



A STUDY OF INDIAN STOCK MARKET INVESTORS

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ABSTRACT

Maximum of the trading in the Indian stock market takes place on its two stock exchanges, the first is Bombay Stock Exchange (BSE) and the second is National Stock Exchange (NSE). Almost all companies in India are listed on both the exchanges. BSE is the oldest stock market but NSE is the biggest stock market by volume. Indian investors who hold stocks of these exchanges are known as shareholders. A shareholder can be an individual, company or organization that holds stock in a company. Part of the company's profit is given to the shareholders in the form of dividends. Shareholders invest their money in the stock market with the help of brokers. The researcher found that in the analysis of stock market investors. Due to insufficient knowledge of stock market investment, depending on the opinion of others and insufficient information sometimes makes a new shareholder suffer loss and some people take early exit from the market. Therefore the researcher started this study with the objective to study the viewpoint of investors of stock market and also to know the problems faced by the investors. In this study the researcher took a sample size of 200 stock market investors. To analysis the primary data the researcher use percentage method. In this study the researcher found that, stock market investor even doing fundamental analysis of the company before buying shares, every investor has to suffer losses many times. Investors believe that earnings from stock market are affected by the changing economic environment and lack of market information and opinions of other investors. The scenario will definitely change if SEBI, BSE and NSE together organize awareness programs to make investors aware about the market.

KEY WORDS: Stock market, Stock Exchange, Perspective of Investors, other investments, Awareness Programs etc.

1. INTRODUCTION

A stock market is a place where shares of publicly listed companies are bought and sold. The primary market is where companies sell shares to the general public through an initial public offering (IPO) to raise capital. Once new shares are sold in the primary market, they are traded in the secondary market where one investor buys shares from another investor at the prevailing market price or at whatever price both buyer and seller agree upon. Secondary markets or stock exchanges are regulated by regulatory authorities. In India, the secondary and primary markets are regulated by the Securities and Exchange Board of India (SEBI). A number of similar stocks are aggregated to form an index, from companies listed on a stock exchange. Classification can be based on company size, industry, market capitalization, or other categories. The Sensex is the oldest index comprising the shares of 30 companies and represents nearly 45% of the free-float market capitalization. Nifty consists of 50 companies and accounts for approximately 62% of their free-float market cap. Others include market cap indices like Bankex, BSE Midcap or BSE Small Cap and others.

Shareholder is the investor of stock market, who own share of a company which is listed in stock market. There is no age limit for buying and selling shares only shareholders need a Demat account. In India, SEBI protects the interests of shareholders. According to the CEO of NSE, there are about 80 million unique investors in the Indian stock market. This corresponds to about 17% of Indian households. However, only 3% of Indian households actively invest in the stock market. Also Indian stock market investor can invest in foreign stock market with less than 10% stake. Resident Indians can open a foreign trading account with an Indian broker having tie-ups with international brokers like ICICI Direct, HDFC Securities, Kotak Securities and Axis Securities etc. or can directly open an account with a foreign broker having presence in India such as Interactive Brokers, Charles Schwab, and Ameritrade etc. An NRI can invest in Indian shares through the Portfolio Investment Scheme (PIS) account developed by RBI. A PIS account is particularly required when foreign funds are being used for investment on a repatriable basis. Alternatively, NRIs can also use their Indian funds from an NRO account to invest in Indian stocks.

2. STATEMENT OF PROBLEMS

The number of Demat account holders in India is continuously increasing, with 11 crore accounts in January 2023. Even with these huge figures, it is estimated that only 3% of Indian households are actively investing in the stock market. Following are some of the reasons researchers have found why people are not active investors.

1. Participating in stock market with very tiny information.
2. Investing in the stock market causes investors to suffer huge losses and exit the investment early.
3. Investments are made by relying on the advice of a person who has already invested, without gaining good knowledge.



3. OBJECTIVES OF THE STUDY

1. To study the perspective of stock market investors.
2. To know the problems faced by investors.

4. RESEARCH METHODOLOGY

Research methodology is detailed procedures or techniques used to identify, and analyze data about a research topic. During this research study the researcher collect both primary and secondary data. The data is collected from 200 respondents. The primary data is collected with the help of Questionnaire. Secondary data is collected with the help of research paper, newspaper etc. The researcher use snowball sampling technique, Snowball sampling begins with one or more study participants. It then continues based on referrals from those participants. A total of 200 samples were taken for the study. Researchers use percentage method to analyze primary data and show the data in tabular and graphical form.

4.1. LIMITATION OF THE STUDY

1. **Sampling limitation:** Researchers use the snowball sampling technique. Some but not all selected samples are accurate studies of the target population.
2. **Geographical Limitation:** The researchers have covered only Sangli district and surrounding areas.

5. DATA ANALYSIS

Data analysis is the procedure of inspecting, cleansing, transforming, and modeling data with the aim of discovering valuable information, informing conclusions, and supporting decision-making. The following primary data is collected from 200 stock market investor.

Table No. 1
Profile of Stock Market Investor

Sr. No.	Particulars	Frequency	Percentages	
1	Area	Rural	30	15
		Urban	170	85
2	Gender	Male	180	90
		Female	20	10
3	Age	18 to 28 Yr	35	17
		28 to 38 Yr	98	49
		38 to 48 Yr	60	30
		48 & Above	07	4
4	Education	10 th to 12 th	03	2
		Undergraduate	19	9
		Graduate	103	51
		Post Graduate	66	33
		Others	09	5
5	Current status	Student	23	12
		Own Business	60	30
		Private Job	62	31
		Govt. Job	43	21
		Farmer	12	6
6	Income (Yearly) (Amounts in Rs.)	No income	03	2
		Up to 1,00,000	18	9
		Up to 2,00,000	30	15
		Up to 3,00,000	42	21



		Up to 4,00,000	51	25
		4,00,000 & above	56	28
7	Family Income (Annual)	Up to 5,00,000	03	2
	(Amounts in Rs.)	5,00,000 to 10,00,000	20	10
		10,00,000 to 20,00,000	28	14
		20,00,000 to 40,00,000	40	20
		40,00,000 to 50,00,000	53	26
		50,00,000 & Above	56	28

(Source: Primary Data)

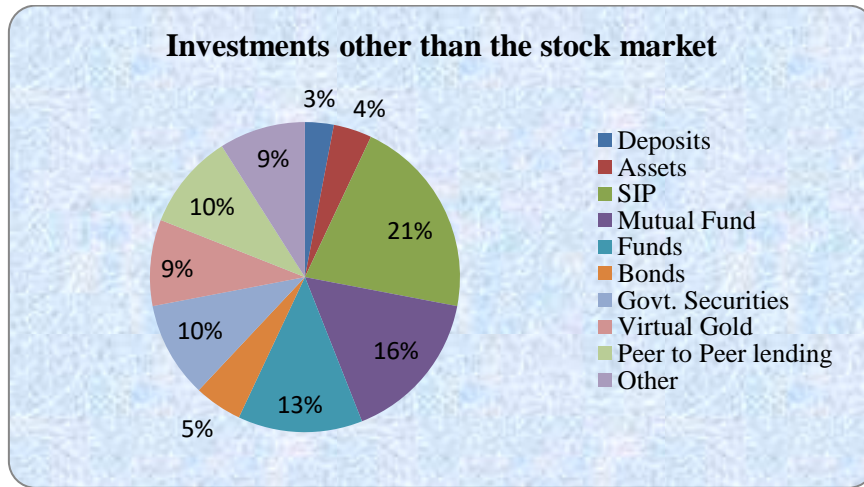
The above table shows the profile of stock market investors. It has been observed that 85% of people from urban areas invest more in the stock market as compared to people from rural areas. 90% men invest in the stock market while women investors are less. The age of maximum 49% investors is between 28 to 38 years, there are very few investors above 48 years of age in the stock market, those investors invest more of their money in the traditional way. 51% investors have completed graduation, very less 2% investors have completed 10th or 12th examination i.e. higher educated people invest more in stock market. People, who own business, do private jobs and are government employees invest their money more in the stock market. Very few farmers but educated farmers invest their money in stock market. No income means that students who are not working and are dependent on pocket money also have their money invested in the stock market. Those whose income is more than Rs. 4,00,000 invest the most. Apart from this, those whose family income is more than Rs. 50,00,000 invest more in the stock market.

Hence it conclude that from the above table, most of the people from urban areas are mostly males whose age is between 28 years to 38 years, they are also graduates & working in private and government sector, whose income is more than Rs. 4,00,000 and family income is more than Rs. 50,00,000, they are highly invested in the stock market. Personal income and family income have an impact on savings so people with highest income invest more in the stock market.

Table No. 2
Investments other than the stock market

Sr. No.	Particular	Frequency	Percentage
1	Deposits	06	3
2	Assets	08	4
3	SIP	42	21
4	Mutual Fund	33	16
5	Funds	26	13
6	Bonds	10	5
7	Govt. Securities	20	10
8	Virtual Gold	18	9
9	Peer to Peer lending	20	10
10	Other	17	9
Total		200	100

(Source: Primary Data)

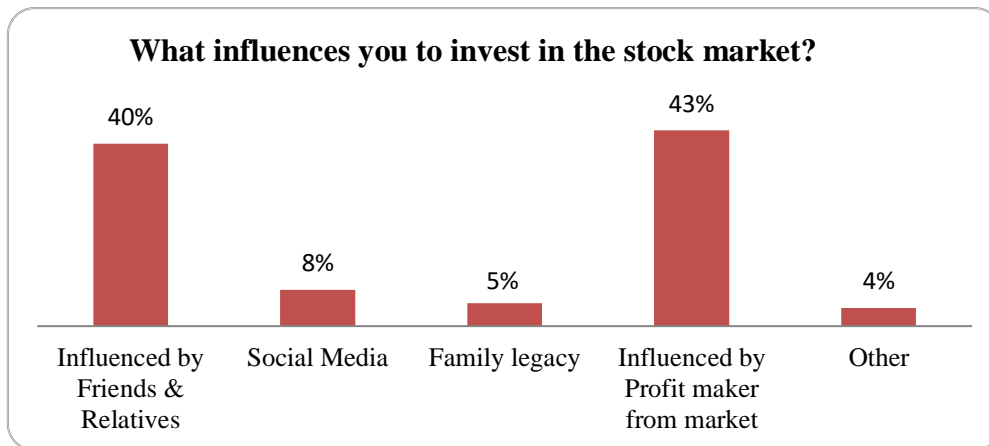


The above table shows the stock market investor’s investment other than stock market. The highest 21% investors invest in SIP. 16% amount invests in mutual fund. 13% amount invests in fund. 10% amount invested in Govt. Securities and peer to peer lending. 9 % amount invested in gold, other investments like debt. 4% invest in Assets and very less people i.e. 3% invest in deposits. Hence it concludes that, Stock market investors are mostly investing in SIPs and give very little priority to deposits.

Table No. 3
What influences you to invest in the stock market?

Sr. No.	Particular	Frequency	Percentage
1	Influenced by Friends & Relatives	80	40
2	Social Media	16	8
3	Family legacy	09	5
4	Influenced by Profit maker from market	87	43
5	Other	08	4
Total		200	100

(Source: Primary Data)



The above table shows from which sources the investor was influenced to invest in the stock market. Most of the 43.5% investors are influenced by market profiteers. 40% were influenced by friends and relatives. 8% were influenced by social media. 5% of the investors are from stock market investor families. Only 4% of investors are influenced by articles, magazines, corporate earnings, global events, etc.

This leads to the conclusion that, a person who makes profit from the stock market highly influences others to invest in the stock market.



Table No. 4
Investment, Profit and loss from Market

Sr. No.	Particular	Frequency	Percentage	
1	How Many years you Invested in Stock Market	Less Than 1 yr	20	10
		1 to 2 yr	40	20
		2 to 3 yr	40	20
		3 to 4 yr	60	30
		4 & more	40	20
2.	Total Investment in market (Amounts in Rs.)	Less than 50,000	39	20
		50,000 to 1,00,000	40	20
		1,00,000 to 2,00,000	30	15
		2,00,000 to 4,00,000	50	25
		4,00,000 & Above	41	20
3	Earn Profit from Stock Market (Amounts in Rs.)	Less than 50,000	80	40
		50,000 to 1,00,000	52	26
		1,00,000 to 2,00,000	54	27
		2,00,000 to 4,00,000	14	7
		4,00,000 & Above	00	0
4	Loss bear from Stock Market (Amounts in Rs.)	Less than 50,000	122	61
		50,000 to 1,00,000	70	35
		1,00,000 to 2,00,000	08	4
		2,00,000 to 4,00,000	00	0
		4,00,000 & Above	00	0
5.	What percentage of your saving do you invest in stocks?	10	68	34
		20	32	16
		30	40	20
		40	30	15
		50 & Above	30	15

(Source: Primary Data)

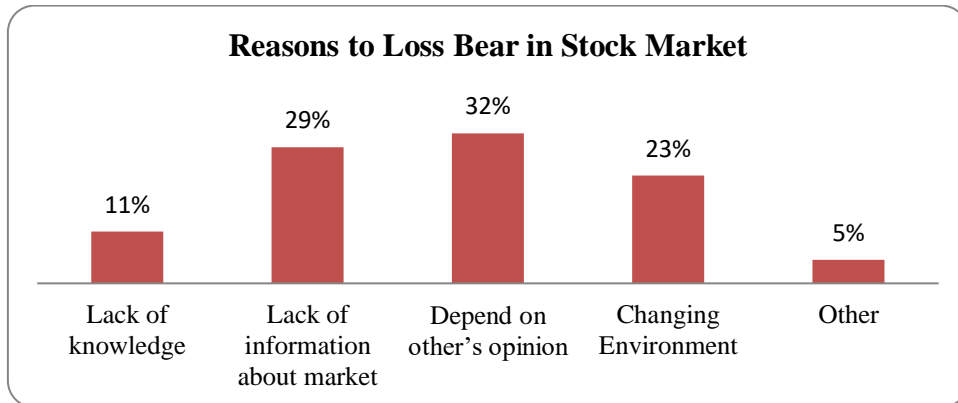
The above table shows details about stock market transactions, including their investment, profit making and loss making. Maximum 30% investors invest their money for more than 3 to 4 years. Maximum 25% investors invest Rs. 2 to 4 lakh in the stock market. 27% investors till date earn Rs. 1 to 2 lakhs from stock market. Till date 61% investors have suffered loss of less than Rs. 50,000. 34% investors invest 10% of their savings in the stock market.

Hence it observed that, highest investment gives higher returns and sometimes also incurs losses. The investor invests only 10% of his savings in the stock market.

Table No. 5
Reasons to Loss Bear in Stock Market

Sr. No.	Particular	Frequency	Percentage
1	Lack of knowledge	23	11
2	Lack of information about market	58	29
3	Depend on other's opinion	63	32
4	Changing Environment	46	23
5	Other	10	5
Total		200	100

(Source: Primary Data)

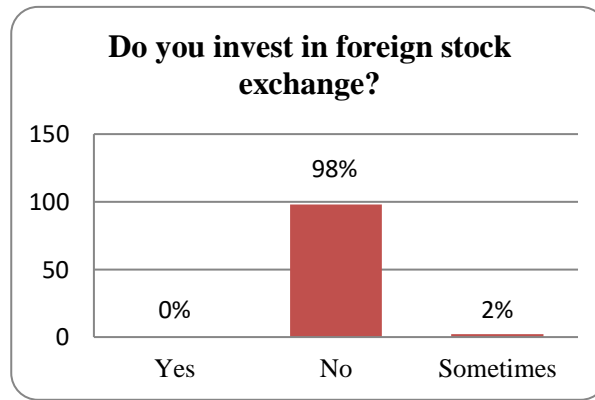
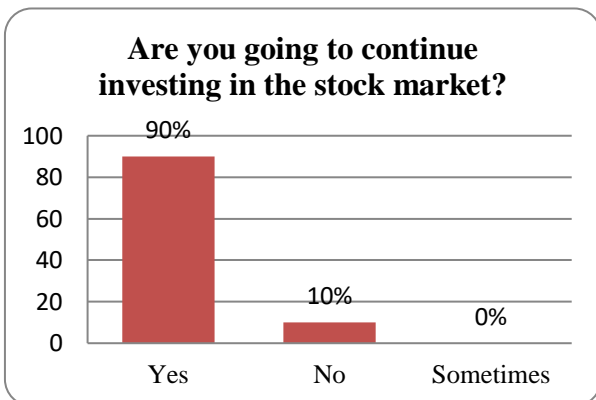


The table shows why investors have to suffer losses from the stock market. The highest investor answered is relying on other's knowledge i.e. the investor takes the decision to buy or sell shares on the suggestions of others. 29% of investors suffer losses due to lack of knowledge about the market. 23% of respondents said the changing financial environment has an impact. 11% of the respondents are first time investors so they feel that lack of information is the reason for incurring losses. 5% of the investors feel that other reasons i.e. panic selling; negative media industry is reason to suffer loss from stock market. Hence it concludes that, the reasons given in the above table inadvertently affect all investors.

Table No. 6
Investments continuity and foreign stock exchange Investment

Sr. No.	Particular		Frequency	Percentage
1	Are you going to continue investing in the stock market?	Yes	180	90
		No	20	10
		Sometimes	00	0
2	Do you invest in foreign stock exchange?	Yes	00	0
		No	196	98
		Sometime	4	2

(Source: Primary Data)



The above table shows the current feelings about the stock market investment. 90% investor is continuing their investment in stock market if any condition and only 10 % respondent are quitting their investment. 98% investor is only investing in Indian stock market very i.e. 2 % investor investing foreign stock market.

Therefore, even if there is some loss, 90% of the investors are ready to continue their investment. Due to lack of information, Indian investors are afraid to invest in foreign stock markets.



Table No. 7
What do you look for before buying any company's stock?

Sr. No.	Particular	Frequency	Percentage
1	Turnover of the company	200	100
2	EPS	200	100
3	P/E Ratio	199	100
4	52 Week High/Low	200	100
5	Annual Report	198	99
6	Dividend Policy	200	100

(Source: Primary Data)

The Indian stock market investor before buy any shares the above things see. 100 % investor see turnover of the company, P/E ratio, 52 week high/low dividend policy and EPS. 99% respondents see the annual reports (Vision and Objectives of the company). The investors do both fundamental and technical analysis before investing in any company's share.

6. FINDINGS

1. Less people from rural areas are investors in the stock market and women are also not interested in the stock market. There are very few investors above 48 years of age. Low education is also a hindrance in increasing the flow of investors in the stock market. Very few farmers invest in the stock market. Individual income and family income have an impact on savings so people from the highest income group invest more in the stock market and people from the lowest income group invest less in the stock market.
2. Stock market investors are mostly investing their money in SIPs and give very little preference to traditional investment methods like deposits.
3. People who make profits from the stock market, relatives and friends highly influence people to invest in the stock market.
4. The highest number of investor in the stock market invests only 10% of his savings in the stock market.
5. Despite doing fundamental analysis of the company before buying shares, every investor has to suffer losses many times. Investor believes that earnings are affected by the changing economic environment and lack of market information and opinions of other investors.

7. SUGGESTION

1. Need for special investor awareness programs related to stock market, for educate the investors about their rights and responsibilities and the risks involved in the market. The highest number of programs is organized especially in rural and semi-rural areas and mostly targets the female group because they are so far from the stock market investment. The number of farmers investing in this sector is also less also target to farmers, because mostly farmers are follows traditional investing methods. Therefore, SEBI and BSE and NSE should together take initiative in all these matters.
2. The Indian government should give additional tax concessions to attract more investors into the market.
3. Investors should not follow the strategies of others to invest in the stock market. Do fundamental and technical analysis of the shares of the companies and then go for investment, try to make your own decision without depending on the opinion of others.
4. If an investor is not familiar with the stock market, he should try to invest his money in other investments like mutual funds.
5. The investor should not be influenced by others; the investor has to recognize his/her potential and then enter the market, and if he/she has to enter the market, he/she has to try to remain in the market for a long time.

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