To Study The Awareness And Preference Of Retail Investor With Regard To Instrument And Industries/Sectors In Indian Stock Market.

Mr. Kafeel Ahmed
Assistant Professor
School of Management Studies
BGSB University
kafeel123786@rediffmail.com

Introduction,

The selection of different type of investment among the various avenues depends upon the financial goals of the investors. After the introduction of reforms in Indian market after 1991 interest rate on risk free asset has declined significantly and hence risk free investment is just to maintain the nominal value of investment not real investment. This has promoted the investor to think different or choose other form of investment like trading in stock exchange. However, since investment in stock market is associated with uncertainty therefore optimum allocation of available funds is most important thing while selecting risky asset as a source of investment. The best allocation of asset will be when no other asset or portfolio of asset is giving that amount of returns at that level of risk or in other word; an asset/security is efficient if it has either higher rate of return or less risk. The investment in stock market demand a very complicated process that require skills and knowledge to time the market .but if the goal of investor is to earn higher return investor has to invest in risky asset or security .to earn more return every investor has to take more risk there is no way out. Higher the risk higher the reward. To minimize the risk and to achieve the goal so that it reflect investor preference there are series of step that investor has to take.

1. Identifying and specifying investor objectives and constraints.
2. Creating IPS
3. Capital market expectation both in short run and long run
4. Investment strategy
5. Optimum asset allocations
6. Performance review

For scientific investment, it is necessary that investment process of investor follow series of steps for successful investment. First investor has to specify his objectives and constraints. Investment objectives are desired outcome that a investor want to satisfy while making investment.

Investment objective can be capital appreciation or capital preservation .in capital appreciation investor want to increase the value of an asset over a period of time .There are two ways through which capital appreciation will take place one through cash inflows and secondly increase in real value of an asset over a period. Whereas if the goal of investor or money manager is capital preservation, his aim is just to maintain the nominal value of investment that accounts for inflation etc .mostly investor looking for capital appreciation have to take more risk or have to invest in risky asset as compared to that of those who want to maintain the nominal value of investment. Constraints are the limitation that prevents investor form taking benefit from the particular security, asset or a market trends. Constrain can be investor related or internal, it can be external. Some of them are

Liquidity. Sometime it can as constraint as most of the investor want to keep some amount in cash form so that they cannot face any inconvience like to sell a profitable investment at inappropriate time.

Tax concern .some of the stock are undervalued and if acquired can give superior returns   but due to tax concern investor ask for tax shelter securities.

Unique circumstances. Preference of investor not to acquire those securities of companies those are indulge in manufacturing of toxic material, entertainment etc

Time horizon .Stock market is long-term investment but some of the participant cannot wait for a long period, as they require cash at regular interval to meet their day-to-day expenses.

Age. Mostly investor in middle age group save more .but those in old age group inspite of favorable opportunity cannot, as their age does not permit to take risk.

After identifying their objective and constraints the next step will be to note down all those in written form or black and white.IPS is the written document that contain detail about investor like age,qualification,income,no.of

dependend,.IPS is a governing document and act as repot card both for investor and money manager. It is blueprint in which investors specify the type of risk they are willing to take to get desire returns, and similarly what type of need he want to fulfill from returns generated.IPS act as governing document for all parties .

The next step will be to study capital market in short run and long run. The capital market in short run demand something different as in long run .than

International Journal of Research

Available at https://edupediapublications.org/journals

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 07
June 2017

capital market expectation can be studied in align with investor related factors. Based on capital market expectation regarding risk and return between various class of assets investment strategy will be selected. Investment strategy can be active as well as passive. Active strategy is mostly followed by investor who wants to derive above average superior return .they believe that there are no. of asset which are undervalued and if investor does a good job of identifying those undervalued securities he can generate returns more than market returns. in case of active strategy cost of trading should be taken into consideration as it involve transaction cost. Active mean to react or in other words it is called as pick and choose strategy. Here only those securities from index are selected that are considered as undervalued .active trader investment wealth is exposed to more risk and hence expected to generate returns more than market or index. An active strategy is suitable, pursued for those investors who risk tolerance is higher, or have more wealth. Passive strategy mean not reacting or strategy where purpose is to track or replicate the index like Sensex or nifty. Here the objective is not to generate returns more than index or market but to move along the market. The securities are purchased from the index in the same

proportion based on market capitalization or day weight .Passive strategy is suitable for those investors who have moderate risk tolerance score and want to maintain the nominal value of the investment. Some of the methods of passive investing are indexing, sampling, quadratic optimization and completeness fund.

Review of literature.

Shinde, et. al.(2014) A research conducted on the decision making process and find out that emotions/ sentiments, contrary thinking, illusions, confidence, uncertainty and risk premium, dividend payout pattern of companies, expected future earnings, etc. have a impact on the decision making process of investors.

Rekiki, et.al. (2013) Observe that investors' behavior is subject to behavioral biases representativeness, herding attitude, fear of loss, and mental accounting. Apart from these biases, when attempting to categorize investors based on demographic variables, we have also found that gender, age and experience interact with behavioral factors in determining investment decisions.

Obamuyi et.al. (2013) Found that in Nigeria, five significant factors of investor's investment decision are historical success and failure of company stock,

expected stock split/capital increases/bonus, dividend-paying pattern, expected corporate returns and potential to superior returns. On the other hand, the least influencing factors include religion, rumors about gain and loss, customer liking towards the product of company, opinions of family member and expected negative loss in other investments.

Yih-WennLaih et.al.(2013) Argued that in Taiwan and China herding behaviour plays a important role irrespective of market conditions. In the market of South Korea and Japan, herding behavior is present when markets are rising or having bullish trend.

Bialkowski et. al. (2012) Observed that Islamic states are less volatile than other countries and therefore present common notion held by investor.

Islam, (2012) Observes that investor decision making is heavily influenced by Psychological factors and other factors like economic factor and social factors have bearing on selecting various investment securities.

Objective of the study.

1. To study the awareness of investor towards various investment avenues.

2. To study the degree/level of awareness of investor.

3. To study the awareness of investor towards various sectors.

4.to know the degree of awareness and preference towards various sectors.

Research Methodology

Methodology has been followed based on the objectives and the concerned hypotheses..

Study area

The study shall be carried out in Jammu region of Jammu and Kashmir State. The information shall be collected from individual investors who have invested in share/Stock market through brokerage houses/companies /counters located in the study area.

Sample unit.

There are many brokerage houses operating in the study area. Out of the total top five namely India Bulls Securities, Share Khan Ltd, Angel Broking Ltd, Kotak Securities, and HDFC Securities, shall be selected for the present study.

Data Collection

The study based on both the primary and secondary data. Primary data collected through detailed questionnaire, which will be presented to investors who have made investment in shares/stocks. Secondary collected from different sources like

websites, newspapers, magazines, research journals, reports, monograms, proceedings of seminars, conferences and published and unpublished works of Government and Non- Governmental Organizations. All the information /data collected through different sources shall be analyzed by using appropriate statistical tools and techniques to achieve the desired output.

Data analysis and interpretation

Are you aware about equity share		
	Frequency	Percent
	376	98.9
	4	1.1
	380	100.0

Primary Data.

From the above figure it is seen that almost every investor is aware about equity share(98%).that shows that most of people investing or having surplus saving are considering equity share as most vital avenues for making money out of it.

Are you aware about debenture		
	Frequency	Percent
	364	95.8
	16	4.2
	380	100.0

Primary Data.

From the above figure it is seen that almost (95%) investor are aware about debenture also that shows that most of people investing or having surplus saving are considering debenture as vital avenues for making money out of it.

are you aware about mutual fund		
	Frequency	Percent
	375	98.7
	5	1.3
	380	100.0

Primary Data.

From the above figure it is seen that almost (98%) investor are aware about **mutual fund** also that shows that most of people investing or having surplus saving are considering **mutual fund** as vital avenues for making money out of it.

Are you aware about commodities		
	Frequency	Percent
	361	95.0
	19	5.0
	380	100.0

Primary Data.

From the above figure it is seen that almost (95%) investor are aware about **commodities** also that shows that most of people investing or having surplus saving are considering **commodities d** as vital

avenues for making money out of it. Therefore it concluded that almost all investor are aware about different avenues available for investor making investment.

If yes how much about equity share		
	Frequency	Percent
know very well	312	82.1
know somewhat	64	16.8
do not know	4	1.1
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (82%) investor are very much aware about equity share whereas16% are aware but not fully,similarily very few percentage of people are also there who are not aware about equity share.

If yes how much about debenture		
	Frequency	Percent
know very well	211	55.5
know somewhat	151	39.7
do not know	18	4.7
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (56%) investor are very much aware about **debenture** whereas38% are aware but not fully.similarily, very few percentage of people are also there who are not aware about **debenture**

If yes how much about mutual funds		
	Frequency	Percent
know very well	242	63.7
know somewhat	129	33.9
do not know	9	2.4
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (64%) investor are very much aware about **mutual funds** whereas33% are aware but not fully.similarily, very few percentage of people are also there who are not aware about **mutual funds**

If yes how much about commodities		
	Frequency	Percent
know very well	210	55.3
know somewhat	148	38.9
do not know	22	5.8
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (55%) investor are very much aware about **commodities** whereas38% are aware but not fully.similarily, very few percentage of people are also there who are not aware about **commodities**

are you aware about banking sector		
	Frequency	Percent
	376	98.9
	4	1.1
	380	100.0

Primary Data.

From the above figure, it is seen that almost every investor is aware about **banking sector** (99%).that shows that most of people investing or having surplus saving are considering **banking sector** as most vital sector for making money out of it.

Are you aware about auto sector		
	Frequency	Percent
	360	94.7
	20	5.3
	380	100.0

Primary Data.

From the above figure, it is seem that almost every investor is aware about **auto sector** (96%).that shows that most of people investing or having surplus saving are considering **auto sector** as most vital sector for making money out of it.

Are you aware about pharma		
	Frequency	Percent
	332	87.4
	48	12.6
	380	100.0

Primary Data.

From the above figure, it is seem that almost every investor is aware about **pharma** (87%).that shows that most of people investing or having surplus saving are considering. **pharma** as most vital sector for making money out of it.

Are you aware about telecom sector		
	Frequency	Percent
	348	91.6
	32	8.4
	380	100.0

Primary Data.

From the above figure, it is seem that almost every investor is aware about **telecom sector** (92%).that shows that most of people investing or having surplus saving are considering. **telecom sector** as most vital sector for making money out of it.

Are you aware about oil and gas sector		
	Frequency	Percent
	324	85.3
	56	14.7
	380	100.0

Primary Data.

From the above figure, it is seen that almost every investor is aware about **oil and gas sector** (85%).that shows that most of people investing or having surplus saving are considering. **oil and gas sector** and 15% are not aware about this sector.

Are you aware about real estate sector		
	Frequency	Percent
	352	92.6
	28	7.4
	380	100.0

Primary Data.

From the above figure, it is seem that almost every investor is aware about **real estate sector** (92%).that shows that most of people investing or having surplus saving are considering. **real estate sector** and 8% are not aware about this sector.

If yes how much banking		
	Frequency	Percent
know very well	294	77.4
know somewhat	82	21.6
do not know	4	1.1
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (77%) investor are very much aware about **banking** sector whereas21% are aware but not fully,similarily very few percentage of people are also there who are not aware about **banking**.

If yes how much auto		
	Frequency	Percent
know very well	190	50.0
know somewhat	169	44.5
do not know	21	5.5
Total	380	100.0

Primary Data.

From the above figure it is seen that almost (50%) investor are very much aware about **auto** sector whereas44% are aware but not fully,similarily very few percentage of people are also there who are not aware about **auto**.

International Journal of Research

Available at https://edupediapublications.org/journals

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 07
June 2017

If yes how much pharma

	Frequency	Percent
know very well	148	38.9
know somewhat	179	47.1
do not know	53	13.9
Total	380	100.0

Primary Data.

From the above figure it is seen that only(39%) investor are very much aware about **pharma** sector whereas47% are aware but not fully,similarily very 13% percentage of people are also there who are not aware about **pharma**.

If yes how much telecom

	Frequency	Percent
know very well	204	53.7
know somewhat	144	37.9
do not know	32	8.4
Total	380	100.0

Primary Data.

From the above figure it is seen that (53%) investor are very much aware about **telecom** sector whereas37% are aware but not fully,similarily very few 8% of people are also there who are not aware about **telecom**

| If yes how much oil and gas		
	Frequency	Percent
know very well	169	44.5
know somewhat	182	47.9
do not know	29	7.6
Total	380	100.0

Primary Data.

From the above figure it is seen that (45%) investor are very much aware about **oil and gas** sector whereas48% are aware but not fully,similarily very 8% of people are also there who are not aware about **toil and gas**

If yes how much real estate		
	Frequency	Percent
know very well	151	39.7
know somewhat	168	44.2
do not know	61	16.1
Total	380	100.0

Primary Data.

From the above figure it is seen that (39%) investor are very much aware about **real estate** sector whereas44% are aware but not fully,similarily very 16% of people are also there who are not aware about **real estate**

International Journal of Research

Available at https://edupediapublications.org/journals

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 07
June 2017

in how many companies do you invest

	Frequency	Percent
	128	33.7
	179	47.1
	55	14.5
	18	4.7
	380	100.0

in how many companies do you invest
- 1-5
- 5-10
- 10-15
- 15-20

4.74%
14.47%
33.68%
47.11%
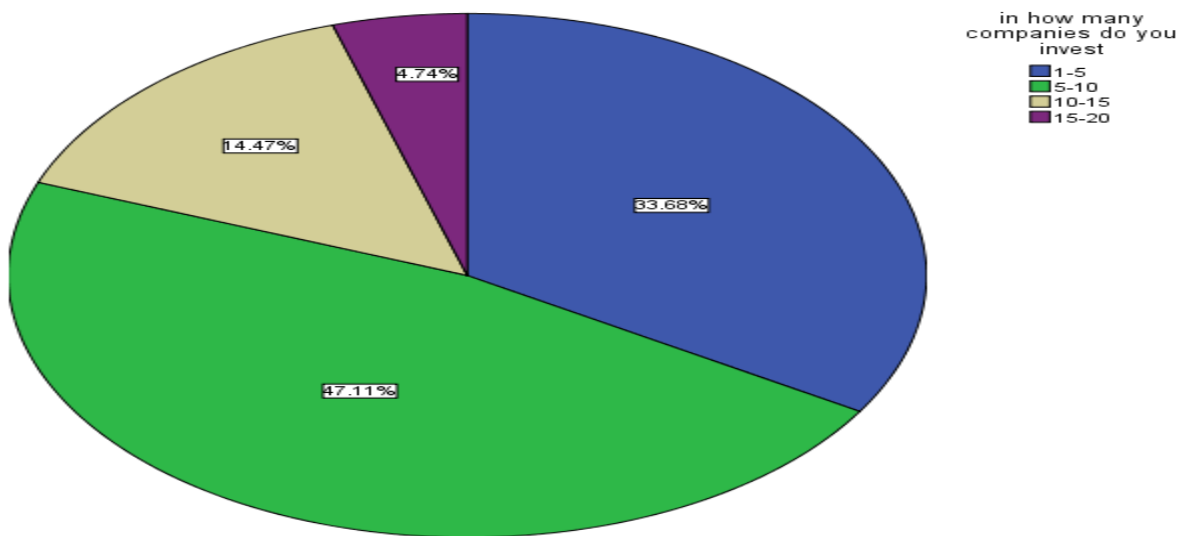
From the graph, it is clear that most of the investor prefer 3-10 companies in their portfolio while investing in stock market.

REFERENCES

- Białkowskia. j. (2012) Fast profits: Investor sentiment and stock returns during Ramadan, *Journal of Banking & Finance*, 36 (3): 835- 845.

- Islam, S (2012) Behaviour finance of an inefficient market, Global, *journal of management and Business Research,* 12(14).

- Obamuyi, T.M. (2013) Factors influencing investment decisions in capital market: a study of individual investors in Nigeria. 4 1 (7).

- Rekiki,Y.M. B. (2013) Determinants of Individual Investors' Behaviors: Evidence from Tunisian Stock Market , *IOSR Journal of Business and Management* , 8, (2): 109- 119.

- Shafi M. (2014) Determinants influencing individual investor behavior in stock market: a cross-country research survey , *Arabian Journal of Business and Management Review* 2(1) : 60-70.

- Yih-WennLaih & Yung-Shi Liau (2013)