

## Investor Preference towards Equity Analysis

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### ABSTRACT

*The developed capital markets provide various benefits like high economic growth, high employment, infrastructural development and developed financial sectors. A developed market not only benefit a country but also offers sample opportunities to retail investors for wealth generation and maximization, Most of the savings in India are in physical assets like gold, real estate but now the inclination is increasing towards equity and it has grown substantially. Retail investors', who are investing in small stocks to make a quick gain, are changing their approach and now placing their money in quality stocks. It is always interesting to know the most common avenues in which people like to invest. In Karvy Stock Broking limited also we tried to find out which is the most popular mode of investment. The objective is to find out which age groups of investors are actively participating in the stock market, people's perception and preference towards equity market in Karvy stock broking limited. The investors also differ in risk taking ability. The objective is to find out that Karvy investors are having aggressive approach or conservative approach. In order to get higher returns people prefer to invest in the equity market. Though they are risk takers but their major investment is not in Equity.*

**Keywords:** Equity, Aggressive approach, Conservative Approach, Risk

### INTRODUCTION

#### Introduction to the Study

An capitalist may be a party that invests in one or additional classes of assets, namely, stocks, debt, securities, land, exchange, commodities, derivatives like place and decision choices, etc., with the aim of creating

a profit, Mark Twain once divided UN agency the complete world population into 2 varieties of individuals: people who visited the notable Indian monument TajMahal and people who failed to one thing similar might be aforesaid regarding the investors. You'll realize 2 teams of investors - people who are responsive to investment opportunities in Bharat et al WHO don't [1]. Though Bharat feels like a little purpose to an expert capitalist within the u. s., on nearer examination you may notice the items you'd commonly see during a promising market. Below we are going to introduce the Indian stock exchange and the way interested investors will have interaction during this arena.

#### Indian stock exchange summary

The bulk of Indian stock exchange commercialism takes place on its 2 exchanges - the NSE (National Stock Exchange) and also the BSE (Bombay Stock Exchange). Curiously enough, BSE has existed since 1875. However, the NSE was supported in 1992 and commenced commercialism 2 years later in 1994.

However, the 2 exchanges adopt precisely the same commercialism mechanism and also the same commercialism procedure. and period, settlement method so on [2]. The previous count had over four, 700 listed firms within the BSE, whereas the NSE enclosed regarding one, 200 listed firms. Of the numerous listed firms listed on the BSE, solely regarding five hundred firms account for over 9/10 of their market capitalization. The remaining bundle contains extremely illiquid stocks.

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If you're feeling snug enough to start out freelance commercialism, you must open a demat account with a bank or a stock commercialism company (or stockbroker). Albeit you're assured enough to trade, it's extremely counseled that you just change little amounts and underneath the steering of somebody WHO has expertise in finance within the Indian stock exchange.

For beginners it's counseled to start out with a "virtual" demat account so as to urge to grasp the commercialism routines and activities with their pattern. Additionally, you may see within which space your industrial interests truly lie. There are varied virtual commercialism accounts offered by the massive firms, some even free, whereas the others have a coffee entry fee to assist you learn the commercialism ways of the Indian exchange.

It's a well recognized fact that there is substantial participation from institutional investors the Indian stock market. This is great news; however on the other hand, it makes the Indian stock markets more susceptible to global financial shocks [3]. The FII's often move the investments and the swings produce intense price fluctuations leading to increased volatility. And when episodes just like the one from the year 2008 re-occur, the flight of the capital will certainly have a worse impact not merely on the actual financial markets, but additionally on the real economy and the economic climate. The anticipated slowdown in the Euro zone as well as the US may result into an outflow of large amount of foreign money from the Indian market.

Bothered about the present condition of the market? Well, ebb and flow is usually a part-and-parcel of not just the Indian stock markets, but all the global markets. So, the way you swim along is totally dependent on the kind of trading decisions you generally take.

### Need for the Study

The purpose of the study is to grasp the stock exchange and to spot new ways in which to draw in investors consistent with their risk preferences for the stock. Before investment cash in monetary assets, investors

ought to be completely conversant concerning the economy, trade and firms. Additionally to mensuration the company's monetary performance, investors ought to additionally analyze share value movements in secondary markets.

### Scope of the study

The scope of the study is thought to investor's preference over shares at Karvy Stock Broking restricted, Gachibowli, and Hyderabad.

### Objectives of the study

- Analysis and analysis of capitalist preference within the primary and secondary markets.
- Work the impact of risk, yield and different factors on investors in choosing equity funds and derivatives.

### Knowledge sources

The data is primary nature. the info were collected directly from 60 investors at Karvy Stock Broking restricted Gachibowli, Hyderabad employing a form methodology.

### Limitations of the study

- Primary knowledge of sample solely sixty investors.
- The study is restricted to investors United Nations agency have a commerce and a demat account with Karvy Stock Broking restricted.

### INDUSTRY PROFILE

A stock exchange, stock exchange, or stock exchange is that the assortment of patrons and sellers (a loose internet of economic transactions, not a physical device or a separate unit) of shares (also known as shares) that ar property claims on companies; these is also securities that ar listed on a public securities market, likewise as those who ar solely in private listed. Samples of the latter ar shares of personal firms that ar sold-out to investors via crowd crowd funding platforms. Stock exchanges list shares of ordinary shares likewise as

different forms of security, e.g. company bonds and convertible bonds.

### History and development of the stock exchanges in Republic of India

Before tendency to we tend to} study the historical volatile days of the ten years, let's 1st recognize what are: a) stock exchanges, b) stock exchanges. a) Stock markets: The stock exchange could be a market during which the commerce of stocks, each listed and unlisted, takes place. it's completely different from the stock exchange as a result of it covers all national stock exchanges within the country. for instance, we tend to use the term "the stock exchange was on today" or "the stock exchange bubble". b) Stock exchanges: Stock exchanges are associate degree organized marketplace, either a public Ltd. or a joint organization, during which members of the organization close to trade company shares or different securities. Members will either act as agents for his or her shoppers or as principals for his or her own accounts. Exchanges additionally facilitate the problem and redemption of securities and different monetary instruments, as well as the payment of financial gain and dividends. Records are central, however trade is coupled to such a physical location as a result of trendy markets are computerized. Commerce on a securities market is merely through members and stockbrokers have a seat on the securities market.

### COMPANY PROFILE

#### About Karvy

- On a fateful evening within the summer of 1982, 5 young men operating for a estimable audit firm set that it had been time to begin their own business to begin a business that might {one day|at some point|in the future|someday|sooner or later|in some unspecified time within the future} become associate picture name in the money services trade.
- They came from traditional materialistic backgrounds. that they had 2 assets; One was her education, the opposite associate unsated want to succeed. that they had abundant against them:

the surroundings wasn't causative to entrepreneurship; The technology wasn't totally auxiliary, the money markets were for the most part unregulated, they were outside of Hyderabad, whereas most of the main players within the money world were in metropolis or different suburbs and therefore the wolf was round the corner. the percentages appeared insurmountable.

- This outstanding young men "never say die" approach unbroken them within the right place over the years. They persevered to their dreams, burned the time of day oil, hugged technology and allow them to work for themselves, and with sheer determination they eventually overcame all obstacles.
- First came the register business, followed by broking, and therefore the rest became a lesson for each juvenile person to emulate.
- Karvy Stock Broking restricted (KSBL) is that the broker of the Karvy cluster, a well-diversified conglomerate whose business encompasses the complete vary of monetary services and processing and management segments.
- Karvy's money services business is one among one amongst one in every of} the country's high five countries in all business segments. The cluster serves quite seventy million individual capitalists in varied capacities and provides investor services to quite 600 firms, as well as the simplest of company India.

#### WHY KARVY

Karvy's business entities address a heterogeneous swathe of population from the super rich, to the nouveau riche, the ubiquitous middle class, the lower classes (the SEC E3 according to the new Social Economic Classification), urban and the rural folks. All of whom either make a living through large business (corporate world), SMEs, professional services, traders, farmers, labour, blue and white collar jobs and the government.

Another key feature of Karvy has been its ability to offer leading edge advice based on incisive ideas that are strongly rooted in high quality research on every conceivable aspect of investments be it equities, forex, commodities, bonds, fixed returns, debt instruments or any other investment grade asset class.

The customer has always been at the centre of every Karvy initiative.

### FINDINGS

The major findings of the project are summarized as below.

- There were 77% respondents whose age in between 25-35 years and 6% of respondents in between 35-50 years. There was 17% who's age below 25 years and above 50 years was 0 %.
- The respondents having business as occupation are 20 %, Employees are 72%. There are 8% students who are investors.
- With respect to educational qualification, the investors having inter were 7%, degree were 15%, P.G were 52% and others were 27%
- Among the investors, the income below Rs.3,00,000 was 23%, Rs.3,00,000-Rs.6,00,000 was 64%, Rs.6,00,000-Rs.10,00,000 was 13% and above Rs.10,00,000 was 0%
- There were 70% of respondents having 3-5 numbers of dependants. Only 6% of the investors were having no dependents.
- Total investors having Demat Account with more than one broker is 75% and with two brokers is 17%. There were 8% respondents having more than 3 Demat Accounts.
- There are 68% of respondents invested in Equity Shares. The investment in other avenues were very less when compared with Equity Investment.
- A total of 70% of investors are motivated by Return to invest in Equity market, 13% of investors are motivated by Liquidity to invest in Equity market, 7% of investors are motivated by Capital Appreciation to invest in Equity market while 10% of investors are motivated by other factors like-Investment, Profit etc. to invest in Equity market.
- The respondents investing in speculative stocks were 23% where as in Blue Chip Stocks; there were 50% of respondents. Growth stocks were 15% and Income Stocks together contribute only 12%.
- There are 64% respondents are moderately risky investors. The high risky and no risky investors are 13% and 23% respectively.
- There are 39% of the respondents who are prefer to invest in Public Sector Company where as only 22% are interested in private Sector Company. The investors do have a strong faith also in PSUs as 34% of the respondents show interest in PSUs.
- The investors having any unexpected emergency requirement was 61%.
- There were 63% respondents who were monitoring daily basis. Weekly was 23%, monthly was 14 % and yearly was 0%
- There are 72% of the respondents who take the self-decisions for their investment decisions. The influence of friends and well wishers are not strong in case of investment decision.
- Only 4% of the investors strongly believe a positive relation between volatility and return where as 54% agree a positive relation between volatility and return. There are 42% who disagree that volatility is a responsible factor for investment.
- In this project, I found that 60% of investors hold equity in between 25% to 50% of their total portfolio. There is not a single respondent who holds 100% equity.
- The most interesting finding is that, there are 60% of the investors who consider market trend is the most important factor for their selection of Sectors where as 20% give weight to profitability.
- The banking sector leads among all in achieving rank 1 position, IT sector is top in rank2, again



IT and Automobile in Rank 3, again automobile in Rank 4 and Oil & Gas sector is top in rank 5.

- Among all the respondents, 41% of the investors strongly believe a positive relation between market capitalization and desire to invest where as 32% give weight to earnings per share and 18% give DPS as their preference for investment.
- The most important finding of this project is that there are 44% satisfied with equity investment and 22% are fully satisfied. Still 20% of the investors are neutral and 10% are unsatisfied

### SUGGESTIONS

- The market regulatory authority should educate students to become investors so that they will develop a tendency of saving. In my project, I found that there are very few investors who is above age 50. Hence these age group people should be motivated to invest in equity market. I can suggest an inclusive market irrespective of occupation and income.
- Investors should not confine themselves with one broker. They can have more than one Demat account for investment. They should consider the brokerage and services by broking firm before opening a Demat Account.
- There are a lot of scopes to earn by investing in equity market. The investors should be financially educated and must know the basics of investment. The Government of India must come out with a plan to educate investors to invest in a rational manner.
- Investors should diversify their portfolio and should have a mix of various investments. They should not put all eggs in one basket. They should prefer investment for long term strategy that provides moderate return with liquidity.
- Investors should select company on the basis of PE ratio, EPS, Current Growth of Company and Market capitalization and many more. So that they can get higher return on their investment.

- It is recommended that to give a preference to Growth and Income stock.
- Investors should always invest extra money in stock market. They should never invest by taking loan from banks or other resources and they should have patience & faith in equity market.
- Broking firms should promote Equity investment aggressively for long term investment purpose as I found 68% of investors are only investing in equity market. The Stock Broking firm should also provide better services to the investor to increase the satisfaction level of the investors.
- I can suggest investors should consider the market trends but should not make market trend as everything for investment. They must do a fundamental analysis of the companies before investment.
- Investors should think fast and should have a watch of the world market. They should know when to invest and where to invest. An irrational decision can bring financial insecurity and stress. It is recommended to invest according to risk bearing capability. They should be educated to think practically. They should not think to become billionaire in a night. Hence the ethical values must be inculcated.

### CONCLUSION

At the dawn of the new millennium, the Indian stock market has become automated, transparent and self-driven. It has integrated with global markets with Indian companies seeking listing on foreign stock exchange, off shore investments coming to India and foreign mutual funds floating their schemes and thus bringing expertise in to our markets. No doubt Strong economic recovery, increasing demand, improved market structure, etc. were the driving forces. though today's investors area unit quicker au fait and higher au fait, each agency on the capital market ought to still set up semi-permanent profit methods for investors. Potential investors should be trained and managed in a very method that redirects



additional unused resources or investment into alternative pathways to the capital market.

This study found that investors like liquidity and come as a very important investment selection. Investors invest within the medium term. The favorite for investors to form their investment is self-decision. In general, investors WHO invest for extended than a year area unit definitely helpful within the exchange. the bulk expects one thing additional from the exchange. So, after all, some area unit happy and a few don't seem to be happy with the exchange. Majority investors favor the banking sector as a primary rank supported the market trend. Profitableness, business condition and economic conditions are a very important considers the choice of the arena, and investors have additionally thought-about the profit share, earnings per share and dividend because the most vital consider choosing an organization among these chosen sectors.

### REFERENCES

- [1]. NISM Series VIII Equity and Derivatives certification
- [2]. Financial derivatives
- [3]. Security Analysis and Portfolio Management