

A STUDY ON RETROSPECT AND PROSPECTS OF SUCCESSFUL INVESTORS IN INDIAN STOCK MARKET

Dr. Naveena L¹ & Dr. Vinayaka Bandary²

¹Post-Doctoral Fellow, Institute of Management and Commerce, Srinivas University, Mukka, Mangalore, Karnataka, India

²Research Guide, Institute of Management and Commerce, Srinivas University, Mukka, Mangalore, Karnataka, India

ABSTRACT

The purpose of this study is to know the relationship between stock market performance of successful investors. The Indian stock market is an essential part of the country's it focusses to retrospect us and prospectus of the investors, playing a vital role in mobilizing capital, facilitating investment, and providing liquidity to investors. Economic growth is a crucial driver of long-term stock market performance, as a healthy economy creates opportunities for businesses to expand and generate profits, which translates into higher stock market returns. However, the relationship between the Indian stock market and economic growth is not always straightforward, and it is influenced by a range of factors beyond economic growth, such as global economic conditions, geopolitical risks, and regulatory changes. The Indian economy has experienced significant growth over the past few decades, with rising income levels, urbanization, and a young demographic driving consumer demand and business growth. These trends have supported the growth of the Indian stock market, with the market capitalization of listed companies increasing significantly in recent years. However, the Indian stock market is also unique in its composition, with a high concentration of a few sectors and companies. The performance of these sectors and companies can significantly impact the overall stock market performance, making it crucial for investors to conduct in-depth sectoral and company analysis before making investment decisions.

KEYWORDS: Retrospection, Performance, prospectus, Successful investors India Etc

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INTRODUCTION

India has seen a remarkable surge in the number of successful investors over the past decade. Investors in India have had to overcome numerous challenges to succeed in the world of Stock market. Despite these challenges, Stock Market in India have made significant strides and are now thriving in various securities. Stock Market no doubt improves the wealth of the nation in general and of the business in particular. investors are more willing to take up activities that were once considered the preserve to be proved that they are second to no one with respect to contribution to the growth of the economy. Stock Market are playing an important role in the economic development of underdeveloped country. investors skills and knowledge, their talents and abilities in business and a compelling desire of wanting to do something positive are some of the reasons for the investors , entrepreneurs to organize industries. According to BSE and NSE investing more in businessmen leads to greater development of a nation. Empowering Stock Market leads to break the reduces the poverty. Stock Market plays an important role in developing society of a fast- developing country like India. Nowadays it has been

realized that enterprising investors have cast Stock Market talents which could be harnessed so as to convert them from the position of Jobseekers to Job givers. The government has realized the importance of investors. As a result, it offers a variety of programs for investors .Even though the government organizes investors by various investments, investors are less motivated to invest to investments due to some unwanted fear, lack of motivation and kind of activities.

OBJECTIVES OF THE STUDY

The present study provides a greater insight into reach of successful Successful investors. The present study also makes an attempt to recognize and unveil the success factors of Successful investors in administrative of India. Following are the concise objectives of the study:

- To know the success rate of Successful investors.
- To identify the problems and prognosis of Successful investors.
- To study the factors motivating Successful investors.
- To understand the risk management techniques and level of risk tolerance contributing to the success of Successful investors.

RESEARCH METHODOLOGY

The present study based on extensive study of secondary data collected from various books, National & International Journals and public and private publications available on various websites and in libraries focusing on various aspects of Successful investors. This research is also a desk study based on secondary information various articles, journals, and websites.

Research Design

The study is explorative and descriptive in nature. It is exploratory in a sense that, this study will focus preferably on evaluating the performance of Successful investors in administrative of India. The present study is also descriptive in nature because the researcher will make an attempt to describe the past, current and future scenario of Successful investors in Stock Market in India.

Secondary Data

The present study also gathers data from secondary sources. The data would be collected from various reports reports of BSE and NSE, Newspapers, Journals, Magazines, thesis, dissertation reports, Books, etc. Furthermore, the required secondary data would also be gathered from electronic sources.

REVIEW OF LITERATURE

A number of studies have established a positive relationship between economic growth and stock market development.

Atje and Jovanovich (1993) showed that stock markets have long run impacts on economic growth by manipulating liquidity, risk diversifications, acquisition of information about firms, corporate governance and savings mobilization. These studies suggest a strong positive relationship between stock market development and growth rates of real GDP per capita although they have failed to discuss the importance of stock market development, banking sector development and economic growth in an integrated framework.

Levine and Zervos (1995) and Demirguc- Kunt (1994) show that stock markets and banking sector development can give a big boost to economic development. Rousseau and Wachtel (2000), Beck and Levine (2004) were also of the opinion that with a well -functioning financial sector or banking sector, stock markets can give a big boost to economic development. The ways in which stock market development can bring about economic growth has been studied in a number of studies. A few of them have been elaborated here.

Greenwood and Jovanovic (1990) and King and Levine (1993) found that the provision of timely and accurate information about the firms to the investors has increased the investors' risk adjusted returns considerably.

Kyle (1984), Holmstrom and Tirole (1998), Stiglitz and Weiss (1981) as their studies also found that market efficiency improves by delivering timely and accurate information to the investor. In addition to this, the stock markets also allocate funds to the corporate sector which has a real effect on economic growth.

(Mirakhor and Lillanueva (1991) found that the stock market also lowers the cost of transferring the ownership encouraging the investors to invest in equity markets and thereby increase economic growth.

Bencivenga and Smith (1992) stock markets can also bring about economic growth by decreasing liquidity assets holdings and increasing the physical capital growth rate in the long run. Greenwood and Smith (1997) found that the large stock markets lessen the cost of mobilizing savings.

RESEARCH GAP

An overview of literature states that a number of studies have been undertaken related to stock market in successful Investors India and abroad. However, in India most of these studies were conducted by the other states in India but not specifically in retrospective and prospectus in stock market in successful Investors but methodologies varied. But a few studies been conducted in India and Karnataka which focused only on understanding the investors in few states , to know the problems of investors in India. But there is no evidence that any of the earlier research has studied on the object and scope of the topic which is chosen in this present study. Success factors vary from old generation to new generation in level of education and investment of investors and business owners, occupational experience and sartorial experience, business expertise, managerial skills etc.,.

SCOPE OF THE STUDY

The study relates to the retrospect and prospect, impact of various factors on the growth and success of Successful investors in the administrative divisions of Karnataka. The study taken will be Successful investors of districts in karnatka who are involved in stock market like investing to deferent types of securities . The data will be collected from the registered Successful investors and used for the purpose of the study. This study will evaluate the performance of the Successful investors, unveils success factors which helps the struggling Successful investors to pave the way to identify and to overcome the hurdles in the business. Results of this study will help to gain useful insight for motivating investors to take up Stock Market on a larger scale. The scope of present study is limited to successful Successful investors in India. Thus, this study contributes to identifying Successful investors in Stock market in India and presenting their details to the world.

LIMITATIONS OF THE STUDY

Therefore, some limitations are there in the study of Successful investors in India.

- The study is confined to Karnataka only even though it being practiced all over India.
- The study focuses only on investors in Stock market in Few districts and may not be generalizable to other districts or states or countries.
- The sample size is limited to 600 respondents 150+150+150+150 =600 from few districts of Karnataka only. Hence, the result may not be representative of the experiences of Successful investors in Karnataka as a whole.
- The study focuses on success factors for Successful investors in the Stock Market, other districts are not covered.
- There may be biases in the data collection process, particularly if Successful investors become hesitant to report challenges or failures due to stigma or fear of negative repercussions, which could lead to a biased sample.

ANALYSIS AND FINDINGS OF THE STUDY

Success Rate of Successful Investors

Case Study 1: Peter Lynch and the Magellan Fund

Peter Lynch, one of the most revered growth investors, managed the Fidelity Magellan Fund from 1977 to 1990. Under his stewardship, the fund achieved remarkable success, with an average annual return of 29%, significantly outperforming the S&P 500. Lynch's investment philosophy and strategies provide valuable lessons for investors. Peter Lynch, focused on "buying what you know." He believed that individual investors could find high growth opportunities by investing in companies and industries they understood. Lynch used a strategy called "GARP" (Growth at a Reasonable Price), combining aspects of both growth and value investing.

Successes

- Under Lynch's management from 1977 to 1990, the Magellan Fund averaged an annual return of 29.2%, making it one of the high-growth mutual funds in the world.
- Lynch's famous investments include Dunkin' Donuts and Taco Bell, which showcased his ability to identify companies with strong consumer brands poised for growth.
- **Failures:**
- Lynch admitted to making mistakes, such as investing in a company called Flying Tiger, which he later regretted due to its poor performance.
- He also acknowledged the challenge of timing the market and understanding complex industries like high-tech sectors.

Lessons Learned

- Focus on the fundamentals of a company, such as its earnings growth and competitive advantage.
- Diversify your investments to spread risk, but also ensure you can manage your portfolio effectively.

Problems and Prognosis of Successful Investors

Staying Invested While Others Panic

One of the most consistent behaviours among successful investors is staying invested. This does not mean ignoring risk or refusing to adjust portfolios. It means avoiding panic driven exits.

Historical data from multiple market cycles shows that missing just a few of the best recovery days can significantly reduce long term returns. Investopedia explains that many of these strong days occur shortly after periods of extreme fear, when many investors are still on the sidelines.

Successful investors understand that timing markets perfectly is nearly impossible. Instead, they prioritize time in the market. They accept short term volatility as the cost of long-term growth.

Factors Motivating Successful Investors

This research paper delves into the factors influencing the investment decisions of individual investors, drawing on secondary data from research papers and online journals. The study reveals various factors that can be classified into several categories, including financial, personal, social, market-related, and environmental factors. Financial factors include return, risk, past performance, and tax savings. These factors play a significant role in shaping investment decisions as investors seek to maximize returns while minimizing risk. Personal factors include financial literacy, age, gender, confidence, emotional biases, regret aversion bias, and investor overconfidence. These factors are crucial in understanding an individual's investment behavior, as they highlight the investor's knowledge, experience, and psychological makeup. Social factors, such as financial advisor recommendations, family and friends, and social interactions, also play a pivotal role in investment decisions. These factors can significantly influence an individual's investment choices, as they often rely on the advice and experiences of people within their social circles. Market-related factors, including current market price, market information, and economic analysis, provide essential data for investment decision-making. These factors enable investors to assess the overall market conditions and make informed decisions based on the available information. Lastly, Environmental factors like technological advancements, financial market knowledge, market perception, and time awareness influence investment decision-making processes. Technological advancements have made it easier for individuals to access financial information and make investments, while financial market knowledge and environment shape an investor's understanding and perception of the market. In conclusion, this research paper highlights the importance of considering various factors when making investment decisions. Understanding these factors enables investors to make informed decisions and create a diversified portfolio that aligns with their financial goals, risk tolerance, and investment horizon. Furthermore, financial advisors and institutions can use this information to better serve their clients by considering these factors when providing investment advice and recommendations.

Findings of the Study

Findings of Successful Investors in Stock Market

The success of successful investors in the stock market can be attributed to several key findings:

- **Long-term investing:** Many successful investors have adopted long-term investment strategies, holding their investments for extended periods to benefit from market growth over time.

- **Quality and growth:** Investors often focus on companies with strong fundamentals, growth potential, and quality management.
- **Diversification:** Diversifying investments across various sectors and companies helps mitigate risks and capture market opportunities.
- **Market knowledge:** Understanding market trends, economic conditions, and sector dynamics is crucial for making informed investment decisions.
- **Adaptability:** Successful investors are adaptable and willing to adjust their strategies based on changing market conditions and economic factors.

These findings highlight the importance of a well- rounded approach to investing, combining market knowledge, adaptability, and a focus on quality and growth

CONCLUSION

In conclusion, focus to how successful investor gain in the stock market performance and economic growth in India is complex and dynamic. While the two are interdependent, the correlation between them is not always straightforward. Economic growth is a crucial driver of long-term stock market performance, but the stock market can also be influenced by a range of other factors, such as global economic conditions, geopolitical risks, and regulatory changes. Similarly, economic growth can be impacted by a range of factors beyond the stock market, such as changes in government policy and technological disruptions.

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