



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	IMPACT OF GOVERNMENT INTERVENTION ON THE GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES IN IMO STATE <i>VIVIAN CHIZOMA ONWUKWE & MARTIN IKECHUKWU IFEANACHO</i>	1
2.	A STUDY OF FACULTY MOTIVATIONAL AND ROLE DYNAMICS IN HIGHER EDUCATION <i>DR. DEEPANJANA VARSHNEY (SENGUPTA)</i>	6
3.	THE ROLE OF SMALL URBAN TOWNS IN IMPROVING RURAL LIVELIHOOD - CASE STUDY: FERESMAY, RAMA AND MAYKINETAL CENTRAL ZONE, TIGRAY, NORTHERN ETHIOPIA <i>BIHON KASSA ABRHA & GEBREMEDHIN YIHDEGOTEKLU</i>	10
4.	FACULTY DEVELOPMENT IN DEVELOPING COUNTRIES: A CASE STUDY OF PAKISTAN <i>MUHAMMAD ZAHEER</i>	16
5.	HUMAN CAPITAL DEVELOPMENT IN INSTRUCTIONAL SUPERVISION: WINDOW OF HOPE OR WOE? <i>MIGHT KOJO ABREH</i>	21
6.	THE SUSTAINABILITY OF ICT ECONOMY DEVELOPMENT <i>KEVIN LOCK-TENG, LOW</i>	25
7.	EFFECT OF BOARD SIZE ON COMPANY PERFORMANCE IN THE LISTED FINANCIAL INSTITUTIONS IN SRI LANKA <i>LINGESIYA YASOTHARALINGAM</i>	32
8.	FUNDAMENTALS OF ENTREPRENEURIAL COMPETENCY: TIME ELEMENT AND DISCIPLINE IN SHG MODEL - AN EMPIRICAL ANALYSIS <i>NIRANJAN SHETTY</i>	37
9.	BASKET PEG OR FLEX: A TEMPLATE FOR ASSESSING THE COMPETITIVENESS OF PAKISTAN'S TRADE SECTOR <i>SEEMAB RANA</i>	43
10.	WOMEN ENTREPRENEURS IN INDIA: OPPORTUNITIES AND CHALLENGES <i>ANIL KUMAR .S. HAGARGI & DR. RAJNALKAR LAXMAN</i>	50
11.	ENTREPRENEURSHIP DEVELOPMENT – A CASE STUDY OF A VILLAGE IN YSR DISTRICT <i>DR. G. VIJAYA BHARATHI, C. SIVARAMI REDDY, DR. P. MOHAN REDDY & P. HARINATHA REDDY</i>	54
12.	LEADERSHIP AND ORGANISATIONAL EFFECTIVENESS - A CONCEPTUAL FRAMEWORK <i>DR. ASHOK AIMA & NAVEEDA SEHER</i>	58
13.	SHAREHOLDER WEALTH EFFECTS TO MERGER ANNOUNCEMENTS IN INDIAN IT INDUSTRY <i>DR. MALABIKA DEO & MOHAMMAD AASIF SHAH</i>	61
14.	ANALYZING BANK COMPETITIVENESS USING CUSTOMER VALUE: AN EMPIRICAL ANALYSIS <i>PRIYA PONRAJ & DR. G. RAJENDRAN</i>	67
15.	MERGER AND ACQUISITION ACTIVITY IN THE INDIAN MANUFACTURING SECTOR AND SHAREHOLDER VALUE ADDITION IN THE MERGED ENTITIES <i>DR. V. K. SHOBHANA & DR. K. MANJULA</i>	74
16.	FACTOR INFLUENCES AND INDIVIDUAL INVESTOR BEHAVIOUR: THE STUDY OF INDIAN STOCK MARKET <i>B. G. SRINIVASA & DR. K. A. RASURE</i>	79
17.	STUDY THE PERFORMANCE OF STATE BANK OF INDIA IN COMPARISON TO ICICI FOR THE PERIOD 2001-09: AN EMPIRICAL STUDY <i>ANOOP MOHANTY, SUMEET BAJWA & ANUJ MOHANTY</i>	84
18.	LIFE SATISFACTION AMONG ASHA WORKERS <i>VIJAYA U. PATIL & RUKMINI S.</i>	97
19.	MICROFINANCE THROUGH COOPERATIVES: PERFORMANCE AND PROSPECTS <i>DR. SUBRATA MUKHERJEE</i>	102
20.	A STUDY ON CUSTOMER SATISFACTION TOWARDS CROSS SELLING OF INSURANCE PRODUCT AND SUPPLEMENTARY SERVICES- WITH REFERENCE TO PRIVATE SECTOR BANKS IN COIMBATORE DISTRICT <i>DR. C. MEERA & DR. M. ESWARI</i>	107
21.	FINANCIAL DISTRESS: BANKRUPTCY MEASURES IN ALEMBIC PHARMA: Z-SCORE MODEL <i>D. SASIKALA</i>	112
22.	ESTIMATING THE CONTRIBUTION OF FOREST TO ECONOMIC DEVELOPMENT: A CASE STUDY OF NTFPS IN KARNATAKA <i>A. R. KULKARNI & D. R. REVANKAR</i>	117
23.	SUSTAINABILITY ISSUES IN EMERGING ECONOMIES - A STUDY WITH SPECIAL REFERENCE TO INDIAN ECONOMY <i>ANIRUDH SRIRAAM, VIVEK PRATAP SINGH & DR. AJAY SHARMA</i>	122
24.	STUDY OF CUSTOMER RELATIONSHIP MANAGEMENT IN RURAL GROCERY SHOPS <i>DR. P. B. DESAI</i>	128
25.	HEALTH AND DEVELOPMENT OF HEALTH CARE IN INDIA <i>ZIBA ASL GHORBANI (PATANGIA)</i>	131
	REQUEST FOR FEEDBACK	136

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories Indexed & Listed at: [Ulrich's Periodicals Directory ©, ProQuest, U.S.A.](#), [The American Economic Association's electronic bibliography, EconLit, U.S.A.](#), [Index Copernicus Publishers Panel, Poland](#), [Open J-Gate, India](#) as well as in [Cabell's Directories of Publishing Opportunities, U.S.A.](#)

Circulated all over the world & Google has verified that scholars of more than Hundred & Fifteen countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

www.ijrcm.org.in

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

PATRON

SH. RAM BHAJAN AGGARWAL

Ex. State Minister for Home & Tourism, Government of Haryana
Vice-President, Dadri Education Society, Charkhi Dadri
President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. BHAVET

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. AMBIKA ZUTSHI

Faculty, School of Management & Marketing, Deakin University, Australia

DR. VIVEK NATRAJAN

Faculty, Lomar University, U.S.A.

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. S. P. TIWARI

Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

DR. ANIL CHANDHOK

Professor, Faculty of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Government F. G. College Chitguppa, Bidar, Karnataka

ASSOCIATE EDITORS

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Vice-Principal, Defence College of Education, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

TECHNICAL ADVISORS

AMITA

Faculty, Government H. S., Mohali

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Business Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses: infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Computer/IT/Finance/Marketing/HRM/General Management/other, please specify).

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for possible publication in your journal.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication anywhere.

I affirm that all author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if our/my manuscript is accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

2. **INTRODUCTION:** Manuscript must be in British English prepared on a standard A4 size paper setting. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of the every page.
3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in italic & 11-point Calibri Font. It must be centered underneath the title.
5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para.
6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES & TABLES:** These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. It must be single spaced, and at the end of the manuscript. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on July 05, 2011 <http://epw.in/user/viewabstract.jsp>

FACTOR INFLUENCES AND INDIVIDUAL INVESTOR BEHAVIOUR: THE STUDY OF INDIAN STOCK MARKET

B. G. SRINIVASA
RESEARCH SCHOLAR
DEPARTMENT OF ECONOMICS
GULBARGA UNIVERSITY
GULBARGA

DR. K. A. RASURE
ASSOCIATE PROFESSOR
SETH SRI TULSIRAM GILDA NRUPATHUNGA FIRST GRADE COLLEGE OF ARTS, COMMERCE, MGT. & SCIENCE
SEDAM

ABSTRACT

This study undertakes an empirical survey of the factors, which mostly influence individual investor behaviour in the Indian stock market. The results revealed by our sample of 200 respondents confirm that there seems to be a certain degree of correlation between the factors that behavioural finance theory and previous empirical evidence identify as the influencing factors for the average equity investor, and the individual behaviour of active investors in the Indian Stock Market influenced by the overall trends prevailing at the time of the survey in the BSE.

KEYWORDS

Individual investor, Behavioral Finance, Decision Making, Indian Stock Market.

INTRODUCTION

Economic theory on investment decisions treats the investment decision of the individual as a macroeconomic aggregate and the microeconomic foundations of it are drawn from intertemporal utility theory. Individuals maximize their utility based on classic wealth criteria making a choice between consumption and investment through time.

However, some empirical studies that first appeared in the 1970s focused on the individuals rather than aggregate investor profiles. At about the same time, the sub-discipline of behavioral finance evolved investigating investment choices under conditions of uncertainty. Research in Behavioral finance produced six foremost theoretical streams, i.e. Prospect Theory, Regret Aversion, Self Control, Emotions, Social Interaction and Overconfidence. Each of these research streams captured and analyzed behavioral attributes of individual investors. A Wharton appraisal contributed empirical data for the study of these research streams by examining how demographic variables influence the investment selection and portfolio composition process, and Blume and Friend (1978) provided a comprehensive study and overview of the Wharton survey results and its implications for behavioral finance. Furthermore, Cohn et al. (1975) provided tentative evidence that risk aversion decreases as the investor's wealth increases, while Riley and Chow showed that risk aversion decreases not only as wealth increases, but also as age, income and education increase. LeBaron, Farrelly and Gula (1992) added to the debate, by advocating that individuals' risk aversion is largely a function of visceral rather than rational considerations. On the other hand, Baker and Haslem (1974) contended that dividends, expected returns and the firm's financial stability are critical investment considerations for individual investors, and Baker, Haargrove and Haslem (1977) went a step further by proposing that investors behave rationally, taking into account the investment's risk/return tradeoff.

According to Kent, et al. (2001), The most common behavior that most investors do when making investment decision are (1) Investors often do not participate in all asset and security categories, (2) Individual investors exhibit loss-averse behavior, (3) Investors use past performance as an indicator of future performance in stock purchase decisions, (4) Investors trade too aggressively, (5) Investors behave on status quo, (6) Investors do not always form efficient portfolios, (7) Investors behave parallel to each other, and (8) Investors are influenced by historical high or low trading stocks.

This study examined the factors that appear to exercise the greatest influence on the individual stock investor, and included not only the factors investigated by previous studies and derived from prevailing behavioral finance theories, but also introduced additional factors generated through personal interviews that have been found to influence the stockholders' investment decisions in India. To that effect, this paper will address two questions: First, what relative importance do decision variables and especially economic decision variables have for individual

Investors making stock purchase decisions? Secondly, are there homogeneous clusters or groups of variables that form identifiable decision determinants that investors rely upon when making stock investment decisions?

JUSTIFICATION OF THE STUDY

We have selected in the year 2010, because this period is very crucial and Indian stock market investment condition is robust growth, because countries political turmoil condition viz, 2G spectrum scams, Delhi common wealth scam, etc. these political condition is merely affected stock market equity investment activities. The equity markets have gained substantially since January 2010. Since the beginning of the calendar year 2010, the Sensex gained 2,473.61 points or 14.09 per cent and Nifty 785.5 points or 15.01 per cent as on 29 October 2010, the last trading day in the month of October. Market capitalization is around 1.5 times the GDP of 2009-10 (at market prices, revised estimate [RE], and 2004-05 series) as on 29 October 2010 as against 1.3 times as on 31 March 2010. Compared to major world indices, Indian stock exchanges witnessed remarkable growth in this financial year. The rise in average daily turnover in cash as well as derivative segments also indicates improvement in sentiments..Index heavyweight Reliance Industries (RIL) rose 0.7%, with the stock gaining for the third straight day. RIL's advance tax payment reportedly surged 42.8% to Rs 1191 core in Q3 December 2010 over Q3 December 2009.

The private sector bank's advance tax payment reportedly surged 49.5% to Rs 450 crore in Q3 December 2010 over Q3 December 2009. India's gross domestic product (GDP) growth is expected to accelerate to around 9% during 2011, an increase from 7.5% in fiscal year 2009–2010, driven by vigorous domestic demand with strong consumption and investment spending. Equity flows are likely to remain strong during 2011 after a record FII inflow of USD 39 billion years-to-date in December 2010, which is around 34% of the cumulative flows for the 17-year period between 1992 and 2009.

India's high inflation refuses to go away; food inflation hit a historic high of 18.3% by December 25, 2010. In efforts to tame this inflation, the Reserve Bank of India hiked interest rates six times during 2010. The repo rate was raised from 4.8% in early 2010 to 6.3% by the end of 2010. the number of trader in stock market amount is 11,802 lakhs in the preceding year. So we will choose this year.

DATA AND METHODOLOGY

The study mainly deals with the factor influences of individual investors towards Indian stock market. The names and addresses of 200 novice shareholders were identified with the help of two major brokerage houses in India. The views are conducted in the month of January to December 2010. The analysis of the overall

status of the investors and their behavior in Indian Stock Market is based on the primary data. Questionnaires were mailed to those individual investors and 200 full responses were received, for a 36.7 percent response rate. Participants were asked to evaluate the importance of 25 variables, identified from the literature and personal interviews as potentially influencing stock investment decisions, by marking only one of three choices for every one of the 25 variables: "Act On" for the variables which were important in making their investment decisions, "Some Influence" for the variables of secondary importance in their decision making, and "No Influence" for the variables that were not at all significant in their investment decision process. The variables were ranked according to how frequently they were placed in each response category and factor analysis was used to examine how they interacted with each other. In particular, factor analysis was used to identify the similarities among the variables and moreover, group them into identifiable categories.

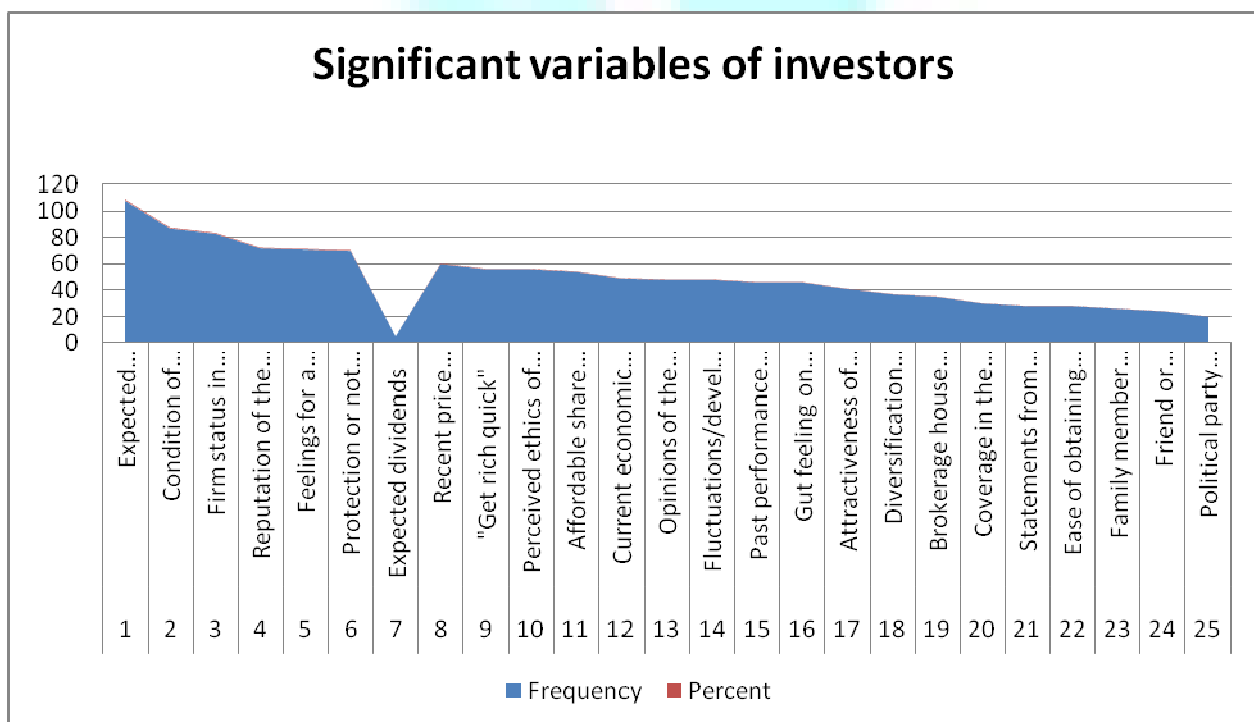
RESULTS AND DISCUSSION

This study focused exclusively on the variables that were identified by the Indian investors to significantly affect their individual investor behavior, namely the "Act on" variables. The results and frequencies of the "Act on" variables are presented in Table 1. A more complete picture however, is shown in Table 2, which presents the same data sorted according to those factors that have the least impact and influence on investor behavior ("no influence").

TABLE 1: FREQUENCY DISTRIBUTION OF VARIABLES THAT SIGNIFICANTLY INFLUENCE INVESTOR DECISIONS

Rank	Item	Frequency	Percent
1	Expected corporate earnings	108	72.0%
2	Condition of financial statements	87	58.0%
3	Firm status in industry	83	55.3%
4	Reputation of the firm	72	48.0%
5	Feelings for a firm's products & services	71	47.3%
6	Protection or not of the investor	70	46.7%
7	Expected dividends	5	3.3%
8	Recent price movements in a firm's stock	60	40.0%
9	"Get rich quick"	56	37.3%
10	Perceived ethics of firm	56	37.3%
11	Affordable share price	54	36.0%
12	Current economic indicators	49	32.7%
13	Opinions of the firm's majority stockholders	48	32.0%
14	Fluctuations/developments in the indices of the major markets	48	32.0%
15	Past performance of the firm's stock	46	30.7%
16	Gut feeling on economy	46	30.7%
17	Attractiveness of non-stock investments	41	27.3%
18	Diversification needs	37	24.7%
19	Brokerage house recommendation	35	23.3%
20	Coverage in the press	30	20.0%
21	Statements from politicians & governmental officials	28	18.7%
22	Ease of obtaining borrowed funds	28	18.7%
23	Family member opinions	26	17.3%
24	Friend or coworkers recommendations	24	16.0%
25	Political party affiliation	20	13.3%

Sources: Analysis



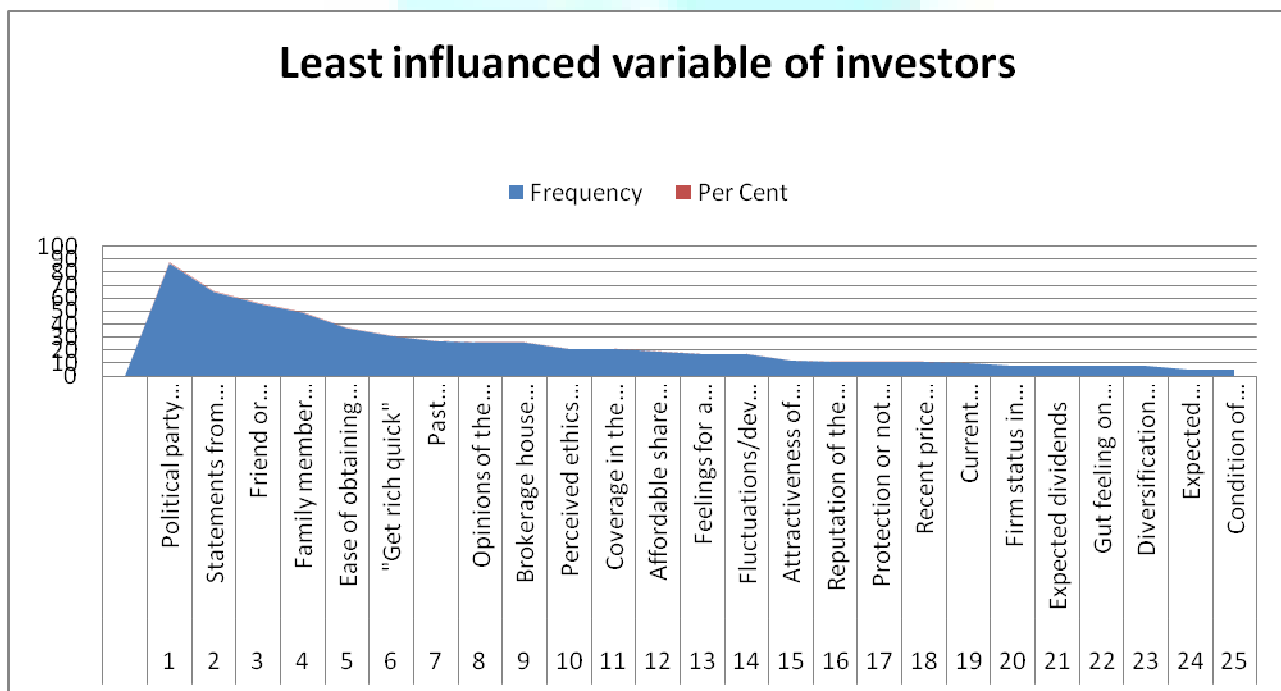
The first Table and graph is that most of the variables that were rated important are classic wealth maximization criteria such as "expected corporate earnings", "condition of financial statements", or "firm status in the industry". It was generally expected that these factors would be high on the list of criteria considered in choosing stock investments, especially given the fact that the survey was completed by experienced investors who survived even though they have been hit hard

by the “bubble burst” of the Indian stock exchange that was initialized at the end of 2010. Secondly, apart from the wealth criteria, surprisingly more than half of the respondents considered no other factor important indicating that investors truly employ diverse decision criteria when choosing stocks. Third, it appears that despite the big blow to investors from the 2010 in the month of June Indian stock market breadth was very low , speculative factors like “get rich quick”, “recent price movements in the firm’s stocks”, and “affordable share price” influenced significantly only 1/3 of the respondents. Finally, “statements from politicians and government officials”, “ease of obtaining borrowed funds” and “political party affiliation” on which the pre-2010 with reference to countries political chaos, bubble thrived on, were either totally unimportant to most experienced stock investors and only a very small percentage of them considers them significant investment decision criteria. Table 2 ranks the variables by the frequency with which respondents ignore them when making stock purchases. As mentioned earlier, experienced investors rely mostly on wealth maximization criteria and they are self-reliant ignoring inputs of family members, politicians, and coworkers when purchasing stocks.

TABLE 2: FREQUENCY DISTRIBUTION OF VARIABLES THAT LEAST INFLUENCE INVESTOR DECISIONS

Rank	Item	Frequency	Per Cent
1	Political party affiliation	87	58.0%
2	Statements from politicians & governmental officials	65	43.3%
3	Friend or coworkers recommendations	56	37.3%
4	Family member opinions	49	32.7%
5	Ease of obtaining borrowed funds	37	24.7%
6	"Get rich quick"	31	20.7%
7	Past performance of the firm’s stock	27	18.0%
8	Opinions of the firm’s majority stockholders	26	17.3%
9	Brokerage house recommendation	26	17.3%
10	Perceived ethics of firm	21	14.0%
11	Coverage in the press	21	14.0%
12	Affordable share price	19	12.7%
13	Feelings for a firm’s products & services	17	11.3%
14	Fluctuations/developments in the indices of the major markets	17	11.3%
15	Attractiveness of non-stock investments	12	8.0%
16	Reputation of the firm	11	7.3%
17	Protection or not of the investor	11	7.3%
18	Recent price movements in firm’s stock	11	7.3%
19	Current economic indicators	10	6.7%
20	Firm status in industry	8	5.3%
21	Expected dividends	8	5.3%
22	Gut feeling on economy	8	5.3%
23	Diversification needs	8	5.3%
24	Expected corporate earnings	5	3.3%
25	Condition of financial statements	5	3.3%

Sources: Analysis



Next, we analyzed the 25 variables using the *varimax* algorithm of orthogonal rotation, which is a very commonly used method of factor analysis. Evaluation of the resulting categories and rankings is highly subjective since factor analysis identifies only the homogeneous cluster groups. The “factor” categories displayed in Table 3 were found to be heavily loaded by a specific subset of the 25 variables in each particular case. The assignment of the factors was undertaken by the factor analysis. However, considerable subjective judgment and common sense was also employed to clarify discrepancies. Finally, the percentage frequencies of each set of variables were added together, and the resulting sum serves as a “weight of significance” attributed to each of the identified categories

TABLE 3: FACTORS INFLUENCING THE EQUITY SELECTION PROCESS OF INDIVIDUAL INVESTORS

LABEL	VARIABLES	Percentage
Accounting Information	Condition of financial statements	58.0%
2.55	Expected corporate earnings	72.0%
	Expected dividends	3.3%
	Firm and Industry	55.53
	Affordable Share Price	36.00
	Past performance of stock	30.7%
Subjective/Personal	Get rich quick	37.3%
2.13	Feelings for a firm's products & services	47.3%
	Protection or not of the investor	46.7%
	Gut feeling on the economy	30.7%
	Perceived ethics of firm	37.3%
	Political party affiliation	13.3%
Neutral Information	Coverage in the press	20.0%
2.10	Recent price movements in a firm's stock	40.0%
	Statements from politicians & governmental officials	18.7%
	Fluctuations/developments in the indices of the major markets	32.0%
	Current economic indicators	32.7%
	Reputation of the firm	48.0%
Advocate Recommendation	Brokerage house recommendation	23.3%
0.89	Family member opinions	17.3%
	Friends or coworkers recommendations	16.0%
	Opinions of the firm's majority stockholders	32.0%
Personal Financial Needs	Diversification needs	24.7%
0.71	Attractiveness of non-stock investments	27.3%
	Ease of obtaining borrowed funds	18.7%

Sources: Analysis

Formerly, it is safe to assume that the data obtained are indeed closely correlated with the individual behavior of active investors in the Bombay Stock Exchange (BSE). The factor category displaying the highest significance is "Accounting Information" with a weight of 2.55. This was expected since, as mentioned earlier, the vast majority of the study's respondents were experienced stockholders. This result also indicates that skilled investors rely and emphasize rational decision making criteria, assigning a high value to this particular set of variables.

The next factor category with the highest loading was surprisingly, the criteria category of "Subjective/Personal" with a weight of 2.13. One can see clearly that the participant's responses reflect the overall elation that prevails in the investor community in India, more than ever during the bull market period of pre-2009-2010. Particularly not worth mentioning and telling is the fact that 36.37 percent of the respondents considered their desire to "get rich quick" as an "Act on" influence factor. The factor category of "Neutral Information" received a weight of 2.10. Rationally speaking, the set of variables contained in this category are thought to constitute valuable information for a prospective investor. It is noteworthy that this category is ranked below the "Subjective/Personal" one, and this may be due to the lack of widespread knowledgeable information about a particular investment alternative, along with the resulting herd-behavior during the bull pre-2009 years, that contributed to the relative neglect of consideration of significant traditional variables. Finally, the last two categories of "Advocate Recommendation" and "Personal Financial Needs" received weights of 0.89 and 0.71 respectively. This fact shows that equity investors in the Bombay Stock Exchange consider themselves quite independent of any influences outside

Their own personal feelings, although it is quite a mystery just how the investors' own subjective judgments were formed. Nevertheless, the average investor fancies himself or herself free of any direct influence, and shows a puzzling total disregard for matters concerning their personal financial needs.

CONCLUSION

This study tested the doctrine of the behavioral finance theory on the factors that influence investment choices under conditions of uncertainty. The analysis performed on the data collected appears to give a fairly accurate view of the average equity investor in the Bombay Stock Exchange (BSE). Experienced and knowledgeable investors would readily admit that the structure and relative weights of the chosen categories reflect on the average, a still unsophisticated and immature investor profile. The results revealed by our sample of 200 respondents confirm that there seems to be a certain degree of correlation between the factors that behavioral finance theory and previous empirical evidence identify as the influencing factors for the average equity investor, and the individual behavior of active investors in the Bombay Stock Exchange (BSE) influenced by the overall trends prevailing at the time of the survey in the BSE

LIMITATIONS OF THE STUDY

1. Sample size is limited to 200 novice individual investors in the Indian stock market. The sample size may not adequately represent the inter sample size may not adequately represent the international market.
2. The simple sampling techniques are due to time and financial constraints.
3. This study has not been conducted over an extended period of time having both ups and downs of stock market conditions which a significant factor influence on investor's of various factors.
4. This study considered only BSE experienced investors.

SUGGESTIONS FOR FUTURE RESEARCH

This study examined the factors that appear to exercise the greatest influence on the individual stock investor, and included not only the factors investigated by preceding studies and derived from prevailing behavioral finance theories, but also introduced additional factors generated through personal interviews that have been found to influence the stockholders' investment decisions in India. Future research should attempt to authenticate the two questions that this paper addressed: First, what relative importance do decision variables and especially economic decision variables have for individual investors making stock purchase decisions? Secondly, are there homogeneous clusters or groups of variables that form identifiable decision determinants that investors rely upon when making stock investment decisions? Cross national data collected from random samples of individual stock investors with substantial holdings should attempt to validate this study's conclusions that individuals base their stock purchase decisions on economic priority criteria combined with many other diverse variables in its place of merely relying on a single integrated approach

REFERENCES

Baker, H.K., and J.A. Haslem, "Toward the Development of Client-Specified Valuation Models," *Journal of Finance*, Vol. 29, No. 4, pp. 1255-1263, 1974.

- Baker, H.K., M.B. Hargrove, and J.A. Haslem, "An Empirical Analysis of the Risk Return Preferences of Individual Investors," *Journal of Financial and Quantitative Analysis*, Vol. 12, No. 3, pp. 377-389, 1977.
- Benningan, S., *Financial Modeling*, MIT Press, Cambridge, MA, 1997.
- Blume, M.E., and I. Friend. "The Changing Role of the Individual Investor", John Wiley & Sons, New York, New York, 1978.
- Brock, W., J. Lakonishok, and B. LeBaron, "Simple Technical Trading Rules and the Stochastic Properties of Stock Returns," *Journal of Finance*, Vol. 47, No. 5, pp. 1731-64, 1992.
- Bak, P., M. Paczuski, and M. Shubik. 1997. Price variations in a stock market with many agents. *Physica A: Statistical and Theoretical Physics* 246 (3-4):430-453.
- Barber, Brad M., Chip Heath, and Terrance Odean. 2003. Good Reasons Sell: Reason-Based Choice Among Group and Individual Investors in the Stock Market. *Management Science* 49(12):1636-1652.
- Chen, N.F., "Some Empirical Tests of the Theory of Arbitrage Pricing," *Journal of Finance*, Vol. 38, No. 5, pp. 1393-1414, 1983
- Cohn, R.A., W.G. Lewellen, R.C. Lease and G.G. Schlarbaum, "Individual Investor Risk Aversion and Investment Portfolio Composition," *Journal of Finance*, Vol. 30, No. 2, pp. 605-620, 1975.
- Ezlika Ghazali and Md.Nor Othman, (2001), "Investment Behaviour of Active and Passive Investors:A Comparative Study of Kuala Lumpur Stock Exchange Individual Investors", *Proceedings of the Asia Pacific Management Conference*, 607-622, pg. 7, 8, 11, 12.
- Goodwin, H.T., *Active Portfolio Management*. Richard D. Irwin, Chicago, Illinois, 1995.
- Granger, G.W., "Investigating causal relationships by econometric methods and cross-spectral methods," *Econometrica*, Vol. 37, No. 3, pp. 424-38, 1969.
- Grinold, R.C., "The Fundamental Law of Active Management," *Journal of Portfolio Management*, Vol. 15, No.3, pp. 30-37, 1989.
- Kent D., Hirshleifer., and Siew Hong Teoh. (2001). Investor psychology in capital markets: evidence and policy implications, *Journal of Monetary Economics*, 49(1), 139-209.
- Kent, D., Hirshleifer, D. and Subrahmanyam, A., (2001). Overconfidence, Arbitrage, and Equilibrium asset pricing. *Journal of Finance* 56., 921-965
- Odean, Terrance, 1998a, Are investors reluctant to realize their losses? *Journal of Finance*, 53, 1775-1798.
- Odean, Terrance, 1998b, Volume, volatility, price and profit when all trades are above Average, *Journal of Finance*, 53, 1887-1934.
- Odean, Terrance, 1999, Do investors trade too much?, forthcoming *American Economic Reviews*
- Rajarajan V (2000), "Investor's Lifestyles and Investment Characteristics", *Finance India*, Vol. XIV, No. 2, pp 465-478.
- Rajarajan, V., "investor's Life styles and Investments Characteristics" *Finance India*, June, Vol. XIV No.2(2000), pp 465-478
- Yates, J. Frank, 1990, Judgment and Decision Making, (Prentice Hall, Englewood Cliffs, New Jersey).

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator