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Perception Of Investors Towards Investment Decision And Its Impact (A Study With Reference To NSE Stock Market)

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Abstract

The economic development of any country depends upon the well-organized financial system. The financial system is a broader term which brings under two fold the financial markets and the financial institutions which support the system. The system main objective is to mobilized the savings in the form of money and monetary assets and invest them effectively to productive ventures. To ascertain the factors influencing investors towards stock market decision and identify the perceptions of investors for factors affecting volatility towards stock market. The data collected for the project study is a small group of respondents with a limited sample size of 100. Data and information collected from the respondents are based on their opinions and knowledge. Research is to find the factors that influence investor's perception towards stock market decision. This study research design is descriptive research has been used as research design Sampling tools and techniques Percentage analysis and convenience sampling has been used. Sample Size & Data Collection. Hence, majority of respondents rated ROI very high. Every investor should be very cautious in market trend or risk while investing. The main factors influencing investments are the return on investment and for the short-term profitability.

Key Words:

Investment, Perception, Demand and supply, Exchange Rates, Investment Benefits, industrial Relation.

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Introduction:

The economic development of any country depends upon the well-organized financial system. The financial system is a broader term which brings under two fold the financial markets and the financial institutions which support the system. The system main objective is to mobilized the savings in the form of money and monetary assets and invest them effectively to productive ventures. It promotes investments and savings which help faster economic development of any country.

Investment meaning:

Investment involves making of a sacrifice in the present with the hope of deriving future benefits. Two most important features of an investment are current sacrifice and future benefit. Investment is the sacrifice of certain present values for the uncertain future reward. Investment may be defined as an activity that commits funds in any financial/physical form in the present with an expectation of receiving additional return in the future. The expectation brings with it a probability that the quantum of return may vary from a minimum to a maximum. This possibility of variation in the actual return is known as investment risk. Thus every investment involves a return and risk.

Investors' perception:

Investor's perception refers to the choosing, purchasing and consumption of goods andservices for the satisfaction of their wants. There are different processes involved inthe investor perception. Basicallythe investor attempts to find what kind of investments he/she would liketo consume, after thatinvestors selects only those investments that promise greater utility. After selecting the investment, the investor makes an estimate of the available money which he/shecan spend. Lastly, the investor analyzes the prevailing prices of investment and takes thedecision about the investment he/she should consume.

Impact of investment decision

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Investment is the commitment of money or capital to purchase a financial instrument or other assets in order to gain profitable returns in the form of interest, income or appreciation of the future value of the instrument or future market value of assets. In an economic context investment is the purchase of goods that are not consumed today but are used in the future to create wealth and investment decision making is deemed to be one of complex process which includes analysis of several factors through various step. Decision making can be defined as the process of choosing a particular alternative from a number of alternatives. Investment decision making is thereby a process by which an investor responds to the opportunities and threats that confront him/her by analyzing the options and making determination/decision about specific goals and course of action.

Review of Literature:

Dr. K. Sowmya (2016) had investment is the current commitment of funds towards any financial or non-financial instruments in order to gain profitable returns at any future date. When a person has more money than he requires for current consumption, he would be coined as potential investor. Generally investment process starts with an understanding of the investment objectives and then framing out the investment policy. This will depend upon the investor's perception. But the perception of investors differs around on the basis of different factors like age, gender, occupation, qualification and income levels.

Dr. Anita Patra (2016) had Indian stock market is considered to be highly volatile,sensitive and reactive to unanticipated shocks and news and ittakes no time to impact the market activities. However at thesame time, Indian stock market is resilient and recovers soonafter shocks. From this research study it is found that majorityof the investors in Visakhapatnam took into consideration allthe 22 factors before selecting the stocks to invest. According to investors, there werefour factors with the lowest priority or which had lowinfluence on the Stock Selection Decision.

D. PhaniBhargavi (2014). This study attempts to find out the significance of demographic factors of population such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. The hypotheses have been developed considering its relevancy to the

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research objectives. Investment decision making behavior in risky situation has been taken as dependent variable.

DDK Sugathadasa (2018) had investigated the Impact of Behavioral Factors on Investment Decision Making in Bombay Stock Exchange (BSE) of India with overconfidence, availability bias, conservatism and herding effect to identify the most significant behavioral factor that influence investor's investment decision making. The key objective of this study was to identify the main behavioral factors on investor's investment decision making in Bombay Stock Exchange and secondary objectives were to identify the relationship between overconfidence, availability bias, conservatism and herding effect for the investment decision making in BSE. Structured questionnaire based on five-point Lakers scale was used and it was able to collect data from 75 investors in Western Province according to convenient sampling method.

Statement of the problem:

A study revealed that investors, can easily and quickly participate in, or withdraw from, the market depending on their confidence and perceptions towards the prevailing market conditions. Despite increase in trainings and involvement of the community in investment activities, little has been done to analyze investor attitudes towards investing in financial assets in NSE. This has evoked various questions in the researcher's mind there by considering it necessary that a study be undertaken to investigate the factors that influence investor attitudes towards stock market investments and suggest ways on how their trust and confidence in the Stock market can be regained or rather improved.

Need for the study:

Most of the investors generally have limited information about the developments in the securities market. Information about the financial performance of the companies and data of share market available to investor is also limited. The information available from newspapers, television and internet, media, sometimes may not be sufficient for investment decision making. All these problems made them rely on share brokers, fund managers and experts to invest in securities. Investors desiring to invest in stocks require countless preparation and homework. It is very important for them to know their risk appetite and investment objectives for better decision-making.

Objective of the study:

1. To ascertain the factors influencing investors towards stock market decision.

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2. To identify the perceptions of investors for factors affecting volatility towards stock market.

Research Methodology

A research is the process of defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; analyzing and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulation hypothesis. This research is to find the factors that influence investor's perception towards stock market decision. Research Design Descriptive research has been used as research design Sampling tools and techniques Percentage analysis and convenience sampling has been used. Sample Size & Data Collection From the total population of Chennai, 100 people is chosen as sample size for the study and the data is collected through a Structured Questionnaire.

Limitations of the Study:

- The data collected for the project study is a small group of respondents with a limited sample size of 100.
- Primary data was taken with the authorization of the respondents.
- Secondary data was taken with the authentication from the websites and internet.
- Data and information collected from the respondents are based on their opinions and knowledge.

Data analysis and interpretation:

Table - Influential factors:

Factors	No. of. Respondents	Percentage
Return on Investment	44	44.00
Short term profitability	7	7.00
Company Reputation	38	38.00
Risk factor	11	11.00

Inference

The above table discusses the factors influence the investor while making an investment decision. The table clearly express that 44.00% of the respondents feel return on investment is the most important factor, 38% of the respondents are buying the shares

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because of company reputation and few respondents are feel to buying shares short term profitability and risk factors.

Table - Impacting factors:

Factors	No. of. Respondents	Percentage
Internal Development	4	4.00
Exchange Rates	7	7.00
Changes in economic policy	5	5.00
Return offered by other marketer	4	4.00
Demand & Supply	6	6.00
Natural calamities	40	40.00
Expectation & Speculation	8	8.00
War & Territories	10	10.00
Industrial Relation	6	6.00
Level of foreign investment	10	10.00

Inference:

The above table shows that the factors affecting the investor while making an investment decision. The table clearly identify that 40% of the respondents are affecting in Natural calamities the investors making investment stock market, 10% of the respondents are affecting in war & territories and level of foreign investment the investors making investment stock market and the few respondents are affecting some other factors.

Table - Investor's investment decisions are influenced:

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Size of company	4	7	23	30	36
Quality of assets & Return on assets	7	10	25	21	37
Expected stock split	4	9	25	24	38
Price to earnings ratio	5	8	31	39	17
Divided yield ratio	7	10	25	21	37

Inference:

From the above table indicates most of the investors investment decisions are influenced, 36% of the investors strongly agreed their investment decision is influence by size of company, 37% of the investors strongly agreed their investment decision is influence by after knowing the quality of assets and return on assets, 38% of the investors strongly agreed their investment decision is influence by Expected stock split, 39% of the investors

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agreed their investment decision is influence by price to earnings ratio and 37% of the investors strongly agreed their investment decision is influence by divided yield ratio.

Independent Samples T-Test of the fields and their p-values for Gender:

Sl.No	Field	Test Value	Sig.	Means	
				Male	Female
1	Size of company	0.462	-0.736	3.45	3.49
2	Quality of assets & Return on assets	0.292	1.056	2.61	2.56
3	Expected stock split	0.513	-0.654	4.14	4.18
4	Price to earnings ratio	0.352	-0.932	3.88	3.95
5	Divided yield ratio	0.997	0.004	3.95	3.95

This finding supports the hypothesis that Differences between respondents in age, culture and education do not have an impact on investment decisions at Palestine Stock Exchange”

In contrast of this finding, studies assert that the variable Gender has a significant effect on the investors‘investment decisions. The study of differences in trading habits according to an investor‘s gender covered 35,000 households over six years. The study found that men were more overconfident than women regarding their investing skills and that men trade more frequently. As a result, males not only sell their investments at the wrong time but also experience higher trading costs than their female counterparts. Females trade less (buy and hold their securities), at the same time sustaining lower transaction costs. The study found that men trade 45 percent more than women.

Findings:

- 55% of the investors are male to invest their money in stock market
- 75 % of the investors are between 35 to 45 age group peoples interest to invest in stock market.
- 90% of the inventors are businessman interest to invest in stock market.
- 85% of the inventors are under graduate peoples are interest to invest in stock market.
- 44% of the investors feel return on investment is the most important factor.
- 40% of the respondents are affecting in Natural calamities the investors making investment stock market

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- 36% of the investors strongly agreed their investment decision is influence by size of company.
- 37% of the investors strongly agreed their investment decision is influence by after knowing the quality of assets and return on assets

Suggestion:

- Majority of the investing respondents were found to be in the age group of 20 to 40 years. Hence it is suggested that investment schemes tailored to the senior citizens need to be developed.
- It was found from the study that urban people were more aware of the differentϖ investment schemes than the rural. As more than 80 percent of the Indian society resides in rural areas, it is strongly suggested that necessary steps should be taken to increase awareness among rural population about the existing investment schemes.
- The perception of most investors on the safety and liquidity of different investment avenues is unfavourable. Hence there is need to create the environment to instill confidence on investing public with regard to the liquidity and safety of their investment schemes.

Conclusion:

The study was conducted to understand the factors that influence Investors perception as well as to analyze the investor behavior with respect to various factors that influence an investment decision. The factors that were ranked highly in level of importance, namely, company reputation, return on investment, reputation of the board, past financial performance, dividend policy is all ascertained with the help of the information available in the stock market decision. Return on investment is a very important factor that influences the investment decision. Return is the ultimate aim for an investor. Hence, majority of respondents rated ROI very high. Every investor should be very cautious in market trend or risk while investing. The main factors influencing investments are the return on investment and for the short-term profitability.

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