

A STUDY ON FACTORS AFFECTING INVESTORS BEHAVIOUR TOWARDS STOCK MARKET

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

By

PRECI INFANTA A

Register No: 39410155



SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

Accredited with Grade “A” by NAAC | 12B Status by UGC | Approved by AICTE

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119

April – 2021



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www.sathyabama.ac.in

SCHOOL OF BUSINESS ADMINISTRATION

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of Preci Infanta (39410155) who carried out the project entitled “**A study on factors affecting investors behaviour towards stock market**” under my supervision from January 2021 to April 2021.

Dr. N. KUMAR M.A., M.Phil, MBA, Ph.D.

Internal Guide

Dr. BHUVANESWARI G.

Dean – School of Management Studies

Submitted for Viva voce Examination held on_____.

Internal Examiner

DECLARATION

I **PRECI INFANTA A (Reg. No. 39410073)** hereby declare that the Project Report entitled **“A study on factors affecting investors behaviour towards stock market”** done by me under the guidance of **Dr. N. KUMAR M.A., M.Phil, MBA, Ph.D.** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE:

PLACE:

PRECI INFANTA A

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ABSTRACT

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. The objective of the study was to establish the factors influencing investment decisions at the Stock Exchange. This paper is an attempt to study about perception of investors about various factors affecting stock market. It also focuses on preferences of investors about various sectors and variables related to investment in stock market. For the study we have applied descriptive research design, used convenience sampling method to select respondents and collected data through structured questionnaire using personal survey method. The collected data were then analysed with a number of statistical techniques including Analysis of variance (ANOVA), Chi-square. The study identified eight most influencing factors on investment decisions: past performance of the company's stock, company stability, firm's goodwill, firm's reputation in the industry, dividend paid, expected corporate earnings and expected dividend. Further results highlighted six least influencing factors on investment decisions: Other investors' decisions of buying and selling stocks, they put their past trends of stocks under their consideration, Market information, After a prior gain, they are more risk seeking than usual, they buy 'hot' stocks and avoid stocks that have performed poorly in the recent past, they forecast the changes in stock prices in the future based on the recent stock prices. The study disclosed that the socio-economic characteristics of investors (age, gender, marital status, educational qualifications and their financial statement) have a statistically significant impact on the investment decisions of individual investors.

Key Words: Investment Decision, Individual Investors, Stock Market, Investor Behaviour, Factors Influencing Investment Decision.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

An investment is an asset or item that is purchased with the hope that it will generate income or appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price i.e. The building of a factory used to produce goods and the investment one makes by going to college or university are both examples of investments in the economic sense. In the financial sense investments include the purchase of bonds, stocks etc. Stock market is an important part of the economy of a country. The stock market plays a pivotal role in the growth of the industry and commerce of the country that eventually affects the economy of the country to a great extent. That is reason that the government, industry and even the central banks of the country keep a close watch on the happenings of the stock market. The stock market is important from both the industry's point of view as well as the investor's point of view. Stock market is a market where stocks are bought and sold. In an economy, besides playing the role of a source for financing investment, stock market also performs a function as a signalling mechanism to managers regarding investment decisions, and a catalyst for corporate governance.

However, stock market is best known for being the most effective channel for company's capital raise. People are interested in stock because of "long-term growth of capital, dividends, and a hedge against the inflationary erosion of purchasing power. The other feature that makes the stock market more attractive than other types of investment is its liquidity. Most people invest in stocks because they want to be the owners of the firm, from which they benefit when the company pay dividends or when stock price increases.

As Stock Exchanges and Primary Market are part of Capital market directly supports the growth of Economy. Stock exchange provides liquidity and marketability to investors to deal into share and securities once they issued in primary market. Thus it helps in providing channel between industries and investors, which is crucial for financial market of any country and hence for its economy.

Indian stock market is one of the oldest stock markets in Asia. In 1875 Bombay Stock Exchange (BSE) was established by 22 brokers. Currently most of the trading in the Indian stock market takes place on its two stock exchanges: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). In India out of all the listed firms on the BSE, only about 500 firms constitute more than 90% of its market capitalization; the rest of the crowd consists of highly illiquid shares. Almost all the significant firms of India are listed on both the exchanges. NSE enjoys a dominant share in spot trading, and almost a complete monopoly in derivatives trading. The presence of arbitrageurs keeps the prices on the two stock exchanges within a very tight range. Recently total market turnover of NSE and BSE (major stock exchanges in India) reached at Rs. 9,99,813.43 Crores between 2020 and 2021, including cash and F&O segment("Market Turnover BSE/NSE, Indian Stock Market data, Cash Market, Futures & Options by bseindia.com," 2021).

There are many factors or macro and micro economic variables that affect the trading in Indian stock market and different investors take into consideration all factors based on their knowledge and perception.

1.2 NEED FOR STUDY

There are a variety of factors that can influence a investors behaviour towards stock market; some of these factors include-

- Return on Investment
- Market trend or risk
- Short term profitability
- Price of the share

- Dividend policy
- Past financial performance

- Company reputation
- Reputation of the board
- Current earnings of the company.

The stock market is an asset to the country as it is an important factor which indicates the financial growth and stability of the nation.

1.3 SCOPE OF THE STUDY

- This research will cover mainly the study on the behaviour of investors towards stock market.
- This research measures the important factors that influence individual investment decisions and also it will analyze the investors preference while investing in stock market.

1.4 OBJECTIVES OF THE STUDY

1.4.1 Primary Objective:

To study the Investors behaviour towards Stock Market.

1.4.2 Secondary Objective:

- To study the investors' preferences while investing in Stock Market
- To understand the awareness level of investors on stock market.
- To analyse the factors influencing the investment behaviour of individual investors.

1.5 LIMITATIONS OF THE STUDY

Following are the limitations of the study:

- The analysis of the present study has been carried out based on the information collected through questionnaire. The responds from the respondents may not be accurate.
- The study is an opinion survey; caution may have to be exercised while extending the result to other areas.
- Due to time constrict only 79 numbers of respondents were considered.

- The result fully depends on the information given by the respondents which may be based.

CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

A literature review or narrative review is a type of review article. A literature review is a scholarly paper that presents the current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources and do not report new or original experimental work. Most often associated with academic-oriented literature, such reviews are found in academic journals and are not to be confused with book reviews, which may also appear in the same publication. Literature reviews are a basis for research in nearly every academic field. A narrow-scope literature review may be included as part of a peer-reviewed journal article presenting new research, serving to situate the current study within the body of the relevant literature and to provide context for the reader. In such a case, the review usually precedes the methodology and results sections of the work.

2.2 REVIEW OF LITERATURE

Hosseini, Ahmad, and Lai (2011) studied for the period between January 1999 to January 2009 and investigated the relationships between stock market indices and four macroeconomics variables, namely crude oil price (COP), money supply (M2), industrial production (IP) and inflation rate (IR) in China and India.

Barber and Odean (2001) studied that internet is the major source of information for young investors while investing. Young investors also started investing through online trading.

Yartey (2008) in his study for the emerging economies found that macroeconomic factors such as income level, gross domestic investment, banking sector development, private capital flows, and stock market liquidity are important determinants of stock market development in emerging market countries. He also found that political risk, law and order, and bureaucratic quality are important determinants of stock market development because they enhance the viability of external finance.

Aduda, Masila, and Onsongo (2012) studied the determinants of development in the Nairobi Stock Exchange using Secondary data for the period 2005-2009. Their result found that, macroeconomic factors such as stock market liquidity, institutional quality, income per capita, domestic savings and bank development are important determinants of stock market development in the Nairobi Stock Exchange. They could not find relationship between stock market development and macroeconomic stability - inflation and private capital flows. They also shown that Institutional quality represented by law and order and bureaucratic quality, democratic accountability and corruption index are important determinants of stock market development because they enhance the viability of external finance.

Joshi (2013) in his study found major factors responsible for up-down movement in Indian stock market. He found that factors like Flow of Foreign Institutional Investors, Political Stability, Growth of Gross Domestic Product, Inflation, Liquidity and different interest rate and Global level factors are major factors responsible to create movement in Indian stock market.

Bhattacharjee and Swaminathan (2016) found that the importance for authorities in India and the USA to maintain transparency and stability in the implementation of economic policies to prevent their impacts on stock markets and help create a more favorable investment environment. They also concluded that during the period of policy announcement market remains volatile in US and India.

Perera(2016) examined the influence of investor's gender attitudes on investor behaviour in Colombo stock exchange. The outcome of the study revealed that individuals's gender differences significantly influenced on cognitive factors, emotional factors and herding factors. Also study found that there was a strong correlation among the investor's demographic factors, market factors, risk bearing capacity, lifestyle characteristics and behaviour.

Obamuyi (2013) focused a study to determine the most influencing factors on investment decision of individual investors and to explore the relationship between these factors and investor's socio-economic characteristics in Nigerian Capital

Market. Study used convenient sampling method to select 297 investors and data was collected through structured questionnaire. Results of the study identified the following factors as most influencing factors: past performance of the company's stock, expected stock split/ capital increases/bonus, dividend policy, expected corporate earnings and get rich quick. Also, the study found out that the socio-economic characteristics of investors: age, gender, marital status and educational qualification significantly influenced on investment decisions.

Sadiq and Ishaq (2014) conducted a study to examine the effect of demographic factors on investors level of risk tolerance on the choice of investment with 100 investors from two cities Of Pakistan. Results of their study indicated that demographic factors of investors: academic education, income level, investment knowledge and investment experience effect the investors level of risk tolerance. Further, study revealed that gender, marital status, occupation and family size did not show any effect on investment level of risk tolerance. There is another study carried out to examine the impact of demographical factors on investment decision on Vietnam Stock Market by Ton and Nguyen in 2014. Results of their study made known that the demographic factors (gender, age and marital status) influenced on the decision making of investors on Vietnam Stock Market.

Udeepa (2015) tried to find out the factors influencing investment decisions of investors in Colombo Stock Exchange and also tried to evaluate the relationship between these factors and demographic characteristics of individual investors. 162 respondents were chosen using convenient sampling method and structured questionnaire was used to collect data. Past performance of the company stock, expected corporate earnings, dividend policy, get rich quick, marketability of the company were identified as most influencing factors. There were some least influencing factors also identified in this study including religious reasons, rumours, loyalty to the company's products, government has share in the company and insider's information. Finally, this study found the demographic characteristics of investors (age, gender, marital status, income per month and educational qualifications) were significantly influenced on individual investors investment decision. Menika, Dunusinghe and Ranasinghe (2015) conducted a study to examine whether behavioural factors and contextual factors influence on irrational behaviour of individual investors in Colombo Stock Exchange. Results revealed that

herding, heuristics, prospect, market and contextual factors influenced investment decisions.

Rosemary and Bitrus (2016) conducted a study with the aim to identify the fundamental factors influencing individual investors in the shares of Nigerian capital market. Primary data was collected from 130 individuals using structured questionnaires. Study identified the followings influencing factors on individual investors decision making: past performance, expected bonus issue, growth potential, future dividend and the profitability of the company.

Chavali and Mohanraj (2016) studied to examine the impact of demographic variables and risk tolerance on investment decisions in India. 110 investors participated in the survey and data was collected using questionnaires. The study found that gender had an impact on the investment pattern and decision making of respondents.

Khanam (2017) carried out a study with randomly selected 300 investors of Dhaka Stock Exchange to evaluate the impact of demographic factors on the decisions of investors during dividend declaration. Findings of the study illustrated that relationship between demographic factors (age, educational level, occupation, experience and income level of investors) and investment decision of the investors.

Chen, H., Lobo, B. J., & Wong, W.-K. (2006) had seen that the U.S. stock plays dominant role in the relation with Indian and Chinese stock market, whereas there is an interactive relationship between Indian and Chinese stock market.

Sandeep Kumar and Sweta Bakshi (2009) observed that 1.3% industrial growth is the lowest IIP (Index of Industrial Production) data ever registered since last ten years. April-august growth is 4.9% which also lowest for the first five months of the financial year in 14 year period except 1998 and 2001. The Industrial growth in August of 2008 plummeted to mere 1.3% compared to same month in 2007. This industrial slow down affected transport service too. Global recession will also lead to less tourists coming to India. That will negatively affect tours and travels industry. The global recession affected IT, automobile industry and export oriented firms adversely.

Desai Jayesh N. (2009) depicted in his paper that world output rose at 5% in 2007, slowdown at 3.9% and 3% in 2008 and 2009 respectively. According to IMF world economic outlook; India grew at 9.3% in 2007 and 7.9% and 6.9% in year 2008 and 2009 respectively. He has also focus on measurement of effect on developing countries, which can be identify by decrease in Export.

Ravishankar B. and Mahesh Rajgopal (2009) have described several stages of financial crises in US and also observed that the BSE Sensex has continued to bleed more out of panic and psychological reasons than for others. In last few weeks (3-4) BSE Sensex fell by almost 15%. It is also due to shortage and dries up of capital from FII and FDI.

Bhalla V.K. (2011) has described in his book that the extent of stock price volatility is also influenced by the extent of integration between the domestic and international capital markets as well as the regulatory framework governing the stock market. In India, two most important factors which had significant bearing on the behaviour of stock prices during the 'nineties were net investment by FII and trend in the international stock exchange, especially NASDAQ.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. It shows the path through which researchers formulate their problem and objective and present their result from the data obtained during the study period. This research methodology chapter also shows the research methods that were used during the research process.

3.2 RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. The research design is intended to provide an appropriate framework for a study.

3.2.1 Descriptive Research Design

Descriptive research is carried out in this .Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

3.3 SAMPLING TECHNIQUE

The sampling technique adopted was convenient sampling method

3.3.1 Convenience sampling method

Convenience sampling method is used in this. Convenience sampling is a type of non-profitability sampling that involves the sample being drawn from that part of the population that is close to hand.

3.4 SOURCES OF DATA

The data were collected from both primary and secondary sources.

3.4.1 Primary data

Collected directly from the respondents with the help of questionnaire.

3.4.1.1 Questionnaire

The questionnaire tried to capture the responses of the employees mainly on the key deliverables, derived from the survey conducted, and a few questions have been included to gauge the level of satisfaction and to gain insight into motivation among employees.

3.4.2 Secondary data

Secondary data are the data which already exists. The secondary data were also collected from published records, journals and websites for this study.

3.5 STRUCTURE OF QUESTIONNAIRE

There are two broad types of questions open ended or open questions, and closed ended or closed questions. Open questions enable respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose.

3.6 SAMPLE SIZE

A sample size of 81 investors has been taken in this study.

3.7 PERIOD OF STUDY

The period of study is from January 2021 to March 2021 which is a three months of study.

3.8 ANALYTICAL TOOLS

Tools used for analysis are simple percentage analysis, bar chart, pie chart, Chi-square test in SPSS tool, Anova in SPSS tool.

3.8.1 Percentage analysis

Percentage analysis is the method to represent raw streams of data as a percentage for better understanding of collected data. Percentage analysis is applied to create

a contingency table from the frequency distribution and represent the collected data for better understanding.

3.8.2 Anova

It is a collection of statistical models and their associated estimation procedures (such as the “variation” among and between groups) used to analyze the differences among group means in a sample.

3.8.3 Chi-square

A statistical test of significance which is used to compare observed frequencies with expected frequencies. The chi-square test is used for analyzing data where one has counted the frequency (number of cases or respondents) in different categories.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

TABLE 4.1.1: Age group of the respondents

Age Group	No of respondents	Percentage
Below 18	0	0%
18 to 24	54.027	66.70%
25 to 34	20.979	25.90%
35 to 54	5.994	7.40%
55 to 74	0	0%
75 or older	0	0%
Total	81	100%

Source: Primary data.

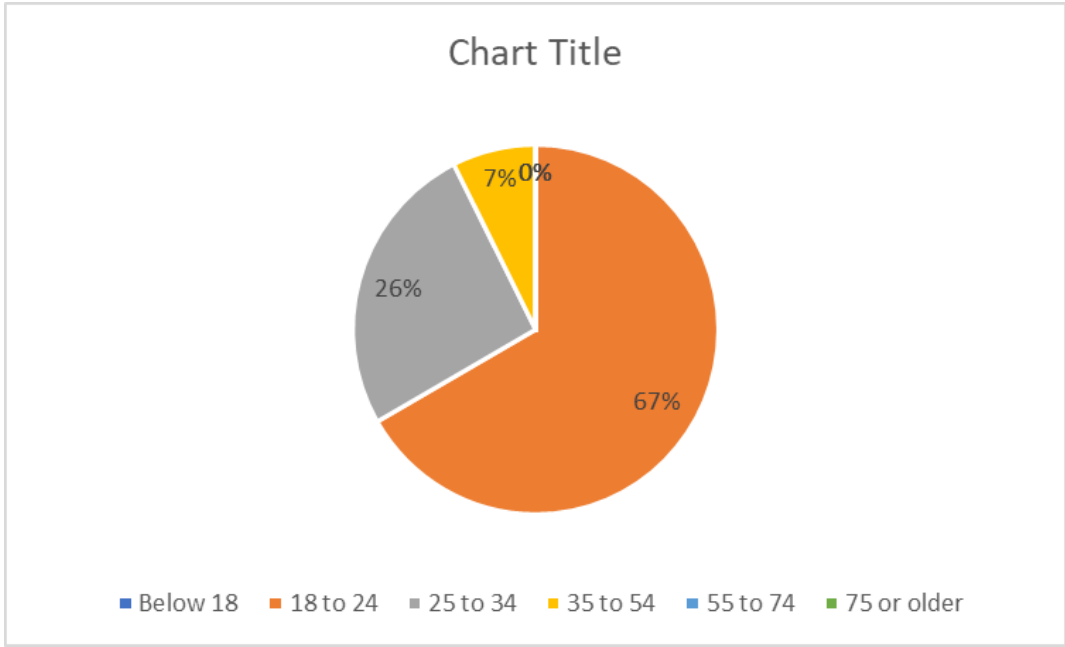


CHART 4.1.1: Age of the respondent

Interpretation

From the above table it is interpreted that the number of respondents between 18 to 24 is 67%, 25 to 34 is 26%, 35 to 44 is 7%, above 45 is 0 %

Inference

Majority (67%) of the respondents fall in the age category of 25 to 34 years.

TABLE 4.1.2: Gender of the respondents

Gender	No of respondents	Percentage
Male	54.027	66.70%
Female	26.973	33.30%
Total	81	100%

Source: Primary data.

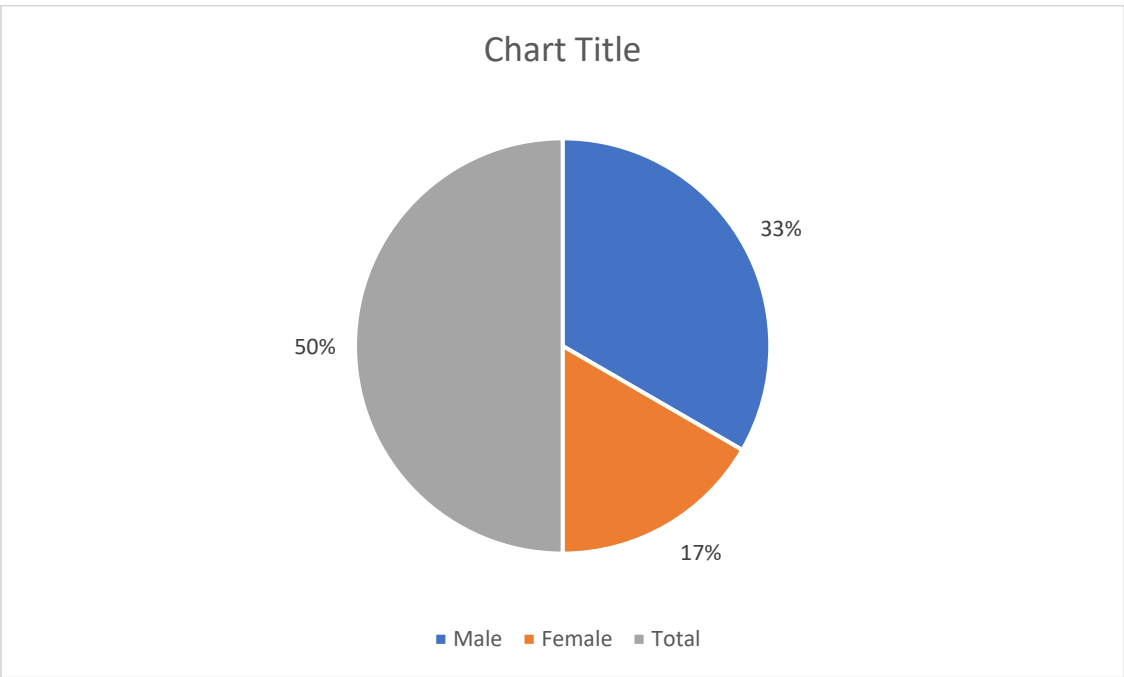


CHART 4.1.2: Gender of the respondents

Interpretation

From the above table it is interpreted that the number of male respondent is 99% and female respondent is 1%.

Inference

Majority (99%) of the respondents are male.

TABLE 4.1.3: Marital status of respondents

Marital Status	No of respondents	Percentage
Single	61.965	76.50%
Married	18.792	23.20%
Total	81	100%

Source: Primary data.

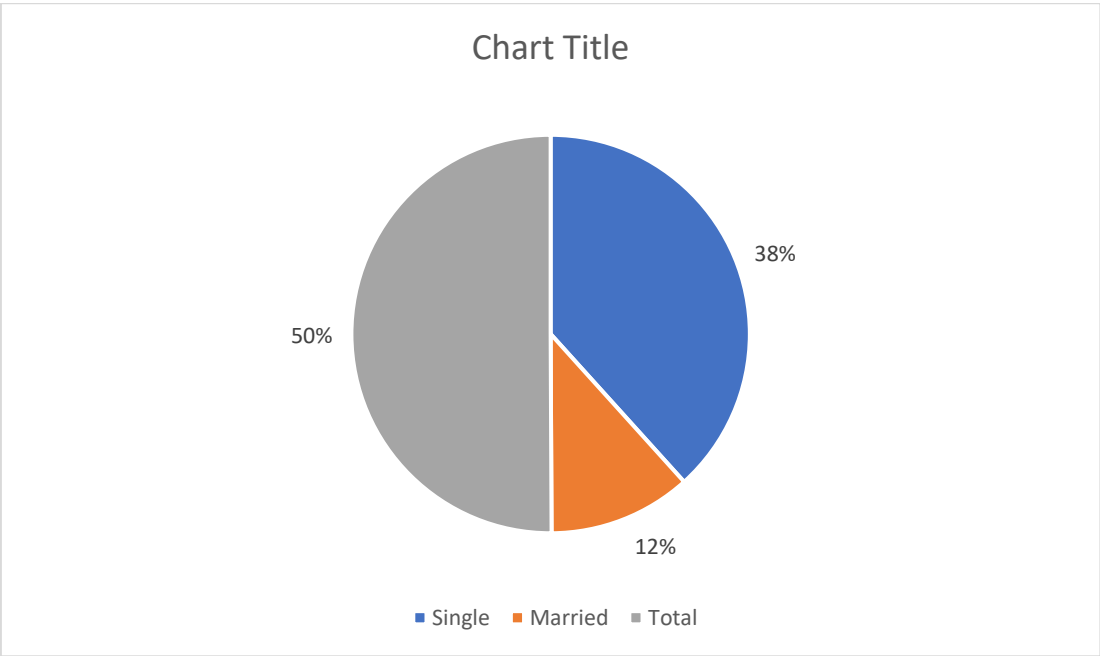


CHART 4.1.3: Marital status of respondents

Interpretation

From the above table it is interpreted that the number of Single respondents is 99% and Married is 1%.

Inference

Majority (99%) of the respondents is Single.

TABLE 4.1.4: Qualification of the respondents

Highest Qualification	No of respondents	Percentage
Secondary School Qualification	1.62	2%
Bachelor's Degree	54.351	67.10%
Master's Degree	21.708	26.80%
Phd	0	0%
Other	3.24	4%
Total	81	100%

Source: Primary data.

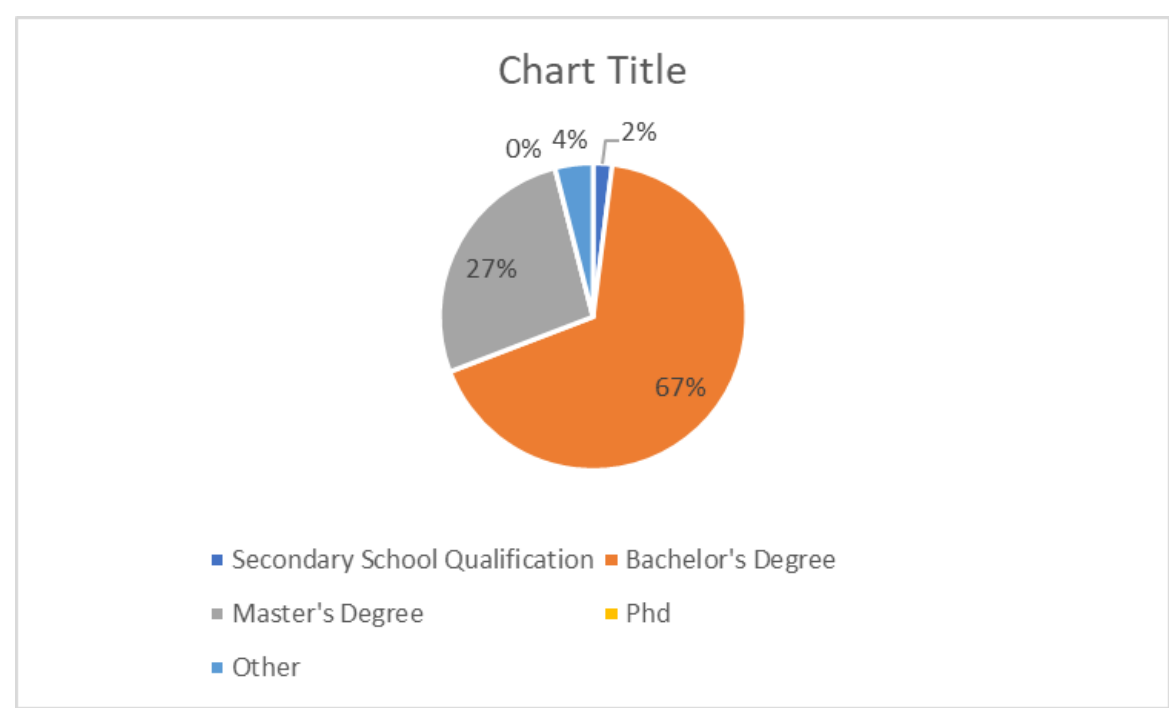


CHART 4.1.4: Qualification of the respondents

Interpretation

From the above table it is interpreted that the number of respondents High school pass is 2%, Bachelor's degree is 67%, Master's degree is 27%, Ph.D is 0% , others is 4%

Inference

Majority (67%) of the respondents are graduate.

TABLE 4.1.5: Respondents education level on the stock exchange

Any Course done on stock exchange	No of respondents	Percentage
No	6.966	8.60%
Yes	73.791	91.10%
Total	81	100%

Source: Primary data.

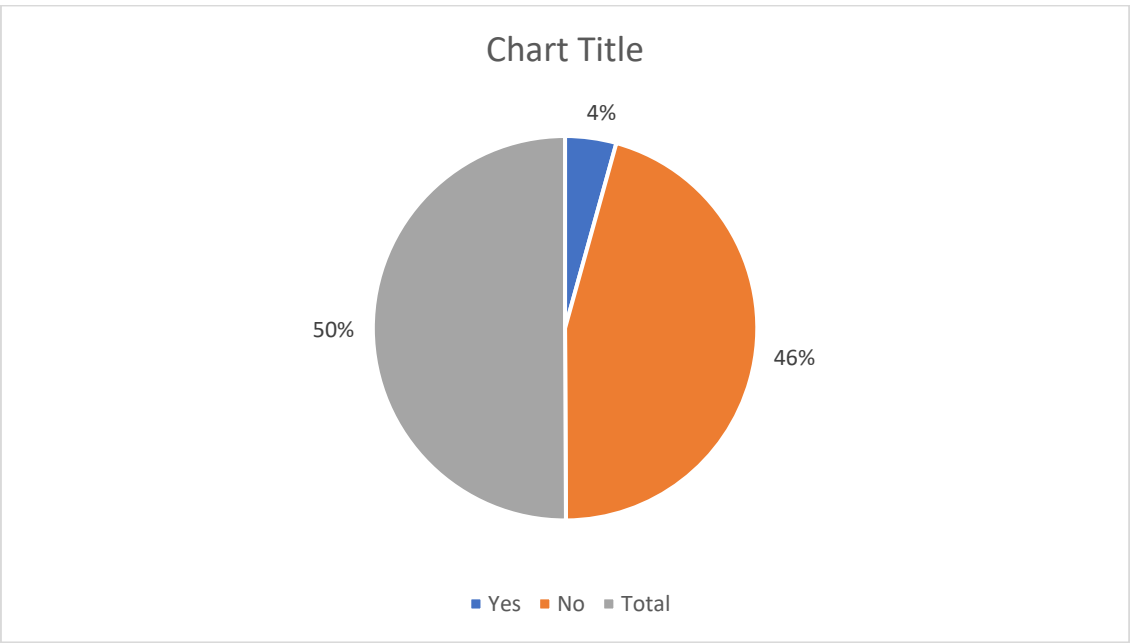


CHART 4.1.5: Respondents education level on the stock exchange

Interpretation

From the above table it is interpreted that the number of respondents who have done any course related to stock exchange is 1% and who have not done any course related to stock exchange is 99%.

Inference

Majority (99%) of the respondents who have not done any course related to stock exchange.

TABLE 4.1.6: Respondents monitoring status of their Investment

No of Particulars	No of respondents	Percentage
Daily	11.826	14.60%
Weekly	17.82	22%
Monthly	14.823	18.30%
Occasionally	36.531	45.10%
Total	81	100%

Source: Primary data.

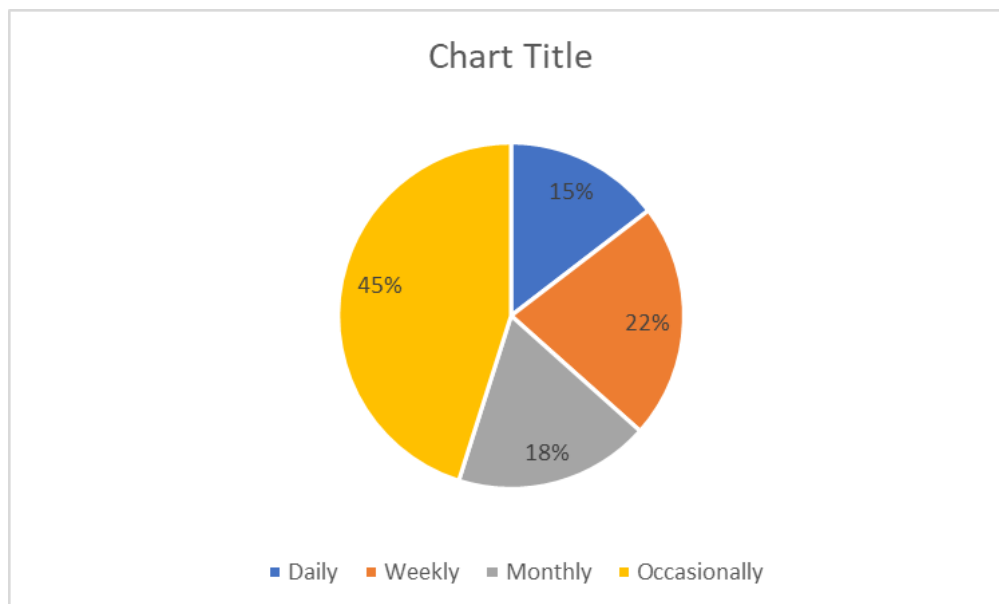


CHART 4.1.6: Respondents monitoring status of their Investment

Interpretation

From the above table it is interpreted that the number of respondents monitor their investment daily is 15%, Weekly is 22%, Monthly is 18%, occasionally is 45%.

Inference

Majority (45%) of the respondents occasionally monitor their investment

TABLE 4.1.7: Respondents opinion on factors influencing their investment decision.

No of Particulars	Very Much	Quite a bit	Some what	A little bit	Not at all	N/A	Total
Stock marketability (that can be easily sold).	38	21	14	3	3	2	81
Stock price	32	20	16	5	5	3	81
Minimizing Risk	15	30	20	10	2	4	81
Tax effect on Profit	26	23	19	6	6	1	81
Financial statement condition	29	18	22	7	2	3	81
Dividend paid	10	26	29	6	7	3	81
Expected corporate earnings	15	24	29	7	3	3	81
Expected dividends	10	25	29	8	5	4	81

Source: Primary data.

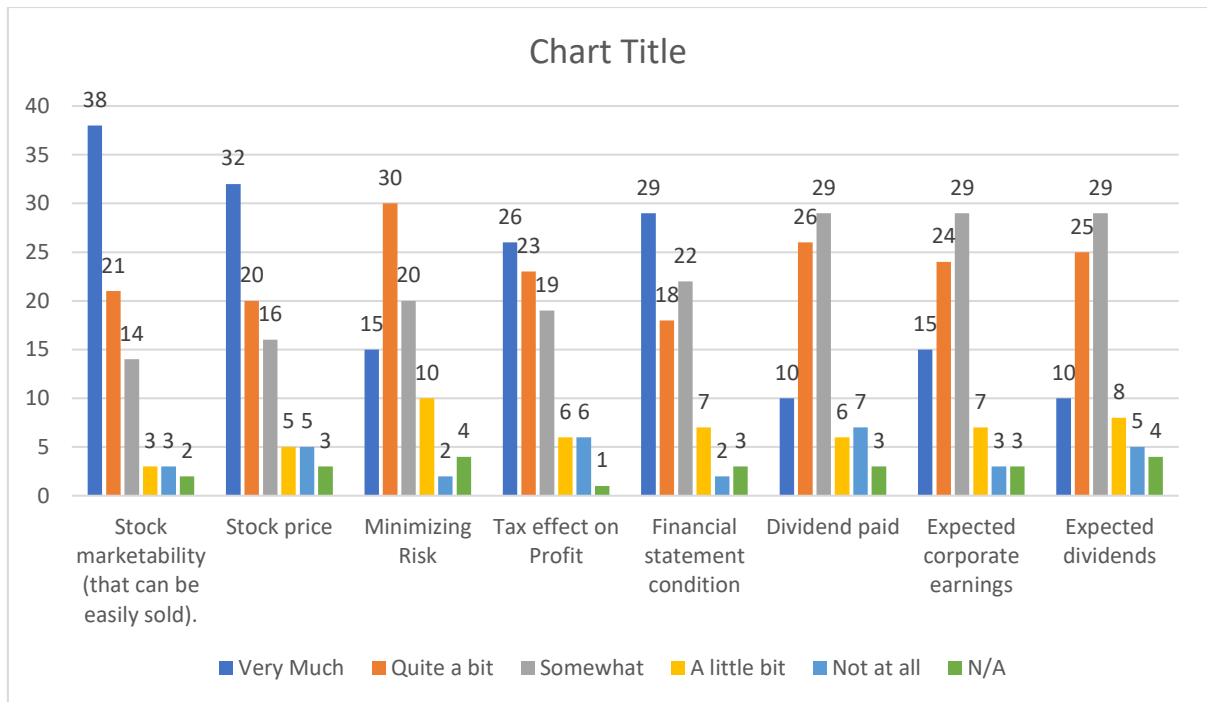


CHART 4.1.7: Respondents opinion on factors influencing their investment decision.

Interpretation

From the above table, out of 81 respondents, 38 respondents strongly agree that stock marketability factor affects their investment decision, 21 respondents agree that stock marketability factor affects their investment decision, 14 respondents think somewhat stock marketability factor affects their investment decision, 3 respondents think not at all stock marketability factor affects their investment decision.

From the above table, out of 81 respondents, 32 respondents strongly agree that stock price factor affects their investment decision, 20 respondents agree that stock price factor affects their investment decision, 16 respondents think somewhat stock price factor affects their investment decision, 5 respondents think not at all stock price factor affects their investment decision.

From the above table, out of 81 respondents, 15 respondents strongly agree that minimizing risk factor affects their investment decision, 30 respondents agree that minimizing risk factor affects their investment decision, 20 respondents think somewhat minimizing risk factor affects their investment decision, 2 respondents think not at all minimizing risk factor affects their investment decision.

From the above table, out of 81 respondents, 26 respondents strongly agree that tax effect on profit factor affects their investment decision, 23 respondents agree that tax effect on profit factor affects their investment decision, 25 respondents think somewhat tax effect on profit factor affects their investment decision, 6 respondents think not at all tax effect on profit factor affects their investment decision.

From the above table, out of 81 respondents, 29 respondents strongly agree that financial statement condition factor affects their investment decision, 18 respondents agree that financial statement condition factor affects their investment decision, 29 respondents think somewhat financial statement condition factor affects their investment decision, 2 respondents think not at all financial statement condition factor affects their investment decision.

From the above table, out of 81 respondents, 10 respondents strongly agree that dividend paid factor affects their investment decision, 26 respondents agree that dividend paid factor affects their investment decision, 35 respondents think somewhat dividend paid factor affects their investment decision, 7 respondents think not at all dividend paid factor affects their investment decision.

From the above table, out of 81 respondents, 15 respondents strongly agree that expected corporate earnings factor affects their investment decision, 24 respondents agree that expected corporate earnings factor affects their investment decision, 36 respondents think somewhat expected corporate earnings factor affects their investment decision, 3 respondents think not at all expected corporate earnings factor affects their investment decision.

From the above table, out of 81 respondents, 10 respondents strongly agree that expected dividends factor affects their investment decision, 25 respondents agree that expected dividends factor affects their investment decision, 37 respondents think somewhat expected dividends factor affects their investment decision, 5 respondents think not at all expected dividends factor affects their investment decision.

Inference

It is found that stock marketability, stock price, tax effect on profit and financial statement condition are the factors that mostly affect the investors behaviour towards stock market.

TABLE 4.1.8: Response of respondents with past experience in investing in the stock market.

No of Particulars	Strongly agree	I Agree	Undecided	I disagree	Definitely disagree	N/A	Total
You avoid selling shares that have decreased in value and readily sell shares that have increased in value.	32	33	10	2	1	3	81
You feel more sorrow about holding losing stocks too long than selling winning stocks too soon.	19	34	17	8	1	2	81
You ignore the connection between	24	21	26	9	0	1	81

different investment possibilities.							
You tend to treat each element of your investment portfolio separately.	13	38	20	8	0	2	81
You forecast the changes in stock prices in the future based on the recent stock prices.	27	25	19	6	3	1	81
Other investors decisions of buying and selling stocks have impact on your investment decisions.	27	28	18	5	0	3	81
After a prior gain, you are more risk seeking than usual.	25	31	19	2	1	3	81

You use trend analysis of some representative stocks to make investment decisions for all stocks that you invest.	25	36	14	4	0	2	81
Other investors decisions of choosing stock types have impact on your investment decisions.	24	26	20	6	2	3	81
You study about the market fundamentals of underlying stocks before making investment decisions.	25	28	18	6	3	1	81

Source: Primary data.

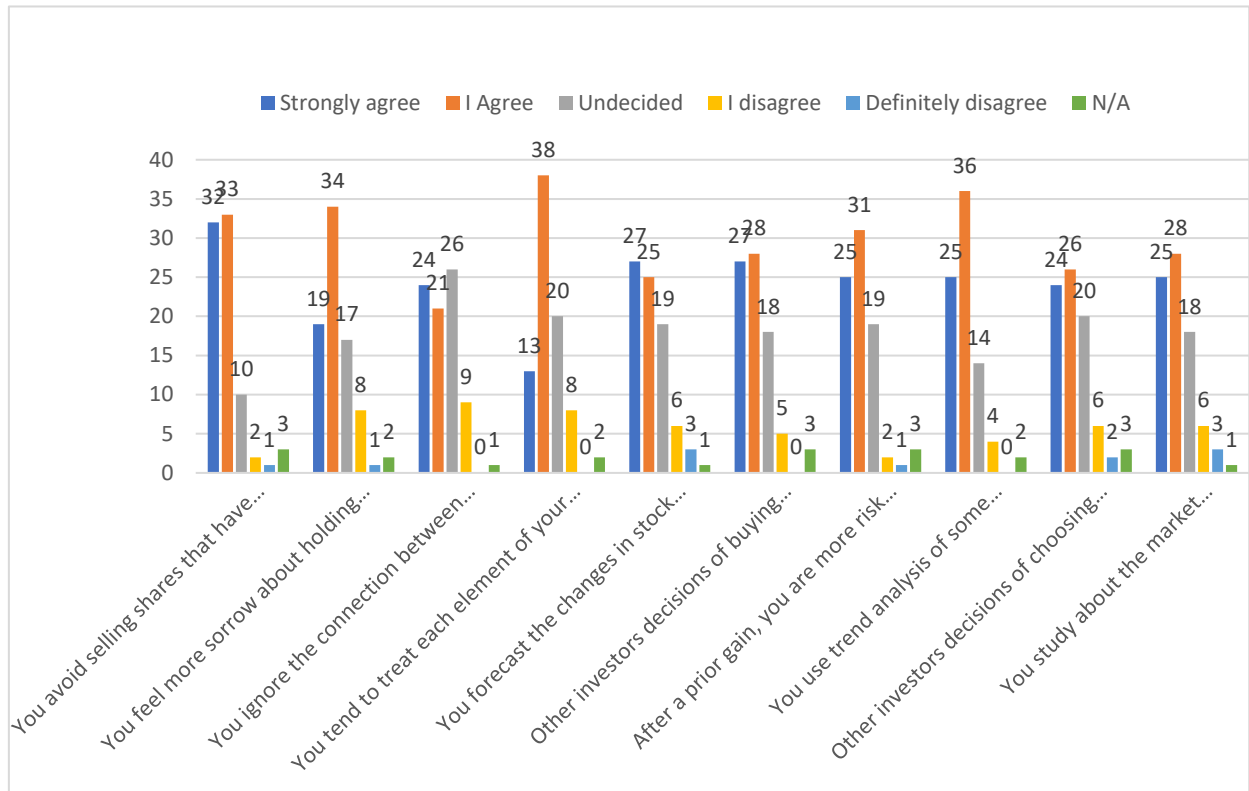


CHART 4.1.8: Response of respondents with past experience in investing in the stock market.

Inference

It is found that majority of respondents have strongly agreed with some of their past experience in stock market that is, selling shares in stock market with fluctuations in values, treating each element of their investment portfolio separately, After a prior gain, they are more risk seeking than usual, they use trend analysis of some representative stocks to make investment decisions for all stocks that they invest.

TABLE 4.1.9: Respondents preferences while investing in stock market.

No of Particulars	Strongly agree	I Agree	Undecided	I disagree	Definitely disagree	N/A	Total
You rely on your previous experiences in the market for your next investment.	31	35	10	0	4	1	81
You buy 'hot' stocks and avoid stocks that have performed poorly in the recent past.	28	28	20	2	1	2	81
After a prior loss, you become more risk averse.	15	39	18	5	2	2	81
You put the past trends of stocks under your consideration for your investment.	20	33	16	6	5	1	81
You consider carefully the price changes of stocks that you intend to invest in.	22	32	19	3	3	2	81
Market information is important for	28	35	10	5	1	2	81

your stock investment.							
You consider the information from your close friends and relatives as the reliable reference for your investment decisions.	14	31	28	2	5	1	81
You believe that your skills and knowledge of stock market can help you to outperform the market.	25	31	16	6	2	1	81
You usually react quickly to the changes of other investors decisions and follow their reactions to the stock market.	22	30	17	6	5	1	81

Source: Primary data.

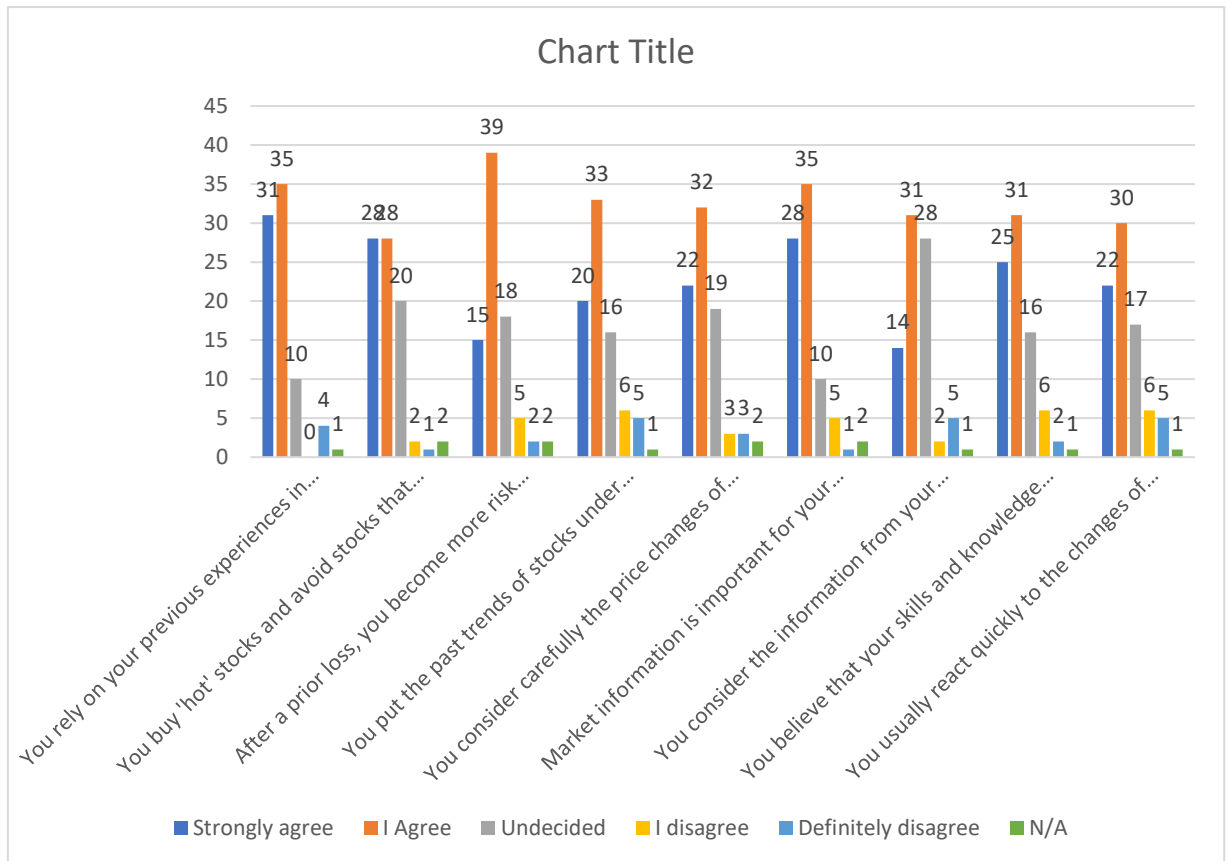


CHART 4.1.9: Respondents preference while investing in stock market.

Inference

It is found that majority of the respondents have strongly agreed to some of their preferences while investing in stock market that is, they rely on their previous experiences in the market of their next investment, After a prior loss, they become more risk averse, they put their past trends of stocks under their consideration for their investment, they consider carefully the price changes of stocks that they intend to invest in, Market information is important for their stock investment, they believe that their skills and knowledge of stock market can help them to outperform the market.

TABLE 4.1.10: Respondents opinion on their investment performance.

No of Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	N/A	Total
Your rate of return is equal to or higher than the average return rate of the market.	18	18	31	8	2	4	81
You feel satisfied with your investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes).	9	21	16	31	1	3	81
The return rate of your recent stock investment meets your expectation.	12	20	18	25	2	4	81

Source: Primary data.

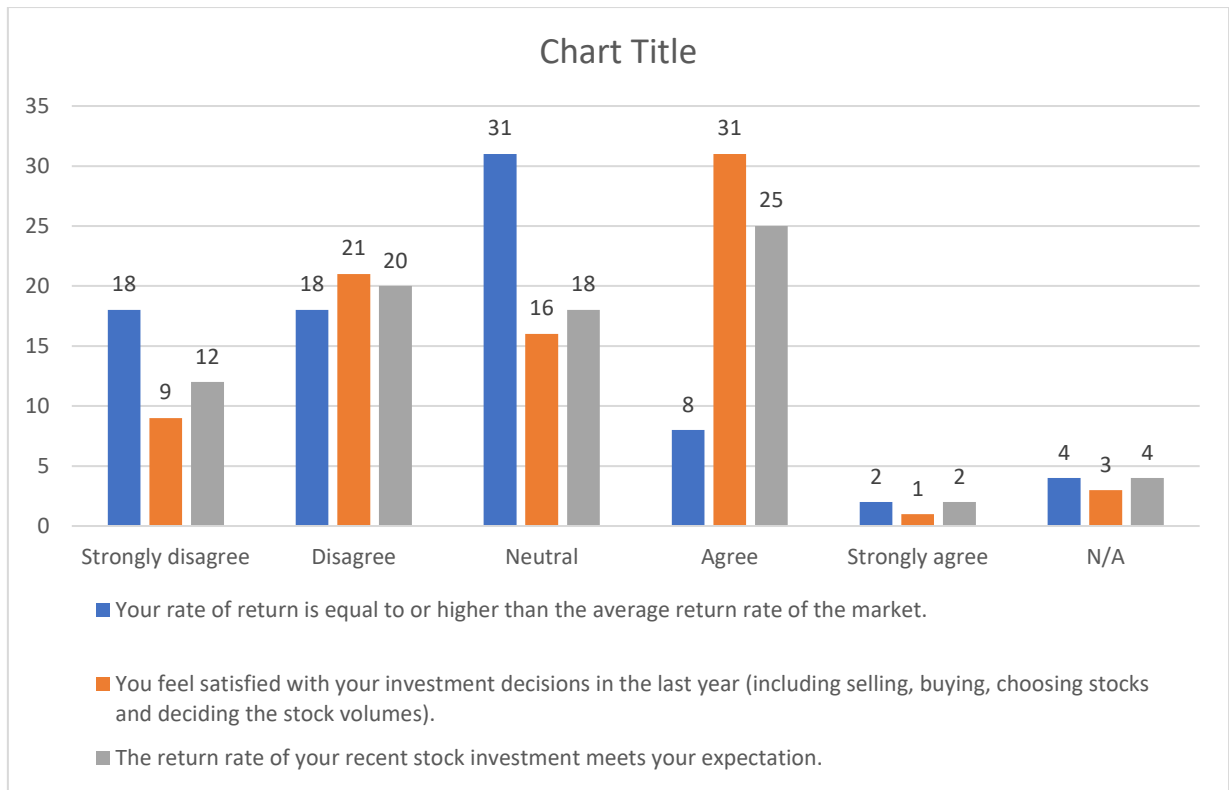


CHART 4.1.10: Respondents opinion on their investment performance.

Inference

It is found that majority of the respondents have strongly agreed to some of their investment performance in stock market that is, there rate of return is equal to or higher than the average return rate of the market, they feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes), the return rate of their recent stock investment meets their expectation.

4.2 Chi-square

TABLE 4.2.1: Tables showing the association between educational qualification and opinion on their investment performance.

Null Hypothesis (H0) – There is no association between educational qualification and opinion on their investment performance.

Alternative Hypothesis (H1) - There is association between educational qualification and opinion on their investment performance.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
What is your highest level of education you have completed ? * Please give your opinion on your investment performance [You feel satisfied with your investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes).]	79	100.0%	0	0.0%	79	100.0%

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.093 ^a	25	.572
Likelihood Ratio	18.110	25	.838
N of Valid Cases	79		

a. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

Source: Primary data.

Interpretation:

Since p value is higher than 0.05 , we accept the alternate hypothesis and reject the null hypothesis. Therefore, there is an association between educational qualification and opinion on their investment performance.

4.3 ANOVA

TABLE 4.3.1: Table showing the association between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

Null Hypothesis H0 = There is no statistically significant relationship between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

Alternate Hypothesis H1= There is statistically significant relationship between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

ANOVA					
How often do you monitor your investment ?					
	Sum Squares	Df	Mean Square	F	Sig.
Between Groups	1.243	4	.311	.325	.860
Within Groups	70.656	74	.955		
Total	71.899	78			

Source: Primary data.

Interpretation

Significance level 0.860, which is above 0.05 therefore, there is no statistically significant relationship between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- It is found that majority (67%) of the respondents fall in the age category of 25 to 34 years.
- It is found that majority (99%) of the respondents are male.
- It is found that majority (99%) of the respondents is Single.
- It is found that majority (67%) of the respondents are graduate.
- It is found that majority (99%) of the respondents who have not done any course related to stock exchange.
- It is found that majority (45%) of the respondents occasionally monitor their investment.
- It is found that stock marketability, stock price, tax effect on profit and financial statement condition are the factors that mostly affect the investors behaviour towards stock market.
- It is found that majority of respondents have strongly agreed with some of their past experience in stock market that is, selling shares in stock market with fluctuations in values, treating each element of their investment portfolio separately, After a prior gain, they are more risk seeking than usual, they use trend analysis of some representative stocks to make investment decisions for all stocks that they invest.
- It is found that majority of the respondents have strongly agreed to some of their preferences while investing in stock market that is, they rely on their previous experiences in the market of their next investment, After a prior loss, they become more risk averse, they put their past trends of stocks under their consideration for their investment, they consider carefully the price changes of stocks that they intend to invest in, Market information is important for their stock investment, they believe that their skills and knowledge of stock market can help them to outperform the market.
- It is found that majority of the respondents have strongly agreed to some of their investment performance in stock market that is, there rate of return is

equal to or higher than the average return rate of the market, they feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes), the return rate of their recent stock investment meets their expectation.

5.2 SUGGESTION

- This study examined the factors that appear to exercise the greatest influence on the individual stock investor, and included not only the factors investigated by previous studies and derived from prevailing behavioural finance theories.
- The researcher recommends that the investors need to analysis the investment factors carefully using the reasonable business knowledge before making an investment decision.
- The investors should also be able to interpret the market and economic indicators since they influence the performance of the share on the market.
- They should evaluate all the variables in the environment instead of considering only one variable.
- Investors do also need to diversify their investment in different companies by developing a portfolio of investments to minimize risks and maximize returns.

5.3 CONCLUSION

- The study was conducted on the 79 investors that constituted the sample size. To collect data the researcher used a structured questionnaire that was personally administered to the respondents. The respondents were the individual investors.
- In this study, data was analyzed using frequencies, mean scores, percentages, Chi-square and One Way Anova Techniques.
- In this study we found that investors prefer to invest for long term in stock market than short term investment.
- The objective of the study was to identify the factors influencing investment decisions in Stock Market. Results of factor analysis revealed that the most important factors were: Investment returns and economic conditions;

Diversification and loss minimization; Third party opinion; The goodwill of the firm and accounting information; Perception towards the firm; Environmental factors; Firms feeling and Risk minimization; reputation of the firm; firm's status in industry; expected corporate earnings; profit and condition of statement; past performance firm's stock; price per share; feeling on the economy and expected dividend by investors. The above study will help the investors to get more knowledge about how to make decision while investing in stock market.

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APPENDIX – I (QUESTIONNAIRE)

1. Your Name ?

2. What is your age?

- below 18
- 18 to 24
- 25 to 34
- 35 to 54
- 55 to 74
- 75 or older

3. What is your gender?

- Female
- Male

4. What is your marital status?

- Single
- Married
- Divorced

5. What is the highest level of education you have completed?

- Secondary school qualifications (e.g. GCSE, A-level etc) and lower
- Under-graduate
- Bachelor's degree
- Master's degree
- PhD

6. Did you complete any course relevant to trading on the stock exchange?

- Yes
- No

7. How often do you monitor your investments?

- Daily
- Weekly
- Monthly
- Occasionally

8. In your opinion, how below mentioned factors influence your investment decision making.

Minimizing Risk.

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

9. In your opinion, how below mentioned factor influence your investment decision making.

Expected corporate earnings

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all

10. In your opinion, how below mentioned factor influence your investment decision making.

Dividend paid

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

11. In your opinion, how below mentioned factor influence your investment decision making.

Stock marketability (that can be easily sold).

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

12. In your opinion, how below mentioned factor influence your investment decision making.

Stock Price.

- Very much
- Quite a bit
- Somewhat
- A little bit

- Not at all
- N/A

13. In your opinion, how below mentioned factor influence your investment decision making.

Expected dividends.

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

14. In your opinion, how below mentioned factor influence your investment decision making.

Financial statement condition.

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

15. In your opinion, how below mentioned factor influence your investment decision making.

Tax effect on Profit.

- Very much
- Quite a bit

- Somewhat
- A little bit
- Not at all
- N/A

16. In your opinion how below mentioned factors influence your investment decision making.

Other investors' decisions of buying and selling stocks have impact on your investment decisions.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

17. In your opinion how below mentioned factors influence your investment decision making.

You put the past trends of stocks under your consideration for your investment.

- Very much
- Quite a bit
- Somewhat
- A little bit
- Not at all
- N/A

18. In your opinion how below mentioned factors influence your investment decision making.

After a prior loss, you become more risk averse.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

19. In your opinion how below mentioned factors influence your investment decision making.

You usually react quickly to the changes of other investors' decisions and follow their reactions to the stock market.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

20. In your opinion how below mentioned factors influence your investment decision making.

You study about the market fundamentals of underlying stocks before making investment decisions.

- Strongly agree
- I agree
- Undecided

- I disagree
- Definitely disagree
- N/A

21. In your opinion how below mentioned factors influence your investment decision making.

You ignore the connection between different investment possibilities.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

22. In your opinion how below mentioned factors influence your investment decision making.

Market information is important for your stock investment.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

23. In your opinion how below mentioned factors influence your investment decision making.

Other investors' decisions of choosing stock types have impact on your investment decisions.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

24. In your opinion how below mentioned factors influence your investment decision making.

You avoid selling shares that have decreased in value and readily sell shares that have increased in value.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

25. In your opinion how below mentioned factors influence your investment decision making.

You tend to treat each element of your investment portfolio separately.

- Strongly agree
- I agree
- Undecided

- I disagree
- Definitely disagree
- N/A

26. In your opinion how below mentioned factors influence your investment decision making.

You consider carefully the price changes of stocks that you intend to invest in.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

27. In your opinion how below mentioned factors influence your investment decision making.

You rely on your previous experiences in the market for your next investment.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

28. In your opinion how below mentioned factors influence your investment decision making.

After a prior gain, you are more risk seeking than usual.

- Strongly agree

- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

29. In your opinion how below mentioned factors influence your investment decision making.

You forecast the changes in stock prices in the future based on the recent stock prices.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

30. In your opinion how below mentioned factors influence your investment decision making.

You feel more sorrow about holding losing stocks too long than about selling winning stocks too soon.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

31. In your opinion how below mentioned factors influence your investment decision making.

You buy 'hot' stocks and avoid stocks that have performed poorly in the recent past.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

32. In your opinion how below mentioned factors influence your investment decision making.

You consider the information from your close friends and relatives as the reliable reference for your investment decisions.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

33. In your opinion how below mentioned factors influence your investment decision making.

You use trend analysis of some representative stocks to make investment decisions for all stocks that you invest.

- Strongly agree
- I agree

- Undecided
- I disagree
- Definitely disagree
- N/A

34. In your opinion how below mentioned factors influence your investment decision making.

You believe that your skills and knowledge of stock market can help you to outperform the market.

- Strongly agree
- I agree
- Undecided
- I disagree
- Definitely disagree
- N/A

35. Please give your opinion on your investment performance:

Your rate of return is equal to or higher than the average return rate of the market.

- Strongly disagree
- Disagree
- Neutral/ Neither agree nor disagree
- Agree
- Strongly agree
- N/A

36. Please give your opinion on your investment performance:

The return rate of your recent stock investment meets your expectation.

- Strongly disagree

- Disagree
- Neutral/ Neither agree nor disagree
- Agree
- Strongly agree
- N/A

37. Please give your opinion on your investment performance:

You feel satisfied with your investment decisions in the last year (including selling, buying, choosing stocks, and deciding the stock volumes).

- Strongly disagree
- Disagree
- Neutral/ Neither agree nor disagree
- Agree
- Strongly agree
- N/A

APPENDIX – II (ARTICLE)

A STUDY ON FACTORS AFFECTING INVESTORS BEHAVIOUR TOWARDS STOCK MARKET

¹Preci Infanta A and ²Dr.KUMAR N

¹Student, School of Business Administration,

²Assistant Professor, School of Business Administration,

**Sathyabama Institute of Science and Technology, Chennai 600119, Tamil
Nadu, India**

ABSTRACT

Individual investment behaviour is go into with decisions about purchases of small amounts of securities for their own account. It is pretended that information structure and the factors within the market consistently influence individuals investment decisions furthermore as market outcomes. This study was to determine the factors influencing investment decisions at the Stock Market. We have aimed to review about perception of investors about different factors that affecting stock market. It also focuses on preferences of investors about various sectors related to investment in stock market. For the study we have applied descriptive research plan, used sampling method to select respondents and collected data through structured questionnaire using survey technique. The collected data were then analysed with statistical techniques including Analysis of variance (ANOVA), Chi-square.

Key Words: Investment Decision, Individual Investors, Stock Market, Investor Behaviour, Factors Influencing Investment Decision.

INTRODUCTION

Economically, an investment is the purchase of goods that are not useful for today but it is helpful in the future to create wealth. In the Monetary sense investments include the purchase of bonds, stocks etc. Stock market takes part a vital role in the economy of a country.

Indian stock market is one among of the oldest stock markets in Asia. In 1875 Bombay Stock Exchange (BSE) was established by twenty two brokers. Most of the trading in the Indian stock market happens on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). In India out of all the listed corporations on the BSE, only five hundred corporations constitute more than 90% of its market capitalization; the remainder of the group consists of extremely illiquid shares. Nearly all the significant firms of India are listed on both the exchanges. Recently total market revenue of NSE and BSE reached at Rs. 9,99,813.43 Crores between 2020 and 2021, including cash and F&O segment("Market Turnover BSE/NSE, Indian Stock Market data, Cash Market, Futures & choices by bseindia.com," 2021).

REVIEW OF LITERATURE

Hosseini, Ahmad, and Lai (2011) studied for the interval between January 1999 to January 2009 and look into the relationships between stock market indices and four macroeconomics variables, particularly crude oil rate, monetary resource, industrial production and rising prices in China and India.

Barber and Odean (2001) studied that web is the major supply of data for adolescent investors while investing. Adolescent investors also started investing through on-line trading.

Yartey (2008) studied that developing economies found that macroeconomic factors such as income level, gross domestic investment, banking sector, private capital flows, and stock market liquidity are important determinants of stock market growth in evolving market countries. He conjointly found that political risk, law and order, and administrative quality are important determinants of stock market development as a result of they enhance the viability of external finance.

Chen, H., Lobo, B. J., & Wong, W.-K. (2006) studied that the U.S. stock plays vital role in the relationship with Indian and Chinese stock market, whereas there is a associate relationship between Indian and Chinese stock market.

Bhattacharjee and Swaminathan (2016) studied that the significance for authorities in India and the USA to maintains stability in the execution of economic plans to prevent their crash on stock markets and help create a beneficial

investment environment. It was come to end during the period of policy declaration market remains unstable in US and India.

OBJECTIVES OF THE STUDY

- To analyse the factors influencing the investment behaviour of individual investors.

RESEARCH METHODOLOGY

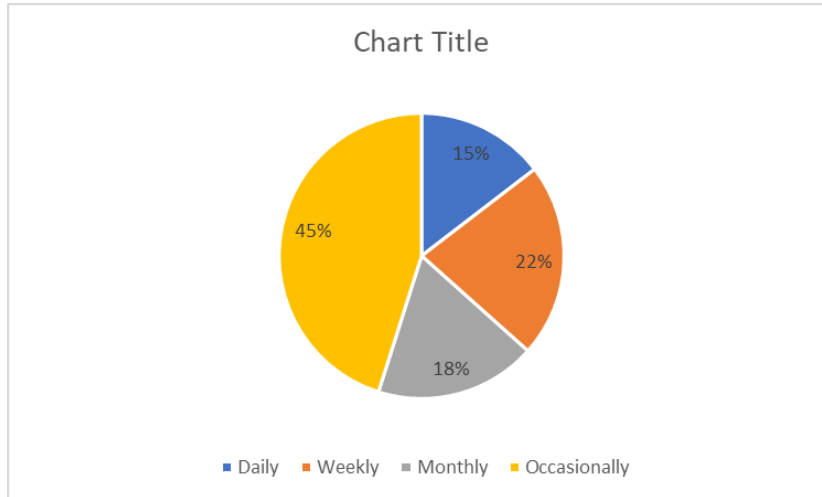
Descriptive research plan is implemented in this study. The sampling technique adopted within this study was convenient sampling method. Primary data were collected directly from the respondents through questionnaire and secondary data were collected from the published records, journals and websites. A sample size of 81 employees has been taken in this study. Tools used for analysis are simple percentage analysis, bar chart, pie chart, Chi-Square test in SPSS tool, Anova in SPSS tool.

DATA ANALYSIS

I. Respondents monitoring status of their Investment

No of Particulars	No of respondents	Percentage
Daily	11.826	14.60%
Weekly	17.82	22%
Monthly	14.823	18.30%
Occasionally	36.531	45.10%
Total	81	100%

Source: Primary data.



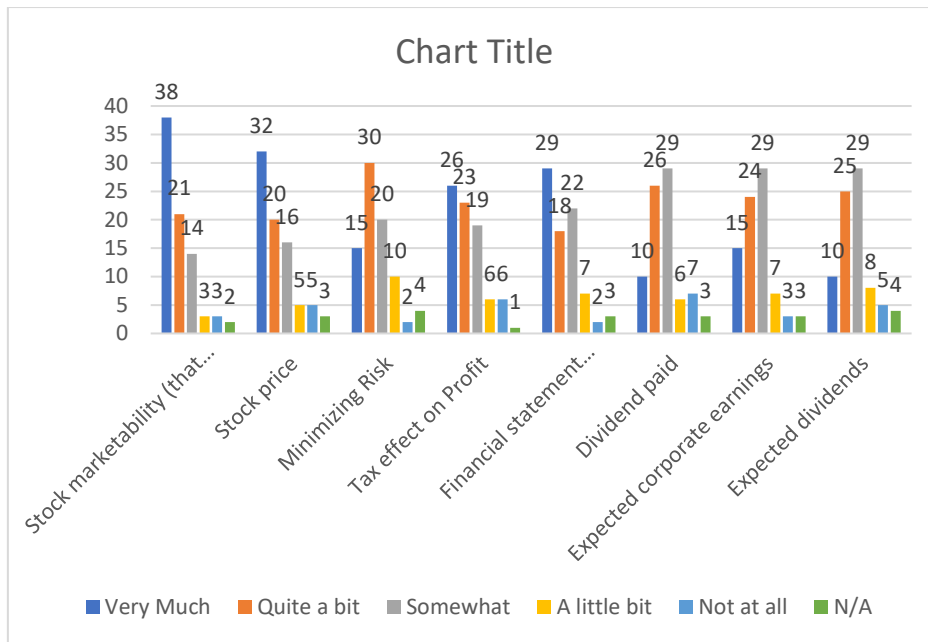
INFERENCE

Majority (45%) of the respondents often monitor their investment

II. Respondents opinion on factors influencing their investment decision.

No of Particulars	Very Much	Quite a bit	Some what	A little bit	Not at all	N/A	Total
Stock marketability (that can be easily sold).	38	21	14	3	3	2	81
Stock price	32	20	16	5	5	3	81
Minimizing Risk	15	30	20	10	2	4	81
Tax effect on Profit	26	23	19	6	6	1	81
Financial statement condition	29	18	22	7	2	3	81
Dividend paid	10	26	29	6	7	3	81
Expected corporate earnings	15	24	29	7	3	3	81
Expected dividends	10	25	29	8	5	4	81

Source: Primary data.



INFERENCE

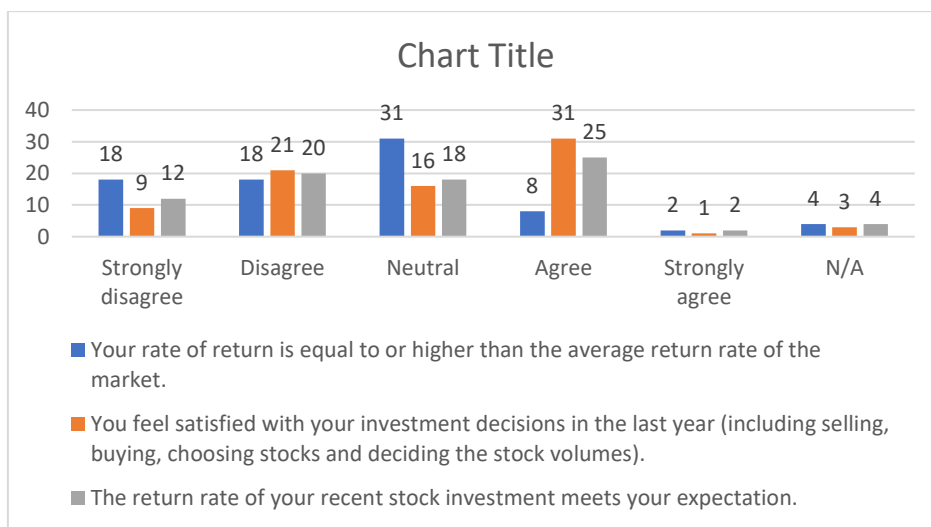
It is found that stock marketability, stock price, tax result on profit and financial statement condition are the factors that mostly affect the investors behaviour towards stock market.

III. Respondents opinion on their investment performance.

No of Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	N/A	Total
Your return on investment is equal to or higher than the average return rate of the market.	18	18	31	8	2	4	81

You feel happy with your investment decision in the last year.	9	21	16	31	1	3	81
The return on investment of your recent stock investment reach your expectance.	12	20	18	25	2	4	81

Source: Primary data.



INFERENCE

It is found that majority of the respondents have strongly agreed to some of their investment performance in stock market that is, there rate of return is equal to or higher than the average return rate of the market, they feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes), the return rate of their recent stock investment meets their expectation.

Chi-square

IV. Tables showing the association between educational qualification and opinion on their investment performance

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	23.093 ^a	25	.572
Likelihood Ratio	18.110	25	.838
N of Valid Cases	79		

a. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

INTERPRETION

Since p value is higher than 0.05 , we accept the alternate hypothesis and reject the null hypothesis. Therefore, there is an association between educational qualification and opinion on their investment performance.

ANOVA

V. Table showing the association between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

ANOVA

How often do you monitor your investment ?

	Sum Squares	of Df	Mean Square	F	Sig.
Between Groups	1.243	4	.311	.325	.860
Within Groups	70.656	74	.955		
Total	71.899	78			

INTERPRETATION

Significance level 0.860, which is above 0.05 therefore, there is no statistically significant relationship between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

CONCLUSION

The study was conducted on the eighty one investors that represent the sample size. To gather information, we used a structured questionnaire that was personally handled the respondents. The respondents were the individual investors. This study found the factors influencing investment decisions in Stock Market. Results of factor analysis disclosed that the foremost necessary factors were: Investment returns, economic conditions, Diversification, loss minimization, Third party opinion, The goodwill of the firm, accounting information Perception towards the firm, Environmental factors, Risk minimization, reputation of the firm, expected corporate earnings, profit and condition of statement, past performance firm's stock, price per share, expected dividend by investors. The above study will help the investors to get more knowledge about how to make decision while investing in stock market.

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