Executive Summary

Now a day, a very crucial question discussed among the finance community which comprise the investors, advisors, trade gurus, academicians and the researchers, is “Are the retail investors fleeing the market or the stock market is no longer a safe and convenient place for them.”? Various associative questions are also discussed like “What exists in the mind of retail investors i.e. the thought process about investing and not investing in the stock market”. Or while investing does the behavioral aspect plays any significant role”. The fact cannot be denied that if institutional investors are crucial for the market volume and depth so are the retail investors equally important to provide breadth to the market. In order to probe further in the question and to provide a systematic approach to identify and appraise the role and thought process of the retail investors the current study was initiated with the title “Retail Investors Attitude Towards Investment in Secondary Equity Market and the Impact of Behavioral Finance: A Study in New Delhi City”.

The study followed a ‘Two Step Approach’ in order to understand the current standing and role of retail investors in the stock market. Initially the study tried to follow a Top Down approach, where the performance of the stock market was appraised for the duration of 5 years and developed an understanding towards the factors responsible for its movement. The analysis helped in the identification of the role of the Retail investors along with other factors responsible for market movement. Next in the analysis, the pattern of the investment of major investing participant’s i.e. Foreign Institutional investors, Mutual Funds and retail investors was studied. The study of pattern of Investment helped in understanding the Inflow and Outflow or the net investment made by the above mentioned market participants. The net investment pattern will help in understanding whether the interest of these market participants has increased or decreased during the study period.

The researcher also tried to study the long term relationship and cause & effect among the various time series data of FII investment, Mutual fund investment & Sensex. This study was conducted for a period of 10 years with the help of the software of E views and the technique of financial econometrics like Johansen cointegration, granger causality and Wald test. The long term integration among the Nifty & Sensex and unidirectional causality was observed, among the FII and Mutual fund investments.
The researcher tried to probe the minds of the retail investors directly with the help of the questionnaire in order to understand their general perception about investing in the stock market, their perception about the general features of the stock market in terms of safety & regulations, convenience and technology status, their behavioral aspect in terms of inclination towards a particular decision making style, degree of confidence and effect of the cultural factors. Another important aspect explored was the restricting factors or the reasons behind the investor not investing in the stock market.

The methodology adopted for the purpose was on the basis of the collection technique used. The study focused on the sample size of 650 (N = 507). The population comprised the respondents residing in the New Delhi city: NCR region. The methodology used for selection of sample was Non probability, convenience, judgment and snowball sampling. The data collected was analyzed with the help of suitable statistical techniques and the software SPSS 19.0 was used. The statistical techniques used were Cronbach’s alpha to test the internal consistency, cross tab, Chi square test, ANOVA analysis and Post Hoc technique to study the variation in the attitude. The behaviour of the respondents against which the attitude was studied was collected in the form of their demographic details of age, gender, marital status, occupation, income, and investing details like years of experience in investing and their investment avenues in the form of percentage invested.

The analysis indicated few peculiar characteristics about the respondents residing in NCR region. The respondents in the higher age groups demonstrated a good earning capacity and could be targeted to enhance their interest for investing in the stock market. The other difference was observed as “No significant difference” was found in the opinion of the respondents based on their gender i.e. the male and female respondents did not differ much in their opinion. The homemakers and the students indicated a good degree of enthusiasm for investing in the stock market. The respondents indicated a mix of logical and intuitive decision making styles while taking Investing decisions. As far as the restricting forces are concerned the problem varied on the basis of respondent’s occupation i.e. the students considered Internal restricting forces to be more powerful than the external ones and on the basis of experience in investing i.e. As the respondents experience grew in years the degree of Internal restricting forces reduced while the External seem to be more powerful.
The research work spans over five chapters.

**Chapter 1: Introduction** the chapter discusses the Indian economy including the Economic Indicators, Indian financial system: Capital & Money Market. Thereafter, it discussed the research objectives, research questions, & hypotheses

**Chapter 2: Review of literature** concentrates on the work related to Attitude: concept & measurement, studied related to behavioral heuristics of overconfidence, intuition, & culture problems while investing in stock market, studied related to factors affecting the stock market movement, studies discussed the cause & effect relationship among the stock market indicators and factors affecting them

**Chapter 3: Research methodology** details about research methodology substantiating the research design, sampling methods, sample size, respondent’s demographic characteristics, statistical analysis, instrument, and its validation.

**Chapter 4: Data analysis and interpretations** presents detailed empirical analysis of the factors affecting the stock market, long term relationship and established cause and effect relationship between the time series variables using the suitable econometrics techniques using software Eviews. Suitable statistical tools using SPSS have been used to test the hypotheses. Cross tabulation, Chi square and ANOVA were used to analyze the data. Table, chart, graph have been used for the statistical analysis.

**Chapter 5: Summary and conclusion** includes findings, discussions, and recommendations based on previous chapters, supported by suggestions for improvements and final conclusion that justify the research experience and judgment during the tenure of doctoral work.

Besides these five chapters mentioned above, the research work also includes a comprehensive list of references at the end of the research study. Questionnaires and some relevant information are attached in the section of appendix.
Paper published


Paper under Review

1. “Investor Sophistication: Problems encountered”, Study of the problems and difficulties encountered by Indian Retail investor investing in secondary equity market residing in NCR region
Table of Content: To be made after finalization of the work