INVESTORS' ATTITUDE TOWARDS INVESTMENT IN EQUITY MARKET A STUDY WITH REFERENCE TO ANANTAPURAMU DISTRICT IN ANDHRA PRADESH

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ABSTRACT

The securities market has two interdependent and inseparable segments, namely, primary market and the secondary market. The primary market provides the channel for the creation and sale of new securities, while the secondary market (stock) deals in the securities that were issued previously.The main focus of this research paper is to identify the investors' attitudetowards investment in equity market.

Keywords: Equity Market, investment, Investors, Return and Risk

Introduction

The securities market has two interdependent and inseparable segments, namely, primary market and the secondary market. The primary market provides the channel for the creation and sale of new securities, while the secondary market (stock) deals in the securities that were issued previously.The sample size for the study was 150 investors fromAnantapuramu, Dharmavaramau and Guntakalin Anantapuramudistrict and studied their attitudetowards investment in equity market.

Review of Literature

Eel Kamal Purohit, (2013) studied the investors' perception and attitude towards Indian stock market with reference to the investors in Tamilnadu. Major findings of this study include, Income has significant impact on frequency of trading in stock market, selection of mode of

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39 | P a g e

trading and selection of market segments. Age and income has significant impact on taking exposure. Forty six functional variables are used in this study to measure investors' perception and attitude. These variables have explained72% influence on measuring investor perception and attitude. Bennet, Ebenezer, et al(2011)identified the factors influencing the retail investor's attitude. The average value of the five top highly influential factors according to the sample retail investors' were Investors' tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business. Four factors were given lowest priority or which had low influence on the attitude of the retail investors investing in equity stocks. Stories of successful investors was considered to be the lowest influencing factors among the four, get rich quick philosophy, information available on internet, cost cutting by companies.Garg, A., & Chhabra, S. (2010) examined the trading pattern of Foreign Institutional Investors (FIIs) and the Indian Mutual Funds (IMFs) across the days of the week for a period of nine years from January 2000 to January 2009. A set of parametric and econometric were employed to test the equality of daily mean investment of FIIs and IMFs. The findings of the study show that net investment made by the FIIs follow Friday effect, while the investments made by the IMFs are equally distributed among the various days of the week. Tripathi, V., (2008) examined the perceptions, preferences and various investment strategies in Indian stock market on the basis of a survey among 93 investment analysts, fund managers and active equity investors based at Delhi and Mumbai during May-October 2007. Survey findings reveal that investors use both fundamental as well as technical analysis while investing in Indian stock market. Most of the respondents strongly agree that various company fundamentals (such as size, book to market equity, price earnings ratio.Selvam M, et.al. (2008) examined the need for promoting equity culture, which deserves special attention for the development of economic growth. Kannadhasan, M. (2006) analysed the Retail Investors' financial decisions are not always driven by due consideration. The decisions are taken by them are also often inconsistent. The rationale behind the behaviour of Retail investors is examined from their attitude and risk bearing capacity. This research paper based on a research study, dwells on the behavioural pattern of Retail Investors, based on their various dependent variables viz. Gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity. Krishnan, R and Booker, D.M. (2002) examined the factors influencing the decisions of investors who use analysts' recommendations to arrive at a short-term decision to hold or to sell a stock. Specifically they examined if the presence of analysts' recommendations

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GE-International Journal of Management Research (GE-IJMR) ISSN: (2321-1709)

40 | P a g e

reduces the tendency for investors to commit the disposition error, i.e., sell winning stocks too soon and hold losing stocks too long.

Objective of the study

To analyse the factors influencing on the investors investing in the stock market.

Methodology for research

The research design is analytical in nature. The study is based on primary and secondary data. The primary data is collected through structured Questionnaire. Secondary data was gathered from books, journals and official websites like SEBI, BSE and NSE etc., for review of literature. Convenience sampling method is used for this study. Total sample size is 150; fifty fromAnantapuramu, fifty from Dharmavaramau and fifty from Guntakal in Anantapuramudistrict have been taken. For analysing primary data percentage method and statistical tools like Chi-Square test were used. The study has been conducted in June and July 2016.

Hypotheses of the Study

In line with the objectives of the study, the following hypotheses have been framed and tested.

1. H0:There is no significant relationship between gender and purpose of investment
2. H0:There is no significant relationship between age and purpose of investment
3. H0:There is no significant relationship between qualification and purpose of investment

Data Analysis and Interpretation

Table: 1 Descriptive statistics

Variables	Category	No. of Respondents	Percentages
Gender	Male	117	78
	Female	33	22
Age	Less Than 25	15	10
	Between 25 to 40	75	50
	Between 41 to 50	35	23.3
	More than 50	25	16.7
Qualification	Below Graduation	53	35.3
	Graduation and Above	97	64.7
Occupation	Agriculture	6	4
	Private Sector Service	51	34

	Public Sector (Government Services)	30	20
	Business	39	26
	Others(Professional, Retired, Housewives, Students etc.,)	24	16
Average income per annum	Less than 2.5 lakhs	48	32
	2.5 lakhs-5 lakhs	60	40
	5-10 lakhs	28	18.7
	Above 10 lakhs	14	9.3

The sample size chosen for the study was 150 investors, 50 respondents from Anantapuramu and 50 respondents from Guntakal and 50 from Dharamavaramu.Seventy eight percent of the total samples are males and twenty two percent are females. Half of the sample size have age between 25 years to 40 years, followed by twenty three percent of total sample have age between 41 to 50. Sixty five percent of the total respondents are having qualification of Graduation and above and thirty five percent of respondents are having educational qualification of less than graduation. Large number of investors i.e., thirty four percent are working in private sector and a small number of investors i.e., four percent are from agriculture sector, and sixteen percent of total sample includes others i.e., retired employees housewives and students etc.

Table: 2 Expected Return

Particulars	Respondents	Percentage
Less than 12%	15	10
12-24%	66	44
25-36%	42	28
Above 36%	27	18

Source: Primary Data.

Ten percent of the total sample expect return less than 12%, forty four percent of the sample expect return between 12 to 24%, twenty eight percent of sample expect return 25% to 36%, and eighteen percent expect return more than 36%.

Table: 3 Number of years of Investment

Particulars	Respondents	Percentage
Less than One year	13	8.7

Less than Five years	30	20
Less than Ten years	38	25.3
Less than Fifteen years	47	31.3
More than Fifteen years	22	14.7

Source: Primary Data.

Nine percent of the total sample invested for less than one year, twenty percent of the sample invested for less than five years, twenty five percent of sample invested for less than ten years, thirty one of sample invested for less than fifteen years, and fifteen percent of sample invested for more than fifteen years.

Table: 4 Average returns earned on the investments

Particulars	Respondents	Percentage
Less than 12%	18	12
12%-24%	64	42.7
25%-36%	44	29.3
More than 36%	24	16

Source: Primary Data.

Twelve percent of the total sample earned return of less than 12%, forty three percent of the sample earned 12% to 24 percent, twenty nine percent of the sample earned 25% to 36%, and sixteen percent of the sample earned average return more than 36%.

Table: 5 Source of information

Particulars	Respondents	Percentage
Print Media	34	22.7
Electronic Media	32	21.3
Brokers	36	24
Self	33	22
Actions of Others	15	10

Source: Primary Data.

Twenty four percent of the total sample takes cues from brokers for their investing decisions, twenty three percent takes from print media, twenty one percent take cues from electronic media, self and actions of others take twenty two percent and ten percent respectively.

Table: 6 Reasons for the growth of the market

Particulars	Respondents	Percentage
Strong Fundamentals and growth of economy	65	43.3

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43 | P a g e

Possibility of High returns	33	22
Presence of FIIs and Mutual Funds	33	22
Availability of Varied instruments	19	12.7

Forty three percent of the total sample reasoned that the growth of stock markets is due to strong fundamentals of the Indian economy, only 12.7 percent of total sample feel that availability of varied instruments in the market are the reasons for the growth of stock markets.

Table: 7 Opinion at present market

Particulars	Respondents	Percentage
Bullish	96	64
Bearish	26	17.3
No idea	28	18.7

Source: Primary Data.

More than sixty percent of the investors are bullish about Indian market, seventeen percent bearish about the market.

Table: 8: Purpose of Investments

Particulars	Respondents	Percentage
Short term gain	38	39.3
Long term gain	26	26.7
Regular dividend income	22	18
Liquidity and safety	14	16

Source: Primary Data.

Surprisingly thirty nine percent of the total sample, invest in stock markets for the purpose of short term gains, followed by twenty seven percent of the sample invest for long term gains.

Table: 9: Basis for decision making

Particulars	Respondents	Percentage
Fundamental analysis	39	26
Technical analysis	29	19.3
Both	82	54.7

Source: Primary Data.

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44 | P a g e

More than half of the investors follow both fundamental analysis and technical analysis for decision making to invest in the market.

Table: 10 Relationship between Gender purposes of investment

Gender * Purpose of Investments Cross tabulation						
Count						
		Purpose of Investments				Total
		Short term gain	Long term gain	Regular dividend income	Liquidity and safety	
Gender	Male	49	32	17	19	117
	Female	10	8	10	5	33
Total		59	40	27	24	150
Chi-Square Tests						
		Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square		4.547[a]	3	.208		
Likelihood Ratio		4.183	3	.242		
Linear-by-Linear Association		1.348	1	.246		
N of Valid Cases		150				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.28.						

A chi-square test for independence indicated no significant relationship between gender and purpose of the investment this is due to χ^2 (3, n=150) =4.547, p=0.208. Hence, null hypothesis is retained and alternative hypothesis is rejected.

Table: 11 Relationship between Age and purposes of investment

Age * Purpose of Investments Cross tabulation						
Count						
		Purpose of Investments				Total
		short term gain	long term gain	Regular dividend income	Liquidity and safety	
Age	Less Than 25	4	8	0	3	15
	Between 25-40	26	16	16	17	75
	Between 41-50	11	13	8	3	35
	Above 50	18	3	3	1	25

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45 | P a g e

Total	59	40	27	24	150

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.435[a]	9	.002
Likelihood Ratio	28.417	9	.001
Linear-by-Linear Association	7.424	1	.006
N of Valid Cases	150		
a. 5 cells (31.2%) have expected count less than 5. The minimum expected count is 2.40.			

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.420	.002
	Cramer's V	.242	.002
N of Valid Cases		150	
a. Not assuming the null hypothesis.			
b. Using the asymptotic standard error assuming the null hypothesis.			

A chi-square test for independence indicated a significant relationship between age and purpose of the investment this is due to χ^2 (9, n=150) =26.435, p=0.02. Effect size is 0.242(Cramer's V) which is moderate. Hence, null hypothesis is rejected and alternative hypothesis is accepted.

Table: 12 Relationship between qualification and purposes of investment

Qualification * Purpose of Investments Cross tabulation						
Count						
		Purpose of Investments				Total
		Short term gain	Long term gain	Regular dividend income	Liquidity and safety	
Qualification	Below Graduation	12	14	13	14	53
	Graduation and above	47	26	14	10	97
Total		59	40	27	24	150

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.305[a]	3	.004
Likelihood Ratio	13.458	3	.004
Linear-by-Linear Association	13.143	1	.000
N of Valid Cases	150		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.48.			

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46 | P a g e

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.298	.004
	Cramer's V	.298	.004
N of Valid Cases		150	
a. Not assuming the null hypothesis.			
b. Using the asymptotic standard error assuming the null hypothesis.			

A chi-square test for independence indicated a significant relationship between qualification and purpose of the investment this is due to χ^2 (3, n=150) =13.305, p=0.04. Effect size is 0.298(Cramer's V) which is moderate. Hence, null hypothesis is rejected and alternative hypothesis is accepted.

Conclusion

Investors seem to be bullish about the Indian market despite Brexit crisis, Investors are confident that the fundamentals of the Indian economy are very strong. Many of the investors follow both fundamental analysis and technical analysis for investment decision. Print media and brokers are playing a significant role for the decision making of the investors; nearly forty percent of the investors are expecting short term gain in the equity market.

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47 | P a g e

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48 | P a g e