INDIVIDUAL INVESTORS BEHAVIOUR IN CAPITAL MARKET - A STUDY WITH DEMOGRAPHIC ASPECTS INFLUENCING TO INVESTORS OF HK-REGION

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ABSTRACT

Individual investors have huge scope for present earnings and capital appreciation in developing market in India. In recent years corporate securities emerged as a more attractive and Buzzword Avenue for the investors who were looking and think for higher returns and were ready to bear the risk. Which is balanced due to rapid industrialization in the nation since, independence Indian stock market got vitality. The Indian stock market is one of the traditional and largest in the world. A stock market is a place in which long term net worth is raised by industry and commerce, the government and local authorities and it is regarded as long term capital market. The essence of present research paper is to analyses the demographic factors influencing to investors of Hyderabad-Karnataka region, Investment are place of residence, age, gender, marital status, educational level, occupation, family size, no of earning members in the family, monthly family income, Kinds of investor, category of investor, type of market operated and market experience.

INTRODUCTION

In recent years corporate securities emerged as a more attractive and Buzzword Avenue for the investors who were looking and think for higher returns and were ready to bear the risk. Which is balanced due to rapid industrialization in the nation since, independence Indian stock market got vitality. The Indian stock market is one of the traditional and largest in the world. A stock market is a place in which long term net worth is raised by industry and commerce, the government and local authorities and it is regarded as long term capital market. The money derives from private individual investors. Stock exchanges are also part of the capital market with which provides a market for the shares and loan that represent the capital. Indian stock market is the oldest stock market incorporated since from 1875. The first share trading association in India was Native Share and Stock Broker Association which known as Bombay Stock Exchange (BSE). The National Stock Exchange of India (NSE) is also one of the largest and most advanced stock exchanges in the world. NSE is the largest exchange in Stock futures and the seventh largest futures exchange in the world. Its trading facility can be accessed across the country, through over 50,000 trading terminals. The central order book with a tight bid-ask spread provides a highly liquid market for the investors.

The BSE India SENSEX is India's first stock market index and is tracked worldwide. It is having an index of 30 stocks representing 12 major sectors. Bombay stock exchange is a stock exchange in Asia with a rich heritage, new spanning three centuries in its 133 years of life. BSE is the first stock exchange in the country which obtained permanent recognition (in1956) from the Govt. of India under the Securities Contracts (Regulation) Act 1956. BSE prominent role in the development of the Indian Capital Market is being widely recognized. It changed from the open protest system to an outline screen based order driven trading system in 1995. BSE is now a corporatized under the provisions of the Companies Act 1995. Securities trading support the corporate to raise additional funds for expansion by creating demand for the securities. The liquidity that an exchange provides gives the investors the ability to quick and easy selling of securities. This is an attractive feature of stock market investment and Stock trading is done only though brokers. The essence of present research paper is to analyses the demographic factors influencing to investors of Hyderabad-Karnataka region, Investment are place of residence, age, gender, marital status, educational level,

occupation, family size, no of earning members in the family, monthly family income, Kinds of investor, category of investor, type of market operated and market experience.

REVIEW OF LITERATURE:

Several number of research articles in journals and magazines were found while carrying out present research work on *"Individual investors behavior in capital market – A study with demographic aspects influencing to investors of HK-Region".* Review of related literature enables the researcher to get acquainted with the knowledge in the field of study. This literature review formed a base for completion of this study.

Anasari (1994), made a difference between the Badla system and the future and option system, the factors which led to replacement of Badla system and the problems and reform measures that are required to be taken in the stock market for the production of future and options.

Sivakumar .K (1994) disclosed new parameters that will help investors identity the best company to invest in. It indicates the super profit per share that is available to the investor. The higher the EVAPS, the higher is the likely appreciation in the value in future. He also revealed a startling result of EVA calculation of companies in which 200 companies show a negative value addition that includes some blue chip companies in the Indian Stock Market.

Yarram Subha Reddy (1998), studies the efficiency of a stock market. The operational, allocation and informational efficiency of the market are examined and the weak form information efficiency of Bombay Stock Exchange is analysed. It is concluded that Indian market is not efficient in weak form which implies that profitable opportunities exist for investors to form trading decisions based on past prices and to earn more than what is earned under a policy of buy and hold. It implies that investors with more ready access to information on trading prices and quantity have better opportunities for trade than other investors who do not ready access to such information.

Renu Gupta (2002), studies performance of National Stock Exchange with a view to evaluate the role of NSE in the development of capital market. This research work also covers role of NSE to protect investors, volatility and liquidity of NSE. It concluded that the market surveillance is necessary for ensuring the market integrity.

Krishnan and Booker (2002) analyzed the factors influencing the decisions of investors who use analysts' recommendations to arrive at a short-term decision to hold or sell a stock. The results indicate that a strong form of the analyst summary recommendation report, i.e., one with additional information supporting the analysts' position further, reduces the disposition error for gains and also reduces the disposition error for losses.

Kiran D. and Rao U.S. (2004) identified investor group segments using the demographic and psychographic characteristics of investors using two statistical techniques, namely – Multinomial Logistic Regression and Factor Analysis.

T. Satanarayana Chary (2008), made a comparative study of Indian stock market with World Stock Markets. The study concluded that Indian stock markets are moving ahead and conveying to the world at large, that they are very strong. Foreign investors are very attractive for their investment as India becoming a developed nation, from various perspectives.

Szyska Adam (2008), analysed how investors' psychology changes the vision of financial markets and discussed the consequences of the new view of finance by capital market practitioners-investors, corporate policy makers and concluded with some thoughts on the future development of the capital market theory.

Shanmngasundaram V (2011), examined the impact of behavioural dimensions of investors in capital market and found that investor decisions are influenced by psychological factors as well as behavioural dimensions and this psychological effect is created by the fear of losing money, sudden decline in stock indices, greed and lack of confidence about their decision making capability.

Dr. D. P. Warne (2012), studied investment behavior of individual investors in the stock market to understand the attitude and perception of investors, concluded that market movements affect the investment pattern of investors in the stock market.

Ashis Garg and Kiran Jindal (2014), studied the Herding Behavior in the emerging stock market, attempt to attend the presence of herding behavior in the stock market concluded that there is an existence of herding behavior during the crises.

STATEMENT OF THE PROBLEM:

Indian capital market is dominated by Institutional Investors both domestic and foreign. The stock market witnesses volatility due to the entry and sudden exit of Institutional Investors. Unlike institutional investors, individual investors are influenced by the various demographic variables. The Hyderabad Karnataka Region is considered to be under developed region in Karnataka state with less potential for participation in the capital market. The study has to enhance the number of individual investors with that intention; the present study is entitled as ***"Individual investors' behavior in capital market – A study with demographic aspects influencing to investors of HK-Region".***

OBJECTIVES OF THE RESEARCH STUDY:

The main objectives of this study is to examine investors perception towards demographical aspects of stock market in study area., with a view to make the study more meaningful, certain specific aspect have also been studied and they are as under:

1. To know the conceptual framework of Individual investors behavior in capital market in Indian context.

2. To analyses the investors perception towards demographical aspects influencing in HK-region.

3. To offer some valuable findings based on the study area.

RESERCH METHODOLOGY:

I. *Sample Size:*

All the data and information for this study are gathered from primary sources through questionnaires. A sample of 250 respondents was selected for this study. A structured questionnaire was developed to record the response of the investors in the sample area. Investors to approach and get data by using personal sources to fill the questionnaires as a responsibility and send back to the researcher. Therefore; data was collected through personally contact approach from the investors randomly.

II. *Primary Data:*

The primary data will be collected through administering a well-designed and structured questionnaire to the investors in the sample area i.e. Hyderabad-Karnataka region

includes five districts Kalaburagi, Yadagiri, Bidar, Raichur and Bellary. Primary data will be collected mainly from the work places of different government offices (State, Central and Public sector), small and medium business establishment. Random sampling technique will be adopted to collect the data offering proper representation of the entire 5 districts selected for the study.

III. Secondary Data:

The secondary data will be collected through sources viz journals, research reports etc. The data pertaining to the savings and investments behavior in India are collected from the Annual Reports of SEBI, Indian Economic Survey released by the Ministry of Finance and the data released by the stock exchanges and also from the official websites of Association of Mutual Funds in India, Securities and Exchange Board of India, National Council for Applied Economic Research and Reserve Bank of India.

LIMITATIONS OF THE STUDY:

1. The study is mainly based on the primary data will be collect from the respondents in the Hyderabad Karnataka Region (Kalaburagi, Yadagiri, Bidar, Raichur and Bellary) HK Region includes 5 districts. The inherent drawbacks of the primary data are applicable to the study.

2. There are various investment avenues in the capital market but the study confines mainly to the investment in shares.

TOOLS AND TECHNIQUES OF THE STUDY:

In the present study, the researchers has applicable suitable statistical tool such as percentage for analysis of data and to draw meaningful conclusion therefrom. An analytical tables and charts have been constructed for the effective presentation of the results of analysis.

THE STUDY:

- *To know the conceptual framework of Individual investors behavior in capital market in Indian context.*

Effective functioning of the capital market is vital in an economy in order to achieve an efficient transfer of monetary resources from those who save money towards those who

need capital. The capital market can significantly influence the quality of investment decisions i.e., the gathering of temporary capitals that are available in the economy and the reallocation of those that are insufficiently or inefficiently used. Across the world there was a transformation in the financial intermediation from a credit based financial system to a capital market based system which was partly due to a shift in financial policies from financial repression (credit controls and other modes of primary sector promotion) to financial liberalization. This led to an increasing significance of capital markets in the allocation of financial resources.

Since 1980, the Indian capital market has been growing in leaps and bounds and has aroused the interests of the investors. The reason for such a development was an increasing uncertainty caused due to liberalization and globalization policies adopted by the nation. Investors in the capital market may be institutions or individuals in the capital market the role of individual investors can't be ignored since households, savings account for the lion's share of the gross savings in the country. Even though foreign financial institutions play a major role in the Indian capital market, the participation of individual investors will be a great boost for the development of the capital market and for reducing the volatility in the stock market. The market fluctuations arise mainly due to the sudden exit or entry of FIIs in the Indian capital market.

RESULTS AND DISCUSSION:

- *To analyses the investors perception towards demographical aspects influencing in HK-region.*

    The researchers is to analyses the demographic factors influencing to investors of Hyderabad-Karnataka region, Investment are place of residence, age, gender, marital status, educational level, occupation, family size, no of earning members in the family, monthly family income, Kinds of investor, category of investor, type of market operated and market experience. Hyderabad-Karnataka region includes five districts Kalaburagi, Yadagiri, Bidar, Raichur and Bellary. Primary data will be collected mainly from the work places of different government offices (State, Central and Public sector), small and medium business establishment.

Table No.1: Place of Residence

Attribute	Area of Study	Number of Investors
Place of Residence	Kalaburagi	90 (36%)
	Yadagiri	20 (8%)
	Bidar	40 (16%)
	Raichur	30 (12%)
	Bellary	70 (28%)
Total number of Respondents		250 (100%)

Source: Field survey.

Table no. 1 deals with place of residence of investors' respondents in study area, investors "place of residence has been broadly classified into five categories such as Kalaburagi, Yadagiri, Bidar, Raichur and Bellary. Out of 250 sample respondents of investors 36% (90) are from Kalaburagi, 8% (20) are from Yadagiri, 16%(40) are from Bidar, 12% (30) are from Raichur and finally, 28% (70) investors respondents are from Bellary.
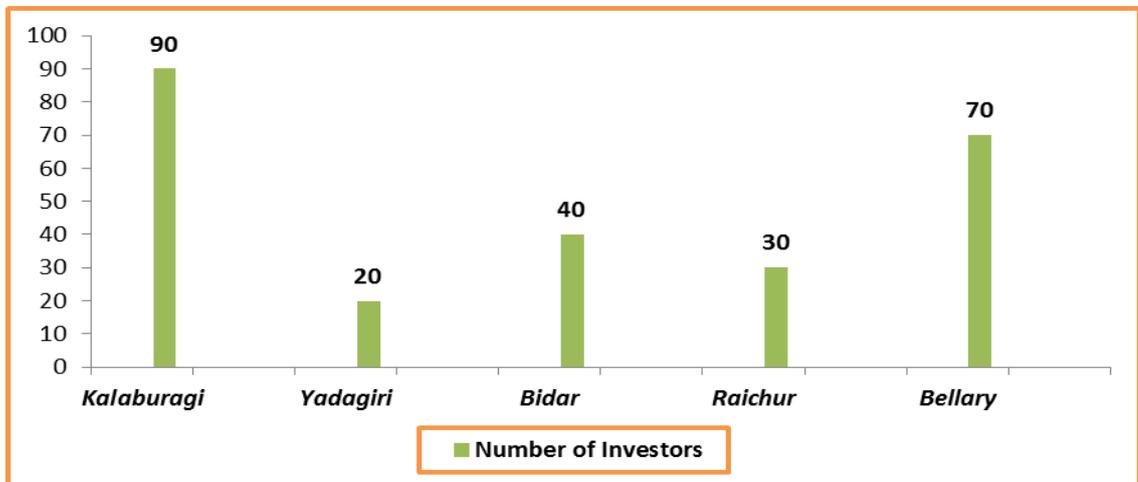
Chart No.1: Place of Residence

Table No.2: Age-wise classification of individual investors in study area

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Age-wise classification	Young aged	83	20	35	50	62	250(100)

		K	Y	B	R	B*	
Middle aged		73	34	32	47	64	250(100)
Old aged		71	31	46	53	49	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.2 highlights that the age-wise classification of individual investors in Hyderabad-Karnataka region. Investors have been classified into three categories based on their age as young (20-40 years), middle aged (40-60 years) and lastly it is old aged (above 60 years). Out of 250 sample investors in study area 83, 20, 35, 50 and 62 are young aged investors in HK-region, 73,34,32,47 and 64 are belongs to middle aged investors and finally, 71,31,46,53 and 49 are old aged investors of the study area.

Table No.3: Gender-wise classification of individual investors in study area

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Gender-wise classification	Male	71	40	29	53	57	250(100)
	Female	70	39	33	52	56	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.3 depicted on gender-wise classification of individual investors in study area. The researchers received responses from investors based on gender-wise are have been divided into two groups based on their gender as male and female. The total of 250 sample investors, 71,40,29,53 and 57 are male investors in Hyderabad-Karnataka region. It is evident that more number of investors is male and 70,39,33,52 and 56 are female investors. Female investors are taken a part in investment.

Table No.4: Marital status-wise classification of individual investors in study area

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Marital status-wise classification	Married	89	44	31	35	51	250(100)
	Unmarried	91	31	34	42	52	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.4 deals with marital status classification of individual investors in HK-region. The table highlights about investors have been placed into two groups which are mainly based on their marital status as married and unmarried investors in study area. The total respondents of 250 sample investors it is 89, 44, 31, 35 and 51 are married investors collected during survey and 91,31, 34, 42 and 52 are unmarried investors respondents from the survey. The outcome of this table shows that more number of investors are belongs to married investors.

Table No.5: Education level of respondent investors in study area.

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Education Level	School Edu.	79	41	39	37	54	250(100)
	College Edu.	81	37	41	40	51	250(100)
	Professional	77	39	38	39	57	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.5 shows that the education level of respondent investors in Hyderabad-Karnataka region. The above table provides information about investors have been classified into mainly four categories which are mainly based on their educational level as school education, college education and professional. Out of 250 sample respondent of investors, 79, 41, 39, 37 and 54 are investors with school education, 81,37,41,40 and 51 are investors with college education and finally, 77,39,38,39 and 57 investors belong to the professional category.

Table No.6:Occupation-wise classification of individual investors in study area

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Occupation	Salaried	80	41	32	46	51	250(100)
	Professional	78	38	31	45	58	250(100)
	Business	79	37	37	41	56	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.6 highlights on occupation-wise classification of individual investors in study area. Investors have been divided into four groups which are mainly based on their occupation as salaried, professional and business. The total sample of 250 respondents of investors 80, 41, 32,46 and 51 belong to the salaried and 78,38,31,45 and 58 belong to the professional category in Hyderabad-Karnataka region and the investors are businessmen it is 79,37,37,41 and 56 in study area respectively.

Table No.7: Family-size-wise classification of individual investors in study area

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Family-size-wise classification	*Small*	83	20	35	50	62	250(100)
	Medium	78	28	34	49	61	250(100)
	Huge	89	27	37	46	51	250(100)

Source: *Field survey.* **Note:** *K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.7 deals with family size classification of individual investors in study area. Investors have been classified into three main categories based on their family size as small (less than 4 members), medium (it is 4-6 members) and huge (it is 6 and above members). Out of 250 sample investors, it is 83,20,35,50 and 62 belong to small family members and 78, 28, 34, 49 and 61 which are belong to medium family size and lastly, it is 89, 27, 37, 46 and 51 belong to huge family size of respondent of investors in study area.

Table No.8: Monthly Family income

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Monthly family income	*Low (Below 20,000)*	81	22	34	51	62	250(100)
	Medium (20,000 to 40,000)	73	40	45	43	49	250(100)
	High (40,000 & Above)	69	28	39	56	58	250(100)

Source: *Field survey.* **Note:** *K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No. 8 depicted on monthly family income of investors' respondent in study area. The outcome of above table is show that investors have been classified into three categories based on their monthly earning family income as low (below – 20,000) and medium (it is 20,000 – 40,000) and high (it is 40,000 and above). The overall 250 sample investors, it 81,22,34,51 and 62 have low monthly family income, 69, 28,39, 56 and 58 high family income and 73, 40, 45, 43 and 49 have medium family income.

Table No.9: Category of investors

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Category of investors	Long-Term	81	25	36	47	61	250(100)
	Day-Trader	77	27	39	49	58	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.9 deals with the category of investors (long-term and day-trader) of study area. Outcome of above table shows that the investors have been classified into three main categories based on their period of holding securities as long-term investors and day traders in securities. Out of total sample that is 250 investors it is 81, 25, 36, 47 and 61 are long-term investors in study area and 77, 27, 39, 49 and 58 are day traders of investors in Hyderabad Karnataka region.

Table No.10: Type of market operated

Factors	Opinion	Area of Study					Number of Investors
		K	Y	B	R	B*	
Type of market operated	Primary Market	83	20	34	46	67	250(100)
	Secondary Market	69	37	39	47	58	250(100)

*Source: Field survey. **Note: K-Kalaburagi, Y-Yadagiri, B-Bidar, R-Raichur and B*-Bellary.*

Table No.10 deals with the type of market operated in study area. The researchers collected information related to market which are operated in HK-region. The investor respondents have been classified into three groups based on the type of market operated by them as operators in primary market and secondary market. The total of 250 sample

respondent investors, it is 83, 20, 34, 46 and 67 deal in primary market alone and it is 69, 37, 39, 47 and 58 traded in secondary market independently.

FINDINGS:

The major findings of the present research study are as under –

- The study highlights about 250 sample respondents of investors 36% (90) are from Kalaburagi, 8% (20) are from Yadagiri, 16%(40) are from Bidar, 12% (30) are from Raichur and finally, 28% (70) investors respondents are from Bellary.

- The study found that the investors have been classified into three categories based on their age as young (20-40 years), middle aged (40-60 years) and lastly it is old aged (above 60 years). Out of 250 sample investors in study area 83, 20, 35, 50 and 62 are young aged investors in HK-region, 73,34,32,47 and 64 are belongs to middle aged investors and finally, 71,31,46,53 and 49 are old aged investors of the study area.

- About 250 sample investors, 71,40,29,53 and 57 are male investors in Hyderabad-Karnataka region. It is evident that more number of investors is male and 70,39,33,52 and 56 are female investors. Female investors are taken a part in investment.

- The total respondents of 250 sample investors it is 89, 44, 31, 35 and 51 are married investors collected during survey and 91,31, 34, 42 and 52 are unmarried investors respondents from the survey. The outcome of this table shows that more number of investors are belongs to married investors.

- The research study shows the results of 250 sample respondents of investor, 79, 41, 39, 37 and 54 are investors with school education, 81,37,41,40 and 51 are investors with college education and finally, 77,39,38,39 and 57 investors belong to the professional category.

- The outcome of above study is show that investors have been classified into three categories based on their monthly earning family income as low (below – 20,000) and medium (it is 20,000 – 40,000) and high (it is 40,000 and above). The overall 250 sample investors, it 81,22,34,51 and 62 have low monthly family income, 69, 28,39, 56 and 58 high family income and 73, 40, 45, 43 and 49 have medium family income.

- The researchers found that the investor respondents have been classified into three groups based on the type of market operated by them as operators in primary market

and secondary market. The total of 250 sample respondent investors, it is 83, 20, 34, 46 and 67 deal in primary market alone and it is 69, 37, 39, 47 and 58 traded in secondary market independently.

CONCLUSION:

Individual investors have huge scope for present earnings and capital appreciation in developing market in India. The above line come true only if the elements and attributes like demographical, truth, guidance and regulations were exists increasingly in the capital market between the investors and brokers. The major judgments clearly indicate that there is a significant coordination between the investors and demographical aspects in stock market investments. The essence of present research paper is to analyses the demographic factors influencing to investors of Hyderabad-Karnataka region, Investment are place of residence, age, gender, marital status, educational level, occupation, family size, no of earning members in the family, monthly family income, Kinds of investor, category of investor, type of market operated and market experience.

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