

HOW THE CITIZEN OF KOLKATA BEHAVE WHILE MAKING THEIR EQUITY INVESTMENT

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ABSTRACT

Whenever individuals have surplus funds in their hands, they try to put those money in some areas where from they can get certain returns. According to the risk appetite of the investors the avenues vary from one investor to another. Some people may prefer Fixed deposits and some people may prefer the equity market. As an individual takes his/her decision for life based on certain emotions, sentiments, biases. In the same manner, while making investment decisions, investors are often influenced by their sentiments and some other factors. In this paper attempt is made to assess the behaviour of kolkatan while making their equity investment. Factor analysis and Confirmatory factor analysis are done to assess such behaviour. Reliability, Preference and Awareness are three major factors contributing towards their decision making in this regard. Confirmatory factor analysis is applied to confirm the authenticity of the study as these are the major factors reveal from the literature survey.

Keywords: *Equity Shares, Kolkata, Reliability, Preference, Awareness.*

Introduction

The word Investment refers to the deployment of surplus funds either in the financial assets or in the physical assets with the expectation of getting an optimum return in future. While selecting any investment avenue the investors are rational in such a way to measure the cost and benefit of the particular investment avenue. Investors are perplexed with multifarious investment avenues and investment instruments prevalent in the Indian economy. They are fascinated and, at times, puzzled, while participating in the financial decision-making processes. Apart from the fundamental factors such as economy, industry and company analysis investment decision of an investor is driven by individual sentiments. The investor sentiment is primarily based on investor's psychology. Virtually, every individual has to take investment decision in his/her life. Investors are, however, not always able to opt for the right investment mode(s) or combinations thereof. This may be due to lack of financial literacy and financial acumen on their part or paucity of funds.

Behavioural finance has emerged as a new concept in the research area in recent times. Within this framework many countries in the world take effective steps to develop the capital market to achieve good economic growth. Under this concept, it is presumed that information structure and characteristics of capital market participants (individual/ retail investors) systematically influence their own decisions as well as market outcomes.

As per the conventional financial theory, investors are assumed to be rational and wealth-maximizers, following basic financial rules and purely based on the risk-return consideration, they generally take their investment decision. Traditional economic theory assumes that people are rational agents who make decisions objectively to take advantage of the available opportunities. Investors also consider themselves to be rational and logical. But at the time of investment, investors' emotional inclinations, ingrained thought patterns, psychological biases, and the other factors may affect their investment behaviour. Financial markets across the globe are undergoing profound, unprecedented and fast-paced changes. Technology has revolutionized the processes and the information explosion has sparked off remarkable changes in the way the world market has been operating. Changes have become an inevitable phenomenon.

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Indian corporates mainly raise funds through capital market. Two types of capital are essentially raised viz., Equity and Debt. Equity forms part of the net worth and the Debt forms part of the outside liability of the firm. 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. If a firm is able to mobilize sizable amount of equity capital through primary market, it can approach banks to fund long-term investments. From the investor's point of view, it could be noticed that over the long term, the equity investments have out-performed debt and other asset classes across the globe.

Equity market otherwise called stock market is a public entity for trading shares or stocks of a particular company at an agreed price. Supply and demand in the stock market is affected by various factors, that in turn affect the price of the stocks (stock volatility). Investment decisions in equities are sometimes rational where the investors take decisions analyzing the information available in the market. Some investors take irrational decisions where they ignore certain relevant available information. Irrational decisions may also be due to the investor's limited capacity to process and analyse the information available. Investment decisions are still found to be complicated, as there are various factors to be considered to choose equity or a stock to invest in or trade into. These socioeconomic, demographic, and attitudinal factors act as key drivers for investment decisions. There is always something that is underpinning an investment decision making process as the probabilities of returns are a matter of concern. Most of the investors feel insecure in managing their investment in the stock market because it is difficult for an individual to identify companies which have growth prospects for investment. Even after identifying the growth-oriented companies and their securities, the trading practices are also complicated, making it a difficult task for investors to trade in all the exchanges and follow up on post trading formalities. The equity investment decisions are influenced by many factors like good corporate earnings, stock marketability, stock affordability, dividend announcements, Price earnings ratio, Momentum effect, Contrarian effect, Investment behaviour of FIIs, firm's reputation, socially responsible investing, Current economic indicators, Opinion from family/friends/colleagues, broker's recommendation, and other professional advice, etc.

There are a quite large numbers of researches in behavioral finance covering the issue of dynamic relationship between individual investment behavior, trading volume, variation in stock prices and volatility and returns. Major studies include Odeon(1999), Choe, Kho and Stultz (1999), Barber and Odeon(2000,2001,2005), Grinblatt and Keloparju (2000) Coval, Hirshleifer and Smway (2002), Goetzmann and Kumar (2008) , Griffin, Harris and Topalogu (2003) , Jackson , Andrade, Change and Seasholes (2005), Barber et al (2005) , Barber, Odean and Zhu (2009) , Hvidkjaer (2005) , Richards (2005) and San (2005). Assessing individual behavior through questionnaire survey is a well adopted approach in behavioral sciences research. A large number of researchers adopted this approach to study the importance of cognitive and other factors on individual behaviour.

- **Lodhi (2014)** has made a study to examine the impact of financial literacy, accounting information, openness to experience and information asymmetry on individual investors' decision making through the empirical research of the people living in Karachi city. He says that financial literacy and risk taking are in positive correlation which proves that the financial literacy of a person increases his risk-taking capability. He also finds that as investors' experience, will increase he will invest in less risky instruments; it may be fixed deposits or high pay dividend stocks. The study also proves statistically that accounting information and risk aversion are in direct relationship that is along with experience, as person's accounting information increases, he prefers to invest in less risky investments. It may be so, that the investor accepts to get lower return but is not ready to suffer huge loss. Usually old and aged people or the retired people are found to follow this concept. Survey statistics show high response who say that information asymmetry leads to adverse selection of investments. To overcome this problem, hypothesis is tested and results indicate that information asymmetry can be lowered by analyzing more and more financial statements. The more and detail, investor will study the financial statements of the desired company; better will be his investment decision. Analysis of relation between age and preference investment in shares shows that both are in positive relation but not perfectly positive. As the age of an investor increases, he may prefer to invest in shares but it's not necessary that he invested in shares with the intension of getting the capital gain, as stated above that old citizens are risk averse so they can choose stocks as their preferred investments because of high dividend payout. At the end it is concluded that financial literacy and accounting information helps investors in lowering information asymmetry and allows investors to invest in risky instruments. But as age and experience increase investors preference changes to less risky investments, it does not mean that investors do not prefer to invest in shares, they do that with the intension of getting dividend return rather than capital gain.

- **Panjali and Kasilingam (2015)** in their study state that investment behaviour of investors can be studied in various ways. Lifestyle is another important factor which influences the investment behaviour of the people. So now it becomes important for the intermediaries and capital market operators to know the lifestyle of the investors to design effective instruments and can motivate them to enhance their penetration in different financial avenues. The lifestyle of an investor can be determined by studying their activities, interest and opinion of investors. Lifestyle largely depends upon the income of the person. It gives clear picture of their saving surplus. The occupation too influences risk taking behaviour
- **Islamo lu, M., Apan, M. and Ayvali, A. (2015)**, conducted a study where they aimed to investigate the factors that influence individual investor behaviour. The data used in the study were obtained via survey method from bankers in Bartın. Descriptive analysis was conducted in order to summarize the empirical analysis results with numerical representation and factor analysis was done to measure the validity and reliability of the designed survey. Furthermore, the analysis regarding hypothesis tests was implemented by means of analysis of moment structure. As a result of the study, it was identified that six factors influenced individual investor behaviour. It was found that the highest correlation was between “conscious investor behaviour” and “banking and payment behaviour.” Also, it was confirmed that 11 of the research hypotheses were accepted and that four of the research hypotheses were refused. Within this framework, it was concluded that there was a statistically significant relationship between the factors affecting individual investors’ investment behaviours.
- **Geetha Sree (2015)** in this study, made an investigations of investment pattern of the investors with respect to different investment avenues The investors’ attitude towards investment is analyzed with respect to their financial needs, investment objective, return period of investment, willingness to take risk, inclination and level of security for budgetary resources.
- **M. Shahin Sarwar and Charls Darwin (2016)** have shown theoretically that in behavioural finance, demographic and socioeconomic characteristics of market participants influence the investment decision. They have conducted this study in Dhaka city to find out investors’ attitude towards stock market, and found that there is an association between educational qualification of investors and their attitudes. But in case of other selected demographic and socioeconomic variables (age, gender, income level and investment level) there is no association between these variables and investors’ attitude. It indicates the essence of conducting more awareness program about the stock market among investors. In the second part of their study, different sources investors used for their investment decisions were ranked, where study reveals that investors give most importance to FM radio and least importance to television talk show as source of information.
- **Tarak Nath Sahu & Arup Kumar Sarkar (2017)** have made a study to enquire the effect of Awareness and Perceived Risk Attitude on the Investment Behaviour in Stock Market. Using several statistical and econometrics tools and techniques such as descriptive statistics, Cronbach Alpha, Factor Analysis, Correlation Coefficient and Probit Regression Model by SPSS and Stata Software for analyzing the primary data that have been collected from 500 randomly selected individual Stock Market investors from different districts of West Bengal through a structured questionnaire on 5 point Likert scale in appropriate areas the study has found that there has significant effect of Awareness and Perceived Risk Attitude on Investment Behaviour of individual investors of Stock Market as the different components of Awareness and Perceived Risk Attitude has significant impact on the different components of Investment Behaviour of individual investors of Stock Market. The individual investors rely more on Financial Awareness in comparison to Social Learning. The Perceived Risk Attitudes of individual investors is mainly based on Cognition component of Perceived Risk Attitude in comparison to Affect component of Perceived Risk Attitude.

Research Gap

From the above review of literature, it is quite evident that for more than 100 years researchers have tried to cope up with the issue of retail investor’s perception regarding investment in different investment avenues like shares, debentures, bonds etc both domestically and internationally but the frequency is very little in India. However, till date, no major study has been undertaken to examine the factors which are responsible for influencing the investment pattern of retail investors in equity market in Kolkata.

Objective of the Study

The study mainly focuses on the following objectives:

- To identify the factors those determine the investment pattern.
- To identify the covariance among the factors those determine the investment pattern

Research Methodology

The present study is both empirical and exploratory in nature. This study is based on both primary and secondary data. The primary data have been sourced by administering a structured questionnaire and the secondary data have been sourced from relevant reports, books, journals, e-journals and websites. For administering the questionnaires, the persons have been selected through judgmental sampling. While framing the questionnaire, the previous research works in the related areas have been taken into consideration. Before finalizing, the questionnaire has been pilot tested at first with 50 respondents. The data collected have been analyzed using *Factor Analysis, and Confirmatory Factor Analysis*. The structured questionnaire for gathering the primary data from the respondents is divided into two parts. The first part of the questionnaire is designed to gather relevant biographical information about the respondents. The second part of the questionnaire is designed to understand their purpose of investment in equity shares, avenues for acquiring information regarding equity investment and their perceptions *towards* investment in equity shares. To assess the reliability of the survey instrument, the Cronbach Alpha Coefficients have been worked out. The Cronbach Alpha is the most widely-used index for determining the internal consistency (**Kerlinger, 1986**). The study has been finally done on the basis of 422 completely filled-up questionnaires finally received.

Factor Analysis

In Statistics, **Cronbach's (alpha)** is a coefficient of internal consistency. Therefore, for the purpose of assessing the reliability of the data collected for empirical testing, at the beginning, **Cronbach's (alpha)** has been worked out for the data relating to each of the 3 aspects mentioned above with the help of the **SPSS (version 15)**.

Factor Analysis has been done as it is the most commonly available tool for data reduction and summarization which can help one to identify few salient uncorrelated variables. The researcher has relied on some standard statistical and visual tools, commonly used in *Factor Analysis*, without avoiding value judgments. One method which has been put forth is to exclude factors with Eigen values smaller than one since the factors retained in this way account for more variance than the average for the variables.

Internal consistency of data relating to perceptions of respondents' is *very high* [*Cronbach's (alpha)* being .938] as shown in **Table 1**

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.938	43

Source: worked out by using the *SPSS (version 15)*

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.928
Bartlett's Test of Sphericity	Approx. Chi-Square	7382.030
	Df	903
	Sig.	.000

Source: worked out by using the *SPSS (version 15)*

Bartlett's Test of Sphericity is used to test the *null hypothesis* that the variables are uncorrelated in the population. A large value of the test statistic in the **Table 2** above leads to rejection of the *null hypothesis* and it is concluded that applying *Factor Analysis* is appropriate. Furthermore, a high magnitude of the KMO measure of sampling adequacy suggests the appropriateness of *Factor Analysis*.

Interpretation of Output of Factor Analysis

The output of Factor Analysis is obtained by applying the Principal Component Analysis. In the Table 3 and 4 the output of the Factor Analysis with respect to the questions asked to the respondents. The Total Variance has been explained in the Table 3 and the Rotated Component Matrix in the Table 4. Table 3 depicts the Eigen values of the all the factors associated with the characteristics which may affect the decision of making investment in equity shares. The first three factors have chosen for the

further analysis as they have Eigen value more than 1 and the proportion of variance explained by them is 40.286%, which relatively high. Next, a rotation of these factors applied to provide a more meaningful and easily interpretable solution loading matrix. An orthogonal rotation has been applied to determine the uncorrelated factors. The resulting loading are presented in the Table 4

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.163	28.285	28.285	12.163	28.285	28.285	7.572	17.609	17.609
2	3.120	7.257	35.542	3.120	7.257	35.542	5.288	12.297	29.906
3	2.040	4.745	40.286	2.040	4.745	40.286	4.464	10.381	40.286
4	1.816	4.222	44.508						
5	1.407	3.273	47.781						
6	1.281	2.979	50.760						
7	1.180	2.744	53.504						
8	1.040	2.420	55.924						
9	.999	2.324	58.248						
10	.941	2.189	60.437						
11	.902	2.097	62.534						
12	.845	1.965	64.500						
13	.814	1.892	66.392						
14	.795	1.849	68.240						
15	.758	1.763	70.004						
16	.722	1.679	71.682						
17	.714	1.661	73.343						
18	.661	1.538	74.882						
19	.652	1.515	76.397						
20	.621	1.445	77.842						
21	.610	1.418	79.259						
22	.595	1.384	80.644						
23	.559	1.300	81.944						
24	.529	1.231	83.175						
25	.508	1.181	84.356						
26	.502	1.168	85.524						
27	.484	1.125	86.648						
28	.456	1.061	87.709						
29	.448	1.042	88.752						
30	.439	1.020	89.772						
31	.411	.957	90.729						
32	.407	.947	91.676						
33	.403	.937	92.613						
34	.385	.896	93.509						
35	.357	.831	94.340						
36	.348	.809	95.149						
37	.339	.789	95.938						
38	.337	.784	96.721						
39	.320	.744	97.466						
40	.292	.678	98.144						
41	.287	.668	98.812						
42	.277	.644	99.456						
43	.234	.544	100.000						

Extraction Method: Principal Component Analysis.

Source: worked out by using the SPSS (version 15)

Table 4: Rotated Component Matrix(a)

	Component		
	1	2	3
Equity shares are very safe for the investment	-.155	.333	.636
Liquidity of the equity shares ensures profitability of the investment	-.016	.328	.578
Capital appreciation is the main motive behind investment in the Equity share	.404	.370	-.076
Share market details are very transparent to the investors	-.035	.438	.533
Equity shares fetch expected profit	.074	.525	.454

Investors are able to compare all the investment avenues	.125	.564	.295
Equity investors are aware of risk involvement in the investment	.169	.556	.225
Equity investors are familiar with the trading process	.104	.611	.297
Reports and prospectus are reliable guide for future earnings of equity shares	.117	.660	.261
Securities market conducts stock market/securities related programme	.257	.663	.014
Electronics media creates awareness about equity shares	.278	.684	.014
The brokers and agents provide right and timely information to the investors	.124	.542	.316
Investors know necessary facilities to invest in equity shares	.161	.642	.334
Stock broker sometimes provides false information about equity market	.243	.549	-.008
Investors tend to process information based on newspaper / periodicals	.293	.616	-.037
Equity investors prefer sizable investment with less risk	.340	.116	.265
The rate of return is the most preferred reasons for the investors	.512	.106	.052
Investors invest on the basis of their income level	.580	.239	.178
Equity share is attractive to large investors	.515	.266	.100
The traditional investment avenues are mostly preferred by the investors	.446	.223	.183
Tax savings preference make the investors to invest in equity shares	.323	.160	.436
Invertors select equity shares based on their age and risk involved equity shares	.501	.263	.203
Investors are more comfortable investing in equity shares	.252	.155	.579
High income earners prefer equity shares	.525	.235	.204
Equity shares provide capital appreciation	.628	.194	.051
Investors prefer long term investment to earn more return	.623	.251	.014
Wealthy investors are choosing high risk securities	.547	.228	.121
Investors who have expert knowledge and vast experience in the share market could play safe in equity market.	.559	.150	.061
Past performance of stocks indicates future price trend	.349	.064	.529
Investors discuss about corporate securities often with their friends	.381	.073	.444
Selection of investment is made according to convenience	.428	.046	.544
Investors sell their share while price of shares goes up	.355	.111	.497
Past performance of the equity shares are more important for decision making	.419	.018	.473
Investors select a particular equity share based on risk and rate of return	.578	.029	.330
Political instability is an influencing factor for investment decision	.581	.009	.102
Investors usually buy shares based on future expectation rather than past performance	.496	.087	.221
Investors investment knowledge, experiences are most important factor for investment decision in equity shares	.601	.136	.180
Investors investment decision is purely dependent with market condition	.510	.173	.317
The level of income decides the level of savings	.607	.148	.193
Government policy and other factors will influence investors' decision	.683	.098	.052
Investors read the profile and performance of the company before they go for investment in that company	.466	.247	.325

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 14 iterations.

Source: worked out by using the SPSS (version 15)

The **Table 4** reveals that *Capital appreciation is the main motive behind investment in the Equity share, Equity investors prefer sizable investment with less risk, The rate of return is the most preferred reasons for the investors, Investors invest on the basis of their income level, Equity share is attractive to large investors, The traditional investment avenues are mostly preferred by the investors, Invertors select equity shares based on their age and risk involved equity shares, High income earners prefer equity shares, Equity shares provide capital appreciation, Investors prefer long term investment to earn more return, Wealthy investors are choosing high risk securities, Investors who have expert knowledge and vast experience in the share market could play safe in equity market, Investors select a particular equity share based on risk and rate of return, Political instability is an influencing factor for investment decision, Investors usually buy shares based on future expectation rather than past performance, Investors investment knowledge, experiences are most important factor for investment decision in equity shares, Investors investment decision is purely dependent with market condition, The level of income decides the*

level of savings, Government policy and other factors will influence investors' decision, Investors read the profile and performance of the company before they go for investment in that company load positively and quite highly on the first factor. All these questions are showing that how much investors rely on the equity investment. The third component can be named as **Reliability**. Equity shares fetch expected profit, Investors are able to compare all the investment avenues, Equity investors are aware of risk involvement in the investment, Equity investors are familiar with the trading process, Reports and prospectus are reliable guide for future earnings of equity shares, Securities market conducts stock market/securities related programme, Electronics media creates awareness about equity shares, The brokers and agents provide right and timely information to the investors, Investors know necessary facilities to invest in equity shares, Stock broker sometimes provides false information about equity market, Investors tend to process information based on newspaper / periodicals, load positively and quite highly on the second factor. Since all these questions are the indicator of how the retail investors are aware about the process of equity investment, the second component can be named as **Awareness**. Equity shares are very safe for the investment, Liquidity of the equity shares ensures profitability of the investment, Share market details are very transparent to the investors, Tax savings preference make the investors to invest in equity shares, Investors are more comfortable investing in equity shares, Investors are more comfortable investing in equity shares, Investors discuss about corporate securities often with their friends, Selection of investment is made according to convenience, Investors sell their share while price of shares goes up, Past performance of the equity shares are more important for decision making, load positively and quite highly on the third factor. All these questions show that retail investors degree of preferences towards investment in equity shares. So, the third component can be named as **Preference**.

It can be also concluded from **Table 3** that Reliability is the most important factor that influence the retail investors mind towards investment in equity shares followed by Awareness and Preference. This is concluded since the greatest percentage of variance i.e., 17.609% is explained by Reliability (Component 1). It is also noteworthy that all the factors with high loading on Component 1 i.e. *Capital appreciation is the main motive behind investment in the Equity share, Equity investors prefer sizable investment with less risk, The rate of return is the most preferred reasons for the investors, Investors invest on the basis of their income level, Equity share is attractive to large investors, The traditional investment avenues are mostly preferred by the investors, Investors select equity shares based on their age and risk involved equity shares, High income earners prefer equity shares, Equity shares provide capital appreciation, Investors prefer long term investment to earn more return, Wealthy investors are choosing high risk securities, Investors who have expert knowledge and vast experience in the share market could play safe in equity market, Investors select a particular equity share based on risk and rate of return, Political instability is an influencing factor for investment decision, Investors usually buy shares based on future expectation rather than past performance, Investors investment knowledge, experiences are most important factor for investment decision in equity shares, Investors investment decision is purely dependent with market condition, The level of income decides the level of savings, Government policy and other factors will influence investors' decision, Investors read the profile and performance of the company before they go for investment in that companies* are very important factors influencing investment decisions towards securities of the retail investors.

After identifying the factors which influence the retail investors investment pattern in equity market, Cronbach's alpha is tested to check reliability of the survey instrument. Internal consistency of data relating to reliability of respondents' is very high [Cronbach's (alpha) being .901] as shown in **Table 5**.

Table 5: Reliability Statistics

Cronbach's Alpha	N of Items
.901	20

Source: worked out by using the SPSS (version 15)

Internal consistency of data relating to awareness of respondents' is very high [Cronbach's (alpha) being .874] as shown in **Table 6**

Table 6: Reliability Statistics

Cronbach's Alpha	N of Items
.874	11

Source: worked out by using the SPSS (version 15)

Internal consistency of data relating to preference of respondents' is very high [Cronbach's (alpha) being .812] as shown in **Table 7**

Table 7: Reliability Statistics

Cronbach's Alpha	N of Items
.812	10

Confirmatory Factor Analysis (CFA) has been employed to detect the covariance structure between the factors identified for investment pattern of the retail investors. Following table8 shows the covariance between the factors conforming existing literature on retail investment decision.

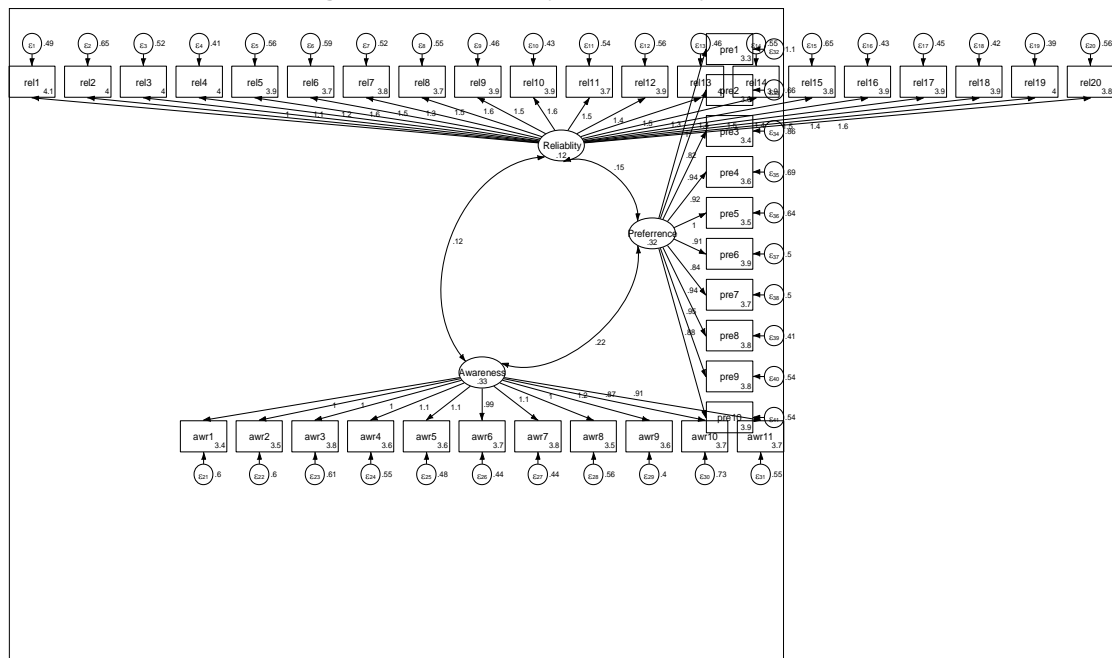
Table 8: Covariance among the factors

cov(Reliability,Awareness)	.1217783	.0194884	6.25	0.000	.0835818	.1599748
cov(Reliability,Preference)	.145689	.0242054	6.02	0.000	.0982473	.1931306
cov(Awareness,Preference)	.221646	.0352168	6.29	0.000	.1526222	.2906697

LR test of model vs. saturated: $\chi^2(776) = 2187.92, Prob > \chi^2 = 0.0000$

Source: worked out by using the *Stata(version 16)*

Figure 1: Confirmatory Factor Analysis Model



Source: worked out by using the *Stats (version 16)*

Concluding observation and Suggestions

While identifying the factors that determine the investment pattern, it is observed from Factor Analysis that there are mostly three factors, which are Reliability(Reliability of investing in equity shares), Awareness(Awareness of the retail investors regarding stock market investment) and Preferences (Preference of the retail investors while investing in equity shares). It can also be concluded that Reliability is the most important factor that influences the retail investors' mind towards equity investment, as it explains 17.609% of the variance. While identifying the covariance among the factors that determine the investment pattern, it is observed that there is a significant covariance among the identified factors.

It may be suggested that, the investors must try to reduce their blind dependence on stock brokers and they themselves also must take part in the investment decision making, as it may provide better results, as because, the operations of the stock market have become very transparent presently. It may be further suggested that, both the investors and the stock brokers must have atleast some technical knowledge in the field of share trading so as to yield better results. Lastly, it may be further suggested that, the investors must take their investment decisions rationally, without leaving much space for emotion.

Limitations of the Study

Usually, no study is completely free from limitations. The study also suffers from the following limitations:

- Simple judgemental sampling techniques have been used.
- This study is based on cross-sectional data and has not been conducted over an extended period of time experiencing both market boom and slump conditions which can alter the observations significantly.
- The analysis suffers from several limitations which arise owing to the use of the Likert scale. Respondents may avoid using extreme response categories (central tendency bias), agree with statements as presented (acquiescence bias) or they may try to portray themselves in a more favourable light (social desirability bias).
- With respect to certain findings, though few in number, observations (based on the sample chosen) cannot be generalised without further investigation.

Scope for Further Research

- Similar studies can be conducted in developing markets, i.e., in rural and semiurban areas, to analyze and comprehend the investment tendencies of people of those areas and to understand what features can make equity shares more acceptable as an investment avenue in those areas.
- Studies can be carried out to comprehend the changes in the respondents' perceptions over a time span in context to the growing competition in the economy.
- Studies can be also carried out to gain an understanding about the changes in the investors' preferences in the context of the technological developments in the economy.

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