Study on Investor Perception towards Stock Market Investment

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ABSTRACT

This study tells the factors which directly or indirectly affects the market and some basic information on stock market for the new investor or the students who have some interest in the stock market. The objective of selecting the topic is to know about the market trends of the stock market and the information related to the investment for the future investor. Objectives of this research are:- To study the investors objectives, to study investor’s perceptions about stock market, and the factor’s influencing their decision for choosing a particular share.

1 INTRODUCTION

Stock exchange:-

The stock exchange is the important segment of a capital market. If the stock exchange is well-regulated function smoothly, then it is an indicator of healthy capital market. If the state of the stock exchange is good, the overall capital market will grow and otherwise it can suffer a great set back which is not good for the country. The government at various stages controls the

Stock market and the capital market:-

A capital market deals in financial assets, excluding coin and currency. Banking accounts compromises the majority of financial assets. Pension and provident funds insurance policies

Shares and securities:-

Financial assets are claim of holders over issuer (business firms and governments). They enter low different segment of financial market. Those having short maturities that are non-transferable like bank savings and current Accounts set the identification of the monetary financial assets.

This market is known as money Market, Equity, Preferential shares and bonds and debentures issued by companies and securities Issued by the government constitute the financial assets, which are traded in the capital market. Project Report on Money Market and Capital Market Both money market and capital market constitute the financial market. Capital market generally known as stock exchange. This is a institution around which every activity of national Capital market revolves. Through the medium stock exchange the investor gets on impetus and Motivations to invest in securities without which they would not be able to liquidate the. If there would have been no stock exchange many of the savers would have hold their saving either in cash i.e. idle or in bank with low interest rate or low returns. The stock exchange provides the opportunity to investors for the continuous trading in securities. It is continuously engaged in the capital mobilization process. Another consequence of non-existence of stock exchange would have been low saving of the Community, which means low investment and lower development of the country.

S – Securities provide for investor.
T – Tax Benefits planning and exemption.
O – Optimum return on investment.
C – Cautious Approach.
K – Knowledge of Market.
E – Exchange of Securities Transacted.
C – Cyclopedia of Listed Companies.
H – High Yield.
A – Authentic Information
N – New Entrepreneur encouraged.
E – Equity
STOCK EXCHANGE:

A stock exchange, it is an exchange where traders and stock brokers purchase and sell bonds, stocks and other securities with certain rules and regulations. So, stock exchange is called as structured or organized market. It also provides services for Redemption and deliverance of securities and other financial instruments. Organization members are joined together to deal with company stocks and securities for the purpose of Monitoring of buying and selling securities.

There are two Major stock exchanges in India, they are:

Bombay Stock Exchange (BSE)

One of the oldest and growing stock exchanges in Asia is Bombay Stock Exchange casualty called as BSE. “Native Share and Stock Brokers Association” was started. It was registered in the year 1875, where we can say that it is an AOP app as to create non-profit institution of Persons. Where it shifted over the years into leading stock exchange in the Country with current status. BSE takes an essential role in Stock market in the country. It is the first and foremost stock Exchange in the country received lifetime appreciation in 1956. The exchange provides a clear-cut picture about trading Securities to their customers, it reviles the companies and Brokers noticeable complaints and mistakes about Derivatives, Debts, and Provisions. It mainly deals with educating and instructing the investors by guiding awareness programme and improving essential and knowledgeable information, by this we can say that BSE mainly deals with directing because without proper direction there is no destination. Top 20 bodies’ Gives proper directions under the governing board. Which is Very essential to frame the terms and policies, and it also selects the control system. Policies and control system also Connected with exchange Relationships and affairs of the Retirement. Everyone third of the year retirement process will Take place. Which consist of 6 public representatives, nine Nominated directors, executive directors, three SEBI Candidates and operating officer. Chief operating officer is Answerable for daily activity and operation of the exchange.

National Stock Exchange (NSE)

The National Stock Exchange is India’s leading stock exchange overing various cities and towns across the county. NSE was set up by leading institutions to provide a modern, fully automated screen-based trading system with national reach. The Exchange has brought about unparalleled transparency, speed & efficiency, safety and market integrity. It has set up facilities that serve as a model for the securities industry in terms of systems, practice and procedures.

Types of investors:

Five types of investor

Angel investors
Angel investors are individuals. These investors have an earned income that exceeds $200,000 annually or have a net worth that exceeds $1 million. They can be found across industry sectors, but usually work with entrepreneurs who are somewhere between their first-time financing and a venture capital effort.

Peer-to-peer lenders
Peer-to-peer lenders can be individuals or groups. They help fund small businesses. If you want to apply for peer-to-peer lending, you need to apply with companies who are specialized in this type of financing. Lenders work with these companies to find businesses they want to finance.

Personal investors
Businesses can turn to their family, friends, and networks for their first investments. Talk to an expert if you have people eager to help; only a certain amount of people can invest in startups and you’ll need to provide thorough documentation.

Banks
Banks are a classic source for business loans. Before your application is approved, you will need to produce proof of a revenue stream or collateral. Because of this, banks are usually a better option for established businesses, but you don’t need to be a mogul to get financing.

Venture capitalists
Venture capitalists are private equity investors that provide capital to companies exhibiting high growth potential in exchange for an equity stake. They usually invest sizable amounts of money and are typically used once a business demonstrates the potential for significant revenue.

2 LITERATURE REVIEW

Gupta (1972) in his book has studied the working of stock exchanges in India and has given a number of suggestions to improve its working. The study highlights the need to regulate the Volume of speculation so as to serve the needs of liquidity and price continuity. It suggests the Enlistment of corporate securities in more than one stock exchange at the same time to improve Liquidity. The study also wishes the cost of issues to be low, in order to protect small investors.

Panda (1980) has studied the role of stock exchanges in India before and after independence. The Study reveals that listed stocks covered four-fifths of the joint stock sector companies. Investment in securities was no longer the monopoly of any particular class or of a small group of people. It attracted the attention of a large number of small and middle class individuals. It was observed that a large proportion of savings went in the first instance into purchase of Securities already issued.

Gupta (1981) in an extensive study titled ‘Return on New Equity Issues’ states that the performance of new issues of equity shares, especially those of new companies, Deserves separate analysis. The factor significantly influencing the rate of return on new issues to the original buyers is the ‘fixed price’ at which they are issued. The return on equities includes Dividends and capital appreciation. This study presents sound estimates of rates of return on Equities, and examines the variability of such returns over time.
Sampling is one of the most fundamental concepts underlying any research work. Most research studies attempt to make generalization or draw inferences regarding the population, Based on their study of a part of the population that is the sample. The sample data enables the Researcher to correctly estimate the population parameters.

For as far as study is concerned, I have used Non- Probability sampling as well as Snowball Sampling. Basically my Sample consists of Retail investors as well as corporate investors. On the basis of this sampling, I have made my project and finally come on the findings and Conclusion.

3- RESEARCH METHODOLOGY

Research is an art of scientific investigation. As per the advanced learner’s dictionary of current English, “Research is a careful investigation or equity especially through search for new facts in any branch of knowledge”, thus research is the pursuit of truth with the help of study, observation, comparison, and experiments.

Methodology: Survey method was adopted for the study. Survey work with a structured questionnaire was administered to collect primary data. This study is totally based on Primary data collected from the respondent.

The purpose of research methodology section is to describe the procedure for conducting the study. It includes Research design, Sample unit, Sample size, Sampling technique, Tools for data collection, Statistical tools, sources of data & Procedure of analysis of research instrument.

Research design: The research design indicates a plan of action to be carried out in connection with a proposed research work. It provides only a guideline for the research to enable him to keep that he is moving in the right direction in order to enable his goals.

In this research the research design was be the descriptive research design.

Data collection: A structured questionnaire was used to collect the primary data from respondents at different locations randomly.

Statistical tools: For the representation of the data various statistical tools like Column Diagrams have been used. These statistical tools have really provided great help to understand the results of the analysis.

Sources of data:

Primary data: Structured Questionnaire

Secondary data: Newspapers, Television, Internet, Journals & Magazines

Sampling design: Sampling is one of the most fundamental concepts underlying any research work. Most research studies attempt to make generalization or draw inferences regarding the population, Based on their study of a part of the population that is the sample. The sample data enables the Researcher to correctly estimate the population parameters.

As far as study is concerned, I have used Non- Probability sampling as well as Snowball Sampling. Basically my Sample consists of Retail investors as well as corporate investors. On the basis of this sampling, I have made my project and finally come on the findings and Conclusion.

Element: The element of the research were the investors.

Sampling unit: The data was collected from various locations of LUDHIANA.

Extent: The extent was the scope or the area of the research.

Time: The duration of this research was six months. Sampling plan: Random Sampling was carried out to identify the respondents from the Different areas at different times; the data is collected from various locations so there are very Less chances of duplication of data.

Sampling frame: The list of the respondents is called the sampling frame. In this research the List of the respondents can be those persons who have their D- mat accounts in different banks. There are two types of the sampling one is proportional sampling and other is the disproportional Sampling. The proportional sampling is that sampling in which the researcher can cover all the Respondents in the sampling frame and the disproportional sampling is that sampling in which the Researcher cannot cover all the respondents of his sampling frame. This research is Disproportional research.
Sampling technique: The sampling technique is of two types of sampling technique. One is Probability sampling technique and other is non probability sampling technique. As far as Sampling Technique is concerned, a nicely prepared Questionnaire has been filled by the Investors at the time of handling their queries. As we know most of the corporate investors don’t have sufficient time to fill up the form so it was found convenient to fill the information at the time of handling queries.

4 -OBJECTIVES

Objectives of this research are:-

- To study the investors objectives.
- To study investor’s perceptions about stock market.
- To study the factor’s influencing their decision for choosing a particular share.
- To know about the Indian securities market.
- To know about the investors perception towards the stock market.
- To know about the investors perception towards the Sensex in future.
- To identify the time horizon with which they make their investment.
- Understand the importance of long term investing.

5: QUESTIONNAIRE

QUESTIONNAIRE

“A STUDY ON INVESTOR PERCEPTION TOWARDS STOCK MARKET INVESTMENT”

We Somiya Dharia & Nidhi Solanki a student of 2nd year MBA, Parul University, would like you to request to fill up questionnaire for the study “A STUDY ON INVESTOR PERCEPTION TOWARDS STOCK MARKET INVESTMENT.”

All information will be kept confidential and will be used for study purpose only.

1. Your knowledge of investing is
   a. Limited
   b. Good
   c. Extensive
   d. None

2. Are you investing into stock market?
   a. Yes
   b. No

3. If yes, what types of investor are you?
   a. Short term
   b. Mid term
   c. Long term

4. What percentage of your expenditure from monthly income? a. 25%-40%
   b. 40%-60%
   c. 60%-80%

5. What sources of funds do you utilize to invest or trade in the stock market?
   a. Loans
   b. Saving/ personal
   c. Pledging

6. What investment option are you considering?
   a. Stock
   b. Mutual fund
   c. Saving A/C
   d. Real Estate
   e. Gold/Silver
   f. Insurance
   g. Fixed Deposits
h. Share/Debentures
i. Post Office

7. Are you insured?
   a. Yes
   b. No

8. If yes, what is the coverage amount of your policy?
   a. Health Insurance
   b. Travel Insurance
   c. Motor Insurance
   d. Home Insurance

9. While investing your money, which factor you prefer most?
   a. Low Risk
   b. High Return
   c. Liquidity
   d. Company Reputation

10. You want to
    a. Increase your current income
    b. Plan secure retirement
    c. Create assets for the future rather than increase current income

11. I borrow and investing in stock market
    a. Yes
    b. No

12. You prefer to do the investment transactions
    a. Through my broker/ financial advisor
    b. On my own using internet

13. How much time spend for investing activities?
    a. 2 to 5 hrs per week
    b. 2 to 5 hrs per month
    c. 2 to 5 hrs per year
    d. Most of my spare time
    e. Everyday at least some time

14. The average rate of earnings on investment for the past 5 years is
    a. Below 10%
    b. 10 to 20%
    c. Above 20%
    d. Net loss

15. Are you investment in capital market?
    a. All in demat form
    b. All in physical form
    c. Mostly in demat form
    d. Mostly in physical form

16. How much experience in stock market?
    a. Less than 5 years
    b. 5-10 years
    c. Above 10 years

17. At which rate do you want your investment to grow?
    a. Steadily
    b. At an average rate
    c. Fast

18. Do you invest your money in share market? (through a DEMAT A/C)
    a. Yes
    b. No
    c. Maybe

19. Imagine that stock market drops after you invest in it then what will you do?
    a. Withdraw your money
    b. Wait to increase invest more in it

20. What is the purpose behind investment?
    a. Wealth creation
    b. Earn Return
21. Have you ever invested your money in mutual fund?
   a. Yes
   b. No

22. Where do you find yourself as a mutual fund investor?
   a. Totally ignorant
   b. Partial knowledge of mutual fund
   c. Aware only of any special scheme in which you invested
   d. Fully aware

23. What is your investment objective?
   a. Income and capital preservation
   b. Growth and income
   c. Long term growth
   d. Short term growth

24. Capital market in India is a safe haven for investors.
   a. Strongly disagree
   b. Disagree
   c. None
   d. Agree
   e. Strongly agree

25. Indian stock markets are well regulated.
   a. Strongly agree
   b. Agree
   c. None
   d. Disagree
   e. Strongly disagree

Qualities

1. Safety
   a. Highly important
   b. Important
   c. not sure
   d. not important
   e. not at all important

2. tax benefits
   a. highly important
   b. important
   c. not sure
   d. not important
   e. not at all important

3. liquidity
   a. highly important
   b. important
   c. not sure
   d. not important
   e. not at all important

4. flexibility
   a. highly important
   b. important
   c. not sure
   d. not important
   e. not at all important

5. investor services
   a. highly important
   b. important
   c. not sure
   d. not important
   e. not at all important

26. The risky investment
   a. Commodities
   b. Equity
   c. Derivatives

27. Average return on the investments in shares
   a. 0 to 10%
   b. 11 to 20%
c. 21 to 30%

d. 30% & above

28. Source of information about stock market
   a. Newspaper
   b. Television
   c. Brokers
   d. Internet

29. Day trading gives better results than regular trading.
   a. Strongly agree
   b. Agree
   c. None
   d. Disagree
   e. Strongly disagree

30. What are the benefits of trading in shares?
   a. Low investment
   b. High gain

6 DATA ANALYSIS

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

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<thead>
<tr>
<th>DEMOGRAPHIC</th>
<th>NO. OF RESPONDENT</th>
<th>PERCENTAGE OF RESPONDENTS</th>
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<tr>
<td>26-32</td>
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<td>50 or Above</td>
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<td>100%</td>
</tr>
<tr>
<td>MARITAL STATUS:</td>
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<tr>
<td>Married</td>
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<td>33%</td>
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<tr>
<td>Unmarried</td>
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<td>67%</td>
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<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
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<tr>
<td>EDUCATION:</td>
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<tr>
<td>12th Pass</td>
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<tr>
<td>Diploma</td>
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<td>Post Graduate</td>
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<td>43%</td>
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<tr>
<td>Professor</td>
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<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>
DATA ANALYSIS AND INTERPRETATION

Your Knowledge of Investing

Inference: From the above Pie-chart we can see 48% of respondents are in Good, 31% in Limited, 12% in None and remaining 9% respondents are in extensive.
**Are you Investing into Stock Market**

![Pie Chart](image)

- **62%** Yes
- **38%** No

Inference: In this 62% of respondents are investing into Stock Market, on other hand 38% of respondents are not investing into Stock Market.

**Types of Investor**

![Pie Chart](image)

- **41.50%** Mid Term
- **37.80%** Short Term
- **20.70%** Long Term

Inference: From above given Pie-chart it can be seen that 41.50% respondents are Mid Term, 37.80% respondents are Short term, while 20.70% of respondents are Long Term.

**What percentage of your expenditure from monthly income?**

![Pie Chart](image)

- **64%** 25%-40%
- **23%** 40%-60%
- **13%** 60%-80%

Inference: As we can see 64% of respondents prefer 25%-40%, 23% of respondent prefer 40%-60%, while 13% of respondents prefer 60%-80%.
What sources of fund do you utilize to invest or trade in the Stock Market?

Inference: From above given chart we can see that 83% respondents are having invest or trade in Saving/Perso nal, 25% respondent are having invest or trade Loans, 8% respondents are having invest or trade Pledging.

Investment Options

Inference: Among 100 respondents, 22% of respondents investment in Stock, 19% of respondents investment in Saving A/C, 14% of respondents investment in Mutual Fund, 12% of respondents investment in Gold/Silver, while 33% respondent different investment.

Are you Insured?

Inference: As we can see majority about 78% of respondents prefer insurance, 22% of respondents not prefer insurance.
Inference: From the above given Bar-chart it can be observed that about 72% respondents prefer Health Insurance policy, 26% respondents prefer Home Insurance policy, 23% respondents prefer Motor Insurance policy, 19% respondents prefer travel Insurance policy.

While investing your money, which factor you prefer most

Inference: From given Pie-chart 43% of respondents prefer investing in Low Risk, 36% of respondents prefer investing in High Return, 15% of respondents prefer investing in Company Reputation, 6% of respondents prefer investing in Liquidity.

You want to

Inference: From the above Pie-chart we can see that 57% of respondents want to Increase own current income, 24% of respondents want to Plan secure retirement, 19% of respondents want to create assets for the future rather than increase current income.
Inference: Among 100 respondents, 69% respondents are investing in Stock Market, on other hand 31% respondents are not investing in Stock Market.

**You prefer to do the investment transaction**

Inference: In the above Pie-chart Majority about 53% of respondents uses investment transaction through own internet, 47% of respondents uses investment transaction through my broker/financial advisor.

**Time spend for investing activities**

Inference: From the given Pie-chart it can be observed that about 36% respondents are using in 2 to 5 hrs per week for investing activities, 21% respondents are using in 2 to 5 hrs per month for investing activities, 18% respondents are using in 2 to 5 hrs per year, 17% respondents are most of time and some respondents are everyday using investing activities.
The average rate of earning on investment for the past 5 years

![Pie chart showing the distribution of earning rates among respondents.](piechart1.png)

**Inference:** As we can see, 51% of respondents are earning in the past 5 years in below 10%, 33% respondents are earning in 10 to 20%, 14% respondents are earning in above 20%, 2% respondents are earning in net loss.

**Are you investment in capital market?**

![Pie chart showing the distribution of investment form among respondents.](piechart2.png)

**Inference:** From given Pie-chart 32% of respondents are investing in physical form, 30% of respondents are investing mostly in demat form, 29% respondents are investing all in demat form and 9% of respondents are investing mostly in physical form.

**How much experience in the stock market**

![Pie chart showing the distribution of experience years among respondents.](piechart3.png)

**Inference:** From given Pie-chart we can analyze that about 57% respondents experience less than 5 years in stock, 25% respondents experience 5-10 years, 16% respondents more than 10 years.
At which rate do you want your investment to grow

Inference: among 100 respondents, 45% of respondents are grow at an average rate, 42% respondents are grow steadily and 13% respondents are grow fast.

Do you invest your money in share market? (though a DEMAT)

Inference: It is good to see that about 56% respondents, 30% respondent are still not in favor of DEMAT a/c, while other 14% respondent are still in between both.

Stock market drops after you invest in it then what will you do

Inference: From given Pie-chart we can see that 52% of respondents are wait to increase invest more and 48% of respondents are withdraw own money.
Purpose behind investment

Inference: From given Pie-chart 39% of respondents are investment in earn return, 35% respondents are investment in wealth creation, 14% respondents are investment in future expenses and while other 12% respondents are investment in tax saving.

Inference: It is good to see that about 64% respondents, 36% respondents are still not in favor of mutual fund.

Where do you find yourself as a mutual fund investor

Inference: From given Pie-chart 36% respondents totally ignorant, 32% respondents partial knowledge of mutual fund, 19% respondents aware only of any special scheme and 13% respondents fully aware.
Investment objective

Inference: From given Pie-chart 37% respondent are investment in growth and income, 29% respondent are investment in long term growth, 27% respondent are investment in income and capital preservation and 7% respondent are investment in short term growth.

Capital market in India is a safe haven for investors.

Inference: From given we can see that 25% respondents strongly agree, 2% respondents strongly disagree, 28% respondents agree, 16% respondents disagree and other hand 29% respondents none.

India stock markets are well regulated.

Inference: As we can see majority about 26% of respondent are not sure, 25% of respondent are agree well regulated, 21% of respondent are disagree well regulated, 16% respondent are strongly disagree well regulated and 12% respondent are strongly agree well regulated.

Qualities
Inference: As we can see that about 56% respondent prefer highly important of safety, 50% respondent prefer important of tax benefits, 22% respondent prefer not sure of flexibility, 6% respondent prefer not important of liquidity, 2% respondent prefer not at all important of investor service.

Inference: From given Pie-chart we can analyze that about 54% respondents prefer risk investment on equity, 28% thinks prefer commodities and 18% respondent prefer derivatives.

Average return on the investments in shares

Inference: From given Pie-chart it can be seen that 56% of respondents somewhat invest 30% & above, 21% respondents 0 to 10% prefer average return, 17% respondent prefer 11 to 20% and 6% of them prefer 21 to 30% investment in share.
Inference: From given Pie-chart it can be observed that 30% respondent prefer internet, 28% respondent prefer television, 25% respondent prefer newspaper, 16% respondent prefer brokers and 1% respondent prefer not to be disclosed.

**Day trading gives better results than regular trading.**

Inference: From given column-chart there are majority of respondent with 30% thinks that there are disagree, about 21% are agree, 22% respondents are not sure, 14% are strongly agree and 13% are strongly disagree.

**What are the benefits of trading in share**

Inference: From given Pie-chart it can be observed that about 60% respondents prefer low investment as their benefits of trading and 40% respondents prefer high gain as their benefits.
REFERENCES


