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A STUDY ON THE PERCEPTION OF INVESTORS REGARDING STOCK MARKET

Surender kumar
Extension lecturer Departmant of commerce
Govt pg college jind

ABSTRACT

Bombay stock market is considered as the leading stock market of India which was started in 1975. A parternership between the brokers and share is considered in the stock market as most of the people like investing in this market. The investors have to be careful about investing their money in any company's share as detailed study of the interested company's share history should be investigated by the investors before any kind of investment in the stock market.

The redressal grievances are observed in the stock market as some kind of transparency is found in the stock market and the interest of the investors is considered. Financial derivatives are compelled by the stock market in order to lower down the risk factors so that people can be encouraged to invest through the stock market. The current paper highlights the perception of the investors regarding the stock market.

KEYWORDS: *Stock, Market, Investment, Investor*

INTRODUCTION

All kinds of trading rights are preserved by the stock market so that there should be no harm to the brand image of the firm or organization and its associated brokers. Sometimes, stock exchange performs the task of providing basic investing education to new investors so that they can choose the best share option for investment.

The executive director the stock market deals with the proper functioning of the daily activities related to the investment in the stock market and if any issue is observed then this issue is solved by him. For that purpose, a team of about 10-12 members work under him which informs the director about the output of each and every procedure.

Generally, an evaluation method is used to monitor the performance of the Sensex. The trend of index level has the capability to affect the behavior of the stock market. Hence, this index level should be considered before investing into the stock market.

Outstanding shares and stock price are two major components which are used to calculate the total market value of the commercial industry and these components are termed as the composite index. It becomes easier to control all the activities regarding investment with the help of index numbers.

Also, the facility of the settlement guaranteed fund is found in stock market where all kinds of the security issues regarding the investment into the stock market are considered. With the introduction of globalization, the level of competition among the companies has also increased. Also, there are some international companies which have started to give good competition to other India companies which certainly influence the shares of these companies. Hence, an investor has to look at various external factors which can variate the share trend of the companies.

The foreign investors have also shown their tendencies towards the Indian stock market and it is observed that when the equity market is strong then a number of foreign companies tend to invest in the stock market causes the introduction of the foreign currencies in the stock market. This is very crucial for the strength of the Indian currency as the foreign investors have to convert their respective currencies into the India currency which provides more and more strength to the Indian currency.

On the other hand, when the equity market tends to lower down then these foreign investors start sell their investments and convert the Indian currency into the respective foreign currencies. Hence, a decrement in the value of the Indian rupee is observed. This changing behavior of the equity market is unpredictable and various internal as well as external factors are responsible for this variant behavior of equity market and hence, the behavior of the stock market changes.

PERCEPTION OF INVESTORS REGARDING STOCK MARKET

The risk of investment in the equity market tends to increase with an increase in the volatility in stock market. The volatility of the stock market tends to increase with frequent changes in the behavior of the market price of the shares. This measurement is done on the basis of the deviation of the current price of the assets from the previous price and hence, standard deviation is observed.

The new investors should take the advice from the expertise of stock market before choosing the option of investing into this market as a lot of risks are involved here. The nature of the stock market is considered to be flexible where no one can surely predict about what is going to be the next trend in the stock market in next few days.

Hence, some financial derivatives are associated with the stock market so that the level of the risk factors can be minimized and investors can do their investment without any fear. Sometimes, an investor needs some luck factor in order to gain the profit through stock market. Otherwise, it is observed that to gain profit, an investor should do investment for the longer period.

With rising trend of popularity of stock market in general as a place where one can earn good returns in less time has given a push to a common man to be a part of this market. In academics term an Individual who commits money to any source of investment with the expectation of financial return is being recognized as an Investor. The prime concern of an Individual Investor is usually to have more profit with minimum risk. As oppose to this a speculator is always willing to expect a higher level of risk in the hopes of collecting higher than average profits. An individual with the various levels of needs and level of risks being taken is being classified in different categories of Investors. Some categories of Investors are mutually exclusive and some are not. The classification which not mutually exclusive mainly includes gambling , Angel Investors , some equity Investors, Investment Trust, Mutual Funds, Hedge Funds, Sovereign Wealth Fund. With the growing pace of Investment alternatives availability in the market the awareness and knowledge level of the Investors have also increased many folds. An Individual usually willing to relocate their surplus amount of funds with the Government Securities, Banks, and LICs as they were being recognized as safe mode of keeping the savings and also to earn a decent return on the deployed funds. Gradually the scenario has taken a shift which leads to the introduction of market linked securities with moderate component of risk and other investment opportunities with flexible level approach.

There are two types of investors that are retail investors and another one is institutional investors. The retail investors are individual investors who buy and sell securities for their

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personal account and not for another company or organization. They are also known as individual investor or small investor. The institutional investor is a term for entities which pool money to purchase securities, real property, and other investment assests or originate loans. Institutional investors include banks, insurance companies, pensions, hedge funds, investment advisors, endowments and mutual funds. Operating companies which invest excess capital in these types of assets may also be included in the term.

The investors prefer to invest their savings in stock exchange securities and they are having positive attitude towards the securities market. Before making investment in securities, how they perceive the purchase pattern is being studied by the researcher. Investors generally analyze the information available from different sources and decide about the selection of particular investment products available in the securities market.

Maximum gain at a minimal risk is the mantra of every investor in the Securities market. Other objectives like safety, liquidity and hedge against inflation can be considered as subsidiary objectives for choosing the investment vehicle available in the stock market.

There are a large number of investment products available for the investors. Some of them are marketable and liquid, while the others are non marketable. Some of them are also highly risky while others are almost riskless.

DISCUSSION

The people have to choose proper avenues among them. A common perception is that the stock market is the best game in the town. Lack of awareness among the people makes them feel the stock market as gambling but the respondents might have open discussion with their friends regarding their financial planning and the friends won't hesitate to give ideas and advice in financial planning. It is the human mentality to share the right or wrong with the friends first. Media news paper and journals may make them updated with the current scenario. For every investor of the financial market, information about the Securities market products is an important factor to decide about the selection of the investment vehicle.

The Indian stock market witnessed remarkable transition from an open out-cry System of trading to screen based trading. With the invention of new technology with the establishment of National Stock Exchange, the investors in securities market had privilege of electronic, screen based, order driven trading in securities. With the introduction of screen based trading, the market proved to be more fair and transparent With adoption of V-SAT technology the market became accessible to each even in the remote comers of the country.

NSE was first to use satellite based communication technology for establishing connectivity. NSE and BSE now offer access from 209 and 359 cities and towns in India respectively. Securities are no longer dealt in physical form, they are dematerialized and electronically recorded to facilitate easy trading and transfer of ownership.

With the use of modem technology, screen based trading is now available through internet which has made trading in stock market available remotely to all investors. Now a days, trading in stock market is possible even through mobiles.

CONCLUSION

Investors interpret a raise in stock market volatility as an increase in the risk of equity investment and consequently they shift their funds to less risky assets. It has an impact on business investment spending and economic growth through a number of channels. Volatility of stock measures the frequency with which changes in its market price takes place over a

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period of time. It is measured by computing standard deviation of return from the market i.e. it measures how far the current price of an asset deviates from its previous price.

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