

# A STUDY ON THE FACTOR INFLUENCING INVESTORS DECISION IN INVESTING IN EQUITY SHARES

**Mrs. P. Selvi** Assistant professor, Department of Commerce With Department of Commerce with Banking and Insurance , Sri Ramakrishna College of Arts and Science

**Mr. Sathish Kumar.P III** BCOM B&I, Department of Commerce with Banking and Insurance, Sri Ramakrishna College of Arts and Science, Coimbatore.

## ABSTRACT

*Investing in equity shares is a popular choice for investors due to the high returns it provides in comparison to other investment options. Therefore, prior to making any investment decision, adequate research on the businesses and industries in which they operate is essential to minimize risk and maximize returns. Protecting one's portfolio from stock fluctuations is made possible by diversifying it across various industries and sectors. A drawn out speculation skyline is vital for value ventures to expand returns. Given that the market can be unpredictable, it is important to review an equity share investment on a regular basis and make any necessary adjustments. Nonetheless, investing in equity shares ought to be part of a comprehensive investment strategy that takes into account risk tolerance and investment objectives because it can offer excellent opportunities to investors who conduct their research and make prudent investments.*

**Key words :** *Maximize return, Minimize risk, Diversifying*

## INTRODUCTION

The acquisition of ownership stakes in businesses that are listed on the stock exchange is referred to as an investment in equity shares. Value shares connote a financial backer's possession advantages in an organization's hidden resources and profit potential. One of the most popular options for investors looking to maximize returns in a volatile market is to invest in equity shares because of the potential for capital appreciation and dividend income. Nonetheless, it implies a more serious gamble than other speculation choices, as the worth of offers can fluctuate generally based on various variables. Investment research is essential for determining a company's financial stability, earnings, and growth prospects in order to mitigate risks and make informed investment decisions. Generally, investing in equity shares necessitates patience, discipline, and a long-term investment horizon. It is a crucial component of a diversified investment portfolio, and selecting the right businesses can guarantee higher returns and lower risks. Overall, investors who conduct their research and make prudent investments can reap the rewards of equity share investments. Diversifying your portfolio to different industries and sectors can offer protection from fluctuations of a single stock. A long-term investment horizon is necessary for equity investment to maximize returns and minimize loss. Patience and discipline are key to successful equity investment. Maintaining a realistic expectation of returns and avoiding selling is crucial for equity investment.

## **OBJECTIVE OF THE STUDY**

- ❖ To identify the key socio-economic factors that influence individual investors' decision to invest in equity shares, such as age, income, education, and risk tolerance.
- ❖ To assess the impact of macroeconomic factors, such as GDP growth, interest rates, inflation, and market volatility, on investment in equity shares.
- ❖ To investigate the role of psychological factors, such as investor sentiment, perceived market risk, and behavioral biases, in shaping investment decisions related to equity shares.

## **STATEMENT OF THE PROBLEM**

Investment in equity shares the main problem is not understanding the financial structure of the companies and investing in overvalued stocks . The investor's hard earned money becomes losses or liquidated . Investors have to invest on a long term basis. Most of them are not waiting for long term and withdraw their monies .Before investing in shares most of them are trading on shares which may bring huge losses for the investors. Are one of the major problems for quitting investing. Investing more money on penny stocks by investors is also the drawback for investors . Instead of trading, investment is the better option for the investors most of the general public's interest towards the investment in equity shares.

## **SCOPE OF THE STUDY**

The future scope of investment in equity shares may bring Dividends and bonus shares. If the invested company is financially stable it may bring capital appreciation to the money invested by the investor. Long term investment in equity shares may also bring a secondary source of income,wealth generation, and also acts as passive income. It also acts as compounding effects and brings higher returns to the investors.In future to buy equity shares is a paperless process and makes it much easier for investors to buy and sell the shares. Demat account opening is an online process and makes it easier to open within two days.

## **RESEARCH METHODOLOGY**

### **AREA OF STUDY**

The area of the study describes the factors influencing investors decision towards investment in equity shares with special reference to long term benefits of investment towards equity shares

### **SOURCE OF DATA**

#### **PRIMARY DATA**

The first-hand information was collected by the researcher after finalizing the study area. Through well-structured questionnaires primary data was collected. It was collected from 50 respondents

#### **SECONDARY DATA**

The secondary data was collected from the study related websites, journals, and magazines. It was collected through the library to facilitate proper understanding of the conceptual framework about the study.

#### **SAMPLE SIZE**

For the purpose of the study 50 questionnaires were collected. Convenience sampling method is administered in this study.

**TOOLS USED FOR ANALYSIS**

- ❖ Chi-square analysis
- ❖ Percentage analysis

**REVIEW OF LITERATURE**

- ❖ **Kumar, V., & Shah, R. (2019)<sup>1</sup>.** Equity investment in India: A review of literature. International Journal of Research and Analytical Reviews.
- ❖ **M. P., & Gupta, P. K. (2016)<sup>2</sup>.** The determinants of equity share prices: A review of literature. International Journal of Accounting and Financial Management Research.
- ❖ **Chowdhury, M. N., & Uddin, M. M. (2018)<sup>3</sup>.** Equity investment and its determinants: A review of literature. Journal of Economics and Sustainable Development.

**AN OVERVIEW ON INVESTMENT IN EQUITY SHARES****INVESTMENT IN BANK SECTOR EQUITY SHARES**

Potential for long-term growth: Bank stocks have historically been known for providing long-term growth opportunities, making them a good choice for investors with a long-term investment horizon. Dividend income: Many banks offer dividends to their shareholders, providing investors with a steady stream of income. Low volatility: Bank stocks are generally less volatile than other sectors, making them a good option for investors looking for a more stable investment.

**INVESTMENT IN PHARMA SECTOR EQUITY SHARES**

Investing in the pharmaceutical sector can be a lucrative decision for investors. This sector is dedicated to the research, development, manufacturing, and distribution of drugs and medicines that help treat and cure various diseases and ailments. There are several reasons why investing in the pharma sector can be beneficial. Firstly, the pharmaceutical industry is highly regulated, which means that there are high barriers to entry for new players. This means that established companies in the industry tend to enjoy stable revenues and profits, making them attractive for long-term investors. Secondly, the demand for pharmaceuticals is relatively inelastic, which means that people will continue to need medication regardless of economic conditions. This makes the pharma sector less susceptible to economic downturns.

**INVESTMENT IN POWER SECTOR STOCKS**

The power sector is a critical part of the economy, providing essential services to homes, businesses, and industries. The demand for energy is increasing rapidly with population growth, urbanization, and economic development, providing a lucrative opportunity for investors. Power sector stocks are often considered defensive investments as people will continue to use electricity regardless of the economic situation. Investing in power sector stocks offers a relatively stable source of income through dividends. As the world transitions towards clean energy, companies in the power sector are investing in renewable energy sources such as solar, wind, and hydroelectric power, providing an opportunity for growth.

**DATA ANALYSIS AND INTERPRETATION**

In this chapter analysis and interpretation of **A Study on The Factors Influencing investors Decision Towards Investment in Equity shares** .On a sample of 50 respondents select from Tirupur City is presented.The opinion of the respondent and the relevant information were collected through a questionnaire comprising of personal factors and the studies factors. The collected information was classified and tabulated and supplementary with the following statistical tools in turn with objectives of the study.

**PERCENTAGE ANALYSIS**

The percentage analysis is mainly carried out to determine the percentage of the respondents that fall under each category. also helps to standardize the respondent's opinion on various aspects. This analysis was carried out for all questions given in the questionnaire.

**Chi- Square analysis:**

The chi-square analysis is one of the simplest and most widely used non parametric tests in statistical work. It is used for the independence of attributes or factors. In this study the factors are classified under two categories, namely, personal factors and study factors. Each of the personal factors is composed with the study factor and the chi- square test is applied at 5% level of significance.

**Table No.1 Describes the Demographic Profile of the Respondents**

Particulars	Classification	Frequency	Percentage
<b>GENDER</b>	Male	32	64%
	Female	18	36%
	Total	50	100
<b>Age</b>	20-40	20	40%
	40-60	16	32%
	Less than 20	11	22%
	More than 40	3	6%
	Total	50	100
<b>Highest Qualification</b>	Postgraduate	30	60%
	undergraduate	20	40%
	Total	50	100
<b>Primary occupation</b>	Business	20	40%
	Professional	10	20%
	Retired	10	20%
	Salaried	10	20%
	Total	50	100

**Interpretation**

From the above table 1, it is clear that the general profile of the respondents shows that:

- ❖ 64% of the respondents are male and 36% of the respondents are female.
- ❖ 40% of respondents are 20-40 years people, 32% of respondents are 40-60 years, 6% of the respondents are more than 60 years, 22% of the respondents are less than 20 years.
- ❖ 60% of the respondents are belong to postgraduate, 40% of respondents are belong to undergraduate
- ❖ 40% of respondents are Business,20% of respondents are professionals, 20% of respondents are retired, and 20% of respondents are salaried.

**Table No.2: Table describes relationship Gender and Preference over investment avenue**

H<sub>0</sub>: There is no significant relationship between Gender and Preference over investment avenue

H<sub>1</sub>: There is a significant relationship between Gender and Preference over investment avenue

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.474 <sup>a</sup>	3	.480
Likelihood Ratio	2.468	3	.481
N of Valid Cases	50		

a.cells (37.5%) are expected to count less than 5.the minimum count is 1.

it is conducted that Gender has significant respondents on Preference over investment avenue

**FINDINGS OF THE STUDY**

- ❖ Majority 64% of the respondents are male
- ❖ Most 40% of the respondents are belong to 20-40 age group
- ❖ Majority 60% of the respondents are postgraduate
- ❖ Most 40% of the respondents are business

**SUGGESTION**

market directions aimlessly and contribute in light of sound examination and assessment. Routinely survey your interests in value offers and make changes as needs be. Try not to put all your cash into a solitary organization's value shares; spread your speculation across various ventures and areas. Keep a watch on the general economic situations and monetary climate for large scale level experiences into value share execution.Think about putting resources into blue-chip organizations with a solid history of steady development and monetary strength. Keep away from financial exchange 'hot tips' and look for master counsel prior to putting resources into value shares.Keep a practical assumption for value offers' profits and try not to be impacted by theoretical market conduct. Think about putting resources into values that deliver profits for a

consistent type of revenue. Try not to frenzy and sell your value shares during transient market vacillations except if there are central changes to the organization's financials. Think about putting resources into value common assets for a differentiated speculation portfolio. Consider putting resources into value portions of organizations in developing business sectors for high development potential.

## CONCLUSION

Equity shares are a riskier investment option than other options, but they can offer high returns. Before investing in equity shares, adequate research is essential to reduce risk. Protect yourself from stock fluctuations by diversifying your portfolio across various industries and sectors. For equity investments to maximize returns, a long-term investment horizon is required. For equity investments to be successful, patience and discipline are essential. When investing in equity, it is essential to avoid panic selling and to keep a realistic expectation of returns. Put resources into top-performing and all around organizations with steady development history for more secure returns. Before investing in equity shares, it is essential to seek professional guidance or conduct your own research. Keep to your investment plan and don't use borrowed money to buy equity shares. Value venture ought to be a piece of a balanced speculation system that tends to your gamble hunger and speculation objectives.

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