A STUDY ON INDIVIDUALS INVESTORS PERFORMANCE IN STOCK MARKETS OF INDIA

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Abstract

The investor plays a very important role in the stock market because of their great share of investments in the country. The Regulators of the stock market always can ignore the behavior of individual investor. This aims of the study is to understand the behavior of individual investor in stock market, specifically their attitude and perception with respect to the stock market. A survey is conducted to collect data relating to the above subject. Respondents were classified into different categories like profession, education status, income, sex and age. Primary data is collected from a sample of 150 investors of Trichy City, Tamil Nadu, India. The study also efforts to find the factors affecting the investment behavior of individual investors such as their duration of investment, awareness level etc.

Keywords: Investors Behavior, Stock Market, Attitude, Perception, Awareness Level

Introduction

A stock market is a place in which long term capital is raised by industry and commerce, the government and local authorities and it is regarded as the capital market. The money springs from private investors, insurance companies, pension funds, and banks and is usually arranged by issuing houses and merchant banks. Stock exchanges are also part of the capital market which offers a market for the shares and loan that represent the capital once it has remained raised. A stock market is a place where the securities can be sold and purchased at an agreed price. Indian stock market is the firstborn stock market incorporated in 1875. The first share trading association in India was named as Native Share and Stock Broker Association which advanced came to be known as Bombay Stock Exchange.

The term investment refers to the obligation of funds at present in expecting of some positive rate of return in the future course of time. There are three types of investors namely...
moderate, conservative and aggressive investors. There are also different paths available to invest for investor’s namely corporate securities, equity shares, preference share, debentures/bonds/ADRs/GDRs, mutual funds, etc. The investor can get education about their investment from the financial institution, financial markets, media etc. This paper tries to study the investment behavior of individual investor in the stock market of India.

Review of Literature

Milan lovinc, Uzay Kaymak and Jaaps Prank (2008) accessible descriptive model of individual investor behaviour. It is also concluded that investment process is driven by intellectual and affective process and interaction contributes to rational behavior. Under this model investor is seen as adopting, learning and evolving entity that processes information, perceives environment and acts and updates its states. Finally investor behaviour is influenced by social interactions.

Kumar Singh (2006) analyzes the investment pattern of people and analysis of the study was undertaken with the help of survey conducted. It is concluded that in investors are more aware about various investment avenues and the risk associated with that investors are more conservative in nature and they prefer to invest in those avenues where risk is less like bank deposits, small savings, post office savings etc.

AjmiJy (2008) examined the risk tolerance of individual investors and collected responses from 1500 respondents. He concluded that the men are less risk averse than women, less educated investors are less likely to take risk and age factor is also important in risk tolerance and also investors are more risk tolerance than the less wealthy investors.

Objectives of the study

1. To study the investors behaviors in stock markets.
2. The factors affecting the different types of investors

Research Methodology

The primary data were used for the present study. Questionnaire method and survey method are used for data collection. 150 responses have been selected for collecting the data from the stock market investors of Trichy City. Secondary data have also been used for the present study.

Limitations of the study

The study is limited to 150 Investors. The study has been conducted to analyze some factors effecting investment behavior of investors. The survey is conducted in only one city.

Data Analysis

Table.No.1 RESPONSES REGARDING SEX AND AGE RESPONDENTS

<table>
<thead>
<tr>
<th>Sex</th>
<th>Response (%)</th>
<th>Age</th>
<th>Response (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>99(65%)</td>
<td>Less than 20 Years</td>
<td>0(0)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20-30 Years</td>
<td>42(28%)</td>
</tr>
<tr>
<td>Female</td>
<td>51(35%)</td>
<td>30-40 Years</td>
<td>48(32%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40-50 Years</td>
<td>45(30%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 Years and Above</td>
<td>15(10%)</td>
</tr>
</tbody>
</table>

Source: Primary Data
The table No.1 shows that the 65 percent respondents are male and maximum respondent’s falls between the ages of 30-40 years.

Table No.2 RESPONSES ABOUT THE STATUS OF ANNUAL INCOME, EDUCATION LEVEL AND OCCUPATION

<table>
<thead>
<tr>
<th>Income</th>
<th>No. of Respondents</th>
<th>Level of Education</th>
<th>No. of Respondents</th>
<th>Occupation</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 Lakh</td>
<td>39 (26%)</td>
<td>Metric</td>
<td>0 (0%)</td>
<td>Govt. Employee</td>
<td>12 (8%)</td>
</tr>
<tr>
<td>1.01 - 3.00</td>
<td>42 (28%)</td>
<td>10+2</td>
<td>9 (6%)</td>
<td>Pvt. Employee</td>
<td>48 (32%)</td>
</tr>
<tr>
<td>3.01 - 5.00</td>
<td>69 (46%)</td>
<td>UG</td>
<td>57 (38%)</td>
<td>Business</td>
<td>54 (36%)</td>
</tr>
<tr>
<td>Above 5 Lakh</td>
<td>0(0%)</td>
<td>PG</td>
<td>39 (26%)</td>
<td>Pensioner</td>
<td>18 (12%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Housewife</td>
<td>12 (8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Students</td>
<td>6 (4%)</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table reveals that out of the 150 respondents, 26 percent respondents fall under less than Rs. One lakh income range, 28 percent are those having income between one and three lakhs, 46 percent earn between 3-5 lakh. As far as the education and occupation levels are considered, it can be noted that 38 percent respondents are graduate, 26 percent are PG and 30 percent have secured above PG education. 36 percent of the sample respondents are businessman, 32 percent are private employees while the remaining are employed in either govt. organization or they are pensions, housewife and students.

Table No. 3 AWARENESS ABOUT INVESTMENTS

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware</td>
<td>120 (80%)</td>
</tr>
<tr>
<td>Not Aware</td>
<td>30 (20%)</td>
</tr>
</tbody>
</table>

It can be concluded that 80 percent of the respondents are aware of the different investment options.

Findings and Suggestion

- That the 65 percent respondents are male and maximum respondent’s falls between the age of 30-40 years.
- The table reveals that out of the 150 respondents, 26 percent respondents fall under less than Rs. One lakh income range, 28 percent are those having income between one and three lakhs.
lakhs, 46 percent earn between 3-5 lakh. As far as the education and occupation levels are considered, it can be noted that 38 percent respondents are graduate, 26 percent are post graduate and 30 percent have secured above post graduate education. 36 percent of the sample respondents are businessman, 32 percent are private employees while the remaining are employed in either govt. organization or they are pensions, housewife and students.

- It can be concluded that 80 percent of the respondents are aware of the different investment options.

**Conclusion**

The study reveals that the respondents assimilate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual pay and the annual saving are given importance of deliberation by the respondents, because the level of income agrees the level of savings. The investors are fully aware about the stock market and they feel that market movements affect the investment pattern of investors in the stock market.

**References**

- Commerce, Vol. 57, No.4, October-December 2004