INVESTMENT BEHAVIOUR OF INDIVIDUAL INVESTOR IN STOCK MARKET IN TRICHIRAPPALLI DISTRICT

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ABSTRACT

The individual investor plays an important role in the stock market because of their big share of gross savings in the country. The Regulators of the stock market cannot ignore the behaviour of individual investor. The study attempts to understand the behaviour of individual investor in stock market, specifically their attitude and perception with respect to the stock market. A survey is conducted to attain the objectives of the paper. Respondents are classified in to different categories on the basis of income, profession, education status, sex and age. Primary data is collected from a sample around 50 investors of Trichirappalli District. Finally there are different factors which affect the investment behaviour of individual investors such as their awareness level, duration of investment etc.

Key Words: - Investment, Behaviour, Pattern, Income**,** Savings.

INTRODUCTION

A market in which long term capital is raised by industry and commerce, the government and local authorities is called capital market. The money comes 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 in that they provide a market for the shares and loan that represent the capital once it has been raised. Stock market is a place where the securities can be sale and purchased at an agreed price. Indian stock market is the oldest stock market incorporated in 1875. The name of the first share trading association in India was Native Share and Stock Broker Association which later came to be known as Bombay Stock
Exchange. The BSE India SENSEX is India's first stock market index and is tracked worldwide. It is an index of 30 stocks representing 12 major sectors. Bombay stock exchange is a stock exchange in Asia with a rich heritage, new spanning three centuries in its 133 years of life. BSE is the first stock exchange in the country which obtained permanent recognition (in1956) from the Govt. of India under the Securities Contracts (Regulation) Act 1956. BSE pivotal and preeminent role in the development of the Indian Capital Market is widely recognized. It changed from the open outcry system to an outline screen based order driven trading system in
1995. BSE is now a corporatized under the provisions of the Companies Act 1995. The National
Stock Exchange of India (NSE) is one of the largest and most advanced stock exchanges in the
world .NSE is the largest exchange in Single Stock futures and the seventh largest futures exchange in the world. Its trading facility can be accessed across the country, through over50000 trading terminals. The central order book with a tight bid-ask spread provides a highly liquid market for the investors. In

1996, NSE launched S&P CNX Nifty which is diversified index of 50 stocks from 25 different economy sectors. NSE started trading stock on the internet from the year 2000. SEBI is the regulatory authority of Indian stock market. The main functions of SEBI are to provide protection to investors and safeguard their rights, to regulate brokers and sub brokers, to prohibit the unfair practices in stock market etc.

The investment refers to the commitment of funds at present in anticipate of some positive rate of return in future. There are three types of investors namely conservative investors, moderate and aggressive investors. There are also different avenues 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 financial institution, financial markets, media etc. In this paper I tried to know the investment behavior of individual investor in stock market. The paper is divided in different parts such as review of literature, research methodology, limitations of study, analysis and finally the conclusion.

REVIEW OF LITERATURE

Kabra, G., Mishra, P.K. and Dash M.K. (2010), studied the factors effecting investment behavior and concluded that investors age and gender are the main factors which decide the risk taking capacity of investors.

Ajmi Jy.A. (2008) used a questionnaire to know determinants of 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.

Kaneko H. (2004), focused on investment trusts and debated the behavior of individual investors and found that investment trusts are only the means of managing assets.

Chandra collected the data from survey to know the factors influencing Indian individual investor behavior in stock market. Using univariate and multivariate analysis and found five major factors that affect the investment behavior of individual investor in stock market namely prudence, and precautions attitude, conservatism, under confidence, informational asymmetry and financial addition . Finally he concluded that these are the major psychological components seem to be influencing individual investor's trading behavior in Indian stock market.

Tamimi, H. A. H. indentified the factors influencing the UAE investor Behavior. Using questionnaire found six factors were most influencing factors on the UAE investor behavior namely expected corporate earnings, get rich quick, stock marketability past performance of the firm's stock , government holdings and the creation of the organized financial markets.

OBJECTIVES OF THE STUDY

1. To study the investment behavior of Investors
2. To study the factors effecting of different investors (in term of age group, education, income etc.)

RESEARCH METHODOLOGY

The primary data has been used and with the help of a questionnaire. The data has been collected through survey method. The secondary data has been collected from different newspapers, magazines etc. The survey was carried among 50 respondents as common investors of Ambala District. Simple percentage method is used for the purpose of analysis.

LIMITATIONS OF THE STUDY

1. The Study is limited to only 50 investors.
2. This Study used only some factors to analyze the factors effecting investment behavior of individual investor.
3. The survey is conducted only in one city.
4. The study has also the limitation of time, place and resources.

ANALYSIS

Table 1: Responses Regarding Sex and Age of Respondents

Sex	Responses (%)	Age (in Years)	Responses (%)
Male	34 (68)	Less than 20 0	(0)
Female	16(32)	20-30	10 (20)
		30-40	15 (30)
		40-50	15 (30)
		50 and above	10 (20)

The table 1 showed that the 68 percent respondents are male and most of the respondents fall between the age group of 20-40 years.

Table 2: Responses about the Status of Annual Income, Education Level and Occupation of the Respondents

Income (Rs.)	No. of respondents	Level of Education	No. of Respondents	Occupation	No. of Respondents
Less than 1 lakh	14 (28)	10	0 (0)	Govt. Employee	2 (4)
1.01-3.00	13 (26)	+2	4 (8)	Private Employee	13 (26)
3.00-5.00	23 (46)	Graduate	25 (50)	Business	19 (38)
Above 5 lakh	0 (0)	Post Graduate	17 (34)	Pensioner	8 (16)
		Above P.G.	4 (8)	Housewife	8 (16)
				Students	2 (4)

Table 2 reveals that out of the 50 respondents, 28 percent respondents fall under less than Rs.One lakh income range, 26 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 is interesting to note that fifty percent respondents are graduate, 34 percent are post graduate and only 8 percent have secure above post graduate education. Nearly 38 percent of the sample respondents are businessman, 26 percent are private employees while the remaining are employed in either govt. organization or they are pensions, housewife and students.

Table 3: Duration of Investment

Duration of investment(in Years)	**Responses (%)**
Less than 1 year	4 (8)
1-2	21 (42)
2-5	19 (38)
Above 5	6 (12)

Among the total sample size 42 percent investors are prefer to invest between 1 to 2 years and 38 percent respondents preferred to invest between 2 to 5 years.12 percent investors prefer to invest more than five years.

Table 4: Responses Regarding Annual Saving and Reasons of Investment

Annual Saving (Rs)	**No. of respon dents (%)**	**Reasons of Investment**	**No. of responses (%)**
Less than 50000	16 (32)	To meet family needs in future	39 (78)
50001-100000	13 (26)	Emergency Needs	11 (22)
More than 100000	21 (42)	Live a safe and Secure life	13 (26)
		Capital Growth	40 (80)

From the Table 4, it could be inferred that 32 percent of the respondents save under Rs.50000, 26 percent save between Rs. Fifty thousand to one lakh and 42 percent save more than one lakh. It is also clear that family needs and capital growth play a major role in deciding the saving habits of the respondents.

Table 5: Awareness about Investment Options

Awareness	No. of respondents (%)
Aware	38 (76)
Not Aware	12 (12)

Table5 concludes that more than 76 percent of the respondents are aware of the different investment options.

Table 6: Factors affecting the Investment Behavior

Factors	Equity	Mutual Funds	Debentures	Gold	Others
Family members	6	6	0	14	0
Friends	4	2	0	2	0
Financial Consultants	14	7	0	13	0
Others	8	0	0	3	2

It is clearly evident from the table 6 that family members influence the most in investment decisions in case of Gold. In the case of Equity, the financial consultants were pronounced more. The influence of friends and others was found to be comparatively less.

Table 7: Sources of Information

Sources of information	Equity	Mutual Funds	Debentures	Gold	Others
Brokers/Agents	16	5	0	14	2
Newspapers/magazines	19	10	0	14	0
Internet ads	6	6	0	6	0
Financial consultants	11	4	0	6	0
Others	11	0	0	8	0

From the table it could be understood that in case of equity, the major source of information was the Agents, as per the gold was concerned Agents/ Brokers and Newspapers/magazines played a major role and in case of mutual funds Newspapers/magazines.

Table 8: Investment Pattern affected by Market movement

Options	**No. of Respondents (%)**
Yes	38 (76)
No	12 (24)

The table 8 interpret that majority of investor's investment pattern will affect if any change in the market. Market movement is very important factor for changing in investment pattern.

CONCLUSION

The study reveals that the respondents integrate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance of consideration by the respondents, because the level of income decides the level of savings. Today's investors are fully aware about the stock market. The market movements affect the investment pattern of investors in the stock market.

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