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A STUDY ON INVESTORS ATTITUDE TOWARDS CAPITAL MARKET WITH SPECIAL REFERENCE TO SHARE TRADING

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ABSTRACT

A capital market is a market where a government or a company can raise money to fund their operations and long term investment. It comprises all operations in the new issue and stock market. New issue market is a place where company can issue fresh shares to the investor. In Secondary market already existing securities are resold. The structure of capital market consists of market for government securities, corporate securities, debt instrument and mutual fund scheme. The players in capital market include merchant banker, registrars, collecting and coordinating bankers, underwriters and brokers, lead managers, regulators, stock exchange, listed securities, depositories, custodians and FIIS and mutual funds. Companies need finance for the building of factories, office buildings, airplanes, trains and other assets; to conduct research and development and for essential corporate activities. Much of the money are comes from major institutions as pension funds, insurance companies, banks, colleges and university and it is increasingly comes from individual. Moreover because investors buy and sell shares daily on the basis of their expectations for how profitable companies will be in the future, stock prices provide instant feedback to corporate executives about how investors judge their performance. This topic is to know the investors attitude, identifying that in which sector investors are investing more, to know the service level which are being provides by the industry to the investor and at last to know about the satisfaction level of the investor. Primary data was collected by using questionnaire. The investors are preferred to invest in equity market and they are expecting both cash dividend and bonus share. The industry in which the investors are mostly investing is banking sector.

KEYWORDS: A Study on Investors Attitude towards Capital Market with Special Reference to Share Trading

INTRODUCTION

The capital market vitality in the development of any economy is evidentiary in promoting economic growth through the acceleration of industrial activities. The Indian capital market is credited; being the oldest capital market having been is existence since 19th century and in terms of number of listed companies, in world, the second largest in the world. The capital market reforms include abolition of industrial licensing for public sector undertakings, abolition of asset ceiling for companies covered by monopolistic trade practice act. Formation of SEBI to protect the interest of the investor allowing 51% foreign ownership of equities and also gave permission to foreign industrial investors to invest in securities traded in Indian capital market struggling, credit market, slumping stocks and sliding dollars have been generating anxiety among executives and policy makers in early 2008.

REVIEW OF LITERATURE

R. Geetha (2008): in her research entitled, "A STUDY ON INVESTORS ATTITUDE TOWARDS CAPITAL MARKET", during the past decade, Indian capital market witnessed revolutionary changes. The Indian investor is an important participant in the capital market form a very important part of the economy. Financial savings of households also play an important role in financing development and growth of the economy, all suggestions carried out by the player is involved in share market.

Kavitharanganathan (2006): "A study of fund selection behavior of individual investors with reference to Mumbai city"; a rich view of research shows the sophisticated understanding of how financial markets are also affected by the financial behavior of investors. Indian capital market which has become an important portal for the small investors and are also influenced by their financial behavior, from the researchers and academicians point of view, research study with helps in developing and expanding knowledge in this field.

Subha M.V(2006): in her article entitled-"Indian capital market-a road ahead" addressed the current issues in the Indian capital market ,lack of individual participation and the ways of restoring investor confidence. The Article concluded that the responsibility of creating an environment of trust and confidence lies with the regulators, stock exchanges and companies. Each of them should act in a responsible way and provide a healthy atmosphere for the functioning of an efficient capital market.

Gnanadesigan C et. al., (2006): in their study entitled," women investors' perception towards investment- an empirical study", examined the investment pattern, preference influencing factors and problem of women investors in erode town. The finding of the study is that women investors are interested to invest in bank deposits and jewellery. They are influenced by safety and liquidity and the problem faced by them are SEBI procedures and formalities, commission and brokerage.

Shobana V. K & Jayalakshmi. J (2006): in their study entitled," investor awareness and preferences" studied the investor preferences the level of investor awareness and the factors influencing investor awareness of the 100 respondents in Salem district. The study reveals that real estate, bank deposit, and jewellery were the preferred investments. Investors above 50 years of age post graduates and professionals had high level of awareness. Age and education do not have any significant influence over investor awareness but occupational status leads to differ in the awareness level of people.

Viswambharan A.M (2006): in his article entitled, "Indian primary market opportunities and challenges" has examined the recent trends in primary market, the current IPO system, book building scheme, opportunities for investor; problems faced by the investor and have suggested that investor should rely on long term investment than speculation. Investor education shall be strengthened commercial banks may-take up investment consultancy for their client's to improve investor participation.

Clore G.L. Schnal. S. (2005): "the influence effect on attitude of investors" in his study examined that managing an investment broker firm involved selecting people with a high level of skill at counseling investors. Such a skill involves sensitivity to how the investor thinks about and address the risks, a task which is difficult if the advisor and the investor have different values and risk attitudes. It might be argued the problem is solved if everyone concerned acts in a rational manner however, rational decision making is an ideal that how human decision maker.

OBJECTIVES

- To understand the investor investment attitude towards share market.

- To find the probable investment objectives and factors influencing the process.

- To identify investor preference in which sector/industry in capital market.

- To examine the investor investment pattern and thread bare the investor's behavior.

RESEARCH METHODOLOGY

Methodology is defined as "a body of methods, rules and postulates employed by a discipline", "a particular procedure or set of procedures" or "the analysis of the principles or procedures of inquiry in a particular field". In this research, descriptive research design is used to analyze investor preference.

DATA COLLECTION METHOD

The direct structured type of data collection method was used for data collection purpose.

Primary Data

The primary data was collected through a questionnaire.

Secondary Data

The secondary data was collected from the company journals, reports, magazines and materials obtained from the mutual fund product head in regional office.

RESEARCH DESIGN

The research designed for the purpose of the study undertaken is of **descriptive type**.

SAMPLING DESIGN

The sampling unit selected for the survey was the **investors**. The technique used to collect the data is the **simple random sampling technique**.

SAMPLE SIZE

Total samples of 100 investors were chosen for the survey.

RESEARCH INSTRUMENTS

The research instrument used in this research is a **questionnaire**. The instrument was used as it is very flexible and is the most common instrument in collecting primary data.

SCALING

The descriptive survey was conducted with the help of the Likert scale, which helps the respondents to spot out their options. The Likert scale includes the options such as **Highly Satisfied, Satisfied, Neutral, Dissatisfied, Highly Dissatisfied.**

STATISTICAL TOOLS USED

In this article the researcher uses simple percentage method, chi-square test and Correlation.

Table 1: Investment Option of the Respondents

Description	No of Respondents	Percentage
EQUITY	60	60%
COMMODITY	11	11%
INSURANCE	8	8%
MUTUAL FUNDS	21	21%
TOTAL	100	100

Interpretation

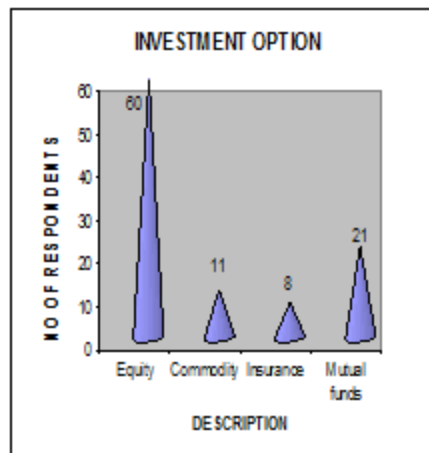From the above table, it shows that 60% of the investors are investing in equity market.

Table 2: Investment Nature of the Respondents

Description	No of Respondents	Percentage
SHORT TERM	58	58%
LONG TERM	34	34%
DIVIDEND	8	8%
OTHERS(bonus/rights)	0	0
TOTAL	100	100

Interpretation

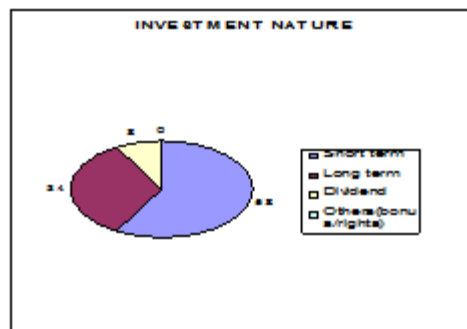From the above table it is interpreted that 58% of the respondent's nature of investment is short-term.

Table 3: Most Preferred Sector for Investment

Description	No of Respondents	Percentage
IT	24	24%
BANKING	34	34%
AUTOMOBILE	15	15%
INFRASTRUCTURE	9	9%
POWER	7	7%
OTHERS	11	11%
TOTAL	100	100

Interpretation

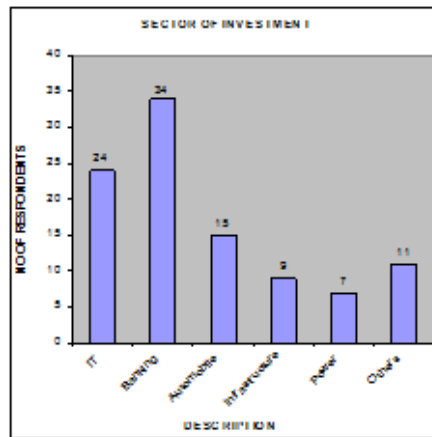It is inferred from the above table that 34% of the respondents are preferred to invest in banking sector.

Table 4: Type of Returns from Investment

Description	No of Respondents	Percentage
CASH DIVIDEND	26	26%
BONUS SHARES	5	5%
BOTH	40	40%
LONG TERM RETURNS	29	29%
TOTAL	100	100

Interpretation

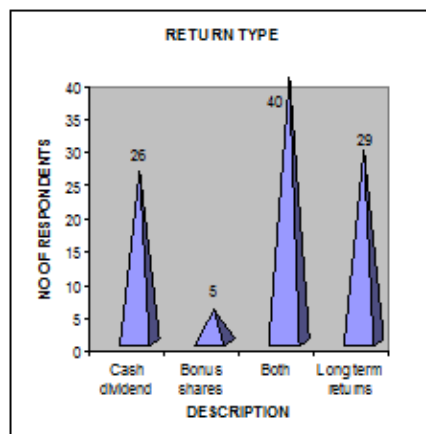From the above table it shows that 40% of the respondents prefer cash dividend and bonus share from their investment.

Table 5: Investor Trading Period

Description	No of Respondents	Percentage
LESS THAN 1 YEAR	43	43%
1-2 YEARS	18	18%
2-3 YEARS	32	32%
ABOVE 3 YEARS	7	7%
TOTAL	100	100

Interpretation:

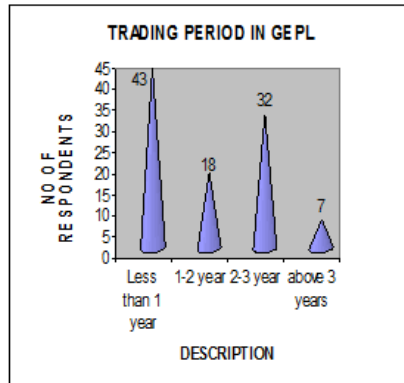From the above table it shows that 43% of the respondents trading period is less than 1 year.

Table 6: Market Preference of the Investor

Description	No of Respondents	Percentage
PRIMARY MARKET	10	10%
SECONDARY MARKET	80	80%
BOTH	10	10%
TOTAL	100	100

Interpretation

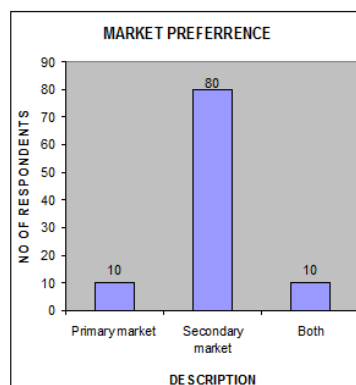From the above table it is inferred that 80% of the respondents prefer secondary market for their investment.

Table 7: Satisfaction Level of the Investor Regarding Services

Service	HS	%	S	%	N	%	DS	%	HDS	%	Total
Brokerage	45	45	29	29	12	12	11	11	3	3	100
Intratrade Recommendation	23	23	39	39	14	14	15	15	9	9	100
Communication	53	53	31	31	9	9	6	6	1	1	100
Investment Advisory	23	23	28	28	26	26	16	16	7	7	100

Interpretation:

From the above table it is inferred that 45% of the respondents are highly satisfied with brokerage, 39% of the respondents are satisfied with intra trade recommendation, 53% of the respondents are highly satisfied with communication services and 28% of investor are satisfied with investment advisory services.

Table 8: CHI-SQUARE TEST Relationship between Useful Tips for Trading Development and Regular Investment in Trading

Useful tips for Trading Development	Regular Investment in Trading		Total
	Yes	**No**	
Yes	76	24	100
No	71	29	100
Total	147	53	200

Null Hypothesis (H_0): There is no relationship between the useful tips for trading development and regular investment in trading.

Alternative Hypothesis (H_1): There is relationship between the useful tips for trading development and regular investment in trading.

Degree of Freedom: (c-1) (r-1),

(2-1)(2-1),1*1=1

Level of Significance: 5%

Calculated value: 0.78

Table value: 3.84

Interpretation:

It is inferred from the above table that the calculated value of Chi-square is less than the table value the null hypothesis is accepted. Hence, there is no relationship between the useful tips for trading development and regular investment in trading.

Table 10: CHI-SQUARE TEST Relationship between Useful Tips for Trading Development and Suggestion of Service to Others

Useful tips for Trading Development	Suggestion of Service to Others		Total
	yes	**No**	
Yes	76	24	100
No	80	20	100
Total	156	44	200

Null Hypothesis (H_0): There is no relationship between the useful tips for trading development and suggestion of service to others.

Alternative Hypothesis (H_1): There is relationship between the useful tips for trading development and suggestion of service to others.

Degree of Freedom: (c-1) (r-1),

(2-1)(2-1),1*1=1

Level of Significance: 5%

Calculated value: 0.464

Table value: 3.84

Interpretation

It is inferred from the above table that the calculated value of Chi-square is less than the table value the null hypothesis is accepted. Hence, there is no relationship between the useful tips for trading development and suggestion of service to others.

FINDINGS

- Most of the investors are interested to invest only in equities

- More than 50% of the respondent's nature of investment is short-term.

- Most of the investor is preferred to invest in banking sector.

- Most of the respondents prefer cash dividend and bonus share from their investment.

- Most of the respondents trading period are less than 1 year.

- Majority of the respondents prefer secondary market for their investment.

- Most of the respondents are highly satisfied with brokerage service.

- 39% of the respondents' are satisfied with intra trade recommendation service.

- There is no relationship between the useful tips for trading development and regular investment in trading.

- There is no relationship between the useful tips for trading development and suggestion of service to others.

- Most of the investor are highly satisfied with communication services

- Most of the investor is satisfied with investment advisory services.

SUGGESTION

- The management has to change mind setup of the investors to invest in various options.

- The investors are not much educated about the market. So they should conduct free educate programs for the investors.

- Instead of thinking profit to the company, the company may give some extra benefits like reduction in brokerage to the regular investor. So they may have continual trading with the company.

- By improving good communication and giving useful tips, the company can increase regular investors and it will be good for the future growth of the company.

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CONCLUSIONS

This study helps us to know the investor attitude towards the capital market. The investors mostly preferred to invest in equities and the investment period is short-term. The secondary market is the mostly preferred place to invest. The investors are satisfied with the services provided to them related to share trading. The investor should undergo various training programme related to share trading.

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