



# “Investors perception towards stock Market (with special reference to M.P)”

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## Abstract:

Financial market investments become a common phenomenon for all individuals. The market growth is depending on the investing securities. This study focused on the factors effecting the investment decisions of the investors. This study based on primary data which has been collected through structured questionnaire. The finding of this study was to indicate the majority of investors affect by the various activity of market.

Keywords: stock Market, Investor, Money, Financial System etc.

## INTRODUCTION:

A financial system is the system that covers financial transactions and the exchange of money between investors, lender and borrowers. A financial system can be defined at the global, regional or firm specific level. Financial systems are made of intricate and complex models that portray financial services, institutions and markets that link depositors with investors .It consists of financial markets.

The functions of a financial system are:

To mobilize and allocate savings

To supervise corporate performance

To furnish payment and settlement system

To offer portfolio adjustment facility

To lower the cost of transaction

To promote the process of financial deepening and widening

A financial system is a complex, well integrated set of sub systems of financial intermediaries, markets, instruments and services which helps in efficient and effective transfer and allocation of funds.

Indian Stock Market holds a prominent mark on the history of economic reforms. It marks to be one of the oldest stock markets in Asia. It dates back to 18<sup>th</sup> century in the era of British East India Company which used to transact the loan securities. Gradually the trading in stocks took its next fold and in 1830s, trading on corporate stocks and shares in Bank and Cotton Presses took place in Bombay. Though the trading was broad but the brokers were hardly half dozen during 1840 and 1850s.

## Stock Exchange

A share of stock is the smallest unit of ownership in a company. If you own a share of a company's stock, you are a part owner of the company. You have the right to vote on members of the board of directors and other important matters before the company. If the company distributes profits to shareholders, you will likely receive a proportionate share.

There are two types of stock:

- Common stock
- Preferred stock Most of the stock held by individuals is common stock.

**Common Stock:-**Common stock represents the majority of stock held by the public. It has voting rights, along with the right to share in dividends. When you hear or read about “stocks” being up or down, it always refers to common stock.

**Preferred Stock:-** Despite its name, preferred stock has fewer rights than common stock, except in one important area – dividends. Companies that issue preferred stocks usually pay consistent dividends and preferred stock has first call on dividends over common stock.

Now the next important term for me is stock market, Stock market means the market in which shares are issued and traded either through exchanges or over-the counter markets. Also known as the equity market, it is one of the most vital areas of a market economy as it provides companies with access to capital and investors with a slice of ownership in the company and the potential of gains based on the company's future performance.

Century-old Madhya Pradesh Stock Exchange (MPSE), based at Indore has termed Securities and Exchange Board of India (SEBI) as a dictator following the regulator's move to derecognize it. The regulator for securities market has served a notice on Wednesday on the MPSE with an ultimatum to either create its own trading platform with a net worth of

Rs 100 crore or face de-recognition. MPSE has a net worth of Rs 25 crore, including reserves, 5000-sq feet floor area with furnished office. There are some 200 brokers operating on the MPSE with more than 25,000 investors associated with the exchange and most of them are in suburban areas,"

## Literature review

1. Arpita Gurbaxani, Rajani Gupte (2021), "A Study on the Impact of COVID- 19 on Investor Behaviour of Individuals in a Small Town in the State of Madhya Pradesh, India". This research was main motive to understand how the COVID-19 pandemic has impacted investment and financial decisions of individuals in small towns in developing nations such as India. A survey was conducted to find out the impact of COVID-19 on individuals' financial transactions in Madhya Pradesh. It was found between measures taken to prevent the spread of lockdown and travel restrictions and individual income; such preventive measures directly impacted savings and investment behavior.
2. Achut Gnawali, Ballav Niroula (2021), "The perception of investors towards initial public offering: evidence of Nepal". The main aim of this study was to examine the perception of investors towards initial public offering, to analyze the relationship between different factors (quality management, company goodwill, company performance, and company sector and market information) and investment decision to examine the factors that impact in IPO to making investment decision. The study revealed that quality management, company goodwill, company performance, company sector and market information were highly considerable factors before making investment decision in IPO.
3. A.Kamaruniza (2019), "Awareness Level of Retail Investors on Stock Market in Chennai City". The present study aims to create awareness of investors in stock market. 100 sample collection through structured questionnaire. The analysis was made using percentage and mean value. The study proven that post graduate, professional, high income level investors are aware of investment.
4. Alexander Kempf, Christoph Merkle, Alexandra Niessen-Ruenzi (2013), "Low Risk and High Return-affective attitudes and Stock Market Expectations". This experimental study investigates the impact of affective attitudes on risk and return estimates of stocks. Participants rate well-known blue-chip firms on an affective scale and forecast risk and return of the firms' stock. We find that positive affective attitudes lead to a prediction of high return and low risk, while negative attitudes lead to a prediction of low return and high risk. This bias increases with Participants confidence in their ratings and decreases with financial literacy. Firm characteristics such as a firm's marketing expenditures and the strength of its brand have a positive impact on its affective rating.

5. Arun nandini, K, (2016), “A study on investor’s perception towards securities market”. Wealth creation is an art and Securities Market is best game in the town to create wealth within the four walls of the home only if the portfolio is regularly monitored and diversified. Putting all the eggs in a single basket is not advisable hence monitoring of stocks is essential to be conducted in combination with all the other processes of portfolio management. Monitoring implies periodic reconsideration of the various phases. Investors must monitor their needs and the market conditions, and evaluate the portfolio performance from time to time, compare it to expectations, and modify the policy statement and the investment strategy if they think it was necessary. Monitoring includes thus, performance analysis, and assimilation of new information. Instead of adopting the herd behavior it is advisable to do lot of paper work or prefer mutual fund which is steered by experts and fund managers.
6. Dr. N.S.V.N Raju, Dr. Anita Patra, (2020), “An Analysis on Investor’s Perception towards Investment Decision with reference to Indian Scenario (Andhra Pradesh)”. Research found to know the factors affecting the investor’s investment decision. In this research, data was analyzed using percentages and Ranking method. It is found that currency strength, legal aspect of industry factors, company Reputation factors and company positioning factors are influencing the investment decisions. The outcome from this work would help the policy makers and corporate before making any major decisions.
7. Dr. Shalu Kotwani (2019), “A Study of Stock Market Investors Perception towards Price and Term of the Investment”. This research show on what investors think about price of investment, how this factor affects their investment decision etc. The study brings out the certain characteristics of the investors of the Madhya Pradesh region.
8. Dr.V.Seetha, Nithya.T.V (2016), “A study on investors perception and behaviour towards capital market”. The main objective of the study was to find out the investors perception towards capital market. It was very important for them to know their risk appetite and investment objectives for better decision making. Hence, an attempt is made to analyze the demographic profile and investment behavior of investors and awareness about risk and return of various capital market avenues. Same time the researcher also attempted to study the factors which are considered by an investor when taking investment decisions.
9. K. Sampath Kumar, S. Vasumathi (2018), “Investors Perception towards Equity Market”. It was assumed that information structure and the factors in the market systematically influence individual’s investment decisions as well as market outcomes. Investor market behavior was derived from psychological principles of decision making to explain why people buy or sell stocks.
10. Ms. Anitha, D. Phani Bhargavi, (2014) “Investors Perception towards Investment”. This study attempts to find out the significance of demographic factors of population

such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. This study covers that old age investors have more risk perception and younger perceives the risk differently. Gender effects the decision in a manner that females have less risk preferences than males and thus affects the risky decision-making behavior negatively and are reluctant to take risky decision.

11. Mushtaq Hussain Khan (2014), “An Empirical Investigation on Behavioral Determinants of Perceived Investment Performance; Evidence from Karachi Stock Exchange”. The study shown to explore behavioral determinants of perceived investment performance from Karachi Stock Exchange. The finding of this research that to focus on both framing and herding effects have a positive significant relationship with perceived investment performance.

## OBJECTIVE OF THE STUDY

To study the investors perception towards stock market.

## HYOTHESIS OF THE STUDY

H0: There is no significance relationship of investor towards stock market

H1: There is a significance relationship of investor towards stock market

## RESEARCH METHODOLOGY

The following attempts are evaluate the investor's perception:

**Nature of the Study:** The present research is a qualitative in nature based on investor perception of the public in reference of Madhya Pradesh.

**Nature of Data:** The primary data has been considered through questionnaire form.

**Sources of Data:** The data used for the present study has been taken from published annual reports of Axis bank. Other relevant data sources are journals, newspapers, magazines and internet sources.

**Tools used for the Study:** Percentage methods have been considered for the analysis purpose.

## Data Analysis & Interpretation

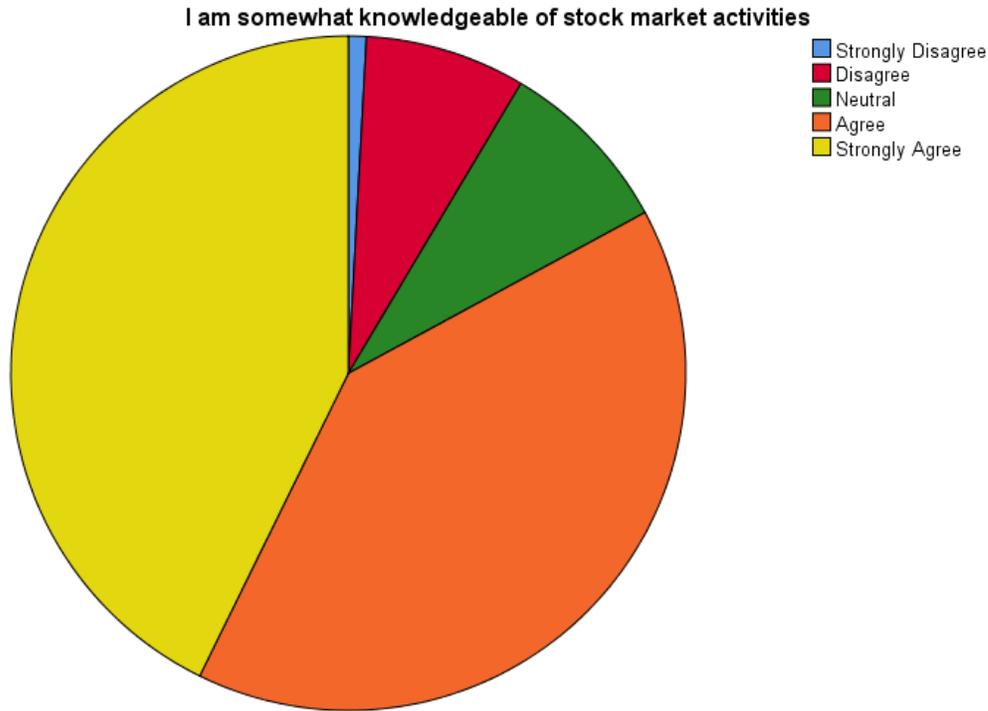
The analysis based on investor awareness. For analyzing the data we have considered following questions are:

- I have somewhat knowledgeable of stock market activities
- I usually followed the stock market through Financial news on TV at least twice a week
- I usually follow the stock market through financial newspapers every week
- I easily access the latest reports, prospectus and financial statements of any company
- I usually attend seminars, conferences & workshops hosted by the BSE at least 3 times a year
- I usually visit the BSE/NSE website (at least every 3 months)
- The BSE often holds educational programmes to sensitize the public on a quarterly basis
- Companies listed on the BSE/NSE publish financial statements more frequently (every 3 months)

### INVESTOR'S AWARENESS

<b>I have somewhat knowledgeable of stock market activities</b>		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	.8	.9	.9
	Disagree	36	7.6	7.7	8.5
	Neutral	40	8.5	8.5	17.1
	Agree	188	39.8	40.2	57.3
	Strongly Agree	204	42.4	42.7	100.0
Total		472	100.0		

Reference: Questionnaire Response



**Figure 1 I am somewhat knowledgeable of stock market activities**

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “**I am somewhat knowledgeable of stock market activities**”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst few of them among all were disagreed and strongly disagreed with the same fact.

<b>I usually follow the stock market through Financial news on TV at least twice a week</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	3.4	3.4	3.4
	Disagree	28	5.9	5.9	9.3
	Neutral	92	19.5	19.5	28.8
	Agree	104	22.0	22.0	50.8
	Strongly Agree	232	49.2	49.2	100.0
	Total	472	100.0	100.0	

Reference: Questionnaire Response

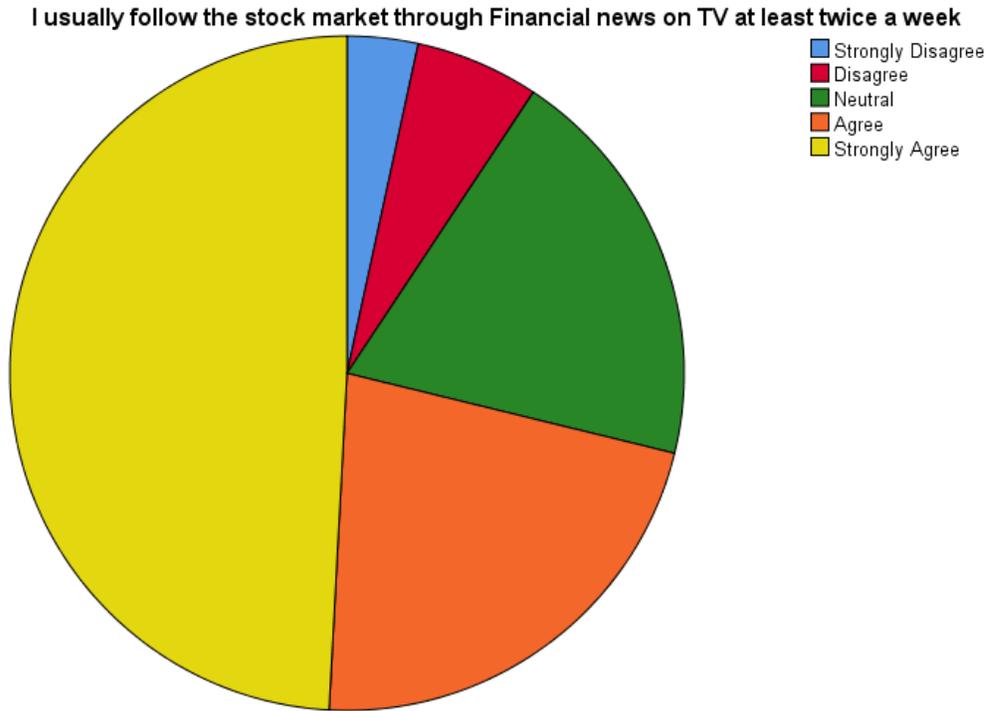


Figure 2 I usually follow the stock market through Financial news on TV at least twice a week

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “I usually follow the stock market through Financial news on TV at least twice a week”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst few of them among all were disagreed and strongly disagreed with the same fact.

<b>I usually follow the stock market through financial newspapers every week</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	1.7	1.7	1.7
	Disagree	64	13.6	13.6	15.3
	Neutral	76	16.1	16.1	31.4
	Agree	108	22.9	22.9	54.2
	Strongly Agree	216	45.8	45.8	100.0
	Total	472	100.0	100.0	

Reference: Questionnaire Response

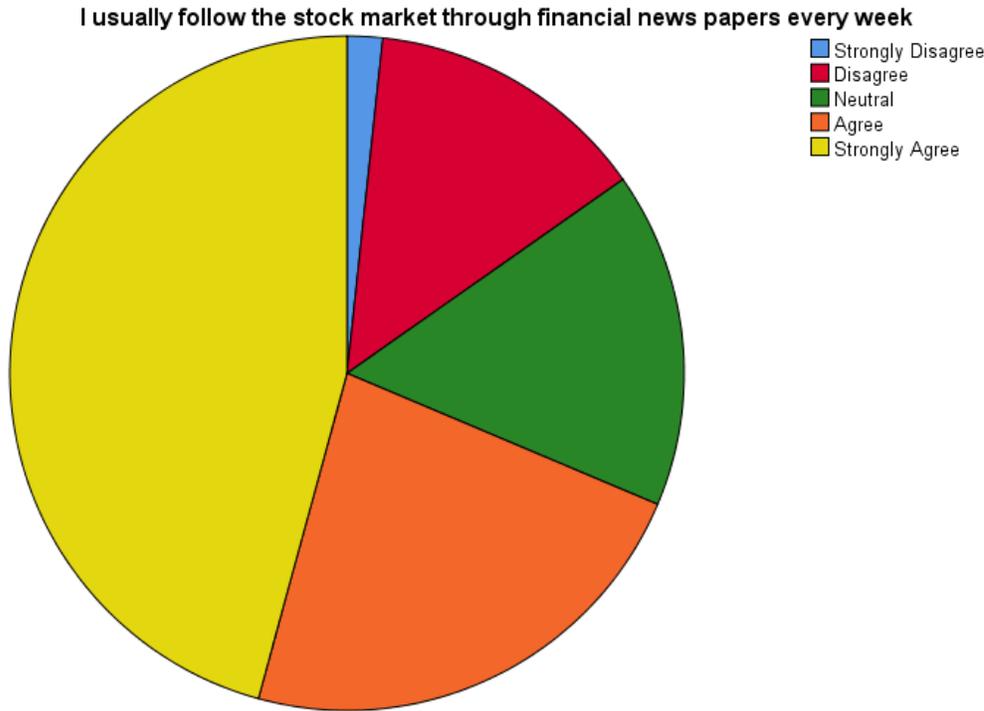


Figure 3 I usually follow the stock market through financial news paper every week

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “I usually follow the stock market through financial newspapers every week”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst a few of them among all were disagreed and strongly disagreed with the same fact.

<b>I easily access the latest reports, prospectus and financial statements of any company</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	4.2	4.2	4.2
	Disagree	84	17.8	17.8	22.0
	Neutral	112	23.7	23.7	45.8
	Agree	148	31.4	31.4	77.1
	Strongly Agree	108	22.9	22.9	100.0
	Total	472	100.0	100.0	

Reference: Questionnaire Response

I easily access the latest reports, prospectus and financial statements of any company

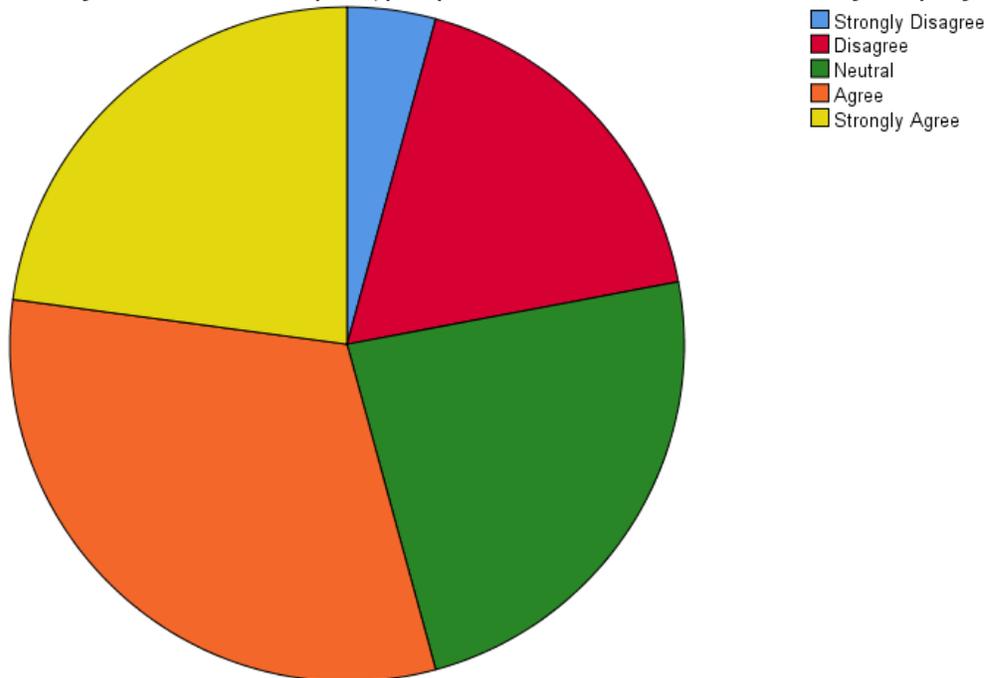


Figure 4 I easily access the latest reports and financial statements of any company

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “I easily access the latest reports, prospectus and financial statements of any company”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst a few of them among all were disagreed and strongly disagreed with the same fact.

I usually attend seminars, conferences & workshops hosted by the BSE at least 3 times a year					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	40	8.5	8.5	8.5
	Disagree	68	14.4	14.4	22.9
	Neutral	120	25.4	25.4	48.3
	Agree	136	28.8	28.8	77.1
	Strongly Agree	108	22.9	22.9	100.0
	<b>Total</b>	<b>472</b>	<b>100.0</b>	<b>100.0</b>	

Reference: Questionnaire Response

I usually attend seminars, conferences & workshops hosted by the BSE at least 3 times a year

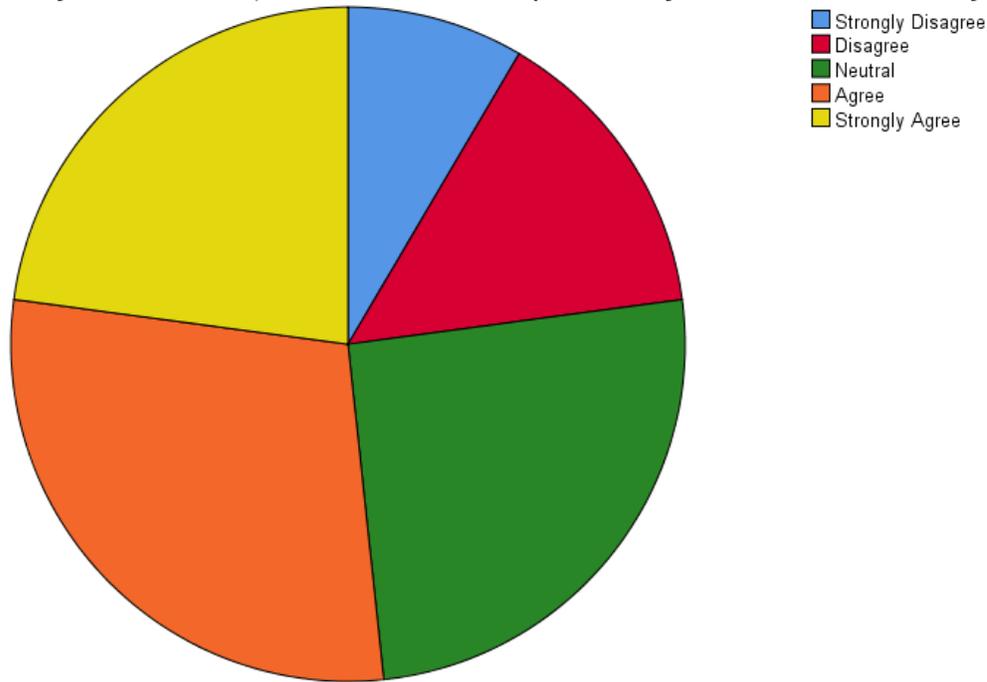


Figure 5 I usually attend seminars, conference hosted by the BSE at least 3 times a year

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “I usually attend seminars, conferences & workshops hosted by the BSE at least 3 times a year”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst a few of them among all were disagreed and strongly disagreed with the same fact.

I usually visit the BSE/NSE website (at least every 3 months)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	36	7.6	7.8	7.8
	Disagree	40	8.5	8.6	16.4
	Neutral	92	19.5	19.8	36.2
	Agree	140	29.7	30.2	66.4
	Strongly Agree	160	33.1	33.6	100.0
Total		472	100.0		

Reference: Questionnaire Response

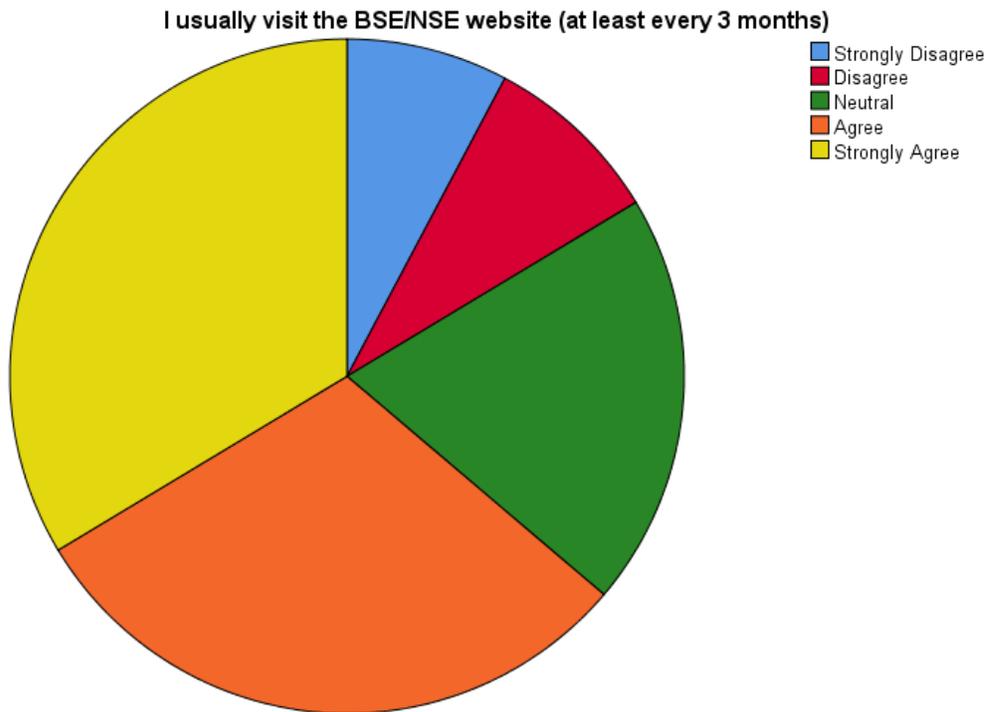


Figure 6 I usually visit the BSE/NSE website

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “I usually visit the BSE/NSE website (at least every 3 months)”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst a few of them among all were disagreed and strongly disagreed with the same fact.

<b>The BSE often holds educational programmes to sensitize the public on a quarterly basis</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	36	7.6	7.6	7.6
	Disagree	112	23.7	23.7	31.4
	Neutral	132	28.0	28.0	59.3
	Agree	140	29.7	29.7	89.0
	Strongly Agree	52	11.0	11.0	100.0
	Total	472	100.0	100.0	

Reference: Questionnaire Response

The BSE often holds educational programmes to sensitize the public on a quarterly basis

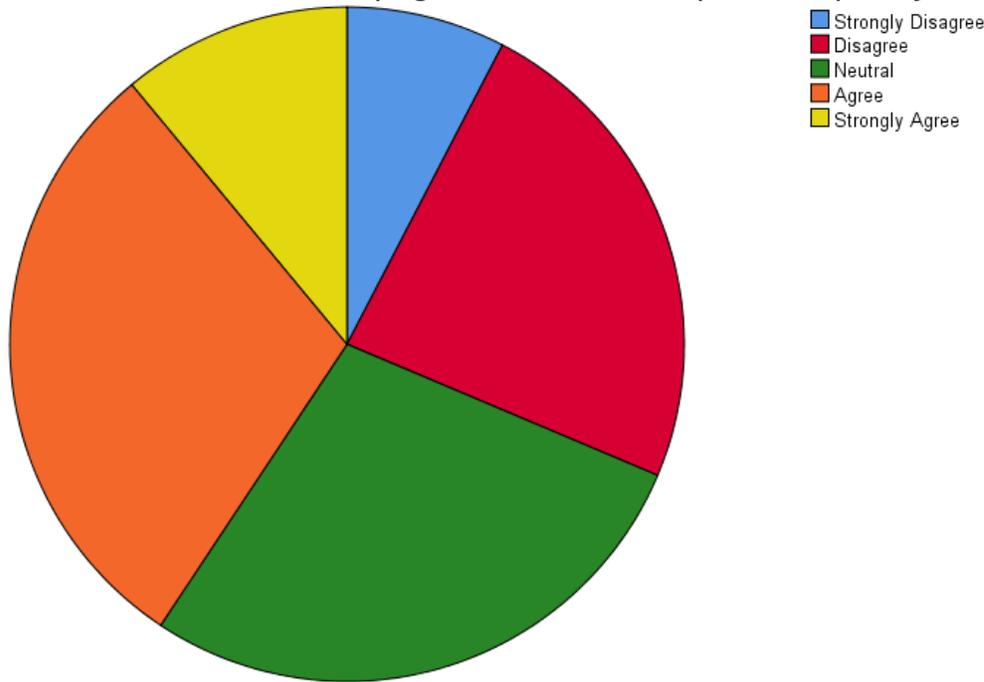


Figure 7 The BSE often holds educational programs to sensitize the public on a quarterly basis

It has been found that out of total respondents participated in the study majority of the respondents are agree and strongly agree with the fact that “The BSE often holds educational programmes to sensitize the public on a quarterly basis”. Followed by this a large number of respondents still not clear with their thought process with the same. Whilst many were disagreed and strongly disagreed with the same fact.

Companies listed on the BSE/NSE publish financial statements more frequently (every 3 months)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	48	10.2	10.2	10.2
	Disagree	128	27.1	27.1	37.3
	Neutral	136	28.8	28.8	66.1
	Agree	96	20.3	20.3	86.4
	Strongly Agree	64	13.6	13.6	100.0
	Total	472	100.0	100.0	

Reference: Questionnaire Response

Companies listed on the BSE/NSE publish financial statements more frequently (every 3 months)

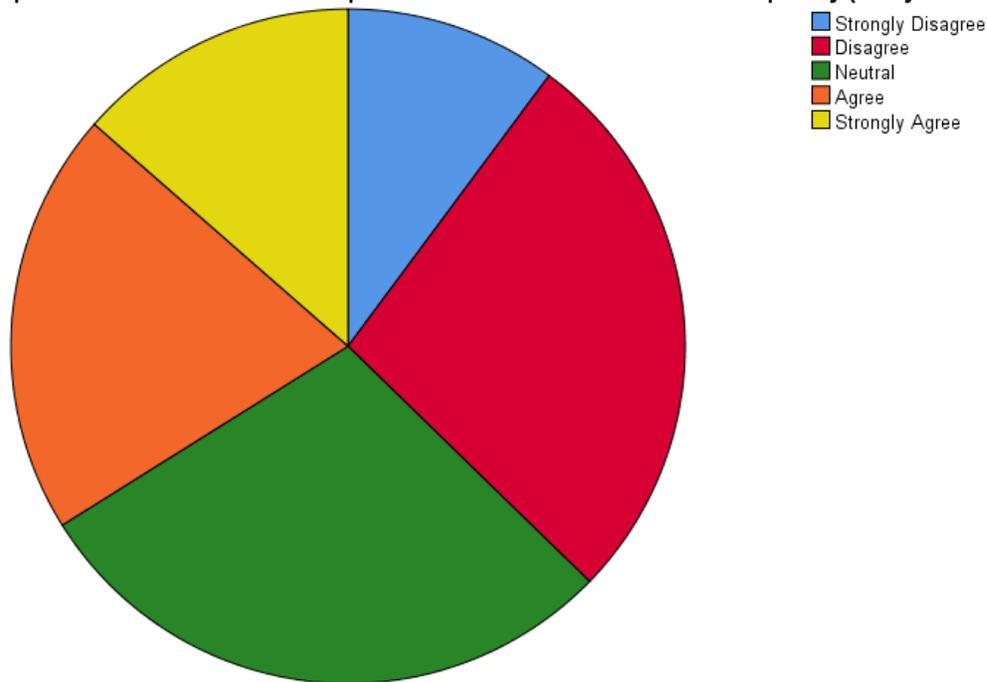


Figure 8 Companies listed on the BSE publish financial statements more frequently

It has been found that out of total respondents participated in the study majority of the respondents were not even clear with their thought-process on the fact that “Companies listed on the BSE/NSE publish financial statements more frequently (every 3 months)”. Followed by this a large number of respondents were disagreed with the same. Whilst only few of them were agreed and strongly agreed with the same fact.

### Conclusion

The study is based on primary data of selected individual investors dealing in stocks and a derivative was conducted to know about Investors perception and their behaviour regarding investment. The purpose was resolved by the investment criteria consideration. Despite the growth in terms of turnover, market capitalization and development in infrastructure and technology, investor base particularly of individual investors is miserably down. However, irrespective of the long array of reform programmes implemented the Investors still do not consider stock market as reliable financial institutions as compared to banks and other financial institutions

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