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"A Study on Retail Investors Perception and Behavior for National Stock Exchange"

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Introduction

Financial system plays a vital role in the economical growth of the nation.Financial system is the system that allows the transfer of money betweensavers and borrowers. It is a complex, well-integrated set of sub-systems offinancial institutions, markets, instruments and services which facilitate thetransfer and allocation of funds efficiently and effectively. The Equitymarket also known as the stock market is where the listed securities (i.e.shares) are traded in the secondary market. National Stock Exchange is theleading stock market in India. This is one of the most vital areas of amarket economy, as investors have the opportunity to own a slice ofownership in a company with the potential to realize gains based on itsfuture performance. The price of shares and other assets is an importantpart of the dynamics of economical activity, and can influence or be anindicator of social mood.

Review of Literature

- Kannadhasan, M. (2015). Empirically examined whether demographic factors namely gender, age, marital status, income, occupation, and education could be used individually or in combination to differentiate among retail investors in terms of financial risk tolerance (FRT) and risk taking behavior (FRB), and classify retail investors into FRT and FRB categories.
- Eel Kamal Purohit, (2013). Measured the investors' perception and attitude towards Indian stock market with reference to the investors in Tamilnadu. The author measured the variables which influencing the investors' perception and attitude towards Indian stock market.
- Bennet, Ebenezer, et al (2011) in his study concluded, Out of the total 26 variables, it is found out that five factors had very high influence over the retail investor’s attitude towards investing in equity stocks. They are namely investors’ tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business.

Objectives of the study

1.To analyze retail investors' perception for National Stock exchange.
2. To analyze retail investors' behavior for National Stock exchange.

Methodology for research

The research design is analytical in nature. The study is based on primary and secondary data. The primary data is collected through structured Questionnaire. Secondary data was gathered from books, journals and websites like SEBI, NSE etc., for review of literature. Convenience sampling method is used for this study. Total sample size is 100 from Surat district have been taken. The study has been conducted in November and December 2016.

Limitations of the study

Sample size of the data for this study only 100 investors. The primary data has been collected through a structured questionnaire at Surat district in Gujarat, which may not reflect the opinion of the entire population.

Data analysis and Interpretation

Table : 1 Descriptive Statistics

Variables	**Category**	**No. of Respondents**
Gender	Male Female	78 22
Age	Below 30 years 30 to 40 years 41 to 50 years Above 50 years	26 23 21 30
Qualification	Below Graduation Graduation and above	42 58
Occupation	House Wives Service Self employed Professionals Retired	6 30 16 28 20

Average Income (per annum)	Less than 2.5 lakhs 2.5 lakhs to 5.0 lakhs Above 5.0 lakhs to 10.0 lakhs Above 10.0 lakhs	23 36 29 12
Experience in the Market	Less than 1 years Less than 3 years Less than 5 years Less than 10 years Above 10 years	12 16 22 35 15
Percentage of income investing in stock market	Less than 10% 10-15% 16-20% Above 20%	26 30 24 20
Risk appetite	Low Medium High	38 34 28
Expected return	Up to 12% 13% to 24% 25% to 36% Above 36%	19 40 26 15
Sources of Information	Internet Press TV Brokers	21 28 25 26

Investors' awareness about trading instruments of NSE

(1=not at all aware, 2=slightly aware, 3=moderately aware, 4=very aware, 5=extremely aware)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Awareness of the NSE Instruments	100	1	5	2.95	1.298

Valid N (list wise)	100				

(1=not at all important, 2=slightly important, 3=moderately important, 4=very important, 5=extremely important)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Capital Gain	100	1	5	3.58	1.199
Maturity Period	100	1	5	2.72	1.326
Safety of Investment	100	1	5	3.55	1.242
Rate of Return	100	1	5	3.76	1.224
Tax Purpose	100	1	5	2.85	1.201
Liquidity	100	1	5	3.48	1.299
Valid N (list wise)	100				

Data analysis and Interpretation

The sample size chosen for the study was 100 investors from Surat district. Table 1, shows that seventy eight of the total samples are males and twenty two percent are females. Thirty sample size have age above 50 years followed by twenty six percent of total sample have age below 30 years. Fifty eight of the total respondents are having qualification of Graduation and above and forty two percent of respondents are having educational qualification of less than graduation. Thirty respondents are private sector employees followed by twenty eight percent are business people and only six from agriculture. Thirty six percent, average income of the investor range between 2.5 lakhs to 5 lakhs followed by twenty nine percent between 5, 00,001-10 lakhs. Half of the investors are having more than 5 years of experience in the market. Thirty percent of the investors are investing in the market 10-15% of their income. Thirty eight percent of investors are taking less risk, thirty four percent are taking moderate risk and twenty eight high risk. Majority of the investors' expected return range between 13-24%. Twenty eight percent of the total sample takes cues from press and twenty six percent from brokers for their investing decisions.

Conclusion

Investors are bullish about the Indian market. Most of the investors are moderately aware about the instruments of National Stock Exchange. Majority of the investors felt that rate of return, safety of investment and capital gain are very important motives of their investment. Liquidity, tax purpose and maturity period are considered to be moderately important. There is no significant difference between investors' investment objectives and investors' gender, age and occupation (except for gender and maturity period as objective).

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