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A STUDY ON FACTORS INFLUENCING INVESTOR'S PERCEPTION AND ATTITUDE TOWARDS INDIAN STOCK MARKET

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Abstract

The depth of Indian stock markets has been increasing in the last few years by providing a wide variety of market and investment options. The present study tries to find out the factors that have major influence on the share investment decisions taken by investors. The highest number of investors preferred to invest in stocks. Every individual investors perception and attitude are different from others due to various factors like demographic factors, age, sex, education level, social and economic background etc is the situation with the investors. The purpose of this study was to understand the factors influencing on individual investors perception and attitude. A total of 200 respondents have been contacted for obtain the response about their investment preferences and attitude. The researcher shows that there is significant investors' perception and attitudes are witnessed in the various factors that can influence an individual to invest in stock market is the ability to factors such as capital appreciation, liquidity, Psychology and other factors. The results obtained show that the examples of people attaining financial security through share investment have the maximum level of influence over the investors. The investors also identify market factors, risk and return, Government policy, gender factors, psychological factors have greater influence on investing decision making.

Keywords: Investors, Factor Influences, Perception, Capital appreciation, Sensex, Stock Market, Decision Making.

Introduction

In finance, the purchase of a financial product or other item of value with an expectation will be favorable in future returns. In general items, investment the application of money or other assets in the hope in future, would appreciate or generate more income. The stock exchange is a platform where investors can be buying and sell stocks and other securities of companies on their own or with help of broker. Due to the deregulation of Indian stock market, it is an extraordinary growth in the investment sector over a past decade. There is a surge of various investment products with numerous options to investor on investment. The investor should be aware of factors influencing of demography, psychology, economic and other. It can be denied that investors make decisions rationally but also depend on various factors.

Literature Review: Merikas, Andreas, George, and Prasad (2004), observed that the most important variables were related to classic wealth maximization criteria. Coverage in the press, statements from politicians and government officials, and political party affiliation were unimportant to most stock investors. Five important factors identified as Accounting Information, Personal Financial Needs, Subjective/Personal, Advocate Recommendation, and Neutral Information.

Ambrose Jagongo (2014), the researcher found out that the most important factors that influence individual investment decisions were: reputation of the firm, firm's status in industry, expected corporate earnings, profit and condition of statement, past performance firms stock, price per share,

feeling on the economy and expected divided by investors. The findings from this research would provide an understanding of the various decisions to be made by investors based on the prevailing factors and the eventual outcomes for each decision and would identify the most influencing factors on the company's investors' behavior on how their future policies and strategies will be affected since investment decisions by the investors will determine the company's strategy to be applied.

Kengatharan(2014), studied that behavioral finance theory which is based on psychology seeks to know how emotions and thinking errors influence behaviors of individual investors.

Fatima Khan et al (2015), to understand the behavioral aspects of the investors influenced by some socio-economic, cultural and psychological factors. The results obtained show that the examples of people attaining financial security through share investment have the maximum level of influence over the investors. Market factors, hedging factors and economic factors have greater influence on investing decision making. This result also shows that uses of corporate annual report indicating financial ratios also influence investors' decision making in share market.

Parimalakanthi (2015), this paper aims to find the behaviour of individual investors from Coimbatore city towards available investment avenues in Indian financial markets. This also analyse factors affecting the Investment decision and to find out the risk tolerance level of individual investors with respect to demographic variables. This research paper depicts that investor‟s education is immensely important for the present day investors in Coimbatore. The study also concludes that safety was also a foremost preferred aspect in fixed income and investment for safety. Capital appreciation was the foremost preferred aspect in long term investment.

Mrs.B.Kishori, and P. Dinesh Kumar (2016), discussed the investment choices are generally based upon the following factors, Liquidity, Return on investment, Safety, Management active involvement. The main purpose of this paper is to find the factors influencing the investment decision making in stock market.

ArunaP andDr.H. Rajashekar (2016), it was established that there is no single factor which influences the investment decisions of an individual. Moreover factors influencing investment decision varies from time to time, place to place, person to person, securities to securities etc. It was suggested that the policy makers of investment avenues must consider all the variables and its impact on the investors' investment decisions while introducing any investment avenues to the market.

AamirSarwar and GhadeerAfaf (2016), observed that total numbers of responses collected were 254. Factor analysis was applied to find out major contributing components of psychological and economic factors. A finding shows that there is significant relationship of psychological and economic factors with individual investors, decision making. Results of ANOVA test showed significant relationship between monthly income level of investors and investment decision making.

Research Methodology

This study will provide the foundation that individual investors need to understand the factors that influence investors' perception and attitude towards stock market.

Statement of the problem

Factors influencing on investors perception should be considered for analyzing Indian stock market.

Objectives

1. To identify the investors perception and attitude towards Indian stock market.
2. To analyze the various factors influencing individual investors' perception and attitude.
3. To know the psychological factors affecting the investors perception and attitude.

Research Design: Descriptive research has been used as research design.

Sampling Design

The study is based on the data collected from investors in Salem town. The investors are selected by Snowball sampling technique. The sample size of the study was 200.

Hypotheses

In India over the period, investors' interest to invest in stock market has grown exponentially and stock market in India is considered as one of the emerging markets of the world. Main hypotheses of the study include the following:

1. There is no significant relationship between gender of the investors' and the factors influencing of investors perception and attitude.
2. There is no association between the age of the investors' and the factors influencing of investors' perception and attitude.
3. There is no association between the education of the investors' and the factors influencing of investors perception and attitude.
4. There is no significant relationship between occupation of the investors' and the factors influencing of investors perception and attitude.
5. There is no impact of Gender of the investors' and the psychological factors influencing of investors perception and attitude.

Statistical Tools: The collected data is compiled and described using table and percentage. The data is analyses using statistical tool ANOVA test.

Period of the Study: The data are collected for a period of six month from Apr 2017 to Sep 2017.

Area of the Study: The study is based on the data collected from investors in Salem town. Due to rapid expansion of the Stock Market in Salem, the area has become a suitable place for conducting research.

Table -1.Demographic profile of the Study

Demographic profile	Category	Frequency	Percentage (%)
Gender	Male	173	86.5
	Female	27	13.5
Age	Below 30	44	22
	30 – 45	86	43
	Above 45	70	35
Marital Status	Married	154	77
	Unmarried	46	23
Education	School level	31	15.5
	Graduate level	98	49
	Professional	44	22

	Others	27	13.5
Occupation	Salaried	97	48.5
	Business	52	26
	Professional	35	17.5
	Others	16	8
No. of earning members	One	138	69
	Two	46	23
	Above two	16	8
Monthly income (Rs.)	Below 25000	59	29.5
	25000 – 50000	95	47.5
	Above 50000	46	23

Source: Primary data

Interpretation

It is inferred from the table.1 indicates that 86.5% of the respondents are male and 13.5% of the respondents are female respectively. The above table indicates 22% of the respondents are in the age group of below 30 years and the largest groups of respondent 43% are in the age group between 30 - 45 and 35% of the respondents are in the age group above 45 years. The table indicates that the marital statuses 77% of respondents are married and 23% of respondents are unmarried. Analysis further shows that the education 15.5% of the respondents are school level, 49% of the respondents are under graduate level, 22% of the respondents are professional and 13.5% of the respondents are others. The above table indicates that the occupation is 48.5% of the respondents are salaried and 26% of the respondents are business, 17.5% of the respondents are professional and 8% of respondents are others. The table shows that family earning members 69% of respondents are one, 23% of respondents are two and 8% of respondents are above two. With regard to monthly income 29.5% of the respondents are in below rs.25000, 47.5% of respondents are in rs.25000 – rs.50000, and 23% of respondents are in above rs.50000.

Table. 2. Descriptive Study

Variables	Category	Frequency	Percentage (%)
Investment Percentage	Below 15 (%)	78	39
	15 – 30 (%)	89	44.5
	Above 30 (%)	33	16.5
Expected gain	12% - 20%	26	13
	21% - 30%	89	44.5
	Above 30 %	85	42.5
Monitoring Investment	Daily	46	23
	Weekly	58	29
	Monthly	36	18
	Occasionally	17	8.5
	Others	43	21.5
Categories of investment	Short Term	84	42
	Medium term	49	24.5
	Long term	67	33.5
Expectations from investment	Tax incentive	15	7.5
	Safety & regular income	46	23

	Liquidity	42	21
	Capital appreciation	64	32
	Accumulate wealth	12	6
	Diversification of asset	21	10.5
Opinion about the market	Bullish	98	49
	Bearish	63	31.5
	No comments	39	19.5
Level of Satisfaction	Favorable	52	26
	Neutral	85	42.5
	Unfavorable	63	31.5

Source: Primary data

The table.2 shows that their investment percentages 39% of respondents are below 15(%), 44.5% of respondents are in between 15 – 30(%), and 16.5% of respondents are above – 30%. The table indicates that expected gain is 13% of respondents are 12% - 20%, 44.5% of respondents are 21% - 30% and 42.5% of respondents are above 30%. The table indicates that the monitory investment of investors is 23% of respondents are daily, 29% of respondents are weekly, 18% of respondents are monthly, 8.5 % of respondents are occasionally and 21.5% of respondents are others. The majority of the investors' investments 42% of investors are short term. The above table indicates expectation from investment is 7.5% of respondents are tax incentives, 23% of respondents are safety & regular income, 21% of respondents is liquidity, 32% of respondents are capital appreciation, 6% of respondents are accumulative wealth and 10.5 % of respondents are diversification of assets. Majority of opinion of investors 49% feel market is bullish. The above table shows that the satisfaction level of investors is 26% of respondents are favorable, majority of 42.5% of respondents are moderate and 41% of respondents are unfavorable.

Table - 3. Factor do you consider while selecting stock broker

S. No	Particulars	No. of Respondents	Percentage (%)
1	Brand Name	27	13.5
2	Track record	18	9
3	Service	51	25.5
4	Brokerage	66	33
5	Research Team	38	19
Total		200	100

Source: Primary data

The table.3 reveals that out of 200 respondents, 13.5% of respondents are brand name, 9% of respondents are track records, 25.5% of respondents are service, majority of 33% of respondents are brokerage and 19% of respondents are research team.

Table - 4. Political Factors influencing investors Perception and attitude

S. No	Particulars	No. of Respondents	Percentage (%)
1	Tax and Interest rate	63	31.5
2	Political stability	49	24.5
3	Government policy	88	44
Total		200	100

Source: Primary data

The table.4 signifies that Political factors influencing investors Perception and attitude31.5% of respondents are Tax and Interest rate, 24.5% of respondents are Political stability and 44% of respondents are Government policy. It is noticed that 44% of the respondents are government policy.

Table-5. Factors Influencing Investors Perception and Attitude

S. No	Particulars	No. of Respondents	Percentage (%)
1	Psychological factor	77	38.5
2	Economic factor	60	30
3	Decision making behavior	63	31.5
Total		200	100

Source: Primary data

The table.5 indicates a factor influencing investment decision is majority of the respondents comes under psychological factor, 30% of respondents are economic factor and 31.5% of respondents are decision making behavior.

Table.6. Psychological Factors Influencing In Individual Investors Perception and Attitude

S. No	Factors	No. of Respondents	Percentage (%)	Rank
1	Over confidence	33	16.5	1
2	Risk attitude	31	15.5	2
3	Positive attitude	17	8.5	7
4	Market	24	12	4
5	Patience	10	5	9
6	Anchoring & Adjustment	18	9	6
7	Consultancy Effect	21	10.5	5
8	Optimism	13	6.5	8
9	Herd behavior	27	13.5	3
10	Self-discipline	6	3	10
Total		200	100	

Source: Primary data

From table.6 it is clear that out of 200 respondents, the average value of the top four highly influential Psychological Factors, such as overconfidence, risk attitude, Herd behavior, Market and consultancy of investors have high frequency of investors. Thus share market investors perception is highly influenced by overconfidence and according to investors, there were lower influence by Self-discipline and patience and optimism their psychological factors influencing individual investors' perception and attitude.

Analysis and Discussion

Testing of hypothesis – I

"There is no significant relationship between gender of the investors' and the factors influencing of investors perception and attitude".

Table.7. Result of ANOVA

ANOVA						
Source of Variation	**SS**	**Df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	1333.333	1	1333.333	0.369595	0.58616	10.12796
Within Groups	10822.67	3	3607.556			
Total	12156	4				

Result: The calculated value is less than the table value. So hypothesis is accepted.

Report

Hence, it is concluded that there is no significance between the gender of the investors' and the factors influencing of investors perception and attitude'.

Testing of hypothesis –II

"There is no association between the age of the investors' and the factors influencing of investors perception and attitude".

Table.8. Result of ANOVA

ANOVA						
Source of Variation	**SS**	**Df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	2.27E-13	1	2.27E-13	8.55E-16	1	7.708647
Within Groups	1063.333	4	265.8333			
Total	1063.333	5				

Result: The calculated value is more than the table value. So hypothesis is rejected.

Report

Hence, there is association between the age of the investors' and the factors influencing of investors perception and attitude.

Testing of hypothesis –III

"There is no association between the education of the investors' and the factors influencing of investors perception and attitude".

Table.9. Result of ANOVA

ANOVA						
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	476.1905	1	476.1905	0.70138	0.440502	6.607891
Within Groups	3394.667	5	678.9333			
Total	3870.857	6				

Result: The calculated value is less than the table value. So hypothesis is accepted.

Report

Hence, it is concluded that there is no significance between the education of the investors' and the factors influencing of investors perception and attitude'.

Testing of hypothesis –IV

"There is no significant relationship between occupation of the investors' and the factors influencing of investors perception and attitude".

Table.10. Result of ANOVA

ANOVA						
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	476.1905	1	476.1905	0.633457	0.462187	6.607891
Within Groups	3758.667	5	751.7333			
Total	4234.857	6				

Result: The calculated value is less than the table value. So hypothesis is accepted.

Report

Hence, it is concluded that there is no significance between the occupation of the investors' and the factors influencing of investors perception and attitude and attitude'.

Testing of Hypothesis –V

"There is no impact of Gender of the investors' and the psychological factors influencing of investors perception and attitude and attitude".

Table.11. Result of ANOVA

ANOVA						
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**	**F crit**
Between Groups	10666.67	1	10666.67	9.379763	0.01199	4.964603
Within Groups	11372	10	1137.2			
Total	22038.67	11				

Result: The calculated value is more than the table value. So hypothesis is rejected.

Report

Hence, there is impact of gender of the investors' and the factors influencing of investors perception and attitude.

Suggestions

1. More financial market information should be spread to the investors to make them taking the choicest decision.
2. Prospective investors may be motivated to take calculated risks.
3. Introducing the specific information would help investors avoiding the hedrbehaviour
4. Younger is better investors need capital appreciation, analysis and motivation at the young age itself.
5. As gender plays a significant role in deciding the investment perception and attitude, their gender gap finds to be minimized by rationalized training.

Conclusion

The Indian investors are unique and they do not emulate the standards set by the western counterparts, of all, capital appreciation, gender and government policy decision have a greater impact on the psychological Indian investors.

The research analyzed investors of Indian stock market in order to determine the various factors influencing the investors' perception. Descriptive analysis showed that male investors invest more as compare with female investors. Investors with age group of 30 to 50 are more interested to invest as compared to others. Income group of investors' of Rs.25000 to Rs.50000 are more interested to invest. The maximum individual investors of Indian stock market are given more trading preference on

weekly and daily basic. Majority of investors expected from investment in stock market like capital appreciation, liquidity, and level of satisfaction is neutral. The research found that the selecting stock brokers mainly have two reasons, one is brokerage and another one is investors' service. The majority of government policy influencing in investors perception and also most of the respondents are influencing psychological factors and psychological factors highly influenced by over confidence.

Individual investment decision is not based on a single or particular factors besides are influenced by the more than one factors. Every individual is different from others due to various factors involved which include demographic factor, psychological and others factors. This paper concludes that the factors influencing investors perception depends on short term profitability, Government policy, overconfidence and Psychological factor influencing in investors perception and attitude. The researcher reviewed that, the individual investors can economically, socially can invest Indian stock market. The Result using one way ANOVA showed more influencing factor like Age, Gender and Psychological factors are having more influencing investors' perception and attitude of investment in Indian stock market.

Scope for Future Research

The further research can be undertaken on other investment alternative and other variable can be taken such as occupation, age, gender, education, risk factor and other factors etc.

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