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Analysis Of Investor And Trader Satisfaction Towards Sharemarket With Special Reference To Tirupur City

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ABSTRACT:

The share market serves as a crucial platform for investors and traders, providing opportunities for wealth creation and financial growth. However, their experiences and satisfaction levels vary based on multiple factors, including behavioral patterns, investment instruments, and market challenges. This study aims to analyze the behavioral tendencies of investors and traders, identify the significant challenges they face, and determine the most preferred financial instruments used for investment and trading. Additionally, the research explores the key factors influencing investor decision-making and assesses their overall satisfaction with the share market. Data was collected through surveys and secondary sources, providing insights into how market fluctuations, risk perception, and technological advancements impact investment choices. The findings reveal that while investors focus on long-term stability and returns, traders prioritize market trends and liquidity. Understanding these differences can help improve market efficiency, enhance financial education, and create better investment strategies.

1.1 INTRODUCTION:

The share market is a fundamental pillar of the global economy, facilitating the buying and selling of financial instruments such as stocks, bonds, and derivatives. It provides companies with access to capital for expansion and innovation while offering individuals and institutions opportunities to grow their wealth. The history of stock markets dates back to the 17th century, with the Amsterdam Stock Exchange being one of the earliest formal markets. Since then, financial markets have evolved, incorporating advanced trading technologies, regulatory frameworks, and diverse investment instruments.

The stock market operates through primary and secondary markets. In the primary market, companies issue new securities to raise funds through Initial Public Offerings (IPOs), while the secondary market enables investors to buy and sell existing securities. Market performance is influenced by several factors, including economic conditions, corporate earnings, geopolitical events, and investor sentiment. Over time, the rise of online trading platforms and mobile applications has made stock market participation more accessible, allowing individuals to trade in real-time with greater ease.

Participants in the share market can be categorized into investors and traders, each with distinct goals and strategies. Investors typically adopt a long-term approach, focusing on wealth accumulation through dividends and capital appreciation. Traders, on the other hand, seek short-term profits through frequent transactions, relying on market trends and technical analysis. The dynamic nature of the market, combined with elements such as inflation, interest rates, and government policies, directly impacts investor and trader behavior, influencing their confidence and decision-making processes.

1.2 REVIEW OF LITERATURE:

Varshini and Vinayalaxmi (2024) explored the psychological aspects influencing investor behavior in equity markets. Their study employed regression analysis to examine the impact of loss aversion, overconfidence, professional experience, and investment volume on investor decision-making. The findings indicate a strong relationship between investor behavior and market performance, highlighting how psychological biases shape investment choices. This research provides valuable insights for individual investors and market practitioners, emphasizing the need to consider behavioral tendencies in financial decision-making.

Vinutha and Hebbar (2024) conducted a comprehensive study on investor behavior in stock market investments, emphasizing the psychological and financial factors affecting decision-making. Using secondary data sources, such as journals and books, the study presents a SWOC analysis to examine the strengths, weaknesses, opportunities, and challenges investors face. The findings highlight that fear, greed, and behavioral shifts significantly impact investment decisions. Furthermore, the study underscores the importance of theoretical models in understanding how investors navigate risks and opportunities in the stock market.

Sakshi Garg and Mishra (2020) explored investor behavior towards stock market investments, highlighting the shift from traditional fixed-return investments to high-risk stock market ventures. The study emphasizes that risk tolerance and return expectations play a crucial role in influencing investors' choices. Using a descriptive research design and survey method, the research analyzes investors' preferences and motivations, revealing that major investors allocate 5%-10% of their income to stock market investments, with varying investment horizons. The findings underscore the importance of risk assessment, return expectations, and decision-making patterns in shaping investor behavior.

Balasudarsun et al. (2020) conducted a systematic review on investors' behavior in the stock market, emphasizing the role of behavioral finance in investment decisionmaking. The study highlights that psychological factors such as emotions and cognitive biases significantly impact investors' choices, leading to market anomalies and irrational decision-making. It further explores the influence of emotional swing variables on investment patterns and discusses potential strategies to mitigate these biases. The research underscores the need for investors to develop rational decision-making approaches to enhance profitability in stock market investments.

Ramki and Saroja Devi (2021) emphasized the importance of investor awareness regarding SEBI regulations, which play a vital role in shaping investment patterns and ensuring market stability. Research suggests that investment preferences are influenced by factors such as market trends, risk perception, and expected returns. Studies on risk and return considerations indicate that investors evaluate financial instruments based on their risk tolerance, leading to variations in trading strategies. Understanding these behavioral patterns is essential for improving financial policies, enhancing investor confidence, and promoting a more efficient and sustainable stock market.

1.3 OBJECTIVES OF THE STUDY

- To identify the instruments that are most preferred by the investors and Traders to Invest and Trade
- To find out, there is association between the type of stock exchange and the primary role of the respondents in the share market

1.4 RESEARCH METHODOLOGY

The methodology outlines the systematic approach undertaken to conduct this research.

It ensures the study's objectives are achieved by employing reliable and valid data collection and analysis methods.

1.4.1 RESEARCH DESIGN

Research design refers to the overall strategy or blueprint that guides a research study, ensuring that the data collected is relevant, reliable, and helps in answering the research questions effectively. It outlines the methods, techniques, and procedures used to conduct the study, including how data will be collected, analyzed, and interpreted. **The nature of the design is descriptive.**

1.4.2 SAMPLE SIZE

Each respondent, whether an investor or trader, will be considered a sampling unit. This design ensures that diverse market participants are included, leading to a comprehensive analysis of investor and trader satisfaction. **The sample size is 100.**

1.5 DATA COLLECTION

Data collection is the process of gathering information from various sources to analyze and draw conclusions. It involves systematic methods to obtain accurate and relevant data for research, decision-making, or problem-solving.

1.5.1 PRIMARY DATA

Surveys and structured questionnaires are distributed to gather direct insights from participants. The survey includes close-ended questions on trading/investment frequency, risk preferences, decision-making factors, and satisfaction levels. Additionally, interviews with a select group of experienced traders and investors are conducted to capture qualitative insights.

1.5.2 SECONDARY DATA

Relevant data is sourced from academic journals, financial reports, market analysis by reputed agencies, and official publications by entities such as SEBI (Securities and Exchange Board of India) and NSE/BSE.

1.6 FINDINGS AND INTERPRETATION

1.6.1 RANKING ANALYSIS

Ranking Analysis have been applied to find out the preferred instrument of the investor/trader to Invest/trade in the sharemarket.

Table-1.6.1: Ranking analysis on investor/trader Instrument preference to invest/trade in share market.

INSTRUMENTS	RANK I	RANK II	RANK III	RANK IV	RANK V	RANK VI	RANK VII	RANK VIII	RANK IX	RANK X	TOTAL	RANK
Equity	62 (10) 620	14 (9) 126	8 (8) 64	0	4 (6) 24	2 (5) 10	2 (4) 8	4 (3) 12	0	4 (1) 4	868	I
Mutual funds	34 (10) 340	30 (9) 270	16 (8) 128	4 (7) 28	2 (6) 12	6 (5) 30	0	2 (3) 6	2 (2) 4	4 (1) 4	822	II
Derivatives	18 (10) 180	22 (9) 198	18 (8) 144	14 (7) 98	10 (6) 60	6 (5) 30	2 (4) 8	0	0	5 (1) 5	723	III
Bonds	16 (10) 160	20 (9) 180	20 (8) 160	18 (7) 126	8 (6) 48	2 (5) 10	6 (4) 24	2 (3) 6	0	8 (1) 8	722	IV
Commodity/Stock	18 (10) 180	12 (9) 108	18 (8) 144	6 (7) 42	16 (6) 96	14 (5) 70	2 (4) 8	2 (3) 6	0	0	654	IX
Futures & Options	16 (10) 160	24 (9) 216	12 (8) 96	12 (7) 84	6 (6) 36	12 (5) 60	6 (4) 24	2 (3) 6	6 (2) 12	0	694	VIII
Cash equivalents	12 (10) 120	16 (9) 144	24 (8) 192	14 (7) 98	12 (6) 72	2 (5) 10	10 (4) 40	4 (3) 12	2 (2) 4	4 (1) 4	696	VII
Day trading	18 (10) 180	20 (9) 180	14 (8) 112	14 (7) 98	8 (6) 48	8 (5) 40	6 (4) 24	4 (3) 12	2 (2) 4	6 (1) 6	704	VI
Cryptocurrency	16 (10) 160	18 (9) 162	12 (8) 96	10 (7) 70	6 (6) 36	6 (5) 30	6 (4) 24	4 (3) 12	4 (2) 8	9 (1) 9	607	X
Dividend/Income investors	18 (10) 180	22 (9) 198	18 (8) 144	12 (7) 84	8 (6) 48	4 (5) 20	4 (4) 16	4 (3) 12	2 (2) 4	8 (1) 8	714	V

INTERPRETATION:

A Rank analysis is any of several statistics that measure an ordinal association. The relationship between ranking of different ordinal variables or different ranking of the same variable. Whereas “ranking” is the assignment of the label “First”, “second”, “third” etc., and “first rank contains value 5”, “second rank contains value 4”, “third rank contains value 3”, “fourth rank contains value 2” and “fifth rank contains value 1” to different observations of a particular variable. A Rank analysis measures the degree of similarity between two rankings, and can be used to assess the significance of the relation between them.

1.6.2 CHI-SQUARE TEST

Chi-square test has been applied to find out whether there is any significant relationship between the demographic variables of the respondents and study variables taken for the study.

The relationship between **the variables is tested at 5% level of significant.**

Table-1.6.2: Chi-Square On Type of Stock Exchange And The Primary Role Of The Respondents In The Share Market

H₀: There is no association between the type of stock market and the primary role of the respondents.

H₁: There is association between the type of stock market and the primary role of the respondents.

OBSERVED VALUE (O)

TYPE OF STOCK EXCHANGE/ PRIMARY ROLE	INVESTOR	TRADER	BOTH	TOTAL
NSE	26	4	10	40
BSE	16	0	0	16
BOTH	20	18	6	44
TOTAL	62	22	16	100

EXPECTED VALUE (E)

TYPE OF STOCK EXCHANGE/ PRIMARY ROLE	INVESTOR	TRADER	BOTH
NSE	24.8	8.8	6.4
BSE	9.92	3.52	2.56
BOTH	27.28	9.68	7.04

TABLE VALUE

Observed Value (O)	Expected Value	O-E	(O-E) ²	(O-E) ² /E
26	24.8	1.2	1.44	0.058
16	9.92	6.08	36.9664	3.726
20	27.28	-7.28	52.9984	1.943
4	8.8	-4.8	23.04	2.618
0	3.52	-3.52	12.3904	3.52
18	9.68	8.32	69.2224	7.151
10	6.4	3.6	12.96	2.025
0	2.56	-2.56	6.5536	2.56
6	7.04	-1.04	1.0816	0.154
			TOTAL	23.755

Degrees of freedom = $(r-1)(c-1)$

= $(3-1)(3-1)$

= $2*2 = 4$.

Chi-square Value: 23.755

Table Value: 9.488

Since, the chi-square value is greater than the Table value we reject the Null hypothesis (Ho) and accept the alternative hypothesis (H1).

Therefore, there is association between type of stock market and the primary role of the respondents.

7.1 SUGGESTIONS

- SEBI has to provide more and more effective Analysing Tools for Filtering the best stock for all types of Trading (mostly for Intraday Trading)
- Financial-related news that affects the stock market can be updated frequently.
- Need to provide more education about how the share market works
- Need more Transparency
- Improve accessibility of tools related to the stock market
- Need to reduce brokerage charges
- FII investment information beforehand
- Need to provide more awareness about the new improvements and introducing features related to the stock market
- Can reduce trade settlement days
- Stock settlement day must be within 24hrs
- Must understand the market trend and the news before investing.

8.1 CONCLUSION

The research highlighted the differences between investors and traders, their risk preferences, and satisfaction levels based on market accessibility, investment returns, and SEBI regulations. In conclusion, **investor and trader satisfaction depends on financial knowledge, risk management strategies, and effective regulatory frameworks.** To enhance confidence in stock market participation, there is a need for **stronger financial education, better risk management awareness, and continued regulatory improvements.** Encouraging informed decision-making will help create a more stable, transparent, and efficient stock market ecosystem.

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