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“A STUDY OF MYTHS ABOUT THE SHARE MARKET  
AND  
IT’S IMPACT ON THE PSYCHOLOGY OF INVESTORS”



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ABSTRACT

Share Market plays a key role in the development of economy, because of two reasons:-

- i. Industrialisation required huge capital and it cannot be brought by individual industrialist.
- ii. There are several sources of finance but it has its own limitations.

In such situation share market is the only way to raise the capital. It would have been impossible for companies to raise the huge capital in the absence of share market. So it is essential to study the share market.

**KEYWORDS :** *Share Market ,Psychology Of Investors,development of economy, Industrialisation.*

INTRODUCTION

Share market is a channel through which saving of community are made available for the industrial and commercial enterprises and public authority. It gives higher return to the investors on their investment than other institution. In spite of this, there are a lot of myths among the common people, for example: share market is a game of only rich people, it is gambling etc. So common people keep themselves away from share market, as a result the common people does not get an opportunity to be a part of development of nation. Therefore it is essential to create the awareness about the share market to their own growth and economic growth.

In such situation it is an urgent need to study the myths about the share market and its impact on the psychology of investors.

A large number of ordinary investors who belong to lower and lower middle class often have a presumption that share market is a place which is not meant for ordinary investors. They equate prudent investment in shares with either windfall gain through luck or with speculation of high uncertainty. Windfall gain is not the way of stock market behave. A good share holder is never favoured by speculation. The true return in the market are the result of patience, calculated risk, appropriate understanding of market behaviour and sound knowledge of economy. However the success stories in the market often create a misunderstanding about its behaviour. There are a large

number of myths and false presumption about market & successful share holder. It should kept in mind that in this field a winner is not born in a day. Success is the result of perception and perseverance. Hence this is also true for stock market. However there are a large number of myths and engulf around share market. The winner in the stock market is often considered as speculator or lucky investors.

As there are a large number of myths surrounding investment and investment pattern in share market. It is necessary to understand how the investors responded to share market? Are they moved by myths and whim?, what is the reality regarding successful investment strategy?, what are the constrain? The present study is an attempt to understand prevailing myths about share market and how they dominate the existing investment scenario.

Hence the researcher has evaluated the opinion of the investors who either invest or do not invest in stock market, how they are moves and what are the myths about share market.

### OBJECTIVES

The broad objectives are:

- i.To identify myths about the share market and to study its impact on the psychology of investors.
- ii.To find out the reasons as to generation of myths about the share market.
- iii.To create the awareness about the share market among the investors.
- iv.To study the investors behavior at the time of investment in different financial scenario.

### Statement of hypothesis:

The researcher desires to test hypothesis are as follow:

- i.Myths about share market are a dominant factor that demotivates the investors.
- ii.An ordinary investors is usually led by common myths about share market.

### RESEARCH METHODOLOGY

#### Universe and sample size:

For the purpose of present study the sample was 120 respondents from each group. These respondents are classified as follow.

1st Group: Respondents those who invest in stock market.

Table 1.1A

i)	Professional	32
ii)	Teachers	23
iii)	Service men	48
iv)	Farmers & others	17
	Total	120

2nd Group: Respondent who don't invest in stock market and speculative securities.

Table 1.1B

i)	Government Sector	30
ii)	Educational sector	12
iii)	Private sector	46
iv)	Self Employment	20
v)	Agriculture sector	10
vi)	Professional sector	02
	Total	120

The term investor is very broad and covers a large spectrum of people who are interested in investment. Naturally there are different dimension of term investors.

In the present study the term investors is used in limited sense. Here for the purpose of study investor means and includes respondent in the following features.

- (i)The people who invest regularly or occasionally a small quantum of money in the share market -: retail small investment in the share market.
  - (ii)The term investors also include the people who invest in avenues other than share market -: retails small investment in non stock option.
  - (iii)As the study small investors include only those investors whose monthly investment do not exceed Rs.5, 000/- to Rs. 15,000/- per month and have annual income between Rs.1, 80,000/- to Rs.5, 00,000/-.
  - (iv)Study covers only those investors who have the knowledge of share market as a investment avenues, but do not prefer share market for the investment purpose.
  - (v)Thus investors are divided into two categories.
    - (a)Respondents those who invest in stock market.
    - (b) Respondent who don't invest in stock market and speculative securities.
- Thus respondent are selected from the above classes.

#### METHOD OF SAMPLE SELECTION:

Simple convenience sampling method is used where the respondent are selected according to their availability and willingness to providing data. Thus sample of 120 respondents is based on the principle of convenience and simplicity of data availability.

#### SOURCES OF DATA COLLECTION AND METHOD OF DATA COLLECTION:

The data collected from both, primary and secondary sources. The primary data includes response of target respondents, where as secondary data includes information regarding investment pattern basically collected from the secondary sources. The primary data is collected from structured questionnaires distributed among target respondent.

#### TECHNIQUES OF ANALYSIS OF DATA:

Techniques of analysis of data and note on statistical to be used: - For the purpose of data

analyses following techniques were used:-

Table 1.2

Sr. No.	Technique	Application	Purpose
I	Simple tabulation	To present statistical data.	To explain information collected from respondent.
II	Graphs	To present statistical data.	To explain information collected from respondent.

**CONCLUSIONS:**

The conclusions come to know from the present research are as follow

1. Most experienced investors are very few in numbers. They have been taking active participation from more than 10 years in the share market.
2. Most of investors invested their fund in share market with the expectation of high profit. The purpose of their investment in share market is to make quick profit. It means that respondent investors look at share market as a way of becoming rich in short duration.
3. Maximum investors selected those investment avenues for the investment which give desired return in given time period and they also accept that share investment is more risky than other investment.
4. The way of thinking of maximum respondent investors those who invest in share market are positive. Because they are believed in their own ability, not by destiny. According to them, success in share market is not a matter of luck but it is result of acquiring the knowledge about share market. They know uncertainty nature of share market investment, but they are ready to take risk & make share investment. But such people should appreciate by the society.
5. Money saving is one of the way of attaining financial stability. Those who do not give importance to investment, they give importance to save money.
6. Maximum investors save money to meet future needs. They set a specific target such as marriage of daughters, children education etc. and they want to fulfill their target with the help of saving money.
7. It is observed that many factors such as financial stability, target of saving, monthly expenditure, and meet certain specific liabilities & market opportunity etc determine the saving of people
8. There are many factors which affect investment decision of investors. It includes rate of return, risk, fund availability, stability, expectation, time span of investment etc but this factors & investors psychology is vary from person to person. Therefore it cannot be predicted exactly which factor affects their psychology and investment decision.
9. There are a number of myths & misunderstanding related to the share market among the people in the society. After the evaluation of views of investors following myths & misunderstanding to be gain.
  - a) Only selected social communities like Jain, Gujarati, Marwari, Brahmin etc have knowledge of investment in share market.
  - b) Share market is only for rich people, poor don't have any work there.
  - c) Only lucky people will get a success in share market & unlucky people cannot get a success in share

market.

d) It is a fast track to become rich in a short period.

e) Many people considered share market is a way of destroying their financial stability.

f) Many people think that they should have huge money to invest in share market but it is not reality, with a small amount people can invest in share market.

g) Share market is a gambling & any gambling is harmful for the society. So that many people think they should not invest in it.

h) Share market is not suitable for a proper investment. People think that chances of fraud in share market may be very high.

i) Many people assume that establishment of share market is for the capitalist people. Share market provides more protection to them instead of the poor.

j) The procedure of share market is so complicated & common people are unable to understand it. They think it is beyond their understanding capacity.

k) The possibility of failure in share market is more than to make a profit. Due to this myths & misunderstanding, the psychology of investors get adversely affected & they think negatively about the share market. They keep themselves away from share market; as a result they lose an opportunity to be a part of development of nation.

#### SUGGESTIONS:

The suggested courses of action on the problems related to research is given below.

1. It should be tried to spread knowledge & awareness about the share market among the common people.

2. Every university should be included share market as a compulsory subject in their syllabus at degree level. This will be helpful to make them conscious about share market.

3. Many experts take a seminar or private coaching on the share market. But they charge too much fees for very short duration. Many times such seminar conducted in hotels & restaurant which are so expensive and common people cannot afford it. Therefore such seminar should be conducted with minimum fees or free of cost. So they can get advantage of such seminar.

4. As a part of social responsibility, various companies should try to educate their investors.

5. Mass media is one of the major medium to spread the knowledge in the society. With the help of this media, many people can learn a lot of things related to share market & finance, if they are ready to present special programme and talk show related to such issue. Some channels are working in this field but their numbers should be increased.

6. Reputation of the share market should be sustained. Corruption, fraud, bankruptcy, speculation etc. create negative impact on the psychology of the people. Because of that SEBI should rein on such on activities. SEBI should take strict action upon it. It gives message to people that share market is reliable place for investment.

RELEVANT BIBLIOGRAPHY

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