CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

2.2 Review of Previous Studies

2.3 Research Gap
2.1 INTRODUCTION

A literature is an account of what has been perceived on the topic by accredited scholars and researchers. The purpose of writing the review is to update objectively critical ideas that have been established on a topic and assess their strengths and weaknesses. In this context, the researcher attempts to review the studies pertaining to online share trading. The following related studies have enabled the researcher to identify some variables so that the present study can be attempted on the desired line and right perceptive.

2.2 REVIEW OF PREVIOUS STUDIES

Donald C. Langevoort¹ (2000) in his article entitled, “A Study on General and Legal Awareness for Online Trading in Gujurat State” has presented that the SEC at age seventy-five should not seek a make-over to look as attractive as some of the younger agencies around the world, but rather should sit back and let them go through the pain that will inevitably accompany their adolescence. If the natural evolution of global securities markets were steadily in the direction of greater retaliation, then that would probably be a good advice. But if institutionalization truly is the future, both in the United States and around the world, then the layers of retail investor driven regulations that have accumulated over the last seventy-five years will surely weigh more heavily going forward.

V. Rajarajan² (2000) in his article entitled, “Investors Life Styles and Investment Characters!” has found out that the life style is based on segmentation of individual investors and the investment size. Pattern and future investment preference of investors are made on the basis of their life styles. This study was carried out in a state capital by getting data from 405 investors through questionnaires. The investors
were divided into groups namely active and passive investors. The association between the life style groups and the various investments is related. A characteristic was studied by using cluster analysis, correspondent analysis. The study revealed that the level of expenses earning and investment were associated with the size of household, active investors group was dominated by officers, individual group of clerical and passive investors by group of professionals, the expected rate of return from the investment varies based on the investment styles. As for risk bearing capacity it was found that investors who had more than 40% of their financial assets in risky category dominated the active investors group, individualists were possessing up to 20 per cent of their financial assets in the risky investment.

Anders Anderson\(^3\) (2001) in the article entitled, “Is Online Trading Gambling with Peanuts?” has explained that the individuals derive a small utility from gambling, we should observe high turnover in stock portfolios that are of only marginal importance to them. By the use of detailed individual financial data, as well as trades from a Swedish online broker, we measure the frequency and cost of online trading in the cross-section and reject this hypothesis. Investors who have online portfolios that constitute a large share of risky assets are more likely to trade, trade more aggressively when they do trade, have lower trading performance, and less wealth. Trading losses are therefore mainly carried by those who can afford them the least.

Anwer S. Ahmed, Richard A. Schneible., E. Douglas\(^4\) (2001) in their paper on “An Empirical Analysis of the Effects of Online Trading on Market Reactions to Earnings Announcements” have provided evidence regarding the effects of online trading on stock market reactions to quarterly earning announcements. We test for differences in stock price and volume reactions to quarterly earning announcements
between a period with a significant amount of online trading and a period without online trading. We conjecture that online trading has increased the proportion of naïve investors in the market. Based on noisy rational expectations models of trade, we predict that this will result in larger stock price and trading volume reactions to earning announcements. We find strong evidence in support of these predictions. The stock price results suggest that the advent of online trading has decreased average prior precision and the trading volume results suggest that online trading has increased differential belief revisions around earning announcements. An analysis of the relation between volume reactions and price reactions in both periods suggests that the increase in differential belief revisions is primarily due to an increase in the differential interpretation of earning announcements in the online trading period. Our findings are relevant for assessing the validity of concerns about online trading expressed by regulators and the validity of theoretical models of trade with asymmetrically informed investors.

Juan Sandalo (2001) in the article entitled “Investor’s Perception of Value Creation in Environmental Strategies: The Impact of Past Environmental Performance on Future Stock Market Returns” has studied that the investors incorporate into stock market prices the future increase or decrease in firm value due to corporate strategies that cause better or worse firm environmental performance. We report strong evidence that low-polluter companies have substantial abnormal positive returns in the subsequent years after the environmental information was publicized while in the same period of time, high-polluter companies have no abnormal returns (positive or negative). On the contrary, we find exactly the opposite results when we analyze stock market behavior the exact same day the environmental information was publicly released. This is, for this exact publication date high polluter companies have
significant negative abnormal returns while low-polluter companies have abnormal returns that are not statistically different than zero. Overall, our results are consistent with a world in which investors have been slow to properly evaluate future increases in firm value associated with current good firm environmental performance while on the other hand investors have correctly discounted the future negative financial effects corresponding to high polluter companies.

Markus Glaser\(^6\) (2001) in his research article with the caption, “Online Broker Investors: Demographic Information, Investment Strategy, Portfolio Positions, and Trading Activity” has argued that the internet influences investor behavior. Furthermore, the recent bubble in internet stocks is sometimes ascribed, at least in part, to online trading. However, little is known about how online investors actually behave. This paper contributes to this gap. A sample of approximately 3,000 online broker investors is studied over a 51 month period ending in April 2001. The main goal of this paper is to present various descriptive statistics on demographic information, investment strategy, portfolio positions, and trading activity. The main results of this paper can be summarized as follows. Online broker investors trade frequently. The median stock portfolio turnover is about 30 per cent per month. The average number of stocks in portfolios increases over time suggesting that, ceteris paribus, diversification increases. Trading activity is tilted towards technology, software, and internet stocks. About half of the investors in our sample trade warrants and half of the transactions of all investors are purchases and sales of foreign stocks. Income and age are negatively and the stock portfolio value is positively related to the number of stock transactions. Warrant traders buy and sell significantly more stocks than investors who do not trade warrants. Warrant traders and investors who describe their investment strategy as high risk have higher stock portfolio turnover values
whereas the opposite is true for investors who use their online account mainly for retirement savings. The stock portfolio value is negatively related to turnover. The higher the stock portfolio value, the higher the average trading volume per stock market transaction.

Maruthupadian P. Benjamin Chirstopers\(^7\) (2001) in his thesis entitled “A Study on Equity Investor Awareness” has explained the stock market literacy of the investors about the company stock exchanges as well as capital market regulatory bodies. 411 investors were selected at random in Coimbatore district and the data was obtained using questionnaire. Chi-square Test, ANOVA, Correlation, Multiple Regressions and Path Analysis were used to analyze the data. The study revealed that in capital market operation, urban mass is high. Female investors are very huge in number, young investors are more and most of the investors fall under the salaried class. The study also revealed that awareness differs among different groups of investors. The socioeconomic information seeking behavior as well as investment behavior characteristics cause such differences and the awareness index is high and significant in case of young male investors, post graduates, businessman, investors reading more number of magazines and viewing investment related programmes on Television and Internet. Secondary market investors are associated with capital market for more than 11 years and who regularly invest, investors with short term motive, and who keep a maximum amount of their wealth in shares.

Renee Barnett\(^8\) (2001) in his paper entitled, “Are Online Investors Adequately Protected?” has explained that online trading has enabled increased access to the securities market. Encouraging investment in securities can be good for both individual investors and the economy as a whole. Yet to preserve the benefits created by online trading, investor protection is imperative. One aspect of this protection is
the clarification of suitability obligations online. The difficulty in determining what constitutes a recommendation online makes investor protection difficult. This difficulty is further complicated by online brokers’ aggressive advertising campaigns. Unsophisticated investors are particularly vulnerable to the potential pitfalls of online trading. Therefore, to encourage these investors to continue participating in the securities market for the long term, they should be protected now through the use of suitability checks for all the orders they place online. In addition to suitability checks, regulators should continue investor education initiatives and strongly encourage online brokers to better educate their customers.

Brad M. Barber and Terrance Odean⁹(2002) in their study on “Online Investors: Do the Slow Die First?” have examined changes in the stock trading behavior and investment performance of 1,607 investors who switch from phone based to online trading during the period from 1992 to 1995. We document that young men who are active traders with high incomes and a preference for investing in small growth stocks with high market risk are more likely to switch to online trading. We also find that those who switch to online trading experience unusually strong performance prior to going online, beating the market by more than two percent annually. After going online, they trade more actively, more speculatively, and less profitably than before -- lagging the market by more than three percent annually. A rational response to reductions in market frictions (lower trading costs, improved execution speed, and greater ease of access) does not explain these findings. The increase in trading and reduction in performance of online investors can be explained by overconfidence augmented by self-attribution bias, the illusion of knowledge, and the illusion of control.
M. Thenmozhi\textsuperscript{10}(2002) in her research article with the caption, “Futures Trading Information and Spot Price Volatility of NSE 50” has determined that there was any change in the volatility of the underlying index due to the introduction of Nifty futures and whether movements in the future price provided predictive information regarding subsequent movements in the index prices. Daily closing price returns of the S\textsuperscript{2} and P CNX Nifty were considered from 15\textsuperscript{th} June,1998 to 26\textsuperscript{th} July,2002. The results revealed that the information flow was higher in the post futures period and resulted in a decline is spot index volatility in the post futures period. It was found that futures market transmitted information to cash market was faster than spot market in processing information. The analysis for different time periods reinforced that the futures market tended to lead the spot market and the index futures market secured as a price discovery vehicle for stock prices.

Wei-Xing Zhou and Didier Sornette\textsuperscript{11}(2003) in their study on “Testing the Stability of the 2000-2003 US Stock Market “Antibubble”” have discussed that since August 2000, the USA as well as most other western markets have depreciated almost in synchrony according to complex patterns of drops and local rebounds. In [17], we have proposed to describe this phenomenon using the concept of a log-periodic power law (LPPL) antibubble, characterizing behavioral herding between investors leading to a competition between positive and negative feedbacks in the pricing process. A monthly prediction for the future evolution of the US S and P 500 index has been issued, monitored and updated in [1]. Here, we test the possible existence of a regime switching in the US S and P 500 antibubble. First, we find some evidence that the antibubble might be on its way to cross-over to a shift in log-periodicity described by a so-called second-order log-periodicity. Second, we develop a battery of tests to detect a possible end of the antibubble which suggest that the antibubble is still alive
and may still continue well in the future. The tests provide quantitative measures to diagnose the end of the antibubble, when it will come. Such diagnostic is not instantaneous and requires probably three to six months within the new regime before assessing its existence with confidence.

A. Merikas, A.G. Merikas, G.S. Vozikis and D. Prasad\(^\text{12}\) (2004) in their paper titled, “Economic Factors and Individual Investor Behaviour: The Case of the Greek Stock Exchange” have analysed the factors influencing Greek Investor’s behaviour on the Athens Stock Exchange. The results indicated that individuals base their stock purchase decision on economic criteria combined with other diverse variables. Furthermore, the key role of prior information such as return continuations to determine an appropriate behaviour pattern was identified as another influencing factor on investor’s decisions.

Mukhopadhyay\(^\text{13}\) (2004) in his article titled, “Household Sector Investors’ Preference – An Empirical Study on the City of Culcutta” has 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 stock market investment is risky.

A. Ryan Wood, B. Judith Lynne Zaichkowsky\(^\text{14}\) (2004) in their article entitled, “Attitudes and Trading Behaviour of Stock Market Investors” have identified the characterized segments of individual investors based on their shared investing attitudes and behavior. A behavioural finance literature review reveals five main constructs that drive investor behavior: investment horizon, confidence, control,
risk, attitude and personalization of loss. Samples of ninety individual investors were surveyed via questionnaire on these constructs. The findings of the study identified four main segments of individual investors: 1. Risk - intolerant traders 2. Confident traders 3 Loss - adverse young traders and 4. Conservative long term investors each segment purchased different types of stocks, used different information sources, and had different levels of trading behaviour.

Barbara Alemanni, José Renato and Haas Ornelas\textsuperscript{15} (2005) in their article entitled, “Behavior and Effects of Equity Foreign Investors on Emerging Markets” has analyzed empirically the behavior of foreign investors on emerging equity markets in a cross-country setting, including 14 emerging markets from the year 2000 to 2005. We could find little evidence that these investors have brought problems to local emerging markets. Foreign investors seem to build and unwind their positions on emerging stock markets slowly enough to avoid problems as price pressure or volatility and kurtosis upswings on the stock market. Also, no negative effects on the foreign exchange market could be found. Regarding feedback trading, we support two hypotheses: positive feedback trading by hedged investors and negative feedback trading by unhedged investors. The latter has stronger statistical evidence and is more likely to occur in the real world. We conclude that there is no reason to impose long-term restrictions to foreign flows.

Ilia D. Dichev\textsuperscript{16} (2005) in the article entitled, “What are stock investors’ Actual Historical Returns? Evidence from Dollar-weighted Returns” has discussed that the existing literature typically does not differentiate between security returns and the returns of investors in these securities; usually implicitly, these two concepts are assumed to be the same. However, the returns of stock investors depend not only on the returns of the securities they hold but also on the timing of their capital flows into
and out of these securities. This paper suggests a new and more accurate measure of stock investors’ historical returns, which involves dollar-weighting of the returns and properly reflects the effect of investors’ timing. Theoretically, the essence of dollar-weighted returns is that they value-weight both the cross-section and the time-series of returns. In practical terms, dollar-weighted returns are computed as internal rate of returns (IRRs) from investment projects in which initial market values and contributions from investors (e.g., stock issues) enter with negative signs, and distributions to investors (e.g., dividends, stock repurchases) and final market values enter with positive signs.

The empirical results indicate that aggregate dollar-weighted returns are systematically lower than buy-and-hold returns. The annual difference is 1.3 per cent for the NYSE/AMEX market over 1926-2002, 5.3 percent for Nasdaq over 1973-2002, and averages 1.5 per cent for 19 major stock markets around the world over 1973-2004. Thus, this study provides comprehensive evidence that stock investors’ actual returns are considerably lower than those from passive holdings and from those documented in the existing literature on historical stock returns. These results have implications for the debate on the equity premium, for the literature on long-run returns following capital flows, for building successful investment strategies, and others.

Carter Randal17(2006) in his book entitled, “Non-stop Winning on the Stock Market” has offered to investors the underlying principles of winning on the stock market. He emphasized on long term vision and a plan to reach the goals. He advised the investors that, to be successful, they should never be pesimistic. He revealed that though there has been a major economic crisis almost every year, it remains true that patient investors have consistently made money in the equities market. He concluded
that investing in the stock market should be an unemotional endeavour and a stock if they believe it would perform well.

S.S. Grewal and Navjot Grewel\(^\text{18}\) (2006) in their book titled, “Profitable Investment in Shares” have revealed some basic investment rules for buying and selling shares. They warned the investors not to buy unlisted shares, as stock exchanges do not permit trading of unlisted shares. Another rule that they specify is not to buy inactive shares, that is, shares in which transactions take place rarely. According to them it is not advisable to buy shares in closely-held companies because these shares tend to be less active than shares of widely held one.

R. Nagarajan\(^\text{19}\) (2006) in his article entitled, “Green Shoe Option in IPO” has stated that for stabilizing post-listing share price, a company making an Initial Public Offer (IPO), through the Book Building mechanism can hold the Green Shoe Option. In order to avoid fraudulent issues, investors too should do their homework before investing in IPO, because it is investor’s hard earned money and should be invested carefully.

Thomas Seemann\(^\text{20}\) (2006) in his article titled, “Study the Effect of Stock Endowments on the Liquidity of Prediction Markets” has explained that the prediction markets are considered as a promising new forecasting method that has proven high prediction accuracy in many areas such as politics, sports, and business related fields. The method is, however, far from being established or even understood. The specific circumstances and market designs that lead to efficient prediction markets need to be further identified. This paper tries to statistically analyze the impact of certain factors in market design. In particular, we analyze the impact of the initial endowments provided to new market participants on the liquidity of prediction markets. Market operators can provide either a cash endowment or a combination of a
cash and stock endowment. By evaluating two play-money prediction markets run in parallel during the FIFA World Cup 2006, we show that the stock endowments significantly foster liquidity in the market. We recommend operators of online game markets as well as corporate prediction markets to provide stock and cash endowment to participants instead of pure cash endowments wherever feasible.

Aman Srivastava\(^2\) (2007) in his research article with the caption, “An Analysis of Behaviour of Investors in India” has explained that the investors in the financial markets are traditionally assumed to be fully rational or at least all the irrational behavior is assumed to be random. Investors rationality is in itself a sensible assumption and make theories easier to build. The Indian investors don’t believe in the stock markets efficiency. Majority of the investors shared their views that it was smart to pick individual stocks and try to predict when they would rise. In addition, they often think that they can select individuals stocks and generate returns. If one actually thought of efficient markets, then one would only act in response “not a smart thing to try to do”. If the stock prices are a random walk, then one cannot pick times to enter or exit the market, and one cannot constantly pick flourishing individual stocks. Additionally, he explored about the investing traditions in India. The responses shows that investors have acquaintance with respect to the past performance of the stocks over the other universal investing instruments. The results advocate a public belief in the Indian stock market the underlies stock valuations. The behavioral finance of Indian investors can be comprehensive to a large extent.

V.K. Bhalla\(^2\) (2007) in his book titled, “Investment Management, Security Analysis and Portfolio Management” has reviewed the various factors influencing the equity prices and price earning ratio. He is of the opinion that equity prices are affected primarily by financial risk considerations that, in turn, affect earnings and
dividends. He has also stated that market risk in equity is much greater than in bonds and it influences the price also.

Daniel R. Vellenga1 and Matthew S. Stanford23 (2007) in their research article titled, “The Interface Between Psychology and Investors’ Attitudes towards Risk” have stated that the financial advisers, brokerage firms and mutual fund companies have created risk assessment instruments to help individuals determine whether they are conservative, moderate or aggressive investors. This paper examines the relationship of personality traits to investor risk tolerance. Personality traits such as impulsiveness, venturesomeness and anxiety have been related to a number of risk-taking behaviors. While past research has tended to focus on antisocial risk taking behaviors (e.g., substance abuse) it is suggested that prosocial risk-taking, such as aggressive investing, is driven by these same personality traits. In the present study three self report investor risk tolerance instruments, varying in the degree of investment knowledge required to complete, were administered as part of a battery of standard personality self-report measures (Barratt Impulsiveness Scale, Behavioral Inhibition System/Behavioral Activation System Scales, Eysenck Impulsiveness Scale, Beck Anxiety Inventory). Correlation analysis was used to assess the relationship between personality traits and investor risk tolerance. This paper further looks at statistically significant differences in risk tolerance by gender, college major (business vs. non-business) and investing experience.

Digantag Mukherjee24 (2007) in his article entitled, “Investor Confidence in an Underdeveloped Stock Market” has explained the behaviour of the stock price in a market characterized by the presence of one large trader and a fringe of marginal ‘noise’ traders. It shows that price volatility and sensitivity excessively depend on the large trader’s behavior. It also comments on the implications of these properties for
the derivatives market. Investor confidence in the capital market is considered important for the economic development of a country. Deep bear market, corporate scandals, insider trading, and inaccuracy of financial statements are cited as reasons for lack of investor confidence in many countries. Revival of such confidence is necessary to improve the efficiency of the securities market in converting savings into investment. The Indian market for financial securities may be considered to be in its developing stage, and that it is still characterized by a few large traders and a marginal and passive frings of small retail investors. These can be thought of as ‘noise traders’ - the expectation of the market converging to a corrected trend. So, their trading gives rise to a movement that can be modeled by a mean corrected npise process. The large traders also rely on the mean correction, switching from bullish to bearish trend, depending on their individual expectations of under or over valuation. Thus, we may assume that their trading is described by a process with a mean correcting trend. It is to explore the consequences of these features for the stock market and the derivative market. the stock market will be characterized by excess sensitivity with respect to individual behaviour of large of large traders which is contradictory to a competitive and smooth functioning market. We also see that the volatility of the market price increases exponentially with time and hence, even through this eliminates the excess sensitivity in the long run, it causes instability in the market, damaging the growth prospects of the economy, in the lack of confidence in the stock market on the new and retail investors’ part, and a low of investment. The conclusions are qualitatively unchanged if we assume a time dependent secular growth rate in the supply of stock.

Laura Frieder and Devin Shanthikumar25 (2007) in their research article titled, “After a Restatement: Long-Run Market and Investor Response” have examined returns and institutional trading in a long window surrounding earnings restatements.
We find significantly positive abnormal returns following negative restatement announcements, even though, on average, these announcements are accompanied by negative pre-announcement and announcement-period returns. In particular, we find significantly positive returns in the six months following the announcement, using raw returns, 3- and 4-factor calendar-time abnormal returns, firm-specific 4-factor adjusted returns, and characteristic adjusted returns. Results suggest that these positive returns are not due to a change in traditional risk factors or cost of capital. Linking the restatements to analyst forecasts, we find that analyst forecast dispersion increases around the restatement and then decreases in the 3-6 months after the restatement, consistent with an announcement-period increase in firm-specific uncertainty and information risk, which subsequently resolves. Analyst forecast errors do not become overly negative or subsequently drift upwards, inconsistent with investor overreaction. Given the potential variation in investors’ willingness to tolerate information risk and uncertainty, we examine institutional ownership changes. We find that dedicated institutions sell restatement-firm shares in the quarters before and after the announcement while transient and quasi-indexing institutions sell before the announcement but buy significantly in the months after. The event-time trading of dedicated institutions has weakly positive predictive ability for future returns while the event-time trading of transient and quasi-indexing institutions has weakly negative predictive ability. The differences in the returns predicted by the three groups’ trading are statistically and economically significant. Together, the results suggest that transient and quasi-indexing institutions are less willing to tolerate increased information risk immediately surrounding a restatement, helping drive a strong negative price reaction to the initial announcement, along with a later recovery.
Mianish Mittal and R K Vyas\textsuperscript{26} (2007) in their article entitled, “Demographics and Investment Choice among Indian Investors” have explained that traditional economic describe human beings as rational decision makers, but it has been observed that investors do not always act rationally. Behavioral finance is a new emerging science which focuses on understanding how psychology affects investment decision. The demographic variables. Such as age, education, income and marital status affect individual investment decision. Its Investment choice gets affected by the demographic of the investors such knowledge will be highly useful to the financial advisors as it will help them advise their clients regarding investments which are appropriate with respect to their demographic. The sample size was 428. The statistical tools used are ANOVA, Mann-Whitney U test and chi-square test. The survey was carried out in indore during the period from July to October 2006. The relevant financial advisors and consultants. The insight of how an investment choice gets affected by the demographic variables helps the financial advisors to advise their clients better. The clients, on the other hand, on being advised regarding the investments that suit their profile, will not only rate such an advice higher but will also appreciate it certainly improve the mutual trust between the advisor and his client. The sample will help in understanding the investment psychology better.

Nidhi Walia Ravinder Kumar\textsuperscript{27} (2007) in his article entitled, “Online stock trading in India: An Empirical Investigation” has analysed that the online trading can be rightly called as a recent phenomenon, which took root with the change of century Arial 2000, and even till day online trading is not much popular among investors for which a list of factors can be blamed. Indian stock exchanges have started adopting technology because it provides the necessary impetus for the organization to retain its competitive edge and ensure timeliness and satisfaction in customer service. These
objectives of investors perception on online trading, preference for traditional trading and online trading and current usage and traditional trading. The samples is used to 92 investors in the list of investment in stock trading. In the investors deal in internet trading, 28 do online trading and 64 were trading with the help of brokers or traditional trading. The Net trading at NSE is considered to be at its infancy stage but success trend of online trading predicts bright future where investors will get opportunity to buy new integrated financial products. Online trading empowers educated investors to make their own decision with close watch on market sensitivity by browsing through various sites, besides, net trading assures achievement of twin objectives of securities regulation, which are creation of efficient market to meet global requirements and investors protection. Online stock trading is handi-capped by computer illiteracy, poor infrastructure and risk averse attitude of investors.

Nissim Ben David28 (2007 in his article titled, “An Indicator for Internalization of Analyst’s Recommendations by Investors” has discussed that the model is applied to the Israeli stock market for the years 2004 and 2005. The result indicate that investors in the Israeli stock market internalize a recommendation 14 days after its publication. Internalization continues 30 days after the publication day. An index for evaluating investors’ reaction to analysts recommendations in various stock markets has been proposed. It can improve investment strategies that follow the publication of an analysis recommendation. An investor would prefer buying a recommended stock when he expects a large return and would sell it when recommendations effect is exhausted.

Philipp Schmitz29 (2007 in his article titled, “Market and Individual Investors Reactions to Corporate News in the Media” have resulted from an event study based on a unique data set of corporate news in the media. The data is provided by Media
Tenor, a research institute which collects and rates all corporate news from the most important German daily newspapers and TV news. Our analysis is based on roughly 300,000 corporate news on 125 large, and medium-sized companies in 5 large daily newspapers and 7 TV news shows from Germany between July 2002 and October 2006. Since analysts rate the news, we have an exogenous measure whether news are good or bad news for a company. Based on this data we can show that the incorporation of information in prices is fairly fast. The main price reaction occurs on the day of the arrival of the new information. This price jump is especially large if the news coverage in the media is accompanied by ad hoc announcements made by the corporation itself. While there is only a very short-term post-event drift after good news, prices tend to drift for several days after bad news. The post-event trading volume is ignorantly higher than before the news for several days for good as well as bad news. To provide a test of the model of Hong and Stein, it is found that for smaller companies with lower abnormal media coverage, the information discussion is indeed slower, as predicted by theory. We further combine the media coverage data with individual investor’s transaction data in stocks and bank-issued warrants from a large German online broker. The results indicate that individual investors, especially stock investors, as compared to warrant investors, react slower to new information as the market does. A tendency to react to bad news by buying put warrants, because selling stocks short was impossible for private investors.

Detlev Zwick (2008) in his article entitled, “Internet Stock Trading as Edgework” has argued that with the transfer of stock trading from what could be called an analog world of phone calls, faxes, and trips to the local bank, to the computer-mediated environment of the computer screen, the market becomes the site for new types of individual experiences and practices that cannot be predicted,
captured, or understood with existing economic and finance theories. Specifically, by giving the stock market an interactionally or response-present face-in-action, the computer screen alters investors’ conventional relationship with, and perception of, the market. It is suggested that the market-on-the-screen gives birth to the market as a place for edge working or experiencing risk as an end in itself. A prerequisite for edgework is a real sense of agency, afforded to the individual investor, for the first time in history, by the computer.

V. Gangadhar. and G. Naresh Reddy \(^{31}\) (2008) in their paper titled, “The Impact of Foreign Institutional Investment on Stock Market Liquidity and Volatility in India” have aimed at examining the investment trends and patterns of FIIs and their impact on stock market liquidity and volatility. Liquidity with reference to capital market refers to easy conversion of capital market securities into cash. Whereas the stock market volatility implies the fluctuations in the stock market returns over a time period, volatility is the inconsistency or variability in the returns of aggregate market portfolio.

M. Mittal and Vyas \(^{32}\) (2008) in their article entitled, “Personality Type and Investment Choice: An Empirical Study” have explored the relationship between 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 decisions. Further the results revealed that investors in India can be classified into four dominant personalities namely casual, technical, informed and cautious.

Philip Brown and Ray Da Silva Rosa and Tracey McNaughton \(^{33}\) (2008) in their article on “A Portrait of Managed Fund Investors” have explained that the advent of superannuation choice has focused attention on how it will be exercised. It is now
well recognized that individuals are prone to systematic biases in evaluation of the relevant factors but the scope of the biases remains poorly understood, particularly in the market for managed funds. We use (hitherto unavailable) trade-by-trade information on individuals’ investments in managed funds to provide an unprecedented portrait of managed fund investors in Australia, showing how gender, wealth and age influence the kind of funds investors select and their subsequent trading behaviour, in particular, their relative susceptibility to the “disposition effect” i.e., the tendency for individuals to sell their “winning” investments and hold on to their “losing investments”. Our results reveal that investors behave differently in the managed fund and direct equity markets. For instance, across certain risk categories of funds, investors manifest a reverse disposition effect. The influence of gender is also strongly evident in our findings.

Preethi Sing\(^3^4\) (2008) in her book entitled, “Investment Management” has discussed the basic rules for selecting the company to invest and opined that understanding and measuring return and risk are fundamental to the investment process. According to her, most investors are risk average. To have a higher return, the investors have to face greater risks. She concludes that risk is fundamental to the process of investment. Every investor should have an understanding of the various pitfalls of investment. The investors should carefully analyse the financial statement with special reference to solvency, profitability, earning per share and efficiency of the company.

Saptarshi Purkayastha\(^3^5\) (2008) in his article titled, “Investor Profiling and Investment Planning: An Empirical Study” has concluded that younger investors and those with high income are willing to take more risk. According to him people do not take much risk when the question of investment of their hard-earned money comes.
Alicia Davis Evans\textsuperscript{36} (2009), in his study titled, “Do Individual Investors Affect Share Price Accuracy? Some Preliminary Evidence” has explained that a common belief is that individual investors are noise traders that distort stock prices. Because accurate share prices are important for economic functioning, the market effect of retail investors has significant regulatory implications. This paper, employing a new NYSE retail trading data set and the R2 metric of share price informed ness, contributes to the debate by demonstrating that as the proportion of trading by individual investors increases, the R2 of firms decreases. Adherents of the R2 methodology hold that lower R2’s imply more accurate stock prices. The results of an instrumental variable estimation suggest that this relationship is a causal one (that is, retail trading causes changes in R2). Thus, if a low R2 indeed signifies share price accuracy, the findings of this study provide evidence that, contrary to the received wisdom, retail trading increases share price accuracy.

Beata K. Smarzynska\textsuperscript{37} (2009) in his paper titled, “Technological Leadership and Foreign Investors’ Choice of Entry Mode” has explained that the developing country governments tend to favor joint ventures (JVs) over other forms of foreign direct investment, since they believe that local participation facilitates transfer of technology and marketing skills. This study assesses the potential of JVs for such transfers by comparing characteristics of foreign investors engaged in JVs and wholly owned projects in transition economies in the early 1990s. In contrast to the existing literature, it focuses on intra- rather than inter-industry differences in R and D and advertising intensities. The empirical analysis shows that foreign investors that are technological or marketing leaders in their industries are more likely to engage in wholly owned projects than to share ownership. These effects are present in high and medium technology sectors but not in low R and D industries. The study concludes
that it is not appropriate to treat industries as homogenous in investigations of investment modes. It also suggests that JVs in high R and D sectors may present a lower potential for transfer of technology and marketing techniques than wholly owned subsidiaries.

H.S. Mahabaleswara Bhatta38 (2009) in his article with the caption, “Behavioral Finance- A Discussion are Individual Investor Biases” has made an attempt to throw light on the investors’ biases that influence decision making process. Empirical studies have time and again proved that the irrational behaviors have caused stock market bubbles and crashes. The knowledge so developed through the studies would provide a framework of behavioral principles within which the investors react. The article suggests for a time bound program to educate and counsel the individual investors about the wisdom required in stock trading and be aware of unethical and tactical practices of brokers, shady dealings of the companies and the insider trading.

Mamunur Rashid and Md. Ainun Nishat39 (2009) in their article entitled, “Satisfaction of Retail Investors on the Structural Efficiency of the Market: Evidence from a Developing Country Context” have stated that investors are a necessary element of the stock market. They help to finance rapid expansion in developing countries. This study explores the components of market structure that contribute to the satisfaction level of retail investors. Around 300 retail investors from 25 randomly selected brokerage houses registered with the Dhaka Stock Exchange, Bangladesh were surveyed using a structured questionnaire. Analyses reveal that most investors were young and inexperienced but educated, with shortages of skills and income. The study suggests the importance of effective regulation, disclosure requirements to
ensure a supply of quality information, investor education and technology driven trading in brokerage houses for overall investor satisfaction.

Ramakrishna Reddy and Ch. Krishnudu40 (2009) in their article entitled, “Investment Behavior of Rural Investors” have stated that the investment culture among the people of a country is an essential requisite for capital formation and the faster growth of an economy. Investment culture refers to the attitudes, perceptions, and willingness of the individuals and institutions in placing their savings in various financial assets, more popularly known as securities. A study on the investors’ perceptions and preferences, thus, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of small and house-hold investors in particular.

Shivkumar Deene, D.M Madari and Gangashetty41(2009) in their working paper titled, “Capital Market Reforms: Some Issues” have explained that the capital market is vital for the development and strength of economy. According to them a strong and vibrant capital market assists corporate world, initiates, finance and exploration of new processes and instruments facilitates management of financial risk. Retail investor is the backbone of the capital market. But with the expansion of the capital market, scams and anomalies, also multiplies. It ultimately leads to the dilution of the faith of the small investors, mutual funds, pension funds, Foreign Institutional Investors and insurance companies. Realising that, the government made capital market reforms. This includes educating capital market participants regarding their rights and duties for proper functioning of capital market.

Sushant Nagpal and B. S. Bodla42 (2009) in their article entitled, “Impact of Investors’ Lifestyle on their Investment Pattern: An Empirical Study” have stated that the modern investor is a mature and adequately groomed person. Occasions of blind
investments are scarce, as a majority of investors are found to be using some source and reference groups for taking decisions.

A.M. Viswambharan\textsuperscript{43}(2009) in his study on “Indian Primary Market – Opportunities and Challenges” has examined the recent trends in primary market, the current IPO system – book building process, opportunities for investors, problems faced by the investors and suggested that investors should rely on long term investment than speculation.

Annal Lourdhu Regina\textsuperscript{44}(2010) in her study entitled, “A Study on the Individual Investor Behaviour in Capital Market with Special reference to Tamilnadu” has pointed out that the blue-chip shares were followed by the growth shares. The buying decision of the investor may be on the basis of fundamental or technical analysis or it may be triggered by a very positive earnings announcement. Some forty per cent of the respondents had unfavourable perceptions about Indian stock market, the level of investor’s awareness varied significantly among respondents belonging to different age groups

P.K. Bandgar\textsuperscript{45}(2010) in his article entitled, “A Study of Middle Class Investor’s Preferences for Financial Instruments in Greater Bombay” has studied the existing pattern of financial instruments in India and the performance of middle class investors, their behaviour and problems. Questionnaire was administered to collect data. Average, Skewness, Chi-square test and Fisher Irving Test were used to analyse the data. The study revealed that only 16.00 per cent of the investors were facing difficulties in buying and selling securities. Middle-class investors were highly educated but they were lacking skill and knowledge to invest. Female investors preferred to invest in risky securities as compared to male investors. The study also revealed that there was a moderate and continuing shift from bank deposits to shares
and debentures, and a massive shift towards traditional financial instruments namely, life insurance policies and government securities.

Bloomfield Libby and Nelson\(^46\) (2010) in their study entitled, “Confidence and the Welfare of Less Informed Investors”, have indicated that less informed investors are overconfident in investments. Providing more information to professional investors only could harm the welfare of less informed investors if less informed investors are not aware of the extent of their informational disadvantage.

C. Gnana Desigan, et.al\(^47\) (2010) in their research article with the caption, “Women Investors Perception towards Investment–An Empirical Study” have identified the investment pattern, preference, influencing factors and problems of women investors in Erode town. The findings of the study reveal that, women investors prefer to invest in bank deposits and jewels, they are influenced by safety and liquidity and the problems faced by them are cumbersome procedures and formalities, commission and brokerage.

James E. Corter\(^48\) (2010) in his paper titled, “Investor Attitude towards Risk and Uncertainty and Reactions to Market Turmoil” has concluded that risk tolerance and uncertainty tolerance can be distinguished not only theoretically but empirically and that both types of attitudes affected investing behaviour. While higher levels of risk tolerance led to riskier portfolios and thus to higher exposure to losses, it seemed that investors’ emotional reactions to losses were not mitigated by higher level of risk tolerance. It suggested that a high level of risk tolerance insulated a client from neither the actual nor the emotional consequence of market losses.

Keyur Mahesh Nayak Laxmi\(^49\) (2010) in their paper entitled, “Investigating the Nature of Investor’s Grievances and Assessing the Role of the Grievance Redressal Agencies” has presented the study to examine the nature of investor’s
grievances and assessing the role of grievance redressal agencies. The respondents were selected by convenient random sampling technique in Valsad District of Gujarat State. The relevant data on the investor’s demographic profile, knowledge about various grievances, awareness about the functions of various grievances redressal agencies, loading of complain and their satisfaction level were collected by distributing the structured questionnaire to the investors who are actively involved in securities trading. The chi-square analysis shows that there is a significant difference between the various demographic variables and investor’s knowledge of grievances, awareness of functions of redressal agencies, loading of complain and their satisfaction level.

Lalik Mohan Kathuria and Kanika Singhania\(^\text{50}\) (2010) in their research paper titled, “Investor Knowledge and Investment Practices of Private Sector Bank Employees” have analysed the level of knowledge regarding various investment avenues and investment practices of employees of private sector banks in Ludhiana city. The findings of their study revealed that print media and websites were the most important sources of information that helped the respondents to make investment decisions. Another significant finding was that only four per cent of the respondents made their investment decisions with the help of investment planner. They concluded that there is an immense need to raise the level of awareness about the various investment avenues among the bank employees.

Manoj Kumar Dash\(^\text{51}\) (2010) in his article entitled, “Factors Influencing Investment Decision of Generations in India: An Econometric Study” has estimated to gain knowledge about key factors that influence investment behaviour and ways in which these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The individuals may be
equal in all aspects, may even be living next door, but their financial planning needs are very different. It is by using different age groups along with Gender that synergism between investors can be generated. In this context, demographics alone can no longer suffice as the basis of segmentation of individual investors. Hence, keeping this in mind, an attempt was made by him to find out Factors which affected individual investment decision and differences in the perception of Investors in the decision of investing on the basis of Age and on the basis of Gender. The study concludes that investors’ age and gender predominantly decide the risk taking capacity of investors.

Philip R.Brown, Andrew Ferguson and Sam Sherry\textsuperscript{52} (2010) in this paper titled, “Investor Behaviour in Response to Australia’s Capital Gains Tax” have calibrated the effect of Australia’s Capital Gains Tax (CGT) on share prices and market activity. Based on a large sample drawn from all listed Australian companies for the years 1994–2007, we find significant tax-loss selling (TLS) of shares that lost value over the financial year, which is reflected in unusually high trading volume and more sell orders in June and a rebound in July. There is some evidence that small mining stocks are particular targets for TLS. Interestingly, the 1999 CGT reforms, which introduced concessions for long-term capital gains, did not reduce the incidence of TLS.

V.K. Shobana and J. Jayalakshmi\textsuperscript{53} (2010) in their study entitled, “Investor Awareness and Preferences” have studied the investors’ preferences, the level of investor awareness and the factors influencing investor awareness of 100 respondents in Salem District. The study reveals that real estate, bank deposits and jewels were the preferred investments. Investors above 50 years of age, post graduates and professionals had high level of awareness. Age and education do not have any
significant influence over investor awareness but occupational status leads to difference in the awareness level of people.

V. Selvam\textsuperscript{54} (2010) in his article entitled, “Investors Perception about Internet Stock Trading – A Constraint Analysis” has concluded that internet trading had gained momentum, as result, trading volume is growing by 150 per cent per annum. The NSE had 108 registered brokers, \textsterling10.54 crore internet trading subscribers with five major companies controlling 90 per cent of the market share in internet trading.

Syed Tabassum Sultana\textsuperscript{55} (2010) in his article titled, “An Empirical Study of Indian Individual Investors’ Behaviour” has studied Indian investors today have to endure a sluggish economy, the stock market declines prompted by deteriorating revenues, alarming reports of scandals ranging from illegal corporate accounting practices like that of Satyam to insider trading to make investment decisions. Stock market’s performance is not simply the result of intelligible characteristics but also due to the emotions that are still baffling to the analysts. Despite loads of information bombarding from all directions, it is not the cold calculations of financial wizards, or company’s performance or widely accepted criterion of stock performance but the investor’s irrational emotions like overconfidence, fear, risk aversion, and so on seem to decisively drive and dictate the fortunes of the market. This paper while discussing the characteristics of the Indian individual investors along makes an attempt to discover the relationship between a dependent variable that is Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. Indian investors are high income, well educated, salaried, 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.

E. Bennet et. al.\textsuperscript{56} (2011) in their article entitled, “Investors’ Attitude on Stock Selection Decision” have found out that the average value of the five factors namely, return on equity, quality of management, return on investment, price to earnings ratio and various ratio of the company had influenced the decision makers. Further, other five factors such as recommendation by analysts, brokers and research reports, recommended by friend, family and peer, geographical location of the company and social responsibility were given the lowest priority or which had low influence on the stock selection decision by the retail investors.

Mart Grinblatt and Matti Keloharju\textsuperscript{57} (2011) in their article entitled, “The Investment Behaviour and Performance of Various Investor Types: Study of Finland’s Unique Data Set” have analysed that the difference in investor behaviour was consistent at regular intervals. The portfolios of foreign investors outperformed the portfolios of households, even after controlling the behaviour difference.

Narendra Jadhav\textsuperscript{58} (2011) in his article titled, “Development of Securities Market – The Indian Experience”, the Indian securities markets have witnessed far-reaching reforms in the post-liberalization era in terms of market design, technological developments, settlement practices and introduction of new instruments. The markets have achieved tremendous stability and as a result, have attracted huge investments by foreign investors. There still is tremendous scope for improvement in both the equity market and the government securities market. However, it is the
corporate debt market, which needs to be given particular emphasis given its importance for providing long-term finance for development.

K. Panda, N.P. Tapan and Tripathi\textsuperscript{59} (2011) in their study entitled, “Recent Trends in Marketing of Public Issues: An Empirical Study of Investors Perception” have attempted to identify the investors awareness and attitude towards public issues. One hundred and twenty five investors covering the salaried and business class, from the city of Bhubaneswar were selected at random. The data was collected by administering a questionnaire and was analysed using simple percentage and weighted average analysis. The study revealed that majority of the investors relied on newspapers as the source of information. Financial journals and business magazines were ranked next to newspapers. A large number of investors were of the opinion that they were not in a position to get the required information from the company in time.

A sizable number of investors were found to face problems while selling securities. ‘Safety and Regular Return’ stood first and second with regard to the factors associated with investment activities. Equity shares were preferred for higher rate of return by the investors.

Parizad Dungore\textsuperscript{60}(2011) in his study entitled, “An Analytical study of Psychological Facets Affecting Rationality: From the Investors’ Perspective”, has stated that women were willing to take more risk than men, with age, the risk-taking ability declined; risk aversion level decreased as education level increased; and its income level increased, the investors risk aversion decreased.

A. Sarangapani and T. Mamatha\textsuperscript{61}(2011) in their study entitled, “Investment Pattern of Indian Investors: An Analytical Study of Hyderabad City”, have assessed the investment pattern of sample investors which indicates that the majority investors prefer to invest in equity shares than in other instruments. It is also revealed in
analysis of the portfolio of investors that 72 per cent of investors prefer to invest in
different types of instruments and the rest only in equity shares. The portfolio size of
convertible debentures is comparatively more than non-convertible debentures in
Hyderabad city.

V. Shanmugasundaram\(^{62}\) (2011) in his research article entitled, “The Impact of
Behavioural Dimensions of Investors In Capital Market”, has 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 and lack of confidence about their decision making capability.

Srinivasa and Rasure\(^{63}\) (2011) in their article entitled, “Factors Influenced and
Individual Investor Behaviour: The Study of Indian Stock Market” have pointed out
that there seemed to be a certain degree of correlation between the factors that
behavioural finance theory and previous empirical evidence were identified as the
influencing factors for the average equity investor, and the individual behaviour of the
active investors in the Indian stock market was influenced by the overall trends
prevailing at the time of the survey in the BSE.

Sunil Kumari\(^{64}\) (2011) in her article entitled, “Investment Attitude of Rural
Investors” has stated that all of the rural investors consider the risk and return on
investment and most of them are also dependent on financial advisor’s opinion
because of lack of an in-depth knowledge of market. It is concluded that
psychological theory of planned behavior reflects in rural people’s investment
decisions.

Charles and R. Kasilingam\(^{65}\) (2012) in their article entitled “Frame
Dependence and its Influence on Investment Decisions” have assessed in their
research that framing is a type of form and substantive. It reflects the behavior of
investors. Cognition and emotion influence the frames development. Lack of cognition and emotional stability make the investors to be biased in their decision making. Finding of this study suggests that investors use their frames to make decisions. These are classified as positive, negative and neutral frames. Most of the investors are displaying the behavior of positive frame dependence model which suggests that investors’ frames become matured from negative to positive over a period of time. Negative–frame dependence investors prefer high return by taking noncalculative risk. Positive–frame dependence investors prefer high return by taking calculated risks. Neutral-frame dependence investors associate with moderate risk-moderate return.

Dhiraj Jains and Nakul Dashora\textsuperscript{66} (2012) in their article entitled, “A Study on the impact of Market Movement on Investment Decision: An Empirical Analysis with Respect to Investors in Udaipur, Rajasthan” have identified that the decision factors such as market expectations, dividend and bonus announcements, and the impact of age, income levels and other market related information were influenced by market movements.

Rajeev Jain\textsuperscript{67} (2012) in his research article with the caption, “Investor Attitude Towards Secondary Market Equity Investments and Influence of Behavioural Finance” has examined three important attitudes displayed by the investors such as expectations that those investors had about the future performance of the stock market in India, secondly confidence that investors had regarding their investments and finally the herd instincts that indicate investors tend to herd together. It is a fact that only a few investors created immense wealth from a stock market and also managed to keep it for decades. Investors take the right decisions and for taking right decisions they needed experience.
Wahida Farzana and others (2012) in their article entitled, “Behavioural Financing: Demographic Factors and Services of Brokerage House in Bangladesh” have shown that, though individual investors made investments in security market as an alternative source of income along with their fixed income; they tend to take risks by investing large amounts of capital. The reasons for taking high risks on investments were steady return on capital, knowledge of capital market situation through trading program arranged by Securities and Exchange Commission. Moreover, investors maintained their own portfolio. It is the responsibility of the brokers who do not provide them with a contract note after trading.

Arun Lawrence and Zajo Joseph (2013) in their study entitled, “Factors Leading Stock Investment: An Empirical Examination” have elicited that friends and media play a key role in influencing the investors share trading decisions.

P.V. Durga Rao (2013) in her research article with the caption, “Role of Independent Variables on Investment Decision of Equity Retail Investors” has found out that investors have various avenues of investment with different features matching their needs. But the art of investment is to see that the return is maximized with minimum risk, which is inherent in all investments. The funds allocated by the investors to various investment avenues depend on to a large extent on the investment objectives perceived by them. Investors differ in their pattern of investment, preferences, perceptions and importantly objectives of investment.

P.V. Durga Rao, G.V. Chalam and T.N. Murty (2013) in their study entitled “Demographic Variables Influencing in the Retail Investors Investment – A Scientific Analysis” have elicited how the demographic variables influenced the investment of retail investors and suggested that the government and regulatory bodies like SEBI to
create lot of awareness and encourage in retail investors in equities to become greater part of development of economic system for making investment on long term basis.

P.V. Durga Rao (2013) in her article entitled, “Valuation of Investment Decision of Small Investors in Indian Stock Market” has stated that the investment evaluation has become crucial for any retail investor. The success of equity issues is totally dependent on the satisfaction of the investors during post - investment period and investors’ confidence. The post - investment satisfaction creates a lasting impact on the investing thoughts or ideas of the investors and investors’ confidence decides the quantity of investment. The basic factor that generates investment satisfaction and confidence is the high profitability prospects (rate of return) associated with equity investments.

T. Manjunatha and K.T. Gopi (2013) in their article entitled, “Factors Influencing Retail Investors in Indian Primary Market” have found out that every investor had his own investment objectives, risk acceptance level, inflows and outflows of money and other constraints. Their study showed that the decision of retail investors in primary market were influenced by issue price, information availability, broker advice, recommendations of the analysts, secondary market situation, disclosure by market participation and other factors. The study suggested that wealth maximisation criteria is important to retail investors while investing in the primary market, the recommendation of brokerage house analysts, issue price, IPOs grading, promoters’ reputations and other factors go largely were considered in the primary market.

M. Radhika (2013) in her research article entitled, “A Comparative Study on Investors’ Perception towards Mutual Fund and Equity” has discussed the competitive
environment, different kinds of investment avenues are available to the investor, but they should be intelligent enough to select the scheme in which they are going to invest. Investing in various types of assets is an interesting activity that attracts people from all walks of the life irrespective of their occupation, economic status, education and family background. An investor tries to balance the benefits and shortcomings of different investment modes before investing in them. Savings form an important part of the economy of any nation. The main focus of this research paper is to identify the investors’ perceptions towards Mutual Funds and equity market with a sample of 100 investors in Hyderabad and Secunderabad.

S. Ramprasath and B. Karthikeyan\cite{Ramprasath2013} in their article with the caption, “Individual Investors’ Behavior Towards Select Investments” have stated that the majority of the investors are giving much importance for the factor “safety”. Similarly investment avenues such as Bank deposits, LIC policies and Bullion have been preferred by the individual investors. Similarly a majority of the investors are periodically evaluating the performance of their investment avenues.

K. Sandhya\cite{Sandhya2013} in her article titled, “Investor Perception towards Online Trading in Chennai” has explained that the onset of online trading changed the traditional value proposition of trading, allowing online brokers to supply investors with rich, interactive information in real time including market updates, investment research and robust analytics. This study helps to ascertain the investor’s perception of online trading of shares in share market also identify the investor’s perception and to improve the quality of service according to the investors’ expectation. It has revealed the fact that the investors satisfaction level from their share brokers.
S. Geetha and K. Vimala\textsuperscript{77}(2014) in their research article with the caption, “Perception of Household Individual Investors towards Selected Financial Investment Avenues” have investigated the effect of demographic variables on the investment decisions by performing a sample survey in Chennai, India. According to their findings, from the investors point of view, changes in demographic factors such as age, income, education and occupation had an influence on the preference of investment avenues.

S. Lodhi\textsuperscript{78}(2014) in her article entitled, “Factors Influencing Individual Investors Behaviour: An Empirical Study of City Karachi” have examined the impact of financial literacy, high experience, use of accounting information, importance of analyzing financial statements and age on the investment decision of any individual by applying a survey in Karchi, Pakistan. By using SPSS, correlation analysis was performed in order to determine the relationship between these variables. According to empirical result, financial literacy and accounting information were considered to be significant in lowering information asymmetry and allowing investors to invest in risky instruments. Additionally it was verified that investors preference for risky investment decreases, as age and experience increase.

Ruta Khaparde and Anjali Bhute\textsuperscript{79}(2014) in their article entitled, “Investor’s Perception towards Impact of Macro Economic Performance on Stock Market Behaviours” have concluded that the perception of investors differs around on the basis of different factors like age, income, investment experience, investment objectives and individual social needs. They also suggested that stocks are the most wonderful category of financial instruments and one of the greatest tools ever invented for building financial wealth.
Jianwei Hou\textsuperscript{80}(2015) in his article on “Online Stock Trading: Do Demographics, Internet Usage, and Attitudes Matter?” has investigated how individuals’ demographics may influence their adoption of online stock trading. The results indicate that online stock traders are more likely to be male, have higher levels of education, and have higher levels of income than non-traders. Age was not found to correlate with individuals’ adoption of online stock trading. This study also found that online stock traders differ on the basis of the demographic variables.

C. Kavitha and Bhaktavatsalam\textsuperscript{81} (2015) in their research article with the caption, “Investors Attitudes towards Stock Market Investment” has inspired by the persistent lack of local investors participating on the National Stock Exchange (NSE), the wide spread ignorance about financial assets and the continuous purchase of stocks with no information known about them by most people in the country plus the wide gap between the rich who invest in stocks and the poor who continuously make losses in the real investment industry. The study was guided by objectives with a purpose of tracking investor’s attitudes and perceptions towards stock market investments. A sample of 125 respondents was used and the findings analyzed using SPSS. The study used a cross-sectional survey design and with the application of quantitative and qualitative data. The study may also use descriptive and correlation approaches to establish the relationships amongst the study variables. The study made several recommendations among which to increase investor awareness as a means of encouraging local investors to list on the stock exchange. The regulatory authorities should improve on their performance in order to increase the confidence of the local investor. Furthermore they should introduce investor incentives to boost the volumes traded on the exchange with a review of the stock market regulations with a view to make them stronger and more attractive to local investors.
Krutika Mistry\textsuperscript{82} (2015) in his article titled, “The Indian Stock Market is the Oldest Stock Market in Asia” has discussed that the individual investor plays an important role in the stock market because of the factor that a big share of their savings are invested in the country. The investors’ decision is always based on risk and return relationship. An individual invests in the stock market at high risk because he/she tends to look at the higher possible return from the investment. The behavioural finance considers the attempt to understand how emotions and cognitive errors influence individual investors’ behaviour. The study attempts to understand the behaviour of individual investors in Indian stock market, specifically their attitude and perception with respect to the stock market. The objective is also to identify the preferred source of information influencing investment decision and to assess the psychology of investors in different market situations. The research is descriptive in nature. The sources of information are both primary and secondary. The sample comprises of 150 equity investors of Bharuch District. There will be a positive relationship between market condition and decision making of investors with respect to Indian stock market.

Navleen Kaur and Gurvinder Singh\textsuperscript{83} (2015) in their research article titled, “Role of Brokers/Institutional Investors to Induce Investment in Indian Stock Market” have made an attempt to investigate the determinants of investment in the Indian stock market and observed that lack of awareness among the investors about stock market trading, lack of knowledge about stock market instrument, lack of confidence among the clients to make online trade themselves, low quality of ready-to-use information to investors that would help increasing number of online clients and lack of competitiveness and professional inputs to render the best possible service.
to investors are some of the features which affect more the decision of investors to invest in stock market.

P. Sashikala and G.P. Girish\textsuperscript{84}(2015) in their article entitled, “Factors Influencing Retail Investor’s Trading Behaviour in Indian Equity Market” have found that factors like broker’s advice, personal analysis, current price of equity stock, financial analyst’s recommendation and inclination towards online trading play a major role in influencing and affecting trading behaviours of retail investors.

B. Vijayakumar\textsuperscript{85}(2015) in his article entitled, “Investor’s Perception in Equity Market Investments in India with Special Reference to Chennai” has concluded that the nine factors namely security, risk tolerance, lucrative returns, investment duration, periodic returns, share performance, long term investment, future returns and investment dynamics influence the investors’ perception at various levels and ultimately lead them to satisfaction. They also concluded that the safety in the equity investment is very important for the investors to acquire the highest satisfaction. They also suggested that the investment duration is very vital for the investors to compare their returns and calculate the inverse proportionality between time and the return satisfaction.

Harsh Pratap Sing, Nisha Goyal and Satish Kumar\textsuperscript{86}(2016) in their article entitled, “Behavioural Biases in Investment Decisions: An Explanation of the Role of Gender”, have concluded that investors’ investment decision are not fully rational. Investors are found to be inclined towards six behavioural biases which were tested in the study. The study also suggested that a high degree of behavioural influence impacts investors’ financial decision. Therefore, they suggested that it is not enough to educate the investors only about the financial concepts like risk, return and diversification, but there is a need to make them aware of the pitfalls of investors’
psychology to warn them against likely errors and enable them to make the right investment decisions.

Krishna Mohan Vaddadi and Merugu Pratima\textsuperscript{87} (2016) in their article titled, Investor’s Attitude towards Adoption of Online Trading: Online Share Trading Offers Investors’ and Stock Broking Firms: A New Frontier of Opportunities and Challenges” have focused that an understanding of factors influencing investor’s attitude towards adoption of online trading service is of vital importance in the changing landscape of the financial service sector. It is against the present backdrop, the study examines the attitudes of online investors towards the adoption of online trading in Visakhapatnam city. A research framework based on the diffusion of innovation theory was used to identify factors influencing online trading adoption in Greater Visakhapatnam city. A structured questionnaire was used to collect data from 400 respondents. Collected data were first structured into grouped frequency distributions, and chi-square test was used to test the hypotheses formulated. At 0.05, level of significance, the attributes such as perceived usefulness, ease of use, compatibility, trust, social factors and information quality of online trading service were found to have a significant influence on attitude of investors toward adoption of online trading service. Trialability of online trading system was found insignificant in influencing investor’s attitude towards adoption of online trading service. The study suggests that stock broking firms in order to enhance widespread use of online trading service, need to organize relevant short term training programmes and deploy user-friendly interface to encourage acceptance and quick adoption of online trading service among diversified class of investors to remove apprehensions and to form strong positive attitude in the long-run.
Rabeena Bajwa\textsuperscript{88}(2016) in her research article with the caption, “Strengthening the Capital Market in India: A Key to Growth” has analysed the relationship between stock market and economic development in the Indian economy during twenty years of post-liberalisation period. The study primarily resolved around two arguments that whether there exists a relationship between stock market development and economic development indications and what are the most significant factors in analyzing this relationship. The results have reported that out of three independent variables as a proxy for Indian economic development that is, IIP growth rate, annual growth rate of GDP and growth rate of net domestic savings, growth rate of GDP and net domestic savings have been better predictors of economic development in India. The variation of GDP is better explained by Sensex returns and traded value ratio, whereas, variation in growth rate of net domestic savings is better explained by Sensex return. Turnover and market capitalization ratio do not have significant impact in boosting the economic growth. The regression results have depicted that for the development of economy, strengthening of the capital market is an important factor.

Shalini Gautam and Mitu Morthu\textsuperscript{89}(2016) in their study entitled, “A Study of Socio-Demographic and Attitudinal Factors on Consumer Behaviour by Individual Investors in the Indian Context” have identified that the major challenge among the financial institutions today is to judge who is the target customer, and who it should approach for its financial products. They suggested that the target customer should not be judged only on the basis of apparent socio-demographic functions. Financial institutions should look at deeper attitudinal factors as well. They also found that among the various socio-demographic factors that have been identified, six factors had a significant association with financial behaviours. These factors are age, marital
status, household annual income, ownership of real estate, duration of investments and frequency of review of portfolio. They have also suggested that these factors need to be looked at in random with various attitudinal factors. It needs to be found out what is the tendency of an individual towards savings, if he/she is interested in knowing about various financial products and what is his/her risk tolerance level. They concluded that the financial behaviour of an individual can be predicted if these features are known.

Avithras and William Robert\(^9\) (2017) in their article entitled, “A Study on Customers Perception towards Online Trading in Retail brokerage, Chennai” have dealt with online trading in India. It offers a broad range of financial products and services including securities, brokerage, mutual fund distribution, loan against share, ESOP financing, IPO financing and wealth management. From this study on customer perception of Online Trading, it is inferred that in gender level of investors, 60% belongs to male. Occupation of investors are been classified as private sector 70 per cent. Education qualification of customers is UG-70 per cent. There is no significant difference between the Gender with respect to preference of attributes of share trading company. There is no significant difference among the Occupations, Educational qualification with respect to preference of attributes of share trading company. Customers invest in mutual funds as its risk is low and returns are more rather than bonds and shares. Online trading has been preferred by customers rather than Offline trading. Major reason for customers to invest in online trading is its conveyance and user friendly.

Rajdeep Kumar Raut; Niladri \(\text{De}\)\(^9\) (2017) in his article titled, “Individual Investors’ Attitude towards Online Stock Trading: Some Evidence from a Developing Country” has explained that the present study attempts to investigate the individual
investors' intention to use online stock trading in the Indian capital market using the theory of planned behaviour (TPB). Responses were collected from 280 individual investors applying convenience sampling approach. Data was analysed using structural equation modelling (SEM) to evaluate the investors' attitude for online investment, influence of social pressure and perceived behavioural control on the intention for online investing and finally on actual usage. The findings reported that the TPB model was supporting the objective of this study and all the constructs have shown positive influence on online investment behaviour. Attitude towards online trading was found to be the most influencing factor whereas subjective norms showed its least impact on intention of individual investors.

Sharm Jaya\textsuperscript{92}(2017) in her article titled, “Growth of Online Trading and Comparative Study between different Stock Brokers in India with Special Reference to the Region of Agadhri Haryana” has explained that because of the dynamic environment billion of people are connected to the Internet. During the last twenty years, the technology revolution has had an intense and irreversible impact on the world and Indian stock market has also witnessed these changes. The internet has made financial products and services available to more customers and eliminated geographical barriers. Earlier investors were solely dependent on their brokers but nowadays they are participating more in buying and selling of shares with the help of internet. E-trading has saved time, energy and money as it helps to access the market from anywhere at any time. The primary objective of this research paper is to gain knowledge regarding the emergence and growth of the online Trading in India, people’s perspective on the same and to make a comparative study of some stock brokers also.
2.3 RESEARCH GAP

The review of previous studies done so far in the area show that various aspects of investors such as their attitude towards the investment and the factors influencing their decision-making. A thorough analysis of these studies has helped the researcher to identify the research gap. It is understood that inspite of the number of studies on the area, no comprehensive study has been done exclusively on the attitude of the investors towards online share trading in Tirunelveli District. Hence the researcher has chosen to make this study with a focus on the online share trading.

The present study highlights the Attitude of investors and the extent of their commitment and involvement in online share trading that helps discriminate successful investors from the lot and thus the study could be considered to be all inclusive with regard to the investors in online share trading.
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