

Evaluation of Investors' Perception for Stock Market: Special Reference to Nilgiris District

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Abstract

Stock Market allows companies to raise money by offering stock shares and corporate bonds. It lets common investors participate in the financial achievements of the companies, make profits through capital gains, and earn money through dividends although losses are also possible. The main function of the stock market is to enable trade in the shares of public companies, which in turn reflect the performance of the companies whose shares are traded in the stock market. Stock markets are also a vital part of an economy or the economic system of a country.

This study aims to measure the investors' perception towards Indian capital market with reference to Nilgiris District investors of Tamil Nadu. This research is a descriptive research study, in which, systematic sampling technique is used. 120 samples has been selected on the basis simple random sampling method for this study. Major findings of this study include, age has significant impact on investment, and educational qualification has significant impact on tax advantages. These variables have more 75 per cent impact on measuring investor perception. Charges, liquidity and investment attributes are mediating factor for investors' perception. Age and Educational factors have influenced the investors perception towards stock market activities.

Keywords: Investors, Perception, Stock Market, Nilgiris District.

Introduction

A stock market is a place in which long term capital is raised by industry and commerce, the government and local authorities and it is regarded as capital market. The money derives from private investors, insurance companies, pension funds and banks and is usually arranged by issuing houses and merchant banks. Stock exchanges are also part of the capital market which provides a market for the shares and loan that

represent the capital once it has been raised. Stock market is a place where the securities can be sold and purchased at an agreed price. Indian stock market is the oldest stock market incorporated in 1875. The term investment refers to the commitment of funds at present in anticipate of some positive rate of return in future course of time. There are three types of investors namely conservative investors, moderate and aggressive investors. There are also different avenues available to invest for investor's namely corporate securities, equity shares, preference share, debentures/ bonds/ ADRs/ GDRs, mutual funds, etc. The investor can get education about their investment from financial institution, financial markets, media etc.

Technological enablement and rapid growth of Indian capital market since the new economic policy of 1991 has given more importance to investors. Investor behaviour also tend to move into savings to investment, short-term trading of capital market instruments. More number of brokers also entered into the capital market due to the liberalized regulation in capital market. Brokers are providing number of services under single umbrella to the investors based on their need. So, this study aims to discover that how these services are perceived by the investors and how these services are utilized by the investors.

Review of literature

Sidiqqi (2008) analyzed the Delhi stock market investors behavior with reference to analyze finance perspective, through a sample of 300 investor and with a series of questions related to the behaviors of investment in terms of decision making, source of information; expected outcomes in terms of profit or losses and type of investment. He concluded that the majority of investors analyze and evaluate and take the decision. The emotions are not effective and the uncertainty mostly about yielding the profit.

Sangeeta, Maheswari & Yadav (2015) Investing prudently is an important part of financial security. An Individual is always seeking for such an investment alternatives which give maximum and faster returns. As it is well known fact that more returns is being accompanied by more risk. The one such alternative of these kind i.e. faster returns with more risk is the investment in stock market. It is being observed over a period of time that the individuals are attracting towards stock market due to the liquidity and multifold returns, although the proportion of loss of funds invested by the investors is also very high at some instances. Thus the present study is a small attempt to understand the basic psychology of an Investor towards stock market and other

parameters and factors related to it. The study is based on a rational to understand the basic facts and ideologies an investor is carrying about the stock market in general and in specific. For the purpose of this study, Primary data has been gathered from the cross section society of Bhopal region using systematic random sampling. Data has been analyzed with the help of descriptive analysis and regression analysis.

Krutika Mistry(2015) study the Indian stock market is the oldest stock market in Asia. The individual investor plays an important role in the stock market because of the big share of their savings are invested in the country. The investors' decision is always based on risk and return relationship. An individual invests in the stock market at high risk because he/she tends to look at the higher possible return from the investment. The behavioural finance considers attempt to understand how emotions and cognitive errors influence individual investors' behaviour. The study attempts to understand the behaviour of individual investors in Indian stock market, specifically their attitude and perception with respect to the stock market. The objective is also to identify the preferred source of information influencing investment decision and to access the psychology of investors in different market situations. The research is descriptive in nature. The sources of information are both primary & secondary. The sample comprises of 150 equity investors of Bharuch District. There will be the positive relationship between market condition and decision making of investors with respect to Indian stock market.

Objectives of the study

1. To study the origin and growth of Indian Stock Market.
2. To identify and evaluate the factors influencing investors' perception towards investment in Indian stock market

Research Design and Methodology

Primarily this type of research is descriptive in nature. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The population size in this research is very large number of investors and changing time to time. Sample size calculated by using population mean through trail survey. Finally, 120 sample were collected based on the nature of population. Simple Random Sampling method is used in this research. Data

has collected from July and August, 2017. The task of data collection begins after research problems have been identified and defined and research design chalked out. Data is the foundation for all kinds of research. Primary and secondary data is used in this research. Researcher used questionnaire for collecting the primary data from the investor. Secondary data is collected from various companies and annual reports, journals, books, magazines, websites and trade magazines for previous researches so that the research gap can be identified and filled through this research.

Results and Discussion

Ho: There is no significant association among the variables. If the *p value* is more than .05, it is more than of significance level (rejected region). Hence it is conferred that there is no significant association between variable

Table No.1
Chi-square test for testing the significance association among the variables

Variables	X ² Value	D.F	Sig.
Educational qualification and transparency of transaction in cash market	14.805	16	0.01*
Educational qualification and tax advantage in cash market	29.896	16	0.02*
Educational qualification and past performance of the company in cash market	17.402	16	0.00*
Educational qualification and image and popularity of the company in cash market	13.120	16	0.08**
Educational qualification and quick delivery and settlement in cash market	17.802	16	0.09**
Age and cash market	29.090	12	0.00*
Age and commodity trading	12.501	9	0.36
Age and mutual fund	9.618	9	0.31
Age and life insurance	25.713	9	0.01*

Source: Primary Data, *5% and **10% level of Significant,

The above table depicts that the relationship among the variables. It is used to find out the influencing variables to determine the investor perception towards investment in stock market. Educational qualification has

significant influence on transparency of transaction, tax advantage, past performance of the company in cash market. Age is having significant influence in cash market, and life insurance products. These variables are having significant influence on investor perception in the study area of Nilgiris District of Tamil Nadu.

Summary and Conclusion

It is find out from the analysis that the chi-square test result reveals that Educational qualification has significant related with transparency of transaction in cash market, tax advantage in cash market, past performance of the company in cash market. Age has significant influential role on cash market, future and option, life insurance. These variables are having significant influence on investor perception. The study may conclude that the age and educational factors have influenced the investor's perception towards stock market activities.

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