A Study on Investors Perception towards the Stock Market

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Abstract: The stock market has become an attractive investment destination for many investors, and the stock market has grown significantly over the years. But many investors are afraid to invest in the stock market because of the volatility seen in the stock market. Risks are often made by investors in a large stock market and there are fears among investors about the loss of hard-earned money. However, investors who find in the stock market are high, investors need to bear the same amount of risk and also, investors must be confident in the investment method, which they choose to ensure maximum return. This study was conducted to understand the various factors that affect their investment decision as well as the various factors that affect different stages of investment. This also identifies a source of investor awareness regarding the stock market. The list of questions and personal interviews with investors is designed to understand the point of view, behaviour, and attitudes of investors and their level of awareness. It was because many factors influenced the investor’s decision such as risk discovery, tax benefits, maturity, monetization, and key security. But many investors believe that the return is the most important factor influencing their decision. A very large number of investors prefer to invest in stocks compared to combined and outgoing investments. Therefore, this study attempted to study the behaviour of investors about the stock market.

Keywords: Stock Market, Investor perception, Retail, India, BSE, NSE

1. Introduction

Investors act as major players in the Indian stock market. As they form the bulk of the investment and revenue, the behaviour of each investor cannot be ignored by the stock market regulators. The above research is designed to understand and identify the factors that influence the behaviour and attitude of a commercial investor. The primary focus is on the financial decisions of investors and their views on investing in the stock market. Increased incomes and reduced costs prove to be a major factor in investors investing in investments. The rational behaviour of investors moves them to save their money between the money spent and the savings. Decision-making is difficult for investors in the investment process, where the chances of profit and loss are considered. A well-organized and organized questionnaire is an accepted way to get to know investors’ views on the stock market. Investor personality traits and their stock preferences are a major factor affecting investment decisions and therefore great care is taken to study these psychological characteristics of investors. In this ever-changing market, investors’ perceptions and attitudes toward the stock market change from time to time, with this in mind, the study was conducted to understand the performance of investors and to be aware of their preferences, tastes, and preferences. Investors in terms of various investment options.

Some Investment Options in India

Regardless of your risk appetite, it is important to choose the right instruments to grow your savings. To help you plan where to invest, here’s a look at the top 10 investment instruments chosen by investors in India.

- **Stocks:** As equity investments that represent a share of ownership in a company or entity, stocks are one of the best investment avenues for long-term investors. These can be traded in a marketplace called the ‘Stock Market’, where all trades are done electronically.
- **Fixed Deposit:** For investors looking for lucrative returns with the lowest risk, Fixed Deposit (or FD) is one of the best investment avenues. By investing in a Fixed Deposit, you can get assured returns at fixed intervals of time. This investment avenue is one of the most preferred options in India, due to the convenience and flexibility it offers. Even investors with a high-risk appetite choose to invest in FD to diversify their investments and stabilize their portfolio.
- **Mutual Funds:** These are collective investment vehicles managed by a fund manager that pools people’s money and invests in stocks and bonds of various companies and create a return. With the convenience of low initial investments, mutual funds are volatile investment avenues, that are best suited for medium-risk investors.
- **Stock market:** A stockmarket, equity market, or share market is the aggregation of buyers and sellers of stocks (also called shares), which represent ownership claims on businesses; these may include securities listed on a public stock exchange, as well as stock that is only traded privately, such as shares of private companies which are sold to investors through equity crowd funding platforms. Investment in the stock market is most often done via stock brokerages and electronic trading platforms. Investment is usually made with an investment strategy in mind.

Stock Exchange

A stock exchange is an exchange where traders and stock brokers purchase and sell bonds, stocks, and other securities with certain rules and regulations. So, the stock exchange is called a structured or organized market. It also provides services for redemption and delivery of securities and other financial instruments. Organization

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members are joined together to deal with company stocks and securities for monitoring of buying and selling securities. There are two major stock exchanges in India, they are:

**BSE (Bombay Stock Exchange)**
One of the oldest and growing stock exchanges in Asia is the Bombay Stock Exchange called BSE. “Native Share and Stock Brokers Association” was started. It was registered in the year 1875, where we can say that it is an AOP appocrate a non-profit institution of persons. Where it shifted over the years into the leading stock exchange in the country with its current status. BSE takes an essential role in the stock market in the country.

**NSE (National Stock Exchange)**
National Stock Exchange of India Limited (NSE) is the leading stock exchange of India, located in Mumbai, Maharashtra. NSE was established in 1992 as the first dematerialized electronic exchange in the country. NSE was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system that offered easy trading facilities to investors spread across the length and breadth of the country.

**Perception Of Investors**
The views and perceptions relating to investment often differ from person to person. The various factors that can influence an individual to invest in the stock market are the ability to bear risk, the present and future financial goals, return expected, the requirements and needs of the investors, etc.

**Objectives Of the Study**
1. To determine the behaviour/perception of the investors.
2. To determine the awareness of stock market among the people.
3. To know how many people are investing in the stock market.

**2. Literature Review**
Prof. (Dr) Iqbal Thonse Hawaldar, Dr. Habeeb Ur Rahiman (2019). International Journal of Scientific & Technology Research. Investing is an important part of wealth building, which helps to overcome inflation to achieve your financial goals and sustain your financial future. Instead of letting money remain idle in your bank accounts, you can invest in a variety of stock options, funds, shared funds, savings, or more.

Investors generally expect higher returns on risky investments. When low-risk investments are made, revenues are also very low. Similarly, greater risk comes with higher returns.

In finance, profits from investments are called returns. The return can be a gain or loss on the sale of assets or investments, inaccessible funds (or depreciation), or investment income such as dividends, interest, rent, etc., or a combination of cash and cash equivalents. Refunds may include cash gains or losses due to changes in foreign exchange rates.

**Limitations of the Study**
1. Area of the study is restricted only to the New Mumbai and Mumbai region in the state of Maharashtra & Jhalawar in the state of Maharashtra
2. Individual’s profession is not a factor that is to be considered here
3. A minimum 30 samples are considered for the study.

**Research Methodology**
The process used to collect information and data for business methodology may include publication reports, interview surveys, and other research techniques and could include both present information.

**Sample**
A sample is drawn as a gathered data. The sample is consisted of people having different perceptions towards investment in the stock market, in the public sector. The area covered for this is Navi Mumbai and Jhalawapart of Rajasthan. A sample size of a minimum of 30 people considered for this research.

**Descriptive Method**
The descriptive method is used to describe the characteristics of a population or phenomenon being studied.

**Mode of Survey**
Google Forms were generated to conduct a survey. Data collected through google forms only.

**Analysis**
To understand the association between demographic variables and factors influencing the investment decision. A demographic variable includes age group, behaviour, perception, occupation and income group, are tested against factors influencing the investment decision. We have received around 25 responses.

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Question</th>
<th>% Of Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic knowledge of the stock market</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Invested in the stock market</td>
<td>38.1%</td>
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<tr>
<td>3</td>
<td>Moderate Level of capacity bear in investment</td>
<td>81%</td>
</tr>
<tr>
<td>4</td>
<td>People who comfortable to taking these risks</td>
<td>95.2%</td>
</tr>
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In this graph we can see the results of the survey which we have conducted through the google form. From the graph we can analyse that almost 100% respondents have the knowledge of stock market. Then how many people invested in stock market i.e. 38.1%. After that we have analysed what level of capacity bear in investment, we have got 81% results for the moderate level of capacity. And lastly we can see in above table 95.2% people who comfortable to taking these risks.

3. Conclusion

From the analysis of responses from the survey we can conclude that

- The objective of every investor is to get a high return on an investment where the investor must bear high risk. Their attitude towards the stock market and market, condition help them to achieve a good return on the investment and their good decision-making the skill would enable them to be a successful investor.
- This study contains understanding the investor’s behavior, level of awareness and their investment decision in the stock market and study includes a discussion with the investors, a survey through a questionnaire, method to collect more information from investors.
- The views and perception relating to investment often differ from person to person. The various factors that can influence an individual to invest in the stockmarket is the ability to bear risk, the present and future financial goals, return expected, the requirements and needs of the investors etc.
- The study revealed that the majority of the investors considers return as the motivating factor that influences their investment decision. The majority of the investors preferred investing in stocks rather than mutual funds and derivatives.
- Thus, it can be concluded that, investors who expect a high return will be ready to undertake high risk though few of them avoid investing in the stock market due to fear of losing their hard-earned money.

References


Websites