



Perception of investors towards investment in stock market– A case study of Hyderabad region

B Suchetha

Lecturer in Commerce, Government Degree College, Golconda, Hyderabad, Telangana, India

Abstract

Stock market emerged as most preferable investment platform by many people in the country like India. This is attributable to high penetration of network, mobile trading, increasing public awareness, good profits, increase in advisory firms and regulation of SEBI. Investment in stock market is child game due high sensitivity of market and large determinants of stock prices. The study is focused on the perception of investors on the basic knowledge required to invest in stock market particularly in Hyderabad region. The samples size of the study is 450 investors most of them are male, full time investors, self and private employees and age group of 20-40 years. The study found good perception of investor's among all the basic knowledge aspects of stock market asked in the questionnaire. This is really good sign for participation of investor's with professional knowledge. The study also found significant deviations in the perception of investors within and between groups of investors.

Keywords: investor perception, stock market knowledge, investor's perception in Hyderabad

Introduction

Stock market emerged as most preferable investment platform by many people in the country like India. This is attributable to high penetration of network, mobile trading, increasing public awareness, good profits, increase in advisory firms and regulation of SEBI. Investment in stock market is child game due high sensitivity of market and large determinants of stock prices. The generation of profits from stock market is difficult and strategic task, this difficulty is more higher in case of investor at beginning. Investor must decide himself as full time or part time investor first. He has to get knowledge on stock market aspects thoroughly with practical observation to grab profitable investment opportunities. Investors should also have knowledge on various techniques use in stock market to get profits. Every investor must be away from fake advisories and rumors of the market. They have to protect their funds from these wrong persons and wrong investments. The investors should also be aware of regulatory of stock market which protects them from fraudulent practices in the market. Therefore, present study focuses on the perception of investors on the basic aspects in the stock market investments.

Review of Literature

Prasant Kumar (2020) ^[1] has paved a way in behavioral analysis of women investors in stock market in Haryana State through focusing on awareness of 280 women on investment avenues, investigation on influencing factors of investment decisions, examined risk appetite and explores the problems in investment decisions. The study selected respondents by simple random sampling technique from different stock brokers in India. The study investigated that, personal factors, infrastructural barriers, attitudinal problems, family constraints, and socioeconomic constraints have significant impact on the investment decisions of women and restricting them from investing in stock market.

Siva sakthi and William Robert (2017) ^[2] have measured the stock market awareness among the investors in India. The study also examined the impact of the investor's awareness on the stock market. The sample size of respondents is 125 investors selected by convenience sampling technique. The sample company is Sarvana stocks. The study adopted the ANOVA-one way and Independent T-test. The study observed high awareness on stock market transaction in investors group of above 40 years, married, high education and occupation.

Laxman (2015) ^[3] examined the perception of 400 retail investors on technical analysis. The chi-square test results supported that demographic factors have significant relations with perception and expertise of investors on utilizing candle stick technique. The study also revealed that Candle stick chart pattern is right tool in anticipating of share price movement in long and short periods

S. Kala (2011) ^[4] emphasized on the awareness of 438 investors on investment companies and found that, good knowledge among investors the study also observed that investors gives high preference to financial results and parallel responses to results.

Need of The Present Study

The basic knowledge of investors on stock market subject gives an idea of stock market investment and helps in designing investment strategies for short period and long period. The taking of right investment decisions generates abnormal profits to them. The research studies on the perception of investors in inadequate in general and very need in Hyderabad region. Therefore, present study full fills this research gap by measuring the investor perception on stock market aspects in the Hyderabad region.

Objectives of the Study

- Present study is aimed at measuring the perception of investors towards investment in stock markets in Hyderabad Region.

Research Methodology: Present study based on the primary data collected from the investors of Hyderabad region. The sample technique is convenient sample technique. The sample size is 450 investors. The data is collected through well-structured questionnaire using 5 point Likert Scale regarding the basic knowledge on stock market investments. The study period is January 2022 to April 2022. The study statistical tools of percentage, reliability test, and ANOVA and descriptive statistics with SPSS.

Hypothesis

Null Hypothesis: There is no significant difference in perception level between and within groups of investors on stock market

Alternative Hypothesis: There is significant difference in perception level between and within groups of investors on stock market

Table 1

Profile of The Investors								
Gender	N	(%)	Marital Satus	N	(%)	Type of Investor	N	(%)
MALE	285	63.33	MARRIED	325	72.22	Full time	255	56.66
FEMALE	165	36.66	UNMARRIED	125	27.77	Part time	195	43.33
Total	450	100	Total	450	100	Total	450	100
AGE	N	(%)	Occupation	N	(%)	Income	N	(%)
20-30 years	156	34.66	Self-Employee	171	38	< Rs 20000	143	31.77
30-40 years	188	41.77	Private employee	152	33.7	>Rs20000 & >Rs30000	126	28.0
40-50 years	75	16.55	Govt employee	73	16.22	>Rs 30000 & >Rs 40000	165	36.66
>50 years	31	6.8	Professionals	54	12	>Rs 50000	16	3.55
Total	450	10	Total	450	100	Total	450	100
Education	10 th lass	Intermediate	Graduation	P. G	Others	Total		
N	123	56	198	49	24	450		
(%)	27.33	12.44	44	10.88	5.33	10		

Demographic Profile of Sample Size: The study observed that, in total sample size of 450 investors 63.33 percent represented by male investor's while 36.66 percent represented by female investors. Similarly, 72.22 percent of investors are married and 27.77 percent is unmarried. In total investors 56.66 percent is full time investors and 43.33 percent is part time investors. Similarly, 41.77 percent of investors are under the age group of 30-40 years, 34.66 percent is 20-30 years aged, 16.55 percent is 40-50 years aged group and 6.8 percent is above 50 years above. Therefore, 38 percent is self employed, 33.7 percent is private employed, 16.22 percent is government employees, 12 percent is professionals. Similarly, 31.77 percent income is less than Rs 20000, 28 percent is between Rs 20000 to Rs 30000, 36.66 percent is Rs 30000 to Rs 40000 and 3.55 percent is above Rs 50000. Finally, 44 percent of investors pursued graduation, 27.33 percent passed 10th class, 12.44 percent is intermediate, 10.88 percent is P.G and 5.33 percent has other educational qualification.

Data analysis

Table 2: Investors Perception on Stock Market Investments

Statements	Extremely aware (5)	Moderately aware (4)	Somewhat aware (3)	Slightly aware (2)	Not at all aware (1)	Total
Stock market investment are subject to high risk and returns	280 (62.22)	79 (17.56)	42 (9.33)	26 (5.78)	23 (5.11)	450 (100)
In stock market investment can be made	225	89	98	26	12	450

for one day, short period and long period	(50)	(19.78)	(21.56)	(5.68)	(2.67)	(100)
In India SENSEX and NIFTY are bench mark indices of stock markets	151 (33.56)	125 (27.78)	92 (20.44)	36 (8)	46 (10.22)	450 (100)
Stock prices affect by both domestic and foreign factors.	175 (38.89)	86 (19.11)	98 (21.78)	40 (8.89)	51 (11.33)	450 (100)
Insider trading is prohibited and an offence in Indian stock market	186 (41.33)	73 (16.22)	98 (21.80)	82 (18.22)	11 (2.44)	450 (100)
In share price valuation fundamental approach, technical approaches are used	88 (19.56)	125 (27.78)	63 (14)	78 (17.33)	96 (21.33)	450 (100)
Pivot points, candle stick charts are popular followings tools in stock market	143 (31.78)	156 (34.67)	56 (12.44)	44 (9.78)	51 (11.33)	450 (100)
In Indian stock markets cash, commodities and currencies are major segment to play	181 (40.22)	107 (23.78)	118 (26.22)	29 (6.44)	15 (3.33)	450 (100)
Investment advises should be taken by authorized advisory firms only	230 (51.11)	98 (21.78)	53 (11.78)	26 (5.78)	43 (9.56)	450 (100)
Income earned on stock market is taxable under 10 and 15 percent slabs	272 (60.44)	90 (20.0)	42 (9.33)	28 (6.22)	18 (4)	450 (100)
SEBI is the regulatory of Stock market in India	276 (61.33)	89 (19.78)	36 (8)	28 (6.22)	21 (4.67)	450 (100)

Source: Field Study

Table 3: Descriptive Statistics of the Data

Statements	Mean	Standard Error	Standard Deviation	Sample Variance	Skewness
I	4.26	.11601	1.16	1.346	-1.556
II	4.09	.10926	1.09	1.194	-.988-
III	3.64	.13144	1.31	1.728	-.720
IV	3.65	.13808	1.38	1.907	-.660
V	3.76	.12237	1.22	1.497	-.404
VI	3.07	.14443	1.44	2.086	-.166
VII	3.67	.13185	1.31	1.738	-.823
VIII	3.91	.11018	1.10	1.214	-.697
IX	3.96	.13478	1.34	1.817	-1.113
X	4.26	.11157	1.11	1.245	-1.513
XI	4.25	.11753	1.17	1.381	-1.607

Source: SPSS

Data Interpretation

Table no 01 exhibit the responses of investors regarding their perception on stock market. The study revealed that, 62.22 percent of investors extremely aware and 17.56 percent is moderately aware with, 9.33 percent is somewhat aware 5.78 percent is slightly aware and 5.11 percent is not all aware that stock market investments is subject to high risk and returns. In overall, the study observed mean value of 4.26 which indicates that majority of respondents extremely aware of high risk and high return features of stock market. Similarly, Standard Deviation of the statement is 1.16 which indicates insignificant deviation in responses among investors. Thereafter, 50 percent of investors extremely aware and 19.78 percent is moderately aware with, 21.56 percent is somewhat aware 5.68 percent is slightly aware and 2.67 percent is not all aware on the investment can be made for one day, short period and long period. In overall, the study observed mean value of 4.09 which indicates that majority of respondents are extremely aware on the investment periods. Similarly, Standard Deviation of the statement is 1.09 which indicates insignificant deviation in investor's responses. The study investigated that, 33.56 percent of investors extremely aware and 27.78 percent is moderately aware with, 20.44 percent is somewhat aware eight percent is slightly aware and 10.22 percent is not all aware bench mark indices in stock market. In overall, the study observed mean value of 3.64 which indicates that majority of respondents are moderately aware on the investment periods. Similarly, Standard Deviation of the statement is 1.09 which indicates insignificant deviation in investor's responses.

The study revealed that, 38.89percent of investors extremely aware and 19.11 percent is moderately aware, 9.33 percent is somewhat aware 21.78 percent is slightly aware and 18.22 percent is not all aware that stock market is affect by both domestic and foreign factors. In overall, the study observed mean value of 3.65 which indicates that majority of respondents moderately aware of stock market influencing factors. Similarly, Standard Deviation of the statement is 1.38 which indicates insignificant deviation in responses among investors. Thereafter, 41.33 percent of Investors extremely aware and 16.22 percent is moderately aware with, 21.80 percent is somewhat aware 18.22 percent is slightly aware and 2.44 percent is not all aware that insider trading is prohibited and offence. In overall, the study observed mean value of 3.76 which indicates that majority of respondents are

moderately aware on the investment periods. Similarly, Standard Deviation of the statement is 1.22 which indicates insignificant deviation in investor's responses. The study investigated that, 19.56 percent of investors extremely aware and 27.78 percent is moderately aware with, 14 percent is somewhat aware 17.33 percent is slightly aware and 21.33 percent is not all aware on fundamental and technical approaches. In overall, the study observed mean value 3.07 which indicates that majority of respondents are moderately aware on the investment periods. Similarly, Standard Deviation of the statement is 1.44 which indicates insignificant deviation in investor's responses.

The study revealed that, 31.78 percent of investors extremely aware and 34.67 percent is moderately aware, 12.44 percent is somewhat aware, 9.78 percent is slightly aware and 11.33 percent is not all aware on the pivot points and candle stock are popular tool in stock markets. In overall, the study observed mean value of 3.67 which indicates that majority of respondents moderately aware on pivot and candle stick pattern. Similarly, Standard Deviation of the statement is 1.31 which indicates insignificant deviation in responses among investors. Similarly, 40.22 percent of investors extremely aware, 23.78 percent is moderately aware, 26.22 percent is somewhat aware 6.44 percent is slightly aware and 3.33 percent is not all aware different types of market such as cash, commodities and currency. In overall, the study observed mean value of 3.91 which indicates that majority of respondents are moderately aware on investment segments. Similarly, Standard Deviation of the statement is 1.10 which indicates insignificant deviation in investor's responses. The study investigated that, 51.11 percent of investors extremely aware and 21.78 percent is moderately aware, 11.78 percent is somewhat aware, 5.78 percent is slightly aware and 9.56 percent is not all aware on the advisory from authorized persons only. In overall, the study observed mean value of 3.96 which indicates that majority of respondents are moderately aware on the investment periods. Similarly, Standard Deviation of the statement is 1.34 which indicates insignificant deviation in investor's responses.

The study revealed that, 60.44 percent of investors extremely aware, 20 percent is moderately aware, 9.33 percent is somewhat aware, 6.22 percent is slightly aware and four percent is not all aware on taxable rates on income from investments. In overall, the study observed mean value of 4.26 which indicates that majority of respondents extremely aware on tax rates on income from investments Similarly, Standard Deviation of the statement is 1.11 which indicates insignificant deviation in responses among investors. Similarly, 61.33 percent of investors extremely aware, 19.78 percent is moderately aware, eight percent is somewhat aware 6.22 percent is slightly aware and 4.67 percent is not all aware on regulatory of stock market is SEBI. In overall, the study observed mean value of 4.25 which indicates that majority of respondents are extremely aware on regulatory of stock market. Similarly, Standard Deviation of the statement is 1.17 which indicates insignificant deviation in investor's responses.

Reliability Test

Table 4

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.991	.992	11

Cronbach's alpha technique is used to assess the reliability, or internal consistency, of a set of scale or test items. The results of the test will be in range from (α) 0 to 1. If $\alpha = 0$, it indicates independency of all scale items one with another where $\alpha = 1$ indicates entire dependency of all scale items and high covariance. Therefore, increasing the value indicates high reliability. In general, suggestible Cronbach alpha reliability coefficient level is 0.70. In the present study reliability test results is. 991 which is higher than standard acceptable level of 0.70, this indicates high reliability and consistency of data and fit of ANOVA.

ANOVA Results

Table 5

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig
Between People		1559.905	99	15.757		
Within People	Between Items	129.987	10	12.999	93.120	.000
	Residual	138.195	990	.140		
	Total	268.182	1000	.268		
Total		1828.087	1099	1.663		
Grand Mean = 3.8655						

The analysis reveals that, in this case the Sig value is 0.004 which is less than 0.05 so we reject the null Hypothesis and accept alternative Hypothesis and conclude that “There is significant difference in between and within groups of investors on perception of stock market investment.

Findings and Suggestions

- The study observed that, in overall 95 percent of expressed extreme to slight perception on the risk and return level of stock market investments. Similarly, 97 percent of investors are well aware about the period of investment in stock market. In the similarly life 90 percent of investors are perceived that SENSEX and NIFTY are bench mark indices in Indian stock markets.
- The study also witnessed that, 89 percent of investors aware and only 11 percent is no aware that both domestic and international factors affects stock market either positive or negatively and directly or indirectly. Similarly, the study investigated that, 98 percent of investor’s are well aware about prohibition of insider trading in stock market. This is really a perception of investors against malpractices. However, 79 percent is aware of fundamental and technical techniques of stock markets, but 89 percent is well aware of pivot points and candle stick techniques, this mainly participation of young population in stock mark. 97 percent of investors are well aware of cash, commodities and currency markets.
- The study also observed that, 90.50 percent of investors well aware of taking advisory from SEBI authorized advisors only rather than unknown and disqualified advisors. Similarly, majority of investors i.e. 96 percent is well aware of taxable rate on profits on stock markets. Finally, the study found that, 95.33 percent is aware that SEBI is regulatory of stock market in India. The standard deviation and ANOVA results supported alternative hypothesis that, there is significant difference in between and within groups of investor perceptions on stock market knowledge, rejected null hypothesis.

Conclusion

The study is focused on the perception of investors on the basic knowledge required to invest in stock market particularly in Hyderabad region. The samples size of the study is 450 investors most of them are male, full time investors, self and private employees and age group of 20-40 years. The study found good perception of investor’s among all the basic knowledge aspects of stock market asked in the questionnaire. This is really good sign for participation of investor’s with professional knowledge. The study also found significant deviations in the perception of investors within and between groups of investors.

References

1. Prashant Kumar. Investment Behavior of Women In Indian Stock Market, Department Of Business Administration Faculty of Commerce And Management Chaudhary Devi Lal University Sirsa, (HARYAN), 2020.
2. Siva sakthi R, william robert P. A Study On Investors Awareness of Stock Market, IJARIE-ISSN (o)-2395-4396,2017:3(6):849-853.
3. Laxman B. Understanding Price Behavior By Using Candlestick Charts – A Study On Select Equities, Department Of Business Management Osmania University, 2015.
4. Kala S. A Study on the Impact of Corporate Announcements on Security Prices and Individual Investor’s Investment Behavioral Pattern, Department of Commerce Periyar University Salem – 636 011 Tamilnadu, India, 2011.