Chapter 7

Findings, Discussion & Suggestions

This chapter deals with findings, discussion and suggestions of the study. The findings made by the analysis of the data are summarized in this section of the study in realization of the stated objectives of the study.

A financial market is a market in which people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand. Securities include stocks and bonds, and commodities include precious metals, agricultural goods oil etc.

Stock Exchange is a platform where buyers and sellers of securities issued by Government, financial institutions, corporate houses etc. meet & where the trading of these corporate securities take place .The securities which are traded in stock exchange are shares, debentures, of public ltd. co.’s, port trusts, utility undertakings and by other authorities.

The Indian economy has already gone through the reform process, and a considerable shift of individual saving from defined return on investments to variable return on investment has
been registered. Investors in the capital market may be institutions or Individuals. In the capital market the role of individual investors cannot be ignored since household’s savings account for the lion’s share of the gross savings in the country. Even though Foreign Financial Institutions play a major role in the Indian capital market, the participation of Individual investors will be a great boost for the development of the capital market and for reducing the volatility in the stock market.

Research methodology is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research methodology is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of the data.

In demographic factors, variables like gender, age, occupation, annul income, marital status, number of dependents on investors, type of family, savings of investors are selected.

In company fundamentals, variables like expected dividends, tax affect on profit, minimizing risk, expected corporate earning, dividend paid, financial statement condition, stock marketability, firm reputation in industry, preference for firm product and services, stock affordability, firm governing body, firm strong position in industry, contribution of firm towards social cause, firm perceived ethics are selected.

In external factors, variables like current economic indicators, information obtained from existing shareholder, information obtained from internet, general and financial press coverage of firm stock, fluctuation and development of stock index, government holding,
recent price movement of firm stock, family member opinion, friend opinion, coworker opinion, broker recommendation for stock are selected.

In Psychological Factors, variables like investors get expected return on decision, investment holding period is spread over long period of time, investment decisions are investment objectives, degree of risk tolerance towards my investment decision, buy on the sentiment of market, investment decision on pulse, reactions towards my decision are normal are selected.

In FIIs, variables like Investment in stocks in which FII have exposure, FII only invest in large cap stock, When FII buy market moves up FII only invest in mid cap stock, FII have significant impact on market are selected.

For the purpose of analysis, various statistical tools such as Chi–Square test and Coefficient of correlation have been used. The findings are based on the results of the above statistical tools.
7.1 Findings

Following are findings derived from the analysis of data.

- The table 4.4 shows that out of 1000 respondents, 294 (29.4%) are the female investors. Out of 294 female investors, there are 220 (73.82% of 294) who prefer to invest in gold ETF. So it is found that female investors prefer to invest in gold ETF. Because gold is considered as investment option and as well as a fashionable ornament among the females, that is why most female investors invest in gold in comparison to males.

- The table 4.6 shows that out of 1000 respondents, 165 (16.5%) are employed in public sector. Out of 165 public employed investors, there are 108 (65.45% of 165) who prefer to invest in debt. The above table shows that out of 1000 respondents, 292 (29.2%) are self employed investors. Out of 292 self employed investors, there are 203 (69.52% of 292) who prefer to invest in equity. The above table shows that out of 1000 respondents, 257 (25.7%) are retired investors. Out of 257 retired investors, there are 201 (78.21% of 257) who prefer to invest in debt. So it is found that private sector employees have balanced approach in their portfolio. Self employed person prefer to invest in equity. Public employees and retire people prefer to invest in debt.

- The table 4.8 shows that out of 1000 respondents, 706 (70.6%) are the male investors. Out of 706 male investors, there are 390 (55.24% of 706) who prefer to invest in equity and remaining 316 (44.76% of 706) prefer to invest in debt. The above table shows that out of 1000 respondents, 294 (29.4%) are the female investors. Out of 294 female investors, there
are 214 (72.79% of 294) who prefer to invest in debt. So it is found that male investors have balanced approach in their portfolio and most of female investors prefer to invest debt. Main reason is behind that female investors have conservative approach for the investment than male. Thus they invest more in debt than males. Because debt option gives guaranteed return.

- The table 4.10 shows that out of 1000 respondents, 426 (42.6%) are unmarried investors. Out of 426 unmarried investors, there are 268 (62.91% of 426) who prefer to invest in high risk instruments. The above table shows that out of 1000 respondents, 574 (57.4%) are married investors. Out of 574 married investors, there are 330 (57.49% of 574) who prefer to invest low risk instruments. So it is found that unmarried investors have high risk portfolio and married investors have low risk portfolio. Since unmarried investors are unaware of investment option at the time of investment, that is why they end up with investing in high risk instruments.

- The table 4.12 shows that out of 1000 respondents, 42.2 % (422) of investors have 0-2 dependants on them. Out of 422 investors, there are 203 (48.10% of 422) who have trading volume between 100000-250000. The above table shows that out of 1000 respondents, 22.6% (226) of investors have more than 4 dependants on them. Out of 226 investors, there are 121 (53.54% of 226) who have trading volume below 25000. So it is found that investors who have less dependants on them, their trading volume is high and the investors who have more dependants on them, they trading volume is low.
The table 4.14 shows that out of 1000 respondents, 52.6% (526) of investors have nuclear family. They invest 48.10% in equity and 51.90% in debt. The above table shows that out of 1000 respondents, 47.4 % (474) of investors have joint family. They invest 45.78% in equity and 54.22% in debt. So it is found that both the type of investors have balanced portfolio.

In the table 4.18, there are 189 investors whose saving is below 25000. Out of these 189 investors, there are 143(75.66% of 189) whose trading volume is below 25000. In the above table there are 206 investors whose saving is between 50000-100000. Out of these 206 investors, there are 108(52.43% of 206) whose trading volume is between 100000-250000. In the above table there are 274 investors whose saving is above 100000. Out of these 274 investors, there are 123(44.89% of 274) whose trading volume is above 250000. So this indicates that investors who save more, they also trade more.

In the table 4.23, there are 245 investors who strongly agree to fact that their investment holding period is long. Out of these 245 investors, there are 176 (71.84% of 245) investors whose trading volume is below 25000.

In the table 4.23, there are 179 investors who agree to fact that their investment holding period is long. Out of these 179 investors, there are 70 (39.11% of 179) investors whose trading volume is between 25000-100000.
➢ In the table 4.23, there are 284 investors who strongly disagree to fact that their investment holding period is long. Out of these 284 investors, there are 139 (48.94% of 284) investors whose trading volume is above 250000.

➢ From the table 4.23, it is found that the investors whose investment period is long, their trading volume is low and the investors whose investment period is small, their trading volume is high. So it reveals that there is vice versa relationship between investment period and trading volume.

➢ From the table 4.25, it is found that the investors who spend large time in investment activities are short term investors and who does not spend large time in investment activities are long term investors. Main reason behind this fact is that the investors who spent large time in investing activities, they used to take advantage of market volatility. They buy on low and sell on high. That is why they have a tendency of buying and selling. Hence they invest for short time. On the other hand, the investors who don’t spent large time in investing activities; they are least concerned about the market volatility. So they don’t buy and sell very frequently. Hence they invest for long time.

➢ From the table 4.27, it is found that the investors who invest in debt, they get the expected return and the investors who invest in equity; they don’t get the expected return. Main reason behind that the investors who invest in debt, they know in advance that how much return they are going to get. So they don’t anticipate high return from debt. Hence they feel that they get their expected return. On the other hand, who invest in equity, they don’t know in advance
that how much return they are going to get. They expect high return from equity. Since equity has an element of volatility and investors have a high expectation from equity that is why most of investors feel that they don’t get their expected return from equity.

- From the table 4.29, it is found that the investors who think that their “investment decisions are their objectives” invest in large cap stock and the investors who think that “their investment decisions are not their objectives” invest in small cap stock. Main reason behind those investors who make their investment decision by finding out their objectives, they invest in large cap stock which gives a constant return in long run. On the other hand, investors who make their investment decision by not finding out their objectives, they invest in small cap stocks. Because small cap stock may perform better than large cap stock in short run but in long run it is large cap stock which outperforms small cap stocks. Risk in small cap is always high than large cap.

- From the table 4.31, it is found that the investors who think that “they have good risk tolerance power” invest in small cap stock and the investors who think that “they don’t have good risk tolerance power” invest in large cap stock. Since risk in small cap stock is more than large cap stocks so investors who have risk tolerance power, they invest in small cap stocks. Investors who don’t have risk tolerance power, they invest in large cap stocks.

- From the table 4.33, it is revealed that the investors “who buy on the sentiment of market” they invest in high beta stock and the investors “who don’t buy on the sentiment of market” they invest in low beta stock. Main reason behind this is that high beta stock has high degree
of volatility than index. It means that when index falls, they fall more than index and when index grow, they grow more than index. Where as low beta stock have opposite feature than high beta stock. That is why the investors who buy on the sentiment of market, they invest in high beta stock so that they can take the advantage of nature of high beta stock. On the other hand, the investors who don’t buy on the sentiment of market, they invest in low beta stocks.

- From the chapter fifth of this study, it is found that most no. of investors are “significantly influenced” by expected dividend, tax effect, expected corporate earnings, dividend paid, stock marketability and stock affordability. This shows that investors can make a buying decision on the basis of above factors.

- From the chapter fifth of this study, it is found that most no. of investors are “moderately and least” by minimizing risk, financial statement condition, financial reputation, firm product and firm governing body.

- From the chapter sixth of this study, it is found that most no. of investors are “significantly influenced” by fluctuation and development of stock index, recent price movement of stock and broker recommendation.

- From the chapter sixth of this study, it is found that most no. of investors are “moderately and least” by current economy indicator, information obtained through internet, information obtained through existing shareholder, general and financial press coverage, govt. holding and coworker opinion.
From the table 6.31, it is found that most no. of investors agree to fact that when FII invest in Indian market then market moves up. Reason behind this is that when FII invest in market, there is lot of buying which take place in the market. Since there is lot of buying take place in the market, it is natural for the market to move up.

From the table 6.32, it is found that most no. of investors buy, when FII buy in stock market. Reason behind this is that when FII invest in market, there is lot of buying which take place in the market. Since there is lot of buying take place in the market, it is natural for the market to move up. Investors want to take the benefit to positive sentiment of the market that is why they buy, when FII buy in stock market.

From the table 6.33, it is found that investors invest in large cap and midcap when FII make investment.

From the table 6.34, it is found that investors invest in both high beta and low beta stock when FII make investment.

From the table 6.35, it is found that foreign institutional investment and BSE sensex has followed a close relationship.
7.2 Discussion

This section of study deals with discussion of findings. In this part, findings of this study are discussed with the findings of previous studies.

- In this study, out of 706 male investors, there are only 298 (42.20% of 706) who prefer to invest in gold ETF and Out of 294 female investors, there are 220 (74.82% of 294) who prefer to invest in gold ETF. So it is found that female investors prefer to invest in gold ETF. In the previous studies, such kind of relation between gender and investment in gold ETF was not found.

- In the present study, out of 286 private employed investors, there are 153 (53.50% of 286) who prefer to invest in equity and remaining 133 (46.50% of 286) prefer to invest in debt. So it is found that private sector employees have balanced approach in their portfolio. This finding is consistent with previous studies. In the previous studies also, researcher found that private sector employees have balanced approach in their portfolio.

- In this study, out of 292 self employed investors, there are 203 (69.52% of 292) who prefer to invest in equity. This finding is different from the previous studies. In the previous studies, it is found that self employed investors prefer to invest in debt.
- In the current study, out of 257 retired investors, there are 201 (78.21% of 257) who prefer to invest in debt. This finding is similar to past studies. In the previous studies also, it is found that retired person want to invest in debt instruments.

- In this study, Out of 706 male investors, there are 390 (55.24% of 706) who prefer to invest in equity and remaining 316 (44.76% of 706) prefer to invest in debt. So it is found that male investors have balanced approach in their portfolio. This finding is inconsistent with previous study. In the previous studies, it was found that male investors had very less exposure in equity.

- In present study, Out of 294 female investors, there are 214 (72.79% of 294) who prefer to invest in debt. It is found that female investors have very less exposure in equity and this finding is consistent with previous studies.

- In the present study, out of 426 unmarried investors, there are 268 (62.91% of 426) who prefer to invest in high risk instruments. So it is found that unmarried investors prefer to invest in high risk instruments. This finding is consistent with previous study.

- Out of 574 married investors, there are 330 (57.49% of 574) who prefer to invest low risk instruments. So it is found that married investors prefer to invest in low risk instruments. This finding is consistent with previous study.
In this study, out of 1000 respondents, 42.2 % (422) of investors have 0-2 dependants on them. Out of 422 investors, there are 203 (48.10% of 422) who have trading volume between 100000-250000.

In current study, out of 1000 respondents, 22.6% (226) of investors have more than 4 dependants on them. Out of 226 investors, there are 121 (53.54% of 226) who have trading volume below 25000.

So it is found that investors who have less dependants on them, their trading volume is high and the investors who have more dependants on them, their trading volume are low. This finding is consistent with the previous studies.

In the present study, out of 1000 respondents, 52.6 % (526) of investors have nuclear family. They invest 48.10% in equity and 51.90% in debt. In the present study, out of 1000 respondents, 47.4 % (474) of investors have joint family. They invest 45.78% in equity and 54.22% in debt. So it is found that both the type of investors have balanced portfolio. This finding is inconsistent with previous studies. In the previous studies, it was found that both the type of investors have more exposure in debt.

In this study, there are 189 investors whose saving is below 25000. Out of these 189 investors, there are 143(75.66% of 189) whose trading volume is below 25000. In the present study, there is 206 investors whose saving is between 50000-100000. Out of these 206 investors, there are 108(52.43% of 206) whose trading volume is between 100000-250000. In
the present study, there are 274 investors whose saving is above 100000. Out of these 274 investors, there are 123 (44.89% of 274) whose trading volume is above 250000. So this indicates that investors who save more, they also trade more. This finding is consistent with past studies.

- In the present study, it is revealed that investors whose investment period is long, their trading volume is low and the investors whose investment period is small, their trading volume is high. So it reveals that there is vice versa relationship between investment period and trading volume. This finding is consistent with past studies. In the previous studies also, researcher had a same opinion.

- In the current study, it is found that the investors who spend large time in investment activities are short term investors. The literature also revealed the same fact.

- In this study, it is proved that the investors who do not spend large time in investment activities are long term investors. This finding is inconsistent with previous studies. In the previous studies, it is found that the investors who do not spend large time in investment activities are medium term investors.

- In the present study, it is revealed that the investors who invest in debt get the expected return. It is also found that the investors who invest in equity don’t get the expected return. This is due to fact that in the past five years there is high volatility in the market. Investors were confused when to enter and when to exit from the market. This may lead to the fact that
they don’t get expected return from equity. This finding is inconsistent with previous studies. In the previous studies, it is found that the investors who invest in equity get good return.

- In the present study, it is proved that the investors who think that they have good risk tolerance invest in small cap stock. This finding is consistent with previous studies.

- In the current study, it is found that investors who think that they don’t have good risk tolerance power invest in large cap stock. This finding is inconsistent with previous studies. In the previous studies, it is found that investors who think that they don’t have good risk tolerance power invest in mid cap stock.

- In the current study, it is revealed that the investors who buy on the sentiment of market they invest in high beta stock. This finding is partially consistent with previous literature. In the previous studies, it was found that investors who buy on the sentiment of market they invest in high beta stock and low beta stock also.

- In the present study it is found that the investors who don’t buy on the sentiment of market they invest in low beta stock which is supported by the previous literature.

- In the present study, it is found that most no. of investors is significantly influenced by expected dividend and tax effect. Investors give lot of weightage to these two factors. These findings are supported by the previous literature which showed that investors are influenced by expected dividend and tax effect.
In this study, it is proved that most no. of investors are “moderately and least” influenced by minimizing risk and firm product and most of investors out of them consider that this is not a sufficient factor for them to buy a stock. These findings are supported by the previous literature which showed that investors don’t buy on the basis of these two factors.

In the present study, it is revealed that most no. of investors are significantly influenced by Expected corporate earnings which are not supported by previous literature. This finding is inconsistent with previous literature. In the previous studies, it is found that investors are moderately influenced by the expected corporate earnings.

In the current study, it is found that most no. of investors are significantly influenced by dividend paid, stock marketability and stock affordability which is not supported by previous literature. This finding is inconsistent with previous literature. In the previous studies, it is found that investors are moderately influenced by the dividend paid, stock marketability and stock affordability. This is may be due to fact that in the past, investors were not much aware of these terms but in the present, investors awareness is quite high than the past.

In this study, it is revealed that most no. of investors are “moderately and least” influenced by financial statement condition and financial reputation of company which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same opinion. In the previous studies, it was found that investors are “moderately and least” influenced by financial statement condition and financial reputation.
- In the current study, it is proved that most no. of investors are “moderately and least” influenced by firm governing body and firm strong position which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same opinion. In the previous studies, it was found that investors are “moderately and least” influenced by firm governing body and firm strong position.

- In the present study, it is found that most no. of investors are “moderately and least” influenced by Contribution of firm towards social cause and firm perceived ethics which is not supported by previous literature. This finding is inconsistent with previous literature. In the previous studies, it is found that investors are not influenced by Contribution of firm towards social cause and firm perceived ethics. This is may be due to fact that in the past, investors did not know about this terminology.

- In the current study, it is revealed that most no. of investors are “moderately and least” influenced by current economy indicator, information obtained through internet and existing shareholders which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same opinion. In the previous studies, it was found that investors are “moderately and least” influenced by current economy indicator, information obtained through internet and existing shareholders.

- In the present study, it is proved that most no. of investors are “moderately and least” influenced by general and financial press coverage and govt. holding which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a
same opinion. In the previous studies, it was found that investors are “moderately and least” influenced by general and financial press coverage and govt. holding.

- In this study, it is found that most no. of investors are significantly influenced by recent price movement of stock and fluctuation in stock index. This finding is not supported with previous literature. In the previous studies, it is found that investors are least influenced by the recent price movement of stock and fluctuation in stock index. This is may be due to fact that in the past, there was not much volatility in market as compared to recent time.

- In the present study, it is revealed that most no. of investors are “moderately and least” influenced by family member opinion and friend opinion which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same finding. In the previous studies, it was found that investors are “moderately and least” influenced by family member opinion and friend opinion.

- In the current study, it is indicated that most no. of investors are “moderately and least” influenced by information through SMS. This finding is inconsistent with previous literature. In the previous studies, it is found that investors are not influenced by information through SMS. This is because of fact that in the past such kind of services was not available to investors.
In this study, it is found that most no. of investors make investment when FII make investment in stock market which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same opinion.

In the current study, it is revealed that investors invest in large cap and midcap when FII make investment. This finding is inconsistent with previous literature. In the previous studies, it is found that investors prefer to invest most of time in large cap stock only.

In the present study, it is proved that investors invest in both high beta and low beta stock when FII make investment which is supported by previous literature. This finding is consistent with past studies. Researchers in the past had a same finding. In the previous studies, it was found that investors invest in both high beta and low beta stock when FII make investment.

In the present study, It has been founded by the study that foreign institutional investment and BSE sensex has followed a close relationship. The Pearson correlation values indicate positive correlation between the foreign institutional investments and the movement of sensex (pearson’ correlation value is (0.746). This fact is supported by the previous literature. Even the past researchers had concluded the high correlation between foreign institutional investments and the movement of sensex.
7.3 Suggestions

This chapter of study deals with suggestion to various parties and conclusion of this study. In this chapter, suggestions are given to various parties like investors, policy makers, financial advisor and stock exchange.

During the study of determinants of financial investor behavior in Indian stock market, following suggestions are offered.

7.3.A Suggestions For Investors

1. Equity as Long term Investment Alternative

The analysis of the equity trading practices of the investors reveals that the majority of the investors sell the shares within two months from the date of purchase. This clearly indicates that the investors consider equity only as short term investment alternative. The investors should also consider equity investments as a long term investment alternative to protect themselves against the short term fluctuations in the market and also to get benefited from the growing Indian capital market.

2. Exploring New Sources of Information

The majority of the investors still rely on newspapers and the personal analysis for taking investment decisions. To make profitable investment decisions, investors should explore other sources of information like the investment websites, business channels etc.
3. **Need for more investments into equity Instruments**

The study indicates that most of the investors are investing less than 47% of their savings in equity instruments. This reveals that majority of retail investors are investing major portion of their savings in noncapital market instruments like bank deposits, real estate, gold/silver etc. The retail investors should consider investing in various capital market instruments thereby benefiting from the growing Indian capital market.

4. **Mutual Funds – A better investment alternative**

Only 60% of the investors in the present study have invested in mutual funds. Mutual funds offer investors the advantages of a diversified portfolio and professional management at low cost. Mutual fund Companies offer different schemes with specific investment objectives ranging from pure equity schemes to pension plans. The retail investors should select the mutual funds that suit their investment goals.

5. **Rationale in Investment**

The retail investors have to keep in mind their own risk appetite and time horizon. The retail investors have to understand the risk profile of the various investment alternatives, which they are investing in. To make the rational decisions, the retail investors should evaluate a lot of information about the past performance and the expected future performance of companies, industries and the economy as a whole before taking the investment decisions.
6. **Attempt to reduce dependence on broker**

The investors should reduce unnecessary dependence on the broker either for trading or for financial information. Independent unbiased information for investment is a fundamental requisite. The study revealed that financial advisers are the most preferred source of investment information. Broker dependence may increase the trading but it need not increase the profit earning by the investors. Frequent trading may benefit the broker rather than the investors. Many studies confirm this behavior.

7.3.B **Suggestion For Policy Makers And Other Regulatory Authorities**

1. **Integration of Capital Market with Banking Sector**

   Effective and efficient capital markets require a stable and strong payment, settlement and clearing systems. India’s banking system is yet to come up with good Electronic Fund Transfer (EFT) solutions. EFT is important for solving problems such as those related to direct payment of dividends to bank accounts, eliminating counterparty risk, and facilitating investments of foreign institutional investors. The integration of capital market with the banking sector provided better services to the investors in the capital market.

2. **Enhancement of Investor Awareness**

   A very less percentage of retail investors are attending the awareness programmes organized by Securities and Exchange Board of India. Hence SEBI has to take necessary measures to
conduct such programmes more frequently all over India and especially in South India where the equity culture is less. The increased awareness about the capital market will attract more number of retail investors to the capital market.

3. Control Volatility of the Markets

As majority of the investors said that volatility of the stock market is the major concern, the regulatory authorities should take necessary measures to control the volatility of the market to protect retail investors. The stock exchanges should also frame more effective regulatory strategies to control the rapid movements in the price of stocks.

4. Strengthening of Equity Markets

Based on the results of the statistical analysis on the risk taking ability of the investors, it can be suggested to the regulatory authorities that a suitable drive and education about the equity market will help in its strengthening. The investors who are willing to take high risk can be molded as equity investors and the investors with moderate / low risk taking ability can be retained in equity and mutual fund markets with due proportion of investments in equity.

5. Restricting Insider Trading

More than 30% of the retail investors still believe that insider trading is the major concern in the Indian Capital Market. In spite of measures taken by the Securities and Exchange Board of India in prohibiting the insider trading in the stock markets, still the retail investors are getting severely affected by the cases of insider trading. This is evident as more than 39 insider trading cases were identified in the capital market in the last two years out of which
the major one was involving Reliance Industries Limited which is alleged of insider trading in shares of erstwhile group firm RPL. Hence the regulatory authorities should take more adequate measures to control insider trading thereby protecting the retail investors in the capital market.

6. **Regulatory Mechanism for Mutual Fund Companies**

SEBI has been continuously amending the SEBI (Mutual Funds) Regulations 1996 to strengthen the operations on mutual funds in India. To further support the growth of mutual fund in India it is suggested that the operators and distributors of mutual funds need to be regulated/ licensed. And also the distributors of units of mutual funds should be brought within the regulatory fold.

7.3.C **Suggestion For Stock Exchanges**

1. **Strengthening Surveillance Mechanisms**

   To protect, retain and motivate the retail investors, the Stock Exchanges should improve the surveillance mechanisms by adding manpower and training existing staff in the surveillance function at the stock exchange to carry out more compliance audits.

2. **Improving Awareness of New Products**

   The major stock exchanges should also take necessary initiatives to strengthen the securities markets. The stock exchanges in addition to SEBI should also take required efforts to improve the awareness and understanding of the various new products launched in the capital markets.
3. **Strengthening Corporate Governance Provisions**

The Stock Exchanges should strengthen the corporate governance-related reporting by companies and to include back-up information to explain compliance with key requirements of Clause 49 to enhance transparency. To protect the retail investors from the financial frauds by companies like Satyam, Enron etc., the stock exchange authorities should initiate stringent actions against errant companies (besides de-listing) by substantially increasing the cost of non-compliance.

4. **T+1 Settlement System**

The present study reveals that around 74% of the investors are comfortable with the present T+2 settlement system. As an initiate to provide better facilities to the investors, the stock exchanges have to migrate to T+1 settlement system to strengthen Indian securities markets.

5. **Information to investor**

Stock Exchanges should make available adequate and reliable information on companies and market through brochures, bulletins and journals.
**7.3.D For Financial Advisors**

1. **Investment Strategies Commensurating with Risk**

   The results of the statistical analysis on the risk taking ability of the investors also provide an input for the financial advisors to understand the characteristics of the low risk takers, moderate risk takers and high risk takers. This helps the advisors to suggest proper investment strategies for the investors, which suit their risk appetite.

2. **Improving Financial Advising Abilities**

   Almost one among three investors is not satisfied with the advice provided by the financial advisors. This really puts a question on the ability and efficiency of the financial advisors in providing suitable advice to the investors. To improve the financial advising abilities of the financial advisors, it is suggested that the financial advisors should consider the investment objective, time horizon and purpose of investment of the retail investors at the time of providing investment advice.
7.4 Conclusion

Indian stock market is a barometer of the health of the economy. An efficient and a vibrant capital market facilitate sustainable development of the economy. A variety of development measures and the economic reforms are initiated in the past few years to protect the interests of all the stakeholders of the capital market. Investors are the backbone of capital market. A developing economy, like India, needs a growing amount of investor savings to flow to corporate enterprises. Indian stock market is one among the oldest and largest capital market of the world. It began to develop since independence and underwent rapid growth during the eighties and nineties. As a result of reforms initiated as part of liberalization measures in the nineties, the stock market has achieved all round development in terms of number of listed companies etc. The number of investing households and individual investors has also increased significantly. The present study is an attempt to find out the impact of various factors on investors behavior. Investors invest in both primary and secondary market. The volume of resources mobilized in the primary market has increased significantly. Savings of household sector mobilized through shares and debentures.

The study based on primary and secondary data investors was done to gain a deeper understanding of impact of various factors on investors’ behavior. The study established the fact that the investment strategies of the investors are largely influenced by the demographic factors, psychological factors, company fundamentals and external factors of the investors. Among the various methods of investment in capital market, majority of investors prefer investment through the secondary market.