

# **“A STUDY ON FACTORS INFLUENCING INVESTOR’S PERCEPTION TOWARDS STOCK MARKET DECISION WITH SPECIAL REFERENCE TO ANANDRATHI, BENGALURU”**

Vagdevi DB, PG Student, PGDMS&RC,  
PESITM, Shivamogga.  
[577204.vagdevib8@gmail.com](mailto:577204.vagdevib8@gmail.com)

Ms. Jyothi G H, Assistant Professor & Research Scholar  
PGDMS&RC, PESITM, Shivamogga. 577204.  
[jyothiguntur@gmail.com](mailto:jyothiguntur@gmail.com), [jyothigh@pestrust.edu.in](mailto:jyothigh@pestrust.edu.in)

## **Abstract**

In the Indian Economy, the globalization of the capital markets increasing day by day over the past few decades by providing variety of investment options and schemes. The stock market plays a vital role and to find out the factors which influence the perceptions of investors like company size, share price, risk facing ability, financial literacy, dependency, wealth maximization, and financial information, expert’s opinion and the demographic factors of individual investors which influences them to invest in stock market. The main objective of the study is to find out the investors preference towards stock market and based on which factors the individuals ready to investment their savings or earning in the stock market to generate revenue.

**Keywords: Investment, Perception, Investor, Stock market.**

## **About Anand Rathi**

AnandRathi is a leading full service investment Bank founded in the year 1994 offering a wide range of financial services and Wealth Management solutions to Institutions, Corporations, High-net worth individuals and Retail. The firm has rapidly expanded its footprint to over more than 700 locations across India with International presence in Dubai, Hong Kong and New York, founded by Mr.AnandRathi and Mr.Pradeep Gupta, the group today employs over 2500 professionals throughout India and its International office. Private wealth management has strong HNI relationship.

## **Industry Profile**

Stock markets refer to a market place where investors can buy and sell stocks. The price at which each buying and selling transaction takes is determined by the market forces (i.e. demand and supply for a particular stock). In earlier times, buyers and sellers used to assemble at stock exchanges to make a transaction but now with the drawn of IT, most of the operations are done electronically and have become almost paperless. Now investors don’t have to gather at the Exchanges, and can trade freely from their home or offices over the phone or through internet. Indian Stock Markets are one of the oldest in Asia. Its history days back to approximately 200 years long ago. The initial document of security contacts in India are meagre and obscure. The East India Company was the primary leading institution in individual’s days and business in its loan securities used to be touched towards close of

18<sup>th</sup> Century. By 1830's business on corporate stocks and shares in Bank and Cotton Medias took place in Bombay.

At present, there are 21 recognized stock exchanges in India which does not include the Over the Counter Exchange of India Limited (OTCEI) and the National Stock Exchange of India Limited (NSEIL).

### **Objectives of the study**

1. To know the investors awareness level while investing in the stock market.
2. To know the various factors influencing the preferences of investors.
3. To ascertain the various investment goals of different investors.
4. To know the relationship between the company factors and the investor's investment decisions.
5. To know the risk taken by the investors.

### **Research methodology**

The data essential for this study is collected from the primary and secondary data/ source.

1. Primary data  
An interview schedule that is a structured questionnaire was designed, pre tested and administered on the individual potential investors.
2. Secondary data  
It is collected from a wide array of research papers, journals, various websites and company's database.

### **Hypothesis**

1.  $H_0$ : The awareness level regarding the mutual funds not affects the choice of investment.  
 $H_1$ : The awareness level regarding the mutual funds affects the choice of investment.
2.  $H_0$ : The factors of investment do not influence the choice of investment in mutual funds.  
 $H_1$ : The factors of investment influence the choice of investment in mutual funds.
3.  $H_0$ : The purposes of investment do not influence the choice of investment in mutual funds.  
 $H_1$ : The purposes of investment influence the choice of investment in mutual funds.
4.  $H_0$ : There is no relationship between nature of the company and investment decision.  
 $H_1$ : There is a relationship between nature of the company and investment decision.
5.  $H_0$ : The risk tolerance level never acts as a determinant of investment in mutual funds.  
 $H_1$ : The risk tolerance level acts as a determinant of investment in mutual funds.

### Literature review

1. **M.Malathy and Saranya.J (2017)** have made a study on factors influencing investor's perception towards stock market decision. It says that the investors will make a proper utilization of the investments in order to increase their income and allocate that capital with the expectation of return. The factors which influence the investors are return on investment, market risk, price of the share, company reputation and short term profitability and so on.
2. **GowthamRamkumar (2017)** in his study note that, the Stock Markets plays an important role in the Indian Economy. From last few decades it improves its performance because of more people wish to invest their savings in the stock market. It is considered to be the drivers for performance of buying and selling of securities. The investor's views towards stock market which helps to decide the direction of investment.

### Data analysis and interpretation

#### 1) Awareness about various factors in stock market

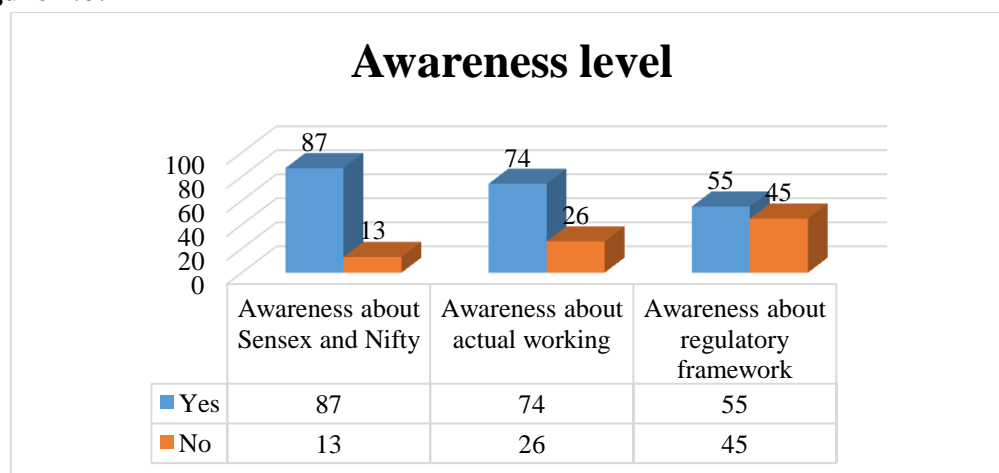
**Table No: 1 Table showing classification of respondents on the basis of awareness about various factors**

Factors	Yes	No	Total respondents
Awareness about Sensex and Nifty	87	13	100
Awareness about actual working	74	26	100
Awareness about regulatory framework	55	45	100

(Source: primary source)

**Analysis:** From the survey it can be concluded that, out of 100 respondents, 87% of the respondents are having awareness and 13% of the respondents are not having awareness about Sensex and Nifty, 74% of the respondents are having awareness and 26% of the respondents are not having awareness about actual working and 55% of the respondents are having awareness and 45% of the respondents are not having awareness about regulatory framework.

**Figure No:1**



(Source: Table 1)

**Interpretation:** From the above graph it can be interpreted that majority of the respondents (i.e. 87%, 74% and 55%) having awareness about various factors in the stock market so that they can easily invest in the stock market.

## 2) Factors helps to make investment more user friendly in the stock market

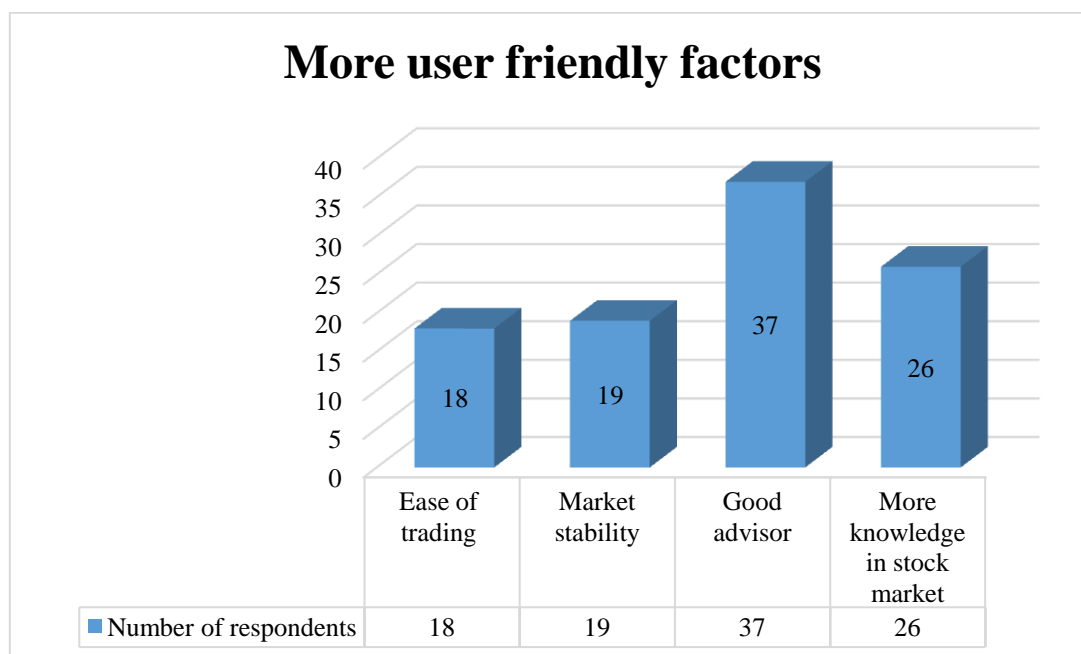
**Table No: 2** Table showing classification of respondents on the basis of more user friendly factors

Sl.no	Factors	Number of respondents	Percentage (%)
1	Ease of trading	18	18
2	Market stability	19	19
3	Good advisor	37	37
4	More knowledge in stock market	26	26
	<b>Total respondents</b>	<b>100</b>	<b>100</b>

(Source: Primary Source)

**Analysis:** From the survey it can be concluded that, out of 100 respondents, 18% of the respondents selected ease of trading as more user friendly factor, 19% of the respondents selected market stability as more user friendly factor, 37% of the respondents selected good advisor as more user friendly factor and 26% of the respondents selected more knowledge in stock market as more user friendly factor.

**Figure No: 2**



(Source: Table 2)

**Interpretation:** From the above graph it can be interpreted that majority of the respondents (i.e. 37%) more user friendly factor is good advisor so investors can easily invest in the stock market with the guidance of good advisors.

### 3) Major purpose behind the investment

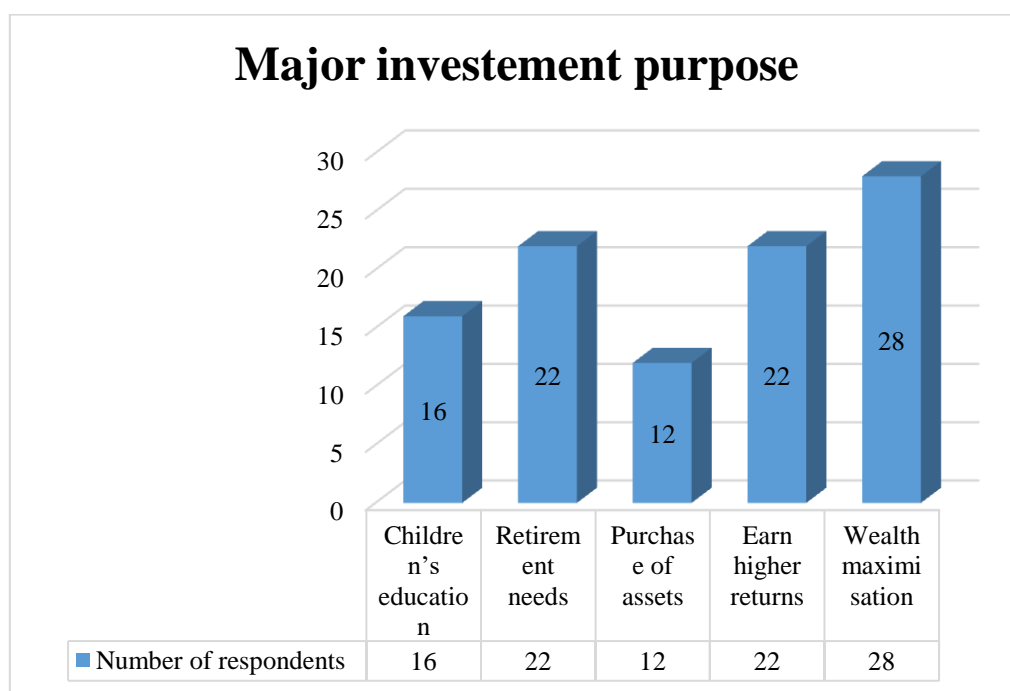
**Table No: 3** Table showing classification of respondents on the basis of purpose behind investment

Sl.no	Purpose	Number of respondents	Percentage (%)
1	Children's education	16	16
2	Retirement needs	22	22
3	Purchase of assets	12	12
4	Earn higher returns	22	22
5	Wealth maximisation	28	28
	<b>Total respondents</b>	<b>100</b>	<b>100</b>

(Source: Primary Source)

**Analysis:** From the survey it can be concluded that, out of 100 respondents, 16% of the respondents the major purpose behind investment is children's education, 22% of the respondents investment purpose is retirement needs, 12% of the respondents investment purpose is purchase of assets, 22% of the respondents investment purpose is earn higher returns and 28% of the respondents investment purpose is wealth maximisation.

**Figure No: 3**



(Source: Table 3)

**Interpretation:** From the above graph it can be interpreted that majority of the respondents (i.e. 28%) major purpose behind the investment is wealth maximisation to increase the capital and their resources.

**4) Criteria to make investment in the company**

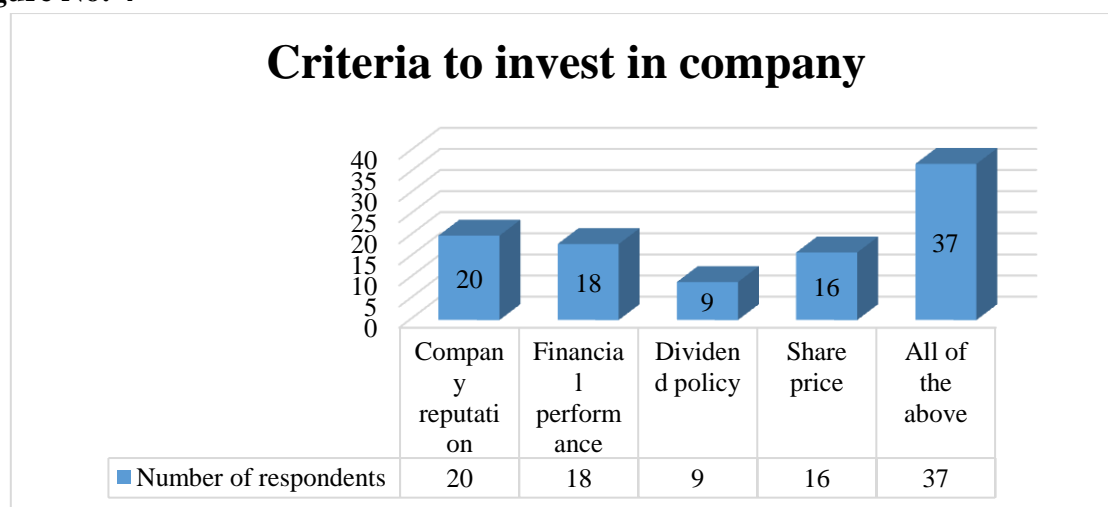
**Table No: 4 Table showing classification of respondents on the basis of criteria to invest in company**

Sl.no	Criteria	Number of respondents	Percentage (%)
1	Company reputation	20	20
2	Financial performance	18	18
3	Dividend policy	9	9
4	Share price	16	16
5	All of the above	37	37
	<b>Total respondents</b>	<b>100</b>	<b>100</b>

(Source: Primary Source)

**Analysis:** From the survey it can be concluded that, out of 100 respondents, 20% of the respondents make investment based on company investment, 18% of the respondents make investment based on company's financial performance, 9% of the respondents make investment based on dividend policy, 16% of the respondents make investment based on share price of the company and 37% of the respondents make investment based on all the above criteria to make investment in the company.

**Figure No: 4**



(Source: Table 4)

**Interpretation:** From the above graph it can be interpreted that majority of the respondents (i.e.20%) considered company reputation to make investment in the company and 37% of the respondents considered all the factors while making investment in the company.

**5) In case of any fluctuations in the stock market in investments**

**Table No: 5 Table showing classification of respondents on the basis of fluctuations in stock market investments**

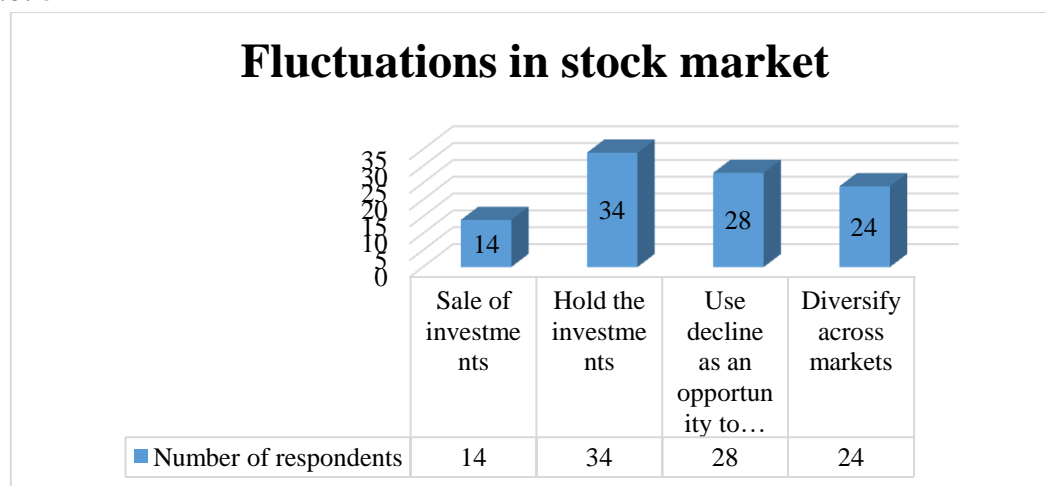
Sl.no	Fluctuations	Number of respondents	Percentage (%)
1	Sale of investments	14	14

2	Hold the investments	34	34
3	Use decline as an opportunity to invest	28	28
4	Diversify across markets	24	24
	<b>Total respondents</b>	<b>100</b>	<b>100</b>

(Source: Primary Source)

**Analysis:** From the survey it can be concluded that, out of 100 respondents, 14% of the respondents sale the investments in case of any fluctuations, 34% of the respondents hold the investments, 28% of the respondents use decline as an opportunity to invest and 24% of the respondents diversify across markets in case of any fluctuations in the stock market.

**Figure No: 5**



(Source: Table 5)

**Interpretation:** From the above graph it can be interpreted that majority of the respondents (i.e. 34%) hold the investments in case of any fluctuations so that the fluctuations will get reduced and price of securities will increase or decreases.

## Chi Square Test

### 1) Awareness about various factors

$H_0$ : The awareness level regarding the mutual funds not affects the choice of investment.

$H_1$ : The awareness level regarding the mutual funds affects the choice of investment.

**Table No. 6 Classification of respondents based on awareness level**

Sl.no	O	E	$(O-E)^2$	$(O-E)^2 / E$
1	87	72	225	3.13
2	74	72	4	0.05
3	55	72	289	4.01
4	13	28	225	8.04
5	26	28	4	0.14
6	45	28	289	10.32
<b>Total</b>				<b>25.69</b>

(Source: Primary Source)

### Interpretation

From the above it is observed that the calculated chi square value is higher than table value is 11.07 at 5% significance level. When the calculated chi-square value is far higher than the table value and therefore the hypothesis is rejected and alternative hypothesis is accepted there is a relationship between the awareness level and investment decision.

### 2) Factors influencing the investment decision

$H_0$ : The factors of investment do not influence the choice of investment in mutual funds.

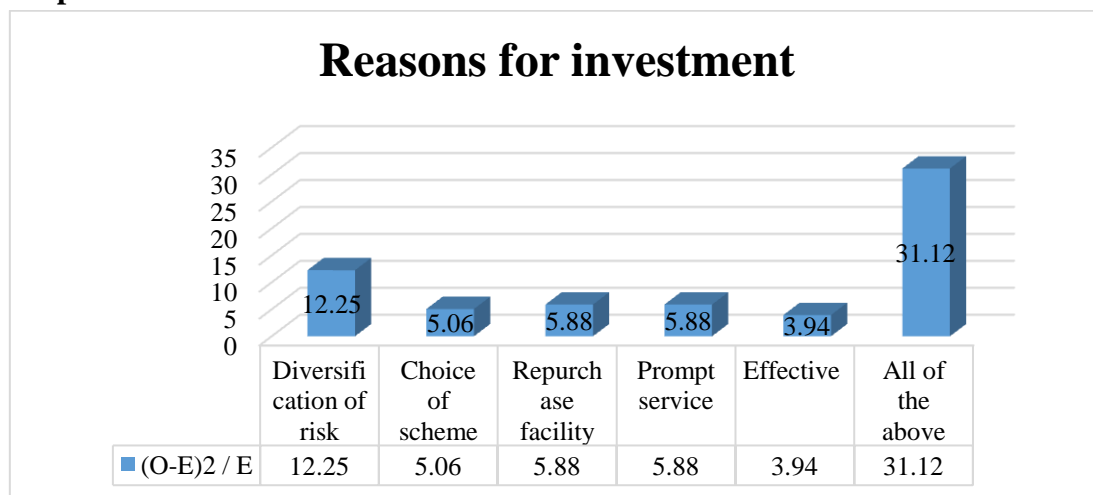
$H_1$ : The factors of investment influence the choice of investment in mutual funds.

**Table No: 7 Classification of respondents based on reasons for investment**

Sl.no	Reasons for investment	O	E	$(O-E)^2$	$(O-E)^2 / E$
1	Diversification of risk	30	16	196	12.25
2	Choice of scheme	7	16	81	5.06
3	Repurchase facility	7	17	100	5.88
4	Prompt service	7	17	100	5.88
5	Effective	9	17	64	3.94
6	All of the above	40	17	529	31.12
	<b>Total</b>				<b>64.13</b>

(Source: Primary Source)

**Graph No: 7**



(Source: Table No: 7)

### Interpretation

From the above it is observed that the calculated chi square value is higher than table value is 11.07 at 5% significance level. When the calculated chi-square value is far higher than the table value and therefore the hypothesis is rejected and alternative hypothesis is accepted there is a relationship between the reasons for investment and investment decision.



### 3) Purpose behind investment

$H_0$ : The purposes of investment do not influence the choice of investment in mutual funds.

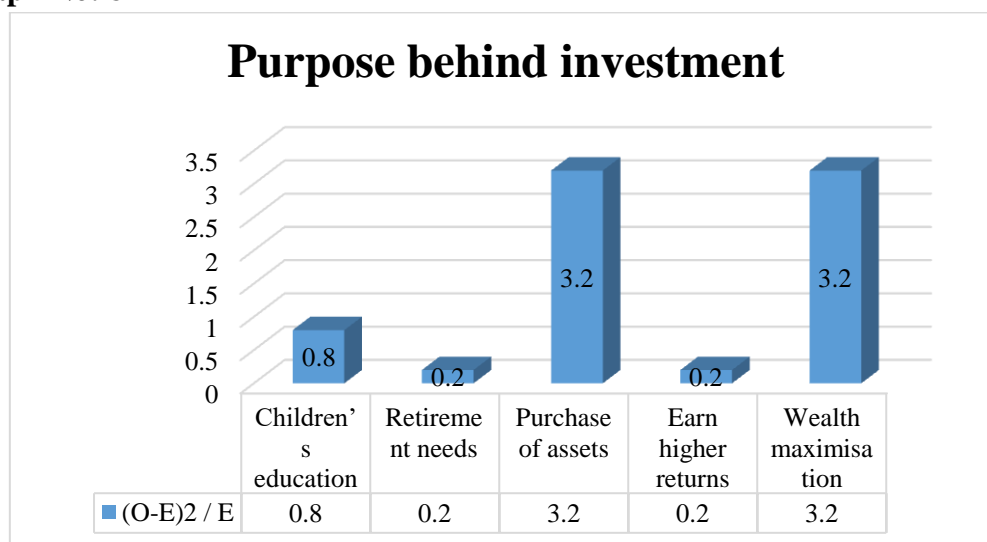
$H_1$ : The purposes of investment influence the choice of investment in mutual funds.

**Table No: 8 Classification of respondents based on purpose of investment**

Sl.no	Purpose behind investment	O	E	$(O-E)^2$	$(O-E)^2 / E$
1	Children's education	16	20	16	0.8
2	Retirement needs	22	20	4	0.2
3	Purchase of assets	12	20	64	3.2
4	Earn higher returns	22	20	4	0.2
5	Wealth maximisation	28	20	64	3.2
	<b>Total</b>				<b>7.6</b>

(Source: Primary Source)

**Graph No: 8**



(Source: Table No: 8)

#### Interpretation

From the above it is observed that the calculated chi square value is lower than table value is 9.49 at 5% significance level. When the calculated chi-square value is less than the table value and therefore the hypothesis is accepted and alternative hypothesis is rejected there is no relationship between the purpose behind investment and investment decision.

### 4) Factors to make investment in the company

$H_0$ : There is no relationship between nature of the company and investment decision

$H_1$ : There is a relationship between nature of the company and investment decision

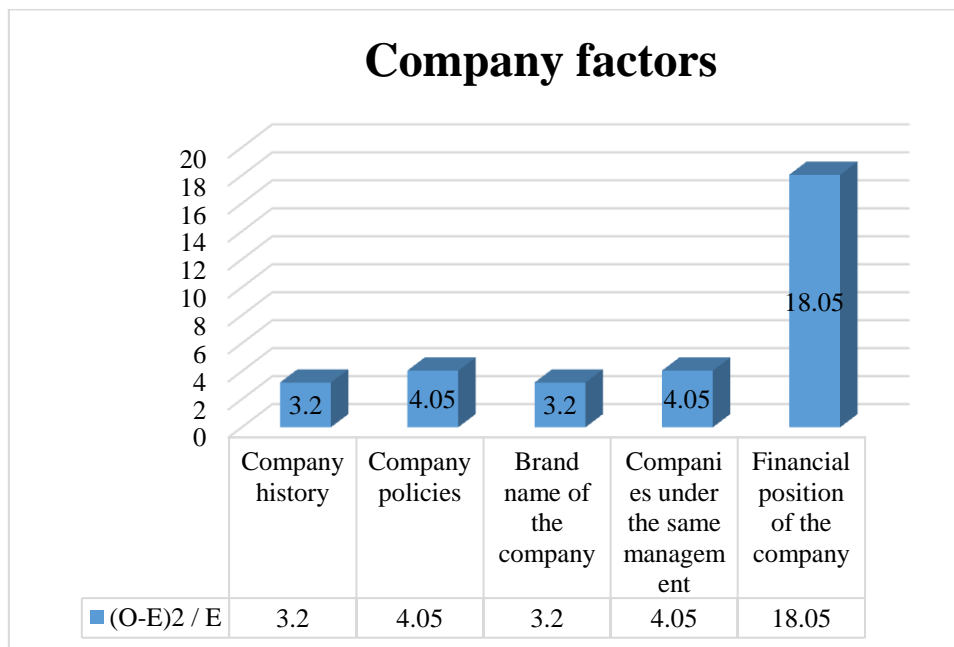
**Table No: 9 Classification of respondents based on company factors**

Sl.no	Factors	O	E	$(O-E)^2$	$(O-E)^2 / E$
1	Company history	28	20	64	3.2
2	Company policies	11	20	81	4.05
3	Brand name of the company	12	20	64	3.2

4	Companies under the same management	11	20	81	4.05
5	Financial position of the company	38	20	361	18.05
	<b>Total</b>				<b>32.55</b>

(Source: Primary Source)

**Graph No: 9**



(Source: Table No: 9)

### Interpretation

From the above it is observed that the calculated chi square value is higher than table value is 9.49 at 5% significance level. When the calculated chi-square value is far higher than the table value and therefore the hypothesis is rejected and alternative hypothesis is accepted there is a relationship between the company factors and investment decision.

### 5) Willing to accept the risk with respect to investment goals

H<sub>0</sub>: The risk tolerance level never acts as a determinant of investment in mutual funds.

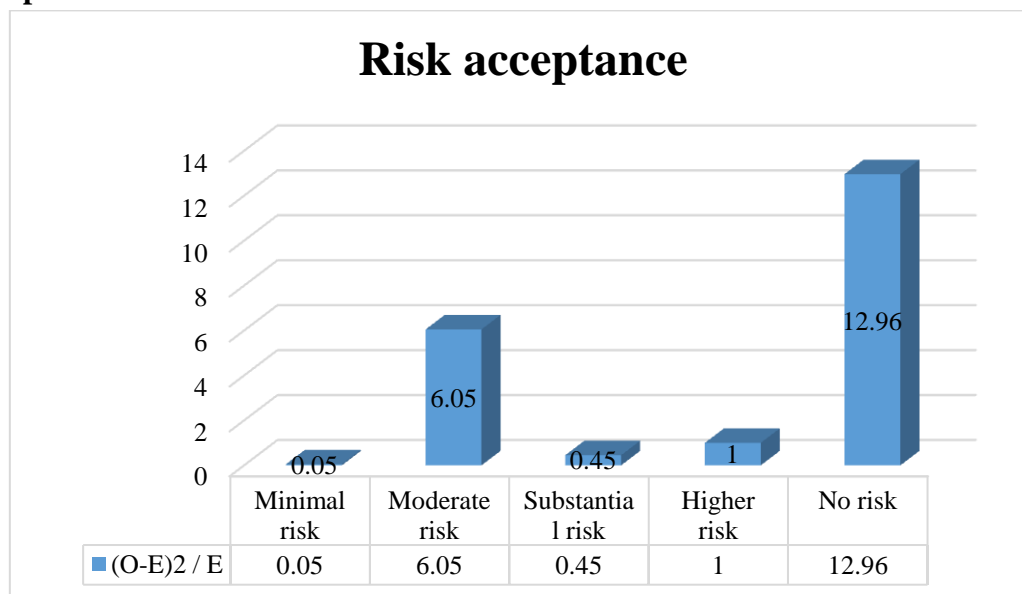
H<sub>1</sub>: The risk tolerance level acts as a determinant of investment in mutual funds.

**Table No: 10 Classification of respondents based on acceptance of risk**

Sl.no	Risk acceptance	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> / E
1	Minimal risk	19	20	1	0.05
2	Moderate risk	31	20	121	6.05
3	Substantial risk	23	20	9	0.45
4	Higher risk	25	20	25	1
5	No risk	2	20	324	12.96
	<b>Total</b>				<b>20.51</b>

(Source: Primary Source)

**Graph No: 10**



(Source: Table No: 10)

### Interpretation

From the above it is observed that the calculated chi square value is higher than table value is 9.49 at 5% significance level. When the calculated chi-square value is far higher than the table value and therefore the hypothesis is rejected and alternative hypothesis is accepted there is a relationship between the risk acceptance and investment decision.

### Findings

- In this survey majority of the respondents having awareness about various factors like Sensex and Nifty, actual working and regulatory framework in the stock market.
- It is clearly understood that majority of the respondents more user friendly factors to make investment is a Good Advisor in the stock market.
- It is clearly understood that majority of the investor's prime concern for the investment is to get increase in capital or capital appreciation.
- In this survey majority of the respondents considered all the criteria like company reputation, financial performance, dividend policy and share price to make investment in the company.
- It is clearly understood that majority of the respondents hold the investments in case of any fluctuations in the stock market.

### Suggestions

- The investors have to get more awareness about various factors in the stock market.
- The investors and the respondents have to get more knowledge about risks with investment because more the risk taken more will be the return.
- The investors have to know a thorough knowledge about diversification of risks in their investments.
- The investor's wants to invest in the company have to get good reputation, a dividend policy and Earning per share have to be increased

- The factors of the company like company history, company policies and brand name which have to make the investors have to invest more the stock market.
- The investors have to get more education and knowledge regarding fluctuations in the stock market investments.

### **Conclusion**

The study was conducted to understand the investor's investment decisions and perceptions are influenced by certain factors. The most important factors are investor's age, occupation, monthly income, marital status, operating market, mode of trading, knowledge regarding stock market investment, better advice of information, financial instruments regarding safety, awareness about stock market, more user friendly factors, acceptance of risk, prime concern, company factors and the expected return on investments which influences the investors to make investment in the stock market.

The stock market have to introduce new schemes to attract young investor's so that their habit of savings also increases and to educate the investors to trade in online mode so the additional charges are reduced and provide more knowledge about investment portfolio and risk in stock market, the brokers and the existing investors have to provide better advice of information to the new investors so that they can trade easily, the respondents are highly favourable shares, gold and mutual funds regarding safety, the most considered factor is return on investment and major purpose is wealth maximisation and capital appreciation, the most important factor while investing in company is reputation and the financial position.

### **References**

- M.Malathy, Saranya.J. (2017). A study on factors influencing investor's perception towards stock market decision. . 7 (1), 16-18.
- GowthamRamkumar. (2017). Influences of stock market factors on investment decisions- a study in relation to investors perception 5 (1), 38-41.
- Sathiyavani S. (2017). A study on investor perception towards investment in capital market with special reference to Coimbatore city. . 3 (3), 150-154.
- Sangeeta Jauhari, Deepti Maheshwari, H.S. Yadav and Kavita Indapurkar. (2015). Perception of investors in stock market: A case study of Bhopal. . 5 (13), 103-125.
- Jeet Singh and Preeti Yadav. (2016). A study on the factors influencing investors decision in investing in Equity shares in Jaipur and Moradabad with special reference to Gender. . 1 (1), 117-130.
- C.Kavitha. (2015). Investors' attitudes towards stock market investment.3 (7), 3356-3362.
- Jannatunnesa. (2017).An evaluation of the factors influencing investors' perception in Bangladesh stock market. . 12 (5), 89-103.
- www.rathi.com