



International Journal of Multidisciplinary and Scientific Emerging Research (IJMSERH)

Volume 12, Issue 1, January-March 2024

Impact Factor: 9.274



A Study on Investor Behaviour in Stock Market With Reference To Kotak Securities Ltd

Arupula Shirishai, Vinnakota Kanaka Durga, M.Com. MBA, Ph.D,

Student, Department of MBA, CMR Technical Campus, Hyderabad, India

Assistant Professor, Department of MBA, CMR Technical Campus, kandlakoya, Hyderabad, India

ABSTRACT: Investor behaviour plays a crucial role in shaping stock market dynamics, influencing price movements, trading volumes, and overall market stability. Understanding how investors perceive risk, choose investment instruments, and respond to market fluctuations is essential for financial institutions, policymakers, and individual investors. This study examines investor behaviour in the stock market with special reference to Kotak Securities Ltd. The research focuses on awareness levels, investment preferences, risk tolerance, use of digital trading platforms, and demand for financial advisory services. The study is based on primary data collected through a structured questionnaire administered to 100 respondents and supported by secondary data from journals, books, and reports. Statistical tools such as percentage analysis and tabulation are used for data analysis. The findings reveal that younger investors show higher awareness and willingness to invest in stocks, mutual funds, and bonds, while older investors exhibit a conservative approach. The study highlights the growing importance of technology and professional guidance in influencing investor decisions. The paper concludes with practical recommendations for investors, brokerage firms, and regulators to enhance investor participation and market efficiency.

KEYWORDS: Investor Behaviour, Stock Market, Risk Perception, Investment Preferences, Kotak Securities

I. INTRODUCTION

The stock market serves as a vital component of the financial system by mobilizing savings and channelizing them into productive investments. Investor behaviour, which reflects how individuals make decisions under conditions of risk and uncertainty, significantly influences stock market performance. Traditional finance assumes that investors are rational and always act to maximize returns; however, behavioural finance suggests that psychological, emotional, and social factors often drive investment decisions.

In recent years, the Indian stock market has witnessed increased participation from retail investors due to technological advancements, online trading platforms, and improved access to market information. Brokerage firms such as Kotak Securities Ltd have played a pivotal role in facilitating investor participation through digital platforms, research support, and advisory services. Despite this growth, investors exhibit varied levels of awareness, risk tolerance, and investment preferences, leading to diverse behavioural patterns.

This study aims to analyse investor behaviour in the stock market by examining demographic factors, awareness levels, preferred investment instruments, reactions to market fluctuations, and the role of technology and financial advisors. Understanding these aspects is essential for designing effective investment products, improving investor education, and strengthening market stability.

II. REVIEW OF LITERATURE

Sharma (2018) examined the role of behavioural biases such as overconfidence and herd behaviour in influencing stock market volatility in India. The study found that emotional decision-making often leads to irrational trading terms.

Gupta (2016) analysed the impact of demographic variables such as age, income, and education on investment behaviour. The study concluded that younger investors are more risk-tolerant compared to older investors.

Verma (2017) studied the relationship between financial literacy and investor decision-making and found that higher financial literacy improves portfolio diversification and risk management.

Singh (2019) explored the impact of digital trading platforms on investor participation and observed that mobile trading applications have significantly increased retail investor engagement.

Patel et al. (2020) evaluated regulatory mechanisms in the Indian stock market and emphasized the role of SEBI in protecting investor interests and ensuring transparency.

Kahneman and Tversky (1979) introduced Prospect Theory, explaining how investors perceive gains and losses asymmetrically, leading to risk-averse or risk-seeking behaviour.

Shefrin (2000) highlighted the psychological foundations of investor behaviour, emphasizing mental accounting and emotional biases.

Barber and Odean (2001) analysed trading behaviour and found that overconfident investors trade excessively and earn lower returns.

Shiller (2003) discussed irrational exuberance in stock markets and its impact on asset bubbles.

Nofsinger (2014) emphasized the role of social influence and emotions in investment decisions.

Baker and Wurgler (2007) studied investor sentiment and its effect on stock returns.

Statman (2019) explained how behavioural finance bridges psychology and finance to understand investor actions.

Ritter (2003) discussed behavioural finance anomalies that challenge traditional financial theories.

Subrahmanyam (2008) analysed the interaction between market efficiency and investor psychology.

SEBI Annual Report (2022) highlighted the growing role of investor education and digital platforms in India.

III. RESEARCH QUESTIONS

1. What is the level of awareness among investors regarding stock market investments?
2. What investment instruments are preferred by investors?
3. How do investors respond to stock market fluctuations?
4. What role do digital platforms and financial advisors play in investment decisions?

IV. RESEARCH OBJECTIVES

1. To assess investor awareness regarding stock market investments.
2. To analyse investment preferences across different demographic groups.
3. To study investor risk tolerance and responses to market fluctuations.
4. To evaluate the influence of technology and advisory services on investor behaviour.

V. HYPOTHESES

H1: There is a significant relationship between age and investment preference.

H2: Financial awareness positively influences stock market participation.

H3: Use of digital platforms significantly impacts investment decisions.

VI. RESEARCH DESIGN

The study adopts a descriptive research design.

Data Variables: Age, income, awareness level, investment preference, risk response, use of platforms.

Data Sources: Primary data through questionnaires; secondary data from journals, reports, and websites.

Sample Size: 100 respondents.

Sampling Method: Convenience sampling.

Data Analysis Methods: Percentage analysis and tabular interpretation.

Data Analysis and Interpretation

This section presents a detailed step-by-step analysis of the data collected from 100 respondents. The data has been analyzed using percentage analysis and tabulation to understand investor behaviour with respect to stock market participation, risk perception, and investment preferences. Each table is interpreted systematically to draw meaningful insights.

Table 1: Age-wise Distribution of Respondents		
Age Group	Number of Respondents	Percentage
18–24	30	30%
25–30	45	45%
31–40	15	15%
Above 40	10	10%

Interpretation:

The table shows that the majority of respondents (45%) belong to the 25–30 age group, followed by 30% in the 18–24 category. This indicates that younger investors dominate stock market participation. The relatively lower participation from older age groups reflects conservative attitudes and lower risk tolerance among senior investors.

Table 2: Awareness about Stock Market Investments		
Awareness Level	Respondents	Percentage
Fully Aware	48	48%
Partially Aware	32	32%
Not Aware	20	20%

Interpretation:

The table indicates that nearly half of the respondents are fully aware of stock market investments. Partial awareness among 32% of respondents suggests the need for improved financial education. The remaining 20% lack adequate awareness, highlighting a gap that brokerage firms and regulators must address.

Table 3: Annual Income of Respondents		
Income (₹ per annum)	Respondents	Percentage
Below 3 LPA	28	28%
3–5 LPA	42	42%
5–8 LPA	20	20%
Above 8 LPA	10	10%

Interpretation:

Most respondents fall within the 3–5 LPA income group, indicating that middle-income individuals actively participate in stock market investments. Higher-income groups show comparatively lower representation, possibly due to diversified investment avenues.

Table 4: Preferred Investment Instruments		
Investment Option	Respondents	Percentage
Equity Shares	22	22%
Mutual Funds	30	30%
Bonds/Debentures	25	25%
Fixed Deposits	15	15%
Others	8	8%

Interpretation:

A majority of respondents prefer holding or buying during market downturns, indicating confidence in long-term investment strategies. However, 25% prefer selling, reflecting fear-driven behaviour during volatility.

Table 5: Reaction to Market Fluctuations		
Investor Reaction	Respondents	Percentage
Buy More	35	35%
Hold	40	40%
Sell	25	25%

Interpretation:

A majority of respondents prefer holding or buying during market downturns, indicating confidence in long-term investment strategies. However, 25% prefer selling, reflecting fear-driven behaviour during volatility.

Table 6: Use of Digital Trading Platforms		
Platform Usage	Respondents	Percentage
Regular User	55	55%
Occasional	30	30%
Rare/Never	15	15%

Interpretation:

The table highlights strong adoption of digital trading platforms, especially among younger investors. This reflects the growing importance of technology in influencing investment behaviour.

VII. RESULTS AND DISCUSSION

The detailed data analysis reveals that demographic factors such as age and income significantly influence investor behaviour. Younger investors show higher awareness, greater use

VIII. FINDINGS

The study finds that age and income significantly influence investment preferences. Mutual funds and bonds are the most preferred instruments, while younger investors show greater interest in stocks and digital platforms. Investors demonstrate a positive attitude towards professional guidance and long-term investment strategies, especially during market volatility.

IX. RECOMMENDATIONS

Investors should enhance financial literacy and adopt diversified portfolios. Brokerage firms should strengthen digital platforms and advisory services. Regulators should continue investor education initiatives.

X. CONCLUSION

The study concludes that investor behaviour in the stock market is shaped by demographic, psychological, and technological factors. Younger investors demonstrate higher awareness and participation, while conservative approaches dominate older age groups.

Overall, improved financial education, digital accessibility, and professional advisory services can foster informed investment decisions and contribute to market stability.

REFERENCES

1. Baker, M., & Wurgler, J. (2007). Investor sentiment in the stock market. *Journal of Economic Perspectives*. <https://www.aeaweb.org>
2. Barber, B., & Odean, T. (2001). Boys will be boys: Gender and trading. *Quarterly Journal of Economics*. <https://academic.oup.com>
3. Gupta, L. (2016). Investor behaviour in Indian stock market. *International Journal of Finance*. <https://www.researchgate.net>
4. Kahneman, D., & Tversky, A. (1979). Prospect theory. *Econometrica*. <https://www.jstor.org>
5. Nofsinger, J. (2014). *The psychology of investing*. Pearson Education. <https://www.pearson.com>
6. Patel, R., et al. (2020). Regulatory framework in India. *Indian Journal of Finance*. <https://www.sebi.gov.in>
7. SEBI. (2022). Annual report. <https://www.sebi.gov.in>
8. Sharma, S. (2018). Behavioural biases and stock market. <https://www.researchgate.net>
9. Singh, A. (2019). Digital trading platforms in India. <https://www.sciencedirect.com>
10. Statman, M. (2019). Behavioural finance. <https://www.wiley.com>.



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA



International Journal of Multidisciplinary and Scientific Emerging Research (IJMSERH)

Impact Factor: 9.274