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A Study on Perception of Investor towards Indian Stock Market

Satyajit Gohil[1], Mamta Wala[2], Nikunj Panchal[3]

1. AssistantProfessor, ParulInstituteofManagement&Research (MBA),ParulUniversity, Vadodara391760,India
2. Student,PIET(MBA),ParulUniversity, Vadodara391760,India
3. Student,PIET(MBA),ParulUniversity, Vadodara391760,India

ABSTRACT

Investment in the Stock market should be according to Risk return and past data analysis and ratios which ensures the return on savings. Also, if an investor is investing in different sectors, then it is also necessary to create a portfolio as per the Interest of investing in the Stock market. By this research, we have researched that if an investor is investing in whether public or non-public banking sector then on which basis they ought to invest and within which bank. And as per secondary data how the portfolio is created to invest in a different segment. Without portfolio management, an investor may face losses in a different segment.

Keywords: Stock, Investment, stock market, Perception

1.0 Introduction

The stock market refers to the marketplace where investors can buy and sell stocks. The Price at which each buying and selling transaction takes is determined by market forces demand and supply for a particular stock. Investor plays a very important role in the stock market because of their big share of saving the country.

A stock market is a place where shares of public listed companies are traded. The primary market is where companies float shares to be public in an initial public offering to raise the capital.The market in which shares of publicly held companies are issued and traded either through exchanges or over the counter markets. Also known as the equity market.The stock market lets investors participate in the financial achievement of the companies whose shares they hold. When companies are profitable, stock market investors make money through the companies pay out and by selling appreciated stocks at a profit called a capital gain.

Types of investors:

Three types of Investors

1) Speculators: Speculators are typically sophisticated risk-taking investors with expertise in the markets in which they are trading, they usually highly leveraged investments, such as futures and options.A speculator person who trades derivatives, Commodities, Bonds, Equities or Currencies with higher-than-average risk in return for higher-than-average profit potential.

2) Hedgers: They are generally the commercial producers and consumers of the traded commodities. They participate in the market to manage their spot market price risk. Commodity prices are volatile and their participation in the futures market allows them to hedge or protect themselves against the risk of losses from fluctuating prices. For e.g., a copper smelter will hedge by selling copper futures, since it is exposed to the risk of falling copper prices.

3) Arbitragers: They are traders who buy and sell to make money on price differentials across different markets. Arbitrage involves simultaneous sale and purchase of the same commodities in different markets. Arbitrage keeps the prices in different markets in line with each other. Usually, such transactions are risk-free.

1.1 Objectives of the Study:

1. To study the investor'sbehaviour towards the various investment alternatives with special reference to the stock market.
2. To study the investor's perception.
3. To study the factors influencing the investors to invest in various investment alternatives.

2.0 Literature review

1. A Study on Individual Investors Behavior in Stock Markets of India

The paper analyses that annual income and annual savings are given importance by investors, but the level of savings is decided by their level of income. He states that "investors are fully aware about the stock market and they feel that market movements also affect the investment pattern of investors in the stock market.

2. Factors Affecting Investors' Decision-Making Behavior in The Stock Market

it concludes that out of the various factors affecting the behaviour of investors some factors have a slight role while some majorly impact investor behaviour. The general factors are gender, age, confidence levels, cognitive bias, risk factors, company's performance

3. The Relationship Between Intellectual Capital and Stock Market Performance

The conclusions stand true as, the financial statements, made at the end of the year; fail to inform the value of the firm. The speculation in the market also affects the investor's sentiment. The beta index indicates the systematic risks associated with the stocks and fails to elaborate the reason for changes in stock prices and the market value of firms.

4. Investment and Trading Pattern of Individuals Dealing in Stock Market

Kaushal A. Bhatt (2013) the risk related to investment also definesthe amount invested by people in a particular stock. The factors like age, occupati on and income level are key factors in the investment decision making of people. The other major factors being considered were the market scenario, ris k involved and other investment opportunities.

5. Study of Investment Advice to Retirement Plan Partakers In India,

Geetika Batra (2013) as they don't have any other source of income so if the investment plans fail, it would be disastrous on the savings front and logically, on the financial planning front. However, if one starts investment early, then the risk to reward ratio would be very high. Hence one should remain substantially committed to stock during this earning period.

6. Determinants of Equity Share Prices in India

Sanjeet Sharma (2011) the dividend pay-out shall still be a relevant factor. But in cases where there are sudden crises and price shocks, this analysis fails to be accurate. The paper also observes that in the case of a strong book value per share and a good dividend declaration policy the investors perceive lesser risk and are more comfortably placed in investing into the equity shares of those companies.

2.1 Problem Statement

This study aims to find out investor stock purchasing behaviour, influencing to buy a stock, perception to buy or sell etc. So, the answers to the following questions define the problem statements of the study.

1. What are the investors' buying behaviour of Stocks?
2. What are the factors influencing investments?
3. What is the perception of the investors to invest in a particular stock?
4. What is the perception of the investors to sell a particular stock?

2.2 Hypothesis

H_o: There is no significant relationship between motivating factors to invest and perception of the stock market.

H_a: There is a significant relationship between motivating factors to invest and perception of the stock market.

3.0 Research Methodology

This study depends on the primary and secondary data but we are making questionnaires and meetings with people and trying to know their opinion. The primary data was gathered from 110 respondents also utilizing the Random Sampling data collection method. Descriptive research was carried out in this research.

4.0 Data Analysis and Interpretation

Percentage Analysis
Table-A

Occupation	**No. of respondents**	**%**	**Expected return**	**No. of respondents**	**%**
Student	50	45.9	Less than 5%	9	8.3
Employee	27	24.8	5 to10%	14	12.8
Business	15	13.8	10 to 15%	42	38.5
Service	17	15.6	15 to 20%	32	29.4
Total	**109**	**100**	**Total**	**109**	**100**
Gender	**No. of respondents**	**%**	**Invest in the Stock**	**No. of respondents**	**%**
Male	73	67.0	Yes	82	75.2
Female	36	33.0	No	27	24.8
Total	**109**	**100**	**Total**	**109**	**100**
Trade-in Stock	**No. of respondents**	**%**	**Motivating factors**	**No. of respondents**	**%**
Delivery	57	52.3	Return	57	52.3
Intraday	24	22.0	Capital Appreciation	19	17.4
Speculation	7	6.4	Liquidity	7	6.4
Arbitragers	2	1.8	Safety	12	11.0
Hedging	7	6.4	Others	2	1.8
Total	**109**	**100**	**Total**	**109**	**100**

(Source: Primary Data)

Occupation of the respondents

The above table showsthe occupations of people who are investing in the stock market. There are 15 & 17 peoples who are businessmen and service, 50 & 27 people from students and employees.Here we can say that student respondents are higher than other occupations but if we compare the total of business, service and employee respondents are higher than students.

What is the rate of return expected by you from the stock market?

The above table-Ashows the rateof investment according to our survey most of the people'sexpected rate of return is between 10-15% at the rate or return value 42 and least people are investing between less than 5% around 9values.

Gender of the respondents

The above table showsthe gender of the people who are investing in the market. From there 36 out of 109 people are female and 73 out of 109 people are male.

Do you invest in the stock market?

The above table-Ashows how many peoples are investing in the stock market. There are 82 peoples who invest in the stock market and the rest is 27 people who are not invested in the stock market.Here we consider only 82 people'sresponses because others are not fill up further form detail due to they are not invested in the stock market.

How do you trade in the stock market?

The above table-A shows how people trade in the stock market.According to our survey, 59% of people invest in the stock market by taking delivery of stocks. Likewise, 25 % of peopledo intraday trading. 7% of people do speculation and hedging. Only 2% of people doing arbitrage.

Which factor motivates you to invest in the stock market?

The above table-Ashows which factors motivatepeople to invest in the stock market. There are 59% out of 100 people have been inspired by return,7% people have been inspired by liquidity,12% people have been inspired by safety,20% people have been inspired by capital appreciation, 2% people have been inspired by others.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.872[a]	8	.771
Likelihood Ratio	6.341	8	.609
Linear-by-Linear Association	.055	1	.815
N of Valid Cases	92		

a. 11 cells (73.3%) have an expected count of less than 5. The minimum expected count is .09.

(*Source: Primary Data)

In the chi-square test, the researcher find that the calculated value is (4.872) higher than the table value. The degree of freedom is 6 and the significant levelis > 0.05. Therefore, the null hypothesis is accepted. So, there is no significant relationship between motivating factors to invest and perception of the stock market.

5.0 Findings

- The majority of the respondents' occupations is Student.
- The majority of the respondents' expected rate of return is 10 to 15%.
- The majority of the respondents are male.
- The majority of the respondents have invested money in the stock market.
- The majority of the respondent's trade-in stock at delivery.
- The majority of the respondent's motivating factor is returned.

5.1 Suggestion

The majority of students are investing in the stock market and all are thinking of return on investment. So, doingan analysis of particular stock and updating themself with news and company's annual reports, sales reports, quarterly reports, etc. then take to the decision of investing their money.

5.2 Conclusion

Most investors invest their money for the long term as it gives a good return and they invest for the long term as it gives a good amount of return and small risk.Equity Share investors invest according to return, risk and on the basis of past data.In private banking sectors, people invest money on the basis of better performance, net margin ratio. For example, Infosys Bank. In the public banking sector shareholders invest money according to gained and maintained share in last decade and valuation low. For example, TCS bank

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