



A STUDY ON EQUITY TRADER’S PANGLOSSIAN BEHAVIOUR TOWARDS TRADING WITH SPECIAL REFERENCE TO NIFTY 50

Dr. S. Chandramouli

Associate Professor, School of Management Studies VISTAS,
Chandramoulis.sms@veluniv.ac.in

Dr. V. Mahendran

Assistant Professor, PG & Research Department of commerce,
Patrician College of Arts and Science,
mahendran@patriciancollege.ac.in

ARTICLE DETAILS

Research Paper

Keywords :

*Trading, Nifty, SEBI,
Stockbrokers*

ABSTRACT

The development and expansion of an Economy depend significantly on how the nation's capital market flourishes and improves to its maximum potential by sourcing of long-term finance. The Monetary development, of any advanced economy, has been significantly depends upon the effective utilisations of savings which are pooled out from residential funds and assembles in stock market for gainful speculations. Retail investors participation have become a major concern for Government as it has becoming more complicated as the retail investors are losing their confidence on the stock market. Hence it becomes eminent that Retail Investors have to become more Resilient and it is the responsibility of Central Government and SEBI to support this issue, and come out with suitable solutions. The objective of the study is to investigate the retail investor’s trading behaviour towards trading especially in Indian Stock Market. The poor performance of Indian stock market created a negative impact on the mindset of the investors. The Primary data was collected from 427 through questionnaires from the various stockbrokers across the Chennai. In this research Non-probability, Snowball and Convenience

Sampling Techniques were used to collect the data. The results were arrived based on the analysis of the research work using statistical software such as SPSS 21 and AMOS. The various suitable statistical tools such as Descriptive Analysis, Chi-Square Test, were used to analyze the data. Based on the analysis, Suitable suggestions were given to the Retail Investors.

INTRODUCTION

The development and expansion of an economy depend significantly on how the nation's capital market flourishes. The capital market can be a vital facilitator of financial development and growth (Applegarth, 2004). Osaze (2000) is of the view that the capital market drives any economy to development and improvement to its maximum potential by sourcing of long-term finance. Monetary development, in an advanced economy, depends on effective utilisations of savings are pooled from residential funds and assembles outside capital for gainful speculations (Bekaert and Harvey, 1997).

This is exceptionally basic for government and different organizations needing long-term capital. (Nwankwo, 1991). As the capital market is the major contributor on the accelerating the fast growth of any economy of the country, hence top government official are started giving more importance to capital market (Ewah, Esang, and Basse, 2009). The capital market has been recognized as a formal organization that helps to develop financial asset formation and significantly helps to rise and creating an economy. (Donwa and Odia, 2010).

1. LITERATURE REVIEW

In the field of the Financial market very well known as capital market the term "*Behavioral Finance*" is written in the golden letters as it tries to understand the human psychology, sociology, and traditional finance. In the current circumstance, there is a significant need to understand the basic phenomena of finance and human psychology.

Siebert (2005) defines resiliency as the capacity to adjust to life changes and emergency. It is the way to a be hard and profitable in life. Siebert trusts that there is an exploration of flexibility and his examination clarifies how and why a few people are stronger than other and how resilience can be learned at any age. Siebert book 'The Resiliency Advantage' points of interest five levels of versatility and gave a program of exercises to build flexibility. The character attributes at the two closures of the

Continuum dependence versus Powerlessness, for example, opposing changes grasping change, acting ethically versus Living ethically, Emotional ineptitude versus Passionate insight, Following part direction versus Being a creator of one's biography are recorded, and the way to achieving that change is outlined.

Wagnild and Young, (1993): 'Resilience 'suggests passionate stamina and has been utilized to depict people who show bravery and versatility in the wake of life's setbacks. Advancement of this expand has happened principally inside the field of psychiatry. As a psychoanalytic build, (Blocks and Block, 1980) strength has been characterized as 'the dynamic limit of a person to change his/her model level of sense of self-control, in either bearing, as an element of the request qualities of the natural setting.

Kahneman and Tversky (1979) built up the prospect hypothesis, which gave a vital hypothetical connection that could clarify the error between the traditional utility hypothesis and the genuine conduct of people. Prospect hypothesis portrays the different mental conditions of a person, which can significantly affect the basic leadership procedure of financial specialists. The examination discovered "assurance impact" that clarifies the technique through which speculators picked between probabilistic choices that include hazard, where the potential outcomes of results are known to them.

2. OBJECTIVES OF THE STUDY

- To investigate the attitude and behavior of the equity trader.
- To study the impact of demographic factors on the equity trader.

3. HYPOTHESIS

H₁: There is no significant difference between age with respect to perception about the attitude towards training.

4. SAMPLE AND SAMPLE DESIGN

Non-probability Sampling Techniques utilized as a part of collecting data the questioner been constructed carefully and all the questioner was taken through Snowball and Convenience Sampling techniques. The Snowball and Convenience sampling technique were perfect to test the whole populace, as the populace is too wide.

This structured questioner was carefully given to selected relationship manager's, who worked for stockbroker companies like sharekhan Ltd. across the Chennai city.

From the help of pilot study, necessary and required corrections were made in the questioner and it also facilitated in check the reliability and validity of the questionnaire. And on the basis of pilot study sample size was determined to be 427. Information was gathered and processed through statistic software, SPSS 20.0 and SPSS AMOS 24.0.

5. STATISTICAL TOOLS FOR ANALYSIS

- **Descriptive Analysis**
- **Chi square**

6. FINDINGS AND SUGGESTIONS

TABLE NO. 1.1

SECTION I: THEORY OF PLANNED BEHAVIOUR

The Table 4.2 has been prepared to show the percentage-wise distribution of the respondents according to their level of theory of planned behavior. The table includes both; section-wise mean scores and the composite mean scores of the level of theory of planned behavior.

The ranges of summated scores in different sections have been grouped in to three different class-intervals of scores to indicate their corresponding level of trading intentions. The detail is as follows:

1. **Attitude towards trading:** This section includes 9 items and thus the ranges of scores have been grouped as follow:
28 – 45 (High)
19 - 27 (Moderate)
Up to 18 (Low)
2. **Subjective Norms:** This section includes 4 items and thus the ranges of scores have been grouped as follow:
13 – 20 (High)
9 – 12 (Moderate)
Up to 8 (Low)
3. **Perceived Behavioural Control:** This section includes 4 items and thus the ranges of scores have been grouped as follow:
13 - 20 (High)
9 – 12 (Moderate)
Up to 8 (Low)

1. **Self-Efficacy:** This section includes 5 items and thus the ranges of scores have been grouped as follow:
 - 16 - 25 (High)
 - 11 - 15(Moderate)
 - Up to 10 (Low)
2. **Intention towards Trading:** This section includes 5 items and thus the ranges of scores have been grouped as follow:
 - 16 - 25 (High)
 - 11 – 15 (Moderate)
 - Up to 10 (Low)

The composite level of theory of planned behavior: There are total 27 items covering all five sections and thus the ranges of scores have been grouped as follow:

- 82 – 135 (High)
- 55 – 81 (Moderate)
- Up to 54 (Low)

TABLE NO. 1.1
THEORY OF PLANNED BEHAVIOUR

Sections	Theory of planned behavior	Class Interval of Scores	No. of Respondents (n=427)	Mean Scores	SD
I.	Attitude towards trading	28 – 45 (High) 19 –27 (Moderate) Up to 18 (Low)	341 (76.9) 83 (18.4) 3 (4.7)	2.79	0.42
II.	Subjective Norms	13 – 20 (High) 19 – 12 (Moderate) Up to 8 (Low)	298 (68.1) 111 (23.9) 18 (8)	2.72	0.45

III	Perceived Behavioural Control	13 – 20 (High) 19 – 12 (Moderate) Up to 8 (Low)	306 (71.7) 103 (24.1) 18 (4.2)	2.67	0.56
IV	Self-Efficacy	16 – 25 (High) 11 – 15 (Moderate) Upto 10 (Low)	309 (70.7) 101 (24.5) 17 (4.8)	2.71	0.50
V	Intention towards Trading	16 – 25 (High) 11 – 15 (Moderate) Up to 10 (Low)	340 (79.6) 81 (19.0) 6 (1.4)	2.83	0.58
All Sections	Composite Theory of planned behavior Score	82 – 135 (High) 55 – 81 (Moderate) Up to 54 (Low)	318.8 (73.4) 95.8 (21.98) 12.4 (4.62)	2.74	0.50

Respondents for Theory of Planned Behavior

The Table No – 1.1 shows the distribution of respondents according to their theory of planned behavior. It shows both section – wise distribution and their composite scores. Also, the table shows the respective mean scores and standard deviation. It may be inferred that, 73.4% percent of the respondents have stated that, the level of the theory of planned behavior is high, 21.98% of the respondents have stated that, the theory of planned behavior is moderate and 4.62% of the respondents have stated that, the theory of planned behavior is low. However, the composite mean score (2.74), standard deviation (0.50) depicts that the respondents have stated that, the theory of Planned Behavior is high.

CHI-SQUARE

TABLE NO. 1.2
Association between the Age and Income

Factor	Value	Df	Asymptotic Significance (2-sided)	Statistical Inference
Pearson Chi-Square	17.093^a	9	.047	X²=17.093^a Df = 9 P= .047<0.05 *Significant at 5% level
Likelihood Ratio	16.685	9	.054	
Linear-by-Linear Association	1.529	1	.216	
N of Valid Cases	427			

***Significant at 5% level**

Analysis:

It can be seen from Table 1.2 the P value is lesser than our chosen Significance at = 0.05 levels, the null hypothesis is rejected.

Discussion

It is therefore concluded that there is an association between age and income factors.

CONCLUSION

The study on ‘Equity Retail Investors Behaviour and Resilience towards Trading’ concludes that Equity Retail Investor show a positive sign towards trading, But a negative sign towards Resilience which we were able as proposed through conceptual framework that incorporates the factors influencing trading behaviour, the Model is Known as ‘The Theory of Planned Behaviour’ (TPB). In today’s marketplace, have become more dynamic and unpredictable business arena, hence if you do not possess the Inner -quality of ‘Bouncing-back’ or you are not Resilient then sustaining in Capital Market is next to Impossible.

References



- Applegarth, V. 2004. Capital Market and Financial Sector Development in Sub-Saharan Africa. A Report of the Africa Policy Advisory Panel.
- Osaze BE 2000. The Nigeria Capital Market in the African and Global Financial System. Benin City: Bofic Consults Group Limited.
- Kahneman D., Tversky A., (1974), '*Judgment under Uncertainty: Heuristics and Biases*', Science, 185, 4157, 1124-1131.
- Wagnild, M. & Young, H. M. (1993) Development and Psychometric Evaluation of the Resilience Scale. *Journal of Nursing Measurement* Vol, 1, No. 2, 1993.
- Siebert, A. (2005), '*The Resiliency Advantage – Master Change, Thrive Under Pressure, and Bounce Back From Setbacks*,' San Francisco, Bennet Koehler Books.