A Study On Factors Influencing The Choice Of Broking Firms By Investors To Invest In The Stock Market In The City Of Surat

[1] Dr. Chirag V. Sukani, [2] Dr. Viral Vora

[1,2] Assistant Professor

[1,2] Rajju Shroff ROFEL University, Vapi, India

Abstract: The purpose of this study is to determine and examine the main determinants that impact Surat city investors' choice of broking company for stock market investments. In order to customize their services and tactics to draw in and keep investors, broking firms must have a thorough understanding of these characteristics. The study will look at several topics, including as trading platforms, brokerage fees, research and advisory services, customer service, the firm's reputation and dependability, the range of investment products it offers, technical developments, and regulatory compliance. 100 respondents made up the study's sample size, and the results were obtained using a descriptive research approach. This study will offer important insights into the decision-making processes of Surat investors regarding the selection of broking businesses by investigating their preferences and attitudes. Broking firms in the area will be able to better understand investor needs and improve their competitive posture in the market thanks to the findings. In the end, this research advances our knowledge of investor behavior in relation to stock market involvement in a particular region.

Keyword: Investors, Broking firm, Stock market investments, Factors influencing, Surat

I. INTRODUCTION

Stock market is a place where the shares of different companies are bought and sold. The Organized Platform through which the buyers and sellers can trade in shares or other forms of securities like bonds, derivatives are called STOCK EXCHANGE. The stock exchanges could be a corporation or a mutual organization. Share markets in India comprise primarily of NSE share and BSE share with share brokers managing the transactions. The SEBI is the governing body in India, controlling the activities of the stock exchanges, and stockbrokers too function under SEBI guidelines. To open trading accounts to be able to buy and sell shares like NSE share or BSE share, you will have to seek the services of stockbrokers. Many a broker functions online through the medium of brokerage platforms. Once you get registered at such an online trading platform, you can get tips and suggestions from expert brokers, helping you take your investing goals to the next level. Finding the best stockbroker in India has become a little tricky with so many choices available in the market. Top 10 Broking Firms are as below in India.

Top Broking Firm:

1. Angle Broking
2. Share Khan
3. IIFL
4. ICIC Direct
5. Motilal Oswal
6. HDFC Securities
7. SBI Capital
8. Zerodha
9. Upstox
10. Kotak Securities

II. FACTORS INFLUENCE CHOOSING BROKING FIRM

Choosing the best stock brokerage firm is an important decision for stock traders. There are so many factors that should go into selecting the best share broker. This article discusses various factors to keep in mind while selecting a stock broker and then lists best stock brokerage firms in India for stocks trading.

• Every trader must carefully pick a share broker after understanding his needs and exploring various options available in the market.

• Trading Costs, Trading Platform features, Margin Facility, Research Capabilities and Customer Services are some of the key factors in choosing the best brokerage firm for stocks trading in India.

• Reading broker reviews and then comparing them will surely help you find the best share broker in India perfectly meeting your needs.

III. LITERATURE REVIEW

Manoj Kumar Dash (2010) conducted study to know Factor which affect individual investment decision of Generations in India: An Econometric Study.". The sample size was 700 and use statistical tools like Chi-Square and SPSS tool for collecting data. He concluded that the modern investor is a mature and adequately groomed person. In spite of the phenomenal growth in the security market and quality Initial Public Offerings (IPOs) in the market, the individual investors prefer investments according to their risk preference. Lingesiya Kengatharan (2014) conducted study on the Influence of Behavioral Factors in Making Investment Decisions and Performance: Study on Investors of Colombo Stock Exchange, Sri Lanka." The sample size was 30 and use statistical tools like Regression analysis, Descriptive Statistics, Factor analysis and Use SPSS to analysis the collection data. They concluded that All other variables which are volume of stock, buying and selling and speed of herding variables of herding factor, loss aversion and regret version variables of prospect factor and market information and customer preference variables of market factor do not have influence on investment performance. Bhavik U. Swadia (2016) conducted study on INVESTMENT IN SHARES, AND COMPARATIVE ANALYSIS OF BROKING FIRMS. The study conducted with the sample size of 100 respondents. Data analyzed and interpreted with the help of Chi-Square and Hypothesis. They concluded each of these brokerage houses has its own pros and cons. Dr. V. RAMANUJAM, Dr. T. VISWANATHAN (2016) conducted study on DETERMINANTS OF INVESTMENT BEHAVIOUR AMONG THE WOMEN. The sample size was 360 respondents of women. Use Statistical tools like Exploratory Factor Analysis, Confirmatory Factor Analysis (CFA), Two Group Discriminant Analysis, Multiple Regression Analysis T–Test and Analysis of Variance (ANOVA). He concluded that the investment behavior in the stock market among the winner executives is only at a moderate level. V. PAVITHRAS, Mr. WILLIAM ROBERT (2017) conducted study on A STUDY ON CUSTOMERS PERCEPTION TOWARDS ONLINE TRADING IN RETAIL BROKERAGE, CHENNAI. The sample size was 100 respondents. The collected data has been classified and tabulated and analyzed using tools such as percentage analysis, H –test (Kruskal-wallis) (Mann Whitney U test). They concluded that Online trading is been preferred by customers rather than Offline trading. Major reason for customers to invest in online trading is its conveyance and user friendly.

IV. RESEARCH METHODOLOGY

Statement of the problem:

The main factors of this research are: investment purpose, exposure to stock market, expectation of return, awareness of stock market and experience with broking firms. Investment purpose means the reasons for investing in stock market. Exposure to stock market measures amount invested and duration of investment in stock market. Similarly, awareness of stock market tries to measure investors' level of awareness regarding financial instruments. And experience with brokerage firms tries to find level of satisfaction of investors with broking firms.

Research Objectives:

   i) To study the factor influencing while selecting the broking firm.

   ii) To study the relation between Demographic Factors and Influencing Factors.

Research Design:

The researchers have used a descriptive research design for the purpose of carrying out the present study.

Source of Data Collection:

Primary Data: Field Survey

Secondary Data: Collection from Internet, Magazines, Newspaper, Journal

Research instrument: Survey/Questionnaire

Sampling Plan:

Sample Frame: Surat

Sample Size: 100 Respondents

Sample Unit: General public

Sampling method: The samples have been drawn using a non-probability convenience sampling technique.

Hypothesis

   i) H_o: There is no significant relation between Gender and factor influencing choice of broking Firms by investors to invest in the stock market in the city of Surat.

   ii) H_o: There is no significant relation between income of investor and factor influencing choice of broking firms by investors to invest in the stock market in the city of Surat.

V. ANALYSIS:

Demographic Profile

The demographic profile of the respondents has been shown in Table-1. It shows that male respondents are higher than female respondents. Majority of the respondents invest in stock market falls in the Age group of 18 – 25 years and majority of the respondents are salaried persons which belong to monthly income fall under Rs.20,001 – 40,000.

TABLE – 1: Demographic profile of the respondents

Demographics		Frequencies
Gender	Male	70
	Female	30
Age (in Years)	18 - 25	45
	26 – 35	34
	36 – 45	12
	46 – 55	8
	Above 55	1
	Housewife	3
Occupation	Student	25
	Salaried Person	53
	Business	19
	Housewife	3
Monthly Income	Under Rs. 10,000	12
	Rs.10,000 - Rs. 20000	21
	Rs.20001 - Rs. 40000	41
	Above Rs.40000	26

The respondents were asked regarding which platform use for investment in stock market, about 56% of the respondents who were surveyed said that they use online platform and only 3% use offline platform while 41% said used both. See Graph-1.
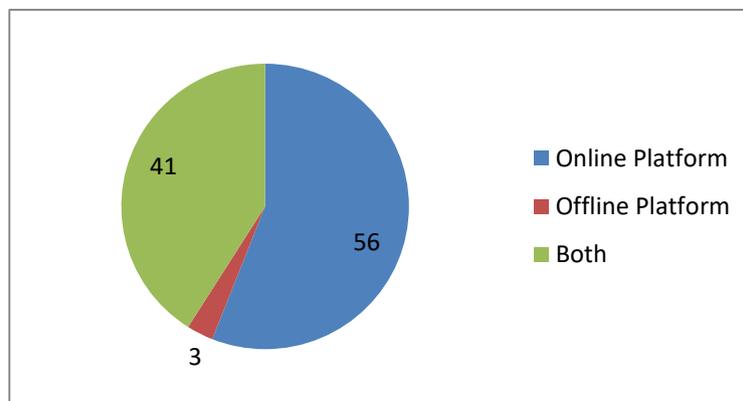
Graph- 1 – platform used while investment in stock market

Further respondents were asked about holding of account in broking firm and majority of respondents (17) hold account in Zerodha broking firm, Angle Broking (15 respondents), Share Khan LTD and Kotak Securities (14 respondents), Trade Bulls (11 respondents), Motilal Oswal LTD (10 respondents) and less respondents hold accounts in IIFL Securities, Upstox, Jainam Share, 5Paisa, Prabhudas Liladhar, Way to wealth, Groww, Religare, ICICI, SBI Capital respectively.

Table 2 – Holding of account in broking firm

Broking firm	Frequency	Broking firm	Frequency
Trade Bulls	11	Jainam Share	2
Angle Broking	15	5Paisa	1
Motilal Oswal LTD	10	Prabhudas liladhar	1
Share Khan LTD	14	Way to wealth	1
Zerodha	17	Groww	1
Kotak Securities	14	Religare	1
IIFL Securities	7	ICICI	1
Upstox	3	SBI Capital	1

Testing of Hypotheses

In order to test the hypotheses formulated for the study, Mann-Whitney U and Kruskal Wallis test were carried out. The test statistics and results are presented as follows:

i) **H$_0$:** There is no significant relation between Gender and factor influencing Choice of Broking Firms by Investors to Invest in the Stock Market in The City of Surat

Table 3 – Test Statistics of Mann- Whitney U

	Area of Product	Brand Image	Trading Platform	Research Report	Customer Support
Mann-Whitney U	839.5	971.5	780	854.5	898.5
Wilcoxon W	3324.5	3456.5	3265	3339.5	3383.5
Z	-1.783	-0.723	-2.344	-1.62	-1.33
Asymp. Sig. (2-tailed)	0.075	0.47	0.019	0.105	0.184

	Advisory Services	Exposure	Return on Investment	Margin Trading	Demat Charges	Broker Charges
Mann-Whitney U	816.5	787.5	1021	841.5	786.5	917
Wilcoxon W	3301.5	3272.5	3506	3326.5	3271.5	3402
Z	-1.956	-2.193	-0.249	-1.675	-2.232	-1.158
Asymp. Sig. (2-tailed)	0.055	0.028	0.804	0.094	0.026	0.247

Interpretation:

The value of the Statistics is 0.075 is less than 0.05, means that the null hypothesis is rejected. Thus study concluded that there is significant Impact of Gender on area of product as factor for influencing choice of broking firms by investors to invest in the stock market. Likewise in case of trading platform, exposure, Demat charges etc statistics value is less than 0.05 thus null hypothesis is rejected in these factor also. Thus study conclude that there is significant impact of Gender on trading platform, exposure, Demat charges factor for influencing choice of broking firms by investors to invest in the stock market. Whereas in case of brand image, research report, customer support, advisory service, return on investment, margin trading facilities, broker charges factors statistics value is more than 0.05 thus null hypothesis is fail to reject. Thus study conclude that there is no significant impact of Gender on brand image, research report, customer support, advisory service, return on investment, margin trading facilities, broker charges factors for influencing choice of broking firms by investors to invest in the stock market.

ii) H₀: There is no significant relation between income of investor and factor influencing choice of broking firms by investors to invest in the stock market in the city of Surat.

Table 4 – Test Statistics of Kruskal Wallis Test

	Area of Product	Brand Image	Trading Platform	Research Report	Customer Support
Chi-Square	7.913	3.976	3.498	9.3	2.513
df	3	3	3	3	3
Asymp. Sig. (2-tailed)	0.048	0.264	0.321	0.026	0.473

	Advisory Services	Exposure	Return on Investment	Margin Trading	Demat Charges	Broker Charges
Chi-Square	11.243	11.361	0.137	3.669	8.428	14.314
df	3	3	3	3	3	3
Asymp. Sig.	0.01	0.01	0.987	0.299	0.038	0.003

Interpretation:

In case of area of product, research report, advisory service, exposure, Demat charges, broker charges, the value of the chi-square statistics is less than 0.05 means that the null hypothesis is rejected for these factors. From this it can be concluded that there is significant impact of income on area of product, research report, advisory service, exposure, Demat charges, broker charges as factor for influencing choice of broking firms by investors to invest in the stock market. Whereas in case of brand image, trading platform, customer support, return on investment, margin trading facilities, the value of the chi-square statistics is more than 0.05 means that the null hypothesis is fail to rejected for these factors. From this study conclude that there is no significant impact of income on brand image, trading platform, customer support, return on investment, margin trading facilities as factor for influencing choice of broking firms by investors to invest in the stock market.

Limitations and Scope for Further Research:

The study has been conducted in Surat City located in South Gujarat, using a sample size of 100 respondents selected using a non-probability convenience sampling method. Thus the study is limited in terms of geographical scope and also the sample size. Hence, it is not possible to generalize the results over larger population. It is, therefore, suggested that several more studies be conducted using different geo – demographic clusters to gain a better insight in the topic studied in the present study.

Conclusion:

The study has examined the factors influencing while choosing stock broking firms. People are really influencing with factors such as brand image, broker charge, Demat charge and trading platforms. Further the Mann-Whitney test carried out to examine relationship between gender and factor influencing on choosing broking firm while investment in stock market, and the result is that there is no significant impact of gender on factors like brand image, research report, customer support, advisory service, return on investment, margin on trading, broker charges. And there is significant impact of Gender on factors like area of product, trading platform, exposure, Demat charges. Further the Kruskal Wallis Test carried out to examine the relationship between income and factor influencing on choosing broking firm while investment in stock market and the result is that there is no significant impact of income on factors like brand image, trading platform, customer support, return on investment, margin trading facilities. And there is significant impact of income on factors like area of product, research report, advisory service, exposure, Demat charges, broker charges.

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