Review of Literature
CHAPTER II
REVIEW OF LITERATURE

This chapter provides the review of the related literature on the studies pertaining to investors in share market. This review helped the researcher in finding the problem selected and also, helped to identify the study gap.

Hendry Allen Latane (1960)\(^1\) carried out a study entitled "Individual Risk preference in portfolio selection" to measure the individual risk performance of the Investors. The study was based on the choices between hypothetical risky portfolio and safe portfolios carried out by three college investment cluster. The findings of the study indicated that there was no clear linear relationship between the proportion of students choosing a specified risky portfolio and the expected value and standard deviation of the probability distribution of return of that portfolio. The most noteworthy result of the study is that majority preferred to hold the safe portfolio rather than the risk portfolio. Students liked returns as measured by geometric mean and disliked risk as measured by standard deviation. Results also tended to contradict the hypothesis that people must be paid a premium to induce them to undertake moderate risks instead of subjecting themselves to either small (or) large.

The National Council of Applied Economic Research (NCAER)\(^2\) conducted a Survey of households, (1964), entitled "Attitudes Towards and Motivations for Saving". The survey covered a sample of 4650 households spread over India. It provides an insight into the attitude towards and motivations for savings of individuals. One of the important findings was that the investment in securities was preferred by the high-income households.

\(^{1}\) Henry Allen Latane , (1960); "Individual Risk preference in portfolio selection ", The Journal of Finance Volume XV No.1, 1960 PP 45 - 53

NCAER conducted an another study in (1966), entitled, “Capital Market in a Planned Economy”, covered the structure of the capital market and presented the various views and some attitudes of individual Investors who prefers share market to Invest. For this purpose, samples of 4000 shareholders were selected on a random basis from the Register of Members of 25 Companies. The response was available from 600 members. The findings of the study were aimed to find out the investment preferences and consideration on which the investors based their investment decisions.

Rando. lph., Westerfield (1969) in his study “A Behavioural Approach to the Investment management Decision and to the Securities market” studied the individual financial – Investment decision. 125 investors were examined with respect to their portfolio choice in two investment periods. The study used Maskowitz /Sharpe linear portfolio model to describe and evaluate the salient aspects of the Individual investment decision. The results of the study showed that there was a significant difference between a mature investor and a non-mature investor with respect to risk performance. Certain personality and cognitive judgment factors were associated with choice. rationally, perceived risk and risk preference.

Stern.P.Walter (1969) in his study “The Investment Scene- An Overview” identifies the two broad styles of investing that are emerging firstly the “gunslinger”- the aggressive investor, who feels that he can identify change before the next gay and capitalize on it. He is identifiable, he is young, he is able, he is arrogant, and he deals in concepts, not in price earnings ratio. He is “opportunity oriented” and he checks out every idea you present to him before he acts. He wants freedom to act quickly. Secondly

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3 NCAER study, “Capital market in a Planned Economy”, (1966), New Delhi.
4 Rand Lph Wester Field (1969):” A Behavioral Approach to the Investment Management Decision and to the securities Market.” Dissertation at the University of California, 1969
the “serious” long-term investor, basically interested in earnings trend, concepts relating to area of long-term growth and fundamental work. He is fewer concepts oriented and more profit earning ratio oriented.

Petter Roger Eiving (1970)\(^6\) carried out a study entitled “Motivating factors Guiding the common stock investor” with an aim to identify those factors which motivate (or) Guide the investment decisions of the common stock investors. A questionnaire consisting of 25 demographic question and fifty behavior related questions was used to collect data from 689 individual investors. The object of the study was tested with the help of multiple factor analysis, step-wise regression analysis and chi-square analysis. The results of the study isolated six motivating factors within the group of non-professional investors. The study revealed that the factors like desire for (i) Income from dividends(ii)rapid growth (III)purposeful investment as a protective outlet of savings (iv) Professional investment management were common to both groups of investors the exceptions are the desire for professional management, desire for long term growth and desire for professional management.

Keller Frank R (1970)\(^7\) in his study on “The Behavior of Individual in security investment decisions” focused its attention on the common-stock investment decision process to develop data that would facilitate the formulation of hypothesis concerning the determinant of security values. Stock holder satisfaction and the nature of successful investment practice. His study was carried out with four individual investors comprising two sophisticated investors and two unsuccessful investors. The data for the study were collected through each decision process was highly individualizes it was possible to synthesize a multi-step general model the expectation of desirable future reported

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earnings to be generated from adequate company resources” by a good management” was found a requisite to any investment. Dividends had value only for their possible information content

**Crooch Gary Michal (1970)** in his study on “An investigation of Investors” made an attempt to measure the knowledge of financial statement Terms and concepts currently held by the average non-professional investors. This study tried to know the respondents “knowledge of the definition and concepts used by accountants when preparing financial statements. The data reported in the research was the result of responses from 554 investors factors like demographic attitudinal and behavioral variables were examined statistically for their relationship with the score on the scale of financial statement knowledge. The study revealed that the average non-professional investor did not have sufficient knowledge of financial statements on the other hand professional investors had sufficient knowledge of financial statements.

**Slovic Paul, (1972)**, in his study entitled. “Psychological Study of Human Judgment: Implications for Investment Decision Making”. examined the use of psychological approach in the field of financial decision making. According to his study all the decisions were made, not by the individuals but by the groups. The ultimate finding was that, decisions made by groups were riskier than individual members decision. Blume, Marshall E.J.,Crockett and I. Friend,(1974) in their study entitled “stock ownership in the united states: Characteristics and Trends” studied the characteristics and trends of stock ownership in the united states. Their study found a mild relationship between dividend yields of investor portfolios and investor tax brackets.

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Lease Ronald. C., et al (1974)\textsuperscript{10} carried out a study entitled “The individual investor attributes and attitude” with the object to know about the demographic characteristics, investment strategy patterns, informative sources, asset holdings, market attitudes, and perception to identify the record of portfolio positive and realized investments' returns of the group. The samples of the study comprise 990 investors. Stratified according to the geographical distribution of all the American shareholders as reported by the “New York Stock Exchange survey” the data for the study were collected through questionnaire and it was processed with the help of cluster analysis and automotive interaction detection analysis. The study revealed that there was a significant positive correlation between (i) Individual income and total wealth (ii) Age and percentage of portfolio invested in income securities (iii) expressed inherent is dividend income and percentage of portfolio investment income securities the decision behavior should be the half of the sample respondents spent less than 5 hours a month and less than 15 a year on collecting the information for making the decision about the securities.

Gooding Arthur E (1975)\textsuperscript{11} in his study on “Qualification of investors' Perceptions of Common Stocks Risks and Return Dimensions” make an attempt to examine the role of expected and return in make in asset decisions to test whether investors actually perceived the differences among common stocks within a two-dimensional risk-return framework.

Blume, Marshall E., J., Crockett and I. Friend (1974)\textsuperscript{12} in their study entitled “stock ownership in the united states: Characteristics and Trends” studied the


characteristics and trends of stock ownership in the United States. Their study found a mild relationship between dividend yields of investor portfolios and investor tax brackets.

Blume, and Friend (1975)\textsuperscript{13} in their study entitled "The Asset structure of the Individual portfolios and some Implications for utility functions". This paper documented the degree of diversification in individual portfolios and explained the investors utility function for the households who hold diversified portfolio. According to their study, poor diversification in portfolios was due to the heterogeneous expectations of investors. Thus work assumes significance in the matter of measuring the extent of diversification in portfolios of individuals.

John Telesephore, (1975)\textsuperscript{14}, study entitled, "The Expectations of Stock Market Participants for Selected Stocks", makes an attempt to investigate the nature of 800 individual investors' expectation of financial return from common stocks. The investors belonged to 4 types of stock market participants namely, buyers, sellers, owners and security analysts. The study led to the conclusion that investors expect a higher return from risky stocks and sellers expect a lower return than buyers or owners of stock.

Lewellen Wilbur G, et.al., (1977)\textsuperscript{15}, in their study, "Patterns of Investment Strategy and Behaviour among Individual Investors", examined the portfolio decision processes of individual equity investors. Data was collected from 972 individual investors residing in the US. The findings of the study show that age has a strong influence on the portfolio goals of the investors. Older investors have interest in long-term capital gains and young investors have a desire for short-term capital gains. Age and risk-taking

\textsuperscript{13} Blume and Friend (1975): "The Asset Structure of individual portfolios and some implications for utility functions". The Journal of Finance Volume XXX No.2 1975 PP 585-603
propensities were found to be inversely related. Women investors were found to be broker-reliant unlike men.

**Baker, et.al., (1977)**\(^\text{16}\), in their study entitled, “An Empirical Analysis of the Risk Return Preferences of Individual Investors”, studied examined the risk-return preferences of individual common stock investors. Investors exhibited a strong association between expected annual rates of return and acceptable risk levels on common stocks. According to the findings of the study, there is a difference among the nature and shape of the relationship as evidenced by statistical tests. First, the association between risk and expected annual return appeared to be positive. Secondly, the risk-dividend relationship appeared to be negative and thirdly the risk-capital appreciation relationship was found to be positive.

**Gupta (1987)**\(^\text{17}\) conducted a study on “Shareholders geographic distribution in India”. This study established that, contrary to the geneses belief, semi urban and rural areas constituted a negotiable proportion of the shareholding population of India. Equity shareholding has remained by and large, an urban or rather a metro pollution phenomenon in India. Besides their regional pull effect that is strong local preference among investors towards the companies registered in their home state was also found by the study.

**Gniewosz, (1990)**\(^\text{18}\), in his study entitled “The share Investment Decision Process and Information Use” examined the use of accounting and other information in the share investment decision process of an institutional investor. It was an explanatory case study

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conducted within the context of an organization everyday working environment. The interaction between information from different sources over a felt investment period and extend to which information in the annual report were used in share investment decision process was considered to be the specific orientation of the paper.

Gupta (1991)\textsuperscript{19} conducted another major “survey of Indian share owners” in 1990. This survey generated a new set of data on Indian Investors and their investment habits and its preference. The survey includes a sample of 600 households in 250 residential blocks spread over more than 250 cities of India. The major findings of the survey is that, Influx of young people into the share market, Inadequate diversification in the share investment portfolio, Majority of Indian share owners are long term investors, with holding duration of over 3 years, New insure market found favor with the investors rather than buying form the secondary market, the VIT of India / Mutual fund units were perceived as safe by a majority (over 9\%) of investors, Investors were dissatisfied with the mechanism for redressing of their grievances and, More than 50\% of the share owners had specific complaints against stock brokers and over 60\% of investors had specific complaints against the companies.

Bhagawathi Prasad and Subhas., (1991)\textsuperscript{20} study entitled “Problems faced by the Investors” in two cities Hubli and Dharwar in Karnataka state, the study did not apply any rigorous statistical tools for the purpose of analysis certain findings of the study as significant for instance, the study framed that LIC policy as an investment avenue was known to 85\% of small investors while a public sector bond was known only 49\% of investors. Tax incentives were perceived to be the highly weighted attribute of investments. Almost 86\% of small investors depended on word of mouth publicity and


53% of investor expressed that they did not know how to appraise a share issue form published data.

Riley Ir. and Chow (1992)\textsuperscript{21} in their study entitled “Asset Allocation and Individual Risk Aversion” used the date on the investments of a random sample of the U.S population to deserve relative risk-aversion indexes from actual asset allocation of individuals. A model of risk aversion was developed by the authors who considered the age, education, total household wealth and annual income of individual as important variables. The analysis found that relative risk aversion decreases as one rises above the poverty level and decreases significantly for the very wealthy. It also decreases with age, but only up to a point. The model showed that after age 65, risk aversion increased with age.

Prof. Jawarharlal (1992)\textsuperscript{22} in his study examine Indian Investors background and their behaviour in investment decisions. Totally 1200 Individual Investors and debenture holders have been consulted for this study. The study reveals that the investment market in India is dominated by male investors and most investors are belongs to a group whose level of education is higher level. In addition most of the investors real two (or) more sources of information to make investment decision on their own.

Lals Jawahar (1992)\textsuperscript{23} study entitled on “Understanding of Indian Investors” is an attempt to know the understanding of Indian investors regarding some accounting information reported by Indian companies. The study covered about 12000 investors. The

findings revealed that 48.83% of respondents although understood the information, found it irrelevant for investment decisions. Another findings was that a significant number of investors expressed that the information did not have the same degree of utility as the companies might have assumed the study also observed that investors have invested in funds in many companies have been found to possess better understanding than the investors in few companies.

Nagy Robert A. and Robert W. Oben Berger (1994)\textsuperscript{24} in their article entitled “factors Influencing Individual Investor Behavior” the data was collected from 133 equity investors through mailed questions. The equity Investors were asked to evaluate the importance of 34 variables identified as influence equity investment decisions. The study revealed that most of the variables ranked significant were wealth maximization related ones such as expect earnings and minimize the risk.

Brennan M.J. (1995)\textsuperscript{25} in his article entitled “The Individual Investor” analyses the several phenomena that arose from the limited information possessed by the individual investors. He studied the sources through which investors received information about securities and found out the extent of information disseminated by brokers. An Individual investor who did not possess expert knowledge of financial markets had to venture unaided into the treacherous waters of the market for primary securities, guided perhaps by the sometimes-unreliable advice friends (or) stock brokers.

Warren, et. al., (1996)\textsuperscript{26} in their study entitled “Using Demographic and life style Analysis to segment Individual Investors” attempted to develop lifestyle and

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demographic profiles of investors based on the value and types of investment holding. The authors pointed out that in a diversified market, demographic characteristics alone may not be sufficient to serve as a basis for segmenting individual investors. This study was based on mailed questionnaires to 600 households. Only 152 usable responses were obtained. Multiple patterns differed according to demographic and lifestyle dimensions not only help differentiate between investor behavior types (active/passive) but also useful in differentiating between light and heavy investors in particulars investment (ie) stock and Bonds.

Yunker and Krehbiel,(1998)\(^{27}\), in their study entitled, “Investment Analysis by the Individual Investor”, discussed the issue of time devoted to the analysis of investment opportunities since most of the income of wealthy capital owners is derived from investment. Why one does not devote more time to ones analysis and selection? This question is examined by taking the data from Individual Investor Research Project conducted at Purdue University in 1971. The study found that the mean time devoted to investment analysis by the entire group of investors was 9.18 hours per month, while 15.4% of respondents who are active in the stock market spent more than 20 hours per month, the high light of Funker and Krehbiel’s research is the development of an exponential equation representing a ‘plateau productivity function” between investment analysis time and the rate of return to financial capital wealth, they observed that the estimated plateau productivity function was sufficiently steep, that a relatively small input of time suffices to achieve very near the asymptotic upper limit on rate of return.

Shanmugam R and Muthusamy (1998)\(^{28}\) in their study entitled on “Decision Process of Individual Investors” studied the views of individual share investors about


their objectives of investment basic approach to investment decisions a net the nature of their equity portfolio. This study was carried out on 201 investors. They were divided into 3 groups namely of tax savers, traditionalist, and risk takers. All the respondents belonged to Coimbatore city. The data were analyzed with the help of Chi-square test and analysis of variance, the main findings of the students were that a majority of the shareholders were satisfied people. They were young and mostly first generation investors. The time spent on investment analysis was inadequate and equity portfolio diversification was mode sat. Regional industry had its impact on industrial portfolio. Educational level on investors had its impact on the use of technical analysis occupational category had impart on the use of fundamental approach.

Santi Swarup K and Amika Verma (1998) in their study titled “Effect of stock exchange reforms (1992-97) on the development of the Indian capital markets” examined the important stock exchange reforms and their impact on capital masker. Development from the study comprised 30 brokers from Delhi stock exchange. The perception of brokers was obtained through questionnaire they were asked to state their perception about the major reforms that have taken place in the operation of stock exchange like change in forward trading, introduction of depository’s reduction in settlement period changes in capital adequacy norms and the suggestion of transactions. This study came out with suggestion to brokers which consisted of (i) investors need to be educated about scruples trading and (ii) Brokers should be qualified enough to deal with the client more effectively.

L.C.Gupta (1998) carried out a study on “What Ails the Indian capital Markets” to find out the problems associated with the Indian capital market for this purpose a sample of 300 middle and upper middle class households was interviewed. It was found that majority of the respondent were not satisfied with the Management and about 64% were of the same opinion about the statutory auditors. A majority of investors did not have much confidence even with the regulatory Agencies. A large number of respondents had complaints against company, rather than stock brokers.

Madhumathi R (1998) in her study on “Risk perception of Individual Investors and its Impact on their Investment Decision” examined the risk perception of individual investors and its impact on their investment decision. The study carried out with a sample size of 450 individual investors, selected on a random basis from major metropolitan cities in India. The investor were divided into 3 groups as risk seekers, risk bearers, and risk avoiders the results of the study revealed that, a large number of investors (76%) were risk bearers has the ten deny to use company performance us a basic factor to take investment decisions and they used to dependent on the advice of share brokers and investment consultants. The risk seekers on the other hand, took their mainly on the basis of market condition, industrial position and social changes. Their source of information consisted of impersonal sources such as newspapers and reports. Infact they were advice givers rather than advice takers. Risk avoiders did not have a specific train in terms of information perception proceeding capacity or situational constraint. They were very objective and looked for facts and certainly in their investment decision situations. Their decisions were mainly based on the advice of their friends and relatives. Market performance and the expectation of the investors were found to influence the risk perception of the investors.

Security Exchange Board of India (SEBI) along with National Council of Applied Economic Research (NCAER), (2000)\textsuperscript{32}, conducted a comprehensive survey of the Indian investor households entitled, "Survey of Indian Investors", in order to study the impact of the growth of the securities market on the households and to analyse the quality of its growth. 25,000 investors were drawn from places all over India and the data were collected by administering questionnaire and through personal interviews. The survey was carried out with the major objective of drawing a profile of the households and investors and to describe the demographics, economic, financial and equity ownership characteristics. The study also focused to understand the investor's investment preference for equity as well as other savings instruments, their perception about market risk, their expectations, nature of their grievances, and difficulties, to estimate the number of household which had refrained from investing in the equity market and the reasons for their reluctance. The survey revealed that age, education, occupation and income were found to influence the attitude of an investor towards investment. The urban investor households had higher proportion of investment in equity shares, debenture and mutual funds as compared to the rural households. Income levels and investment of the households in capital market were found to be associated. Majority of the equity investors had long term motive of investment. Investors revealed that they had a number of broker related problems than the issuer related problems.

P.K. Bandgar., (2000)\textsuperscript{33} conducted a study filed "The middle class investor’s preference for Financial Instruments in Greater Bombay". The data for the study were collected with a help of well- designed, structure and pre-tested questionnaire the servers was based on intensive personal contract with the respondents. The study revolved that

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only 16% of investors faces difficulties in buying (or) selling the instruments and their
difficulties covered the problems like inadequate prices, delay in transfer the 19th of the
middle class investors uses to take loans from banks against the security of financial
instruments though the above mentioned studies have concentrated on the investors life
style but to one study was carried out to know the behavior of the NRI’S.

Panda K. Tapan N.P and Tripathi (2000)³⁴ in their study entitled “recent Trends in Marketing of Public Issues: A Empirical study of Investors Perception” with an aim to identify the investors awareness and attitude towards public issues. Information from 125 investors covering the salaried and business class people who belonged to the city of Bhuvaneswar was obtained through a questionnaire the data collected were analyzed through simple percentage and weighed average. It was found that a majority of investors (83.90%) used newspapers as the source of information financial journals and business magazines ranked next to newspapers. A large number (63.30%) of investors were found to face problems while selling securities with regard to the factors associated with investment activities safely occupied the first rank and the factor regular return stood second. Equity shares were preferred by investing public only for its higher rate of return.

Fieldstein and Yitzhaki (2000)³⁵ in their study entitled “Are High Income Individuals Better Stock Market Investors” have presented evidence to suggest that the Corporate stock owned by high-income investors appreciate substantially faster then stock owned by investors with lower incomes. They have indicated that high income individuals have larger portfolios and can therefore denote more time (or) resources to their investments thus resulting in higher returns.

³⁵ Fieldstein and Yitzhaki (2000): “ Are high income individuals better stock market investors”. nber w0948.200
Rajarajan. V (2000)\textsuperscript{36} conducted a study entitled "Investors Life Styles and Investment Characteristics" with an object to find out the life style based on segmentation of individual investors and to analysis the investment size. Pattern and future investment preference of investors and on the basis of their life styles. This study was carried out in a state capital by getting data from 405 investors through questionnaires. The investors were divided into group's namely active and passive investors. The association between the life style groups and the various investments related. A characteristic was studied by using cluster analysis, correspondent analysis. The study revealed that the level of expenses earning and investment were associated with the size of household, active investors group was dominated by officers, individual group of clerical and passive investors by group of professionals, the expected rate of return from the investment varies based on the investment styles. As for risk bearing capacity it was found that investors who had more than 40\% of their financial assets in risky category dominated the active investors group, individualists were possessing up to 20\% of their financial assets in the risky investment.

Maruthupadian P. Benjamin Christoppers (2001)\textsuperscript{37} conducted a study entitled "A study on Equity Investor Awareness" in order to study the stock market literacy of the investor about the company stock exchanges as well as capital market regulatory bodies. 411 investors were selected at random in Coimbatore district and the data was obtained using questionnaire. Chi-square Test, ANOVA, Correlation, Multiple Regressions and Path Analysis were used to analyze the data. The study revealed that in capital market operation, urban mass is high. Female investors are very huge in number, young investors are more and most of the investors fall under the salaried class. The


\textsuperscript{37} Maruthupadian P. Benjamin Christoppers "A study on Equity Investor Awareness" Doctoral Dissertation at Bharathiar University 2001.
study also revealed that awareness differs among different groups of investors. The socio-economic information seeking behavior as well as investment behavior characteristics cause such differences the awareness index is high and significant in case of young male investors, post graduates, businessman, investors reading more number of magazines and viewing investment related programmes on Television and Internet. Secondary market investors associated with capital market for more than 11 years and who regularly invest, investors with short term motive, and who keep a maximum amount of their wealth in shares.

Statman (2002)\textsuperscript{38} in his research entitled “A Century of Investors”, compares the investors a century ago with investors today. He concluded that today’s investors are more rapidly informed than their procedures but they are neither better informed nor better behaved.

Dr R. Shanmugham (2002)\textsuperscript{39} in his research entitled “Share Investment Decision” studied a group of 201 Investors to examine the factors of influencing investment decisions. The objectives of the study are to find of sources of information used by investors and factors influencing share investment decisions. It reveals that financial newspapers, comments are relied upon by most of the investors. Further the analysis also leads to the conclusion that the economic factors given importance in investment decision making.

Stout (2002)\textsuperscript{40} in his study entitled ‘The Investor Game’ has indicated that investors have adaptive expectations. Adaptive expectations result in both trust and mistrust in securities market based on the past actions.

\textsuperscript{40} Stout, Lynn.A , “The investor game”, UCLA school of law, Research paper no. 02-18, 2002.
Santi Swarup K (2003) in his survey entitled “Measures for improving common Investor Confidence in Indian Primary Market” A survey; analysed the decisions taken by the investors while investing in primary markets in the first part, secondly the factors effecting primary market situation in India was analysed and find the survey evaluates various revival measures available for improving investor confidence the survey was conducted in to cities in India by mainly questionnaire. The survey results of 367 Investors revealed that the investors give importance to own analysis and market price as compared to broker’s advice. Issue price, information availability market price after listing and liquidity emerge as important factors effecting primary market situation in India. A number of suggestive measures in terms of regulatory policy level and market oriented were suggested to improve the investors’ confidence in equity primary market.

Selvam M, et.al.(2003), in their study entitled, “Equity Culture in Indian Capital Market”, explained the importance for promoting equity culture, which deserves special attention for the development of economic growth. The study examined the detail of the current trend of equity culture, its implications and its revival and remedial measures. The findings of the study are intervention by government, SEBI and RBI and evaluation of suitable credit policy for projects in order to assure safety and assured returns to the investors, in order to restore investor confidence.

Society of capital market research and development (2004) conducted a survey entitled “Indian household Investment survey-2004” to identify the investors’ references, problems and policy issues. The study was based on direct interviewing of a very large sample of 6908 house hold heads over 90 cities and across 24 states. The study

states that price volatility, price manipulation and corporate mismanagement/fraud have possibility been the household investors top three worries India. The large percentage of the investors had a negative opinion on company management. Middle class investors are long-term and conservative. Equity shares have achieved a much higher degree of penetration among middle class households compared to other capital market instrument.

Ryan Wood a; Judith Lynne Zaichkowsky b (2004)44 “Attitudes and Trading Behaviour of stock market Investors” In their study identifies the characterizes segments of individual investors based on their shared investing attitudes and behavior. A behavioural finance literature review reveals five main constructs that drive investor behavior: investment horizon, confidence, control, risk, attitude and personalization of loss. Samples of ninety individual investors were surveyed via questionnaire on these constructs. The findings of the study identified four main segments of individual investors: 1. Risk – intolerant traders 2. Confident traders 3. Loss – adverse young traders and 4. Conservative long term investors each segment purchased different types of stocks, used different information sources, and had different levels of trading behaviour.

Clore G.L.Schnal. S. (2005)45: “The Influence effect on attitude of Investors” in his study examined that managing an investment broker firm involved selecting people with a high level of skill at counseling investors. Such a skill involves sensitivity to how the investor thinks about and address the risks, a task which is difficult if the advisor and the investor have different values and risk attitudes. It might be argued that the problem is solved if every one concerned acts in a rational manner however, rational decision making is an ideal that how human decision maker.

Subha M.V. (2006) in her article entitled “Indian Capital Markets – A Road Ahead” addressed the current issues in the Indian capital market, lack of individual participation and the ways of restoring investor confidence. The article concluded that the responsibility of creating an environment of trust and confidence lies with the regulators, stock exchanges and companies. Each of them should act in a responsible way and provide a healthy atmosphere for the functioning of an efficient capital market.

Viswambharan A.M (2006) in his article entitled: Indian Primary Market - opportunities and Challenges” has examined the recent trends in primary market, the current IPO system, book building schemes, opportunities for investors, problems faced by the investors and has suggested that investors should rely on long-term investment than speculation. Investor education shall be strengthened commercial banks may take-up investment consultancy for their clients to improve investor participation.

Shobana V.K and Jayalakshmi J (2006) in their study entitled “investor Awareness and preferences” studied the investor preferences the level of investor awareness and the factors influencing investor awareness of the 100 respondents in Salem district. The study reveals that real estate, bank deposits and jewellery were the preferred investments. Investors above 50 years of age, post graduates and professionals had high level of awareness. Age and education do not have any significant influence over investor awareness but occupational status leads to differ in the awareness level of people.

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Gnana Desigan C. et. al., (2006)⁴⁹, in their study entitled, “Women Investors Perception towards Investment–An Empirical Study”, examined the investment pattern, preference, influencing factors and problems of women investors in Erode town. The findings of the study is that women investors are interested to invest in bank deposits and jewellery, they are influenced by safety and liquidity and the problems faced by them are SEBI procedures and formalities, commission and brokerage.

Kavitha Ranganathan (2006)⁵⁰ “A Study of fund selection behaviour of Individual investors–with reference to Mumbai city”, a rich view of research shows the sophisticated understanding of how financial markets are also affected by the financial behaviour of investors. Indian capital market which has become an important portal for the small investors are also influenced by their financial behaviour from the researchers and academicians point of view, research study with help in developing and expanding knowledge in this filed.