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2.1 RATIONALE OF THE STUDY:

For every research topic there should be some rationale to conduct research or to carry out research activities. The subject of study has to be dedicated towards the solution of problems that have been present in that particular field of study. A general statement of the purpose has to be drawn as per the present scenario which would eventually lead to the objectives of the study along with its scope and limitations. A similar attempt has been made by the researcher in this study.


Various steps have been taken by SEBI to promote Equity Market in India. The present study, “A Study of Public Perception about Stock Exchange Transactions: Special reference to Latur City” present the actual picture of people awareness about Equity Market in Latur.

The present research is helpful to the people increase their awareness on equity market. The researcher gives the suggestions to the people and brokers also for improving the market situation. This is the first study on Latur stock exchange transaction and improving the equity market condition is necessity of market.

2.2 RESEARCH METHODOLOGY & DATA COLLECTION:

The Webster’s International Dictionary proposes a very inclusive definition of research as “a careful inquiry or examination in seeking facts or principles and diligent investigation in order to ascertain something.”
Primary data are original observations collected by the researcher or his agents for the first time for any investigation and used by them in the statistical analysis whereas secondary data are collected by others and used by others.

To examine the Public Perception about Stock Exchange in Latur, the study was based on both primary and secondary data. The primary data was collected from the sample study of 400 respondents located in Latur. Questionnaire method was used to collect the primary data.

Various books and research works published by eminent persons/experts in the field of stock exchange, Various published articles Annual reports etc. were used for secondary purpose such as South Economist Journal, Indian Journal of Finance, Finance India- Indian Institute of Finance, International Journal of Financial Management etc. Various web sites were also referred such as www.shodhganga.inflibnet.ac.in, www.bseindia.com, www.moneycontrol.com etc.

2.3 NEED OF THE STUDY:

The present study is the need of time. Finance is regarded as the life blood of any organization. Stock exchange plays an important role in the economy of any country. It is regarded as barometer of economic health.

Even though Latur is a developed region, a popular educational hub, very few people invest in stock market. On October 30, 2011 Latur Municipal Council has been transformed into Municipal Corporation. This study will be useful to the investors and non-investors of equity market. It assessed the public opinion about stock exchange. This is the first study about public perception of stock exchange in Latur.

2.4 OBJECTIVES OF THE STUDY:

For any scientific study it is essential to set goals and objectives, Objectives of this study are as follows:
1. To know the growth of stock markets transactions in Latur
2. To study the perception of investors towards stock market
3. To study the perception of non-investors towards stock market
4. To suggest the ways to increase people participation in stock market

2.5 HYPOTHESES:

1. The number of investors in stock market has been increasing in the study period. (H1)
2. The general public thinks that investment in stock market is risky and like gambling. (H1)
3. Investors are less interested to invest in stock market than any other financial investments. (H0)
4. Investors generally think that return on investment in stock market is high as compared to other financial investment. (H0)

As per the research study first two hypotheses are accepted and remaining two hypotheses are rejected. For analysis of these assumptions different statistical tools and techniques are used and it is explained in last chapter (Findings and Suggestions).

2.6 SCOPE OF THE STUDY:

Geographical Scope:

This study was limited to the public and stock exchange brokers in Latur. Latur city is situated in the south eastern Marathawada part of the Maharashtra State. The entire city of Latur is situated on the Balaghat plateau. The financial background of Latur city is very strong. There are so many Businessmen and servicemen (private and public) interested in investment in stock market. More than a thousand stock exchange investors are in Latur city.
Operational Scope

The study covers wide ranging issues concerning the public perception about the operations of stock exchange. The sample study of 400 respondents located in Latur was made. It included only educated persons. Half of them were the investors in the stock exchange and the remaining halves were non-investors. The sample size was carefully selected to cover various sections of the society.

The sample size of investor and non-investor is divided as per the following tables:

Table no. 2.1 (Investors)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors</td>
<td>160</td>
<td>40</td>
<td>200</td>
</tr>
<tr>
<td>Percentage</td>
<td>80%</td>
<td>20%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary Data

Table no. 2.2 (Non-Investors)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Investors</td>
<td>120</td>
<td>80</td>
<td>200</td>
</tr>
<tr>
<td>Percentage</td>
<td>60%</td>
<td>40%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary Data

Main stock exchange brokers in Latur are.....

1. Nirmal Bang securities
2. Anand Rathi securities
3. Angel Broking
4. Religare Securities
5. JM Financial services Ltd.
6. ShareKhan Ltd.
7. Phillip Capital India Pvt. Ltd

**Periodical Scope:**

The general study was considered in the post-independence period, particularly after establishment of NSE (1994). The study of Latur covers a period of ten years i.e. the period from 2003-2013.

2.7 **SAMPLING METHOD:**

Random Sampling method is used by researchers to select the sample under study.

2.8 **TOOLS AND TECHNIQUES OF ANALYSIS:**

The analysis of the data obtained has been carried out with the help of different statistical tools such as statistical tables, averages, percentiles of various numerical values according to their related data.

The data so collected is tabulated. The analysis of data is done with the help of suitable statistical techniques. Graphical presentation of data is made in the study wherever it is needed. Graphs are in the form of pie diagrams and bar graph.

The data is also analyzed with mean, standard deviation, t-test, IBM SPSS 21.0 version, MS-Excel 2010, Spearman Rank Correlation analysis.

2.9 **LIMITATIONS OF THE STUDY:**

For the research work, data was collected and interpreted with utmost reliability and consistency but due to prejudices of a few respondents, certain limitations of the study are as follows:

1. The study depicts the present scenario in Latur and hence the result may not be applicable to another period of time.
2. The study is limited to 400 respondents of the Latur city.
3. The survey was based on random and convenient samples.
4. Answer to the questionnaire depends upon the beliefs and prejudices of investors and non-investors.

5. It is assumed that respondents are true and honest in expressing their views and have filled the questionnaire honestly and without any bias.

6. Few statistical tools were used to prove assumptions in order to reach scientific conclusion.

7. The present study is restricted to information collected about the Public perception about stock exchange transaction with the help of questionnaire.

2.10 PRESENTATION OF THE STUDY:

The present study is being presented in 6 chapters. The brief outlines of these chapters are given below

1. Chapter I:
   First chapter deals with the general Introduction of Stock market, Importance of share market, its types as well as Primary and secondary market. It includes Indian stock market in detail. It also covers history of Indian stock market, functions of stock market, Services rendered by stock exchange, working procedure of stock exchange, Investors rights and responsibilities, Regulatory framework for investors protection.

2. Chapter II:
   Second chapter is devoted to a brief review regarding awareness and perception of stock market transaction of people. It also includes review of the literature pertaining to the study collected from different articles, journals, Ph.D. thesis etc. Chapter also covers objectives of the study, the hypotheses, methodology, tools & techniques, scope, limitations and chapter scheme.
3. **Chapter III:**

Third chapter related to history of Latur, education and research, commerce and industrial profile of Latur, banking and financial services, trade and industries in Latur, Stock broker scenario in Latur, demographic profile of respondents.

4. **Chapter IV:**

Chapter fourth is completely focused on analysis of investor’s perception about equity market in Latur. The researcher has used questionnaire method for data collection. Investors have given their opinion through questionnaire.

5. **Chapter V:**

Chapter 5\textsuperscript{th} analyzed the non-investor’s perception about stock market transaction in Latur. The researcher has used questionnaire method for data collection. Non-Investors also gave their opinion through questionnaire.

6. **Chapter VI:**

The last chapter summarizes the findings, draws conclusions based on them and suggests some measures for improving the awareness and trading in stock market which is beneficial to all persons who are included in it.
2.11 REVIEW OF LITERATURE:

2.11.1 Introduction:

The review of related literature is an essential part of research work. It enables the Researcher to know about the related studies and their methodology and conclusions. The review helps the Researcher to identify the research problem, to acquire a thorough knowledge about the present problem and to help in the development of research procedure.

Many scholars have made studies on Stock Exchange Transaction and many studies are going on. From the available studies from secondary sources the literature is reviewed here to have better clarity of public perception about stock exchange transaction and the study. The purpose of literature survey in any study is to help the researcher, to find out the gap between the research that has already been conducted and the theoretical linkage of the research.

1) Arun Lawrence, Zajo Joseph (2013) they analyzed the general investor perception towards equity trading and factors leading equity investment, when the investor gets more and more accurate information on the right time, then they can enjoy the taste of success from the equity trading. Paper also find friends and media play a key role in affecting the investors equity trading decisions, attractive benefit was also the key factor; however personal interest was also responsible for same.

2) Sindhu K. (2013) examined the link between equity market behaviour in India in the post-reform period and the macroeconomic condition of the country, particularly, economic growth. The study addresses four basic aspects-the link between equity market development and long term economic growth, the causal relationship between stock indices and major macro-economic variables, the impact of equity market development on the capital structure of corporate firms, and the impact of equity market development on the saving
and risk hedging patterns of retail investors. The study uses equity market development indicators like market capitalization ratio, turnover ratio value traded ratio, and two major stock indices of the country viz. the Sensex and the CNX Nifty for the period 1993-2005. The researcher analyzed that equity market development has not been instrumental enough to enhance mobilization of household saving in the country.

3) **George Thomas P., Joma Joseph, Prasath S. Pai (2013)** have pointed out that an important feature of the development of stock market in India during the last decade has been the growing participation of Institutional Investors, both foreign Institutional investors and the Indian mutual funds combined together. Today India has one of the most modern securities market among all the countries in the world. This paper examines the role of these investors in Indian equity markets and finds that the market movement can be explained using the direction of the funds flow from these investors. The study considers 5 years data to study the impact of FIIs on Indian Stock Market, trading of FII had a great impact on both the equity market and the stock price.

4) **Sayabtan B. Majumder, Ranjanendra N. Nag (2013)** the present paper finds that higher equity market returns amplify the volume and volatility of the FII flow without any evidence on the other direction. Moreover, the intraday and overnight equity market returns have different implications for FII flow and its volatility. The paper also finds that the flow of FII has no significant effect on inducing volatility in the equity market.

5) **Krishnan Dandapani, Edward R. Lawrence (2013)** in this paper, they studied the effect of foreign institutional investment (FII) on the stock market of India and find that FII has a direct and significant effect on the returns of the Indian stocks. Researchers also examine the determinants of the FII in Indian markets and find that net FII increases with an increase in the Indian stock returns and vice versa. They also document those high interest rates in India resulting in reduced FII, and the net FII increases with a decrease in the P/E of Indian stock.
6) **Ananta Prasad Mohapatra, Pramath Nath Acharya, Rudra Prasanna Mahapara** *(November 2013)* studied exciting opportunities in equity market for making big money. They also say equity price behaviour is a very complicated issue. This is because equities generally represent a riskier investment than do the fixed return investments. Hence, the problem of deriving a suitable basis for the evaluation of ordinary equities has been at the forefront of investment analysis.

7) **Pankunni,V(7-Nov-2013)** analyzed that stock market operation has become popular nowadays. Investment in equity market is not considered futile by the present-day investors. They consider stock investment more remunerative than the other opportunities. Formerly equity investment did not get the due respect and it was treated as somewhat speculative that even today some discounts greatly for its social acceptability. Stocks offer better opportunity not only to the professional investors but also to the small retail investors. But it does not mean that everyone knows the operation. The transparency of the market operation is still at stake. The SEBI is attempting hard to make things work. Researcher also studied that equity market is the most profitable avenue for the investors to expend their money. The rate of growth of return is so outstandingly big that investors will not be able to make that much from anywhere else. In case things go wrong the loss can also be very high. The implication is that investment in stocks is highly risky. There is every opportunity to make larger and larger return and also for losing everything.

8) **S.M. Tariq Zafar, D.S. Chaubey, S.R. Sharma** *(Jan 2012)* they analyzed to attract the investors globally; market reforms are inevitable which may fuel competition in financial market with safe return to investors. Researcher also found that Asian stock market has impact on each other strongly but US stock market does not have impact on all the Asian markets. There is a strong relationship between various equity markets. Some of the stock markets have strong impact than other markets.
9) **P. Praveen Kumar, R. Kasilingam (Jan 2012)** studied that derivative business is a new segment of trade introduced in stock market in the year 2000 mainly to bring liquidity into the market. People who are doing business in derivatives are not genuine buyers and sellers and they do only speculative trading. The excess speculation and open position in the derivative market have influenced spot market prices. Researchers analyzed the real impact of derivatives on Spot Market and overall capital market. The study result indicates that the volume of share trading increased tremendously after the introduction of derivatives.

10) **Prakash Tiwari, Monika Mehrotra (July 2012)** they investigated the performance and relationship of different investor groups, particularly Foreign Institutional Investors, Domestic Institutional Investor and Individual Investor using daily net flow in Indian equity market. The researchers examined the investor behaviour before, during and after the financial crisis (2008).

    Researcher observed that India had received about US$ 17.7 billion as net equity investment inflows from FIIs during 2007. This turned into a net disinvestment of US$ 13.3 billion during the period from Jan 2008 to Feb 2009. They found that the overall performance of domestic investor is much better than foreign and individual investors group. The performance of the individual investor is marginally better than foreign investor in before and after the crisis period. But foreign investor has gained significantly in the third (after crisis) phase of the crisis. The performance of domestic investor group is better than both groups along with market performance.

11) **S.M. Tariq Zafar, D.S. Chaubey, S.M. Khalid (July 2012)** analyzed the impact of dividend on shareholders wealth of eleven selected Indian banks listed and actively traded in National Stock Exchange (NSE) during the period 2006 to 2010. The study found that market price does not depend on the dividend policy alone but many factors play a vital role in price determination. They also found that dividend pay-outs have strategic influence on
shareholders wealth and there is significant impact of dividend policy on the shareholders wealth in banking companies in India.

12) Shanmuga Sundaram V (2011) examined the impact of behavioural dimensions of investors in Capital market and found that investor decisions are influenced by psychological factors as well as behavioural dimensions and this psychological effect is created by the fear of losing money, sudden decline in stock indices, greed and lack of confidence about their decision making capability.

13) Prof. Mohd Akbar Ali Khan, Mr. A. Kotishwar (2011) analyzed the behavior and expectations of those dealing in equity markets and found such factors which they think are responsible for price fluctuations.

The study also discovered that many people in equity markets are dealing through multiple demat accounts which not only exaggerates the investor base, but provides a false picture of Indian capital markets. It was also found out in the study that most people preferred to trade in National Stock Exchange (NSE) as compared to Bombay Stock Exchange (BSE). The most stated reason for it was said to be availability of futures and options on NSE and lesser volatility of the NSE index Nifty as compared to BSE’s Sensex.

It was also clear from their study that most of the people currently investing in stock markets are quite comfortable investing in it. This is a clear indication of investors’ confidence in Indian capital markets and a positive sign for India’s growth.

14) Bharati V. Pathak (2011) analyzed ‘The Indian Financial system Markets Institutions and Services’. This study discusses many important factors related to Stock Exchange Transaction and Stock Market, mainly primary and secondary market. It includes intermediaries to issues, stock market in India, SEBI Regulations, 2003, BSE, NSE, derivatives market etc.

15) Neelam Choudhary, Gitanjali Gupta, Anand Gupta (2010) studied the influence of FIIs on one of the premier stock exchange of India i.e. Bombay
Stock Exchange, the period in which Foreign institutional investors prefer heavy fund deployment, the impact of FIIs on Indian stock market evaluated through the historical volatility of the market. Results of the study show that there is partial correlation between the BSE and FIIs.

16) **Manoj Kumar Dashl (2010)** ‘Factors Influencing Investment Decision of Generations in India: An Econometric Study’ this study aims to gain knowledge about key factors that influence investment perception and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The present study is an attempt to find out Factors which affects individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. The study concludes that investors’ age and gender predominantly decides the risk taking capacity of investors.

17) **Syed Tabassum Sultana (2010)** has studied that the Indian investor today has to endure a sluggish (slow/lazy) economy. This paper, discussing the characteristics of the Indian individual investors, makes an attempt to discover the relationship between a dependent variable i.e., Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. Indian investors are well-educated and independent in making investment decisions and conservative investors. From the empirical study it was found that irrespective of gender, most of the investors (41%) are found to have low risk tolerance level and many others (34%) have high risk tolerance level rather than moderate risk tolerance level. It is also found that there is a strong negative correlation between Age and Risk tolerance level of the investor. Television is the media that is largely influencing the investor’s decisions. Hence, this study can facilitate the investment product designers to design products which can cater to the investors who are low risk tolerant.

18) **Dr. C.B. Gupta (2009)** gives very primary information regarding stock exchange. He also introduces SEBI. There are so many functions of stock exchange services to the country, corporate sector and investors. He briefly
introduces stock exchange in India, NSE, OTCEI (Over the Counter Exchange of India), difference between NSE and OTCEI, common features of both. Who are the members of stock exchange, and what is the working procedure of a stock exchange Regulation and control of stock exchange, SEBI’s objectives and function has also been studied.

19) Saurabh Singh (2009) Public perception at Indian Capital Markets Investment decisions made by the investors’ is not solely dependent upon price movement and stability of the markets. The study has resulted in listing, factors as age, sex, education, family, and the past performance of a company’s securities as variables or attributes, having significant influence and impact on the investor’s investment decision making process. The present study identifies, understands and explains how human emotions influence the investors’ decision making process.

The element of emotions silently contributes towards increasing the probability of mistake on the part of investors itself and consequently resulting in false or biased expectations with regards to future returns to be gained from present investment, leading to mispricing of securities in the market.

20) Sumithra Ramesh (2009) critical study of an “Indian securities Market”, Securities market can be segregated into primary market and secondary market. In these markets investors invest their funds for different purposes. Primary markets are sources of financing business entities. It is here that investors offer their surplus funds to the business entities for investment in business projects. When the business makes profits the companies pay dividends to investors. The stock exchanges provide liquidity to securities and enable price discovery. The primary market and secondary market offer a vast network of intermediaries to move funds between investors and issuers. But one must always remember that all markets are not necessarily perfect markets.

22) Lovric M. et al., (2008), presented a description model of individual investor behavior in which investment decisions are seen as an iterative process of interactions between the investor and the investment environment. The
investment process was influenced by a number of interdependent variables. They suggested that this conceptual model can be used to build stylized representations of individual investors and further studied using the paradigm of agent-based artificial financial markets.

23) **Szyska Adam (2008)** analyzed how investors’ psychology changes the vision of financial markets and discussed the consequences of the new view of finance by capital market practitioners-investors, corporate policy makers and concluded with some thoughts on the future development of the capital market theory.

24) **Hvidkjaer S (2008)** analyzed the relationship between retail investor trading behavior and the cross section of future stock returns. The result suggests that stocks favored by retail investors subsequently experience prolonged underperformance relative to stock out of favor with them. This results link the systematic component of retail investor behavior to future returns, i.e., informed investors might begin selling stocks that they believe to be overvalued.

The overvaluation that these investors perceived could be driven by changes in firms fundamental values.

25) **Mittal M. and Vyas R.K. (2008)** explored the relationship between various demographic factors and the investment personality exhibited by the investors. Empirical evidence suggested that factors such as income, education and marital status affect an individual’s investment decision. Further the results revealed that investors in India can be classified into four dominant investment personalities namely casual, technical, and informed and cautions.

26) **N.J. Yasaswy (2007)** studied that intelligent stock market investing comprises some rules i.e. don’t listen to gossip, rumors and hearsay, don’t be tempted to act impulsively, don’t follow the so called “big bulls” of the day, buy cheap and sell dear, develop a disciplined approach to investing, ignore the fads; they come and go etc. He also discusses the money game on dalal street.
Bulls, bears, brokers and investors are important terms in share market. He studied the idea of derivatives, their features, types and equity derivatives in India.

27) Ronay and Kim (2006) have pointed out that there is no difference in risk attitude between individuals of different gender, but between the groups, males indicate a stronger inclination to risk tolerance. Gender difference was found at an individual level, but in groups, males expressed a stronger pro-risk position than females.

28) Vipul (2006) has studied the changes in volatility in the Indian Stock Market after the introduction of derivatives and it results with the fall in volatility of the underlying equities after the introduction of derivatives. However, the intraday unconditional volatility of the Equity Index increases. This contradiction is explained by an increased correlation between the prices of its constituent equities caused by arbitrage transactions in the cash market.

29) Ms. M.V. Subha (March 2006) studied Indian Capital Market; it is one of the fastest growing markets in the world. Around 9600 companies are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), having a combined market capitalization of $125.5 billion. The Indian equity market has around 800 securities where liquidity of the shares is considered to be acceptable. These 800 companies account for around 80% of the market capitalization of all listed companies of the country. The number of Foreign Institutional Investors and the amount of funds invested by them in our markets are found to be increasing. She also analyzed the amount of participation by retail investors has been low when compared to investments made in bank deposits, gold, real estate etc. Her survey had indicated that only 9% out of the total household savings is diverted into equity investments. It is evident that retail investors are not participating in the equity market and that has been a question of concern.

The author also found that if we look at the profile of the investors investing in the capital market, it can be seen that only a small percentage of
them invest in equities, viewing it as an investment option. Why do individual investors stay away from investing in equity shares? The main reason could be the lack of confidence in the performance of the equity shares. Investors still perceive equity as a risky investment option. There is still lack of clarity about the functioning of the capital markets and the role played by intermediaries. Some of the investors have had bitter experiences due to scams and faulty behaviour of intermediaries. Even after a decade of existence of a vibrant capital market we find, equity instruments are not a household investment alternative. People still prefer to invest their savings in the form of gold, real estate, insurance and other form of popular bank deposits.

30) Mr. Gnana Desigan C., Miss S. Kalaiselvi, Miss L. Anusuya (April 2006) studied ‘Women Investors Perception towards Investment’. Saving is a habit specially embodied to women. Even in the past, when women mainly depended on their spouse’s income, they used to save to meet emergencies as well as for future activities. In those days, women did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed. Now, the present women, who are equally employed, through their education have knowledge about various aspects of investment and as a result they invest in various investment avenues such as shares, debentures, mutual funds and bank deposits. Research also analyzed women investors’ investment pattern, influencing factors, risk preference levels, problems in various investment avenues and other investment related issues.

There are certain problems in investment but still they can be rectified thereby inducing more and more women investors to invest in the various investment outlets.

31) Mostafa Soleimanazadeh (June 2006) in his article, “Learn how to invest in Mutual Funds” discussed the risk and return in mutual funds. He stated that the risk and return depend on each other, the greater the risks, the higher the potential return; the lower the risk, the lower the expected return.
Mutual funds try to reduce their risk by investing in a diversified group of individual stocks, bonds, or other securities.

It is concluded that the investment in stocks can get more return than mutual funds but by investing in mutual funds, the risk is lower.

32) **Vaidyanathan (2004)** analyzed the secondary data regarding household savings in India during the period 1961-2001. He found that in India the self-employed, not having any old aged income-providing scheme, fall back on gold resulting in large savings in the form of gold. He calls for the life insurance companies to come up with innovative products to capture this huge untapped market. In the study, financial knowledge is represented by a score, which is used to study the relationship between financial knowledge and financial behaviour. Planning is represented by a score, which is used to study the relationship between retirement wealth accumulation and saving.

33) **The ‘ET Retail Equity Investor Survey (2004)** designed by ET intelligence group (ETIG) along with AC Neilson ORG-MARG interviewed 513 retail investors in Mumbai, Delhi, Kolkata, Chennai, and Ahmadabad who had invested a minimum of Rs.10,000 into equities in secondary markets. The study found that the investors are smart in terms of setting book-profit or cut-loss limits and adhering to it, averaging their investments. However it also found that only 2% of the investors hold the securities for more than 1 year and for half of the respondents it was only 75 days.

34) **Mukhopadhyay (2004)** studied the profile of 200 Kolkata investors. Using a questionnaire based survey; he found that aged people prefer less risky investments while the youngsters are aggressive in risky investments. One of the questions asked the investors risk perception about capital market investments and found that people having lower qualification outnumbered the people having higher qualification in answering that tile equity market investment is risky.
35) **MARCH Survey (2004)** Using 1398 samples covering Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai cities, it was found that investors in western region of the country prefer to take risks in investments as against investors in the south, but in terms of diversity of investment portfolio surprisingly it was the South Indian investors who had the most diversified investment portfolio.

36) **Preeti Singh (2003)** studied ‘Investment Management Security Analysis and Portfolio Management’. She analyzed the relationship of new issue market and stock exchange in India. She studied alternative forms of investment, including land, gold, silver, diamonds, stamps, LIC, FD etc. other than shares investment. But she found that investment in productive forms is lower than unproductive forms.

37) **Karthikeyan (2001)** conducted research on Small Investors Perception on Post office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for Kisan Vikas Patra (KVP), National Savings Scheme (NSS), and Deposit Scheme for Retired Employees (DSRE).

It is concluding that the level of awareness among investors in the old age group was higher than in those of young age group. No differences were observed among male and female investors.

38) **The Securities and Exchange Board of India with National Council of Applied Economic Research, SEBI-NCAER (2000)** study found that only 7% of all households invested in Equities & Debentures and 9% in Mutual Fund units. The majority of the Equity investor households hold an undiversified portfolio of relatively small value of less than Rs. 25000. It was seen that one set of households, in spite of their lower income & lower penetration level of consumer durables, invest in the securities market, while another set of household with higher income and higher penetration level of consumer durables do not.
39) Nair Rajagopala and Elamma Joseph (1999) revealed the various risks experienced by investors in corporate securities and the measures adopted for reducing risks. They opined that calculated risk might reduce the intensity of loss of investing. As per their study, many investors were holding equities of those companies that were non-existent.

Investors may accept risks inherent in equity, but they may not be willing to reconcile to the risk of fraud. Promoters should not be allowed to loot the genuine investors by their fraudulent acts.

40) Shanmugham et al (1998) using 201 Coimbatore investors and analyzed the profiles of the investors and the factors influencing their decision process. They found that the equity portfolio diversification was moderate. Educational levels of investors had its impact on the use of technical analysis and the occupation had its impact on the use of fundamental analysis.

41) Rajarajan V (1998, 2000 and 2003) classified investors on the basis of their demographics. He found the investors' characteristics on the basis of their investment size and the percentage of risky assets to total financial investments had declined as the investor moves up through various stages in life cycle.

42) Zvi Bodie and Dwight B. Crane (1997) using a cross-sectional study of 916 Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) members (USA), surveyed during February 1996 analyzed the portfolio allocation between retirement and non-retirement funds. They found that equity investment in retirement account had positive impact on equity investment in non-retirement account providing evidence that individuals do not diversify their holdings across retirement and non-retirement accounts.

It is concluding that, given enough education, information, and experience, people might tend to manage their self-directed investment accounts in an appropriate manner.
43) Alok Kurnar and Charles M. C. Lee (1997) has conducted a research on “Retail Investor Sentiment and Return Co-movements” in India by using a database of more than 1.85 million retail investor transactions in capital market over 1991—1996. Their main observations were that the trades are systematically correlated—that is, individuals buy (or sell) stocks in concert. Moreover, consistent with noise trader models, they found out that systematic retail trading explains return co-movements for stocks with high retail concentration (i.e., small-cap, value, lower institutional ownership, and lower priced stocks), especially if these stocks are also costly to arbitrage. Macroeconomic news and analyst earnings forecast revisions do not explain these results.

Collectively, their findings support a role for investor sentiment in the formation of returns.

44) Sunil Poshakwale, (1996) equity market efficiency is an important concept, for understanding the working of the capital markets particularly in emerging equity market such as India. Researcher found empirical evidence on weak form efficiency and the day of the week effect in Bombay Stock Exchange over a period of 1987-1994.


It is concluding that the relationship between age and portfolio allocation is not linear: young and retired individuals demand less risky assets, bonds than middle-aged individuals.

46) Sitkin and Pablo (1992) developed a model of determinants of risk behavior. They found that personal risk preferences and past experiences form an important risk factor in which social influence also affects the individual’s perception. Sitkin and Weingart (1995) extended this model leading to the definition that risk perception and propensity are the mediators in risk
behaviours of uncertain decision-making. In this hypothesis, past investment establishes the frame for the propensity to risk, risk transfer, and risk awareness which impact decision-making behavior.

Thus risk orientation and risk perception are reduced to antecedent variables in decision-making behavior under risk.

47) L.C. Gupta (1991) analyzed 5822 profiles of Indian households in mid-1990 and found one-fourth of the Indian shareholders to have equities of only 1 or 2 companies, and slightly above half of them had no more than 5 companies in their equity portfolio. Thus, the extent of diversification of equity investment was grossly inadequate in the case of the majority of Indian shareholders, exposing them to considerable ‘unsystematic’ risk.

48) Shankaran (1991) in his study explored the relationship between the Indian stock market (BSSE) and other prominent international stock markets. The results from the study disclosed that there was no meaningful relationship between the BSE index and other international stock market indices. Furthermore the study disclosed that the British and South Korean indices were inversely related to BSE.

49) Samuelson and Merton (1969) extended the single period model into multiple period models. In related papers, Samuelson (1969) and Merton (1969) modelled a decision maker who can invest in two assets: a risk-free bond which pays a constant rate of return, and a risky stock with a constant equity risk premium. The individual was assumed to face no transactions costs, to be able to borrow and lend at the same rate, to have no portfolio restrictions, and to receive no labour income.

It is concluded that investment decisions are independent of the time to the end of life. Under very special circumstances: if investment opportunities are constant and utility has a certain functional form, investors behave exactly as though the current period.
50) **Irwin, Brown, FE (1965)** analyzed issues relating to investment policy, portfolio turnover rate, performance of mutual funds and its impact on the equity markets. They identified that mutual funds had a significant impact on the price movement in the equity market.

Thus, funds did not perform better than the composite markets and there was no persistent relationship between portfolio turnover and fund performance.
REFERENCES


45. Alok Kurnar and Charles M. C. Lee (1997) has conducted a research on “Retail Investor Sentiment and Return Co-movements” research paper published in 1997


