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EQUITY INVESTMENT TRENDS IN BHUSAVAL MUNICIPAL AREA

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Short Profile

Rajendra Madhukar Sarode is working as an Associate Professor at Department of Economics in Dadasaheb D.N. Bhole College, Bhusaval, Dist Jalgaon, Maharashtra state (India).

ABSTRACT:

Investors tend to look at the Return – the potential return possible from investment; Risk- the variability in returns from an investment in avenues due to value going up and down or market fluctuations. An individual investor has to confront his/her demographics, lifestyle and investment psychology whether the investor's age or occupation or annual income plays a significant role while making preference for investment avenues. This Study tried to explore the Equities Investment Pattern of Individual Investor who resides in Bhusawal Municipal Area. The objective of the study is to know the investment pattern of people those who are trading in stock market. The scope of this study is geographically limited to Bhusawal Municipal Area. The income of investors, education qualification and occupation parameters are tested for equities product selection in the study.

KEYWORDS

Equity, stock exchange, Intraday, Investment, Market, Stock Broker, Trading.

INTRODUCTION:

Money that is invested in a firm by its owner(s) or holder(s) of common stock (ordinary shares) but which is not returned in the normal course of the business. Investors recover it only when they sell their shareholdings to other investors, or when the assets of the firm are liquidated and proceeds distributed among them after satisfying the firm's obligations.

A market that gives companies a way to raise needed capital and gives investors an opportunity for gain by allowing those companies' stock shares to be traded. It is a place where shares are bought and sold, i.e. a stock exchange

Statistical indicator is used in measurement and reporting of changes in the market value of a group of stocks/shares. Different stock indices (such as Standard and Poor's 500) track the market differently. These are called share index.

WHY TO INVEST IN EQUITIES MARKET

Stocks are one of many possible ways to invest your hard-earned money. Why choose stocks instead of other options, such as bonds, rare coins, or antique sports cars? Quite simply, the reason that savvy investors invest in stocks is that they provide the highest potential returns and over the long term, no other type of investment tends to perform better.

On the downside, stocks tend to be the most volatile investments. This means that the value of stocks can drop in the short term. Sometimes stock prices may even fall for a protracted period. Bad luck or bad timing can easily sink your returns, but you can minimize this by taking a long-term investing approach.

There's also no guarantee you will actually realize any sort of positive return. If you have the misfortune of consistently picking stocks that decline in value, you can lose money, even over the long term!

Bombay Stock Exchange (BSE) is an Indian stock exchange located at Dalal Street, Kala Ghoda, Mumbai, Maharashtra, India. Established in 1875 and is considered to be one of Asia's fastest stock exchanges, with a speed of 200 microseconds and one of India's leading exchange groups and the oldest stock exchange in the South Asia region. Bombay Stock Exchange is the world's 10th largest stock market by market capitalization at $1.7 trillion as of 23 January 2015. More than 5,000 companies are listed on BSE.

The National Stock Exchange of India Limited (NSE) is the leading stock exchange of India, located in Mumbai. NSE was established in 1992 as the first demutualized electronic exchange in the country. NSE was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system which offered easy trading facility to the investors spread across the length and breadth of the country.

NSE has a market capitalization of more than US$1.65 trillion, making it the world's 12th-largest stock exchange as of 23 January 2015. NSE's flagship index, the CNX Nifty,the 50 stock index, is used extensively by investors in India and around the world as a barometer of the Indian capital markets.

BASIC REQUIREMENT FOR INVESTMENT

Stock Broker is a person or firm who serves as a trusted agent or intermediary in commercial negotiations or transactions. Brokers are usually licensed professionals in fields where specialized

knowledge is required, such as finance, insurance, and real estate. Their rate of compensation (called brokerage or commission) is determined according to custom of the particular trade or by law, and is computed commonly either as a fixed percentage of the value of the transaction or on a sliding scale (higher the value, lower the percentage).

A trading account with a broker that enables an individual or other party to buy and sell securities.

In India, shares and securities are held electronically in a dematerialized (or "Demat") account, instead of the investor taking physical possession of certificates. A Dematerialized account is opened by the investor while registering with an investment broker (or sub-broker). The Dematerialized account number is quoted for all transactions to enable electronic settlements of trades to take place. Every shareholder will have a Dematerialized account for the purpose of transacting shares. Access to the Dematerialized account requires an internet password and a transaction password. Transfers or purchases of securities can then be initiated. Purchases and sales of securities on the Dematerialized account are automatically made once transactions are confirmed and completed.

Saving accounts are accounts maintained by retail financial institutions that pay interest but cannot be used directly as money in the narrow sense of a medium of exchange. These accounts let customers set aside a portion of their liquid assets while earning a monetary return. For the bank, money in a savings account may not be callable immediately and, in some jurisdictions, does not incur a reserve requirement. Cash in the bank's vaults may thus be used, for example, to fund interest-paying loans.

2 RESEARCH METHODOLOGIES

Statement of Problem

A problem statement is a clear concise description of the issues that need to be addressed by a problem solver. It should be presented before one attempt to work on the problem. It seeks to provide efficiency if provided with precise statement of problem. People are investing in equities for long. There are many factors influence the decision making while dealing / trading with equities. The problem statement in this research study is "Equity Investment trends in Bhusaval Muncipal Area."

Objectives of study

The main objective of the study is to know trend and awareness level of equity investment in current capital market among the people of Bhusaval Municipal Area.

Some other subsidiary Objectives are as under

i. To know the awareness of Capital Market.
ii. To analyze the investment in equities of the people at Bhusaval Municipal Area.
iii. To check the demography of population investing in Equities.
iv. To find out the best suitable product for equities.
v. To know the popularity of the stock broking firm among investors.

Scope of study

i.Geographical scope of research is Bhusaval Municipal Area.
ii.The researcher approached only persons who are investing in equity products only.
iii.The research covers people investing online platform.

Significance of study

i.This will help the Stock Broking firms to know people awareness level on equity as an investment option.
ii.This research is helpful to the trading firms to know the popularity of equity products among investors.
iii.It will help the stock broker to devise effective Marketing Strategy.
iv.It helps investors to know trends in equity product in Bhusaval Municipal Area.
v.It will help to create investor friendly environment in research area.

Population and sample size

The investors who are dealing in stock market in Bhusaval Municipal Area will be the population for this study whereas 125 investors have been taken as sample for the purpose of the study.

Data collection

The study is based on primary data. The main source of data used for this study is primary. It will be gathered through structured Questionnaire. Secondary data sources will be made use such as journals, reports, books and websites etc.

Tools of analysis

Current study is based on primary data. The collected data have been presented with Graphical Analysis. Pie-charts have been used for the purpose of analysis. There after hypothesis testing is carried out. Statistical tools like Chi Square test have been used for testing of hypothesis.

HYPOTHESIS OF STUDY

1.There is no significant difference in income wise in selection of equity product.
2.There is no significant difference in education wise in selection of equity product.
3.There is no significant difference in occupation wise in selection of equity product.
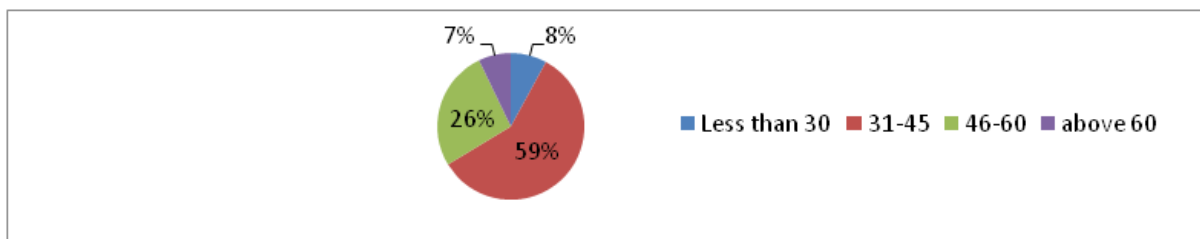
LIMITATION OF STUDY

i.Research area is limited to Bhusaval Municipal Area.
ii.Scope of the study is limited to the selected equity products only.
iii.Individual biases will have its own limitation on the study.

3 DATA INTERPRETATION AND ANALYSIS

3.1 Age wise segmentation of Investors

Age	Number of Investors
Less than 30	10
31-45	73
46-60	33
Above 60	09

Interpretation

Accordingly to survey 59% of investors are between 31 to 45 years of age. Less than 30 age investors are 08% and between 46 to 60 ages 26% of investors are there. Only 07% of investors are above 60 years of age.

3.2 Education qualification wise segmentation of Investors

Education Qualification	Number of Investors
Under Graduate	04
Post Graduate	30
Professional	65
Other	26
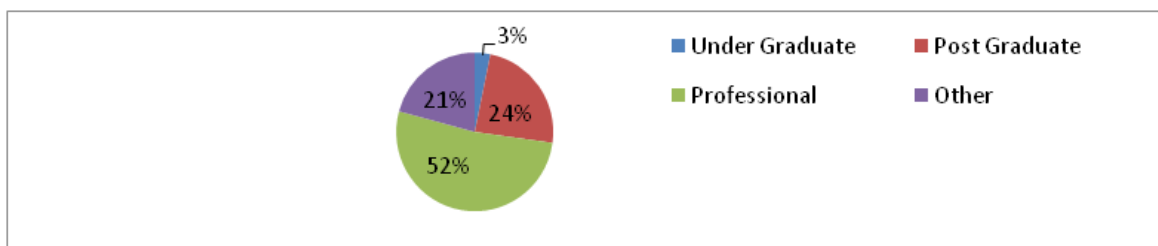
Interpretation

Analysis of education qualification of investors shows that Majority i.e. 52% of investors are professional. Whereas 24%, 21% and 3% of investors are post graduate, other qualification and under graduate respectively.

3.3 Occupation wise segmentation of Investors

Profession	Number of Investors
Entrepreneurs	46
Professionals	55
Organized sector employee	21
Unorganized sector employee	03
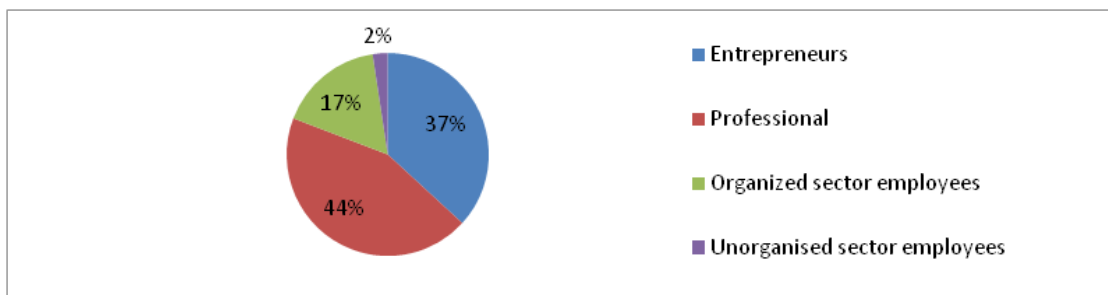
Interpretation

The survey reveals that 44% of investors are professional. 37% of investors are entrepreneurs. 17% of investors are employees of organized sector and 2% employees from unorganized sector.

3.4 equity product wise segmentation of Investors

Equity Product	Number of Investors
Intra Day	17
Trading Plus 5 days	22
Cash	78
Other	8
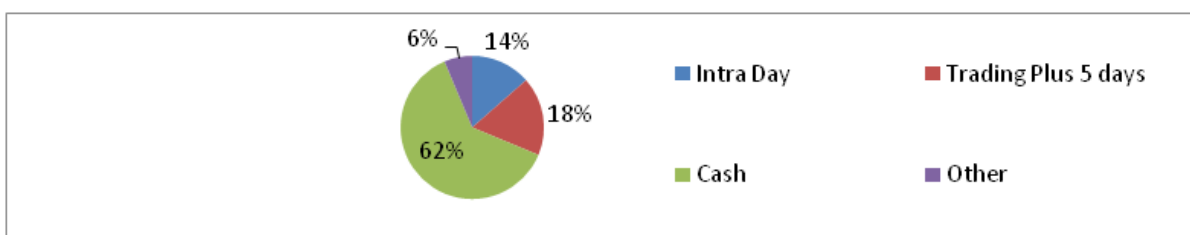
Interpretation

There are 62% of investors who purchase equities using cash and it is highest percentage among the population surveyed. There are 18% investors who are using trading plus 5 days product whereas 14% investors use intraday. Other products are preferred by only 6% of investors.

3.5 Yearly Income wise segmentation of Investors

Income (Rupees in Lakhs)	Number of Investors
Less than Rupees 2.5	46
Less than 5	38
Less than 10	24
More than 10	17

Interpretation

There are 30% of investors whose income is less than 5 Lakhs per annum. There are 37% investors whose income is less than 2.5 Lakhs. 22% and 11% investors falls into the less than 10 Lakhs and more than 10 lakhs income group respectively.

3.5 Stock Broking Firm wise segmentation of Investors
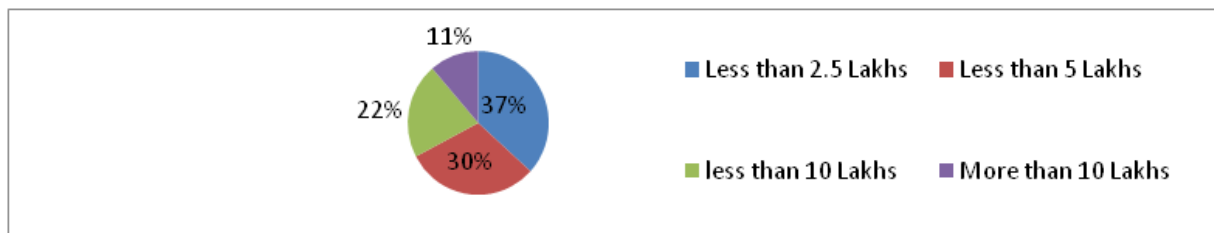
Stock Broking Firm	Number of Investors
State Bank of India	16
HDFC Securities	17
ICICI Securities	21
Reliance Securities	16
Religare	14
India Bulls	12
MotilalOswal	11
Others	18
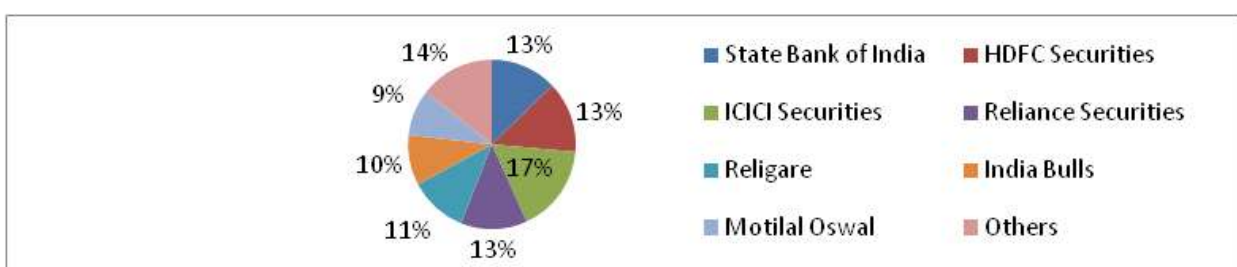
Interpretation

It is found in the survey that 13% uses State Bank of India, HDFC securities and Reliance securities services to trade in the market. In the same way 17% prefer ICICI securies, 11% for religare, 09% MotilalOswal 10% India bulls and 14% of investors trade through other stock broking firms.

4.Hypothesis Testing

H1.There is no significant difference in income wise in selection of equity product.

	Intra Day	Trading Plus 5 days	Cash	Others	*Row Totals*
Less than 2.5 Lakhs	3 (6.26) [1.69]	2 (8.10) [4.59]	40 (28.70) [4.45]	1 (2.94) [1.28]	46
Less than 5 Lakhs	3 (5.17) [0.91]	6 (6.69) [0.07]	22 (23.71) [0.12]	7 (2.43) [8.58]	38
Less than 10 Lakhs	2 (3.26) [0.49]	12 (4.22) [14.31]	10 (14.98) [1.65]	0 (1.54) [1.54]	24
More than 10 Lakhs	9 (2.31) [19.35]	2 (2.99) [0.33]	6 (10.61) [2.00]	0 (1.09) [1.09]	17
Column Totals	17	22	78	8	**125 (Grand Total)**

Chi-square test carried out for hypothesis 1. It is found that chi-square statistic is 62.4565 The P value is less than 0.0001. This result is significant at < 0.05. It means that there is no significant difference in income wise in selection of equity product

H2.There is no significant difference in education wise in selection of equity product.

	Intra Day	Trading Plus 5 days	Cash	Others	*Row Totals*
Under Graduate	1 (0.54) [0.38]	1 (0.70) [0.12]	2 (2.50) [0.10]	0 (0.26) [0.26]	4
Post Graduate	5 (4.08) [0.21]	7 (5.28) [0.56]	17 (18.72) [0.16]	1 (1.92) [0.44]	30
Professional	8 (8.84) [0.08]	8 (11.44) [1.03]	46 (40.56) [0.73]	3 (4.16) [0.32]	65
Others	3 (3.54) [0.08]	6 (4.58) [0.44]	13 (16.22) [0.64]	4 (1.66) [3.28]	26
Column Totals	17	22	78	8	**125 (Grand Total)**

Chi-square test carried out for hypothesis 2. It is found that chi-square statistic is 8.8396 The P value is 0.452209. This result is not significant at < 0.05. It means that there issignificant difference in education wise in selection of equity product.

H3.There is no significant difference in occupation wise in selection of equity product

	Intra Day	Trading Plus 5 days	Cash	Others	*Row Totals*
Entreprenesurs	3 (6.26) [1.69]	2 (8.10) [4.59]	40 (28.70) [4.45]	1 (2.94) [1.28]	46
Professionals	9 (7.48) [0.31]	17 (9.68) [5.54]	26 (34.32) [2.02]	3 (3.52) [0.08]	55
Organized Sector Employees	4 (2.86) [0.46]	3 (3.70) [0.13]	10 (13.10) [0.74]	4 (1.34) [5.25]	21
Unorganized Sector Employees	1 (0.41) [0.86]	0 (0.53) [0.53]	2 (1.87) [0.01]	0 (0.19) [0.19]	3
Column Totals	17	22	78	8	**125 (Grand Total)**

Chi-square test carried out for hypothesis 3. It is found that chi-square statistic is 28.1128 The P value is 0.000913. This result is significant at < 0.05. It means that there is no significant difference in occupation wise in selection of equity product.

5. FINDINGS OF STUDY

It is found that maximum investors are between 31 to 45 years of age.
Professionally qualified people are leading investors in equities in the study area.
The study shows that professionals and entrepreneurs are equally active in equities market.
Maximum investors cash (product) to buy equities.
The investors whose income is less than 2.5 Lakhs and less than 5 Lakhs are taking part in equities trading in the study area.
It is found that there is no particular preference to any stock broker for trading in equities.

6. CONCLUSIONS

It can be concluded that income of investor do not affect the decision making while making choices for equity product. Education qualification plays has positive role in deciding to become investor in the equity market. Occupation of investor does not have any bearing for choose the product in equities market.

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