

# A STUDY ON STOCK MARKET VOLATILITY OF INDIVIDUAL INVESTORS AND THEIR INVESTMENT DECISION.

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**Abstract:** Decision making can be defined as the process of choosing a particular alternative from many alternatives. Stock investing decisions by individual investors are usually based on their personal factors such as age, education, income and investment portfolios and others. Stock investing decisions can be defined as the process of choosing a particular alternative of evaluating a number of alternatives. It is a complicated multi step process involving analysis of various personal, technical and situational factor. Where Investment includes their short term investment and long term investment. Where investors would like to invest on stock market to convert their situations into profits. There are no exceptions in the case of making decisions in the stock market either. Taking investment decisions is the most crucial challenge faced by investors. Some personal factors are age, education, income etc. on the technical side, investment decisions can be derived from various models of finance, for example the capital asset pricing model (CAPM). Decisions should not be reached without considering situational factors that take into account the environment, the market psychology in other words. Investors can educate themselves about the various biases they are likely to exhibit and then take steps towards avoiding it thus improving their effectiveness. Some common mistakes made by investors are selling too soon while booking profits, holding too long while facing losses, buying overpriced stocks based on market sentiments and positive evaluation by all an sundry.

**IndexTerms** - Decision making, investment decisions, capital asset pricing model, market psychology, investment experience , individual investors.

## I.INTRODUCTION:

Investors will educate themselves concerning the variance biases they're possible to exhibit so take steps towards avoiding them so rising their effectiveness. Some common mistakes created by investors area unit merchandising ahead of time whereas booking profits, holding too long whereas facing losses, shopping for expensive stocks supported market sentiments and positive analysis by all and sundry. The key, according to Parikh, for an investor to succeed is to get in touch with the emotional indiscipline he has exhibited and deal with it so that it is not repeated.

Recognition is characterized as the procedure by which an individual chooses, sorts out, and deciphers boosts into a significant and intelligible image of the world. It very well may be portrayed as "how we see our general surroundings." a pair of people could also be presented to similar enhancements to a lower place the equivalent clear conditions, however how every individual perceives, chooses, sorts out, and deciphers these boosts is a profoundly singular procedure dependent on every individual's very own requirements, qualities, and desires. The impact that every one of these factors has on the perceptual procedure and its importance to advertising will be investigate later. To begin with, in any case, we will look at a portion of the essential ideas that underline the perceptual procedure. These will be talked about inside the edge work of customer conduct People act and respond based on their observations, not based on target reality. For every person, the truth is an absolutely close to home wonder, in light of that individual's needs, needs, qualities, and individual encounters. Subsequently, to the advertiser, customers' discernments are substantially more essential than their insight into target reality. For on the off chance that one ponders it, it's not what entirely is, however what customers believe is in this way, that influences their activities, their purchasing propensities, their relaxation propensities, etc. What's more, since people settle on choices and take activities dependent on what

they see to be reality, it is imperative that advertisers comprehend the entire idea of observation and its related ideas to all the more promptly figure out what factors impact shoppers to purchase. Prior to the presentation of low-calorie lager, customers had no biased perspective on the item. Since Miller comprehended the conduct of lager consumer, it furnished the organization with an approach to translate the new offering in a way harmonious with their necessities, which Gablinger's neglected to do before for a similar item

The mental and physiological bases of human recognition and talks about the rules that impact our observation and translation of the world we see. Information of these standards empowers sharp advertisers to create commercials that have a superior than-normal shot of being seen and recollected by their objective purchasers. Customer's determination of improvements from the earth depends on the association of their desires and the thought processes with the upgrade itself. The standards of particular discernment incorporate the accompanying ideas: specific introduction, particular consideration, perceptual resistance, and perceptual blocking. Individuals as a rule see things they need or need and square the impression of pointless, negative, or excruciating upgrades.

## **II.OBJECTIVE:**

The article is focused on the impact of volatility on investors decision making on their investment in the stock market.

## **III.REVIEW OF LITERATURE:**

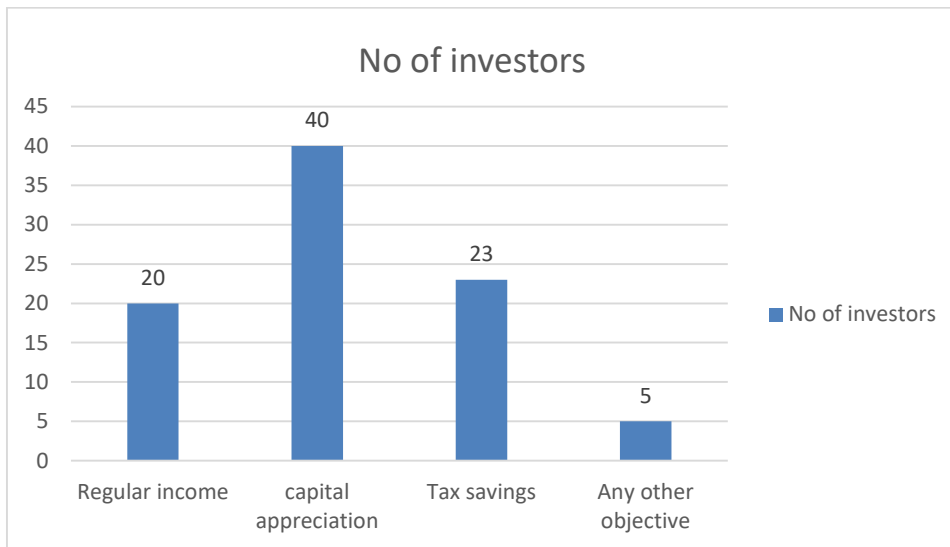
**D. Harikanth and B. Pragathi (2013)**, the study aims to investigated the to review investment decision-making method and to review the factors that influence investment behaviour of individual investors, to review the perspective of respondents towards completely different money instruments and to judge the attention regarding variance investment opportunities, to review the factors that influence the investors to create Associate in Nursing investment, to research investors savings and risk perspective towards completely different investment avenues and to supply appropriate suggestions to the investors to create their investment in higher method. It is hypothesized that secretly attached for the above objectives were formulated there is no significant difference in income and investment avenue selection, there is no significant difference in occupation and investment avenue selection.

The paper by **Josiah Aduda and Odera Eric Oduor (2013)**, the study look for to search out out however the individual investors create their investment choices i.e. what factors do they take into consideration as they go about investing, finding out whether the investors are familiar with the best investment practices .

The article by **Hindu deity and Visalakshmi (2013)**, this paper investigated to what extent future and short term stock investors share all completely different behavioural characteristics. A structural model is utilized to match the traits of the investors and examine however investment higher cognitive process and behavioral biases ar connected, moreover compare the relative variations of behavioural biases such as herding,representative heuristic, over confidence, risk aversion, and cognitive dissonance and to identification of behavioural traits commonly associated with investment tenure aids in providing opinions and framing trading strategies.

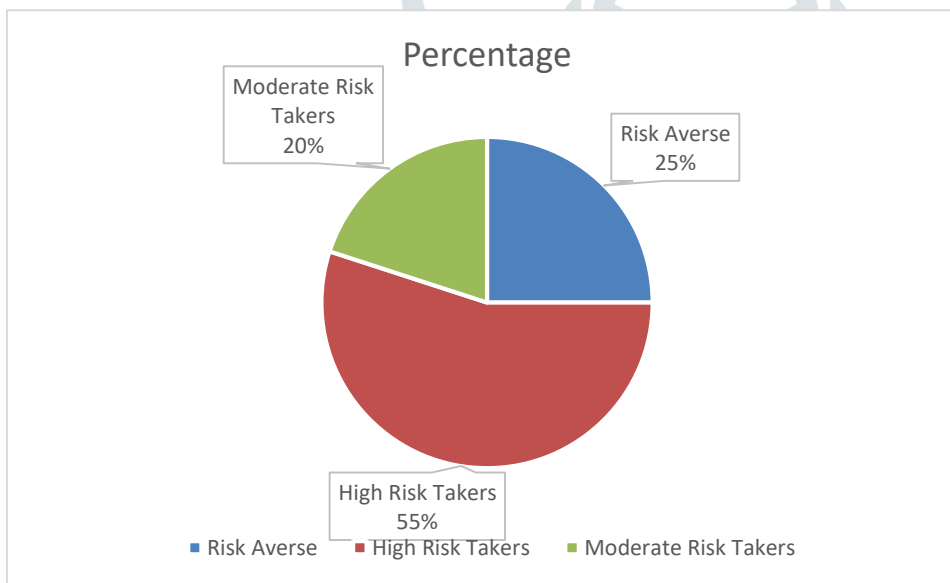
The paper by **A. Robert and W. Robert (2012)**, this study addressed the 2 specific queries. First, what relative importance do call variables have for individual investors creating stock purchase decisions? Second, are there uniform teams of variables that kind acknowledgeable constructs that investors depend on once creating equity investment decisions? The sample sizes were determined by the study five hundred knowledgeable shareholders whose names were obtained from a proprietary supply concerned in money market research. The results of during this study classical wealth-maximization criterion is vital to investors, even supposing investors use numerous criteria once selecting stocks. Contemporary concerns such as local or international operations, environmental track record and the firm's ethical posture appear to be given only cursory consideration. The recommendations of brokerage homes, individual stock brokers, family members and co-workers go largely unheeded. Many individual investors discount the advantages of valuation models once evaluating stocks.

**IV.DATA ANALYSIS**



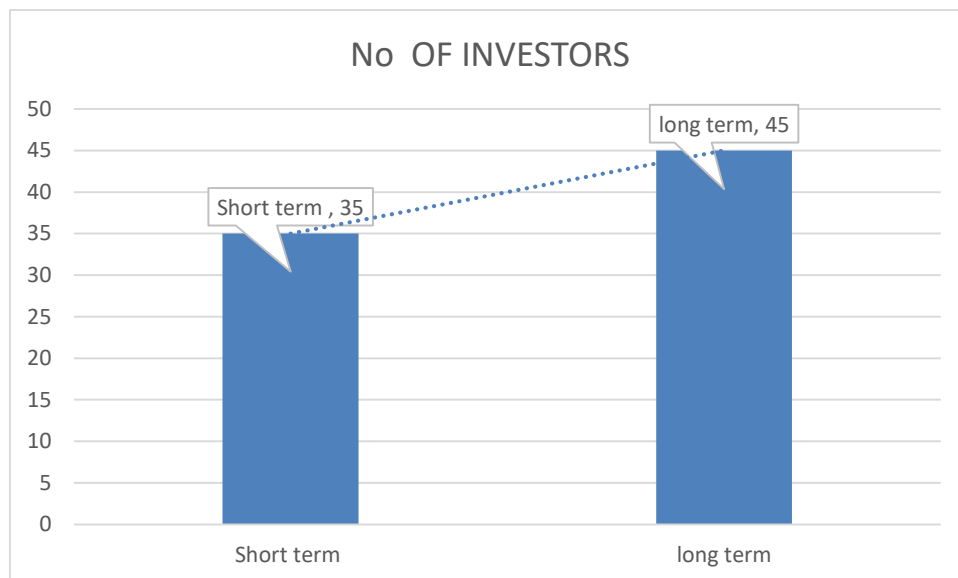
**INTREPRETATION:**

It was found that 20% of the investors are investing in stock markets because they want regular income in the form of dividends. 40% of the investors prefer capital appreciation rather than short term regular income. And remaining investors have various consideration like tax benefits and other objectives.



**INTERPRETATION:**

It was found that around 55% of investors are high risk takers for the sake of higher profits. And around 25 % of risk averse and 20% of moderate risk and they would like to focus more on stock market volatility and convert the situations to reap the profits.

**INTERPRETATION:**

It was found that 35% of investors are interested in short term investment and 45% are from long term investment.

**V.FINDINGS:**

- The survey revealed that the public is more interested in stock market and the coming forward to invest both in securities market and commodities market.
- Around 55% of investors are High risk takers for the sake of Higher profits. They would like to focus more on stock market volatility and convert the situations to reap the profits.
- Around middle income group/age investors would like to take moderate risk and these investors are looking for capital appreciation
- The senior citizen investors who are risk averse would like to invest on stock market for regular income and also for capital appreciation
- In spite of the volatility in stock market the investors are very keen about investing when compared to the other type of investment on physical gold and real estate etc

**VI, CONCLUSION:**

The stock market are playing an key role all over the globe in capital mobilisation and also for regular income through trading. Therefore, the companies are looking for capital not only from the domestic market but also from the global markets. Therefore, the investors all over the world are interested to go for investment on stock markets.

In this direction the investors are very particular about the volatility in securities and hence, adopting for diversification of their portfolio to minimize their risk and maximize their profit. It is expected that the reforms in the stock market would encourage the people towards in future.

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