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Attitude Of Investors Towards Stock Market Exchange: A Special Reference To Bse

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Abstract

Investment in stock exchange market is increasing worldwide as people can see better opportunity on the return. India in recent times having a upsurge in the stock exchange market industry. This study aims to investigate the attitudes and behaviors of investors in trading stocks. The study uses a set of people relevant to stock market investment. This study finds out that the attitude of investors plays a significant role in their investment in stock market. The use of proper knowledge and guidance must be the main key to stock market investment which can be concluded from this study.

Keywords: stock exchange market, investors' attitude and behaviors, investment

Introduction

Despite being the world's oldest and largest stock market, India's is still relatively new. Since the country's independence, increasing industrialization has given the stock market a new lease of life. Because of the stock market, savings from individuals can be invested in businesses, which in turn stimulates the growth of the product manufacturing and service industries. The determination of investment is to provide for a person's current and future requirements, as well as to guard against inflation. When compared to other investment options, investing in stocks yields higher returns. When inflation is strong, investors have received larger returns from the stock market. Share trading generates demand for the company's securities, allowing it to raise extra capital for expansion. Investors benefit from an exchange's ability to quickly and easily sell their assets because of the exchange's liquidity. This is one of the benefits of investing in the stock market. Depending on their chosen degree of risk, return, and liquidity, investors can pick the best path forward. The primary or secondary capital market can be used to invest in securities of the capital market (Lodhi, 2014). Corporate firms offer new securities to investors directly in the primary market, where they raise the capital needed to create them (Chalapati Rao, 2002). It is through the stock exchanges that the secondary market delivers a constant supply of liquidity for the assets. Through stockbrokers, investors can purchase or sell existing shares at the current market price (Chalapati Rao, 2002). Investing is the process of putting money to work in the hopes of increasing one's current or future net worth. Anyone can participate in investment, regardless of their employment, education, or social standing (Devi and Renuga, 2008). One of the best ways for investors to maximize returns while avoiding risk is to understand the fundamental ideas and thoroughly evaluate the various investment possibilities (Durga Rao, 2014). In order to ensure that every person has enough money saved up for an uncertain future, financial counselors and the government emphasized the need of investing and earning returns on one's idle resources (Durga Rao, 2013-a). Investing money is a long-term commitment that is intended to pay off in the long run.

Objectives of the study,

- To investigate the role of financial management in the success of Indian SMEs
- To analyze the aspects of strategic financial management

Literature review

In their paper Risk Management in Monthly, Nair Rajaagopala and Elsama Josepph (1999) identified the numerous risks faced by investors in corporate bonds, as well as the techniques taken to mitigate those risks. They suggested that taking reasonable risks could lessen the severity of investment losses. According to their research, many investors were holding shares in non-existent corporations. Investors may embrace the risks of equities, but they may not have been willing to tolerate the risk of fraud, according to them. Promoters should not be allowed to take advantage of legitimate investors by deceptive practices. The aforementioned studies provide a comprehensive overview of the many aspects of previous investment studies. Many of these research' conclusions are validated and updated in the current study.

In his work The Interrelation Among the the Foreign Exchange Market and Stock exchange Markets, Prakash G. Apte (2001) discovered a connection among the instability of the stock market and the rate of nominal stock exchange in India. It tackles the subject of whether changes in stock exchange market volatility affect instability in the foreign currency market and vice versa, using Nelson's E-Garch specification. Positive and negative returns unforeseen circumstances have asymmetric impacts on instability in the same marketplace, as well as spillovers between the two marketplaces, according to the model specification. Empirical examination of one of the main stock market directories chains the idea of such instability links, whereas there appears to be a spillover from the foreign currency market to the stock market and not the other way around for the other index.

The intricacy of secondary market investment choices of individuals with relation to one's gender features were discovered by Manjula.V, (2013) in her work entitled Sociological dynamics of Gender and risks in stock markets. Individuals' engagement in the stock markets is influenced by a variety of circumstances. Income, age, educational qualification, and knowledge investment are only a few of them. This paper attempts to discover the variance in factors such as involvement and risk aptitude owing to gender by controlling for these variables.

Sureshrajan (2013) looked at different degrees of investor preference ratios and attitudes toward investments. The outcome determines whether or not their attitudes are significant. The structured questionnaire was used to collect data. The analytical section is examined using statistical tests such as the Kruskal-Wallis ranks and the importance test. The study discovered that while the attitudes of stratified investors such as government employees, private employees, business owners, and housewives differ in terms of age, education, professional background, and income, their investment attitudes are similar. Investors prefer to reduce risk in their investments, according to the sample. Investors are equally divided in their investment preferences.

In his research, Durga Rao (2013) stated that According to a scientific analysis, it is always ideal to let stock markets run without undue control. Biases and emotions can affect ordinary retail investors. Such biases can lead investors to treat each of their equities as if it were a separate entity from their total investment. Normal investors may be unable to distinguish between unrealized losses and realized risks, hard won money and a windfall due to emotions such as optimism, fear, and remorse. Retail investors' predicted returns were sometimes influenced by higher-than-expected risk levels. The study was limited to Guntur district; nevertheless, there remained room for more research in other Andhra Pradesh districts and other areas of financial management.

Methodology

Research approach and design

This study uses the exploratory approach method. For this investigation, the researcher decides to use a survey method. Survey research's greatest strength is its vast breadth and capacity to obtain specific information from the survey report. To conduct exploratory research, a schedule is considered to be the most appropriate research method. It is the goal of the study to determine how India, India's investors view the stock market. An investor's preference for preference shares or equity/non-preference shares is a common variable in this study; other variables include age, educational attainment, annual income, gender, marital status, and the source of the information. Investors' attitudes toward risk and wealth maximization, as well as their reliance on technology, trust, and reliability, as well as the herd mentality and the passage of time all have a role in their investing decisions. The schedule was the research instrument employed in this study. It is broken into two sections. There are 38 functional variables employed in this study to measure Investor's attitude. To begin, each responder must answer a series of closed-ended questions about their personal information, such as their age, level of education, annual income, gender, marital status, and investment preferences.

Sampling Framework

In order for a country's economy to function properly, the stock market is essential. Growth in industry and commerce has a direct impact on the economy of the country, which is why stock markets are so important to their success. As a result, the country's government, business sector, and even central banks pay close attention to stock market activity. From both an industry and an investor's point of view, the stock market is critical. In order to raise money for new business ventures, companies must either take out a loan from a financial institution or issue stock on the open market. The stock market is, in reality, the principal source of financing for any company expanding its operations. There are a number of ways for a firm to raise money for the business, including issuing shares of the company. A corporation must be listed on a stock exchange in order to issue shares for investors to invest in the stock, and they can do so through the primary market of the stock exchange. To be listed on a stock exchange, a company must adhere to a set of laws and regulations and meet certain requirements before issuing shares and going public.

Sampling method

The sample size has been set at 600 investors from India's stock market. This study had a sample size of 600 participants. 300 investors are interested in public sector shares, and 300 investors are interested in private sector shares out of a total of 600 responses." Approximately 150 of the 300 investors purchasing private sector shares have an interest in preference shares, whereas the remaining 150 investors have an interest in non-preference shares. There are 150 investors who prefer preference shares and 150 investors who prefer non-preference shares among the 300 investors who purchased public sector shares.

Data collection methods

Primary data collection

The primary data has been gathered in a systematic manner. These investors were polled on their attitudes toward the investment decision and their level of satisfaction with India investors using this method. Investors were contacted by phone or e-mail by the researcher. Next, the researcher explains the study's goal and emphasizes the significance of answering the questions honestly. After creating a personal connection with the responders, the data was collected. The data was collected using an interview schedule that was personally conducted by the study's investigator. From June 2021 to December 2021, the study collected the primary data using a structural formula as an instrument.

Secondary data collection

Data from secondary sources has been gathered in order to determine the impact of stock market investors' attitudes toward risk and wealth maximization on the stock market. Secondary sources for the data include academic journals, trade publications, dissertations, industrial brochures, and the internet.

Data analysis

This article goes into great detail on the data analysis process. Surveys are used to gather data at this point in the analytical process. Computer software called statistical package for social science (SPSS) is used to code and enter the data from the responses and then perform statistical analysis (SPSS).

Result and discussion

Investors in India have been surveyed by the researcher. The data for this study was gathered from both public and private sources. Investors are increasingly choosing to participate in public sector banks because of the safety and return on investment they provide. High market share prices and rapid returns characterize the banking business. Preference and non-preference shareholders each provide 50% of the data. Both public and commercial sectors are involved in collecting it.

The demographics of the investors who took part in this survey were analyzed using frequency counts. In addition, the association between investors' attitudes toward public and private enterprises was examined using the Non-Parametric Mann- Whitney Test. The degree of freedom (DF), p-value, and mean rank are all provided by the Non-Parametric Mann-Whitey Test. The statistical significance of a dimension is shown by the significant value. We take into account each statement's risk and wealth maximization as well as time savings and technological advancements as well as herd behavior and trust and reliability when calculating the mean rank values. These strategies are summarized in the section on methods, which discusses how they were used to investigate the goals outlined in section I.E., using variables such as investor attitude and demographic factors.

Investors of a certain age group. Investors can be divided into four age brackets: under 30, 30 to 40, 40 to 50, and above 50. 10% of the population is under 30, 34.2 % is in the 30-40 age range, 29.5% is in the 40-50 age range, and 26.3 % is over 50. The fact that the majority of investors are in the 30-to-40-year-old demographic speaks volumes. There are four types of investors based on their educational degrees, including undergraduates, post-graduates, professionals, and others, such as diplomas, IT (Industrial Training), and pharmacy. Thirteen percent of the people listed above are undergrads, while 22.7% are postgrads, 51.8% are professionals, and 12.5% have additional degrees like a diploma in IT or pharmacy, for example. The findings of this study show that 51.4 percent of professionals engaged in the study. In terms of income, 20.2% earn less than $35,000, 28.2% earn $35,000 to $65,000, and 51.7% earn more than $65,000. When it comes to gender, 57% of investors are men, while only 42.2% are female. Males outnumber females by a wide margin in this survey. Investors, on average, are either married (83.6 percent) or single (16.4 percent). It turns out that most of the investors in this survey are married couples. 27.2 percent get their information from the internet, 25.2 percent get it from newspapers, 20.2 percent get it from electronic media, and 27.5 percent get it from brokers, according to the source of information.

There is evidence to show that the company's window dressing ranks higher than other aspects of its business, such as MOUs and investment safety. A higher average rank is discovered for private sector wealth maximization than for public sector investment. A number of factors, including educational and guiding materials, application development, investment through technology and clear, flexible and easy to interact that saves time and effort, are found to influence investor attitudes. In the private sector, trust in trading, settling difficulties, and keeping confidentiality is more important than in the public sector. According to the findings, private sector investors' assessment of herd behavior is based on other people's purchasing and selling decisions, large investments, and thorough research before following any trend. The findings show that investors in preference shares in the public sector have a strong desire to save for a bright and happy future. In contrast, those who invest in non-preferred shares are more concerned with long-term financial stability and choose to invest in preferred shares because of tax advantages. Investors in private preference funds have a high level of wealth maximizing attitude toward quick returns, asset acquisition and education for their children, according to the results of this study. Non-preference shareholders in the private sector, on the other hand, have a wealth maximization mindset when it comes to investments that suit our needs.

Fundamental marketing considered by Bennet et al. (2011) when making stock selection selections. This study by Chalam (2013) found that aspects of investors' demographics such age, gender, marital status, and educational attainment all had a substantial impact on their investing selections. Personal investment decisions are influenced by many factors, including a company's reputation in the industry, predicted earnings, prior stock performance, and investors' expectations of dividends. Risk, wealth maximization, technology, trust and reliability, herd behavior, time, and savings were all considered in this study. It also includes the decision to invest in the stock market. Investors, stock brokers, businesses, and the Indian Stock Exchange Board all benefit from this research.

Conclusion

Savings habits and a penchant for secure assets are well-known characteristics of Indians. Savings rates in India have risen steadily since independence. In the last two decades, a slew of new financial vehicles has been launched to pique consumer interest. Due to the investment's safety and security, this is the most popular choice. The Indian stock market is vulnerable to a wide range of unexpected changes, but it may also produce substantial returns and capital appreciation for investors who are savvy and long-term oriented. Investors' attitudes have changed as a result of the stock market's recent volatility. Investing in stocks can be a fruitful endeavor for the savvy investor. Investors' knowledge of stock trading and stock investments is solely responsible for the results. Investors can reap the rewards of the stock market if they have access to accurate and dependable information.

Ultimately, a country's economic well-being depends on its financial system. As long as the country's financial system is well-managed, effectively, and on sound lines, its economy will continue to rise and maintain overall growth. A situation like this offers the general public a lot of faith in the system, which is essential for developing countries to channel their savings into financial institutions. It is imperative that appropriate resources be mobilized and channeled toward development and self-sufficiency. A country's economic growth is largely determined by how well its financial institutions and markets are working, especially in developing countries like India. Financial institutions and markets have become increasingly important worldwide as a result of this. These have emerged as critical determinants of a country's standing and development. To achieve rapid economic growth and modernization, a country needs to make concerted efforts to establish well-organized financial markets with suitable institutional frameworks. To enable rapid industrialization in a democratic democracy, the market for credit (the money and capital market) and business companies must work together. In the stock market, businesses and individual investors can buy and sell shares in companies. Buyers and sellers, known as "market participants," will be involved in the transaction.

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