A STUDY ON INVESTMENT BEHAVIOUR TOWARDS EQUITY SHARE AS INVESTMENT AVENUE SPECIAL SIGNIFICANCE TO PALAKKAD DISTRICT

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Abstract

The present study seeks to examine the attitude of 200 respondents, about the investment behaviour of general public in Palakkad district in shares. The respondents were selected by convenient sampling technique. The relevant data on awareness about investment in shares, factors considered in selecting share as Investment Avenue, investment behaviour and current satisfaction level on investors in shares with the help of structured questionnaire. The hypothesis were tested to know the variance in factors effecting inclusion and exclusion of shares as investment, satisfaction score and also the impact of personal factors such as age, marital status, educational qualification etc. for selecting share as investment.

Introduction

The general belief that, in comparison with other investment modes, in particular, investment in the stock market is too risky and does not guarantee the return and investment of investors. In earlier days people were not very well informed about the stock market, but now due to various means and other sources of information, the general public is very well informed about the secondary market. Individual investors rely more on newspapers/media and noise in the market to make their investment decisions, while professional investors rely more on technical and fundamental analysis and less on portfolio analysis. The investor in the secondary market anticipates the price increase after his investment. The movement of the price is influenced by several factors. Some of the factors play a very important role in the movement of stock prices, especially economic factors, industrial factors, factors related to the company and factors related to management.

Objectives

1. To study the investors' attitude towards equity share as investment avenue
2. To study the factors effecting inclusion and exclusion of share as investment avenue
3. To study the satisfaction and dissatisfaction level on share as investment avenue

Review of Literature

According to Dr Makarand S. Wazal, Sudesh Kumar Sharma (2017) Number of investors in Indian equity market is dismally low when compared with other leading economies. However, over the time period, the numbers have increased since the investor confidence is being maintained.

The researchers that have investigated the influence of changes in oil prices on stock market returns have determined that changes in oil prices are associated with the fluctuations of stock prices (**Sadorsky, 1999; Hamilton, 2009; Killian, 2009; Kang & Ratti, 2013**).

Kousalya P R and Gurusamy P (2012) observed in their study on Women Investors Perception onwards Investments that there is no significant relationship between age of the women investors and level of awareness on investment. They have also concluded that the educational level of women investors does not influence the level of awareness.

Meenakshi Chaturvedi, Shruti Khare (2012) proclaimed that the age of investor cannot be taken to influence their level of awareness and it is very clear from the results that the gender of the investor has no effect or influence on his/her level of awareness about any investment channel.

Odoemenem, et. Alabama. (2013) The investment is generating money now for the return in the future. The study reveals that legislators do not make integral and adequate savings plans for a rural area. Which leads to inadequate savings and investments of small farmers. The study analyzes the socio-economic status of the respondents. The objective of saving is to take care of families and not to invest.

S. Prasanna Kumar (2014) Investment and saving are two different things. Investment means saving with a jump that some benefit will arise in the future. Investment options are available, such as bank deposits, NRO funds, real estate, stocks and bonds, etc. The respondent reveals that the majority of the respondents selected the deposit as an investment mode.

Priyanka Jain (2012) The study analyzes the various investment routes available to investors. It declares that Equity shares have low performance but high capital appreciation, risk liquidity, Marketability, tax benefit, Debentures have high profitability but low-risk liquidity and marketability. Bank deposits have moderate returns but a low appreciation of capital and liquidity risk.

Rajeshwari Jain (2014) Investment is the opportunity for consumption and savings in the future expressed in monetary terms. Two kinds of investments, such as fixed income statements, that is, preferential shares, bonds, fixed deposits and variable income investments, that is equity capital, property ownership. The data show that respondents between the age group of 26 years to 35 years are involved in investment activities.

T. N. Murty, P.V. S. H Sastry (2014) The choice of investors with the aim of optimizing performance is an investment in securities or securities. Securities market values are affected by various internal and external factors. The study examines investors' perception of small investments towards the return on investment.

N. Srividhya, S. Visalakshi (2013) The study analyzes several investment avenues such as government deposits, bonds, real estate, postal savings certificates, life insurance policies, mutual funds, etc. The study covers government universities, private universities and assisted universities, which indicates that the maximum number of teachers saves less than one lakh. The maximum number of respondents invests in fixed deposits.

Research methodology

The sample respondent where selected by adopting convenient sampling techniques the statistical tools like percentage analysis, ANOVA, simple average, weighted average satisfaction scores and effective average scores were used for analyzing the data. The primary data were collected from 200 respondents in Palakkad district.

Analysis and interpretation

The information collected with the help of questionnaire have been tabulated and analyzed by using statistical tools. They have been systematically arranged in such a way that detailed analysis can be made has to present suitable interpretation with two sections.

Section I

Analysis and interpretation of the collected data are given for a sample size 200 respondents using structured questionnaire covering personal and study information based the analysis. The interpretation are given below.

Table 1

Distribution of respondents by age

Age	No. Of Respondents	Percentage
21-30	30	15%
31-40	44	22%
41-50	62	31%
51-60	40	20%
60 And Above	24	12%
Total	200	100%

The table 1 shows that majority 31% of the respondents in the age group of 41-50 years and 22% between 31-40 age group.

Table 2

Distribution of respondents by gender

Gender	No. Of Respondents	Percentage
Male	136	68%
Female	64	32%
Total	200	100%

The table 2 shows that majority 68% of the respondents are male and 32% of the respondents belonging female.

Table 3

Distribution of respondents by marital status

Marital Status	No. Of Respondents	Percentage
Married	128	64%
Unmarried	72	36%
Total	200	100%

The table 3 shows that majority of the respondents 64% are married, and 36% belonging unmarried

Table 4

Distribution of respondents by level of education

Level Of Education	No. Of Respondents	Percentage
Post Graduate	86	43%
Graduate	100	50%
Below 10th	14	7%
Total	200	100%

The table 4 shows that most of 50% respondents are graduate, 43% have post-graduation, 7% below 10th standard

Table 5

Distribution of respondents by annual income

Annual income	No. Of Respondents	Percentage
Below 120000	26	13%
120001-200000	40	20%
200001-500000	64	32%
500001-1000000	42	21%
1000001 And Above	28	14%
Total	200	100%

The table 5 shows that Majority of respondents 32% belonging to the income group of 200001 – 500000, 21% having more than 5 lakhs and 14% have annual income more than 10 lakhs.

Table 6

Distribution of respondents by source of income

Source of income	No. Of Respondents	Percentage
Salary	96	48
Business	58	29
Profession	28	14
Other source	18	9
Total	200	100%

The table 6 shows that majority of the respondents are salaried employees (48%), 29% business and 14% professionals.

Table 7

Distribution of respondents by share as Investment Avenue

Share as Investment Avenue	No. Of Respondents	Percentage
yes	106	53%
no	94	47%
Total	200	100%

The table 7 shows that 53% of the respondents having share as investments and 47% have no investment in shares.

Table 8

Gender vise division of share as investment

Gender vise division of share as investment	No. Of Respondents	Percentage
Male	80	76%
female	26	24%
Total	106	100%

The table 6 shows that while comparing gender wise only 24% female investors are invested in shares, majority 76% of the respondents belonging to male category.

Section II

The collected data have been classified and tabulated by using weighted mean effective scores, satisfaction scores and one way ANOVA

Table 9

Analysis on the basis of weighted affective score

Inclusion factors	Strongly effect	Effect	Moderately effect	Slightly effect	Not effect	Total	Mean Score
Safety	91	44	45	20	0	200	4.03
growth	65	52	46	25	12	200	3.665
Liquidity	72	48	55	18	7	200	3.8
Return	68	51	48	21	12	200	3.71
Convenience	58	46	56	22	18	200	3.52
tax benefit	52	43	51	28	26	200	3.335

The table 9 shows that respondents gave more importance to safety it has a mean score of 4.03 it is very significant, tax benefit have lower mean score of 3.35 overall mean score regarding the inclusion factors have more than 3.5 weighted average. So all the studied factors are very much relevant for selecting share as an investment

Table 10

Analysis on the basis of weighted affective score

Exclusion factors	Strongly effect	Effect	Moderately effect	Slightly effect	Not effect	Total	Mean score
Lack of safety	95	41	43	11	10	200	4
Lack of growth	63	44	51	28	14	200	3.57
Lack of liquidity	71	49	53	15	12	200	3.76
Risk	81	49	45	14	11	200	3.875
Inconvenience	59	48	53	24	16	200	3.55
Lack of tax benefit	59	51	53	24	13	200	3.595

The table 10 shows that lack of safety and risk having the highest mean score 4 and 3.875 respectively and liquidity and growth are also very good mean scores for the reason behind exclusion factors of shares.

Table 11

Analysis on the basis of weighted satisfaction scores

satisfaction level	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total	Mean Score
Safety	19	22	25	15	25	106	2.9528302
growth	22	24	23	21	16	106	3.1415094
Liquidity	31	21	17	15	22	106	3.2264151
Return	26	23	21	13	23	106	3.1509434
Convenience	18	22	25	23	18	106	2.990566
tax benefit	12	21	25	22	26	106	2.7264151

The table 11 shows that satisfaction score is lower in factors such as safety, tax benefit and convenience. All other factors are also having mean score below 3.5 so we can conclude that overall satisfaction from share as investment is not good.

Analysis of variance by one way ANOVA

Analysis of variance is performed to find out whether there is a significant difference between personal factors and the study factors.

Personal factors

- Age
- Educational qualification
- Marital status
- Gender
- Annual income

Study factors

Inclusion factors	Exclusion factors
- Safety	- Lack of safety
- Growth	- Lack of growth
- Liquidity	- Lack of liquidity
- Return	- Risk
- Convenience	- Inconvenience
- Tax benefit	- Lack of tax benefit

Hypothesis

H_0: there is no significant difference in the average effective scores of share inclusion factors and personal factors such as age group, gender, marital status, educational qualification and annual income.

Table 12

Distribution of respondents by personal factors

Sl. No	Personal factors	F value	Table value	S/ns
1	Age	5.23	2.679	S
2	Educational qualification	3.56	3.478	S
3	Marital status	5.16	3.173	S
4	Gender	3.26	3.478	NS
5	Annual income	1.45	2.679	NS

It is found from the table 12 that in the case of gender and annual income the hypothesis is accepted so it is conclude that these personal factors no significant variance and in the case age, education qualification and marital status have significant variance.

Hypothesis

H_0: there is no significant difference in the average effective scores of share exclusion factors and personal factors such as age group, gender, marital status, educational qualification and annual income.

Table 13

Distribution of respondents by personal factors

Sl. No	Personal factors	F value	Table value	S/ns
1	Age	3.16	3.473	NS
2	Educational qualification	3.61	3.173	S
3	Marital status	1.49	2.679	NS
4	Gender	3.11	3.478	NS
5	Annual income	3.26	3.172	S

The table 13 shows that age, gender marital status have not much significant variance in mean scores but in case of educational qualification and annual income the tested hypothesis is rejected and the variance is significant

Hypothesis

H_0: there is no significant difference in the average satisfaction scores and personal factors such as age group, gender, marital status, educational qualification and annual income.

Table 14

Distribution of respondents by personal factors

Sl. No	Personal factors	F value	Table value	S/ns
1	Age	0.737	2.658	Ns
2	Educational qualification	4.753	2.433	S
3	Marital status	8.246	3.129	S
4	Gender	1.467	3.9	Ns
5	Annual income	2.231	3.129	Ns

The table 14 shows that age, gender and annual income have not much significant variance in mean scores here the hypothesis accepted. But in case of educational qualification and marital status the variance in satisfaction level is very significant.

Suggestions

- Out of the 200 respondents 47% have no investment in shares, so need an intensive orientation program among them.
- While comparing with male investors, female investors less interested in investment in shares (only 26%). So steps to be taken to attract more female investors.
- Majority of the investors give importance to safety aspect while comparing return and growth, so conscious effort to be given to improve investors' confusion regarding safety.

- Investors in shares not give much importance for tax benefit (effective score only 3.3). So to encourage investment in shares more tax benefit to be introduced.
- Investors not like to take risk especially in rural areas, they not much bothered about return. Give awareness to them regarding risk return trade off.
- Give orientation to general public regarding the importance of effective portfolio for their future investments.

Conclusion

The study made on investment behaviour towards equity share as investment avenue special significance to Palakkad district the necessary data were collected through questionnaire method. The descriptive analysis and statistical analysis was made to know the investors behaviour towards investment in equity shares. The investor's preference and satisfaction consist of human behaviour that induces investment decision. Investor satisfaction is the ultimate aim of all investments. It may be concluded that more awareness programs and financial market orientation programs are to be given to general public.

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