

A Study on Retail Investors Behaviour on Equity Shares – A Special Reference to Kanyakumari District

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Abstract

An Economy of a country progresses when its savings are mobilized in the form of investments and the leakages of the consumption pattern changes in giving an injection to the Economy. As per the economic thought savings are leakages from the consumption pattern and all investments are injections in enhancing capital formation of an economy. There are avenues open to the retail investors where they can realize their savings in getting better returns. Capital market is the backbone of any country's economy. It is an engine for economic growth, providing an efficient means of resource mobilisation and allocation. The Indian Capital Market comprises of two segments, namely, the Primary and the Secondary market. The fresh issue of securities takes place in primary market and trading among investors takes place in secondary market. Generally, the Indian corporates mainly raise funds through capital market. Two types of capital are essentially raised viz., Equity and Debt. The capital raised through equity is superior to that of debt capital for both the firm and the investor. Equity enhances the borrowing power of the firm from banks and financial institutions. This study focuses on Retail Investors Behaviour on Equity Shares in Kanyakumari District. For that, the researcher circulated 50 sample and analysed socio economic background of sample respondents, source of information getting by the respondents and compare the Socio-Economic Characteristics and Category of investors. The researcher used percentage and chi-square test for this study.

KeyWords: Investors, Market, Financial Securities, Predictive Skills, Short Term Investment, Economic Growth, Equity and Debt.

Introduction

The capital market is used as a main vehicle to mobilize funds for the economic growth of the country. It performs crucial functions like the conversion of savings of the households and institutions into investment, creation of financial assets and development of asset-related products. If the capital market does their work well that country will be create sustained economic growth. It provides a bridge between investors and savers. The development of the securities market changes the quantum and composition of savings and investment of the households. The securities market facilitates the internationalization of the economy by linking it with the rest of the world.

Indian Capital market is one of the fastest growing markets in the world. It has grown impressively during the recent years in tune with the global financial markets. The Indian Capital Market comprises of two segments, namely, the Primary and the Secondary market. The fresh issue of securities takes place in primary market and trading among investors takes place in secondary market. Generally, the Indian corporates mainly raise funds through capital market. Two types of capital are essentially raised viz., Equity and Debt. The capital raised through equity is superior to that of debt capital for both the firm and the investor. Equity enhances the borrowing power of the firm from banks and financial institutions. The Indian Capital Market has witnessed unprecedented euphoria from the early nineties and it has won critical appreciation from various quarters.

Success of equity issues totally depends on the confidence of the investors. If the investors perceive high profitability prospects, they will invest in equity. There are two types of investors, namely, institutional investors and retail investors (households). Institutional investors are huge investors who operate through Portfolio Managers. Retail Investor i.e. the household sector, who is the only source of providing risk capital. The Retail Investor provides this risk capital, either directly by investing in equity market or through collective schemes popularly called as Mutual Funds. The growth of the securities

market is the result of high confidence of the investors, that too the retail equity investors, the only risk capital providers of yesterday, today and tomorrow.

Statement of the Problem

The stock market is one of the most vital and dynamic sectors in the financial system making an important contribution to the economic development of a country. Investors are the backbone of the capital market and they are not alike. Institutional investors are capable of understanding the intricacies involved in the stock market activities but the retail investors lack adequate awareness about it. As the bulk of the savings of the country generally emanate from the households, and the retail investor is still the major source of risk capital to upcoming enterprises, to undertake new industrial activities, the capital market cannot grow without their participation, directly or indirectly. So, bringing the retail investors back into the equity market would be a very healthy structural development for the nation itself. There are many studies on the stock market related areas, the information provided to the investor and industry is not sufficient. As a result, the investor and the stock market players will be searching for required information. There are some research gaps in the existing literature relating to the stock market. Hence the current study is undertaken to fill the gaps in the existing research in the field of stock market and also to provide required information to the investors as well as industry.

Review of Literature

D. Chithra & Dr. A. Seilan (2019), “Factors Influencing Investment Decision in Equity Shares – A Study in Kanyakumari District”, this research identified the various factors which the investors consider while making investment decision. This study will be beneficial for financial professionals, regulatory authorities or investment advisors so they can understand or focus on those factors that cause volatility in stock market. This study will help them to understand the relationship and impact of these factors on decision making and investor’s perception toward investment in equity shares.

Byju. K & Dr P Kannan (2018), “A Study on Investment Behaviour Towards Equity Share as Investment Avenue Special Significance to Palakkad District”, this 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.

Equity Share

An equity share, normally known as ordinary share is a part ownership where each member is a fractional owner and initiates the maximum entrepreneurial liability related to a trading concern. These types of shareholders in any organization possess the right to vote.

Retail Investor

A retail Investor is an individual investor that invests in stock markets by purchasing shares of a company or invests in mutual funds, exchange-traded funds, etc. that is facilitated by some broker. Such investors invest relatively small amounts as compared to institutional investors like hedge funds, insurance companies, endowment funds, etc. They invest smaller amounts in comparison to institutional investors.

Objectives Of The Study

1. To know about Investors
2. To study socio economic background of Investors
3. To analyse the information search and investment option of retail Investors

Research Design

The present study is of Descriptive in nature. Sample size selected for the study was 50 respondents in Kanyakumari District of Tamil Nadu State. Convenience sampling technique was adopted in the selection of the respondents. For analyzing the data, Percentages and Chi square test were applied.

Limitations Of The Study

1. The study is confined to Kanyakumari District alone. Hence the findings may not be generalised for the other parts of the country.
2. The study is confined to the retail equity investors alone. Institutional investors remain uncovered.

Results And Discussions**Table 1: Demographic Variables of the Respondents**

VARIABLES		No of Investors	Percentage
Age	Upto 25	02	4
	26-35	16	32
	36-45	17	34
	Above 45	15	30
	Total	50	100
Gender	Male	39	78
	Female	11	22
	Total	50	100
Educational Qualification	HSC	09	18
	Graduation	21	42
	Post-Graduation	09	18
	Professional	11	22
	Total	50	100
Occupation	Government	10	20
	Private	22	44
	Business	13	26
	Farmer	05	10
	Total	50	100
Income Per Month	Less than 100000	06	12
	100001-200000	14	28
	200001-300000	12	24
	300001-400000	11	22
	Above 400000	07	14
	Total	50	100

Primary data

Table No.1 shows demographics wise distribution of the respondents. It reveals that male respondents are higher than female respondents. Majority of respondents in the age group of 36- 45 and Graduates were high as compared to other Educational groups. Majority of the respondents were Private employee and 100001-200000 respondents were high as compared to other Income level of the Investors.

Table 2: Type of Investors

Type	No of Respondents	Percentage
New generation	38	18
Hereditary	12	44
Total	50	100

Primary data Table No. 2 explained about the Type of Investors. In which majority of the Investor's Type were new generations.

Table 3: Category of Investors

Type	No of Respondents	Percentage
Daily traders	08	16
Long term	13	26
Both	29	58
Total	50	100

Primary data

Table No. 3 shows that the Category of Investors. In which, majority of the investor's Category is themselves as both long term investors and daily traders.

Table 4: Source of Investment

Type	No of Respondents	Percentage
Own funds	37	74

Borrowed funds	13	26
Total	50	100

Primary data

Table No.4 shows that the Source of Investment. There were majority of the Investor's Source is themselves only.

Table 5: Sources of Information

Type	No of Respondents	Percentage
News Papers	07	14
Television Channels	06	12
Stock Brokers	08	16
Journals & Magazines	03	6
Friends & Relatives	10	20
Investment Consultant	05	10
Web Sites	11	22
Total	50	100

Primary data

Table No.5 shows that the information getting, majority of the investors get information through web sites.

Association Between Socio-Economic Characteristics And Category Of Investors

The non-parametric chi-square test is applied to find the association between Category of investors and Socio-Economic factors such as age, sex, education, occupation and income.

Table: 6 Socio Economic Characteristics and Category of Investors

Character	Calculated Value	Degrees of Freedom	Table Value	Result
Age	7.13	6	12.59	Accepted
Sex	1.01	2	5.99	Accepted
Education	13.74	6	12.59	Rejected
Occupation	9.59	6	12.59	Accepted
Income	9.22	8	15.50	Accepted

Computed data

From the above table it is clear that there is no significant difference between level of satisfaction and socio-economic factors of Education. But there is a significance difference between Investors and the Socio- economic factors such as age, sex, Income, and occupation.

Suggestions Of The Study

1. Innovative technologies like integration of stock exchanges, demat, online trading, creation of development of web pages must be brought in capital markets for its growth and to attract the educated investors.
2. Strategies must be employed to encourage women investors. Awareness programmes has to conduct in all places.
3. Capital market should create a higher-level critical factor involved for making investment decisions.

Findings

1. Male respondents are higher than female respondents.
2. Majority of respondents in the age group of 36- 45.
3. Graduates were high as compared to other Educational groups.
4. Majority of the respondents were Private employee.
5. 100001-200000 respondents were high as compared to other Income level of the Investors.
6. Majority of the investor's Category is themselves as both long term investors and daily traders.
7. Majority of the Investor's Type is new generation.
8. Majority of the Investor's Source is themselves only.
9. Majority of the investors get information through web sites.

Conclusion

The study will help investment consultants in identifying the investment avenues. The credit rating agencies can use the information for their investment rating. Investor's preference for equity retail

investment will help policy makers in formulating strategies. The study helps for timing and type of instruments for new issues in retail investment. Stock exchanges can introduce technological advancement in trading. In short, this piece of research work has become quite friendly of players in the capital market viz. the investors.

Reference

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