

Investors' Attitude towards Investment Decisions in Equity Market

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INTRODUCTION

Investors have a number of investment avenues in which some of them are traditional investments like bank deposits, gold and so on which have been used from generations' time where as few are relatively new options which have become popular like Equity, mutual fund, commodity and derivatives and so on. The present study concentrates only on equity investment. The total capital of the company will be divided into smaller units known as Equity share. When Investors purchase equity share he becomes shareholder of that company, In turn Company will be liable to pay dividend to shareholder out of their profits. Equity Investors will get returns in the form of dividend and capital appreciation. Along with this benefit, the holder of equity shares will get voting rights in the company. Moreover, investors in equity shares will be treated as owners of the company and the ownership is limited to the extent of the shares held by investors. A company issues shares primarily when there are in need of funds for growth of the business or for the expansion. It initially approaches the investors in primary market through Initial Public Offering (IPO). In IPO, equity shares of the company will be offered to the general public for subscription for the first time. Once, the shares get listed on a particular stock exchange and exchange provides for frequent trading. General public can subscribe to the IPO and these shares can be sold on a stock exchange like NSE. Once allotments of shares are done. These records will be

ABSTRACT

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct control on buy and sell of the securities or will be managed by fund managers like brokers The main aim of investors is to get capital appreciation and returns. The capital appreciation occurs when shares are sold more than purchase price. The returns will be in the form of dividend. The study concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive.

Keywords: Equity instruments, capital appreciation, dividend, risk bearing attitude

"Never Depend On Single Income, Make Investment To Create A Second Income"

- Warren Buffet

maintained by depositories like NSDL and CDSL. When the company needs to distribute dividends or bonus shares, it will get the shareholders' list from these depositories and credit the dividends directly into shareholder's bank account. One of the main reason to invest in equity because of inflation and taxes. Inflation and taxes reduces the purchasing power of money. If investor invests only in bank fixed deposit, then there is a chance of facing difficulty in protecting our investment. Hence investors consider various factors like risk, return, companies' performance, age, gender, income and occupation before investing into equity.

Review of literature

Mary Buffett and David Clark (2012) author of the Warren Buffett stock portfolio guides investor about Warren Buffet's stock picks: Why and when he is investing in them.

Quote from Warren Buffet during the 1990-1991 recession "We welcomed the decline because it allowed us to pick up many more shares at the new panic price".

Investors who wish to buy investments throughout their lifetimes should adopt alike attitude toward market fluctuations; instead many unreasonably became pleasurable when stock prices rises and despondent when they go down. In this book, author looks only at companies

that Warren has already identified as having a durable competitive advantage. These are the companies that he has bought for himself and for his holding company, Berkshire Hathaway, a long term investments. Because of the recession, these companies are once again selling at prices that offer great long term growth prospects. Author's primary concern is with teaching us how to value companies so we can create a conservative projection as to the kind of future return that an investment offers at its current market price. In Warren's world, as stock prices decrease, the prospects for investment increase. Putting a number on those prospects tells us whether or not the stock is an attractive buy.

Dr. Akanksha Singhi (2016) in their study on factors influencing investment decision of individual investors in stock with reference to Indore city .This study helps us to understand the activities of investor, particularly their attitude and perception in stock market. A survey was conducted in which respondents were classified into different categories like income, profession, education status, sex and age in the city of Indore.

Jeet Singh and Preeti Yadav (2016) in their Study on the factors Influencing Investors decision in Investing in Equity shares in Jaipur and Moradabad with special reference to Gender tries to find out the factors that have major influence on the share investment decisions of a sample. Investors hardly act rationally in taking decisions while investing. The study tries to find out the perception of male and female investors regarding various factors to be kept in mind while investing equity market.

Ms. Kavitha C (2015) explains Investors Attitudes towards stock Market Investment the study help us to find significant relationship between the investors' attitudes and stock market investments. The more positive attitude advance strategies were introduced, the more it was easy for local investors to invest in the stock market.

N.S.V.N Raju and Dr. Anita Patra (2016) in their study on Investors Attitude towards investment in Equity stock with reference to Visakhapatnam District by, this research study explains top five highly influential factors, according to the investors, were what the company does, followed by company profitable, History and outlook of company's earnings, business model of the company .

Dr. U. Raghavendra Prasad (2016) propagated on the study on investors' perception and attitude towards investment in Indian stock market with special reference to Chittoor District this study aims to analyse investors' perceptions and attitude towards stock market investment

Dr T. Tamil selvi (2015) explained on investors' attitude towards investment avenues attempt was made in their study to find out the main objective of the investors in Coimbatore District towards making investments and to assess the investors' attitude towards the investment avenues. The demographic variables and objectives of the investors have been obtained from the respondents and the relationship between these variables and objectives has been computed. The attitude of the respondents towards the select investment avenues has been ranked. The study also offers suggestions to the investors to make investments.

Statement of problem

In this competitive world, various investment avenues are available but majority of investors consider equity as their investment option because investment in equity require less amount ,minimal time to trade its liquidity . So this study will help us to find how investors' attitude will have an impact on investment decisions and its reasons behind to take such decisions depending on the situation.

Objectives of the study

The main objectives of this study are:

1. To identify investors attitude towards equity investment
2. To analyze various factors influencing towards equity investment

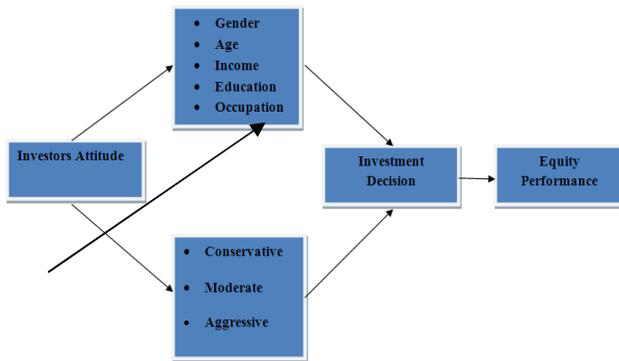
Methodology

This study is based on secondary sources like journals, books and paper presentations, research articles on equity investors and other related topics and various websites.

Analysis

Many authors have done their research related to investors' attitude towards equity investment with a view to create awareness among the investors and encourage them to invest in stock market. Warren Buffett stock portfolio (2012) guide help us to find how investors act to the market fluctuation and stocks which have to pick for investments .Author aims at teaching investors how to value a company and create conservative projection for future income. Akanksha Singhi (2016) the study attempts to find the factors affecting the investment activity of individual investors such as their awareness level, duration of investment etc. The study analyses the rationality of the investors of Indore during different market expectations, dividend and bonus announcements, and the impact of age, income levels and other market related information on investment decisions of investors from Indore city. Jeet Singh and Preeti Yadav (2016) study helps to analyze the attitude of male and female investors .The paper concludes that investors in the shares. Investors whether male or female should look in all avenues while investing their funds in different assets. Investors should look in all avenues while investing their funds. Some investments are risky and some are not so as per the age of investors they should decide about risky or less risky investments. Ms. Kavitha C (2015) the analyses that there is significant relationship between the local investors perception of stock market regulations and their intention to participate at NSE .To have more local investors participating on the NSE, efforts should be directed towards stronger regulation and creation for more awareness. N.S.V.N Raju and Dr. Anita Patra (2016) study find out there are four factors with the lowest priority or which had low influence on the stock selection decision. These are vision and mission of the company, values and philosophy of the company, investors will view about the company and company's competitive advantage over other company. Dr. U. Raghavendra Prasad (2016) says investors are bullish about the Indian market. Most of the investors are moderately aware about the securities. Majority of investors feel that rate of return, safety of investment and capital appreciation are very important motives of their investment. Liquidity, tax benefits and maturity period are considered to be moderately important. There is no significant difference between investors' investment objectives and investors' gender, age and occupation.

Figure 1: Based on analysis conceptual model is developed.



Conclusion

Stock market have different attitude towards risk and returns, where some investors are risk bearer and some are risk avoider. This risk bearing attitude will be based on personal, economical, environment and situational factors such as income, family size expenditure pattern and age. Investors tend to follow different investment attitude as they move through different stage of the life cycle. In Youth age, they concentrate on Growth oriented Investments, Higher potential growth and risk, Stress capital Gains over current income. Whereas middle age group take into consideration like their family demands and responsibilities become important (Educational expenses, retirement savings), Move toward less risky investments to preserve capital, Transition to higher quality securities with lower risk. When it comes to Retirement Stage preservation of a capital becomes primary goal, highly conservative investments portfolio, and Current income needed to supplement retirement income. Based on

their investing style investors are classified as conservative, moderate and Aggressive. Conservative investors avoid risk, moderate investors take medium risk tolerance and aggressive investors take high risk in their investment.

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