

A STUDY ON INVESTORS PERCEPTION AND INVESTMENT PATTERN IN STOCK MARKET INSTRUMENTS

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ABSTRACT:

This study gives an outline about how the investor perception about stock market financial instruments and how they investing in that. Overall population divided into urban and rural categories and few basic rules of finance are advised to follow to raise the individual financial status. Especially middle class income category people investment procedure is shown an outlook on what basis they are invested. At last the article shows the impact of investing in stock market by all the investors which includes active investors and also non active investors in India.

KEYWORDS: Perception, dividend policy, mutual funds, direct equity, SIP(Systematic Investment Plan), smart investor, etc.

INTRODUCTION:

India is a first place where young population are come under earnings category. But the earnings have the equal amount of expenditure of the working class what are the drawbacks, how to overcome, and various successes. Find out to get vast investment returns with guaranteed. This study shows the various investment pattern and inventors perception with particular investment options in stock market. Stock market is the place where the buyers and sellers trade each other in any business day with business/trading hours. This trade shows the reflection of economy development and the real picture of the company growth in the society. Initially inventor save money in bank SB/FD account then in gold investment schemes offered by various private jewel shop owners. But after the technology boom in 2000's, recession in 2008, Modi Government formation in 2014 and again it continuation will gives a good impact to the investors to park their sufficient funds in various stock market instruments.

INVESTORS PERCEPTION:

Investors perception in all time is good or high returns when compare to Bank/Post office Deposit and also the capital must be Secured. Especially the retired peoples always park their fund only in Bank/Post office because of the protection of capital and assured returns. But when its compare to Stock market instruments its purely subject to market risk. Many peoples are still in lack of financial education.

The following ways shows how the investors are financially educated or aware:

1. Monthly at least 10-15% of his earnings must be save or invest in mutual funds
2. Many online sources or information about stock market instruments are easily access able by internet. So atleast daily 5-10 min must spend on news related to investments.
3. If possible investor many subscribe below Rs.100/- for any books for understanding basics in stock market in a month.
4. Suppose if investor is literate or illiterate at least once in a year must consult a Financial Advisor or stock market expert or Mutual fund distributors for better investment options.
5. Practice a monthly budget and track the huge expenses and try to reduce that. Not only in every month also consolidate with yearly budget

6. Better term insurance and health insurance is most welcome to avoid the huge amount in case of critical times.
7. During the Covid-19 lock down many people lost their jobs/Monthly salary , so in future every investor must park at least 6 months of his salary in liquid funds(emergency funds) or in bank saving account.

The above rules are very few but in practical many people will not follow these basic financial rules to develop their financial status.

In fact after the Covid-19, recently investor's perception looks into gold or silver, because stock market crashes up to 25000 points in Sensex. A smart investor invests when the market crashes hugely, but in real everyone loss hope and fear of market fluctuation started to sell in loss and says stock market is like gambling's. Before investors started to invest in stock market they must learn patience. Because in stock market patience and understandings fundamentals gives huge returns to the investors.

OBJECTIVES:

1. To study the pattern of investment by investors.
2. To study the decision on investment based when the investors income level.
3. To analyse the investors perception about stock market instrument especially in semi-urban and rural areas.

NEED OF THE STUDY:

Investors want an adequate amount to fulfil their needs in present and future but these were a problem in investing mode. Investors are unaware about which product suits them and also given regular returns or high returns. This study shows the investors perception and investing pattern and how to overcome that to lead the better individual investment status.

INCOME AND INVESTMENT CATEGORY:

India comes under lower middle economies (\$1036 to \$4045) in the year of 2020-21 by the World Bank. It shows the India's picture in low to middle class. To develop this every citizen must contribute at least 0.5% of his earnings into investment, rather than savings. This impact automatically our country income and GDP will hike like developed countries. Before attain that level every investor must well aware about financial products available in India with special reference to stock market. Already in past performance stock market has proved when it comes in long term investment stock market is the best option of investment for investors.

The following investment categories available in India

1. Mutual fund
2. Fixed deposit/Recurring deposit
3. ULIP-Unit Linked insurance plan
4. Real estate
5. Direct equality
6. PPF
7. National pension system.

Service sector in India's income is high in FDI as US \$49.97 billion in 2019-20. Out of service sector, telecommunication and IT alone incurs 25% of FDI. So it gives an outline to the investors especially for those who park their investment in direct equality stocks and also recently RBI governor Mr. Shakti Kanth Das announced there will be no dividend declare for banking companies for the upcoming years by seeing all those announcements a smart investor must make a wise decision to protect his capital and also for appreciation.

MIDDLE CLASS INVESTMENT PATTERN:

Till 2017, Before demonetization 90% of investors park the huge amount of savings in bank deposit but once the demonetization announce many people suffer a lot for withdraw and they clearly understood fixed deposits will not help if invest in bulk. So, they start invest in deposit funds (Mutual Funds) some goes for liquid funds too. Now a day's investors avoid investing in physical assets like land and building because of the low liquidity in real estate and also they are not ready to pay the full capital for physical assets. So they started invest in PPF, MF, STOCKS. Even though out of 130crores only 2% population invest in stock market that for many new investors enter into stock market during Covid-19 crisis. This is the healthiest investment time. Before investing, investor must select where to park his investment and also when to park his investment for better returns.

THINGS TO LOOKUP BEFORE INVESTING IN STOCK MARKET:

There are certain things must be consider before getting step into stock market investments.

- ❖ Always invest only the surplus money because these kinds of investments are subject to market risk, there may be possible of negative returns when the investor needs during emergency.
- ❖ Stock market is not money making machine. Many investors and non-investors once they think stock market investments can double their capital in easy way. This is unfair. Stock market can make the capital into double only in long term fundamental strong equity stocks.
- ❖ Always invest in a disciplined manner like SIP (Systematic Investment Plan). SIP is same like recurring deposit in bank fixed amount on fixed date can previous day NAV (Net Asset Value). Through SIP, investor can average the cost and be free during the market fluctuations.
- ❖ Diversify but not over diversification. Even though its stock market one must diversify his investments like equity, Debt, Bonds, Liquid, Gold, etc. These was a famous quote "Do not put all your eggs in single basket" This quote applies every exactly in stock market for those invests only in particular asset.
- ❖ Never jump blindly into stock market, before investing at least do some research or consult a fees only financial advisor for understanding stock market. If both is not possible at least go through the company consolidation account statement if its profit or loss for the last 3years. If investor buys a land he must refer many things same like stock market investments also do at least minimum research work for better returns and also do understand or educate about stock market.

IMPACT OF INVESTING IN STOCK MARKET:

Everyone knows stock market is the place where buying and selling of trades takes place. Like real estate it is not so difficult process to buy or sell. So, it is very transparency even for tax purpose and also no fear of duplicate entries for investors. Even keeping gold as an investment is a good option but there be a fear of theft. This was avoiding in share market investments, especially in equity stocks, mutual funds, F&O.

Inflation plays a vital role in financial investment. Bank deposit returns can't beat the inflation in real. Even though it given the assured returns like 5-6.5%. After tax the depositor will get nearly 5-6% returns. In outside, the inflation also same 6%. So, what is the usage of fixed deposits. On the other end, stock market returns in long term surely given 12-13% some stocks crosses nearly 20-25% also for long term especially pharma company stocks. During Covid-19 crisis in India gives double the capital that too in 6 months gap. So, this is not the

main thing to invest in stock market before invest do well study and park the fund and be patience for 3-5 years to beat the inflation based returns.

If all the young salaried investors started to invest in stock market, automatically our economy will develop and our country will be ranked among developed country from developing country.

ANALYSIS AND DISCUSSION:

In order to interpret the Research Questions Simple Percentage analysis and Ranking are used. Percentage analysis helps to understand the pattern of investment by investors and ranking test helps to rank identify which investment pattern gives more benefits to the investors in the study area.

TABLE - 1 SIMPLE PERCENTAGE ANALYSIS:

S.No.	Research Questions	Particulars	Percentage (%)
1.	Main Purpose of Savings	Safety for Future	30%
		Tax Benefits	10%
		Regular Income	25%
		Capital Appreciation	35%
		Total	100%
2.	Percentage of Savings invested in Stock Market	Below 20%	55%
		20% - 30%	25%
		30% - 40%	15%
		Above 40%	5%
		Total	100%
3.	Is market movements affects your Investment Pattern	Yes	70%
		No	30%
		Total	100%
4.	What induces you to invest / stay in a particular Investment	Tips	10%
		Part Returns	45%
		Dividend Policy	20%
		Future Prospects	25%
		Total	100%
5.	How long invested in Stock Market	Below 1 year	20%
		1 - 3 years	40%
		3 - 5 years	35%
		Above 5 years	5%
		Total	100%
6.	What is the Source of Income	Salary	70%
		House Property	5%
		Business / Profession	2%
		Capital Gains	3%
		Income from other sources	7%
		All of the Above	13%
		Total	100%

7.	Which technique of Risk management often used	Average the cost	40%
		Switching	23%
		Lock the fund	17%
		Bear loss and sold out	20%
		Total	100%
8.	Which market gives you good returns on your investment	Primary Market	20%
		Secondary Market	65%
		Money Market	10%
		Commodity market	5%
		Total	100%

Source: Primary Data

Table 1 show that 30% of Respondents' main purpose of savings is Safety for future. 55% of Respondents are investing 0 to 20% of their savings in stock market. 70% of Respondents felt that Market movements affect their investment patterns. 45% of respondents are inducing by the part returns to invest or stay in a particular investment. Out of 100%, 40% of respondents are invested in stock market were 1 to 3 years of period. 70% of respondents are investing their income from salary in stock market. 40% of respondents are using average the cost technique of risk management in stock market. 65% of respondents are thoughtful that secondary market gives good returns on their investments.

TABLE – 2 RANKING TEST:

S.NO	INVESTMENT PARTICULARS	RANK
1.	Savings Deposit in Bank	VI
2.	Mutual Funds	II
3.	Shares (equity)	I
4.	Fixed Deposits	IV
5.	Post office savings	VII
6.	Insurance scheme	V
7.	PF	III

Source: Primary Data

From above table 2, it is understood that the investment pattern with more benefits of investors. The first rank is awarded to Equity Shares, Second rank is given to Mutual funds, Third rank is permitted to PF, Fourth rank is given to Fixed Deposits, Fifth rank is given to Insurance schemes, Sixth rank is given to Savings deposit in Banks and Seventh rank is given Post office savings.

SUGGESTIONS:

Based on primary data researcher suggest few points for non-investors and investors to develop their individual financial status:

1. Always prepare monthly budget and track the expenses. Once the tracking ends try to reduce or avoid those particular expenses.
2. Banks have excellent outlets to reach the customers and ready to open bank accounts but banks are not come forward to open Demat accounts alone for individuals those who willing to trade in stock market. Few banks provide 3-in-1

- account (includes demat) which consume high annual maintenance charges. Every individual must convert their account into like this and start do trade.
3. Individual investors install stock market related applications in their mobile phones especially direct mutual funds apps like Groww. Few mutual funds(Nippon India pharma fund) offer just Rs.100/-also as an investment. But the illiterate investors are unaware about this. Even educated peoples are have fear in investing stock market instruments because it depends upon market risk.
 4. Always invest in good fundamental strong companies like TCS, D-MART, SRF, etc. Invest only in business which investor understands very well.

CONCLUSION:

In this article, it shows how the investors perception towards stock market instruments and how they investing in it. Initially only very few people traded in physical form but today, it was changed into digital form. Compare to 1990's today generation are well about internet facility and more than 40% of population are educated. Out of that only 2% invest in stock market instruments. They are all unaware about financial education. This shows our India economy is so weak is one of the reason at least in next 5-10 years nearly 10% of population start to invest in stock market which develops individual financial starts and also the country's economic development.

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