Analysis of Influencing Factors of Investor’s Perceptions on Indian Stock Markets

Dr.G.C. Venkataiah¹; M. Yellaiah Naidu²; Dr.M. Paparao³

¹Assistant Professor, Department of MBA, RGM Engineering College (Autonomous), Nandyal, India.
²Assistant Professor, Department of MBA, G Pullaiah College of Engineering and Technology (Autonomous), Kurnool, India.
³Professor & Head of Management Science, Sree Vahini Institute of Science & Technology Tiruvuru, Krishna, India.

Abstract

Investing in the Indian stock market is a great way for groups of investors to pool their funds for a common goal. Stock market schemes in India are managed by companies sponsored by financial institutions, banks, private companies, or international companies. This study was conducted to learn more about people's attitudes toward investing in the Indian stock market. For this study, the researcher spoke with 101 people who have invested in stock markets such as the BSE and NSE. The study is empirical in nature, and the universe for this study is Hyderabad city investors, with convenient sampling as the sampling technique. This study relied on primary data gathered through a structured questionnaire. The findings of the study suggest that stock market investors should pay close attention to other factors such as currency fluctuations, international relationships, tax rates, inflation rates, and political decisions, as these factors have an impact on stock market prices at the BSE and NSE, and that international relationships, tax rates, and political decisions influence investor perceptions.

Key-words: Influencing, Investment, Investors, Perception’s and Indian Stock Markets.

1. Introduction

Markets and exchanges where people regularly buy, sell, and issue shares of publicly traded companies comprise the stock market. Investible assets are traded on a stock market, which is a place where investors can buy and sell ownership of them. Equity or stocks are fractional shares of ownership in an organisation. Stocks are traded on exchanges and can be bought and sold. OTC
marketplaces or formal exchanges that operate under well-defined regulations carry out these financial activities, as do institutionalised exchanges. It's a platform for seamless share exchange.

BSE and NSE are India's two main stock exchanges, where the majority of trading occurs (NSE). This is India's leading stock exchange for buying and selling shares of publicly traded companies. The NSE was founded in 1922 and is headquartered in Mumbai. NIFTY50 is the NSE's flagship index. The index includes the top 50 companies in terms of trading volume and market capitalization. Investors in India and around the world use this index as a barometer for the Indian capital markets.

2. Literature Review

Akhtar, F., & Das, N. (2019), they gathered responses from 396 individual investors using a stratified and quota sampling method. Hierarchical regression analysis and structural equation modelling were used to determine the strength of the relationship between constructs, including personality trait, perceived performance of investments, and social influence. In the study, extraversion and perceived investment performance were moderated positively by social influence, while agreeableness and perceived investment performance were moderated negatively by social influence.

Hawaldar, I.T., & Rahiman, H. (2019), according to the study, investors filled out an investor profile form, and were interviewed about their attitudes and behaviours, as well as how aware they were of the issue. We used Chi square to determine whether or not two variables were related to each other. Risk return, tax benefits, maturity period, capital appreciation, and principal safety are just a few of the factors that influence an investor's decision. Returns, on the other hand, are viewed by the majority of investors as the most important factor in their decision-making. Compared to mutual funds and derivatives, stocks were preferred by the majority of investors. While most investors made their own investment decisions, some were influenced by workshops, seminars, advertisements, and newspaper articles during the course of the research project. Therefore, the study sought to understand investor behaviour in relation to the stock market.

Akhtar, F. et.al. (2018), using a questionnaire-based survey to gather responses from potential individual investors, the research takes a quantitative and cross-sectional approach (920 usable responses). AMOS and SPSS were used to test the hypothesised relationship between the constructs. Results showed attitude played a role in bridging the gap that separated knowledge of finance from intent to invest, while personality traits and financial self-efficacy played a dual role. As
opposed to objective standards, subjective norms had a marginally positive impact on investment intentions.

3. Objectives of the Study

- To Know the influencing factors of investor’s perceptions on Indian stock Markets.
- To give suitable suggestions to the investors to improve their investments.

4. Research Methodology

Data Source:

Primary data: Data used in this study is primary data collected through structured questionnaire.

Secondary Data: Data collected from different sources like websites, newspapers, internet source, book etc.

Sample tool: convenient sampling was used.

Sample size: 101 stock market investors are involved in this study to know about their perceptions.

Area of study: Hyderabad City was selected for this study because of one of the biggest IT Hub in India.

Statistical tool: Regression analysis is used to analyse the influencing factors of investor’s perceptions on Indian stock Markets.

5. Data Analysis

<table>
<thead>
<tr>
<th>Table 5.1 - Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
</tr>
<tr>
<td>.778</td>
</tr>
</tbody>
</table>

Source: Calculated from Primary data

From the table 5.1, we can observe that the Cronbach's Alpha value is 0.778 which is above the required value 0.6, so the questionnaire understanding by the investors are have consistence.
Table 5.2 - Model Summaryb

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.883a</td>
<td>.780</td>
<td>.768</td>
<td>.431</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), currency fluctuations, international relationships, tax rates, inflation rates and political decisions
b. Dependent Variable: Influence of perception of investors

Source: Calculated from Primary data

From the above table 5.2, we can observe that the R square value 0.780 i.e., 78% of the independent variables (currency fluctuations, international relationships, tax rates, inflation rates and political decisions) are explaining the dependent variable (Influence of perception of investors).

Table 5.3 - ANOVAa

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>62.536</td>
<td>5</td>
<td>12.507</td>
<td>67.276</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>17.662</td>
<td>95</td>
<td>.186</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>80.198</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Influence of perception of investors
b. Predictors: (Constant), currency fluctuations, international relationships, tax rates, inflation rates and political decisions

Source: Calculated from Primary data

From the above table 5.3, we can observe that the ANOVA sig. 0.000, which indicates the expected model, is statistically significant.

Table 5.4 - Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients B</th>
<th>Std. Error</th>
<th>Standardized Coefficients Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.689</td>
<td>.386</td>
<td>-1.785</td>
<td>.078</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency fluctuations</td>
<td>.160</td>
<td>.089</td>
<td>.089</td>
<td>1.797</td>
<td>.076</td>
<td>.939</td>
</tr>
<tr>
<td>International relationships</td>
<td>.453</td>
<td>.065</td>
<td>.440</td>
<td>6.977</td>
<td>.000</td>
<td>.583</td>
</tr>
<tr>
<td>Tax rates</td>
<td>.263</td>
<td>.085</td>
<td>.226</td>
<td>3.092</td>
<td>.003</td>
<td>.436</td>
</tr>
<tr>
<td>Inflation rates</td>
<td>-.047</td>
<td>.087</td>
<td>-.027</td>
<td>-.544</td>
<td>.588</td>
<td>.950</td>
</tr>
<tr>
<td>Political decisions</td>
<td>.346</td>
<td>.059</td>
<td>.374</td>
<td>5.914</td>
<td>.000</td>
<td>.578</td>
</tr>
</tbody>
</table>

a. Dependent Variable: IPI

Source: Calculated from Primary data

From the above table 5.4, we can observe that the Currency fluctuations, Inflation rates are not statistically significant by looking sig. 0.76, 0.588 respectively which is greater that the sig. 0.000
and remaining International relationships, Tax rates and Political decisions are statistically significant which are less than sig. 0.000. This means that the International relationships, Tax rates and Political decisions are influencing the perceptions of the investors.

6. Conclusion

The study finds that the Cronbach's Alpha value is 0.778, which is higher than the required value of 0.6, indicating that the investors' understanding of the questionnaire is consistent. The study also finds that the R square value is 0.780, indicating that 78 percent of the independent variables (currency fluctuations, international relationships, tax rates, inflation rates, and political decisions) are responsible for explaining the d. (Influence of perception of investors). It's worth noting that the ANOVA sig. 0.000, which indicates that the expected model is statistically significant, is statistically significant. By looking at the coefficient table, you can see that currency fluctuations and inflation rates are not statistically significant (sig. 0.76, 0.588, respectively), and that the remaining international relationships, tax rates, and political decisions are statistically significant (sig. 0.000). This means that investor perceptions are influenced by international relationships, tax rates, and political decisions. To increase profits, investors should consider these factors.

References


https://www.investopedia.com/terms/s/stockmarket.asp
https://www.investopedia.com/articles/investing/082614/how-stock-market-works.asp
https://www.nseindia.com/
https://www.bseindia.com/