

“A Study On Investors Investment Pattern Towards Stock Market With Special Reference To Yoha Securities Limited Chennai.”

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ABSTRACT

It is observed from the present value of the investment made by different type of investment that the value has depleted from their original investment value. There is a generic problem with reference to the behavior and strategy of the investors while investing in different products. It is a common observation that the most of the short term investors who frequently interact with the market lose their investment. Hence there is a need to study the generic problem associated with the investment pattern of different types of investors in equity and derivative market.

1. INTRODUCTION

Investment

Investment is the commitment of present period and also the expectation of return or the benefit for such commitment in future. There is always some risk involved in respect of return and principle amount invested.

Investment process comprises of following steps

- Setting investor’s objectives and amount of investable wealth.
- Analysis of different assets, securities to identify those which are suitable for investment.
- Constructing a portfolio of investment and determining the proportion of wealth to be invested in each one.
- Periodic reputation of the above three step and improves the portfolio in view of chancing situation.

2. REVIEW OF LITERATURE

- Investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc., of investment and disinvestment. Further, such decision-making has not only to be continuous but rational too.
- Investment may be defined as an activity that commits funds in any financial/ physical form in present with an expectation of receiving additional return I the future.
- Investment is an activity that is undertaken by those who have savings. Savings can be defined as the excess of income over expenditure. However, all savers need not be investors.

STATISTICAL TOOLS

Chi- square Test

The chi – square test is used to find out if there any significant relationship between any two variables.

Chi- square Test: 1

Chi – square test of independence between opinion on safest return and on mutual funds are better options to protect investments than stock market.

Safest forms Mutual Funds	Stock market	Mutual funds	Government Bonds	Bank Deposits	Commodities	Total
Strongly Agree	0	7	0	1	2	10
Agree	18	6	4	21	3	52
Neither agree nor disagree	10	2	6	17	2	37
Dis agree	11	2	2	12	0	27
Strongly disagree	0	2	3	14	0	19
Total	39	19	15	65	7	145

Source: Primary data

TABLE No 1

Calculation

Hypothesis

Null hypothesis (H₀): The attributes are independent. i.e., there is no significant difference between the opinion on safest form of yielding return and opinion on mutual funds are better option to protect investment than stock market.

Alternative hypothesis (H₁): There is significant difference between the opinions.

The expected frequencies are determined by the formula:

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

where;

O- Observed frequency

E- Expected frequency

O	E	O-E	(O _i -E _i) ²	(O _i -E _i) ² /E
0	2.69	-2.69	7.2361	2.69
18	13.98	4.2	17.64	1.26
10	9.95	0.05	0.0025	0.00025
11	7.26	3.74	13.98	1.98
0	5.1	-5.1	26.01	5.1

7	1.3	5.7	32.49	25
6	6.8	-0.8	0.64	0.094
2	4.8	-2.8	7.84	1.63
2	3.5	-1.5	2.25	0.64
2	2.48	-4.8	23.04	9.29
0	1.03	-1.03	1.0609	1.03
4	5.37	-1.37	1.8769	0.34
6	3.8	2.2	4.84	1.27
2	2.7	-0.7	0.49	0.18
3	1.96	1.04	1.081	0.55
1	4.48	-3.48	12.11	2.70
21	23.3	-2.3	5.29	0.22
17	16.58	0.42	0.176	0.010
12	12.10	-0.10	0.10	0.0008
14	8.51	5.49	30.14	3.54
2	0.48	1.52	2.31	4.8
3	2.51	0.49	0.2401	0.09
2	1.78	0.22	0.48	0.26
0	1.30	-1.30	1.69	1.3
0	0.91	-0.91	0.828	0.90
145				64.93

TABLE No 2

Calculated Value

The calculated value is 64.94

Tabulated value:

Degree of freedom; $(r-1) * (c-1)$

$$(5-1) \times (5-1)$$

$$4 \times 4 = 16$$

The table value at 5% level is 26.296

Hence the calculated value 64.93 is greater than the table value,

H_0 is rejected and H_1 is accepted.

Inference

There is a significant difference between the opinion on safest form of yielding return on mutual fund are better option protect investment than stock market.

3. FINDING

The study focused on the investor investment pattern towards stock market with special reference to Yoha Securities Limited, T. Nagar, Chennai. The investment pattern of investors is being considered with different types of investors, the different avenues of investments their preference towards stock market and their positive and negative approach towards investment.

The primary data has been collected from the selected investors, analyzed and various statistical tools have been used to test the reliability of the data. The following research findings are:

- ❖ 5 per cent of investors have done schoolings, 8 per cent of investors have completed their diploma, 47 per cent of investors have done their degree, 37 per cent of investors have

completed their post graduate degree and 3 per cent of investors have said others (M.Phil, Ph.D etc).

- ❖ 33 per cent of investors are under the age group of 20-30, 28 per cent of investors are coming under the age group of 31-40, 16 per cent of investors are within the limit of 41-50 years, 17 per cent of investors are coming within the limit of 51-60 and 7 per cent of investors are 61 and above.
- ❖ 15 per cent of investors are in business, 56 per cent of investors are in private jobs, 14 per cent of investors are in government jobs, 9 per cent of investors are retired and 5 per cent of investors are unemployed.
- ❖ 24 per cent of investors have less than one lakh as their annual income, 37 per cent of investors have 1-2 lakhs as their annual income, 23 per cent of investors have 2-3 lakhs, 16 per cent of investors have 3-5 lakhs and no investors have above 5 lakhs as their annual income.
- ❖ From 145 investors, 21 per cent of investors have increase in value, 60 per cent of investors have income generation, 12 per cent of investors have liquidity, 5 per cent of investors have safety and 1 per cent of investors have others as their primary objectives for their investment in stocks.
- ❖ 17 per cent of investors have less than one years, 28 per cent of investors have 1-3 years, 24 per cent of investors have 3-6 years and 31 per cent of investors have more than five years of investment experience.
- ❖ 41 per cent of investors hold their invested money for <1 years, 27 per cent of investors for 1-3 year, 19 per cent of investors for 3-6 year and 14 percent of investors for more than 6 year in long term investment.
- ❖ 18 per cent of investors have very little, 22 per cent of investors have some what, 31 per cent of investors have moderate, 25 per cent of investors have good and 3 per cent of investors have extensive familiarity with investment strategies.
- ❖ 23,per cent of investors invest less than Rs. 10,000, 30 per cent of investors invest Rs. 10,001-20,000, 14 per cent of investors invest Rs.20,001-30000, 16 per cent of investors invest Rs.30,001-50,000, and 18 per cent of investors invest more than Rs.50,000 in a year.
- ❖ no investors said that they have high rate of return, 24 per cent of investors said that they have high rate of return, 56 per cent of investors said they have average rate of return and 20 per cent of investors said hey have low rate of return.
- ❖ no investors are willing to take very high level of risk, 31 per cent of investors are willing to take high of risk, 60 per cent of investors are willing to take average level of risk and 9 per cent of investors are willing to take low level of risk in taking investment decisions.
- ❖ 33 per cent of investors prefer to invest in blue chip, 29per cent of investors in midcap, 16 per cent in small cap, 23 per cent in future growth companies.
- ❖ 33 per cent of investors make their investment decision based on fundamental analysis, 24 percent based on technical analysis, 12 per cent on broker's advice and 21 per cent based on their friends and relatives suggestions.
- ❖ 13 per cent of investors expect less than 5% of total return, 19 per cent of investors expect 6-10%, 23 per cent of investors expect 11-15% and 45 per cent of investors expect more than 15% of total return from their investment over long term.
- ❖ 35 per cent of investors have the opinion that investment in stock market provide higher return, 25 per cent of investors have the opinion that in Derivatives, 18 percent of investors said from commodities, 10 per cent of investors said from Bank deposit, 10 per cent of investors said from mutual fund.

- ❖ 52 per cent of investors are currently dealing with stocks, 5 per cent of investors are in derivatives segment, 23 per cent of investors in commodities, 18 per cent of investors in Bank deposit and 2 per cent of investors are currently dealing with mutual fund.
- ❖ 27 per cent of investors have the stock markets investments are the safest form of yielding returns, 13 per cent of investors have the opinion as derivative investment, 10 per cent of investors commodities, 45 per cent of investors said as bank deposit and 5 per cent of investors have the opinion that mutual fund are the safest form of yielding returns.
- ❖ 38 per cent of investors strongly agree that global financial crisis has eroded the investment value, 53 per cent of investors agree, 5 per cent of investors neither agree or disagree, 4 per cent of investors disagree and no investors strongly disagree that global financial crisis has eroded the investment value.
- ❖ 32 per cent of investors strongly agree that investment in mutual fund is better option protect investment than in stock market , 45 per cent of investors agree, 17 per cent of investors neither agree or disagree, 6 per cent of investors disagree and no investors strongly disagree.
- ❖ 26 per cent of investors were fully aware that the derivative segment can protect their investment in stock market, 44 per cent of investors said that they were partially aware and 35 per cent of investors said that they were not at all aware of derivative segment.
- ❖ There is significant difference between the opinion on safest form of yielding return on mutual fund are better option protect investment than stock market.
- ❖ Hence there is no significant difference between gender and their willingness to take risk in investment decisions.
- ❖ The exists a low positive correlation between the annual income and amount of investments of the investors, the lower stage maybe due to the depression in the financial market.

4. SUGGESTIONS

- ❖ There is an overall awareness of various product of investment by the investors.
- ❖ The investors are fully exploiting the benefits of the stock market, which has the potential of higher return.
- ❖ It is suggested that the investors are to be educated with strategies and risk containment measures. Periodic investors education programmer will help the investors to protect their portfolio irrespective of the market conditions.
- ❖ Most of the investors are not aware of the benefit of derivative instruments, which can protect and yield high returns.
- ❖ The proportion of income invested in the stock market is low and the period of investment is also lower. This makes the investor to become panic in the condition like global recession. Investors should be aware of need for timely entry and exit strategies by learning fundamental, technical and information related to markets.

5. LIMITATIONS OF THE STUDY

- ❖ Study was done only in Chennai City
- ❖ The study expresses the opinion, which changes periodically.
- ❖ The time factor was a major constraint which limited the scope of the study.
- ❖ Personal bias also plays a role.
- ❖ The study was conducted assuming that the responses of the investors are genuine.
- ❖ Co-operation with respondent was lacking to some extent due to lack of time and other factors.

6. CONCLUSION

The analysis of this topic has revealed various components of the investment and the types of investor's attitude. With growth of the economic conditions and revival of the market conditions the brokerage firms will be in the position to implement the findings and the suggestions. It would serve not only as the guidance for the investors but also as the business potential for the brokerage firm.

Most of the investors are very sensitive about safety of their investment. They want more safety and reliability. Current trend and easy access is not affected the investor as much as safety and reliability. Most of the earning people invest their income up to different level in any sector, so investment company have also very much scope of gaining business. Equity market is also popular among investors due to higher return, but due to uncertainty and lack of proper knowledge investors do not invest in that sector. But investors who have proper knowledge and willingness to take risk up to some extent are investing in Equity market. Bank's interest rate is also decreasing since last few years so, investors move towards other avenues like mutual fund, bond, equity market and others like land, gold, building etc. So, final conclusion on part is that investors of Yoha securities Ltd. are investing their money with the balance of safety, reliability and return on investment.

7. REFERENCE

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