AN EMPIRICAL STUDY ON THE INFLUENCE OF INDIAN STOCK MARKET DEVELOPMENTS ON THE BEHAVIORAL ASPECTS OF RETAIL INVESTORS IN NORTH COASTAL ANDHRA PRADESH - A JOURNEY TO EXAMINE THE PRIMARY MARKET DEVELOPMENTS

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INTRODUCTION:

Capital market is the heart of any economy through which the savings are channelized into effective long-term investments. A developed and vibrant capital market will immensely contribute towards speedy economic growth and development and the capital market functioning through the stock exchanges or authorized body. A stock exchange is a market which facilitates buying and selling of shares, stocks, bonds, securities and debentures. It is not only a market for old securities and shares but also for new issues shares and securities. In fact, the capital market is related to the supply and demand for new capital, and the stock exchange facilitates such transactions.

The stock market is one of the most important sources for so many companies to raise money. It allows business to be publicly traded, or raise additional capital for expansion by selling shares or selling ownership of the company in a public market.

INDIAN STOCK MARKET:

Now concentrating on the stock market of India, most of the trading practices in the Indian Stock Market exercised on two stock exchanges namely National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The BSE is in being since 1875 and has about 5619 listed firms whereas NSE was established in 1992 and has about 1931 listed firms as on 2017-18.

TRENDS IN EQUITY CASH SEGMENT OF NSE:

Year	Number of Companies Listed	Number of Trades (Lakhs)	Traded Quantity (Lakhs)	Turnover (Rs.Crores)	Market Capitalisation (Rs.Crores)
Mar-95	135	3	1391	1805	363350
1995-96	422	66	39912	67287	401459
1996-97	550	264	135561	295403	419367
1997-98	612	381	135685	370193	481503
1998-99	648	546	165327	414474	491175
1999-00	720	984	242704	839052	1020426
2000-01	785	1676	329536	1339510	657847
2001-02	793	1753	278408	513167	636861
2002-03	818	2398	364065	617989	537133
2003-04	909	3780	713301	1099534	1120976
2004-05	970	4508	797685	1140072	1585585
2005-06	1069	6089	844486	1569558	2813201
2006-07	1228	7847	855456	1945287	3367350
2007-08	1381	11727	1498469	3551038	4858122
2008-09	1432	1277	1426355	2752023	2896194
2009-10	1470	1343	2215530	4138023	6009173
2010-11	1574	1450	1824515	3577410	6702616
2011-12	1646	1533	1616978	2810893	6096518
2012-13	1666	13605	1659160	2708279	6239035
2013-14	1688	14432	1533716	2808489	7277720
2014-15	1733	18328.091	2361778.5	4329655	9930122
2015-16	1808	18517.668	2201771	4236982.9	9310471.5
2016-17	1817	19759.718	2624533.7	5055913.3	11978421
2017-18	1931	24913.765	3771836.1	7234825.7	14044152
Dec-18	1923	1905	2768552.8	5946620.3	14279083

Source: SEBI Hand Book of Statistics.

STATEMENT OF THE RESEARCH PROBLEM:

The process of financial reforms implemented in the country has created remarkable changes in various aspects of Stock market, in particular, has undergone a radical transformation both in terms of size and automation and is now comparable to the developed markets with respect to turn over, market capitalization and efficiency.

India ranked second in terms of number of listed companies (1923 Dec-2018) in NSE, next only to the USA (4,397 for the year 2018). But, the success of the stock market developments practice should not be viewed from the angle of how much amount of money is being turned over or how much portfolio investment flows in. The real test is how much benefit all these developments bring in terms of market growth, including simplification of investment procedure, savings mobilization and capital formation. Successful financial reforms should result in strengthening the ability of authorized body to do what they need to do by helping to generate higher growth, higher revenues and higher productivity.

The present study attempts to find out whether the stock market of the country is just a burgeoning casino or a meaningful institution that influences the real economy. Specifically the study attempts to capture the link between Stock market developments in India in the post-reform period and its influence on behavioral aspects of retail investors. The present study reveals that some basic aspects- the link between stock market development and long term economic growth, the causal relationship between stock prices and major macro economic variables, and how the stock market developments are showing impact on retail investors in terms of decision making, investment preference and risk hedging patterns etc.

OBJECTIVES OF THE STUDY:

The present study is aiming to investigate the investor's perception towards investment in Equity market in north costal Andhra Pradesh and the objectives are

To examine the impact of primary market developments on retail investors

METHODOLOGY:

The study is empirical in nature. A survey has been conducted for the collection of primary data. The survey is confined to Visakhapatnam, Vizianagaram and Srikakulam Districts only. A well structuredquestionnaire is planned to use and elicit the information from the respondents.

SAMPLE SIZE:

The total retail investor population in three districts (Srikakulam, Vizianagaram and Visakhapatnam) in Coastal Andhra Pradesh is 4180. The researcher have used simple random sampling technique method and collected 418 samples.

RETAIL INVESTORS POPULATAION

DISTRICT	TOTAL RETAIL INVESTORS POPULATION

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SRIKAKULAM	ANGEL BROKING	180	18
	IL&FS LIMITED	210	21
	STEEL CITY SECURITIES LTD.	240	24
	WAY2WEALTH BROKERS PVT.LTD.	170	17
	APOLLO SINDHOORI CAPITAL INVESTMENTS LTD.	120	12
	KARVY STOCK BROKING LTD.	250	25
TOTAL			
VIZIANAGARAM	ANGEL BROKING	100	10
	STEEL CITY SECURITIES LTD.	170	17
	KARVY STOCK BROKING LTD.	250	25
	KOTAK SECURITIES LTD.	220	22
	APOLLO SINDHOORI CAPITAL INVESTMENTS LTD.	240	24

		TOTAL	
DISTRICT	TOTAL RETAIL INVESTORS POPULATION		RESPONDENTS CONSIDERED FOR THE STUDY (10%)
VISAKHAPATNAM	SHAREKHAN LTD.	230	23
	RELIANCE SECURITIESLTD.	300	30
	MOTILAL OSWAL	250	25
	KARVY STOCK BROKING LTD.	270	27
	KOTAK SECURITIESLTD.	240	24
	BONANZA PORTFOLI	250	25

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	O		
	ANGEL BROKING LTD.	230	23
	STEEL CITY SECURITIES LTD.	260	26
		TOTAL	

SOURCE: AS PER THE RECORDS OF STOCK BROKING AGENCIES

HYPOTHESIS: The hypothesis were formulated and examined by selecting the certain variables like age, gender, education, occupation and monthly income of the investors for the purpose of the study.

$H0_1$ - There is no significant difference between primary market developments and Retail Investor Preferences.

PRIMARY MARKET DEVELOPMENTS:

➢ Introduction of Dematerialized system.
➢ SEBI Removes entry load on Mutual Fund Schemes.
➢ Initiates 10% Discount for Retail Investor in IPO
➢ SEBI nod to alternative payment for publicoffer, which will enable applicants to keep money in banks till allotment of shares and thus eliminate the need for refunds.
➢ SEBI Allows IPOInvestments made easythrough UPI & ASBA Interface.

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DEMAT PROGRESS AT NSDL:

Period	Companies Live	DPs Live	DPs Locations	Demat Value (₹ crore)	Demat Quantity (securities in crore)
1996-97	23	24	24	90,818	2
1997-98	171	49	200	2,88,347	176
1998-99	365	84	750	3,96,551	711
1999-00	821	124	1,425	7,65,875	1,550
2000-01	2,786	186	1,896	5,55,376	3,721
2001-02	4,172	212	1,648	6,15,001	5,167
2002-03	4,761	213	1,718	6,00,539	6,876
2003-04	5,212	214	1,719	11,07,084	8,369
2004-05	5,536	216	2,819	16,38,300	12,866
2005-06	6,022	223	3,017	30,05,067	17,472
2006-07	6,483	240	5,599	35,98,800	20,270
2007-08	7,354	251	7,204	52,19,700	23,690
2008-09	7,801	275	8,777	31,10,300	28,287
2009-10	8,124	286	11,170	61,84,300	35,114
2010-11	8,842	293	12,767	66,07,900	47,130
2011-12	9,741	282	14,033	71,32,300	57,980
2012-13	10,844	282	14,641	76,79,027	68,648
2013-14	12,211	278	14,444	89,39,900	79,550
2014-15	13,992	273	15,960	1,17,48,315	92,736
2015-16	15,638	270	26,765	1,17,15,700	1,10,021
2016-17	17,835	264	27,389	1,46,48,687	1,31,762
2017-18	19,865	276	30,385	1,50,63,390	1,72,202
Apr 18-Dec 18	22,897	276	30,738	1,67,69,032	1,78,120

SOURCE: SEBI HAND BOOK OF STATISTICS

several primary market related developments initiated by SEBI are discussed with the help of some statistical tests.

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BELOW MENTIONED PRIMARY MARKET DEVELOPMENTS INSPIREDYOU TOWARDS YOUR INVESTMENT DECISION?

Opinion Marked with √ in any one FS–Fully Satisfied, S–Satisfied, NI–NoIdea, NS–Not Satisfied, FNS–Fully Not Satisfied.

PERCENTAGE SCORE – WISELEVEL OF AWARENESS OF PRIMARY MARKET DEVELOPMENTS:

Sl.No.	Primary Market Developments	% Score	FS	S	NI	NS	FNS
1.	Introduction of Dematerialized system	98.21	93.3	6.2	0.5		
2.	SEBI Removes entry load on Mutual Fund Schemes	90.01	61.5	37.3	1.0	0.2	
3.	Initiates 10% Discount for Retail Investor in IPO	87.14	49.5	49.5	1.0		
4.	SEBI nod to alternative payment for public offer, which will enable applicants to keep money in banks till allotment of shares and thus eliminate the need for refunds.	89.59	68.4	21.5	10.0		

| 5. | SEBI Allows IPO Investments made easy through UPI & ASBA Interface. | 87.44 | 50.0 | 49.8 | 0.2 | | |

The above table focuses on the Primary Market Developments made such as Introduction of Dematerialized system, removal of entry load on Mutual funds by SEBI, initiation of 10% discount for retail investor in IPO, alternative payment for public offer which will enable applicants to keep money in banks till allotment of shares and thus eliminate the need for refunds which was accepted by SEBI and finally allowing of IPO investments through UPI and ASBA interface by SEBI.

In all the five points mentioned above, more than 87% of the people were inspired towards their decision in investment. Introduction of Dematerialized systems encouraged highest percentage of 98.21%. 90.01% were influenced due to the removal of entry load on Mutual funds by SEBI. Initiation of 10% discount for retail investor in IPO was linked to the different decisions taken by people during trading and is accepted by 87.14% of the people.

Regression Analysis: Primary Market Developments versus Age, Gender, Education, Occupation, Monthly Income, Monthly savings, Type of the investor, Type of market operated, Experience in the market and % of savings invested in Stock.

REGRESSION ANALYSIS OF PRIMARY MARKET DEVELOPMENTS:

Predictor	Coef	SE Coef	T	P
Constant	4.47830	0.06296	71.13	0.000
Age	0.017850	0.007718	2.31	0.021
Gender	-0.02454	0.02425	-1.01	0.312
Education	-0.055280	0.007277	-7.60	0.000
Occupation	-0.002665	0.004969	-0.54	0.592
Monthly Income	0.017827	0.008938	1.99	0.047
Monthly Saving	0.014793	0.007542	1.96	0.051
Type of Investor	0.06155	0.01818	3.39	0.001
Type of Market Operated	0.11818	0.01056	11.19	0.000
Experience in the Market	-0.000965	0.009729	-0.10	0.921
% of savings invested in Stock	-0.06014	0.01193	-5.04	0.000

R-Sq(adj) = 73.6%, P-value: 0.000

The P-value(0.000) of the above table shows that the model estimated by the regression procedure is Statistically significant at an α- level of 0.05. The p-values for the estimated coefficients for the predictors/demographic variables(Gender, Occupation, Monthly Income, Monthly Savings and Experience in the market) is greater than 0.05,

indicating that they are not significantly related to "Primary market developments" whereas the predictors Age(0.021), Education(0.000), Monthly Income(0.047), Type of Investor(0.001), Type of market operated(0.000) and % of savings invested in stock(0.000) were showing significant impact. For these demographic variables, ANOVA tests was evaluated to check which category respondents are giving more positive opinion on Primary market developments, The R^2 value indicates that the predictors explain 73.6% of the variance in factor "Primary marketdevelopments".

ANOVA ANALYSIS OFPRIMARY MARKET DEVELOPMENTS VS AGE, EDUCATION, MONTHLY INCOME, TYPE OF INVESTOR, TYPE OF MARKET OPERATED AND PERCENAGE OF SAVINGS INVESTED:

Independent Variables	Category	N	Mean	SD	F-Value	P-Value	Decision
Age	Below 30	125	4.5840	.10032	5.716	0.001	S
	31 - 40	207	4.6329	.16746			
	41 - 50	39	4.5897	.19439			
	Above 50	47	4.6766	.12890			
Education	SSC	63	4.6000	.00000	17.007	0.000	S
	Inter	125	4.6928	.11513			
	Graduate	116	4.6224	.14391			
	Post Graduate	54	4.5259	.23407			
	Professional Degree	60	4.5633	.14954			
Monthly Income	Below Rs.20,000	47	4.5574	.18147	4.602	0.004	
	Rs.20,000 - Rs.40,000	188	4.6106	.12364			S
	Rs.40,001 - Rs.60,000	135	4.6474	.17823			
	Rs.60,001 - Rs.80,000	48	4.6333	.11910			
Type of Investor	Hereditary Investor	103	4.6796	.19471	4.778	0.000	S
	New generation Investor	315	4.5994	.12918			
Type of market Operated	Primary Market	180	4.5800	.12345	64.493	0.000	S
	Secondary Market	166	4.5916	.15311			
	Both	72	4.7806	.10159			
% of savings invested	Less than 15%	133	4.6226	.13851	3.357	0.036	S
	15% - 30%	240	4.6275	.14433			
	30% and Above	45	4.5644	.21015			

Further, the average opinion score of the respondents whose educational background is Intermediate are given more positive opinion than the remaining categories of educational background at 5% level of significance i.e., this category of the respondents group are having virtuous awareness on primary market developments

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when compare with other educational backgrounds. The average opinion score of the respondents whose monthly income is in between Rs.40,001 - Rs.60,000, Rs.60,001 - Rs.80,000and Rs.20,000 - Rs.40,000 are significantly more aware on primary market developments when compare with below 20,000 monthly income respondents.

The average opinion score of the respondents belonging to Hereditary investor category has more awareness on Primary market developments when compare with New generation investor markets. With regard to the ''Type of market operated'', the average opinion score of the respondents who were operated both primary and secondary market has significantly more awareness on primary market developments when compare with individual categories at 5% level of significance. The respondents who are invested below 30% in market is having significantly more awarenesson primary market development when compare with the respondents who were invested above 30% of their income at 5% level of significance.

CONCLUSION:

Individual investor perception can influence that of stock market and this in turn can influence the state of the economy. So the players and regulators should endeavor to protect the interests of individualinvestors and create confidence in their mind.

The task of the regulators has been to establish a vibrant capital market where financial assets are fairly priced on their intrinsic value sothat they release the right signals for right investment decisions. The protection of the interests of the investors - especially the individual investors - is an imperative for the development and smooth functioningof the capital market.

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ANNEXURE

Below mentioned Primary Market Developments inspired you towardsyour investment decision?

Please Mark √ in any one FS–Fully Satisfied, S–Satisfied, NI–No Idea,NS–Not Satisfied, FNS–Fully Not Satisfied

Sl. No.	Primary Market Developments	FS	S	NI	NS	FNS
1.	Introduction of Dematerialized system					
2.	SEBI Removes entry load on Mutual Fund Schemes					
3.	Initiates 10% Discount for Retail Investor in IPO					
4.	SEBI nod to alternative payment for public offer, which will enable applicants to keep money in banks till allotment of shares and Thus eliminate the need for refunds.					
5.	SEBI Allows IPO Investments made easy through UPI & ASBA Interface.					

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