

Investors behavior in Stock market with special reference to Palakkad District

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ABSTRACT

Investment is an action where by fun dispositioned in certain chance or instrument with the hope of increase in its value and optimistic returns. In its widestsense, anoutlay is a sacrifice of current money orotherin comes forup coming welfares. An investment procedure is an instrument that carry both suppliers of funds and demanders of funds. Investingin numerous kinds of assets is an interesting activity that appeals persons from all walks of life irrespective of their job, economic status, education and family background.

Keywords: Stock, Investment

I. INTRODUCTION

Investor performance is there adding of when, why, how, and where persons do or do not purchase an invention. It studies features of specific investors such as demographics and social variables in an effort to know people's desires. It also tries to measure

Effects on the invest or from collections such as family, friends, orientation collections, and society in general. Investor behavior study is based on investor buying behavior, with the invest or playing the three distinct roles of user, payer and purchaser.

Stock market is a public object for trading segments or stocks of a specific company at a decided price. Investment assessments of investors in impartialities are sometimes rational where the investors take choices to study the data in the market. Some investors take irrational choices where they ignore some data that is obtainable. There is always something that is sustaining an investment choice making procedure as the prospects of returns are a apprehension.

Statement of the Problem

The globalization offinancial markets has been increasing the number of investors completed the past two decades through providing a extensive change of market and investment choices. Though, it makes the investment choices procedure much high complex.The investors usually reflect their investment desires, goals, objects and limitations though making investment choices. But it is not conceivable for them to create a effective investment assessment at all times.

II. OBJECTIVES

1. To study the investor behavior in stock market
2. To find out the purpose and major are as of investment in stock market
3. To recognize the issues impelling investment choices
4. To identify the risk taken by the investors

Sources of Data

Together primary and secondary information are composed so as to satisfy the purposes of the learning. The primary data essential for the learning has been composed from the investors through questionnaire method. The secondary data were collected through websites, published reports and articles.

Tools Used for Analysis

The statistical tools which are used for there search are:

1. Simple percentage study
2. Chi-square test
3. Weighted ranking method

III. REVIEW OF LITERATURE

DasKanti Sanjay (2012) considered the middle class household's investment performance and identify that he inclinations of as set through households are not comparable in nature and they differ among numerous economic tools. There adding discloses that between other opportunities the bank deposits endure the high general tool of investment surveyed through insurance and less saving system with maximum number of defendants participating in fixed salary bearing choice.

GeethaN, & Ramesh M.(2012) intentional the Significance of Demographic Features in Investment Choice and discloses that there is important connection among the demographic causes such as(gender, age, education, job, annual salary and annual savings)with the bases of consciousness gained through the investors.

Nayak, M. K. (2010), examine the importance of variance among the numerous demographic variable and investor's information of complaints, consciousness of purposes of restored agencies, filling of protest are certain of the issues which affect their fulfillment equal.

Henrik, C.andStephan,S.(2009), specified that he cross- sectional heterogeneity in key events of investment performance into genetic and environmental effects. They initiate portfolio risk selections are clarified through agenetic section. Genetic difference is a very significant clarification for difference in investment performance associated to the effect of education, net worth, entrepreneurial action etc.

Investor Behaviour

Investor behavior efforts to comprehend and explain choices through joining the themes of psychology and participating on a micro level (i.e.,the choice procedure of individuals and groups) and a macro level (i.e., the part of financial markets). The choices- making procedure of investors incorporates together aquantitative (objective) and qualitative (subjective) aspect that is centered on the features for the investment productor economic service. Investor behavior studies the mental procedures and emotional concerns that individuals, financial experts, and traders disclose through the fiscal preparation and investment organization procedure. Inpractice, individuals create judgments and choices that are centered on past proceedings, individual opinions, and inclinations.

IV. ANALYSIS AND INTERPRETATION

Chi-Square Test

Table 1

Showing the Relationship between Monthly Income and Percentage of Savings Invested in Stock Market

Monthly Income	Percentage of Savings invested in Stock market			Total
	Lessthan15%	15%-30%	Above 30%	
Below25000	12	2	1	15
25000-50000	19	20	3	42
50000-75000	7	18	1	26
75000-100000	1	3	6	10
Above100000	0	3	4	7
TOTAL	39	46	15	100

Hypothesis

H₀: The two factors namely monthly income and percentage of savings participated in stock market are independent i.e. they are not associated.

H₁: The two factors namely monthly income and percentage of savings capitalized in stock market are not independent i.e. they are associated.

Result

Degree of freedom = 8
 Calculated value = 46.23
 Table value = 15.507

Calculated value (46.23) is higher than the table value (15.507). Therefore we reject the null hypothesis and receive the other hypothesis. Hence monthly income and percentage of savings are not independent i.e. they are related.

Weighted Ranking Method

Table 2

Table Showing the Priorities of the Respondents on Investment Objectives

Investment Objectives	No.of respondents						
	1	2	3	4	5	6	7
Regular Income	30	16	30	24	0	0	0
Capital Appreciation	34	4	28	2	30	0	2
Liquidity	10	18	0	0	10	18	44
Safety	16	28	4	12	14	20	6
Tax Benefits	10	4	4	6	18	32	26
Spread Risk	0	0	22	50	16	12	0
Hedge against Inflation	0	30	12	6	12	18	22

Table 3
Ranked Table Showing the Priorities of the Respondents on Investment Objectives

Investment Objectives	Rank	No.of respondents							Total	Rank
		1	2	3	4	5	6	7		
	Weight	7	6	5	4	3	2	1		
Regular Income		210	96	150	96	0	0	0	552	1
Capital Appreciation		238	24	140	8	90	0	2	502	2
Liquidity		70	108	0	0	30	36	44	288	6
Safety		112	168	20	48	42	40	6	436	3
Tax Benefits		70	24	20	24	54	64	26	282	7
Spread Risk		0	0	110	200	48	24	0	382	4
Hedge against inflation		0	180	60	24	36	36	22	358	5

Interpretation

The respondents have given first rank to regular income, second rank was given to capital appreciation, third rank was given safety, fourth rank was given to spread risk, fifth rank was given to hedge against inflation, sixth rank was given to liquidity and seventh rank was given to tax benefits.

Inference

Majority of the respondents gave first priority to regular income as their investment objective.

Table 4
Table Showing the Priorities of the Respondents on Factors Influencing Selection of Investment

Influencing Factors	No.of respondents						
	1	2	3	4	5	6	7
Expected Return	30	18	6	24	14	8	0
Risk	4	12	2	12	8	44	18
Investment Objective	10	2	12	26	30	8	12
Period of Investment	0	6	22	0	14	8	50
Past Performance	26	16	4	32	8	0	14
Market Trend	30	24	20	4	6	12	4
Information from Brokers	0	22	34	2	20	20	2

Table 5
Ranked Table Showing the Priorities of the Respondents on Factors Influencing Selection of Investment

Influencing factors	Rank	No.of Respondents							Total	Rank
		1	2	3	4	5	6	7		
	Weight	7	6	5	4	3	2	1		
Expected Return		210	108	30	96	42	16	0	502	2
Risk		28	72	10	48	24	88	18	288	6
Investment Objective		70	12	60	104	90	16	12	364	5
Period of Investment		0	36	110	0	42	16	50	254	7
Past Performance		182	96	20	128	24	0	14	464	3
Market Trend		210	144	100	16	18	24	4	516	1
Information from Brokers		0	132	170	8	60	40	2	412	4

Interpretation

The respondents have given first rank to market trend, second rank was given to expected return, third rank was given for past performance, fourth rank was given to information from brokers, fifth rank was given to investment objectives, sixth rank was given to risk and seventh rank was given to period of investment.

Inference

Majority of the respondents gave first priority to market trend while making investment decisions.

V. FINDINGS

Among the entire defendants, popular of the defendants(86%)are males. The women participation in stock market investment is very low.

Majority of the investors (33%)fall under the age category of 31 to 40years.

Majority of the defendants(67%)are married.

- About 46% of the respondents have graduate level qualification and 22% have post graduate level qualification.
- Most of the investors(44%)belong to business class.
 - Majority of the respondents (42%) choose secondary market for investment and 25% operates both in primary and secondary market.
 - Most of the investors prefer short term investment(52%) and medium term investments (43%).The long term investors are least in number.
 - Majority of the respondents (41%) have adequate knowledge about the various investment schemes. Some of the respondents (11%)have poor knowledge about the schemes.
 - Most of the investors (36%) got the information for investment from brokingfirmsand22%gotinformation from Medias.
 - Majority of the investors(78%)use their own savings for the investment purpose. Only a few people(12%)use borrowed funds for investment.
- Most of the investors have experience above 3 years.
- Majority of the respondents prefers equity(39%)and debt (34%)for investment. The investments in mutual funds are just16%.
- The brokerage charges of the broking firms are higher.
 - Brokerage charges and information from brokers are the main factors which influences the investors in the selection of broking firms.
- Popular of the investors are active in stock market. About
- 41% of the investors are daily tradersand18%areintraday traders.
- Investors expect high returns for a verage risk.
- Majority of the respondents(58%)are moderate investors.
- They invest in low risky shares which guarantees fixed minimum return.
- The expected growth of the investors is higher.
 - Majority of the investors invest in the same company after a success in stock market.
 - Most of the investors withdraw their investment after stock market crash down.
 - There is a relationship among income and savings invested in the stock market by the investors.
 - The investment of savings depends on their monthly income.

- Most of the investors gave first priority to the regular income as their investment objective.
- Majority of the investors gave more considerations to market trend while making investment decisions.

VI. CONCLUSION

From the study of the responses received from the investors in Palakkad district, majority of the investors are found to be aware and progressive concerning their investment, takings and development. Their investment choices are complete on the sources of security analysis of risk and return and limits like psychology, income etc. Most of them have adequate knowledge about the many investment schemes in stock market and they are selecting the investment by consulting with their broking firms. The information from the broking firms is influencing the behaviour of investors to a large extent. Majority of them are taking investment decisions as per the information supplied by the broking firms. Their action of the investors after a success and failure in stock market is an important point. They become emotionally biased in such a situation. They exhibit their fear when there is stock market crash and withdraw the investment without considering any other future aspects. They become over confidence when there is a success and continue the investment in the same company. Behavioral biases and psychological factors reflect in the behavior of investor. The purpose of every investment is monetary benefit. Such monetary benefit is outcome of both company's performance and the respective investor behavior. The stock market reaps success only with appreciable corporate performance and efficient investor behavior. More over the market needs to be efficient.

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