ISSN:0971-1260

Vol-22-Issue-4-October-December-2019

A Study on Investment Outline of Retail Investor in Currency Market

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ABSTRACT

Investment evaluation has become crucial for any retail investor. The success of equity issues is totally dependent on the satisfaction of the investors during post - investment period and investors' confidence. The post - investment satisfaction creates a lasting impact on the investing thoughts or ideas of the investors and investors' confidence decides the quantity of investment. The basic factor that generates investment satisfaction and confidence is the high profitability prospects (rate of return) associated with equity investments. This paper focus towards elements of small investors to invest in stock market, obstacles of investment and their satisfaction after investment. Based on stratified random sampling, samples were collected. The study reveals that, post investment satisfaction is necessary for every investment mode. So, more awareness should be made among the small and medium range investors regarding investment in stock market.

Keywords: *Retail investors, Investment, Evaluation, Post-Investment Satisfaction***.**

1. INTRODUCTION

Investment evaluation has become very crucial for any retail investor. There are several avenues for investment, which attracts the investor in current investment environment. Investment in equities is considered to be risky as compared to other forms of investment, so the investors need to study several factors and seek information while making equity investment. The success of equity issues is totally dependent on two issues, viz., post - investment satisfaction and investors' confidence. The post - investment satisfaction creates a lasting impact on the investing thoughts or ideas of the investors and investors' confidence decides the quantity of investment. The basic factor that generates investment satisfaction and confidence is the high profitability prospects, i.e., rate of return associated with equity investments. If the investors perceive high profitability prospects, they tend to invest; if not, they look for other alternatives.

2. OBJECTIVES

The study has undertaken the following objectives:

1. To know the factors that influences the investment of retail investors in investment decision.
2. To study the post-investment satisfaction of the retail investors.
3. To make appropriate suggestions to the stake holders of the small equity investment.

ISSN:0971-1260

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3. METHODOLOGY OF STUDY

The study is an empirical in nature based on survey conducted with the help of a schedule. The primary data were collected by interviewing the retail equity investors (50 respondents) with the help of interview schedule. The secondary data relating to the capital market developments and the trends in retail investor participation in India were obtained from the various published/unpublished records, annual reports, manuals, bulletins, journals, magazines, etc. This study is confined to the survey conducted in the cities of Chennai.

HYPOTHESIS

1. Investment factors have no significant influence in the investment evaluation and decision of retail investors.
2. Various socio-economic factors of the investors have no significant influence on various investment factors.

4. REVIEW OF LITERATURE

1. Santi Swarup K4 , (2008), in his survey entitled, “Measures for Improving Common Investor Confidence in Indian Primary Market: A Survey”, analyzed the decisions taken by the investors while investing in primary markets. A number of suggestive measures in terms of regulatory, policy level and market oriented were suggested to improve the investors’ confidence in equity primary markets.
2. Arun Lawrence and Dr.Zajo Joseph5 (2013) in their study entitled “Factors leading stock investment: An Empirical Examination” had been elicited that friends and media play a key role in influencing the investors share trading decisions.
3. DurgaRao, Chalam and Murty (2013) in their study entitled “Demographic variables influencing in the retail investors investment – A Scientific Analysis” had elicited how the demographic variables influenced in the investment of retail investors and suggested that the government and regulatory bodies like SEBI to create lot of awareness and encourage in retail investors in equities to become greater part of development of economic system for making investment on long term basis.

5. DISCUSSION AND RESULTS

The study examines the various factors that significantly influence the equity investors in evaluation at the time of investment and makes an assessment of the post – investment satisfaction. The study is based on various socio–economic and investment factors viz.,

FACTORS INFLUENCING SMALL INVESTORS

Investment evaluation is based on the assessment of various factors influencing investments. It is a pre requisite for any investment decision. This study examines the various factors that significantly influence the retail equity investors in the evaluation of equity share investments. The study is based on various socio–economic and investment factors. The various factors influencing retail equity investors in the evaluation of equity investments have been referred as ‘investment factors’ and they have been grouped under five categories as follows Market volume traded The responses of the retail equity investors have been obtained and analyzed with the help of multiple regression analysis.

THE RESULTS OF THE MULTIPLE REGRESSIONS ARE SHOWN IN TABLE-1. RESULTS OF MULTIPLE REGRESSION ANALYSIS

S. NO	INVESTMENT FACTORS INTRODUCED	R	R 2	INCREMENTAL VALUE
1	General factors	0.764	0.583	0.583
2	Company profile	0.816	0.667	0.084
3	Prospectus details	0.844	0.712	0.045
4	Current Project	0.943	0.890	0.178
5	Financial Information	1.000	1.000	0.110

TABLE NO 1

Table-1 shows the data on the various factors that influence evaluation factors of the investors while taking their investment decision. The data reveals that the retail equity investors have been influenced by the general factors to the extent of 58.3% followed nature of the current project to the extent of 17.8%; whereas, the financial information(11%) and prospectus details (4.5%) are very less influence in their investment evaluation and decision.

6. FINDINGS

1. It is found from the analysis that the general information, such as stock exchange market information, risk factors, lead manager's image, credit rating and broker's advice/analysts forecast/media impact significantly influence the small investors in their investment evaluation and decision.
2. It is observed that there is a significant association between the socio- economic status of the investors and various factors, such as lead managers image, credit rating, promoters and contribution, size, objectives and terms of issue, cost of the project and product strength, future prospects and profitability of the company.
3. It is further observed that, there is a significant association between the market experience of the investors and various investment factors such as stock exchange information and product strength.

7. TEST OF HYPOTHESIS

1.Investment factors have no significant influence in the investment evaluation and decision of the small investors. The results of the chi-square test reveal that the hypothesis is rejected in eleven cases.

2.Various socio-economic factors of the investors have no significant impact on various investment decisions of the equity investors. The results of the chi-square test reveal that the hypothesis is rejected in all cases.

8. SUGGESTIONS AND CONCLUSION

1. It is suggested that the regulatory bodies have to give more emphasis on investment factors in the investment evaluation and decision of small investors for their post satisfaction.

ISSN:0971-1260

Vol-22-Issue-4-October-December-2019

2. It is also suggested that the investors education campaigns have to be organized in respect of lead managers, credit rating, about promoters and their contribution, size, objectives and terms of issue, cost of the project and product strength, future prospects and profitability of the companies.

3. It is also suggested that the government has to provide market protection to the small equity investors not to misguide/deceive the brokers in the stock market to the small investors.

An investment in equity shares is one of the welcoming trends in the investment sector. These investments have been found in the primary market and secondary market.

The equity share is always dominated by the primary market and secondary market and the investors select one of these to their investment in a lucrative approach. Understanding the post investment satisfaction of small equity investors in investment decision is important for the entire stock trading. The present study is confined to Chennai city only; there is a scope for further research in other districts of Tamilnadu and in the other areas of financial management.

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