

A Study on Different Strategies Impacting Investment Decision in Indian Financial Market

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ARTICLE DETAILS

Article History

Published Online: 15 December 2021

Keywords

Investment; strategies; Funds; utilization; Over the counter

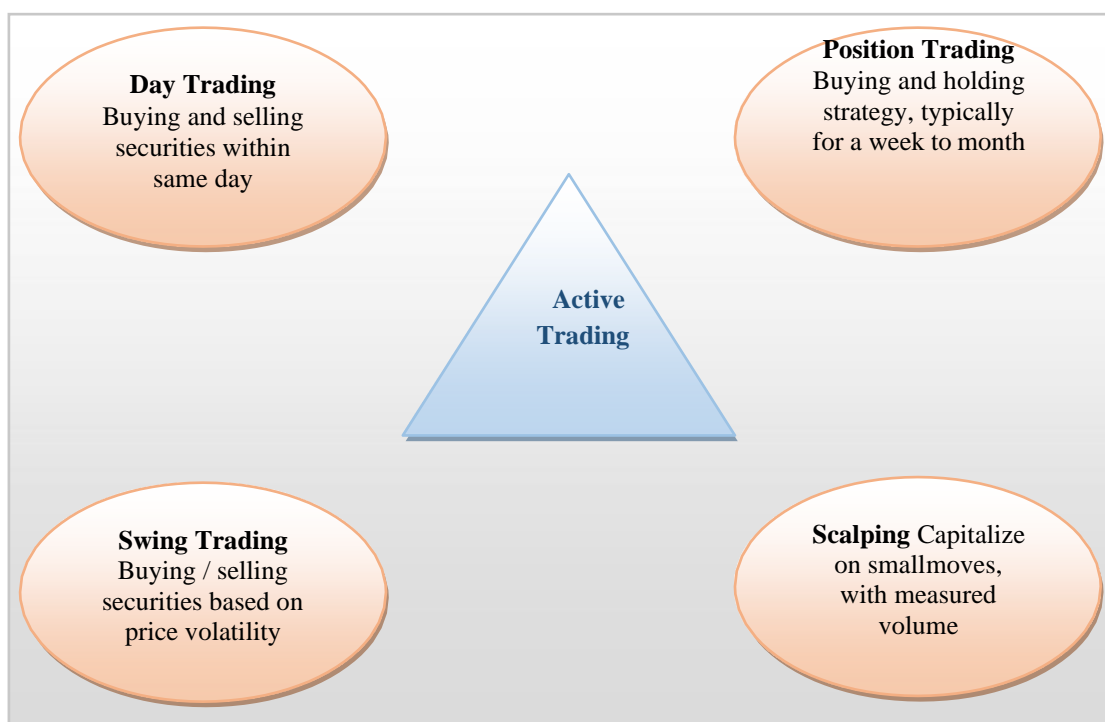
ABSTRACT

An investment is a purchase made with the intention of earning money or increase in the value. The term "appreciation" refers to a rise in the value of an object through time. When someone purchases something as an investment, the objective is to use it to build future wealth, not to consume it. Optimum utilization of funds, in order to maximize organization as well as stakeholders' wealth is the principal objective behind any investment decision. Such decisions are very crucial for any organization / shareholders, as it involves substantial capital utilization. The stock market is a marketplace for buying, selling, and issuing shares of publicly traded corporations. Transactions are carried out on regulated over-the-counter (OTC) marketplaces or on established formal exchanges (physical or electronic).

1. Introduction

The Securities Exchange Board of India (SEBI) supervises the stock market in India. SEBI has mandated numerous rules and regulations for regulating trade of share / securities by investors on a daily basis. Investors utilize numerous techniques for investments in stock markets. Investors are mainly categorized as active investors and

passive investors. Active investors utilize four common active trading strategies are Day trading, Position trading, Swing trading and Scalping. On the other hand, passive investors adopt an investment strategy of maximizing returns through minimal buying / selling of securities, over a long-term investment horizon. Active trading strategies are briefly summarized as:



2. Literature Review

Brian C. Rezny, CFP President of Rezny Wealth Management, Ltd.: According to this analysis, there are a few commonplace location errors made by purchasers when making finance decisions. The researcher mentioned funding fallacies, a lack of competence, and the investor's greed as examples of commonplace blunders. Buyers are typically tempted by free or smooth money, free incentives, chasing returns, critical obvious feelings (anxiety and greed), schemes that can get you rich quickly, and other useful financing offers, according to the researcher. The researcher also mentions the commonplace location inaccuracies. They take Mr Broker's advice into consideration.

The key to a success funding isn't always to keep away from chance altogether, however to take the proper risks, do now no longer be so dazzled through am funding or stock's statistical statistics which you do now no longer nicely examine or apprehend its value. Before one invests , one should ask themselves if they do possess the time and knowledge to commit to this on their own; no Investment Strategy means no money management; and Financial Disaster; an investor wants to remember the tax consequences of their investments, but don't let the tail wag the dog; these are a few wonderful mistakes or errors discovered by the researcher.

Sebastian Muller and Martin Weber, (2010): were able to assess monetary literacy. To assess the impact of monetary literacy, researchers asked positive questions. The relationship between human monetary behaviour and monetary education has been investigated.

The findings suggest that monetary literacy isn't always linked to the overall success of the actively managed price range that the participants had chosen. Less informed fund clients specially pick out conventional distribution channels, implying that they are searching for help from a monetary consultant who has an incentive to advise actively controlled price range. In contrast, fund clients with a better diploma of monetary know-how accept as true with that they have got a few fund choice ability, greater frequently pick out their price range independently, and depend greater on net channels, hence averting income commissions.

Fabian Niebling, Steffen Meyer, and Andreas Hackethal: This research focuses on mutual fund shopping selections, smart financing decision-making, and family finances. Investors that make wise investments are typically older, better experienced, wealthier, and less overconfident. It focuses on determining whether or not new financing flows predict high future overall performance. High beyond overall performance induces excessive new glide however now no longer all new glide is going to those price range. Investors who act clever and buy mutual price range through chasing ancient overall performance have greater normal funding success. The buyers are divided in to 3 types: certified buyers, buyers in trendy and distinctive price range. The techniques consist in arranging portfolios of to be had price range with lengthy positions handiest. Besides the fund ownership, any other fund class has been included, fund of price range which might be known as

FICs in Brazil. Their arrangement of reasonableness value range are assembled with regards to finance at each month like one financial backer (the FIC) is the main owner of the portfolio. All of the portfolio's distinctive properties are disregarded, because the only practical relevant measurements are the pay and acquisition of decency value range. This article is proof of the Smart Money Effect in Brazil. The proof is placed handiest in price range for certified buyers that are in reality greater state-of-the-art than regular buyers, which verify the bring about Niebling et alli. Shockingly, assuming one follows the asset ventures of the value range, its chance changed generally execution may be horrendous and critical.

Warren Bailey, Alok Kumar, and David, (2010): Individual purchasers have demonstrated that social components influence the determinations of individual purchasers to keep individual offers in inclination to shared value range, which incorporates passive index price range. Therefore buyers with better income, quite better academic stage and more funding enjoy are much more likely to apply mutual price range and advantage from their alternatives. On the opposite hand, buyers with robust behavioural biases have a tendency to gravitate in the direction of person shares and keep away from low rate index price range. Factor evaluation indicates that one-sided purchasers every now and again consent to generalizations that might be described as "gambler", "clever", "overconfident", "narrow-framer", and "mature". Using hundreds of brokerage money owed of U.S. person buyers, we've got proven that behaviour al elements affect the selections of person buyers to keep person shares in preference to mutual price range, which includes passive index price range. When they do invest in mutual funds, they have a tendency to choose high-yielding funds, switch funds frequently, avoid index funds, and time their buys and sales badly, negatively impacting the overall performance of their portfolio. (Warren Bailey, 2010). Some buyers appear to make powerful decisions that boost the overall success of their portfolios, while others do not. At the time of fund selection, mutual fund buyers rely on broker-provided statistics and delegated decision-making.

3. Research Methodology

Introduction Research methodology is a method for solving an issue in a systematic way. It refers to a set of procedures or techniques for locating, selecting, and analysing data related to a specific issue. When writing a report, research methodology is critical. It can assist the reader in determining the report's legitimacy and reliability.

Research Process The method through which data is gathered is referred to as the research process. Observational data, experimental data, simulation data, and derived data are the four major types of data. Every procedure has advantages and disadvantages. The data is obtained using the observational approach, as the name implies, by witnessing a specific activity or behaviour of people. There is direct connection between the researcher and the study subjects in the experimental approach. Simulators based on the real world are created using computers under the Simulation approach. In the Derived approach, data is gathered from a variety of

sources and processed to arrive at a conclusion. The process of Derived Data was used to create this report.

Types of research During the research, there were three different methodologies used:

Exploratory: It is a well-known scientific procedure in which the researcher must experiment with numerous facts using the trial-and-error method. When the researcher doesn't have a firm grasp on the problem, the exploratory technique comes in handy. When a corporation is embarking on a new initiative or undertaking a project for the first time, an exploratory study design may be beneficial.

Descriptive: A descriptive study is one that focuses on characterising the features of a certain person or group of people. It calculates the population proportion and the relationship between various variables.

Experimental: The researcher uses an experimental study design to examine the hypothesis of a causal relationship between variables. In these research, one variable is modified or controlled, and the effect of that variable on another variable is subsequently examined. This form of research design aids in the reduction of bias and the improvement of reliability.

Research's Objectives: The purpose of research is to employ scientific techniques to find answers to problems. The primary goal of research is to find the truth that has been hidden and that still needs to be unearthed. Despite the fact that each research project has its own unique goal, the research objectives can be classified into several broad categories:

- To become acquainted with a phenomenon or to obtain new insights into it. Exploratory or formulative research investigations are defined as studies with this objective in mind.
- To reflect the characteristics of a particular individual, circumstance, or group of people accurately. Descriptive research investigations are those that take this object into account.
- To figure out how often something happens or how it's linked to somewhat other thing. Diagnostic research studies are the one which emphasis on this thing.

If there is a chance that two variables are related. Hypothesis-testing research studies are the name for these kinds of studies.

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Sampling Design

Sample Size: - The sample consists of 50 investors involved in trading of securities, either on a part time or a full-time basis.

Sample Characteristics: -

1. List of traders were within our social circle, hence easily accessible.
2. The sample size is very cost efficient and saves a lot of time.
3. Reviews from such set of traders is very easy to obtain.

4. Finding and Observations

We can infer that majority of respondents involved in stock market belong to young people. i.e. 40% of the pie /sample space. To conclude, we can infer that most of the people involved in stock market are active traders. i.e. is 44% of the sample space. To conclude we can say that most of respondents use day trading strategy. i.e. 44% of the sample space. To conclude we can say that mixed analysis is mostly accepted. i.e. 48% of the sample space. To conclude we can say that most of respondents have invested b/w rs 2.5 lac- rs 5 lac. i.e. 32% of the sample space. To conclude we can say that most of respondents expects 11%- 15% return p.a from stock market i.e. is 40% of the sample space. To conclude we can say that most of respondents invest in large cap then others i.e. is 54% of the sample space. To conclude, we can say that most of respondents are familiar with new norms of sebi i.e. 68% of the sample space.

5. Conclusion

At the tip of survey, we've got observed that almost all of individuals are actively trade markets, among them most of them prefer day trading, and most of them have invested capital b/w rs 2.5 lac- 5 lac, and that they usually expect 11%- 15% return p.a, they're tend to use mixed analysis instead of the opposite too. They are cognizant about the changes in norms and also the environment which effects their trading style. Those who have more experience in market are those who can consistently make money and that they are interested in investing in large caps than others.