A COMPARATIVE ANALYSIS OF URBAN AND SEMI-URBAN INVESTORS ATTITUDE TOWARDS STOCK MARKET INVESTMENT

Mrs. Kishori. B[1], Arun Kumaran. S[2]
[1]Assistant Professor, Dept. of Management studies
[2]Dept of Management studies
[1,2]Anna University (BIT Campus), Tiruchirappalli.

ABSTRACT

All investments are risky, as the investor parts with his hard earned money. An efficient investor with a proper training can reduce the risk and maximize profits. Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues differ from one avenue to another. The investors expect more returns with relatively lesser risks. In this context, the current study aims to study investor's attitude towards stock market investment. A proper understanding of money, its value, the available investment avenues, various financial institutions providing the facility of investments, the rate of return/risk, etc., are very important to successfully manage one's finance for achieving future goal. Many people are not willing to take risk for their funds. Many of the people are not aware about how to make an investment in share market, equity etc. "No pain no gain" it is the golden principle of investment management. People now days are not ready to bear risk, but at the same time more risk leads to more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various types of stock market investment so that they can get a moderate profit. This study basically provides attitudes among urban and semi-urban investors towards stock market investment available to them and what factors they should consider before making an investment.

Keywords: Investment, attitude, perception, stocks, risk, financial assets.

1. INTRODUCTION

Investment refers to acquisition of some assets. It also means the conversion of money into claims on money and use of funds for productive and income earning funds for securing some objectives like income, appreciation of capital gains, or for further production of goods and services with the objective of securing profits. Investment is putting money into an asset with the expectation of capital appreciation, dividends, or interest earnings. Most or all forms of investment involve some form of risk, such as investment in equities, property, and even fixed interest securities which are subject, among other things, to inflation risk. A good investment strategy will diversify the portfolio according to the specified needs. The investor has to choose Proper Avenue depending upon his specific need, risk preference, and returns expected.

1.2 STOCK MARKET

Stock market helps to channelize household savings to the corporate sector which in turn facilitates the development of industrial and service sectors. An equity share is a part of the ownership capital of the company eligible to share many benefits from the company. When one invests in shares, he keeps it for some time depending upon the stock price. When the rates of shares increase, he sells the securities to another party. Investment is generally done by people in order to meet their future needs and also to protect them from the impact of inflation. Investment in shares will fetch better returns compared to any other form of investment. Whenever the inflation rate is high, the stock market has given higher rates of return to the investors. Share trading helps the corporate to raise additional funds for expansion by creating demand for the securities. The liquidity that an exchange provides gives the investors the ability to quick and easy selling of securities. This is an attractive feature of the stock market investment. Investors can select the suitable avenue according to their desired level of risk, return and liquidity. Investment in securities of capital market can be made through primary or secondary market. In the primary market corporate entities offer new securities directly to the investors and mobilize the funds needed for their development. The secondary market provides continuous liquidity to the securities by trading them in the stock exchanges. The investors can buy or sell the two existing securities at the prevailing market prices in the stock exchange through stockbrokers.

2. STATEMENT OF THE PROBLEM

Stock market plays a vital role in developing economy in India. It is also attracting many people in recent years. Investors usually perceives that all capital market avenues are risky. Based on objectives and risk bearing capacities, investors go for different investment alternatives. A study revealed that investors can easily and quickly participate in, or withdraw from, the market depending on their confidence and attitude towards the prevailing market conditions. It is necessary that a study be undertaken to investigate the factors that influence investor's attitude towards stock market investments and suggest ways on how their trust and confidence in the stock market can be regained or rather improved.

3. OBJECTIVES OF THE STUDY

1. To find out the investor's attitude towards stock market investment.
2. To analyse how investor's perception influences their investment pattern.
3. To compare the investment consideration of urban and semi-urban investor's.
4.

4. REVIEW OF LITERATURE

C. Kavitha(2015) studied the investor's attitudes and perceptions towards stock market investments .He analysed using SPSS and he used a cross-sectional survey design and with application of quantitative and qualitative data. He also used descriptive and correlation approaches to establish the relationships amongst the study variables. The study has made several recommendations among which to increase investor awareness as a means of encouraging local

investors to list on the stock exchange. He suggested that regulatory authorities should improve on their performance in order to increase the confidence of the local investor. Furthermore they should introduce investor incentives to boost the volumes traded on the exchange with a review of The stock market regulations with a view to make them stronger and more attractive to local investors.

E. Bennet (2011) found the average value of the five factors namely, return on equity, quality of management, return on investment and price to earnings ratio and various ratio of the company had influenced the decision makers. Further other five factors such as recommendation by analysts, broker and research report, recommended by friend, family and peer, geographical location of the company and social responsibility were given the lowest priority or which had low influence on the stock selection decision by the retail investors.

Srinivasa and Rasure (2011), had pointed out that there seemed to be a certain degree of correlation between the factors that behavioural finance theory and previous empirical evidence were identified as the influencing factors for the average equity investor, and the individual behaviour of the active investors in the Indian stock market was influenced by the overall trends prevailing at the time of the survey in the BSE.

Veeramani G et al(2014) has conducted An Analytical Study on Risk Perception and Return for Individual Investment. This study aims to gain knowledge about key factors that influence investment behavior and ways these factors impact investment risk tolerance and decision making process among men and women and among different agegroups. The study concludes that investors' perception on the total investment risk and return predominantly decides the capacity of investors.

Jothilingam K et al(2011) were conducted a study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors' attitude towards the investment avenues. The study concludes that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could probably because of their tendency to avoid high risks.

Dr. V. L.Shobhana and J. Jayalakshmi in their study titled "Investors Awareness and Preferences – A Study" (2006) has examined the level of investor awareness regarding investment options and investment risks. The analysis revealed that the investment in real estate is preferred by a majority of the respondents. The second most preferred investment is bank deposits. Awareness about investment options and risks are high among aged, highly educated and those who are professionals by occupation. Demographic variables such as age and education do not have significant influence over investor's awareness whereas difference in occupational status leads to difference in the awareness level of Investors.

Arul Stephan and Dr.V.Darling Selvi (2009) in their article entitled "Investment Avenues for Senior Citizens" stated that it is necessary on the part of the elders to find a definite source of income for themselves. The senior citizens have various alternative avenues of investments for their savings in accordance to their preference. A definite idea about investment will provide senior citizens a steady income which helps them in the phase of rising cost in future. Hence, it is the need of the hour for the elders to think and act wisely in their investment decision. As all

the investments are not equally good, awareness of various schemes and the privileges of the aged will help them to select the best suitable investment avenue.

P. Neelakantan et.al (2011) in their article entitled "Impact of Risk analysis in selection of investment avenues- A study on Debt Market Investors" suggested that investment in Debt Market instruments as become an imperative choice of the investors with the objectives of return optimization. Uncertainty of expected returns is a vital part of the investment option in debt market. Variations in the anticipated returns and actual returns lead to the possible consequences of the decision related to selection of debt market investment vehicle. Risks in debt market instruments are poised of the demands that bring variations in the return of income. Market price and interests play a significant role on the risk associated with the debt markets which are being influenced by the various internal and external considerations. Uncontrollable external risks have a greater impact of the volatility of returns on the investment vehicles and they are of systematic in nature.

5. RESEARCH METHODOLOGY

The study was carried out with the help of primary data and secondary data for the purpose to analyze and understand the preferred investment avenues by the people and factors considered for investment.

5.2 DATA COLLECTION

The present study is mainly based on primary data and secondary data. The required data were collected through questionnaire and documents, certain web sites and other online data bases etc.

5.3 SOURCES OF DATA

Primary data was collected through questionnaire and Secondary data was collected from the reports, articles, journals, documents, printed literatures, certain web sites and other online data bases etc.

5.4 TOOLS OF ANALYSIS

 Various tools used for the analysis and interpretation of data is ONE-WAY ANOVA, Descripive Statistics, Percentage Analysis.

5.5 SAMPLE SIZE

The study has taken around 93 respondents who are the part in stock market investments.The investors are selected by Stratified sampling method.

6. ANALYSIS AND INTERPRETATION

Personal Profile of the People

6.1 Frequency Distribution of Respondent's Domicile

Domicile

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	urban	55	59.1	59.1	59.1
	semi-urban	38	40.9	40.9	100.0
	Total	93	100.0	100.0	

Source Primary Data

From the above table shows that 59.1% of the respondents are from Urban, 40.9% of the respondents are from Semi-Urban.

6.2 Frequency Distribution of Respondent's investment other than stock market

types_of_investments_other_than_stock_market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Recurring deposit	5	5.4	5.4	5.4
	Fixed deposit	61	65.6	65.6	71.0
	Mutual funds	8	8.6	8.6	79.6
	Gold silver	19	20.4	20.4	100.0
	Total	93	100.0	100.0	

Source Primary Data

From the Table, it can be seen that 61 (65.6%) of the respondents were able to invest in the Fixed deposits followed by 19 (20.4%) in Gold and silver Market. Another 8 (8.6%) of the respondents made mutual fund investment, 5 (5.4%) in recurring deposit. It could be observed that most 65.6% of the respondents invested in fixed deposit as they have high interest and safety when compared to other types of investment.

6.3 Frequency Distribution of Respondent's Nature of Investment

Nature of Investment of Investor

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Regular	30	32.3	32.3	32.3
	one time investor	48	51.6	51.6	83.9
	Occasional	10	10.8	10.8	94.6

at the time of boom and depression in the market	5	5.4	5.4	100.0
Total	93	100.0	100.0	

Source Primary Data

From Table, it could be seen that the majority of the investors 48 (51.6%) were one time investors in the stock market. Another 5 (5.4%) investors made investments in the stock market at the time of boom and depression only, which was market based to invest and to get their returns and 30 (32.3%) respondents had regularly invested in the stock market. The remaining 10 (10.8%) investors were occasionally invest in the stock market. It is seen that most of the respondents invest one time in the stock market.

6.4 Frequency Distribution of Factors influencing to Investment

S.No	Statement	Rank Order in %					Total Score	Rank
		SA	A	NO	DA	SDA		
1	General factors	5.4	57	19.4	18.3	0	325	4
2	Market factors	29	25.8	21.5	5.4	18.3	318	5
3	Company factors	26.9	36.6	6.5	24.7	5.4	342	1
4	Political & Economic factor	40.9	31.2	1.1	8.6	18.3	336	2
5	Financial factor	45.2	4.3	12.9	34.4	3.2	250	6
6	Psychological factor	14	23.7	16.1	9.7	36.6	329	3

Source Computed from Primary Data

Note SA-Strongly Agree, A-Agree, NO - No Opinion, DA-Disagree, SDA- Strongly Disagree.

It is seen from Table, that among the six statements under factors influencing the respondents to invest in the stock market. If the economy grows rapidly, the industry can also be expected to show rapid growth and vice versa. Financial position of an organization plays a vital role to determine its economic viability. The investors expect higher earnings in the market and growth in future. The statement 'Company factor' obtained the maximum score of 342, followed by the statement 'political and economical factor' which had secured points 336. The remaining statements viz., 'psychological factor', 'General factor', 'Market factor' and 'financial factor' were in the third, fourth, fifth and sixth with 329, 325, 318 and 250 respectively. It is concluded that the Company factor had influenced more on stock investment decision.

6.5 Frequency Distribution of Respondent's Level of Satisfaction

S.No	Statement	Rank Order in %					Total Score	Rank
		FS	S	NO	NS	FNS		
1	Stock Broker	22.6	33.3	41.9	1.1	1.1	349	1
2	Depository system	24.7	36.6	15.1	23.7	0	337	2

| 3 | SEBI procedure and Regulation | 16.1 | 48.4 | 16.1 | 1.1 | 18.3 | 319 | 3 |
| 4 | Market Conditions | 8.6 | 47.3 | 18.3 | 20.4 | 5.4 | 310 | 4 |

Source Computed from Primary Data

6.6 Information relate to stock market and Level of Satisfaction- Descriptive statistics

level of satisfaction	NOI	Urban				Semi-urban			
		N	Mean	Std. Deviation	Std. Error	N	Mean	Std. Deviation	Std. Error
Stock Broker	regular	6	1.6667	.51640	.21082	24	2.0000	.72232	.14744
	one time investor	35	3.0000	0.00000	0.00000	13	1.3077	.85485	.23709
	occasional	9	1.8889	1.05409	.35136	1	2.0000		
	Total	55	2.5818	.71209	.09602	38	1.7632	.81983	.13299
Depository System	regular	6	2.3333	.51640	.21082	24	2.5000	.58977	.12039
	one time investor	35	2.4571	1.52128	.25714	13	2.0769	.27735	.07692
	occasional	9	2.8889	1.05409	.35136	1	3.0000		
	Total	55	2.3818	1.36749	.18439	38	2.3684	.54132	.08781
SEBI Procedure& Regulation	regular	6	2.0000	.89443	.36515	24	2.2917	.55003	.11228
	one time investor	35	3.4571	1.52128	.25714	13	1.3846	.96077	.26647
	occasional	9	2.4444	.52705	.17568	1	1.0000		
	Total	55	3.0000	1.40106	.18892	38	1.9474	.83658	.13571
Market Condition	regular	6	2.3333	1.36626	.55777	24	2.3750	.57578	.11753
	one time investor	35	2.9714	1.01419	.17143	13	2.3077	.85485	.23709
	occasional	9	3.8889	1.05409	.35136	1	3.0000		
	Total	55	2.8727	1.23310	.16627	38	2.3684	.67468	.10945

It is observed from the Table, that of the descriptive statistics among the different nature of investors, the level of satisfaction from market condition dimension had the highest mean score in the occasional investor. The lowest mean value of this dimension was found in the group having one time investor. For the satisfaction from stock broker the highest mean score was

noticed in the one-time investor in urban region. The depository and market condition dimension had the highest mean score in the Occasional investment and the lowest mean score for the regular investment.

6.7 Investor Information and Level of Satisfaction- One way ANOVA

It seems that there were some differences among the different nature of investor regarding the mean score obtained by them. In order to test whether the above said differences were significant or not, the following null hypothesis was framed.

H0 = There was no significant difference in the level of satisfaction among the different nature of investor

H1 = There was a significant difference in the level of satisfaction among the different nature of investor.

The above said hypothesis was tested with the help of the one way ANOVA test.

Level of Satisfaction	Group	Urban					Semi-Urban				
		Sum of Squares	Df	Mean Square	F	Sig.	Sum of Squares	Df	Mean Square	F	Sig.
Stock Broker	Between Groups	17.160	3	5.720	28.537	.000	4.099	2	2.050	3.454	.043
	Within Groups	10.222	51	.200			20.769	35	.593		
	Total	27.382	54				24.868	37			
Depository system	Between Groups	12.074	3	4.025	2.309	.087	1.919	2	.960	3.764	.033
	Within Groups	88.908	51	1.743			8.923	35	.255		
	Total	100.982	54				10.842	37			
SEBI Procedure & Regulation	Between Groups	21.092	3	7.031	4.223	.010	7.859	2	3.930	7.626	.002
	Within Groups	84.908	51	1.665			18.035	35	.515		
	Total	106.000	54				25.895	37			
Market Condition	Between Groups	28.915	3	9.638	9.241	.000	.448	2	.224	.478	.624
	Within Groups	53.194	51	1.043			16.394	35	.468		
	Total	82.109	54				16.842	37			

The Table shows that, as the calculated 'F' value of Urban investor is greater than the table value at 5% level, there is a significant mean difference on the basis of nature of investor.

Result: Null hypothesis is rejected, there is a significant mean difference on the basis of nature of investor.

7. MAJOR FINDINGS FROM THE STUDY

The results based on chapter wise findings are mentioned as follows

7.1 Personal Profile of the Respondents

1. It was found that 59.1% of the respondents were urban investors and 40.9% were semi-urban investors.

2. It was found that 53.8% of the respondents were males and only 46.2% were females. Among them 34.4% of the respondents belonged to the age group of 31 to 35 years, followed by 23.7% in the age group of 25 to 30 years.

3. It was seen that 63.4% of the respondents were post graduates followed by 24.7% had studied up to graduate level. Remaining 24.7% of the respondents belonged to professional category in the study area.

7.2 Information Related to Stock Market

A summary of the findings of the study related to investments made by the sample investors in the stock market are detailed below.

1. The classification of the respondents on the basis of nature of investors showed that a vast majority of them viz., 51.6% were one-time investors and 32.3% were regular investor in the stock market.

2. Majority of the investors' viz., 72% had invested in the stock market out of their own income only followed by 22.6% of the investors having sources of funds from both their own income and the pledge of assets.

ANOVA has been applied for the demographic and factors influencing investment decision the two sectors of Urban and semi-urban investors. The ANOVA result shows that

1. It is seen that, highest mean secured by the company factor dimension and lowest standard deviation for psychological dimension and market factor dimension had highest consistency that measure most of the respondent to consider those information regarding invest in stock.

2. The attitude of majority of the sample respondents in respect of factors influencing investment decision came under the medium category.

8. CONCLUSION

The study was based on primary data collected from selected individual investors and it was done to gain a deeper understanding of the attitude of the investors in the equity investment (stock market). The screen based trading system, establishment of depositories and dematerialization, rolling settlement, derivative trading and others, were the major development in the stock market in the modern times. It had resulted in better transparency in dealings, improvement in market infrastructure and ease of operation and quick settlement of transactions.

This study the attitude of investors in the various forms of dimensions as awareness, factors influencing investment decision, intention to invest and satisfaction were analyzed. Majority of the investors were well-known about the equity is a risk investment. Among the various factors considered before investing in the market the company factor was mostly preferred by the investors. Finally, investment satisfaction in market condition was at a low level.

9. SUGGESTIONS

The following are the suggestions that have emerged from the study.

1. The equity trading in the southern part of the country is low. Therefore, increased awareness about the stock market will attract more number of investors to invest.
2. The investors should also consider equity investment as a long term investment alternate to protect them against the short term fluctuation in the market and also to get benefited from the growing Indian stock market.
3. Only a few investors had attended the awareness programmes organized by Securities Exchange Board of India and Stock broker agencies. Hence SEBI has to take necessary measures to conduct such programmes more often in the study area.

10. BIBLIOGRAPHY

10.1 BOOKS

1. *Bhalla V.K, "Modern Portfolio Theory", S. Chand Publishing, Delhi*
2. *David, L. Scott and William Edward, "Understanding and Managing Investment risk and return, MC Graw Hill Book Co. (U.K.) Ltd., 1990, London*
3. *Gordon E & Natarajan K, Financial Markets and Services Himalaya Publishing House, Sixth Revised Edition, 2010.*
4. *Kothari C. R., Research Methodology", New Age International Publishers, New Delhi, 2004.*

10.2 JOURNAL

1. *D.P. Warne, Suman, "Investment Behavior of Individual Investor in Stock Market", International Journal of Research in Finance and Marketing, Issue 2, 2012.*
2. *Dhiraj Jains and Nakul Dashora, "A Study on the Impact of Market Movement on Investment Decision: An Empirical Analysis with Respect to Investors in Udaipur, Rajasthan", Journal of Arts and Commerce, Vol. III, Issue 2(2), April.2012.*
3. *E. Bennet and Others, "Investors' Attitude on Stock Selection Decision", International Journal of Management and Business studies (online), Vol 1, Issue 2, June 2011.*
4. *E. Bennet and others, "The Impact of Investors' Sentiment on the Equity market: Evidence from Indian Stock Market, African Journal of Business and Management, Vol 6(32), August, 2012 pp 9317-9325.*
5. *Srinivasa and Rasure, "Factors Influences and Individual Investor Behaviour: The Study of Indian Stock market", International Journal of Research In Commerce,*

Economics And Management, Vol, No 1Issue No 7 November, 2011.

6.   *Tabassum Sultana Syed, "An Empirical Study of Indian Individual Investors", Behaviour Global, Journal of Finance and Management, Vol.2, No.2010.*

10.3 THESIS

1.   *Annal Lourdhu Regina, "A Study on the Individual Investor Behaviour in Capital Marketwith Special Reference to Tamilnadu", Unpublished Doctoral Thesis, Bharathidasan University, June 2010*

2.   *Maruthu Pandian and Benjamin Christopher, "A Study on Equity Investor Awareness", Unpublished Doctoral Thesis at Bharathiar University, 2010.*