

# “CRITICAL ANALYSIS OF INVESTOR’S ATTITUDE TOWARDS STOCK MARKET”

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An attempt is to make an assessment of the frequency of participation in the stock market in Dharwad. To be more specific, the study seeks to ascertain the investors’ attitude towards stock market investing and to assess their perceptions of the various aspects of the Indian stock market. Most of the investors do not have much investment expertise and most of them have but modest investment portfolios. The mode of making investment decisions and developing investment portfolios by retail investors are different in many respects from those by institutional and high-wealth investors.

This paper explains the procedures used to conduct the investors survey, the purpose or objectives, the descriptions of the profile of the respondents and analysis of the responses received from the respondents, finally provides the concluding remarks.

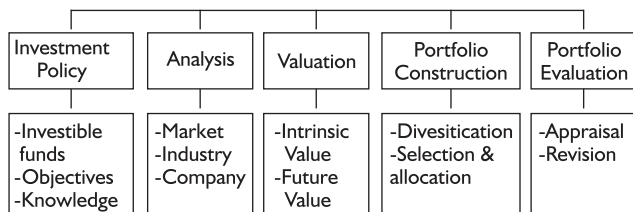
### Objectives of Investment

Every investor likes to reduce risk of his investment by proper combination of different securities. Risk of holding securities is related with the probability of actual return becoming less than the expected return. An investment whose rate of returns varies widely from period to period is risky than whose returns doesn’t change much. Investors always expect a good rate of returns from their investments. Rate of return could be defined as the total income the investors receives during the holding period started as a percentage of the purchasing price at the beginning of holding period. Marketability of the investment provides liquidity to the investment. The liquidity depends upon the marketing and trading facility. Stocks are liquid only if they command good market by providing adequate return through dividends and capital appreciation.

### Objectives:

- To understand customers attitude towards investment.
- To study the stock market awareness in Dharwad.
- To know the investors preference towards investment in stock market.

### Investment Process



### Role of Capital Market

1. It is the indicator of the inherent health of the economy.
2. It is the largest source of funds with long or indefinite maturity for companies and thereby enhances capital formation in the economy.
3. It offers a number of investment avenues to the investors.
4. It helps in channelizing the savings pool in the economy towards investments, which are more efficient and give a better rate of return thereby helping in optimum allocation of capital in the country.

### Investment Alternatives

- Gold and Silver: Gold and silver is one important option in which the investor can invest here the investor will be secured as there is not much risk of losing the funds invested.

- Mutual Funds: Investment companies or investment trusts obtain funds from large number of investors through sale of units. The funds collected from the investors are placed under professional management for benefit of the investors.
- Bank Deposits: It is the simple investment avenue open for the investors. One has to open an account and deposit the money.
- Insurance: Insurance is a contract for payment of a sum of money to the assured on the happening of event insured against. Usually the contract provides for the payment of an amount on the date of maturity or at specified dates at periodic interval or if unfortunate death occurs.
- Stock Market: It is the huge term to use Stock Market here there are different types of market like Primary Market and Secondary market and in these different types of market there are different types products like Commodities, Equity, Currency Derivatives and many more.
- **Other alternatives:** There are still more number of investment avenue available to the investors; Post office deposits, Real estate investment etc.

### The Methodology:

- Primary data: Survey with Questionnaire.
- Population: Investors in Dharwad city.
- Sample unit: Investors who have invested their funds in various Investment Avenue.
- Sample size: 340

### ANALYSIS AND INTREPRETATION

#### Age of the particulars

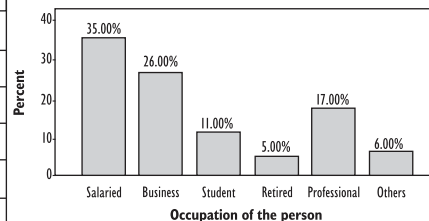
Particular	Percent
Below 20	1.0
20-30	31.0
30-40	45.0
40-50	16.0
Above 50	7.0
Total	100.0

There are 31 are between the age 20 to 30 and 45% are 30 to 40. Most of the young generation people are very much interested to invest in the stock market

**Gender of the Respondent : Male – 79.11% Female – 20.89%**

#### Occupation of the Respondents

	Percent
Salaried	35.0
Business	26.0
Student	11.0
Retired	5.0
Professional	17.0
Others	6.0

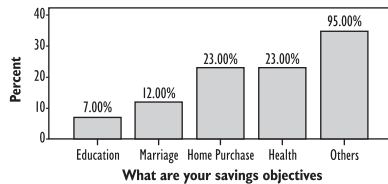


#### In which sector would you like to invest your funds?

	Percent
Private Sector	57.0
Government Sector	38.0
Public Sector	24.0
Foreign Sector	12.0

Most of the investors are very much interested to invest their funds into private sectors as 57% people would like to invest their funds into private sector. Even in the Government sectors people would like to invest as there is 38% investors would like to invest their funds into government sector. In Dharwad city very less people would like to go for public and Foreign sectors, i.e 36% (24%+ 12%).

	Percent
Education	7.0
Marriage	12.0
Home Purchase	23.0
Health	23.0
Others	35.0



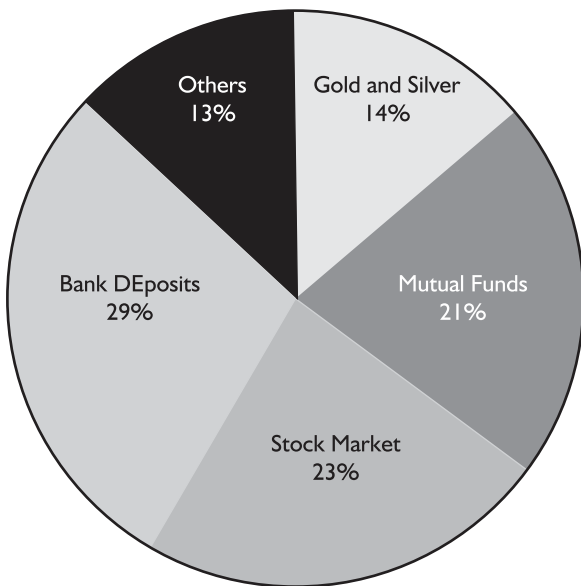
The people would like to save their earnings for Health and Home purchase at Dharwad city as 23% of the people are said there saving objective is Health and Home purchase which shows that most of the people are very much worried about having their own home and also they save funds for the purpose of health. Most of the people are savings is for other than the Education, Marriage, Home purchase and Health so it shows they got other plans for their savings.

**In which option you would like to invest your funds?**

	Percent
Gold and Silver	14
Mutual Funds	21
Stock Market	23
Bank Deposits	29
Others	13

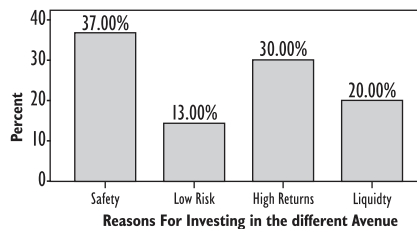
Graph depicts 29% of the people would like to invest their funds into Bank Deposits as they feel that it is safety mode to invest in Bank Deposits. In stock market also people are ready to invest as there is 23% of the people would like to invest their funds into stock market. There is a similarity in Mutual funds and

Stock market in Mutual funds also 21% of the people would like to invest their money. In Gold & Silver 14 and in others 13% people would like to invest their funds. So the above table shows that there is a positive attitude towards stock market investment.



**Reasons for investing in the above Avenue are:**

	Percent
Safety	37
Low Risk	13
High Returns	30
Liquidity	20

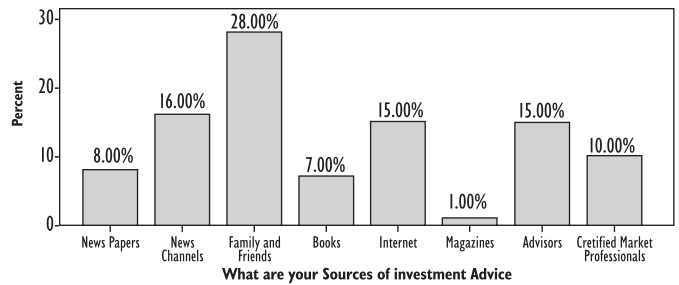


The above table and Graph shows that 37% of the people feel to invest in their avenue because of safety and 30% of the people feel that Return as a measure for their investment so it shows that most of the people are worried about Safety and Returns. Very few people think that risk is the major part.

**What are your sources of investment Advice?**

	Percent
News Papers	8.0
News Channels	16.0
Family and Friends	28.0
Books	7.0
Internet	15.0
Magazines	1.0
Advisors	15.0
Certified Market Professionals	10.0

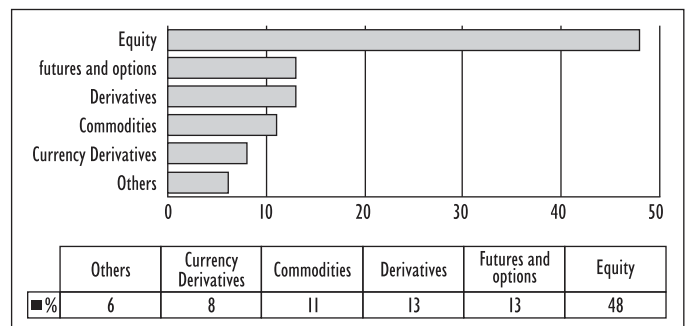
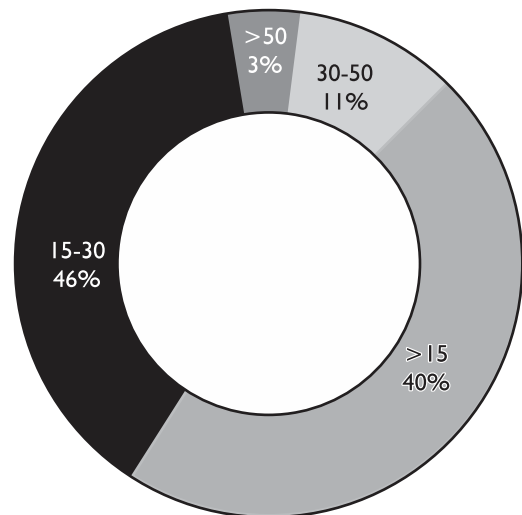
In Dharwad city people take investment advices from the Family and Friends as there is a 28% of the people or investors take the advice from the Family and Friends, followed by the news channels advices as 16% of the people will go for News channels as a Source to get the information, also 15% advices via Internet too.



**How much percentage would you like to invest in stock market out of your investing funds?**

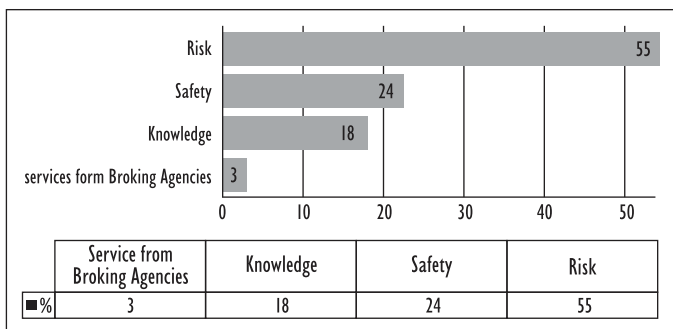
Range	Percent
Less than 15	40
15 to 30	45
30 to 50	11
more than 50	3

The above table shows that out of 62% of people who are ready to invest their funds into stock market. 40% of people want to invest less than 15% and 45% of the people say that they want to invest between 15 to 30% of investable funds. Thus only 14% want to invest more than 30% of funds into stock market.



Out of 211 investors in stock market; 48% of the investors want to go for investment into Equity, 13% want to go for other derivatives and 13% want to go for Futures and options. The 11% want to go for commodities market which is comparatively very less percent it is assumed that most of the people in Dharwad city know more about equity market rather than other products in Stock markets.

**Reasons for not investing in stock market.**



The above Table and Graph shows that out of investors who are not interested to invest their funds. 55% says that they are not investing in stock market due to the risk of loss it shows that most of the people who are not invested says that Risk of loss is more in stock market. Graph shows that 18% of investors don't have the proper knowledge about the market. It shows that 24% of the people think there are not much safety measures available for investment.

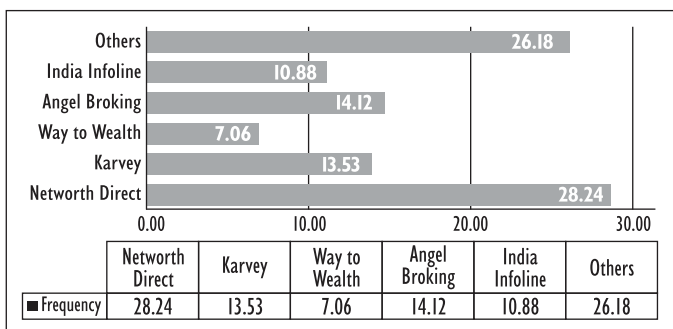
**What best describes your investment experience?**

Experience Level	Percent
Beginner	38.24
Moderate	25.00
Knowledgeable	22.06
Experienced	14.71

The above Table shows that 38.24% of the respondents are Beginner as they are new to investment field. 25% respondents think that they have got moderate experience and 22.06% think that they are Knowledgeable and 14.71% are experienced as they think they got enough experience for investment.

**From which broking agency you would like to invest?**

Broking agency	Frequency	%
Networth Direct	96	28.24
Karvey	46	13.53
Way to Wealth	24	7.06
Angel Broking	48	14.12
India Infoline	37	10.88
Others	89	26.18



Above Table shows that 28.24% of the investors would like to invest their funds through Networth Direct broking agency and 26.18% investors would like to invest through Other than those major 5 broking agencies which are mentioned in the graphs.

**How do you react to market fluctuation?**

Most of the respondents think that when stock market will be down they need to wait for market correction and sell their stock when market goes up. Very few think that they need to withdraw money when market starts falling before they incur still more loss.

**Findings :**

- Most of the investors in Dharwad city would like to invest their money into private sector because 55% of the investors want to invest their funds into private sector. The second preference will be for Government sector as 27% people would like to go for Government investments.
- Most of the Respondents say that their savings objective is to Home Purchase and Marriage as there are 51% of the respondents were below the age of 30. But 31% of the respondents say that their savings objective is other than Home purchase, Education, Marriage and Health. It shows that all got different future plans for their savings.
- 29% of the people would like to invest their funds into Bank Deposits it shows that they want invest in secured places. 23% respondents want to invest their funds into stock market as they feel they will get better returns.
- 37% respondents say that they have invested in different avenue due to safety and 30% says that they have invested due to returns. So most of the respondents invest their funds in those Avenues where there are more safety measures and more returns.
- 28% of the respondents take Family and Friends advice while investing their funds. 16% respondents will take News Channels help to choose the investment avenues. 15% of the people will go for Advisors advice for their investment options.
- 62% of the respondents would like to invest their funds into stock market so it shows that investors attitude towards investment in stock market is quite positive. Only 38% respondents don't like to invest their funds into stock market.
- 85% of the people would like to invest less than 30% of their investable funds so it shows that even though 62% want to invest out of that 85% people don't like to invest their 70% of the funds into stock market.
- 48% of the investors would like to invest their funds into equity and very less people would like to invest in all other options. So it shows that people are less aware about other options.
- Out of 38% of respondents who don't want to invest in stock market there are 21% think that risk of loss is the major reason for not investing in stock market and 9% says that they are not investing due to lack of safety and 7% due to lack of knowledge.
- 17% of the respondents think that they may go for stock market investment in future but 21% respondents, out of 38% of total sample unit says they will not invest in stock market.
- Most of the respondents would like to take Networth Direct as their broking firm as 29% of respondents want to go for this Broking Agency for investment. Even Indiainfoline is also good with 19% respondents want to choose it as their broking firm.

**Concluding Remarks:**

In India, involvement of investors in stock market is reasonably low. India has one of the highest savings rates in the world. But only a small percentage of family savings in India is invested in the stock market. The primarily the of savings across household categories in India are banks, post offices, insurance products, and metals. Investment specialists and

capital market researchers have tried to find out the major reasons for Indian household investors' not choosing the stock market as the primary investment destination. It has been perceived that the reasons are many and diverse. There is uncertainty about the safety of stock market investments. Most investors find the stock market processes are too complex and difficult to follow.

The results from our study of investors reveal that the fear of losing money is the primary reason why the respondents try to avoid stock market investing. Other reasons that are cited include procedural complexity, inability to monitor investments and absence of stable returns.

Moreover, these investors invest only a small fraction of their savings in the stock market instruments. The investors we surveyed all belong to the middle class community.

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