

A Study on Opinion of Working People towards Share Market Investment with Reference to Tiruchirapalli District

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Abstract: *The Indian investor community has undergone a sea change in the past few years. India now has a very large investor population and ever increasing volumes of investments. Besides trading to save, manage risk, and speculate people trade simply because they find it's entertaining. They are "enjoy investing" and "enjoy risky propositions". In contrast, standard motives for trading such as saving and rebalancing explain little of the variation in trading activity across investors. Entertainment appears to be a straightforward explanation for why some people trade much more than others and why active traders underperform their peers after transaction costs. Individual investments behaviour is concerned with choices about purchases of small amounts of securities for his or her own account. Investment decisions are often supported by decision tools. It is assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. This study deals with the behavior of people towards investing in share trading and their attitude towards other investment avenues in Tiruchirapalli District. The study was descriptive in nature and convenient sampling technique was used for a sample size of 60 respondents. From the findings it's clear that 80% of the respondents are willing to invest in share market and 32% of the respondents feel that the growth rate of share market has highly favourable.*

Keywords: Investment behaviour, stock trading, Awareness level, risk & safety.

Investment

Investment is an activity that is engaged by people who have savings. If one person has advanced some money to another, he may consider his loan as an investment. He expects to get back the money along with interest at a future date. Investment may be defined as "a commitment of funds made in the expectation of some positive rate of return. Expectation of return is an essential element of investment.

Types of investment

Short-term investment

It is an investment made by the investor for very short period of time (i.e) for one to three years. Such as investment in bank, Money market, liquid funds etc.

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Long-term investment

When investor invests money for more than three to five years then it is called long term investment. Such as investment in bonds, mutual funds, fixed bank deposits, PPF, insurance etc.

Stock Exchange

Indian stock exchange established in Bombay is the oldest stock exchange in Asia. The stock exchange, Mumbai popularly known as “BSE” was established in 1875. NSE -National stock exchange of India started its operation in 1994.

Index

An index is a comprehensive measure of market trends, intended for investors who are concerned with general stock market price movements. An index comprises stocks that have large liquidity and market capitalization. Each stock is given a weight age in the index equivalent to its market capitalization at the NSE. The capitalization of NIFTY is taken as a composition of fifty selected stocks.

Sensex

It is the benchmark index for the Indian stock market. It is the most frequently used indicator while reporting on the state of market. The Sensex is the oldest in the country and it's capitalization is taken as a composition of thirty selected stocks.

Statement of the Problem

Investment is basically refers to the buying of a financial product or any valued item with application that positive returns will be received in the future. People are earning but they do not know where, when and how to invest their funds earned by them. Many people are not willing to take risk for their funds, so many prefer to invest in bank deposits, insurance, post office savings etc., Investors cannot avoid risk but they can minimize the risk by investing their money in various types of investments so that they can get a moderate profit. Very limited people alone like to take risk and invest in secondary market due to the market fluctuations, lack of information about the secondary market. They are depending on the advice of financial consultant to invest in share market but it consumes more time and money. They are unaware of the time of investments to be made, where to invest, how to invest etc., Hence this study deals to identify the awareness level of working people towards share trading investment and their opinion regarding the same with reference to Tiruchirapalli District.

Objectives of the Study

Primary objectives

- A study on awareness level of working people towards share trading investment with reference to Tiruchirapalli District.

Secondary objectives

- To know the consumer preference about investment in securities.
- To find out the criteria while consider the pattern of investment.
- To find out the factors influencing the investment pattern.
- To find out the satisfaction level towards the growth rate of investment patterns.

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Scope of the Study

The purpose of the study is to know the opinion of the working people towards investing in share market in Tiruchirapalli district. Now-a-days, individual investors who are investing in stock market look out for high returns with safety. The main purpose of this study is to understand the different opinions of the working people which identify the behavior of working people towards share market investment.

Limitations of the Study

- Area of Study is limited only to Tiruchirapalli, as it is difficult to know the opinion of the working people.
- The study is made by the sample size of just 60 people and we can't come to the conclusion wholly.
- Most of the people are aware of the investment pattern but they do not have deeper knowledge about the same.
- Analysis of the data obtained from the questionnaire was done on the assumption that respondents have given correct information.

Review of Literature

- According to V. Alagu Pandian, G. Thangadurai (2013); "A Study of Investors Preference towards Various Investments Avenues in Dehradun District". This paper attempts to understand awareness level of the investors about various investment avenues. This study also provides suitable suggestions to promote the investment. The researcher has concluded that most of the investors prefer bank deposits followed by gold investment in Dehradun District.
- According to V.R. Palanivelu, K.Chandrakumar (2013): "A Study on Preferred Investment Avenues among Salaried Peoples with Reference to Namakkal Taluk, Tamil Nadu, India". This research paper identifies the preferred investment avenues among the individual investors in Namakkal Taluk of Tamil Nadu. The study is based on primary sources of data. The data has been analyzed using percentage and chi-square test with the help of statistical software. In this paper has examined how the salaried people are managing their investments. The paper concludes that many of them invest in common investment avenues and not aware about investment in share market, equity etc.
- According to Prof. CA Yogesh P. Patel; Prof. CS Charul Y. Patel (2012): "A Study of Investment Perspective Of Salaried People (Private Sector) in Mumbai". This research aims to study and understand the behavioral pattern of investment among the salaried people working in private sector in Mumbai and the difference in perception of an individual related to various investment alternatives. This paper also aims to provide an insight into factors considered for an appropriate investment. Gives a wider scope to understand various issues related to investment by salaried people in Mumbai.
- According to Smita Srivastava; Gunjan Saxena (2012); "Investment Trend Now & Then: A Survey Based Study of Moradabad (U.P.)". The paper attempts to know the awareness level of the investment alternatives available amongst the investors & compares the investment trend now from 20 years back. The area of the study is Moradabad, a city in Uttar Pradesh and the sample size is 150. The data used in the study comprises of both Primary & Secondary data. Most of the investors are risk averse & thus ignore risky investments like derivatives, equities & prefer safe heaven like bank deposits, post office

deposits, gold, etc. There is very little enhancement in the awareness level for newer financial instruments amongst investors over the years.

Research Methodology

This section summarizes the methodology used to find out the opinion of the working people towards investing in share market in Tiruchirapalli district. This study is planned to be carried out with the help of primary data and secondary data for the purpose to analyze and understand the opinion towards investment which was conducted through Questionnaire among the working people.

Research Design

Descriptive research design was adopted in this study.

Sampling Design and Size

Convenient sampling method was applied in this study. From the large number of working people in the Tiruchirapalli district, 60 investors are selected randomly.

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.

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.

Tools of Analysis

Various tools are used for the analysis and interpretation of data.

- Data gathering tool - questionnaire.
- Data representation through charts.

Analysis and Interpretation

Table 1: Percentage Analysis

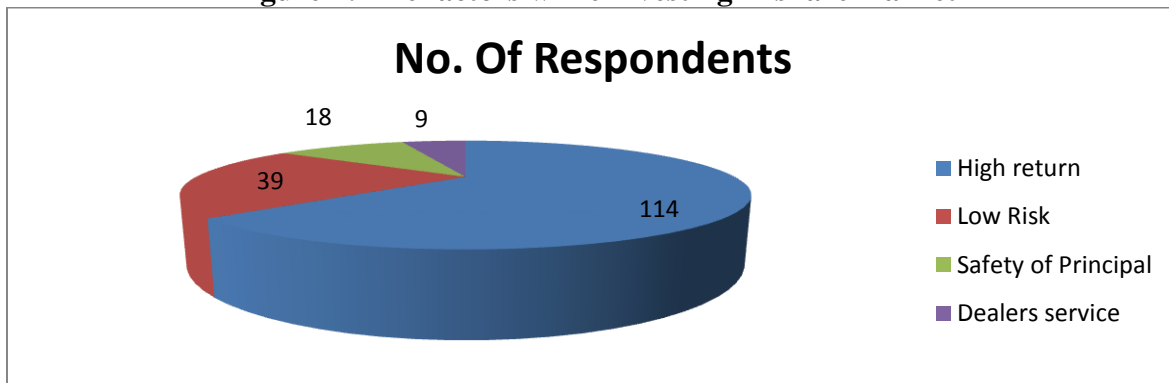
S.No	Particular	No of respondents	Percentage
Gender	Male	108	60
	Female	72	40
	Total	180	100
Marital status	Single	33	18
	Married	147	82
	Total	180	100
Educational Qualification	Under graduate	63	35
	Post graduate	102	57
	Diploma	12	7
	Others	3	2
	Total	180	100

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Occupation	Government employee	27	15
	Private employee	117	65
	Self employed	24	13
	Others	12	7
	Total	180	100
Age	Less than 30	18	10
	31-35 years	81	45
	36-40 years	57	32
	Above 41 years	24	13
	Total	180	100
Annual income	Below 300000	66	37
	300001-500000	93	52
	500001-700000	15	8
	Above 700000	6	3
	Total	180	100
Purpose of investment	For health benefits	72	40
	For children's higher education	87	48
	Wealth creation	9	5
	Retirement benefit	12	7
	Total	180	100
Investment Avenues preferred	Insurance	39	22
	Mutual funds	21	12
	Share market	48	27
	Fixed deposits	72	40
	Total	180	100
Consideration before making an investment	Family situation	81	45
	Primary expenses	48	27
	Maturity period of investment	36	20
	Interest rate of investment	15	8
	Total	180	100
Preferred Investment period	Long term	18	10
	Medium term	54	30
	Short term	87	48
	No preference	21	12
	Total	180	100
Knowledge about investment	Very Poor	6	3
	Poor	30	17
	Good	66	37
	Extensive	78	43
	Total	180	100
Factor influenced to invest	Family & Friends	94	47
	Newspaper	18	10
	Financial consultant	42	23
	Own choice	36	20
	Total	180	100
Annual savings	Below Rs.50000	96	53
	Rs.50000-Rs.100000	39	22
	Rs.100000-Rs.150000	30	17
	Above Rs.150000	15	8
	Total	180	100

Do you prefer share trading investment	Yes	144	80
	No	36	20
	Total	180	100
The factors while investing in share market	High return	114	63
	Low Risk	39	22
	Safety of Principal	18	10
	Dealers service	9	5
	Total	180	100
Opinion regarding safety in trading	Strongly Agree	15	8
	Agree	48	27
	Neutral	63	35
	Disagree	42	23
	Strongly Disagree	12	7
	Total	180	100
Opinion regarding liquidity status of share market	Strongly Agree	15	8
	Agree	48	27
	Neutral	63	35
	Disagree	42	23
	Strongly Disagree	12	7
	Total	180	100
Opinion towards share market investment	Highly Favourable	21	12
	Favourable	39	22
	Neutral	60	33
	Unfavourable	33	18
	Highly unfavourable	27	15
	Total	180	100
Opinion regarding the growth rate of share market	Highly Favourable	57	32
	Favourable	42	23
	Neutral	48	27
	Unfavourable	15	8
	Highly unfavourable	18	10
	Total	180	100
Opinion regarding other investment avenues gives more returns	Real estate	15	8
	Mutual funds	6	3
	Insurance	30	17
	Post Office savings	42	23
	Bank deposits	87	48
	Total	180	100

Figure 1: The factors while investing in share market



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Figure 2: Opinion towards share market investment

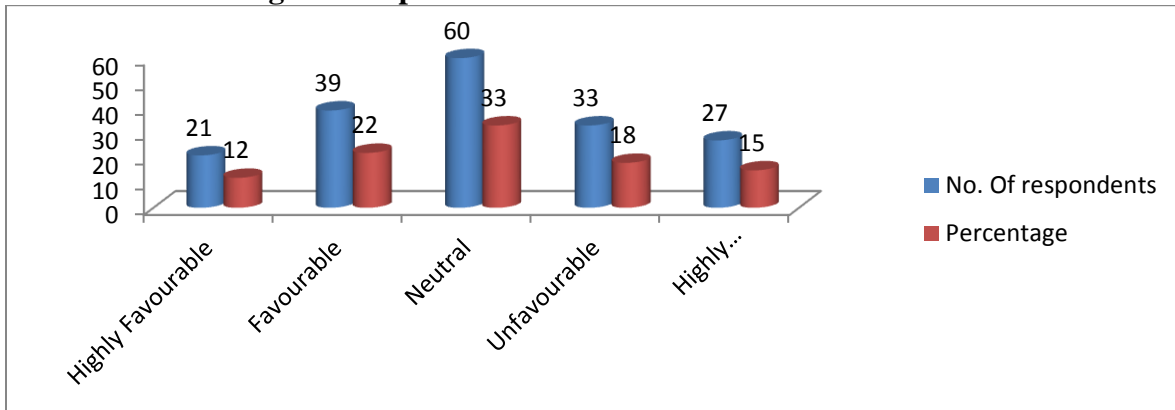
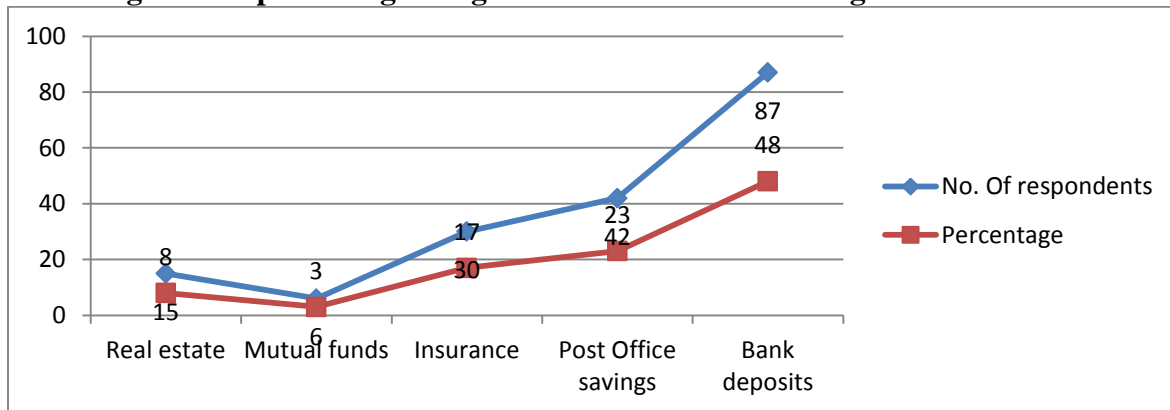


Figure 3: Opinion regarding other investment avenues give more returns



Interpretation

Demographical background of the respondents' shows that 60% of the respondents are male and rest of the 40% are female. Of all 82% of the respondents are married and remaining 18% of the respondents are single. With respect to the educational qualification of the respondents 57% of the respondents are Post graduates; while 35% of the respondents are Undergraduates; while 7% of the respondents are Diploma holders; and the remaining 2% of the respondents have some other field of education. Occupation of the respondents shows that, 65% of the respondents are Private Employees; while 15% of the respondents are Government Employees; while 13% of the respondents are self-employed; and the remaining 7% of the respondents own some other occupational status. Of all 45% of the respondents are in the age group of 31-35 years; while 32% of the respondents are in the age group of 36-40 years; while 13% of the respondents are in the age group of above 41 years; and the remaining 10% of the respondents are in the age group of less than 30 years. Annual Income level of the respondents represents that 52% of the respondents are in the income range of 300001-500000; while 37% of the respondents are in the income range of less than 300000; while 8% of the respondents are in the income range of 500001-700000; and the remaining 3% of the respondents are in the income range of more than 700000. Purpose of investment represents that 48% of the respondents are invested for children's higher education; while 40% of the respondents are invested for health benefits; while 7% of the respondents are invested for retirement benefits; and the remaining 5% of the respondents are invested for wealth creation. Investment Avenues represents that 40% of the respondents are

invested in Fixed Deposits; while 27% of the respondents are invested in Share market; while 22% of the respondents are invested in Insurance; and the remaining 12% of the respondents are invested in Mutual funds. Consideration before making an investment represents 45% of the respondents consider Family situation; 27% of the respondents consider Primary expenses; 20% of the respondents consider Maturity period of the investment; and the remaining 8% of the respondents consider Interest rate of the investment. Preferred Investment Period represents 48% of the respondents prefer Short term; 30% of the respondents prefer Medium term; 12% of the respondents don't have preference towards period of investment; and the remaining 10% of the respondents prefer Long term investment. Knowledge of investment represents 43% of the respondents has extensive knowledge; 37% of the respondents have Good knowledge; 17% of the respondents have Poor knowledge; and the remaining 3% of the respondents have Very poor knowledge over investment. Factors influenced to invest represents 47% of the respondents are influenced by Family & Friends; 23% of the respondents are influenced by Financial Consultants; 20% of the respondents are influenced by Own choice; and the remaining 10% of the respondents are influenced by Newspaper. Annual savings of the respondents represents 53% of the respondents save less than Rs.50000; 22% of the respondents save Rs.50000 – Rs.100000; 17% of the respondents save Rs.100000- Rs.150000; and the remaining 8% of the respondents save above Rs.150000. Preference to invest in share market represents 80% of the respondents are willing to invest and the remaining 20% of the respondents are not willing to invest in share market. Factors while investing in share market represents 63% of the respondents prefer High return; 22% of the respondents prefer Low risk; 10% of the respondents prefer Safety of Principal amount; and the remaining 5% of the respondents prefer Dealers service. Opinion towards Safety in trading represents 35% of the respondents neither agrees nor disagrees; 27% of the respondents Agree; 23% of the respondents Disagree; 8% of the respondents Strongly Agree; and the remaining 7% of the respondents Strongly Disagree. Opinion towards Liquidity Status of share market represents 35% of the respondents neither agrees nor disagrees; 27% of the respondents Agree; 23% of the respondents Disagree; 8% of the respondents Strongly Agree; and the remaining 7% of the respondents Strongly Disagree. Opinion towards Share market investment represents 33% of the respondents neither accepts nor rejects; 22% of the respondents Agree; 23% of the respondents Disagree; 8% of the respondents Strongly Agree; and the remaining 7% of the respondents Strongly Disagree. Opinion towards Growth rate of investment in share market represents 32% of the respondents feel highly favourable; 27% of the respondents feel neither favourable nor unfavourable; 23% of the respondents feel Favourable; 10% of the respondents feel highly unfavourable; and the remaining 8% of the respondents feel Unfavourable. Opinion towards other investment avenues preferred represents 49% of the respondents prefer Bank deposits; 23% of the respondents prefer Post office savings; 17% of the respondents prefer Insurance; 8% of the respondents prefer Real estate; and the remaining 3% of the respondents prefer Mutual funds.

Chi-Square Test

Hypothesis

H₀: There is no association between the occupation and purpose of investment of the respondents.

H₁: There is association between the occupation and purpose of investment of the respondents.

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Table 2

Occupation / Purpose of Investment	For health benefits	For children's higher education	Wealth creation	Retirement benefit	Total
Government Employee	9	12	3	3	27
Private employee	48	60	3	6	117
Self employed	9	9	3	3	24
Others	6	6	0	0	12
Total	72	87	9	12	180

The χ^2 (Chi SQUIRE) value calculated with help of the following formula

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

$$E_i = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

Calculated value = 1.6; Table value = 21.026
Degree of freedom = (r-1) (c - 1) (r = No. of Rows)
 Degree of Freedom = (4 -1) (4 -1) (c = No. of columns)
 = 3×3
DF = 9 Value of 12 for degree of freedom @ 5% level of significance is 21.026

Interpretation

The calculated value 1.6 is less than the table value 21.026. Hence the hypothesis is accepted and so there is no association between the occupation and purpose of investment of the respondents.

Conclusion

Saving for the future is the mantra of today's investors. Theoretical aspects are very much known to individuals about stock market and not the practical aspects. It is also important for the investor to make sure that the investment made is safe by monitoring their investment. Before or at the time of making an investment certain factors should be analyzed to ensure a safe investment like the type of return, risk related aspects, inflation, and cash reserve ratio, repo rates, tax benefits and many more. The respondents should approach to the professional such as Tax Consultant in order to get an understanding of the aspects relating to tax. It is also suggested to every respondents that they have to acquire a specific knowledge about share market investment opportunities available in the financial market and appraisal of investment for avoiding loss. Hence it is imperative that the brokerage firms should be cautious in making investment towards the various financial instruments which safeguard the interest of the investors.

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