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STUDY ON INVESTOR'S PERFORMANCE AND BEHAVIOR IN STOCK MARKET IN CHENNAI CITY

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**S. Ramanathan, Dr.R. Arulmoli, S.Raj Kamal, Dr.R.S.Tharini, Dr.P. Jyothi Palukuri:
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ABSTRACT

Stock market forecast has continuously caught the attention of many forecasters and researchers. Some of the theories commend that stock markets are really a random walk and it is a fool's game to attempt and forecast them. Forecasting stock prices is a challenging problem in itself because of the number of variables which are involved. Market also performs like a voting tool but in the longer term, it acts like a weighing instrument and hence there is scope for guessing the market actions for a longer timeframe. Application of mechanism learning techniques and other procedures for stock price analysis and anticipating is an area that shows great promise. In this paper, we first provide a concise review of stock markets and then focus on some of the research achievements in stock analysis and prediction.

1. Introduction

The Individual investors can provide funds to the Industry either by participating in its equity or by subscribing to its debt instruments. This participation may be either direct, or indirect, through mutual funds. Whatever be the form, their participation is absolutely necessary for the Industry. Hence there is a right need to tap the savings of the Individuals for productive investment. The securities markets facilitate the web of the economy through connecting it with the rest of the world.

2. Objectives of the Study

- To learn the demographic characteristics of individual investors behavior in stock market
- To segment investors on the basis of selected lifestyle characteristics and to develop their profiles on the base of their association with demographic Investment characteristics and the pattern of their investments.

3. Research Methodology

This study based on the individual investor's performance in stock market both in analytical and descriptive nature. It depends upon both primary and secondary data. This method is the detailed segment which governs the result of the research. It includes and expresses the examiner to bring out the research in a methodical procedure which make certain and assist the honesty of the result.

4. Research Hypotheses:

- There is no important differentiation among level of risk and returns of investors.
- There is no major variation among investment objectives and approval.
- The factors of level of investor's agreement do not vary considerably with value to share deal.

5. Sampling Plan

Numerous investors were unwilling to reveal their financial information particular amount of costs spend in dissimilar outlay avenues. Therefore the information was composed from the respondents who were prepared to reveal the data. When the aim population is delicately circulated across an infinite and this method of simple random sampling is appropriate for information gathering.

6. Questionnaire Method

The information is composed for the study through way of questionnaire into two sections. Section 1 for investment preferences, percentage of investment in

shares and different portfolio and sources of information of the investment. Section II deals with the characteristic features of equity shares, their changes, and return on investments. The section –I of the survey is intended in voluntary type, whereas the section II is designed in 5-point Likert scale ranging from 5-strongly agree, 4-agree, 3-neutral, 2-disagree, 1-strongly disagree.

7. Location of the Study

The research adopted simple random investors like student, IT employees, retired salaried class, businessmen, stock brokers, and investment advisors residing in Chennai. 300 questionnaires were distributed to the investors spread over in Chennai city. Among them 250 questionnaires was composed. In which 50 questionnaires were found unusable. Hence, the precise sample of the study is 250.

8. Review of Literature

A significant role in research process is to type a theoretical frame work on the topic below research. Such a theoretical analysis assist the examiner to realizing and understanding the difficulty improved and provide as a place objects, which will help to carry out visibly the actual involvement of the current study. Analysis of connected literature allow the investigator to get aware with the awareness in the process of learn. It directs the researcher is right path. When review of literature completed the research of the study is half completed.

Consistently, lifestyle segmentation offer a redefinition of the key target in demographic conditions or in product procedure conditions, lifestyle segmentation demonstrates the variety of those meaning, helps tighten them up and give new explanation.

Priti Mane [2016] The Study of Investors Perception towards Mutual Funds discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opted, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. It is concluded that mutual fund linked with share market and investors are not taking advice from intermediary advisors to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

Vaidehi [2016] in this paper Equity Investment Motives and Styles of Individual Investors finds that because of various investment approaches such as purposes and styles by dissimilar needs, the study is the need for better accepting of behavioral pattern of the investors. The behavior pattern would aid the investment advisors to visualize how the investors respond to market, and would allow them to develop a suitable allotment of avenues for their customers. Among the selected factors in the investment motives to attain the long-term gain establishes an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational

qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors notably.

Renuka N and Prabhakar (2017) the study distinctly comes out with the required sources of information for the investments obtained from various sources. The majority of respondents obtained their information from newspapers magazines, internet, brokers and agents.

Awais M and Laber [2017] impact of Financial Literacy and Investment Experience on Risk Tolerance and Investment Decisions have explored that the factors which influence the decision-making process of investors. According to their research, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that the increased level of knowledge about financial information and the increased ability of analyzing that information, investor could improve the capacity to jump into risky investments for earning high returns by managing investment efficiently.

The above analysis of literature about past works explains that a huge sum of observed analysis is based on investor behavior. The variation in time duration covered, method implement and the crops and area enclosed through different scholars make the end attain through them of limited importance to other regions. This learn, entirely a regional and micro level learn, hence, effort to carry the clear explanation and clarification about the investor behavior in Chennai.

9. Summary

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10. Data Analysis:

Level of risk with investments

Investments	Level of risk									
	Very high	%	High	%	Medium	%	Low	%	Very low	%
Bank deposits	23	3.8	24	4.0	284	47.3	147	24.5	122	20.3
Shares	188	31.3	176	29.3	126	21.0	35	5.8	75	12.5
Debentures/Bonds	45	7.5	132	22.0	175	29.2	133	22.2	115	19.2
Mutual funds	12	2.0	63	10.5	174	29.0	195	32.5	156	26.0
Stock futures & options	33	5.5	182	30.3	160	26.7	100	16.7	125	20.8

Postal savings	42	7.0	210	35.0	105	17.5	136	22.7	107	17.8
Insurance policies	72	12.0	101	16.8	103	17.2	171	28.5	153	25.5
PPF/PF	10	1.7	49	8.2	94	15.7	306	51.0	141	23.5

The above table explains that detail about level of risk of the respondents with investments. Mostly 284 (47.3%) respondents agree that investing in bank deposits is having medium level of risks. 147 (24.5%) respondents and 122 (20.3%) agree that level of risk in deposit banks are low and very low. 23 (3.8%) and 24 (4.0%) respondents say that bank deposits have very high and high level of risks respectively.

188 (31.3%) respondents agree that investing in shares have very high amount of risks as well as 176 (29.3%) respondents agree that level of risk is high with investing in shares. 126 (21.0%), 35 (5.8%) and 75 (12.5%) respondents agree that investing in shares have medium, low and very low amount of risks respectively. Mostly 175 (29.2%) respondents accept that investing in debentures/bonds have medium levels of risk as well as 132 (22.0%) respondents accept that debentures have high level of risk.

Problems faced for your investment process

Item	Very low	%	Low	%	Medium	%	High	%	Very high	%
No proper advise by brokers	75	12.5	161	26.8	49	8.2	237	39.5	78	13.0
Too many channel giving too many opinion	91	15.2	182	30.3	173	28.8	96	16.0	58	9.7
Difficulty in operating online trading	63	10.5	184	30.7	83	13.8	178	29.7	92	15.3
Change of transaction password frequently	55	9.2	144	24.0	97	16.2	157	26.2	147	24.5
Unauthorized transaction by brokers	19	3.2	129	21.5	141	23.5	190	31.7	121	20.2

The above table explains that details about problem faced for your investment process. 161 (26.8%) and 72 (12.5%) respondents have low and very low-level of proper advise by brokers as well as 237 (39.5%) and 79 (13.0%) respondents have high and very high level of advise by brokers respectively. 49 (8.2%) respondents said medium for the same statement. 182 (30.3%) and 91 (15.2%) respondents said low and very low for too many channel giving too many opinion about the market. 96 (16.0%) and 58 (9.7%) respondents said high and very high for the same statement. 173 (28.8%) respondents said medium for the same statement of too many channel giving too many opinion about the market respectively

Difference between types of Investor and various problems faced for investment process Mann-Witney Test

	Types of investor	Mean Rank	Sum of Ranks
No proper advice	Hereditary investor	303.92	91479.50
	New Generation investor	297.06	88820.50
Too many channel	Hereditary investor	302.69	91109.50
	New Generation investor	298.30	89190.50
Difficulty in operation online trading	Hereditary investor	305.30	91896.00
	New Generation investor	295.67	88404.00
Password transaction	Hereditary investor	294.07	88515.00
	New Generation investor	306.97	91785.00
Unauthorized transactions	Hereditary investor	299.16	90047.00
	New Generation investor	301.85	90253.00

Test Statistics^a

	No proper advice	Too many channel	Difficulty in operation online trading	Password transaction	Unauthorized transactions
Mann-Whitney U	43970.500	44340.500	43554.000	43064.000	44596.000
Wilcoxon W	88820.500	89190.500	88404.000	88515.000	90047.000
Z	-.507	-.320	-.703	-.936	-.196
Asymp. Sig. (2-tailed)	.612	.749	.482	.349	.844
a. Grouping Variable: Heredity/New generation investor					

The above table shows that difference between types of the investor and various problems faced for investment process by the respondents. According to the opinions given by the respondents it is perceived that the highest mean value of 303.92 reveals that hereditary investor not getting proper by brokers. The test reveals that hereditary investors are facing problem by too many channel giving too many opinion about the market with highest mean value 302.69. The highest mean value of 305.30 in hereditary investor facing difficulty in operating online trading than new generation investors. The highest mean value 306.97 reveals that new generation investors are facing problems for changing password frequently for transactions. The respondents of new generation investor with highest mean value of 301.85 perceived that they are facing problems to unauthorized transaction by brokers.

Inter correlation matrix between level of risk and problem faced for investment process Inter-Item Correlation Matrix

	No proper	Too many	Difficult	Change	Un authorized	Deposits	Shares	Debentures	Mutual	Stock	Postal	Insurance	PF
No proper	1.000												
Too many	.167	1.000											
Difficulty	.651	.157	1.000										
Change	-.423	-.136	-.454	1.000									
Un authorized	-.454	-.403	-.506	.383	1.000								
deposits	.328	-.008	.392	-.503	-.256	1.000							
Shares	-.199	-.226	-.275	.077	.430	.026	1.000						
Debentures	-.135	.140	-.110	-.063	.167	.008	.092	1.000					
MF	.214	.050	.202	-.071	-.057	.035	-.154	-.326	1.000				

Stock	.022	.220	.117	.058	-.157	.030	-.062	.017	-.010	1.000			
Postal	-.046	-.033	-.104	.174	.031	-.161	-.038	-.225	.072	-.023	1.000		
Insurance	.647	.005	.543	-.510	-.100	.490	.129	-.041	.153	.051	-.069	1.000	
PF	.102	.139	.143	-.264	.109	.177	.090	.370	-.111	-.049	-.280	.208	1.000

Inter correlation matrix has been used to test the association among level of risk and problem faced for investment process. There is relationship between no proper advice by brokers, too many channels giving too many opinions about the market, difficulty in operating online trading, deposits, mutual funds, stocks, insurances and PPF/PF. There is a significant relationship between too many channels giving too many opinions about the market, debentures, mutual funds, stocks, insurance policies and PPF/PF. There is a significant relationship between difficulty in operating online trading, deposits, mutual funds, stocks, insurance policies and PPF/Pf. There is a significant relationship between vary of transaction password regularly, unauthorized transaction through brokers, shares, stocks and postal savings. There is a significant relationship between unauthorized transaction by brokers, shares, debentures, postal savings and PPF/PF. There is a significant relationship between debentures, stocks and PPF/PF. There is a significant relationship between mutual funds, postal savings and insurance policies. There is a significant relationship between stocks and insurance policies. There is a significant relationship between insurance policies and PPF/Pf.

Test Statistics^{a,b}

	Know	Bank deposit	Mutual fund	Ups	Know what	Heard SEBI	Investor	understand	Maintain	Read	Aware	Can understand
Chi-Square	.182	.773	.834	.850	.454	1.353	.925	2.146	1.265	1.197	.185	.153
Asymp. Sig.	.980	.856	.841	.838	.929	.717	.819	.543	.738	.754	.980	.985
a. Kruskal Wallis Test												
b. Grouping Variable: Qualification												

Qualification of the respondents and their awareness level was test in above table by Mann-Witney test. The highest mean value of 303.48 shows that respondents who studied PG level they know the meaning of technical analysis and fundamental analysis than other respondents. The highest mean value of 307.73 demonstrates that bank deposits are totally risk free by UG graduates. The highest mean value of 307.13 shows that UG level graduates have more awareness about mutual fund principal and returns than others. The highest mean value of 306.63 reveals that school level graduates knows about ups and downs of the stock market more than other respondents. The highest mean value of 303.13 shows that Professionals know more what sensex and nifty are. The highest mean value of 307.42 demonstrates that respondents who studied school level they heard more about SEBI than others. The highest mean value of 307.78 shows that respondent who studied school level they have more accounts than other respondents. The highest mean value of 308.05 demonstrates that UG level respondents understand the communication from the companies where they invest. The highest mean value of 309.18 reveals that school level respondents maintain a systematic record of their investments

and monitor it periodically. The highest mean value of 308.43 clearly indicates those PG level respondents read the offer document of issue and understand it more than other respondents. The high mean value of 303.64 explains that UG level respondents can understand the business news analysis than others respectively.

11. Findings

- Majority of respondents out of 250 respondents; 150 (60%) of the respondents are male and rest of them are women (40%). According to Indian culture and religion mostly men handle all the financial transactions
- Majority of the respondents 75 (30%) have income ranging from 2 to 4 lakhs followed by 65 (26%) respondents in the income group of more than 6 lakhs 60 (24%) of the investors earn less than 2 lakhs per annum. Those who earn 4 to 6 lakhs constitute 50 (20%). The most interesting feature is that investors earning less than 2 lakhs too have investments in capital market.
- The person who invest in shares 140 (56%) from the hereditary better than the person who invest in shares in numbering 110 (44%) from the new generation. Literally the hereditary investors invest more than the new generation investors because they have own experience more than the new generation investors.
- The 100 (40%) respondents do their investment transactions through broker/financial advisors as well as 80 (32%) respondents do their investment transactions with their own knowledge and 70 (28%) respondents do their transactions through other ways
- Mostly 100 (40%) respondents take investment decisions in secondary market through advice of dailies/periodicals. 50 (20%) investors take decision through advice of brokers in secondary market. 40 (16%), 35 (14%) and 25 (10%) respondents take decisions through market sentiments, advices of websites and movement of indices in secondary market.
- Mostly 60 (24%) respondents agree that level of return in mutual funds is medium as well as 40 (16%) respondents agree that level of return in mutual funds is low. 70 (28%), 30 (12%) and 50 (20%) respondents say that level of return in mutual funds are very high, high and very low respectively
- The perceived risk attitude, Mostly 75(30%) and 65 (26%) respondents agreed and strongly agreed that usually have a fear to invest that have a sure gain as well as 60 (24%) and 50 (20%) respondents disagreed and strongly disagreed that usually have a fear to invest that have a sure gain respectively

12. Conclusion

The investor has to decide on things like the investment profile and pattern, investor's perception about stock market, investor awareness, perceived risk attitudes, awareness level, investment evaluation and decision of the investors. This study has recognized the fact that the asset strategies of the investors are largely inclined by the social-economic factors. The main result of the study is that popular of the investors have a short term view while investing in stock

market, practically 20 per cent of them have incurred losses over the past five years but a majority of them evinced keen interest in the game of investing as evident by the time spent by them for investing activities. The current financial literacy levels are not adequate.

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