

# Retail Investors Awareness on Stock Market W.R.To Indian Stock market

<sup>1</sup>Dr.B.Neeraja, <sup>2</sup>Dr.Arti Chandani, <sup>3</sup>Dr.N.Srividhya, <sup>4</sup>Dr.Rizwana

**Abstract---** India is a developing nation. The recourse required for business so called money is always in scare in such country. People in Indian economy are more sentimental and believe in cultural heritage. We have our own set of perception regarding few concepts. In general investment in stock market is always treated as a risk factor. People who have plenty of money and who are ready to take risk only can invest in stock market is the general assumption though in real world it is not true and if people who analysis the technical and financial details of a company can predict the trend of the market share for that company. Due of lack of proper knowledge and guidance there are many people who burn their figures and create a panic that stock market investment is not a good avenue for parking your funds/ savings. Psychologists have identified many patients who have symptoms of depression is due to stress and unexpected loss either physical or psychological. Out of these patients nearly 40% patients come with a problem associated to financial loss due to debt loss. When people are dealing with significant debt, they are much more likely to report health problems, according to an Associated Press–AOL health poll conducted in 2012. Roughly 10 to 16 million people are “suffering terribly due to their debts, and their health is likely to be negatively impacted,” says Paul J. Lavrakas, a research psychologist who analyzed the results of the survey. Lavrakas and his colleagues from the Ohio State University developed the “Debt Stress Index” to track the impact of worry about financial debt on health and well-being. The index hit a record high in July 2011 and has only slowly decreased with the first signs of economic recovery. Among the people reporting high debt stress in the AP poll, 27 % had ulcers or digestive-tract problems, compared with 8 % of those with low levels of debt stress, and 29 % who suffered severe anxiety, compared with 4 % of those with low debt stress. On a more intuitive level, money is more than just cash and coins. Just ask anyone who’s suffered a layoff, witnessed their retirement savings vanish, or watched helplessly as the value of their house plummeted—money provides feelings of security, power, independence, and freedom. And the threat of ongoing debt or insufficient income can result in feelings of loss of control, anxiety, and other mental and emotional distress. In addition, chronic financial stress has been linked to a cycle of increased workplace absenteeism, diminished workplace performance, and depression. This article is to observe the factors of stress related issues and nervous problems due to financial distress. In India most of the patients are directly or indirectly related to share broking. So the group will be identified and the reasons for stress would be

1, Professor & Deputy Head, 2,3,4, Associate Professor

1, Faculty of Management Studies Dr.MGR Educational and Research Institute Maduravoyal, Chennai. Tamilnadu

2, Department of Management Studies Symbiosis Institute of Management Studies, Pune, Maharashtra

3, ISB & M International School of Business and Media, Kolkata

4, Department of Commerce and Business Management, Integral University, Lucknow, UP

[neeraja.mba@drmgrdu.ac.in](mailto:neeraja.mba@drmgrdu.ac.in),

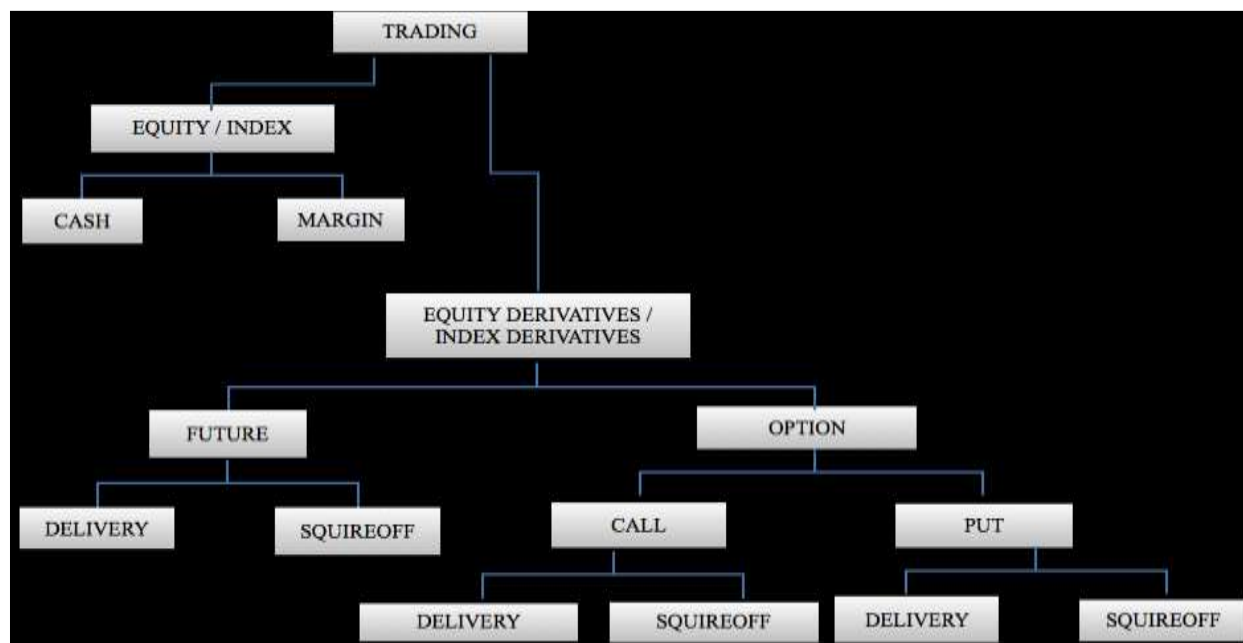
*listed to reduce the stress. We would try to find what is the better way to reduce stress with these financial distress cases. Objectives: 1) To understand the level of awareness regarding stock market investment by retail investor. 2) To recommend best mode of investments for risk averse investor. 3) To suggest the list out the less risk to high risk investment avenues for retail investor.*

**Keywords---** Retail Investor, Avenues Of Investment, Selection Strategies, Risk Free, Investment

## **I INTRODUCTION**

Indian financial market is divided into 4 major segments namely financial markets, financial services, financial instruments and financial institutions. Stock market investment or equity market investment come under the category of financial services provided by financial institution with various financial instruments available in financial markets of Indian financial sector. Indian stock market is one of the world's biggest and largest stock markets. It have nearly 2 crore people who have registered with demat account which is a mandatory services to be part of the stock market trading. In a country like India awareness regarding investment in equities is very less. Most of the research work conducted in this regard gave an opinion that Indian stock market is highly volatile, sensitive, reactive and also is unpredictable. Impact of this is visible in retail investment patter in equity markets.

Investors' awareness is the knowledge of investment and many researchers academicians have worked on this topic for instance, **Guiso and Japelli (2005)** stated that investor awareness on stock market depends on factors like age, income of family, saving habits age, social status, and *educational background*. **Jain and Thakur (2012)**, who analysed the relationship between age and investment related found that there were no significant relationships between the age and the investors investment strategies, they also could summarise that people invest in stock market based on their income capacity, risk taking nature and saving habits. **Kadariya Collins et al. (2012)** studied the level of awareness *among* the investors and found the extent of relationship between investors' awareness and the volume of equity investment in secondary market considering the data collected through structured questionnaire from 50 investors. The study found that the investors' awareness level was found to be affected by *the related work experience, understanding of investment environment, learning expectation and access to market information, there was a positive relationship between investors awareness and equity investement the investor were aware and their level of awareness was high*. Further, **Basaiah and Priyajka (2012)** examined the investors' motives and awareness level on various investment avenues. In this process it was identified that investors were aware about the investment in Stock market & mutual fund, however they were not aware of debentures ,gold traded funds and unit linked futures options and commodities.. **Umamaheswari and Ashok Kumar (2013)** examined the awareness level of salaried class investors towards the nature of investment using the data collected from 50 individuals. The study predicted that the socio-economic variables viz., *age, gender, income, education and occupation* influenced the awareness of investors about investment; however, the investors were not much aware of the concept and working of the investment.



**Fig. 1: Types of trading in Stock Market**

Wazal, Sudesh Kumar Sharma (2017) in their study measure the number of retail investors in the Indian equity market and how it compares with rest of the world. Population of retail investors in Indian equity market is dismally low when compared with other leading economies. It was justified the estimate population of retail investors at 4.45 percent of total Indian population. Over the time period, the numbers have increased since the investor confidence is being maintained investment in the equity market. Another noteworthy interesting fact is that more than 50% of the retail investment is from the western region of the country. Retail investors in India is disproportionately distribute with western region like from Mumbai and Pune Cities dominating with nearly half of the investor population. (1)

## **II RESEARCH METHODOLOGY:**

Primary data was collected through google forms by circulating in known circle of investors. A set of pre designed questionnaire was mailed to various contacts. Nearly 45 people have responded. Data was collected in various aspects of knowledge regarding various avenues of investment, security given by SEBI for investors, interest of investment in future, reasons for investment in stock markets, purpose of investing in stock market, proportion of investment they afford for equity market instruments. etc.

## **III ANALYSIS AND INTERPRETATION:**

The collected through google forms was edited, coded and converted into a qualitative information. Further a basic tool were used to arrive at the interpretation.

## **IV FINDINGS AND SUGGESTIONS:**

- Out of 45, 21 respondents who have family income of 3,00,000 p.m are ready to invest 1,00,000 per annum and are investing for profit.

- Only 4 respondents Strongly agree to park their savings in stock market, 14 agree to invest in stock market for profit
- It is statistically proven that investors trading in Equity market decide their stock based on the past experiences they have, which helps them to take appropriate decision and 59% agreed with this statement.
- In stock market investor behavior, it is statistically proven that investors prefer to invest on a
- short term horizon as they are risk averse and say future is unpredictable..
- Most of the respondents do not agree to refer stock market investment to anyone else.
- All most many respondents are not comfortable to invest in equity market but if they were properly assisted they are interested to spend minimum of Rs.50,000 P>A
- Most of the respondents i.e 26/45 (58%) have conveyed that investment in equity market would be done by them as they expect profit from it,
- 12/45 respondents invest for sake of savings i.e.44.5%

## **V SCOPE OF THE STUDY**

- The present study was done with a very small population, it could be extended to state wise, zone wise and even to regional or national level.
- The study was done by circulating google form so the study can also be expended to rural and urban level separately to get more in-depth knowledge about the investment pattern in regional level or state level.
- This can also be studied as a impact of retail investment in capital market by to investors in future.
- A separate study can be conducted with student who opt of finance as a specialization in higher education.
- Implications of internet stock trading in India can be taken up for study.
- Impact of technological innovation in capital markets can be studied.

## **VI CONCLUSION:**

The present day investors are more fast in collecting information than ever before. Everyone have a glance/ a brief idea of stock market. They are well equipped and informed than their predecessors of last generation. So they are better informed and decide better than their superiors be it father, mother, brother etc. they share information and update themselves very fast with the present internet surrounded world. They want to be secure when they aspire to become rich, they balance their savings and investments even when they are tempted to spend, want to feel the joy of pride and avoid the pain of regret. However every agency in the capital market should plan their strategies for profit to investors on a long term basis. The potential investor must be properly educated and guided in a better manner so that he is clear about pros and cons of investment in various other avenues.

## **REFERENCES:**

- [1] Agarwal R.N, "Financial Liberalization in India: Banking system and stock Markets", Delhi: D.K. Publishers, 2010.

- [2] Amling Frederick., Investments:“An introduction to Analysis and Management” Englewood Cliffs, N.J: Prentice Hall, Inc., 2011.
- [3] Avadhani V.A., “Investment and Securities Markets in India: Investment Management” Bombay: Himalaya Publishing House, 2008.
- [4] Dhanaiah G, Prasad RSR (2015) Acharya Nagarjuna Retail Investors“ Perception in Financial Markets: A Literature Review and Synthesis. Elk Asia Pacific Journals – Special Issue.
- [5] Gordon E. and Natarajan.K., “Capital Market in India”, Mumbai: Himalaya Publishing House, 2000.
- [6] Gupta LC (2014) Share Holders Survey: Geographic Distribution. Manas Publications, New Delhi, p: 86
- [7] Kothari H (2015) Investors behavior towards investment avenues. Altius Shodh Journal of commerce and management.
- [8] Saroja.S.,(Ed), “Emerging Trends in the Capital Market in India” New Delhi : Global Business press, 2000.