



INVESTMENT BEHAVIOUR OF RETAIL INVESTORS IN COIMBATORE CITY

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Abstract

Retail financial backers are people who put their own assets in monetary business sectors, like stocks, securities, common assets, and different protections. Dissimilar to institutional financial backers, who oversee huge pools of cash for associations like benefits assets, gifts, or insurance agency, retail financial backers exchange and contribute for their own records. These financial backers are habitually viewed as the underpinning of the monetary framework since they increment liquidity and are fundamental for the democratization of speculation. By and large, risk resilience, market standpoint, and individual monetary goals guide the choices made by retail financial backers. They could utilize an assortment of money management strategies, from more dynamic exchanging to long haul purchase and-hold techniques. 200 samples were taken for Coimbatore retail investors. All in all, this study has revealed insight into the venture ways of behaving of retail financial backers, uncovering bits of knowledge into their inclinations and propensities. We noticed an outstanding tendency towards incessant commitments, especially with a critical part leaning toward month to month speculations. Moreover, the information recommends an expected divergence between financial backers' gamble resilience levels and their picked venture recurrence, indicating fascinating elements inside their dynamic cycles.

Key words: *Retail, Investment, Investors, Investment Behaviour*

Introduction

Retail investors are individuals who invest their personal funds in financial markets, such as stocks, bonds, mutual funds, and other securities. Unlike institutional investors, who manage large pools of money on behalf of organizations like pension funds, endowments, or insurance companies, retail investors trade and

invest for their own accounts. These investors are frequently seen as the foundation of the financial system since they increase liquidity and are essential to the democratization of investment. Generally, risk tolerance, market outlook, and individual financial objectives guide the decisions made by retail investors. They might use a variety of investing techniques, from more active trading to long-term buy-and-hold methods.

Objectives of the Study

- ✓ To identify the demographic factors of retail investors.
- ✓ To study the investment instruments preferred by the investors.
- ✓ To gain understanding about available methods of investing.

Statement of the Problem

In India's growing period of digitally advanced phase, investing is becoming a routine in many people's life. People who are looking for passive income to meet their expenses are often ending up with scams and losses due to lack in financial knowledge, this discourages people from investing and fail in creating income through investment and long-term wealth.

It's essential to know about the investing pattern and behaviour of experienced retail investors and the risk involved in the process of investing which will be covered in this paper.

Research Methodology Sources of Data Primary Data

Primary data has been gathered through structured questionnaire with the help of Google form.

Secondary Data

The secondary data collected from journals, books and websites.

Area of the Study

The targeted area is Coimbatore city.

Sample Size

200 respondents have been selected randomly from the retail investors.

Sampling Technique

Simple random sampling method is adopted to collect data from the retail investors. Each person in the population has an equal probability of getting chosen in a simple random sampling.

Statistical Tools used in the Study

- 1) Descriptive Analysis
- 2) Chi-square test
- 3) Garret Ranking

Limitations of the Study

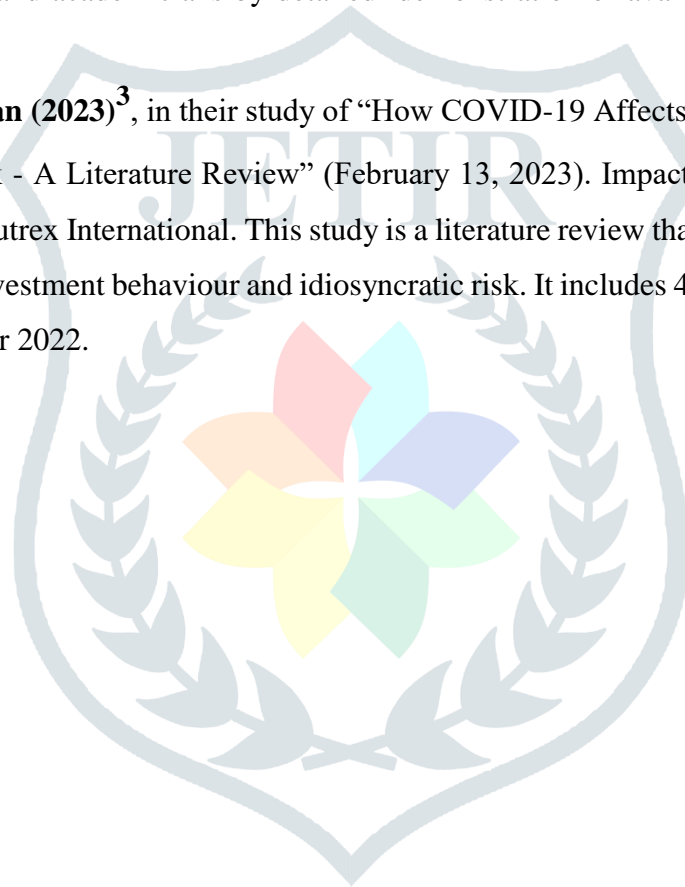
- 1) The study is mainly covered only within the Coimbatore city.
- 2) Result is suitable for study period only from January 2024 to April 2024.
- 3) The sample size of the study is also limited to 200 respondents.

Review of Literature

Bashar Y (2020)¹, focused on Arab investors who invest in the cryptocurrency market by investigating the influence of behavioural finance factors on investment decisions in the cryptocurrency market and show that herding theory, prospect theory, and heuristic theory have a significant effect on investors' investment decisions in the cryptocurrency market.

Mittal S K (2022)², Behaviour biases and investment decision: theoretical and research framework" This paper worked on literature prevailing on the subject and available on various online research data source and search engines. It covers a long-time frame of almost five decades (1970-2015). This paper is an attempt to look at the impact of behaviour finance and biases and its role in investment decision-making process of the investor behaviour. This study builds up a strong theoretical framework for researchers and academicians by detailed demonstration of available literature on behaviour biases.

Subburayan, Baranidharan (2023)³, in their study of "How COVID-19 Affects the Investment Behavioural Bias and Idiosyncratic Risk - A Literature Review" (February 13, 2023). Impact of Covid 19 on Commerce and Economics, Bestow Edutrex International. This study is a literature review that examines the impact of the COVID-19 pandemic on investment behaviour and idiosyncratic risk. It includes 41 articles published between January 2020 and December 2022.



Demographic FactorsTable 1.1

| Factors | Particulars | Number of respondents | Percentage |
|----------------|--------------------|------------------------------|-------------------|
| Age | Up to 18 years | 21 | 10.5% |
| | 18 – 35 years | 106 | 53% |
| | 35 – 50 years | 58 | 29% |
| | Above 50 years | 15 | 7.5% |
| Gender | Male | 145 | 72.5 |
| | Female | 55 | 27.5 |
| Segment | Equity | 54 | 27% |
| | F&O | 36 | 18% |
| | Forex | 66 | 33% |
| | Crypto Currencies | 44 | 22% |
| Broker | Alice Blue | 15 | 7.5% |
| | Angel One | 42 | 21% |
| | Zerodha | 40 | 20% |
| | Groww | 74 | 37% |
| | Upstox | 29 | 14.5% |
| Forex Brokers | Octa Fx | 56 | 28% |
| | Exness | 46 | 23% |
| | IC Markets | 65 | 32.5% |
| | Instaforex | 33 | 16.5% |
| Total | | 200 | 100 |

Chi – Square Test Table 1.2

COME PERCENTAGE INVESTED COMPARED WITH LEVEL OF SATISFACTION OF RESPONDENTS

| Income Invested | Highly Satisfied | Satisfied | Neutral | Not Satisfied | Highly Not Satisfied | Total |
|-----------------|------------------|----------------|----------------|----------------|----------------------|------------------|
| 0 to 5 % | 3(9%) | 7(21%) | 10(30.3%) | 6(18%) | 7(21%) | 33(100%) |
| 5 to 10% | 0(0%) | 10(12.8%) | 39(50%) | 21(26%) | 8(51.6%) | 78(100%) |
| 10 to 15% | 2(3%) | 5(8%) | 16(26.6) | 31(51.6%) | 6(10%) | 60(100%) |
| Above 15% | 2(6.8%) | 2(6.8%) | 7(24%) | 11(37%) | 7(24%) | 29(100%) |
| Total | 7(3.5%) | 24(12%) | 72(36%) | 69(36%) | 28(34.5%) | 200(100%) |

| Chi – square test | Value | df | otic Significance(2 - sided) |
|-----------------------------|---------------------|----|------------------------------|
| Pearson chi – square | 31.337 ^a | 12 | .002 |
| Likelihood Ratio | 32.110 | 12 | .001 |
| ear – by Linear Association | 4.633 | 1 | .031 |
| No. of valid cases | 200 | | |

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is 1.02.

The chi – square static shows 31.337 at a 5 percent level of significance (P=0.000<0.05) this means that Null hypothesis is rejected. Hence, it can be concluded that there is no relation between income percentage invested and the level of satisfaction.

Chi – Square Test Table 1.3

PERCEIVED RISK COMPARED WITH LEVEL OF SATISFACTION OF RESPONDENTS

| Desired level of risk | Highly Satisfied | Satisfied | Neutral | Not Satisfied | Highly Not Satisfied | Total |
|---------------------------|------------------|----------------|----------------|----------------|----------------------|------------------|
| No risk at all | 5(21%) | 3(13%) | 8(33.3%) | 6(25%) | 2(8.3%) | 24(100%) |
| Low risk low return | 4(7%) | 15(27%) | 22(39%) | 11(19%) | 4(7.4%) | 56(100%) |
| Medium risk medium return | 6(7.2%) | 16(19%) | 30(36.14%) | 25(30%) | 6(7.2%) | 83(100%) |
| High risk high return | 3(8.1%) | 9(24.3%) | 11(30%) | 10(27%) | 4(10.8%) | 37(100%) |
| Total | 18(9%) | 43(21%) | 71(35%) | 52(26%) | 16(8%) | 200(100%) |

| Chi – square test | Value | df | Asymptotic Significance (2 - sided) |
|------------------------------|--------------------|----|-------------------------------------|
| Pearson chi – square | 8.764 ^a | 12 | .003 |
| Likelihood Ratio | 7.927 | 12 | .001 |
| Linear by Linear Association | 1.114 | 1 | .291 |
| No. of valid cases | 200 | | |

a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is 1.92.

The chi – square static shows 8.764 at a 5 percent level of significance (P=0.000<0.05) this means that Null hypothesis is rejected. Hence, it can be concluded that there is no relation between desired level of risk and income and the level of satisfaction.

Garret Ranking Method Table 1.4

FACTORS RANKED BY THE RESPONDENTS

Preference and ranking of factors

| S. No | FACTORS | RANK GIVEN BY THE RESPONDENTS | | | | |
|-------|------------------------|-------------------------------|-----|-----|-----|-----|
| | | 1st | 2nd | 3rd | 4th | 5th |
| 1 | Deposit and withdrawal | 107 | 17 | 21 | 23 | 32 |
| 2 | Trade Execution | 19 | 94 | 36 | 41 | 10 |
| 3 | Customer Support | 14 | 36 | 109 | 16 | 25 |
| 4 | Stock Analysis | 23 | 37 | 17 | 99 | 24 |
| 5 | Financial Advice | 37 | 16 | 17 | 21 | 109 |

Percent position and Garret Value

| RANK | $100*(R_{ij} - 0.5)/N_j$ | CALCULATED VALUE | GARRET VALUE |
|------|--------------------------|------------------|--------------|
| 1 | $100*(1-0.5)/5$ | 10 | 98.32 |
| 2 | $100*(2-0.5)/5$ | 30 | 84.56 |
| 3 | $100*(3-0.5)/5$ | 50 | 50 |
| 4 | $100*(4-0.5)/5$ | 70 | 15.44 |
| 5 | $100*(5-0.5)/5$ | 90 | 1.68 |

R_{ij} = The number of ranks.

N_j= The total number of ranks given by the respondents.

| S.No | FACTORS | NK GIVEN BY THE RESPONDENTS | | | | | TOTAL VALUE | % | RANK |
|------|------------------------|-----------------------------|------|------|------|------|-------------|------|------|
| | | 1st | 2nd | 3rd | 4th | 5th | | | |
| 1 | Deposit and Withdrawal | 10520 | 1671 | 2064 | 2261 | 3146 | 19662 | 33% | I |
| 2 | Trade Execution | 10607 | 7948 | 3044 | 3467 | 846 | 25912 | 44% | II |
| 3 | Customer Support | 700 | 1800 | 5450 | 800 | 1250 | 10000 | 17% | III |
| 4 | Stock Analysis | 355 | 571 | 262 | 1529 | 371 | 3088 | 5% | IV |
| 5 | Financial Advice | 62 | 27 | 29 | 35 | 183 | 335 | 0.5% | V |

The Deposit and Withdrawal factor has been ranked 1st by the respondents.

Findings, Suggestions and Conclusion Findings

- Majority of the respondents (53%) belong to the age group of 18 - 35 years.
- Majority of the respondents (72.5%) are male members.
- Most of the respondents (33%) would invest in Forex.
- Most of the respondents (37%) would use Groww to invest in stock markets.
- Most of the respondents (32.5%) have used or heard of IC Markets Forex broker.
- The chi – square static shows 31.337 at a 5 percent level of significance (P=0.000<0.05) this means that Null hypothesis is rejected. Hence, it can be concluded that there is no relation between income percentage invested and the level of satisfaction.
- The chi – square static shows 8.764 at a 5 percent level of significance (P=0.000<0.05) this means that Null hypothesis is rejected. Hence, it can be concluded that there is no relation between desired level of risk and income and the level of satisfaction.
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Suggestions

- Diversify your investments in various assets and fintech instruments.
- Do your own Research and understand the different investment options available and their risk reward ratio.
- Never make emotional decisions in investments due to rumours or fear. Stick your long-term plan.

Conclusion

In conclusion, this study has shed light on the investment behaviours of retail investors, revealing insights into their preferences and tendencies. We observed a notable inclination towards frequent contributions, particularly with a significant portion favoring monthly investments. Additionally, the data suggests a potential disparity between investors' risk tolerance levels and their chosen investment frequency, hinting at intriguing dynamics within their decision-making processes.

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