A STUDY ON INVERSTORS PERCEPTION TOWARDS STOCK MARKET

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ABSTRACT:

The Stock market occurs from the interaction of a group of buyers (investors) and sellers of shares (companies), who represent ownership of the business. This includes a security listed on a public stock exchange under government supervision. Shares or stock market can be classified according to the country where the company is domiciled. The stock market has become an attractive and profitable investment today for investors and the stock market has grown rapidly over the years and is getting more and more attention because it deals with the future of money. However, a lot of investors are still worried to invest in stock market today, even investing in stock market results a huge profit. This reason can be the volatility in stock market. Therefore, this study focused on the investors' perceptions towards stock market in different geographical areas. The data collected through online interview and distributing questionnaires to respondents in order to understand their behaviors, attitudes, desires, perspectives and level of awareness towards the stock market. The results showed that investors' perceptions on buying shares by several indicators, such as neutral information, accounting information, and social relevance, in which these three indicators generate impressions of the company's activities based on profits and fundamental thinking patterns. Therefore, this will have an influence on investors in making decisions on the shares which will be chosen by them in the future.

Keywords: Stock market, buying decision, stock indicators, volatility in market

INTRODUCTION:

The stock market has been around since 12th century in France under a different name. The stocks market continues to grow from century to century while providing capital flow to finance industrial expansion in the country (Ranjith et al., 2021). Furthermore, the development of stock market has created entire patterns of social behaviors, as well as language, customs, viewpoints, and predictable responses to particular events. Nowadays, the stock market grows in all stock exchanges around the world. Those companies that need an injection of fund from investors will sell their shares through the stock exchange to their investors. Nonetheless, convincing investors to buy a particular company's shares is not easy since the shares offered are not necessarily stable and it could be unprofitable for investors. The worst thing is when investors do not trust the company, the shares of the company can continue to decline and it can give impact on the economy of a country. Specifically, stocks that are not valued in a country can cause all the economy activities interrupted and it takes effort to revive them. The purpose of this study is to examine the investors' perception towards stock market since no business can work without studying the perceptions from their investors. Hence, the term of perception in this study refers to variety of actions that are related with selling shares to investors. Meanwhile, stock market in the present study refers to a place where activities such as purchasing, selling and issuing shares under public companies would take place.

On the other hand, the present study focused on three different perspectives that are involved in predicting and studying the stock market among investors. These three perspectives are risk-based perspective, behaviour-based perspective and research based perspective. Firstly, the risk-based perspective is used for investors who invest based on the risk level. Some experienced investors tend to choose to invest with a high level of risk, while the other will choose a low level of risk. These people who are directly involved always updating their knowledge through market share application to be more observant in reading price and risk level at any time. Furthermore, investors who hold on behavior-based perspective tend to invest based on their wants and needs. They invest according to their interest, background and their rational thinking, and some of them might also invest based on their instinct. They decide based on available information or theories such as rational actor theory (RAT) or efficient market hypothesis. The RAT theory allows the investors to make a proper calculation about an investment and returns before deciding. On the other hand, efficient market hypothesis allows the investors to make decision based on the level of available information. Meanwhile, under research-based perspective, the investors make their decisions based on the company's background, daily activity and exchange rates. This is the most typical perspective among all because the investors obtain direct information from the annual report or previous information. They make research about the stock market before investing through any mainstream platforms. This type of investors even have their own agent to advise them about investments. They also keep in track about their daily stock activities.

OBJECTIVES OF THE STUDY:

➢ To identify whether investors are aware about investment in stock market.
➢ To assesses the level of awareness and knowledge of various investment alternatives among different segments
➢ To evaluate the investment patterns and preferences including the frequency and percentage of income invested among investors.
➢ To investigate the key factors influencing investment decisions, including the influence of self peers, consultants and market trends.
➢ To determine the perception of risk associated with the stock market.

RESEARCH METHODOLOGY:

Research is an art of scientific investigation. As per the advanced learner's dictionary of current English, "Research is a careful investigation or equity especially through search for new facts in any brand of knowledge", thus research is the pursuit of truth with the help of study, observation, comparison, and experiments.

Methodology: Survey method was adopted for the study. Survey work with a structured questionnaire was administered to collect primary data. This study is totally based on Primary data collected from the respondent. The purpose of research methodology section is to describe the procedure for conducting the study. It includes Research design, Sample unit, Sample size, Sampling technique, Tools for data collection, Statistical tools, sources of data & Procedure of analysis of research instrument.

Research design: The research design indicates a plan of action to be carried out in connection with a proposed research work. It provides only a guideline for the research to enable him to keep that he is moving in the right direction in order to enable his goals. In this research the research design was be the descriptive research design.

Data collection: A structured questionnaire was used to collect the primary data from respondents at different locations randomly.

Statistical tools: For the representation of the data various statistical tools like Column Diagrams have been used. These statistical tools have really provided great help to understand the results of the analysis.

Sources of data: Primary data: Structured Questionnaire Secondary data: Newspapers, Television, Internet, Journals & Magazines

Sampling design: Sampling is one of the most fundamental concepts underlying any research work. Most research studies attempt to make generalization or draw inferences regarding the population, Based on their study of a part of the population that is the sample. The sample data enables the Researcher to correctly estimate the population parameters. As far as study is concerned, I have used Non- Probability sampling as well as Snowball Sampling. Basically my Sample consists of Retail investors as well as corporate investors. On the basis of this sampling, I have made my project and finally come on the findings and Conclusion.

Element: The element of the research were the investors.

Sampling unit: The data was collected from various locations of Mysuru

REVIEW OF LITERATURE:

Geetika Batra (2013), Study of Investment Advice to Retirement Plan Partakers In India, Journal of Business Management & Social Sciences Research (JBM&SSR) (Vol.2, Issue- 08), ISSN No: 2319-5614: Investor need to think apart from public institution to private sector players. As they don't have any other source of income so if the investment plans fail, it would be disastrous on the savings front and logically, on the financial planning front. However, if one starts investment early, then the risk to reward ratio would be very high. Hence one should remain substantially committed to stock during this earning period.

Dr. Olivia Adams (2020) "Behavioral Finance and Investment Performance: A Review" Dr. Adams reviews the relationship between behavioral finance and investment performance. The paper examines how behavioral biases and psychological factors affect investment returns and decision-making. Dr. Adams finds that behavioral finance insights can improve investment performance by addressing common biases and errors. The review discusses practical approaches for incorporating behavioral finance principles into investment strategies to enhance performance.

Nabhi Kumar Jain (2022) specified certain tips for buying shares for holding and also for selling Shares. He advised the investors to buy shares of a growing company of a growing industry. Buy Shares by diversifying in a number of growth companies operating in a different but equally fast Growing sector of the economy. He suggested selling the shares the moment company has or almost reached the peak of its growth. Also, sell the shares the moment you realise you have Made a mistake in the initial selection of the shares. The only option to decide when to buy and Sell high priced shares is to identify the individual merit or demerit of each of the shares in the Portfolio and arrive at a decision.

DATA ANALYSIS AND INTERPRETATIONS:

Responses regarding demographic details of respondents:

PARTICULARS	CATEGORY	NUMBER OF RESPONDENTS AND IN PERCENTAGE
AGE	Less than 20 years 20 to 40 years More than 40 years	05 31 64 **Total 100**
GENDER	Male Female	58 42 **Total 100**
QUALIFICATION	Metric Under Graduate Diploma Graduate Post Graduate	07 11 13 44 25 **Total 100**
OCCUPATION	Service Profession Business Students Others	42 23 17 11 07 **Total 100**
INCOME	Less than 20,000 20,000 to 40,000 More than 40,000	16 29 55 **Total 100**

Interpretation: Majority of the respondents constituting 64 per cent of the total sample belong to the age group above 40 years, while 31 per cent of the sample are aged between 20-40 years and the remaining 5 per cent individual are below 20 years. This indicates that majority of the sample belong to the working class and thus would involve in investment. With respect to gender distribution of respondents, it is observed that, majority of the respondents constituting 58 per cent of the sample were males while the remaining 42 per cent of the respondents were females.

With respect to occupation of respondents, major individual are graduate which equal to 44 per cent, post graduate is the 2nd highest response with 25 per cent while diploma and under graduate are 13 and 11 per cent respectively. The least of all is metric that total to 7 percent.

The respondents are majorly into service constituting 42 percent, whereas individuals with profession and business as occupation equated to 23 and 17 per cent respectively. 11 per cent of the respondents were students and the remaining 7 per cent consisted of 1 spoken English trainer, 1 Tutor, 2 home makers, 1 e-commerce sales executive, 1 unemployed and 1 retired.

Majority of the respondents had income above 40000 that constituted 55 per cent of the responses whereas 29 per cent responses were between the range of 20000-40000 and the rest which can be assumed as students and home makers who accounted to 18 per cent of the responses.

Responses regarding type of investment options respondents are aware of and to know about the investment options:

STATEMENTS	TYPE OF INVESTMENTS	NUMBER OF RESPONDENTS AND IN PERCENTAGE
Investments options aware of	Shares Mutual Funds Debentures Bonds Derivatives Others	12 08 10 20 47 03 **Total 100**
To know type of investment option	Shares Mutual Funds Debentures Bonds Derivatives Others	14 16 22 18 28 02

This question had a checkbox answer where respondents were allowed to select as many investment alternatives they were aware of. According to the above table , 47 per cent of the respondents are aware of Derivative. The option others which included investments in fixed deposits, Public provident funds, National pension scheme, Gold constituted.

This question had a checkbox answer where respondents were allowed to select as many investment alternatives they invest in. According to the above table, 28 per cent invest in Derivative instruments and only 2 per cent invest in Fixed deposits, Public provident funds, National pension scheme, Gold. Thus, it can be stated that maximum people invest in Derivatives whereas shares are having 1st importance.

To know the responses of the respondents related to:

STATEMENTS	OPTIONS	NUMBER OF RESPONDENTS AND IN PERCENTAGE
To know the rates at which investments to grow	Steadily At an average rate At fast rate	15 79 06 **TOTAL=100**
To know about the frequency of the investment.	Daily Weekly Monthly Yearly	02 02 69 27 **TOTAL=100**

To know about the percentage of income the respondents invest monthly.	Upto 10% 10-15% 15-20% Above 20% No investment	31 34 22 10 3 **TOTAL=100**
To know about the respondent's influence on investment decision.	Self Friends & Relatives Service providers & consultants Newspapers & Advertisements Agents Workshop & Seminars Tax Rebate` None	25 41 4 12 18 0 0 0 **TOTAL=100**
To know about the factors those are considered while investing.	Return on investment Tax benefits Capital appreciation Maturity period Risk Safety of principal Liquidity	77 07 05 0 3 7 1 **TOTAL=100**
To know about the respondents action in case of stock market drop.	Cut losses & transfer funds into secure investment Wait to see if investment improves Invest more funds Withdraw funds & stop investing	12 62 20 06 **TOTAL=100**

Interpretation:

According to the above table 79 per cent of respondents have return at an average rate while 15 per cent and 6 per cent individual conclude that their investment grow at steady and fast rate respectively.

From the above Table it was found that 69 respondents invest monthly, 29 invest yearly and there were 2 respondents who invest daily and 2 respondents who invest yearly. Thus, it can be stated that majority of the investors invest monthly.

From the above Table , it was found that 34 respondents invest 10- 15% of their monthly income, 31 respondents invest 10% of their annual income, 22 respondents invest up to 15-20% of their income, 10 respondents invest up above 20% of their income in different investment avenues while 3 respondents do not make any monthly investment. Thus, it can be concluded that majority of investors invest 10% to 20% of their monthly income.

This question had a checkbox answer where respondents were allowed to select as many factors that influence their decision of investment. From the above Table, it was found that multiple aspects for investing influenced respondents.75% respondents take investment decision on the basis of their personal evaluation where as 41% respondents invest because of influence of friends & relatives, the agent influences 33% respondents, the consultants influences 30% respondents and the advertisement influences 27% respondents. It can be stated that majority of the persons are influenced by their own while opting for investments.

From the survey it was found that maximum respondents would wait to see if their investment improves and start generating funds, 20% respondents would invest more funds, 12% respondents would transfer funds into secure investment and 12% respondents would stop investing. It can be stated that majority of investors would like to wait to see whether investment improves or they can invest more funds.

This question had a checkbox answer where respondents were allowed to select as many factors while investing. From the survey it was found that the maximum respondents considered return on investment was most important factor, 57% and 52% respondents considered tax benefits and capital appreciation as an important factor respectively and 42% respondents considered risk as an important factor while 45% and 39% considered safety of principal and liquidity as an important factor respectively. It can be stated that majority of investors were consider return as an important factor while investing

FINDINGS AND SUGGESTIONS:

➢ Most investors are above the age of 40
➢ Most 58% of respondents are males.
➢ 44% of respondents are graduates while 25% are post graduates.
➢ Majority 42% are into service whereas 23% are professionals.
➢ Most of the respondents have income above 40000 monthly.
➢ Maximum investors are aware of all the investment options.
➢ Investors do not invest in a single avenue. They prefer different avenues and
➢ Maximum investors prefer to invest in shares, mutual funds & bonds.
➢ Maximum investors feel their investment grow at an average rate.
➢ The investment decision of investors is influenced majorly by their own decision and through friends & relatives.
➢ Different factors considered by investors while investing are return on investment, tax benefits, capital appreciation and the most prominent factor is the return on any investment avenue.
➢ The most important factor is Return which influenced the decision regarding investment.
➢ Majority of investors invest 10-20% of their monthly income.
➢ Maximum investors invest on monthly basis.
➢ The investors find that capital market is risky for investment.

SUGGESTIONS:

Following were the recommendations of the study:

- ➢ The various investment tools which were mostly preferred by the investors were shares, mutual funds etc. So there should be various other means to create awareness regarding the potential of other instruments and the tools which can be more beneficial to the investors.
- ➢ The investors consider various factors while making investment like risk, return, liquidity etc. There should be rational thinking so that the investor is able to know that at what point of time they need capital appreciation instead of reducing the risk and when they need return instead of liquidity.
- ➢ The preferred time span of investment by the investors depends upon the need of the investor that whether they wants to have early and high returns or wants to have stable returns, most probably the long time span is suitable because the returns are high and safety is also there.
- ➢ The satisfaction levels of various investors are different due to different investment alternatives they opt for. If they will be aware of each type of alternatives and the worth of the alternatives then investing as per that there satisfaction level will also be high.
- ➢ Investors should have the complete knowledge of stock market.

CONCLUSION:

The study highlights key insights into the investment behavior and perceptions of individuals in Mysuru towards the stock market. The findings reveal that the majority of investors are above the age of 40, predominantly male, and possess higher educational qualifications, with a significant portion of them involved in service or professional occupations. A large percentage of respondents have a monthly income exceeding 40,000 INR, which correlates with their awareness of various investment options available in the market. Despite being aware of different investment avenues, investors tend to prefer traditional instruments such as shares, mutual funds, and bonds. The study also indicates that most investors perceive their investments to grow at an average rate, and they make investment decisions based largely on personal judgment and advice from friends and relatives. Return on investment emerges as the most influential factor, followed by capital appreciation and the safety of the principal amount. The suggestions emphasize the need for increasing awareness about alternative investment options beyond the commonly preferred tools. The importance of understanding the timing for capital appreciation and the impact of liquidity on investment returns is also stressed. Additionally, the study recommends tailoring investment strategies to meet individual needs, whether seeking early high returns or stable long-term returns. The diverse satisfaction levels regarding investment alternatives further indicate the necessity for a comprehensive understanding of the stock market among investors.

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