PREFACE

Understanding the investor behaviour is very crucial for all companies which are seeking investment from the public. Those companies which can understand the investors' psychology and the factors that motivate them for investment will be successful in mobilizing the resources and funds from the investors. What holds the key for the success of any enterprise is getting an insight into the mind of the potential investors.

The stock market can be thought of as a system of human interaction. Every part of the investment process includes people interacting with one another. Investors exchange information and discuss stocks with neighbors, relatives, friends and colleagues. Advice is sought from advisors, analysts, bankers and planners. Investment decisions are affected by investor's psychology. Investor's psychology involves the reasons, emotions and perceptions of the human brain as they pertain to investment. Stock market involves a lot of volatility and speculation. There is an amount of risk and uncertainty involved in stock market operations. The stock markets all over the world are directly or indirectly interconnected. Any financial problem in any economy of the country will have cascading and ripple effect. The recent sub prime crisis in US has affected all most all stock market operations across the globe.

Globalization trends are perceptible in all spheres of the economy and particularly in the financial markets. These trends along with privatization of the enterprise gave a new boost to the economy and financial markets. Investment
decision refers to making a decision regarding the buy and sell orders. These decisions are influenced by availability of money and flow of information. Decision to invest will be based on the past performance, present working and the future expectations of the companies’ performance both operationally and financially. These in term will influence the share prices. The investment decisions may also depend on the investor’s preferences, moods, or fancies. A rational investor would make investment decisions on scientific study of the fundamentals of the company and in a planned manner. In view of the increasing mushroom growth of companies and lack of any track record of many promoters, investment decision making became more difficult now.

Chapter-I provides a theoretical frame work of stock markets in India. It gives an over view of different stock market located in India. Chapter-II reviews research works, identifies research gap, states the objectives and hypothesis for the study and describes the methodology and points out the limitations of the study. Chapter-III deals with commodity derivatives in India. Chapter-IV gives a detailed account of socio-economic profile of investors. Chapter-V elucidates the investors’ behaviour towards investments. Chapter-VI presents the summary and suggestions.

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