THINK INDIA JOURNAL

ISSN:0971-1260

Vol-22- Issue-14-December-2019

Study on Investor's Perception in Stock Market. (With Reference to Chennai investors)

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Abstract

Stock Market gives opportunity to smart potential investors to park their saving with expectation to get high rate of return in the short span of time. In this digital era stock market and business financial information made it available in the hands of investors to choose stock in the systematic way to fulfill their expectation. The SEBI is governing and regulating the stock market to protect the investors from frauds and fake information and also creating awareness about the stock market investment. According to SEBI city wise data the overall growth in stock market investment is high but the growth rate in Chennai investment is not much appreciated. Hence, the research conducted to find out the investor's perception and satisfaction in stock market investment in Chennai City.

Key words: Stock Market, Investors Perception, Knowledge and Awareness.

Introduction

Stock Market is a physical place where investors can buy and sell stocks.Over the last few decades, the average person's interest in the Stock Market has grown exponentially due to increasing the level of protection of investor's interest, awareness and knowledge about the stock market, technological feasibility, eagerness to wealth creation of investors etc.Investors in India cantrade mainly two different Stock exchanges namely Bombay Stock exchange (BSE) and National Stock exchange (NSE). The investors can trade shares of companies which are listed in these two exchanges through registered stock brokers.

Investing stock markets would be highly returnable if invested at the right time and exit at the right time with very constructive diversified portfolio investment. Investor's interest is extremely protected with Securities and Exchange Board of India (SEBI) and the financial information of the companyiseasily available for public interest in the company websites and stock exchange websites. The brokersare supporting to the investors in the compliance with SEBI rules for trading in the stock market. The media play an importance role for giving awareness about the financial and operating competence of company and the transparent functions of stock market help the investors to take systematic decision to minimize the risk and maximize the return.

In the recent scenario most of the people are considered as potential investors for making enough money to preserve it for their future, but when it comes to investment they do not have required knowledge and skills for where to park their savings for the better returns. They considered investment is a risky business but the investors greatest asset is time if they are started investing in the early age it will addup to work for the future investment, capital appreciation and entrepreneurial activities.Moreover, there is a profound responsibility of potential investors to invest in stock market, if they invested in good companies in the country it may give personal return in the form of dividend and capital appreciation and more importantly it will directly or indirectly helps for national growth by providing new job and better employment. Unemployment and business risk free capital are the big challenge in India if more and more people invest in the stock markets it would consequently raise risk free capitalization of companies which automatically generate more jobs and the money circulation.

In the current digital world and improved financial literacy period the stock market information and awareness are made available to facilitateinvestors to improve their knowledge, confidence and understanding of financial markets, financial products, risks level etc. but investors still considered stock market investment is highly risk and their negative behaviour resist to enter in to stock market investment. The Chennai City investor's investment in the stock market is extremely low compared to other metropolitan cities in India. According to the SEBI sources of BSE and NSE City-wise investment turnover, the Chennai percentage of investment out of totalinvestmentin the Equity Segment at BSE and NSE in the year 2016-17 are 0.7 and 1.00 respectively.The growth rate of Chennai investment in BSE for last seven year isincreased by 175 percent but in NSE it has been decreased by 37.5 percent. Hence, it is a high time to study the investor's perception and their understanding in stock market to find the invstor'sperception and levels of satisfaction of the existingstock market investors in Chennai. This study is attempted to find out the Chennai investor's perception and satisfaction in stock market.

Review of literature

Boobalan and Selvavinayagam (2019) highlighted the Investors' Attitude towards Risk and Return in Indian Stock Market. The study finds that majority investors from urban area

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government and private employees investing through online trading and expected to get both return and capital appreciation. It concluded that the investors are majority of investment using technical analysis to analysis the market and to avert the risk and they are satisfied with their investment and return.

Sadeq and Abul (2019) investigate Factors influencing Individual Investor Behaviour: Evidence from the Kuwait Stock Exchange. The authors find that well educated investor's decision, behaviour and decision more matured and they are familiar with technical analysis, different social medical information and chats and getting technical analyse advice from listed shares from the professionals. The results of the surveys confirm that psychological factors like herd behaviour, optimism, pessimism and risk, do affect investors' decisions in Kuwait Stock Exchange.

Haripriya and Thenmozhi (2018) highlighted a Conceptual Study on Investors Attitude towards Stock Market Investment in India. The study finds that there is a significant relationship between the investors‟ attitudes and stock market reserves. The added optimistic boldness enhancement strategies are introduced, the additional it is calm for resident investors to invest in the stock market. It is being general and noticeable phenomena that investment configuration and its degree also consider the age, knowledge level and source of income.

Renuka (2017) conducted a Study on Investors Attitudes towards Stock Market Investment. The study reveals that there is a positive relationship between investor's attitudes and the stock market investment and it confirmed that only with stock market awareness and confidence are investing in stock market. The study concluded that salaried and business people are more comfortable for stock market and most of the stock market investors are well-known only equity market compare to any other option in the stock market.

AnuradhaSamal and Das Mohapatra (2017) carried out survey in the Odisha Province to know Factors Influencing Investment Decisions in Indian Capital Market. The survey reveals that investors primarily influenced by organization efficacy, mediators influence, return on investment, fear of loss, risk factors and income level of the investors.

AnithaKumari, Ramasamy and Sandhya (2013) measured Investor Perception towards Online Trading in Chennai. The study finds that most of the respondents are satisfied with online trading and Chi square analysis concludes that there is no significant relationship between the age of the investor and the expected returns. There is a positive correlation between online trading services and financial advisors in diversifying investments.

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GaganKukreja (2012) examinesthe Investors' Perception for Stock Market Evidences from National Capital Region of India. The researcher evaluated the factors influencing investor's perception in Indian Stock Market. The study found three factors which are significantly influence the investors perception in Indian Stock Market namely one is Educational Qualification which helps the investors to understand the functions of the market, past performance of the company. Second one occupation which influences to understand the market risk, size of the investment and services of stock broker in future and option. Third factor is age of the investor thatplaysan important role to understand the market, future & option and life insurance.

Need for the Study

There is strong need for the researchers to draw attention to investor's perception in stock market especially in Chennai investor's perception. Potential investors are earning more than what they actual need and they are able to save more earned resource but the investment in stock market is very low compared to other cities in India. According to the SEBI sources of BSE and NSE City-wise Distribution of Turnover, the Chennai investor's percentage of distribution of total Turnover of Equity Cash Segment at BSE and NSE in the year 2016-17 is 0.7 and 1.00 respectively. The Chennai investor's contribution in the stock market is very low compare to other metropolitan cities in India. Hence, it is a high time to pay attention toChennai investor's perception and satisfaction in stock market.

Statement of Problem

Indian stock market drum up a very less amount of investment from Chennai compare to other metropolitan cities. Chennai investors have unenthusiastic perception about the stock due to high volatility, fear risk, low return and less capital appreciation.

Objective of the Study

i. To test the awareness level of Chennai investors towards stock market.
ii. To study the perception of investor's in Indian stock market with reference to Chennai City.
iii. To evaluate the level of satisfaction of investors in stock market investment and return.

Hypothesis of the Study

i. H0 = There is no significance relationship between Annual Income and level of satisfaction of investors.

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ii. H0: There is no significant relationship between educational qualification and stock market awareness level.

iii. H0: There is no significant different between Male and Female investors perception towards stock market investment.

Research Design

Primary data is collected for this study through well framed structured questionnaire and data collected from 125Chennai investors. Simple random sampling method has been adopted to collect the data from the investors in Chennai city. The study was used survey method for collecting the primary data in person from the investors in Chennai city and also through electronic forms.

Data Analysis and Interpretation

Table: 1 KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.732
Bartlett's Test of Sphericity	Approx. Chi-Square	405.910
	Df	105
	Sig.	.000

Source: primary data

Table 1 shows the KMO and Bartlett's test. It is found that the sampling adequacy value is 0.732 and the chi-square value is 405.910, which are statistically significant at 5% level of significance. This implies that the variables adequate in explaining the conceptand thesampling distribution is also normal to clarify the characteristic features of population regarding the young investor's perception in stock market.

Table: 2 Demography Factors of Investors

Demography Factors	Variables	Frequency	Percentage
Age Group	25 years to 40 years	125	100
Gender	Male	67	53.6
	Female	58	46.4
Occupation	Public	6	4.8
	Private Sector	93	74.4
	Self employee	18	14.4
	Others	8	6.4
Marital Status	Single	110	88.0
	Married	14	11.2
Income	Less than INR 250000	89	71.2
	250001 to 500000	25	20.0
	500001 to 750000	9	7.2
	750001 to 1000000	2	1.6

Source: Primary Data

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The above table: 2 Shows that the investor's demography factors among the 125 respondents. 100 percent of respondents in the age group between 25-40, 54 percent are male and 46 percent are female. Majority of 74.4 percent are working in private sectors, 88 percent of respondents are single and 71.2 percent are in the less than 2,50,000 per annum.

Table: 3Sources and Level of Satisfaction of Investors

		Income	Level of satisfaction from investment & return	Quality service is provided by the intermediaries	Up to date information are made available
Income	Pearson Correlation	1	.021	.033	-.049
	Sig. (2-tailed)		.812	.716	.586
Level of satisfaction from investment and return	Pearson Correlation	.021	1	.409**	.338**
	Sig. (2-tailed)	.812		.000	.000
Quality service is provided by the intermediaries	Pearson Correlation	.033	.409**	1	.222*
	Sig. (2-tailed)	.716	.000		.013
Up to date information are made available	Pearson Correlation	-.049	.338**	.222*	1
	Sig. (2-tailed)	.586	.000	.013	
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Primary Data

The above table 3 inferred that sources and level of satisfaction of the investors. Null hypothesis Ho denotes there is no significant relationship between annual income and level of satisfaction. As a result null hypothesis rejected and there is significant of 0.812 relationship between the income and level of satisfaction of investment and return. There is a significance relationship of 0.409 between quality service provided by intermediaries and the level of satisfaction and there is 0.338 level of significant between the availability of up to date investment information and the level of satisfaction among the investors.

Table: 4 Educational Qualifications and Stock Market Awareness.

Educational Qualification and Stock Market Awareness.		Value	df	Asymp. Sig. (2-sided)
Total	Pearson Chi-Square	15.425[a]	12	.219
	Likelihood Ratio	16.370	12	.175
	Linear-by-Linear Association	1.864	1	.172
	N of Valid Cases	125		

The table 4 shows that the value of x^2 for V=12 at 5% level of significance is 21.90. The

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computed value of x^2=15.425 is less than the table value. Therefore, the null hypothesis there is no significant relationship between educational qualification and stock market awareness level is rejected and alternative hypothesis accepted. Hence it concludes that there is a significant level of relationship between the educational qualification and stock market awareness level.

Table: 5Gender and investment Opportunities of Investors

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Better Investment Opportunities	Female	67	3.90	.837	.102
	male	58	3.84	.768	.101

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Better Investment Opportunities	Equal variances assumed	.993	.321	.351

The above table 5 analysis the gender with investment opportunities. If, “P” (sig. value) is less than 0.05, then the null hypothesis can be rejected but the significant value is 0.321 so the null hypothesis is accepted which means there no significant different between Male and Female investors perception towards stock market investment.

Findings and Suggestions

The study finds from the data analysis and interpretation that, the existing Chennai investor’s perception is greatly positive and they are satisfied with stock market investment, return, brokers service etc. but the market not attracted with new investors enter into stock market due to lack of awareness, fear of loss, risk of fluctuation. Hence, the study suggests that, there is a need create systematic awareness drive to make potential investor to invest in stock market.

Conclusion

Investors are considered as the back bone for the Indian economy and tothe stock market. There are many financial and real investmentsalternatives are available but the grace of stock market in Indian investors is high to get smart return in the short period of time. The investors in stock market are highly satisfied since they are knowledgeable, well aware of market with updated

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information and efficient service from intermediaries.The findings clearly indicate that the young investors in stock market are highly satisfied with their investment, returns, awareness level, up-to-date information and intermediaries support. But the percentage of investors in stock market is very less hence government of India and the regulating authorizes SEBI and RBI must effectively indulge in formulation effective strategies to use modern technology and social media to make more people to learn stock market and its operation more attractive and entertainment based leaning to bring more youngest participate in stock market.

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