INTRODUCTION

1. INTRODUCTION

“To invest successfully over a lifetime one does not require a stratospheric IQ, unusual business insights or seaside information. What’s needed is a sound intellectual framework for making a decision and the ability to keep emotions from corroding that framework” - Warren Buffet.

1.1 Financial Market

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.

There are both general markets (where many commodities are traded) and specialized markets (where only one commodity is traded). Markets work by placing many interested buyers and sellers, including households, firms, and government agencies, in one "place", thus making it easier for them to find each other. An economy which relies primarily on interactions between buyers and sellers to allocate resources is known as a market economy in contrast either to a command economy or to a non-market economy such as a gift economy.
The term "market" is sometimes used for what are more strictly exchanges, organizations that facilitate the trade in financial securities, e.g., a stock exchange or commodity exchange. This may be a physical location (like the NYSE, BSE, and NSE) or an electronic system (like

1.2 REFORMS IN INDIAN ECONOMY

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. The study on the changing pattern of household sector investment will help the policy maker and the financial institution to explore and experiment with the structure of present financial system, in order to serve the requirement s of the household sector in a more meaningful manner.

1.3 CHANGE IN THE PATTERN OF SAVING AND INVESTMENTS OF INDIVIDUAL IN INDIA

During the post Independence period of India the development pattern was designed through strong centralized planning, government owned basic and key industries, excessive regulations and the strict control over the private enterprise, trade protection through the tariff and non tariff barriers in addition to selective approach towards the foreign capital.

The economic reforms were set-in motion, when control on industries was reduced through the Industrial policies in the year 1985. The economic reforms program received a big boost when a new industrial policy was announced in the national parliament on 24th July, 1991,
resulted in the significant growth rate. These structural changes brought into the economy, also led the significant changes to the household income level and the saving pattern as well.

1.4 EVOLUTION OF THE INDIAN CAPITAL MARKET

The stock market in India is around 200 years old. The transactions of the loan securities of the East India Company towards the close of the 18th century were probably the earliest record of security dealings. The volume of business which included loans as well as corporate stocks had increased by the 1830’s. Broking business also started prospering in Calcutta by that time. In 1836, the “Englishman”, a widely circulated newspaper of that period, had started publishing quotations of loans of East India Company and shares of Bank of Bengal. By 1839, many newspapers in Calcutta started publishing quotations of banks such as Union Bank, Agra Bank and Companies like Bengal Bonded Warehouse etc. Trading in those days was not done in trading halls like the present days. Trading was done in open places where brokers met each other for transactions of shares. There was no code of conduct among brokers. By 1860, there were around 60 stock market brokers who used to meet each other under a Banyan tree in Bombay to deal with the stocks.

Stock exchange trading got a big boost during the First World War and Second World War with the incorporation of large number of joint stock companies and coming up of new stock exchanges at Chennai, Delhi, Nagpur, Kanpur, Hyderabad and Bangalore.

The evolution of the Indian financial system falls, from the viewpoint of exposition, into three distinct phases. A snap shot of these phases is given as follows:
Phase I: Pre-1951 Organization

Phase II: 1951 to Mid-Eighties

Phase III: Post Nineties

1.5 INVESTORS

An important feature of the financial markets is the depth and breadth of public participation (i.e. individual investors) in the market. Millions of households and individual investors provide a pool of capital and a diversity of decision making that creates liquidity in markets and makes it dynamic. Thus the number of household and individual stock holders, fix-deposit holders in bank and post-office, Bond holders or investors in different mutual-funds, insurance-linked investment plans is most commonly cited summary statistics denoting the breadth of investors in the population. These statistics are useful tools for understanding the changes that take place in the financial markets and for policy formulation. It needs to mention that government, business, and individuals are three key participants in the investment process, and each may act as a supplier or investor of funds. Depending upon personal investment goals and objectives, individuals may place their savings in saving accounts, buy shares of a listed company, buy debt instruments, buy insurance or purchase various type of property.

1.6 INDIVIDUAL INVESTORS IN INDIAN CAPITAL MARKET

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. The market fluctuations arise mainly due to the sudden exit or entry of FIIs in the Indian capital market. The capital market regulators should not ignore the individual investors whether they are retail or high net worth individuals since their aspirations, attitudes, perceptions and expectations are going to have a long term effect on the growth of stock market in India.

There are many studies relating to the participation of individual investors in the Indian Capital Market. A Reserve Bank of India study of ownership of shares in 1978 covered 361 companies listed on various stock exchanges. The total paid up value of Rs.1390.85 crore of the shares of these 361 companies were held by 30,16,000 accounts of which individuals held 99.3 per cent Value-wise, individual holdings accounted for 37.58 percent, joint stock companies 33.77 per cent, financial institution 25.68 per cent, government and semi-government bodies 1.49 per cent, and 1.48 per cent was held by trusts and charitable institutions.

1.7 INVESTMENT BEHAVIOR OF INVESTOR

To gauge the impact of the change and growth of the investments market on individual investor during post liberalization and to analyze the quality of its growth, the study of investment pattern & investor’s behavior is required. Saving and investment is a disposable income which does not include consumption. Therefore the national saving will comprise of national disposable income, which does not include the national consumption. In an
economy where financial markets are developed, the savings of household sector are reflected through the investment in various financial instruments issued by different intermediaries like banks, financial institutions and the government. In India, other than such savings like financial instrument, a component, of physical savings is also estimated that includes construction cost of living houses. A very peculiar feature in India is the purchase of gold by households in order to meet the future expenses as well as to keep up with social customs. In an economic scenario the savings behavior is reciprocal to the national consumption behavior.

Savings in large extents influenced firstly through investment opportunities or investment demand which in turn depends upon the growth prospect and the potential return available on those investments, secondly it depends upon the avenues available in the economy for mobilize savings, in the form of well developed financial system with a variety of institution and markets for different financial instruments and thirdly on the general thirst of the people as a part of national culture. Therefore the well developed and integrated financial system is essential to mobilize the saving into productive investment.

It is therefore important to estimate these statistics to assess the growth of financial market. The securities market in India has grown dramatically in the last 15 years and this has led to the expansion of direct equity ownership in the country. A large number of house-holds have also in directly owned equity shares and debentures through their participation in mutual funds. During the recent past securities market are highly volatile and due to these reasons
some individual investors are more inclined towards traditional Investments like bank & Post office deposits, insurance policies, ELSS & S.I.P. offered by banks and mutual funds.

**Review of literature**

An important step in research is to form a conceptual framework on the subject under investigation. Such a conceptual review helps the researcher to understand the problem better and serves as a background material, which will help to bring out clearly the real contribution of the present study. Review of related literature enables the researcher to get acquainted with the knowledge in the field of study.

The main issues seen in the literature in the context of individual investor and household portfolios were availability of opportunities for the investments, financial awareness, planning for retirement income, risks etc. While in developed countries, the issues were mainly related to longevity risk, need for annuitization and low annuitization rates besides the impact of income and financial knowledge or planning for retirement income. In case of a developing country like India, the concern was low-income levels and lack of financial knowledge besides issues related to access to alternative instruments.

Most of the studies discussed in this section either analyzed the factors influencing the ownership of risky assets or the amount of investments made in risky assets. Only few studies have analyzed the factors influencing the ownership and proportion of risky assets on total assets. Investors take two stage decisions in portfolio formation, in the first stage. The household decides about the combination of assets in their portfolio (the discrete
portfolio choice). In the second stage they decide about how much to invest in different assets (the continuous portfolio choice).

To broadly categorize and analyzing gaps here, it would be justified to state that the existing studies are inadequate to find out if at all there has been any change in the investment pattern or portfolio preferences of the Investors in a country that has undergone economic and financial reforms in recent times. Early researchers examined how people invest the assets they do have control over.

One important fact is that this is a relatively new field, and a great deal has been taken by the researchers to understand this unexplored area, but more remained to be learned. Researchers are severely handicapped because they lacked good data on household asset accumulation patterns and asset holdings as well as other pertinent information about preferences and constraints. Studies are ongoing in the USA, to identify various avenues of investments available for the households. None has been done in the setting of a developing country. Effects of reforms in an expanding economy are usually viewed at macro level, but then to view them at micro level with primary data has seldom been attempted. In order to fulfill this huge gap the present research is at attempt to study the household investment behavior in India, in terms of composition, determinants, motives of investment and factors affecting their investments.

2.1 IMPLICATIONS OF LITERATURE REVIEW

On detailed deliberations on the reviewed literature, and the above conclusion, the following implications were identified.
1. Systematic objectives formation became possible.

2. Certain terms were better defined through a reduction in ambiguity.

3. Ambiguities in methodology and design were reduced.

4. More appropriate interpretation of data became possible.

**2.2 SUMMARY**

In this presentation of literature review through Journals, Magazines, Books and Websites of economics and financial management (investor behavior in particular), an understanding was developed about the problem identification, sample selection, tools of study and methods of data analysis and inferences etc.

**2.3 CONCLUSION OF LITERATURE REVIEW**

The above review of literature on past works show that a considerable amount of empirical analysis has been carried out on the investor behavior. The differences in time span covered, methodology adopted and the crops and regions covered by various scholars render the conclusions reached by them of limited significance to other regions. This study, purely a regional and micro level study, therefore, attempts to bring out the determinants of investor behavior in the State of Haryana.

**Research Methodology**

**3.1 RESEARCH METHODOLOGY (INTRODUCTION)**

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.

### 3.2 OBJECTIVES

The present study is done to find out the determinants of investors’ behavior in Indian stock market. But In India, very few studies was done on this topic and the focus of almost all the studies were towards the investor’s preference and stock market.

- To identify the demographic factors of investor that influence the investors’ behavior
- To study the psychological factors those affect the investors’ behavior.
- To find out impact of company fundamentals that influence the investors’ behavior.
- To study the external factors that affect the investors’ behavior
- To find out the impact of foreign institutional investor (FIIs) on investors’ decision making process.

### 3.3 HYPOTHESES

- There is no significant relationship between demographic factors (gender, marital status, income level, occupation, etc.) and investors’ behavior.
- There is no significant relationship between psychological factors and investors’ behavior.
- There is no significant relationship between company fundamentals and investors’ behavior.
- There is no significant relationship between external factors and investors’ behavior.
- There is no significant relationship between FIIs and investors’ behavior.

### 3.4 Research Problem

The process of financial reforms implemented in the country has created remarkable changes in various aspects of its financial system. Stock market, in particular has undergone radical transformation both in terms of size and sophistication and is now comparable to the developed markets with respect to turn over, market capitalization and efficiency.

But, the success of the stock market reform process should not be viewed from the angle of how much amount of money is being turned over or how much portfolio investment flowed in. The real test is how much benefit all this brings in terms of development, including saving mobilization, capital formation, and employment generation and what kind of impact it has made on the investors’ behavior.

### 3.5 Sampling unit:

Sampling units are Individual investors from urban area who was asked to fill out questionnaire. They comprise of employees of MNC, government employees, self employed, professionals and other investors. Corporate investors are not considered in this study.

Following points are taken into consideration for selecting sampling unit.

**(i) Income level of investor:** The investors whose income is below 10 lakh p.a are selected for this study.

***(ii) Education level:** The investors who have minimum graduation degree are selected for this study.
3.6 Sampling Area

Haryana state was selected as a sampling area. In Haryana urban population is selected for this study. Selection of sampling area is two stage process.

3.7 Sample size:

A sample of 1000 investors is decided as sample for the present study. They are comprised from the different part of Haryana.

3.8 Sampling technique:

A strata sampling technique was used for the selection of sample individual Investor for the study. Haryana state was divided in to four stratas. After selection of strata, the sample size was determined with the help of sampling distribution of the proportion. In the last stage of sampling, strata-wise sample was selected. After that investors were approached for filing up questionnaire. Filled-up questionnaire was scrutinized and collected data was classified and tabulated according to objective of the study.

3.9 Sampling method:

Stratified method is used in this study. Stratified sampling is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata.

3.10 Data collection

The current study intends to find out the affect of various factors on investors’ behavior. It includes composition of individual investors’ portfolio, the determinants of the composition of the individuals’ portfolio, general saving and investment behavior. This study find out the impact of psychological, company fundamentals, external factors, FII and demographical
factors (such as Age, gender, marital status, type of family, occupation, income level) with investors’ portfolio composition. The data related to all above variables for the study were collected through primary as well as secondary sources. Both primary and secondary sources of data are used for the analysis.

3.11 Data Analysis

Collected primary and secondary data was classified and cross-tabulated. Keeping in mind the size of the sample for the present study, a preliminary analysis was done. These were:

- Descriptive Statistics
- Assessment of Reliability (Cronbach α)
- Factor Analysis (Principal Component Analysis of Factors)

After that in order to study the relationships between different variables, Chi–Square test and Pearson’s Coefficient of Correlation is used to analyze the data.

3.12 Justification for choosing sample area, income level and education level

The time and cost constraints of the study on an all-India basis is not viable for an individual researcher. Thus the study was carried out in Haryana state only. In Haryana state, four strata were made for this study. Every strata has equal urban population.

The study was concerned with Savings and Investments behavior of individual, thus the facts considered from selection of the strata were region wise Gross Domestic Product, Per capita income, literacy rate and percent of urbanization.
In this study, investors from urban area are selected rather than rural area. Because in urban area, investors are more aware of financial products. Investors are having more financial literacy. In urban area due to increased density of banks and financial institutions, the investors are having a wide array of products to invest in. At the same time, cross selling of the financial products (a single shop for their investment needs) is expected to be larger than rural area. The quantity and quality of financial information available is higher in urban area. That is why urban area is selected.

In this study, investors who are having the income less than 10 lakh p.a are selected for this study. Because this is done for the individual investors and most of investors are falling in this category of income.

This study is done with reference to Indian stock market. This study is concerned with various financial instruments and the probability of getting better response from the respondents increases if respondents are having good education background. That is why investors with minimum graduation degree are selected for this study.

3.13 **Scope of study**

The study of investor’s behavior plays an important role to mobilize savings and investment activities in economy. Similar type of research can be conducted with the large sample size covering major area of investor’s population. A census survey of investors like other developed countries on the income and investment patterns of investment sector can be helpful for the financial system of the country. Behavior of investors can be further
understood from that statistics. There is an upsurge need for the coordinated research on investors’ behavior. If a conceptual model can be developed in investment and saving sector, it can be helpful for individual investors for the construction of their optimal financial portfolio. This can be done by government agencies working for investor’s community welfare.

Peculiar characteristics of Indian investors can be further addressed, for instance, the equity cult is still at a nascent stage and penetration is limited to the population to urban areas.

A study on behavior of investors who resort to online trading is likely to show interesting results.

In this study, individual investors are considered for this study. Corporate and institutional investors are not considered for this study. Similar type of research can be conducted with Corporate and institutional investors.

One particular behavioral phenomenon can have a multiple definition and manifestations. Therefore the relevance of each phenomenon can be treated as a further research question on its own, and addressed using appropriate techniques.

3.14 Limitation of study

All research studies have their limitations and this study is no exception. In designing this study, it was attempted to be as scientific as possible, the present study nevertheless has the following limitations.
Due to reluctance of the respondents to part with information relating to their income and investment made, the data collection was very difficult. Respondents did not want to reveal their income and savings in absolute terms hence the questionnaire had to be modified to get the data relating to the income level and savings level. This response biases can also be considered as one the limitation of the study.

Some of the respondents are indecisive with respect to different investment related queries. They are not sure of their goals in savings and investments. The responses may not be valid.

The study covers only urban population of Haryana. Hence the findings may not be applicable to the rural parts of Haryana where there are negligible numbers of investors in the capital market in comparison to urban part.

The study is mainly based on the primary data and secondary data. But primary data is collected only from 1000 respondents from Haryana. The inherent drawbacks of the primary data are applicable to the study.

**Findings, Discussion & Suggestions**

**4.1 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.

### 4.2 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.

4.3 **Suggestions**

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

**4.3 (A) Suggestions For Investors**

1. Equity as Long term Investment Alternative
2. Exploring New Sources of Information
3. Need for more investments into equity Instruments
4. Mutual Funds – A better investment alternative

**4.3(B) Suggestion For Policy Makers And Other Regulatory Authorities**

1. Integration of Capital Market with Banking Sector
2. Enhancement of Investor Awareness
3. Strengthening of Equity Markets
4. Control Volatility of the Markets

**4.3(C) Suggestion For Stock Exchanges**

1. Strengthening Surveillance Mechanisms
2. Improving Awareness of New Products
3. **T+1 Settlement System**

4. **Strengthening Corporate Governance Provisions**

### 4.3 (D) For Financial Advisors

1. Improving Financial Advising Abilities

2. Investment Strategies Commensurating with Risk

### 4.4 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.