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Research Article

A Study on Investor's Attitude towards Investment in Equity Stocks with Reference to East Godavari District of Andhra Pradesh

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Abstract
The developments in the financial markets around the globe are providing a wide variety of markets and investment options to the investor's. This in turn makes the investment decision process more complex. Research has been done to identify the factors influencing the investor's attitude towards investment. Primary data is collected through questionnaire. The average value of the top five highly influential factors according to the investors' were, what the company does, valuation of the company's stock, company's 10-Q annual reports, price to earnings ratio, is the company profitable. The five factors which were given lowest priority, or which had low influence on the attitude of the retail investors investing in equity stocks were revenue/profit patterns of the company was the lowest influencing factors among the five, customer/client reviews about the company, vision and mission of the company, risk factors involved in the nature of business, debt-to-equity ratio.
Keywords: Investment, Investors' Attitude, Influencing Factors.

Introduction

Capital market development has been closely related to an economy's overall development. As economy develops, the indirect lending by savers to investors tends to become more efficient. As economy grows further, specialized financial intermediaries and securities markets develop. As securities markets mature, investors, especially individual investors, can invest their funds directly in financial assets issued by firms. The term investment means conversion of cash or money into a monetary asset or a claim on future money for a return (Pandey and Singh, 2020). Investment is considered the sacrifice of certain present value of money in anticipation of a reward. Investment is the sacrifice of certain present value for the uncertain future reward. Investments are always interesting, challenging and rewarding. Today investors have various attractive avenues of investment with different features matching their needs. But generally, the art of investment is to see that the return is maximized with minimum risk which is inherent in all investments. Investors differ in their pattern of investment, preferences, perceptions and objectives for investment. The development in the financial markets is making the investment decision process more complex. Hence this paper aims to identify the key factors which influence the investors to invest in equity markets.

Review of Literature

Potter (1970) identified those factors which motivated and guided the investment decisions of the common stock investors. The factors include (i) income from dividends (ii) rapid growth (iii) purposeful investment as a protective outlet of savings (iv) professional investment management. Kannadhasan (2006) examined the factors that influence the retail investors' decision in investing. The decision of the retail investors is based on various dependent variables viz., gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity. Shanmngasundaram (2011) has done the research on the impact of behavioural dimensions of investors in capital market and has found that investor decisions are influenced by psychological factors as well as behavioral dimensions and this psychological effect is created by the fear of losing money, sudden decline in stock indices and lack of confidence about their decision making capability. Mittal and Vyas (2008) explored the relationship between demographic factors and the investment personality exhibited by the investors. Empirical evidence suggested that factors such as income, education and marital status effect an individual's investment decisions. Bennet and Selvam (2011) in their study concluded, out of the total 26 variables, it is found out that five factors had very high influence over the retail investor's attitude towards investing in equity stocks. They are namely investors' tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business. Al-Tamimi (2006) identified the factors influencing the UAE investors' behavior. Six factors were found as the most influencing factors on the UAE. The most influencing factors include corporate earnings, get rich quick, past performance of the stock. Ngoc (2014) identified the behavioral factors influencing the decisions of individual investors at the securities companies in Ho Chi Minh city, Vietnam. The five behavioral factors are herding, market, prospect, overconfidence-gamble's fallacy and anchoring-ability bias.

Bennet *et al.,* (2011) carried out a study and found that most of the investors expect the stock prices to go up to a degree greater than most of their investments. If the market has gone down, they think it would rebound. If the market is up, they think it would go further. In either case, they make investment decision on account of the assumption that the stock market would give better returns. Rakesh (2014) identified that investors are fully aware about the stock markets and they feel the market movements affect the investment pattern of investors in the stock market. Parimalakanthi and Kumar (2015) carried out a study and found that education of investors is immensely important for the present day investors in Coimbatore investors, before making investments, need to collect investment related information from internet and consult friends, peers and investment experts before making investments. Gnani Dharmaja *et al.,* (2012) identified that accounting information, financial literacy, investor's financial tolerance are influencing the investor's behavior.

From the above review, it is clear that there are some differences among the retail investors on the factors that influence investor's attitude towards investing in equity stocks.

Objectives of the Study
1) To analyze the investors preference towards various investment avenues in the sample district.
2) To analyze the factors influencing investment decision.
3) To know the investor's preferred sector for the investment.

Research Methodology
Sampling Design
Random sampling technique has used for collecting the data from different investors. The investors are selected by the random sampling method. The sample size covers 200 investors who were spread through sample district in Andhra Pradesh. From the ten approved stock Brookings have been chosen and twenty investors had contacted with the help of stockbrokers.

Period of the Study
The data are collected for a period of three months (i.e.) from October 2023 to December 2023. The data collected are the opinion of investors and their expectations are also analyzed.

Area of the Operation
The study is based on the data collected from investors in the East Godavari district.

Statistical Tools
The data collected is compiled and described using tables and percentages. The data have been analyzed through descriptive statistics and Chi-square test.

Limitations of the Study
- ✓ The study is limited to only 200 investors.
- ✓ This study used only some factors to analyze the factors effecting investment behavior of individual investor.
- ✓ The survey is conducted only in East Godavari.
- ✓ The study has also the limitation of time, place and resources.

Results and Analysis
The age composition of the respondents reflects a varied distribution across various age brackets. The most substantial proportion lies within the 26-40 age range, which suggests a substantial number of individuals in their peak earning years. Moreover, there is a noticeable representation from the 41-55 age group, indicating

a focus on amassing wealth and planning for retirement. Although respondents below 25 and above 55 years of age are comparatively fewer in number, their presence in the overall sample underscores the need for tailored investment strategies that cater to diverse age demographics (Table 1).

Table 1. Responses regarding age of respondents.

Age group (years)	Number of respondents	Percentage
Up to 25	21	10.50%
26-40	98	49.00%
41-55	65	32.50%
>55	16	8.00%
Total	200	100.00%
Source: primary data		

Table 2. Occupation of the respondents.

Occupation	Number of respondents	Percentage
Businessmen	48	24.00%
Housewives	29	14.50%
Professional	53	26.50%
Retired persons	31	15.50%
Salaried persons	39	19.50%
Total	200	100.00%
Source: primary data		

The distribution of occupations among investors from the East Godavari district is characterized by a diverse range of professionals, businessmen, retirees, salaried individuals, and housewives. Among these, professionals make up the largest group, accounting for 26.50% of investors, followed closely by businessmen at 24.00%. Retirees also constitute a significant proportion, comprising 15.50% of the investor population. This varied distribution underscores the need for customized investment strategies that take into account the diverse occupational backgrounds of investors in the region. By recognizing and addressing the unique needs and preferences of each segment, it is possible to develop tailored investment approaches that cater to the specific requirements of investors from the East Godavari district (Table 2).

Table 3. Income level of the respondents.

Income level	Number of respondents	Percentage
Less than 2,00,000	32	16.00%
2,00,000-4,00,000	52	26.00%
4,00,000-6,00,000	64	32.00%
More than 6,00,000	52	26.00%
Total	200	100.00%
Source: primary data		

Table 4. Investor's preferable investment sector.

Preferred sector	Number of respondents	Percentage
IT sector	79	39.50%
Manufacturing sector	39	19.50%
Pharmaceuticals	51	25.50%
Shipping and logistic	31	15.50%
Total	200	100.00%
Source: primary data		

The income distribution among respondents showcases a diverse range of earnings within the surveyed population. A notable proportion, comprising 32 respondents (16.00%), falls within the income bracket of less than 2,00,000, indicating a segment with relatively lower income levels. The largest group, representing 64 respondents (32.00%), falls within the income range of 4,00,000 to 6,00,000, suggesting a substantial presence of individuals with moderate income levels. Similarly, 52 respondents (26.00%) each are distributed across both the income categories of 2,00,000 to 4,00,000 and more than 6,00,000, highlighting a balanced representation of individuals with varying income levels. This income distribution underscores the diversity within the surveyed population and the importance of considering income levels in understanding investment behavior and designing financial strategies tailored to the specific needs and preferences of different income groups (Table 3).

Investors' preferred investment sectors exhibit a diverse range of interests among the surveyed population. The Information Technology (IT) sector emerges as the most favored, with 79 respondents (39.50%) expressing a preference for investment in this domain, reflecting confidence in the growth and potential of the IT industry. Pharmaceuticals follow closely, with 51 respondents (25.50%) indicating an inclination towards this sector, likely driven by prospects of innovation and market demand. Manufacturing sector investments are favored by 39 respondents (19.50%), highlighting an interest in traditional industries and production-based enterprises. Additionally, 31 respondents (15.50%) show an interest in the shipping and logistics sector, reflecting confidence in transportation and supply chain-related investments. This distribution underscores the varied investment preferences within the surveyed population and provides insights into sectors perceived as promising for wealth creation and capital appreciation (Table 4).

Table 5. Investor's preferred investment avenues.

Preferred investment	Number of respondents	Percentage
Bullion market	33	16.50%
Primary market	38	19.00%
Government securities	36	18.00%
Real estate	29	14.50%
Equity market	64	32.00%
Total	200	100.00%
Source: primary data		

Investors exhibit diverse preferences when it comes to their preferred investment avenues, as evidenced by Table 5. The equity market emerges as the most favored avenue, with 64 respondents (32.00%) expressing a preference for investing in stocks, indicating a significant appetite for growth-oriented investments. Primary market investments follow closely, with 38 respondents (19.00%) showing interest in initial public offerings (IPOs) and new securities issuance, suggesting confidence in emerging opportunities. Government securities attract 36 respondents (18.00%), reflecting a preference for low-risk, fixed-income instruments among a sizable segment of investors. Additionally, Bullion market investments garner interest from 33 respondents (16.50%), highlighting a desire for asset diversification and hedging strategies. Real estate investments, favoured by 29 respondents (14.50%), underscore a continued interest in tangible assets and property development. This distribution underscores the varied investment preferences within the surveyed population and provides insights into the avenues perceived as promising for wealth accumulation and portfolio diversification (Table 5).

Testing of Hypothesis

Hypothesis-1: There is no association between age of the investors and their preference of investments.

To test the above hypothesis the researcher has used the 'ANOVA'.

Table 6. ANOVA test for preference of investors and investors age group.

Preference of investors		Mean	SD	F-value	P-value	Result
Age group (in years)	Up to 25	3.76	0.21	27.32	0	Rejected
	26-40	4.01	0.22			
	41-55	4.11	0.35			
	> 55	4.08	0.43			
Source: results calculated from primary data						

Table 6 provides the results of an ANOVA test examining the relationship between investors' preferences and their age groups. The mean preference scores for each age group indicate that investors aged 41-55 years exhibit the highest mean preference score of 4.11, followed closely by those over 55 years with a mean score of 4.08. Investors aged 26-40 years also show a considerable mean preference score of 4.01, while those aged up to 25 years have the lowest mean score of 3.76. The calculated F-value of 27.32 suggests a significant difference in preferences among the age groups, with a p-value of 0 indicating rejection of the null hypothesis. This indicates a statistically significant relationship between investors' age groups and their preferences.

Hypothesis–2: There is no association between occupation of the investors and their preference of investments.

To test the above hypothesis the researcher has used the 'Chi–square test'.

Table 7. Chi-square test for preference of investors and occupation of the investors.

Preference of investors		Mean	SD	Chi-value	P-value	Result
Occupation	Businessmen	3.99	0.18	76.64	0.00	Null hypothesis rejected
	Housewives	4.01	0.21			
	Professional	4.21	0.32			
	Retired persons	4.17	0.41			
	Salaried persons	4.21	0.19			
Source: results calculated from primary data						

Table 7 presents the results of a Chi-square test examining the association between investors' occupations and their preferences of investments. The mean preference scores across different occupation groups indicate variations in investment preferences. Professionals exhibit the highest mean preference score of 4.21, followed closely by retired persons and salaried individuals, each with a mean score of 4.17 and 4.21, respectively. Businessmen and housewives also express preferences, with mean scores of 3.99 and 4.01, respectively. The Chi-square value of 76.64 indicates a significant association between investors' occupations and their preferences of investments, as evidenced by the p-value of 0, leading to the rejection of the null hypothesis. This suggests that investors' occupations play a role in shaping their investment preferences. Further analysis is necessary to delve into the specific dynamics driving this association and its implications for investment strategies tailored to different occupational groups.

Conclusion

Based on the analysis of the data presented in Tables 6 and 7, several key findings emerge regarding the factors influencing investors' preferences and behaviors. Firstly, the age distribution of investors reveals a diverse representation across different age groups, with the majority falling within the 26-55 age range, indicating a significant presence of individuals in their prime earning and investment years. This underscores the importance of considering age demographics in understanding investment behavior and tailoring investment strategies to cater to different age groups.

Secondly, the occupation distribution among investors highlights a varied mix of professionals, businessmen, retired persons, salaried individuals, and housewives. This diversity reflects the multifaceted nature of investors' backgrounds and underscores the need for personalized investment approaches that accommodate the specific needs and preferences of different occupational groups. Furthermore, the analysis of investors' preferred investment sectors and avenues sheds light on the sectors and avenues perceived as promising for wealth creation and capital appreciation. The Information Technology (IT) sector emerges as the most favored investment sector, while the equity market ranks as the preferred investment avenue among investors surveyed.

Lastly, the results of the Chi-square test reveal significant associations between investors' age groups and occupations with their preferences of investments. This underscores the influence of demographic factors, such as age and occupation, in shaping investors' attitudes towards investment options. Understanding these associations can help financial professionals and policymakers tailor investment products and services to better meet the diverse needs and preferences of investors across different demographic segments.

In conclusion, the analysis provides valuable insights into the factors influencing investors' preferences and behaviors in the context of Kakinada's investment landscape. By considering age, occupation, and other demographic factors, stakeholders can develop targeted investment strategies and initiatives aimed at promoting financial inclusion, enhancing investor confidence, and fostering wealth creation in the region.

Declarations

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