them accurate.

SAMPLE SIZE: 100 units.

SAMPLE METHOD: Convenience sampling method

1) Age of the person**age of the person**

	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	

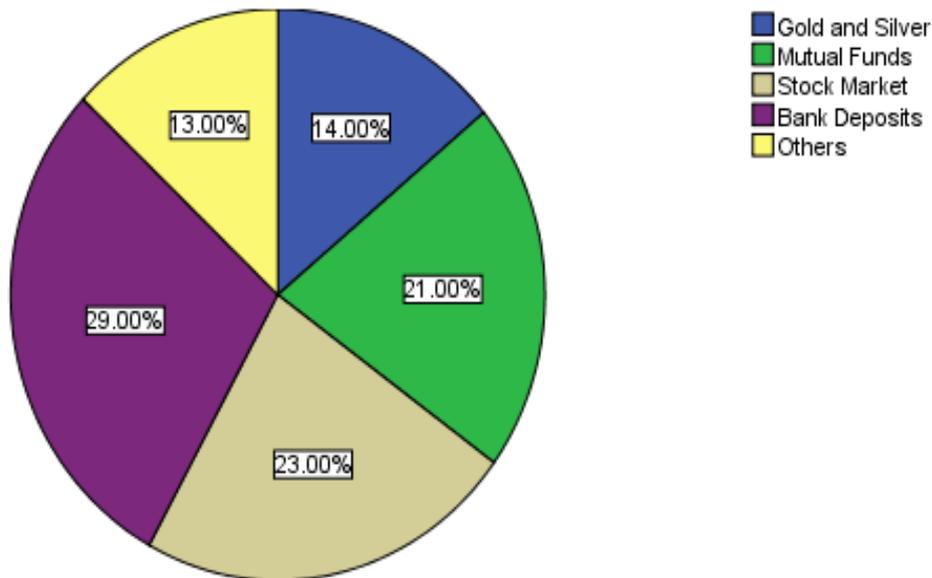


Interpretation: Out of 100 respondents there are 51 are between the age 20 to 30 and 35% are 30 to 40. Most of the young generation people are very much interested to invest in the stock market so I have taken the more number of respondents between the age, 20 to 40.

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

In which option you would like to invest your funds

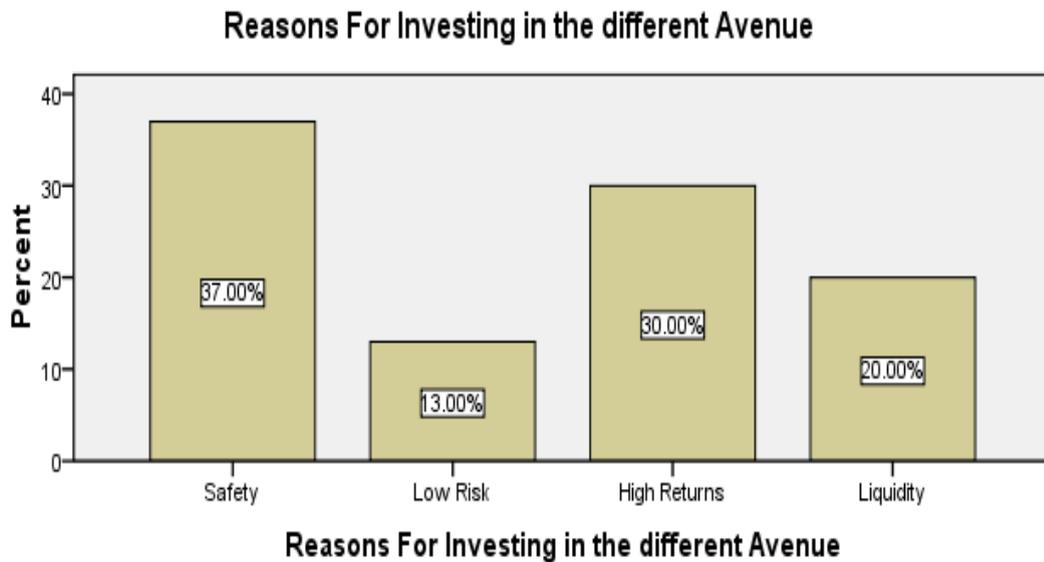


Interpretation: The above table and Graph shows that 29% of the people would like to invest their funds into Bank Deposits as they feel that it is safety mode to invest in Bank Deposits. In stock market also people are ready to invest as there is 23% of the people would like to invest their funds into 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.

3) Reasons for investing in the above Avenue.

Reasons For Investing in the different Avenue

	Frequency	Percent	Cumulative Percent
Safety	37	37.0	37.0
Low Risk	13	13.0	50.0
High Returns	30	30.0	80.0
Liquidity	20	20.0	100.0
Total	100	100.0	

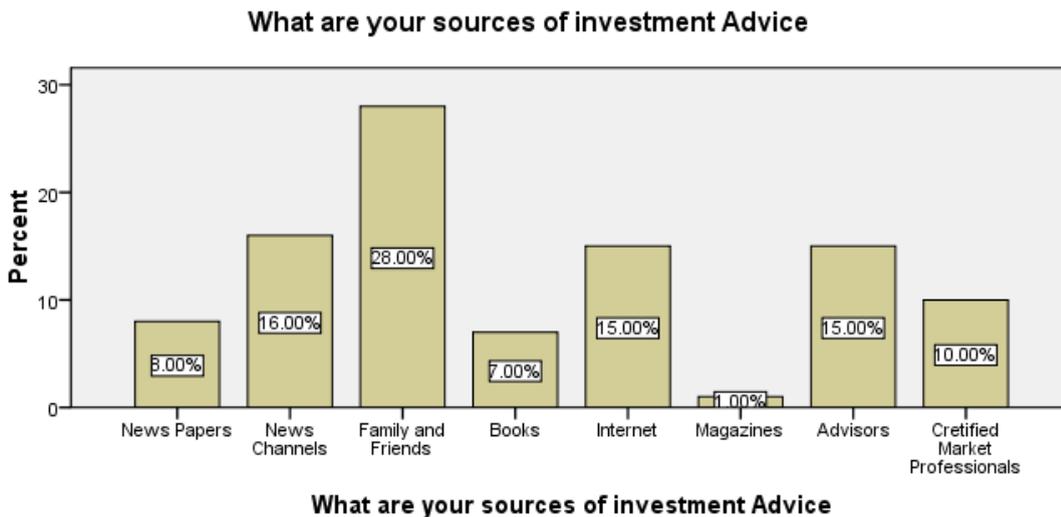


Interpretation: The above table and Graph shows that 37% of the people feel to invest in their avenue because of safety and 30% of the people feel that Return as a measure for their investment so it shows that most of the people are worried about Safety and Returns. Very few people think that risk is the major part.

4) What are your sources of investment Advice?

What are your sources of investment Advice

	Frequency	Percent	Cumulative Percent
News Papers	8	8.0	8.0
News Channels	16	16.0	24.0
Family and Friends	28	28.0	52.0
Books	7	7.0	59.0
Internet	15	15.0	74.0
Magazines	1	1.0	75.0
Advisors	15	15.0	90.0
Certified Market Professionals	10	10.0	100.0
Total	100	100.0	



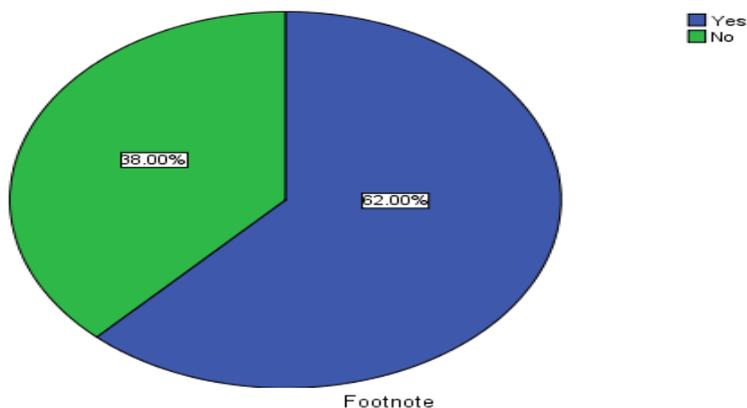
Interpretation: The above table and Graph shows that what are the sources the investors refer while investing the funds into various avenue. As in Dharwad city most of the people take advice from the Family and Friends as there is a 28% of the people or investors take the advice from the Family and Friends. The second rank goes to the news channels as 16% of the people will go for News channels as a Source to get the information about different investment avenues.

5) Would you like to invest your Money into stock Market?

Would you like to invest your money in stock market

	Frequency	Percent	Cumulative Percent
Yes	62	62.0	62.0
No	38	38.0	100.0
Total	100	100.0	

Would you like to invest your money in stock market

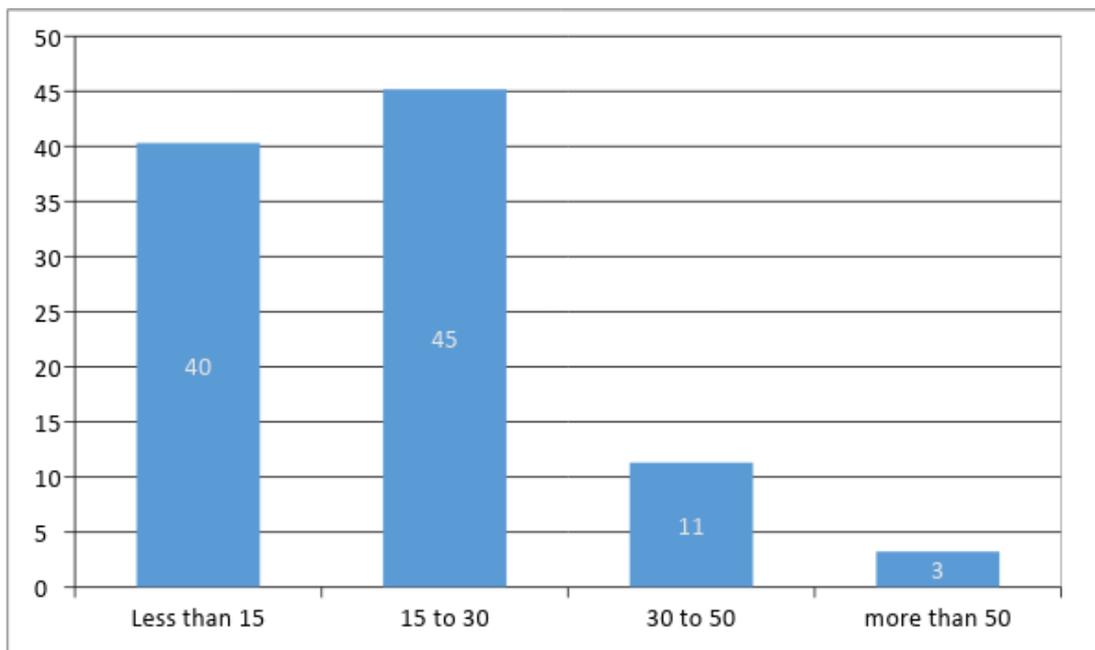


Interpretation: The

above table shows that 62% of the people are interested to invest their funds into stock market and only 32% of the respondents are not interested to invest their funds into stock market so we can say that investors in Dharwad city are very much interested to invest their money into stock market.

6) How much percentage would you like to invest in stock market out of your investing funds?

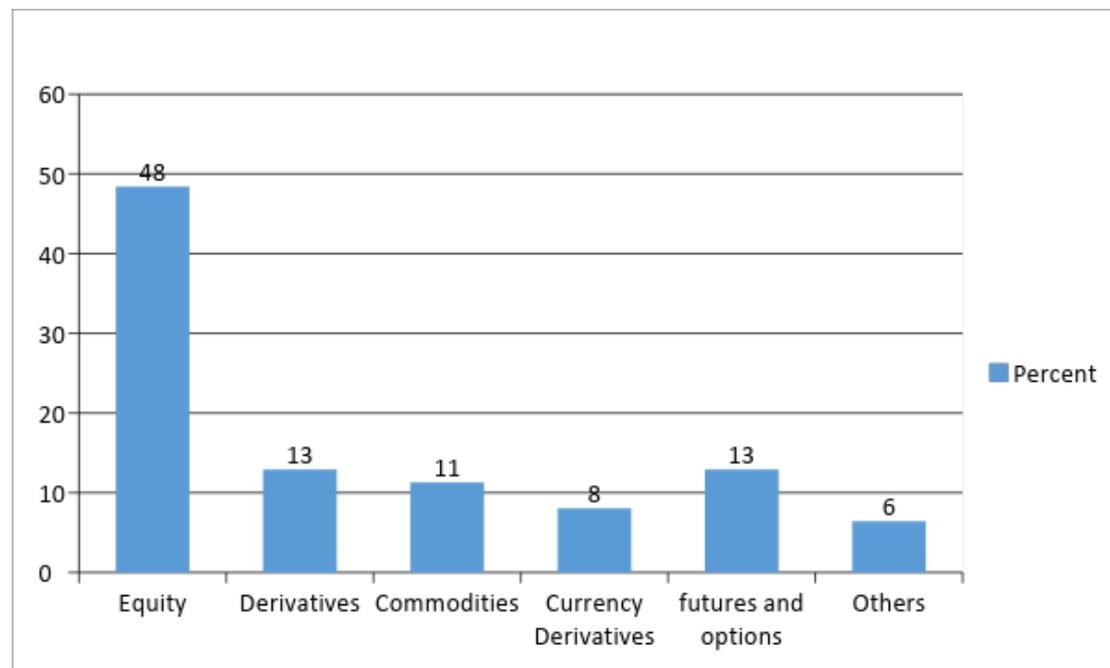
How much percentage would you like to invest in stock market			
	Frequency	Percent	Cumulative Percent
Less than 15	25	40	40
15 to 30	28	45	85
30 to 50	7	11	97
more than 50	2	3	100
Total	62	100	



Interpretation: The above table shows that out of 62% of people who are ready to invest their funds into stock market. Most of them want to invest less than 30% of their investable funds into stock market as above table shows that 40% of people want to invest less than 15% and 45% of the people say that they want to invest between 15 to 30% of investable funds. Thus only 14% want to invest more than 30% of funds into stock market.

7) In which option of stock would you like to invest your funds?

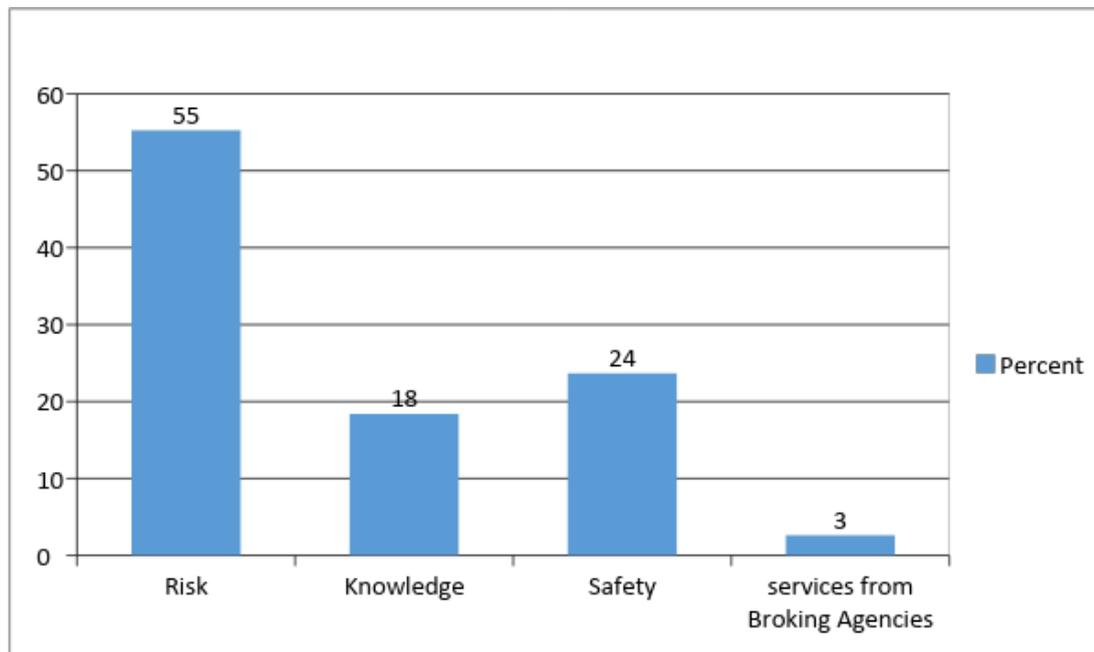
In which option of stock market you would like to invest your funds			
	Frequency	Percent	cumulative percent
Equity	30	48	48
Derivatives	8	13	61
Commodities	7	11	73
Currency Derivatives	5	8	81
futures and options	8	13	94
Others	4	6	100
Total	62	100	



Interpretation: The above Table shows that out of 62% of people who wanted to invest in stock market. 48% of the investors want to go for investment into Equity market so it shows that most of the investors would like to go for investment in equity. 13% want to go for other derivatives and 13% want to go for Futures and options. The 11% want to go for commodities market which is comparatively very less percent it is assumed that most of the people in Dharwad city know more about equity market rather than other products in Stock markets.

8) Reasons for not investing in stock market.

Reasons for not investing in Stock Market			
	Frequency	Percent	Cumulative Percent
Risk	21	55	55
Knowledge	7	18	74
Safety	9	24	97
services from Broking Agencies	1	3	100
Total	38	100	



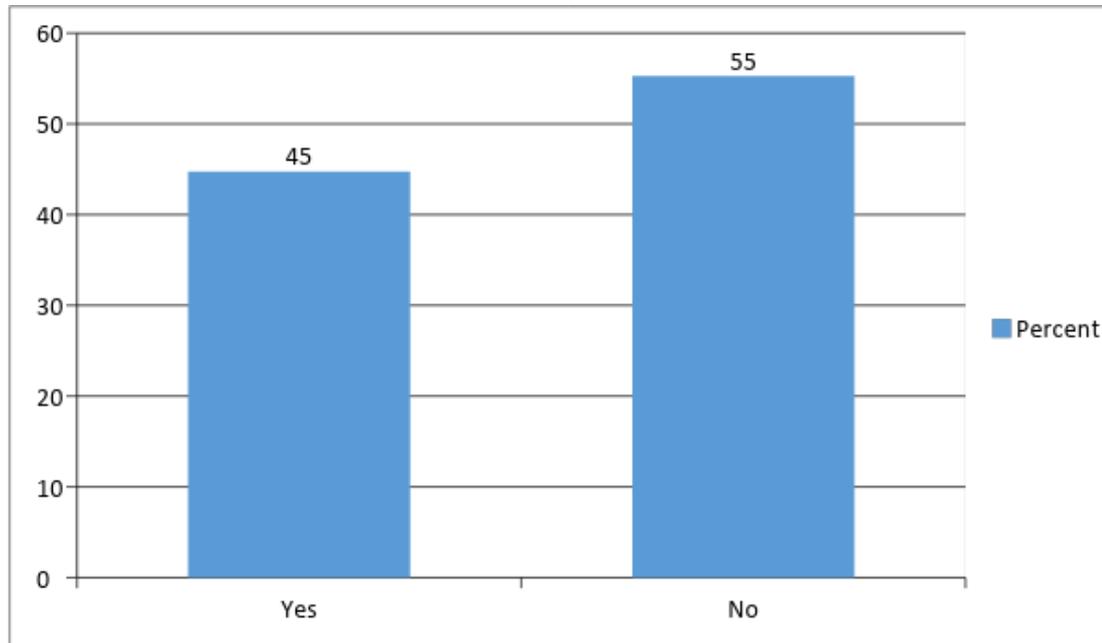
Interpretation: The above Table and Graph shows that out of investors who are not interested to invest their funds.55% says that they are not investing in stock market due to the risk of loss it shows that most of the people who are not invested says that Risk of loss is more in stock market.

Graph shows that 18% of investors don't have the proper knowledge about the market. It shows that 24% of the people think there are not much safety measures available for investment.

9) In future would you like to invest in stock market?

In future would you like to invest in stock market			
	Frequency	Percent	Cumulative Percent
Yes	17	45	45

No	21	55	100
Total	38	100	

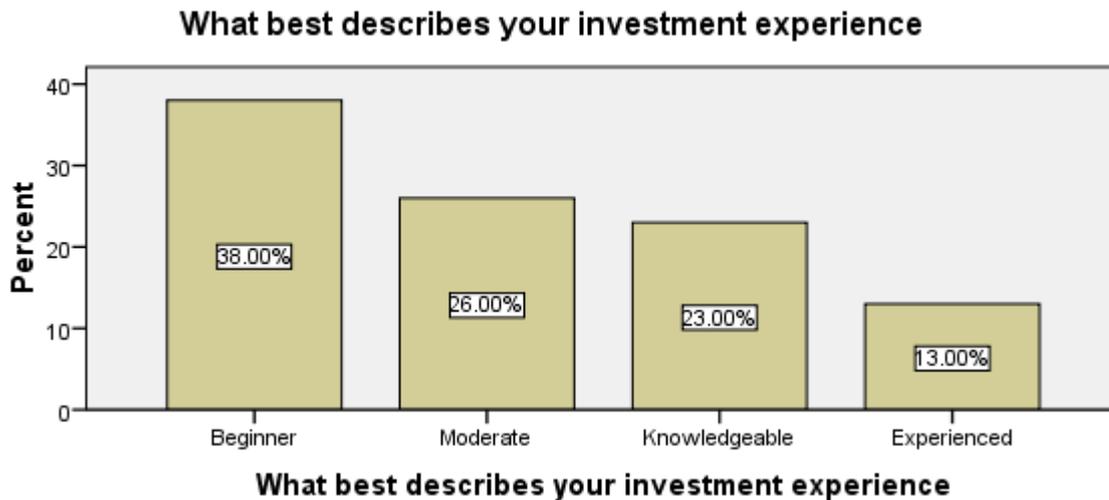


Interpretation: Above Table and Graph shows that 45% of the non-investors of Stock market will invest their funds in future in the stock market. But 55% of the respondents will think they will not go for stock market investment.

10) What best describes your investment experience?

What best describes your investment experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Beginner	38	38.0	38.0	38.0
Moderate	26	26.0	26.0	64.0
Knowledgeable	23	23.0	23.0	87.0
Experienced	13	13.0	13.0	100.0
Total	100	100.0	100.0	



Interpretation: The above Table shows that 38% of the respondents are Beginner as they are new to investment field. 26% respondents think that they have got moderate experience and 23% think that they are Knowledgeable and 13% are experienced as they think they got enough experience for 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.
- Most of the Respondents say that their savings objective is to Home Purchase and Marriage as there are 51% of the respondents were below the age of 30. But 31% of the respondents say that their savings objective is other than Home purchase, Education, Marriage and Health. It shows that all got different future plans for their savings.
- 29% of the people would like to invest their funds into Bank Deposits it shows that they want invest in secured places. 23% respondents want to invest their funds into stock market as they feel they will get better returns.
- 37% respondents say that they have invested in different avenue due to safety and 30% says that they have invested due to returns. So most of the respondents invest their funds in those Avenues where there are more safety measures and more returns.
- 28% of the respondents take Family and Friends advice while investing their funds. 16% respondents will take News Channels help to choose the investment avenues. 15% of the people will go for Advisors advice for their investment options.

- 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.
- Out of 38% of respondents who don't want to invest in stock market there are 21% think that risk of loss is the major reason for not investing in stock market and 9% says that they are not investing due to lack of safety and 7% due to lack of knowledge.
- 17% of the respondents think that they may go for stock market investment in future but 21% respondents, out of 38% of total sample unit says they will not invest in stock market.
- Most of the respondents would like to take Net-worth Direct as their broking firm as 29% of respondents want to go for this Broking Agency for investment. Even Indian foline is also is good with 19% respondents want to choose it as their broking firm.

Suggestions & Conclusion.

As there is more number of respondents investing in Bank Deposits they can be converted into Stock market investors by providing them assured rate of returns. 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. Broking agencies should formulate and utilize it to attract more new clients and they need to have some new strategies towards their competitors.

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