

A REVIEW OF INCLINATION OF INDIVIDUALS INVESTORS BEHAVIOR IN STOCK MARKETS OF INDIA.

Prof.Pooja.S.Kawle¹

¹ Assistant Prof. MBA Dept, SRES College of Engineering, Kopargaon, Maharashtra, India

Abstract -The investor are very important components in the stock market because of their big share of savings in the country. The regulators of the stock market are always concern more of the behavioral trends of individual investors. This papers tries to aims the research so for carried out by the researcher to understand the understand and study behavior of individual investor in share market, particularly their attitude and perception with respect to the share market. The paper also attempts to find out the factors attempting the behaviors of individual investors with respect to awareness level, duration of investment etc.

Key Words: Investors Behavior, Share Market, Attitude, Perception, Awareness Level.

1.INTRODUCTION :-A share market is a place where a long term capital is raised for industry and commerce, the government and private authorities and it called as capital market. The money is dragged from individual investors, insurance companies, pension funds, banks, and the whole capital raising procedure is done by merchant bankers. Share market is a important part of capital market which provides a market for stock and loan that represents the capital raised for business. Share market is a place where the investors can buy and sale the securities at an mutually agreed price.

Indian share market is the oldest share market incorporated in 1875.The name of the first share trading association in India was Native Share and Stock Broker Association which later on was changed to BSE. The BSE India SENSEX is India's first stock market index and it is being tracked worldwide. The BSE is having almost an index of 30 stocks representing 12 major sectors. Bombay stock exchange is one of stock exchange in Asia which is having a rich heritage, new spanning three centuries in its 133 years of life. BSE is the first stock exchange in the country which has obtained permanent

recognition (in1956) from the Govt. of India under the Securities Contracts (Regulation) Act 1956. BSE plays a prominent role in the overall development of the Indian Capital Market and it has earned a strong recognition worldwide. BSE has now outline screen based trading system in the year 1995. It is now corporatized under the provision of companies Act 1995. The NSE of India is an largest exchange and it is most advanced stock exchange in the world. NSE is also the largest exchange in stock futures and it is 7th largest future exchange in the world. The trading facility can be accessed all over the country and it has almost fifty thousand trading terminals. In 1996, NSE has launched S&P CNX Nifty which is a diversified index of 50 stocks from 25 different economy sectors. NSE has its started trading stock on the internet service from the year 2000. SEBI is the regulatory authority of Indian share market. SEBI's function is to provide protection to safeguard interest of investors and their rights, it also regulates brokers and sub brokers, and they prohibit the unfair practices in Indian share markets. There are different meaning of investment in context of finance and economics. Investment is something that is done with the expectation to gain something through analysis and interpretation of high degree of security for the actual amount invested for the stipulated period of time. It is also termed as gambling if the investment is done with an expectation of return and without any type of technical and fundamental analysis. Financial investment is a process of decision making to ensure the security of the actual amount invested and ROI within expected time period. Economics refers to investment is nothing but the creation of capital for turnaround in the manufacturing of goods and services in the economy. Investment is the commitment of funds in present to anticipate the outcome of positive returns in future. Basically there are three types of investors namely conservative investors, moderate investors and aggressive investors. The avenues available for investment id securities, equity share, preference shares, debentures, bonds, ADRs, GDRs, mutual funds etc. Investor's awareness programs are conducted by

financial institutions, financial markets and media etc. This paper tries to study investment behavior of individual investor in stock market of India.

1.1 Objectives of the study

1. To study the academic research so far conducted on behavior of investors in stock markets of India.
2. To study the research carried out on economic upliftment through share market investment.

1.2 Literature Review

A conceptual method of investor behavior, Milan lovic, UzayKaymak and Jaaps Prank (May 2008). This paper has tried to present a descriptive mode of individual investor and their behavior. It is concluded that investment process has being driven by cognitive and affective process, and interplay contributes to rational behavior. This model is learning, adopting and it is evolving entity that predicts environment, it also processes information, acts and updates its states of data. The investors behaviours are mostly influenced by social interactions. It has impacting factors on the individual investors behaviours towards the the commodities market in India.

Elankumaran and A Ananth has conducted A study on behavioral finance has done presuming information structure and traits of capital market. Investors influence their own decisions and also market outcomes. This study have been conducted using survey method. The questionnaire has 5 Point Likert Scale designed with 15 components for measuring the behavior and the respondents was selected from Trichy District and the total number respondents were 525 investors. The influence of the resulting factor analysis and a descriptive statistics has concluded and that of multiple factors have greater influence on the behavior of commodity market investors in India.

A Study on Investors preferences towards various investment avenues in capital market with special reference to derivatives, Dr. K Ravichandran. The research study was intended to find out preference level of investors on various capital market products and type of risk associated towards it by the investors. The sample was collected from 100 investors from derivative markets from the city of Chennai was asked a structured questionnaire. Descriptive research type was used

and convenience sampling method has being adopted for gathering data. Various parametric and non-parametric techniques has been used for analyzing the data. The findings of the study has revealed that friends and relatives has followed the brokers who pulles the investors in capital market. Respondents has preferred short term investments as safe option. It is been suggested by the researcher that to develop more number of products which attracts a large investors towards the investment options.

Sikidar and Singh (1996) carried out a survey with an object to understand the behavioral aspects of investors of the north eastern region towards mutual funds investment and portfolio. The survey had revealed that the salaried and self-employed has formed the major investments in the mutual fund investment due to tax concessions benefits align towards it.

Kumar Singh (2006) has analyze the investment pattern of investors in Bangalore city and Bhubaneswar, the analysis of the research was undertaken with the help of survey method. It has been concluded that in Bangalore investors are more and more aware about various investment options available and the risk associated towards it. And in Bhubaneswar, investors are more of conservative nature type and also they prefer to invest in only those avenues where the risk associated is less like bank deposits, small savings, post office savings etc.

Chandra has collected the data using the survey method to know the factors influencing individual investor behavior in stock market. Ha has used univariate and multivariate analysis method and has found five major factors that has affected the investment behavior of the individual investor in share market i.e namely prudence, and precautionary attitude, conservatism, under confidence attitude, informational asymmetry and the financial addition. Finally he has concluded that these are major psychological factors that has seem to be influencing individual investor's trading behavior in the Indian stock market.

Ajmijy.A. (2008) used a questionnaire method to study the determinants of the risk tolerance of individual investors and has collected the responses from 1500 respondents. He has concluded that the men are less risk averse than the women, and less educated investors are also less likely to take risk

and the age factor is also important in risk tolerance and also investors who are more risk tolerance than less wealthy investors in market.

Tamimi, H. A. H. has indentified that the factors influencing the UAE investor behavior. Here the researcher has used questionnaire method and has found six factors that were most influencing factors on UAE investor behavior i.e namely expected return on corporate earnings, get rich quickly , stock marketability and their past performance of the firm's shares , governments holdings and the development of the organized financial markets.

2. Variables of individual investors towards investment.

Most of the investors attribute for investment considers the return on investments. The investors also attribute the liquidity criteria.

Most of the investors who don't want to take risk and are busy prefers the option of mutual funds.

A considerable amount of investors are investing for tax concessions and are concerned only for saving the tax.

Educated investors are more aware investors and they keep themselves updated.

Major investors investments are influence advices of share brokers.

The top investment options from investor's point of view are Real estate, Gold, PPF, FDR and mutual funds.

As economic upliftment is concerned the saving and wealth maximization is the most important compared to tax benefits.

3. CONCLUSIONS

The study concludes that the behavioral finance has gained a lot of importance in research nowadays. It can be concluded from review of literature that individual investors do not act only rationally but their investment decisions are all together based on the myths and the advice they seek from experts and believes in the fact. Most of the cases indicates that investors perception changes with respect to demographic size and location of the investment. The brokers are main influencers to the investors and also respondents assimilate the objectives of savings , and the main factors that has great influence on savings and the sources of information for decision making. The investors behaviors are more focused as per the annual income and annual savings, because the level of income decides the level of savings.

Finally it can be concluded from research so far reviewed that investors are aware about share market and they feel that market movements are affecting the investment patterns of the investors in the share market.

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