

# A Study on Investor Investment Pattern in Security Market

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**Abstract -- It is proposed to study the investors' investment pattern which includes respondents' awareness on investment, aim and periodicity to achieve these aims. Investment in share market, new generation investors' motivational factors for investment, selecting avenues of investment and their satisfaction level and future investment preference. To examine the impact of investor investment pattern in security market (ii) To give appropriate suggestions. The p-value 0.023 is found to be significant at 0.05 level there by indicating a significant association between the opinion of the three districts respondents' of the sample on periodicity of investment in BSE/NSE SENSEX. Hence the hypothesis is rejected. Reveals the opinion of the total sample respondents' on notice of information on investment avenues. The respondents' were asked to rank their opinions. First rank is given to daily newspapers with 3790 points, second rank to business magazines with 3182 points, third rank to public announcement with 3084 points, fourth rank is given to Radio and Television with 2230 points. Fifth rank to relatives and friends 2097 points, six rank to agents and brokers 2081 points and seventh rank is given to sign boards with 2016 score.**

**Indexed Terms: Investor, Investment, Capital Market, BSE/NSE, Economic Development**

with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands, safety or money, liquidity, the available avenues for investment, various financial institutions, etc.,

The trading in the Indian stock market takes place on its two stock exchanges: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The BSE has been in existence since 1875. The NSE, on the other hand, was founded in 1992 and started trading in 1994. However, both exchanges follow the same trading mechanism, trading hours, settlement process, etc. At the last count, the BSE had more than 5,000 listed firms, whereas the rival NSE had about 1,600. Out of all the listed firms on the BSE, only about 500 firms constitute more than 90% of its market capitalization; the rest of the crowd consists of highly illiquid shares.

## I. INTRODUCTION

The economic liberalization and globalization have brought a fervent environment for the common and small investors who are willing to participate in the various to participate in the various investment avenues available in India. There are large number of small investors, who have the ability to save and make an investment in share market, gold, real estate, insurance and post office.

In this modern era, money plays an important role in one's life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption

## II. REVIEW OF LITERATURE

- Bejtelsmit, V.L. & Bernasek, A. (1996)<sup>1</sup> in their research study explained for gender differences in investment and risk-taking in an effect to help guide data collection and identification of relevant variables for empirical research.
- Wang, H. and S. Hanna, (1997)<sup>2</sup> concluded that relative risk aversion decreased as people aged (i.e., the proportion of net wealth invested in risky assets increase as people age) when other variables are held constant. They concluded that risk tolerance increased with age and therefore rejected the constant life-cycle risk aversion hypothesis.

- Barber, B.M., & Odean, T. (1999)<sup>3</sup> in their research article, identified that rational investors traded only if the expected gains exceeded transaction costs. Over confident investors overestimate the precision of their information and thereby the expected gains of trading. They even traded when the true expected net gains were negative. Models of investors overconfident predicted that, since men were more overconfident than women, men traded more and perform worse the women.
- Grable, J.E., & Lytton, R.H. (1999)<sup>4</sup> concluded that the classes of risk tolerance (ie., above and below – average) differed most widely on a respondents’ educational level and personal finance knowledge. These two variables contributed significantly to explaining differences between levels of risk tolerance.
- Rajarajan (2000)<sup>5</sup> found that the size of investment in the financial asset provides significant insight in the likely preference of individuals for particular class of financial instruments and investment approaches. The percentage of risky assets to total financial investment declined as the investor moves up through various stages in life cycle and Investment size below Rs. 50,000 constitute the majority in all stages of life cycle. It can be said that the association of investment size and investors stage in life cycle does have a specific pattern.
- Hartog et al., (2002)<sup>6</sup> discovered in their study that the level of risk avoidance decreases together with increasing income and wealth. Moreover, it was measured in the study that employers avoid risks less than employees, public officers have higher risk perceptions than private sector employees.

### III. OBJECTIVES OF STUDY

The present study has geared to achieve the following objectives –

- To examine the impact of investor investment pattern in security market.

- To give appropriate suggestions.

### IV. RESEARCH METHODOLOGY

The present study is based on latest news and views which dealt primary and secondary data collected from different sources as articles, newspapers, magazines, and websites to study the factors which are enhancing the gender determines by the implementation of Indian security market.

### V. LIMITATIONS OF STUDY

Secondary sources are the key notes of the study. There is no collection of quantitative data.

### VI. DISCUSSIONS & FINDINGS

#### 1. Periodicity investment or trading shares in BSE/NSE:

The trading in the Indian stock market takes place on its two stock exchanges: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The BSE has been in existence since 1875. The NSE, on the other hand, was founded in 1992 and started trading in 1994. However, both exchanges follow the same trading mechanism, trading hours, settlement process, etc. At the last count, the BSE had more than 5,000 listed firms, whereas the rival NSE had about 1,600. Out of all the listed firms on the BSE, only about 500 firms constitute more than 90% of its market capitalization; the rest of the crowd consists of highly illiquid shares.

Fig. 1: Periodicity Investment on Trading Shares in BSE/NSE

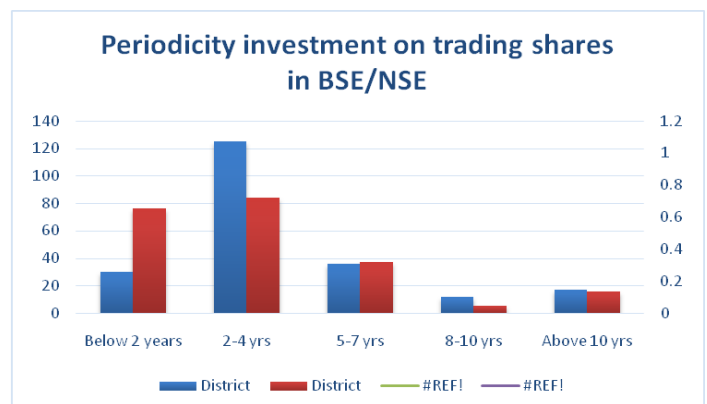


Table 1: Showing Periodicity investment on trading shares in BSE/NSE

Period	District			Total
	YSR Kadapa	Anantapuram	Chittoor	
Below 2 years	30 13.6%	76 35.5%	47 21.4%	155 23.5%
2-4 yrs	125 56.8%	84 38.2%	91 41.4%	300 45.5%
5-7 yrs	36 16.4%	37 16.8%	37 16.8%	110 16.7%
8-10 yrs	12 5.5%	5 2.3%	9 4.1%	26 3.9%
Above 10 yrs	17 7.7%	16 7.3%	36 16.4%	69 10.5%
Total	220 100.0%	220 100.0%	220 100.0%	600 100.0%

Source: Primary Data

Chi-Square: 46.457, P-Value : 0.000, Significant  
 Table no.1 explain district wise perception of the respondents' belonging to the three districts on periodicity investment or trading shares in BSE/NSE. It is observed from the data that a majority of 56.8 percent respondents' of the YSR Kadapa, Chittoor 41.4 percent and Anantapuram 38.2 percent are investing or trading in BSE/NSE in between 2-4 years. Respondents' of Anantapuram 35.5 percent, Chittoor 21.4 percent Anantapuram 13.6 percent. Similarly

16.8 percent each of Anantapuram and Chittoor and 16.4 percent YSR Kadapa respondents' stated that they are trading in between 5-7 years. Further 16.4 percent respondents' from Chittoor, 7.7 percent YSR Kadapa and 7.3 percent Anantapuram revealed that since above 10 years they are trading in BSE/NSE. However least percent of 2.3 percent Anantapuram, Chittoor 4.1 percent and 5.5 percent YSR Kadapa respondents' reported that they are trading in BSE/NSE in between 8-10 years.

The above table concludes that a highest majority of 69.0 percent of the total sample respondents' are trading or investing in BSE/NSE in between 0-4 years. And least percentage of 10.5 percent are trading above 10 years.

The proportion of the respondents' belonging to Chittoor district is investing in shares on BSE/NSE SENSEX significantly more number of years when compared with other two districts as per the P-value of the chi-square test. The p-value 0.023 is found to be significant at 0.05 level there by indicating a significant association between the opinion of the three districts respondents' of the sample on periodicity of investment in BSE/NSE SENSEX. Hence the hypothesis is rejected.

2. Awareness on investment avenues:

The awareness levels of rural investors about various investment avenues, their preferences, and considerations for investing money. Bank deposits, gold and jewelry, real estate were popular investment avenues for a majority of the investors.

Table 2: Showing Respondents' awareness on investment avenues

Avenue of Investment	Know very well	Know well	Know somewhat	Don't know	District	Mean	PS	H-Value (P-Value)
Small Saving Schemes	269 (40.8%)	242 (36.7%)	109 (16.5%)	40 (6.1%)	KDP	2.84	70.7	22.92 (0.000)
					ATP	3.37		
					Chittoor	3.16		
Postal Savings	224 (33.9%)	297 (45%)	117 (17.7%)	22 (3.3%)	KDP	2.95	69.8	6.93 (0.031)
					ATP	3.16		
					Chittoor	3.17		

Bank Deposits	359 (54.4%)	192 (29.1%)	86 (13%)	23 (3.5%)	KDP	3.11	78.1	23.70 (0.000)
					ATP	3.60		
					Chittoor	3.31		
Insurance Schemes	141 (21.4%)	287 (45.3%)	199 (30.2%)	33 (5%0)	KDP	2.65	60.4	17.98 (0.000)
					ATP	3.01		
					Chittoor	2.77		
Govt. Bonds	232 (35.2%)	213 (32.3%)	170 (25.8%)	45 (6.8%)	KDP	2.66	65.2	63.19 (0.000)
					ATP	3.38		
					Chittoor	2.83		
Equity Shares	123 (18.6%)	239 (36.2%)	217 (32.9%)	81 (12.3%)	KDP	2.56	53.7	21.47 (0.000)
					ATP	2.87		
					Chittoor	2.40		
Mutual Funds	88 (13.3%)	213 (32.3%)	231 (35%)	128 (19.4)	KDP	2.40	46.5	66.75 (0.000)
					ATP	2.78		
					Chittoor	2.01		

Source: Primary Data

The overall view of the three districts respondents' of the sample in respect of awareness on investment avenues is given in the table no.2. It is understood that 40.8 percent of the total sample respondents' know very well about small saving schemes, 36.7 percent have known well, 16.5 percent of them know somewhat and 6.1 percent don't know about the small saving schemes. Regarding postal savings 45 percent of them know well, 33.9 percent know very well, 17.7 percent know somewhat and 3.3 percent don't know. Respondents' opinion on bank deposits, a majority 54.4 percent know very well, 29.1 percent of them know well, 13 percent know somewhat and 3.5 percent don't know. As far as insurance schemes are concerned respondents' know well by 43.5 percent, know somewhat 30.2 percent, and know very well 21.4 percent and 5.0 don't know. For Government bonds 35.2 percent of the respondents' know very well, 32.3 percent of them know well, 25.8 percent know somewhat and 6.8 percent of them don't know about government bonds. About equity shares 36.2 percent of the total sample respondents' know well, 32.9 percent know somewhat, 18.6 percent of them know very well and 12.3 percent of respondents' told don't know. A majority of 35.0 percent of the total sample respondents' know somewhat of mutual funds, whereas 32.3 percent of them know well, 19.4 percent told don't know and 13.3 percent of them know very well about the existence of mutual funds.

The table concludes that the awareness of the total sample respondents' on investment avenues reveals that they know well about the prevailing investment avenues. And few respondents' reported that they don't know about the investment avenues. This shows that the majority of the respondents' have knowledge about the investment avenues. Most of the people in India are not aware of the trading in share market. It is suggested that the unawareness of the share market can be removed by simplification of the procedure and letting them know its fruitfulness. This will help tremendously in getting people educated about the Indian share market.

According to the p-value 0.000 for all avenues of investment is found to be significant there by indicating a significant there by indicating a significant association between the respondents' opinion of three districts on all avenues of investment. Therefore the hypothesis is rejected.

The percentage scores of "Bank Deposits", "Small savings schemes" followed by "Postal Savings" is more when compare with other investment avenues i.e., respondents' are having more awareness on all these three types of investment avenues when compared with other types. Further, the mean scores of Anantapuramu district respondents' are significantly greater than other two districts for all the type of investments which elucidates that these district respondents' are having more awareness on

these investment avenues when compared with other two district at 5% level of significance.

3. Notice of information on investment avenues:

There are a large number of investment avenues for savers in India. Some of them are marketable and liquid, while others are non-marketable; some of them are highly risky while some others are almost risk less.

Fig. 3: Notice of information on investment avenues

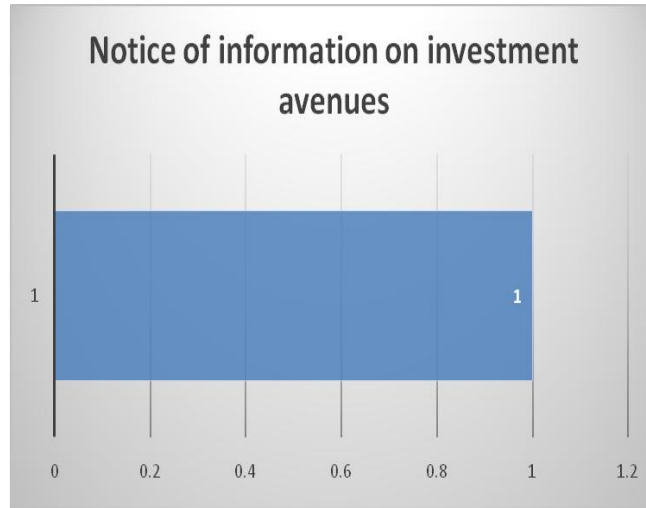


Table 3: Showing Notice of information on investment avenues

Information	1	2	3	4	5	6	7	Weighted Rank
Daily Newspaper	255 (1785)	217 (1302)	76 (380)	23 (92)	64 (192)	14 (28)	11 (11)	3790(1)
Business magazines	168 (1176)	93 (558)	101 (505)	146 (584)	83 (249)	41 (82)	28 (28)	3182(2)
Radio and television	40 (280)	61 (366)	119 (595)	85 (340)	75 (225)	144 (288)	136 (136)	2230 (4)
Sign boards	34 (238)	26 (156)	51 (255)	128 (512)	140 (420)	154 (308)	127 (127)	2016(7)
Public announcement	95 (665)	167 (1002)	141 (705)	87 (348)	82(246)	30(60)	58 (58)	3084(3)
Agents and Brokers	12 (84)	67 (372)	106 (530)	110 (440)	74 (222)	137 (274)	159 (159)	2081 (6)
Relative and friends	56 (392)	37 (222)	62 (310)	82 (328)	139 (417)	144(288)	140 (140)	2097(5)

Source: Primary Data

Table no.3 reveals the opinion of the total sample respondents' on notice of information on investment avenues. The respondents' were asked to rank their opinions. First rank is given to daily newspapers with

3790 points, second rank to business magazines with 3182 points, third rank to public announcement with 3084 points; fourth rank is given to Radio and Television with 2230 points. Fifth rank to relatives

and friends 2097 points, six rank to agents and brokers 2081 points and seventh rank is given to sign boards with 2016 score.

It may be concluded that daily newspapers, magazines, public announcement and radio and television are playing dominant role in providing information about avenues to the respondents'. The investors can make the share trading as a beneficial investment area. While making the investment decision on especially equity investment decision, not only conscious or explicit information plays a an important role, but also implicit or unconscious components like psychological, sociological, economical factors are considered to be important.

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