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**A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR  
OF INFORMATION TECHNOLOGY PROFESSIONALS WITH RESPECT TO  
COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE**

A PROJECT REPORT

Submitted by

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**Reg. No. 0820400030**

In partial fulfilment of the requirements  
for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

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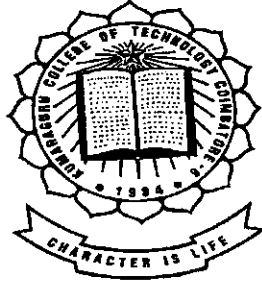
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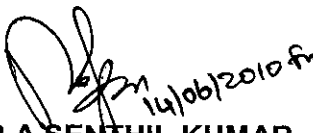
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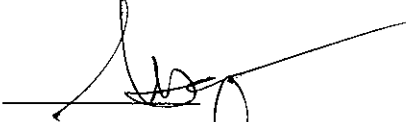
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Evaluated and viva-voce conducted on .....14.06.2010.....

  
**Examiner I**

  
**Examiner II**



## DECLARATION

I hereby state that the dissertation report entitled “**A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR OF INFORMATION TECHNOLOGY PROFESSIONALS WITH RESPECT TO COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE**” submitted in partial fulfillment for the award of **MASTER OF BUSINESS ADMINISTRATION** to the Anna University, is a record of independent research work carried out by me under the guidance of **Mr.A.SENTHIL KUMAR**, Senior Lecturer, Department of Management Studies, Kumaraguru College Of Technology, Coimbatore. I also declare that this dissertation report is result of my own effort and has not been submitted earlier for the award of any other Degree / Diploma / Associate ship and prize by Anna University or any other university.

Place: Coimbatore

Date: 14 - 06 - 2010



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## **EXECUTIVE SUMMARY**

Stock markets are highly volatile and risky. The number of stock broking service providers is increasing day by day. But the number of professionals investing from information technology field is comparably lesser than other professionals in Coimbatore. The study had been conducted among 242 Information Technology Professionals working in Mountain Mist Campus of Cognizant Technology Solutions, Coimbatore. In this study, the awareness about capital market and the investment behavior of the IT Professionals has been understood. The IT Professionals were aware about trading in the capital market. It is understood that the Information Technology Professionals require technical assistance/guidance for risky investments. Hence efforts can be initiated to educate them about investment literature, through the conduct of frequent investor awareness camps. This could be an apt time for the stock broking service providers to tap the market by adopting penetrative strategies.

## TABLE OF CONTENTS

Chapter	Contents	Page No.
	<b>ACKNOWLEDGEMENT</b>	iv
	<b>EXECUTIVE SUMMARY</b>	v
	<b>LIST OF TABLES</b>	viii
<b>1</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>1.1</b>	<b>Background of the Study</b>	<b>5</b>
<b>1.2</b>	<b>Review of Literature</b>	<b>6</b>
<b>1.3</b>	<b>Statement of the Problem</b>	<b>11</b>
<b>1.4</b>	<b>Objectives of the Study</b>	<b>11</b>
<b>1.5</b>	<b>Hypotheses Framed</b>	<b>12</b>
<b>1.6</b>	<b>Scope of the Study</b>	<b>13</b>
<b>1.7</b>	<b>Methodology</b>	<b>13</b>
<b>1.7.1</b>	<b>Type of Study</b>	<b>13</b>
<b>1.7.2</b>	<b>Sample Design</b>	<b>13</b>
<b>1.7.3</b>	<b>Method of Data Collection</b>	<b>14</b>
<b>1.7.4</b>	<b>Tools used of Analysis</b>	<b>14</b>
<b>1.8</b>	<b>Limitations of the study</b>	<b>15</b>
<b>2</b>	<b>ORGANISATION PROFILE</b>	<b>16</b>
<b>2.1</b>	<b>History of the Organisation</b>	<b>16</b>
<b>2.2</b>	<b>Management team</b>	<b>18</b>
<b>2.3</b>	<b>Organisation Structure</b>	<b>19</b>
<b>2.4</b>	<b>Products &amp; Services</b>	<b>20</b>
<b>3</b>	<b>MACRO - MICRO ANALYSIS</b>	<b>25</b>

<b>Chapter</b>	<b>Contents</b>	<b>Page No.</b>
<b>4</b>	<b>DATA ANALYSIS &amp; INTERPRETATION</b>	<b>34</b>
<b>5</b>	<b>CONCLUSIONS</b>	<b>90</b>
<b>5.1</b>	<b>Findings</b>	<b>90</b>
<b>5.2</b>	<b>Suggestions</b>	<b>93</b>
<b>5.3</b>	<b>Conclusion</b>	<b>94</b>
	<b>ANNEXURE – I</b>	<b>95</b>
	<b>Questionnaire before Pilot Study</b>	<b>95</b>
	<b>ANNEXURE – II</b>	<b>106</b>
	<b>Questionnaire after Pilot Study</b>	<b>106</b>
	<b>BIBLIOGRAPHY</b>	<b>117</b>



## LIST OF TABLES

<b>Table. No</b>	<b>Title</b>	<b>Page No</b>
<b>4.1</b>	<b>TYPES OF RESPONDENTS</b>	<b>34</b>
<b>4.2</b>	<b>GENDER OF THE RESPONDENTS</b>	<b>35</b>
<b>4.3</b>	<b>AGE OF THE RESPONDENTS</b>	<b>37</b>
<b>4.4</b>	<b>EDUCATIONAL QUALIFICATION OF THE RESPONDENTS</b>	<b>39</b>
<b>4.5</b>	<b>MARITAL STATUS OF THE RESPONDENTS</b>	<b>42</b>
<b>4.6</b>	<b>RESIDENTIAL AREA OF THE RESPONDENTS</b>	<b>44</b>
<b>4.7</b>	<b>INCOME OF THE RESPONDENTS</b>	<b>46</b>
<b>4.8</b>	<b>PERCENTAGE OF SAVINGS OF THE RESPONDENTS</b>	<b>48</b>
<b>4.9</b>	<b>RISK CAPACITY OF THE RESPONDENTS</b>	<b>50</b>
<b>4.10</b>	<b>AWARENESS AMONG THE NON INVESTORS</b>	<b>52</b>
<b>4.11</b>	<b>INTERESTED TO INVEST IN FUTURE AMONG NON INVESTORS</b>	<b>53</b>
<b>4.12</b>	<b>SATISFACTION LEVEL AMONG THE INVESTORS IN CAPITAL MARKET WITH THEIR STOCK BROKINGSERVICE PROVIDER</b>	<b>55</b>
<b>4.13</b>	<b>HOW INVESTORS COME TO KNOW ABOUT CAPITAL MARKET TRADING</b>	<b>56</b>
<b>4.14</b>	<b>METHOD OF TRADING INVESTORS INVOLVED</b>	<b>57</b>
<b>4.15</b>	<b>TYPE OF TRADING INVESTORS INVOLVED</b>	<b>58</b>
<b>4.16</b>	<b>INVESTOR'S INVOLVEMENT IN SHORT SELLING</b>	<b>59</b>
<b>4.17</b>	<b>TRADING FREQUENCY OF THE INVESTORS</b>	<b>60</b>
<b>4.18</b>	<b>INVESTOR'S INVESTMENT IN INITIAL PUBLIC OFFERINGS</b>	<b>61</b>

<b>Table. No</b>	<b>Title</b>	<b>Page No</b>
<b>4.19</b>	<b>INVESTMENT VALUATION OF THE INVESTORS</b>	<b>62</b>
<b>4.20</b>	<b>IMPORTANCE OF FINANCIAL RATIOS AND CHARACTERISTIC OF THE FIRM WHILE MAKING INVESTMENTS BY INVESTORS</b>	<b>63</b>
<b>4.21</b>	<b>RESEARCH REPORTS PROVIDED BY THE STOCK BROKING SERVICE PROVIDER TO THE INVESTORS</b>	<b>65</b>
<b>4.22</b>	<b>HOW INVESTORS COME TO KNOW ABOUT CAPITAL MARKET NEWS</b>	<b>66</b>
<b>4.23</b>	<b>IMPORTANCE OF COPPORATE EVENTS WHILE MAKING INVESTMENTS BY INVESTORS</b>	<b>68</b>
<b>4.24</b>	<b>INVESTOR'S RECOMMENDATION TO OTHERS TOWARDS INVESTMENT</b>	<b>71</b>
<b>4.25</b>	<b>RANK ANALYSIS FOR THE FIXED INCOME SAVINGS OPTION GIVEN BY NON INVESTOR RESPONDENTS</b>	<b>72</b>
<b>4.26</b>	<b>RANK ANALYSIS FOR THE VARIABLE INCOME SAVINGS OPTION GIVEN BY NON INVESTOR RESPONDENTS</b>	<b>73</b>
<b>4.27</b>	<b>RANK ANALYSIS FOR THE OTHER SAVINGS OPTION GIVEN BY NON INVESTOR RESPONDENTS</b>	<b>74</b>
<b>4.28</b>	<b>RANK ANALYSIS FOR THE FIXED INCOME SAVINGS OPTION GIVEN BY INVESTOR RESPONDENTS</b>	<b>75</b>
<b>4.29</b>	<b>RANK ANALYSIS FOR THE VARIABLE INCOME SAVINGS OPTION GIVEN BY INVESTOR RESPONDENTS</b>	<b>76</b>
<b>4.30</b>	<b>RANK ANALYSIS FOR THE OTHER SAVINGS OPTION GIVEN BY INVESTOR</b>	<b>77</b>

<b>Table. No</b>	<b>Title</b>	<b>Page No</b>
	<b>RESPONDENTS</b>	
<b>4.31 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN GENDER OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>78</b>
<b>4.31 b</b>	<b>TEST SUMMARY</b>	<b>79</b>
<b>4.32 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN GENDER OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>80</b>
<b>4.32 b</b>	<b>TEST SUMMARY</b>	<b>81</b>
<b>4.33 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN MONTHLY INCOME OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>82</b>
<b>4.33 b</b>	<b>TEST SUMMARY</b>	<b>83</b>
<b>4.34 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN MONTHLY INCOME OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>84</b>
<b>4.34 b</b>	<b>TEST SUMMARY</b>	<b>85</b>
<b>4.35 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN MARITAL STATUS OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>86</b>
<b>4.35 b</b>	<b>TEST SUMMARY</b>	<b>87</b>
<b>4.36 a</b>	<b>CHI - SQUARE ANALYSIS BETWEEN MARITAL STATUS OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY</b>	<b>88</b>
<b>4.36 b</b>	<b>TEST SUMMARY</b>	<b>89</b>

## CHAPTER 1

### 1. INTRODUCTION

A **stock market** or **equity market** is a public market (a loose network of economic transactions, not a physical facility or discrete entity) for the trading of company stock and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately.

The size of the world stock market was estimated at about \$36.6 trillion US at the beginning of October 2008. The *total* world derivatives market has been estimated at about \$791 trillion face or nominal value, 11 times the size of the entire world economy. The value of the derivatives market, because it is stated in terms of *notional values*, cannot be directly compared to a stock or a fixed income security, which traditionally refers to an actual value. Moreover, the vast majority of derivatives 'cancel' each other out (i.e., a derivative 'bet' on an event occurring is offset by a comparable derivative 'bet' on the event *not* occurring). Many such relatively illiquid securities are valued as marked to model, rather than an actual market price.

The stocks are listed and traded on stock exchanges which are entities of a corporation or mutual organization specialized in the business of bringing buyers and sellers of the organizations to a listing of stocks and securities together. The stock market in the United States is NYSE while in Canada, it is the Toronto Stock Exchange. Major European examples of stock exchanges include the London Stock Exchange, Paris Bourse, and the Deutsche Börse. Asian examples include the Tokyo Stock Exchange, the Hong Kong Stock Exchange, the Bombay Stock Exchange and the Karachi Stock Exchange. In Latin America, there are such exchanges as the BM&F Bovespa and the BMV.

## **MARKET PARTICIPANTS**

A few decades ago, worldwide, buyers and sellers were individual investors, such as wealthy businessmen, with long family histories (and emotional ties) to particular corporations. Over time, markets have become more "institutionalized"; buyers and sellers are largely institutions (e.g., pension funds, insurance companies, mutual funds, index funds, exchange-traded funds, hedge funds, investor groups, banks and various other financial institutions). The rise of the institutional investor has brought with it some improvements in market operations. Thus, the government was responsible for "fixed" (and exorbitant) fees being markedly reduced for the 'small' investor, but only after the large institutions had managed to break the brokers' solid front on fees. (They then went to 'negotiated' fees, but only for large institutions. However, corporate governance (at least in the West) has been very much adversely affected by the rise of (largely 'absentee') institutional 'owners'.

## **THE STOCK MARKET, INDIVIDUAL INVESTORS, AND FINANCIAL RISK**

Riskier long-term saving requires that an individual possess the ability to manage the associated increased risks. Stock prices fluctuate widely, in marked contrast to the stability of (government insured) bank deposits or bonds. This is something that could affect not only the individual investor or household, but also the economy on a large scale. The following deals with some of the risks of the financial sector in general and the stock market in particular. This is certainly more important now that so many newcomers have entered the stock market, or have acquired other 'risky' investments (such as 'investment' property, i.e., real estate and collectables).

## THE BEHAVIOR OF THE STOCK MARKET

Investors may 'temporarily' move financial prices away from their long term aggregate price 'trends'. (Positive or up trends are referred to as bull markets; negative or down trends are referred to as bear markets.) Over-reactions may occur—so that excessive optimism (euphoria) may drive prices unduly high or excessive pessimism may drive prices unduly low. Economists continue to debate whether financial markets are 'generally' efficient.

According to one interpretation of the efficient-market hypothesis (EMH), only changes in fundamental factors, such as the outlook for margins, profits or dividends, ought to affect share prices beyond the short term, where random 'noise' in the system may prevail. (But this largely theoretic academic viewpoint—known as 'hard' EMH—also predicts that little or no trading should take place, contrary to fact, since prices are already at or near equilibrium, *having priced in all public knowledge*.) The 'hard' efficient-market hypothesis is sorely tested by such events as the stock market crash in 1987, when the Dow Jones index plummeted 22.6 percent—the largest-ever one-day fall in the United States. This event demonstrated that share prices can fall dramatically even though, to this day, it is impossible to fix a generally agreed upon definite cause: a thorough search failed to detect *any* 'reasonable' development that might have accounted for the crash. (But note that such events are predicted to occur strictly by chance, although very rarely.) It seems also to be the case more generally that many price movements (beyond that which are predicted to occur 'randomly') are *not* occasioned by new information; a study of the fifty largest one-day share price movements in the United States in the post-war period seems to confirm this.

However, a 'soft' EMH has emerged which does not require that prices remain at or near equilibrium, but only that market participants not be able to *systematically* profit from any momentary market 'inefficiencies'. Moreover, while EMH predicts that all price movement (in the absence of change in fundamental information) is random (i.e., non-trending), many studies have

shown a marked tendency for the stock market to trend over time periods of weeks or longer. Various explanations for such large and apparently non-random price movements have been promulgated. For instance, some research has shown that changes in estimated risk, and the use of certain strategies, such as stop-loss limits and Value at Risk limits, *theoretically could* cause financial markets to overreact. But the best explanation seems to be that the distribution of stock market prices is non-Gaussian (in which case EMH, in any of its current forms, would not be strictly applicable).

Other research has shown that psychological factors may result in *exaggerated* (statistically anomalous) stock price movements (contrary to EMH which assumes such behaviors 'cancel out'). Psychological research has demonstrated that people are predisposed to 'seeing' patterns, and often will perceive a pattern in what is, in fact, just *noise*. (Something like seeing familiar shapes in *clouds* or *ink blots*.) In the present context this means that a succession of good news items about a company may lead investors to overreact positively (unjustifiably driving the price up). A period of good returns also boosts the investor's self-confidence, reducing his (psychological) risk threshold.

Another phenomenon—also from psychology—that works against an objective assessment is *group thinking*. As social animals, it is not easy to stick to an opinion that differs markedly from that of a majority of the group. An example with which one may be familiar is the reluctance to enter a restaurant that is empty; people generally prefer to have their opinion validated by those of others in the group.

In normal times the market behaves like a game of roulette; the probabilities are known and largely independent of the investment decisions of the different players. In times of market stress, however, the game becomes more like poker (herding behavior takes over). The players now must give heavy weight to the psychology of other investors and how they are likely to react psychologically.

The stock market, as with any other business, is quite unforgiving of amateurs. Inexperienced investors rarely get the assistance and support they need. In the period running up to the 1987 crash, less than 1 percent of the analyst's recommendations had been to sell (and even during the 2000 - 2002 bear market, the average did not rise above 5%). In the run up to 2000, the media amplified the general euphoria, with reports of rapidly rising share prices and the notion that large sums of money could be quickly earned in the so-called new economy stock market. (And later amplified the gloom which descended during the 2000 - 2002 bear market, so that by summer of 2002, predictions of a DOW average below 5000 were quite common.)

## **1.1 BACKGROUND OF THE STUDY**

Stock market is highly volatile and risky. But still the number of stock broking service providers is increasing day by day. The persons involved in capital market trading also increasing day by day. But IT Professionals investing and non investing proposition is comparably low than other professional's proposition. Since, the IT Professionals have not much ability to calculate risk and return by themselves than other professionals. The study gives an insight about the factors or reasons which resist them for not investing in capital market.



## 1.2 REVIEW OF LITERATURE

Dimitrios I. Maditinos, Zeljko Šević and Nikolaos G. Theriou<sup>1</sup> conducted a study and the results indicate that ININ rely more on newspapers/media and noise in the market when making their investment decisions, while professional investors rely more on fundamental and technical analysis and less on portfolio analysis. The investment horizon seems to have a direct association with the relative importance of the techniques that professionals use for stock analysis. Also, the use of specific techniques seems to have a different impact on the performance of professionals.

Christian Weitert<sup>2</sup> developed a model incorporating discrete and continuous interrelations, building upon previous work in the field of behavioral finance and artificial stock markets, a model incorporating discrete and continuous interrelations is developed. Three different investor types are modeled as individual agents: fundamental analysts, technical analysts and noise traders. They differ in their intrinsic pricing mechanism and represent trading strategies that are observed in financial markets. The developed structure is able to reproduce the formation of speculative bubbles and other stochastic anomalies that are characteristic for financial time series.

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<sup>1</sup> Dimitrios I. Maditinos, Zeljko Šević, Nikolaos G. Theriou, "Investors' behaviour in the Athens Stock Exchange (ASE)", Vol. 24 No.1, 2007 pg. 32-50

<sup>2</sup> Christian Weitert, "Analysis of Investor Behavior in an Artificial Stock Market" Industrieseminar, Mannheim University Schloss, D-68131 Mannheim, Germany

Syed Tabassum Sultana<sup>3</sup> conducted a study and implied that Indian investor today have to endure a sluggish economy, the steep market declines prompted by deteriorating revenues, alarming reports of scandals ranging from illegal corporate accounting practices like that of Satyam to insider trading to make investment decisions. Stock market's performance is not simply the result of intelligible characteristics but also due to the emotions that are still baffling to the analysts. Despite loads of information bombarding from all directions, it is not the cold calculations of financial wizards, or company's performance or widely accepted criterion of stock performance but the investor's irrational emotions like overconfidence, fear, risk aversion, etc., seem to decisively drive and dictate the fortunes of the market. This paper while discussing the characteristics of the Indian individual investors along makes an attempt to discover the relationship between a dependent variable i.e., Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. India investors are high income, well educated, salaried, independent in making investment decisions and conservative investors. From the empirical study it was found that irrespective of gender, most of the investors (41%) are found have low risk tolerance level and many others (34%) have high risk tolerance level rather than moderate risk tolerance level. It is also found that there is a strong negative correlation between Age and Risk tolerance level of the investor. Television is the media that is largely influencing the investor's decisions. Hence, this study can facilitate the investment product designers to design products which can cater to the investors who are low risk tolerant.

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<sup>3</sup> Syed Tabassum Sultana, "An Empirical Study of Indian Individual Investors' Behavior" *Global Journal of Finance and Management*, Volume 2, Number 1 (2010), pp. 19-33

Alexander Ljungqvist and Matthew Richardson<sup>4</sup> conducted a study and adopted a unique dataset of private equity funds over the last two decades, this paper analyzes the investment behavior of private equity fund managers. Based on recent theoretical advances, we link the timing of funds' investment and exit decisions, and the subsequent returns they earn on their portfolio companies, to changes in the demand for private equity in a setting where the supply of capital is 'sticky' in the short run. We show that existing funds accelerate their investment flows and earn higher returns when investment opportunities improve and the demand for capital increases. Increases in supply lead to tougher competition for deal flow, and private equity fund managers respond by cutting their investment spending. These findings provide complementary evidence to recent papers documenting the determinants of fund-level performance in private equity.

Burcu Hacibedel<sup>5</sup> conducted a study and the positive price effect of index inclusion has been well-documented in the literature. The underlying cause still remains in dispute, since this finding is consistent with a number of hypotheses. In this paper, I revisit this debate by examining the price effects in the emerging markets setting using MSCI EM index changes. I find the inclusions to have a permanent price effect, while this is not the case for the exclusions. This result contradicts the demand and new information hypotheses, but is consistent with the investor awareness hypothesis. By making use of analysts' recommendations data, I am able to show that there is a significant increase in coverage for the included stocks. This is also significantly related to the change in price.

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<sup>4</sup>Alexander Ljungqvist, Matthew Richardson "The Investment Behavior of Private Equity Fund Managers" October 30, 2003

<sup>5</sup>Burcu Hacibedel "Does Investor Awareness Matter for Asset Pricing?"

Zhen Liu<sup>6</sup> conducted a study and thenotion of awareness is introduced to study Regulation Fair Disclosure, a rule implemented by the U.S. Security and Exchange Commission in 2000. The regulator aims to reduce information asymmetry among investors, and expects public forums to subsume the forbidden information channel of selective forums. We show that even with cooperative managers and effective technology, this is only possible under the assumption of symmetric awareness. If a professional investor is aware of more uncertainties than others are, lacking the incentive to share the insights, he would not raise critical questions and acquire relevant information at public forums. This leads to inefficient information production. We also analyze the market prices and investors' welfare under different disclosure forms and awareness assumptions. At last, we discuss the implications of asymmetric awareness on the overall benefit and cost, the empirical findings, and the policies of the regulation.

James S. Doran, David R. Peterson and Colby Wright<sup>7</sup> conducted a comprehensive survey distributed to over 4,000 finance professors in the United States to (a) assess collective opinion on the efficiency of the US stock market and (b) explore the idea that the decision to actively or passively invest is strongly influenced by an investor's perception of the efficiency of the market. The Study finds that twice as many respondents passively invest than actively invest, which suggests that although they may be conflicted about market efficiency, they generally behave in a way suggesting they accept

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<sup>6</sup>Zhen Liu "Fair Disclosure and Investor Asymmetric Awareness in Stock Markets" April 8, 2008

<sup>7</sup>James S. Doran, David R. Peterson, Colby Wright, "Confidence, Opinions of Market Efficiency, and Investment Behavior of Finance Professors" 1/7/09

markets as efficient. Alternatively, this result could be interpreted to mean that they choose to passively invest even if they believe in inefficient markets due to time, resource, or skill restraints. Again, respondents who specialize in market efficiency manifest similar investment objectives as that of the overall sample. Investment objectives and behavior are driven by individuals' confidence in their own abilities to beat the market, regardless of their opinions about market efficiency. In spite of finance professors' education and sophistication, they seem to set investment objectives and make trades largely based on the same behavioral factor that drives amateur investors – confidence.

P-3194



### **1.3 STATEMENT OF THE PROBLEM**

There are 130 stock broking service providers in Coimbatore. But the number of investors for IT Professionals is comparably less in number. In a regard to understand the problem behind the statement, this study had been done.

### **1.4 OBJECTIVES OF THE STUDY**

#### **PRIMARY OBJECTIVE**

To understand the capital market awarness & the investment behavior amongst the IT Professionals in Cognizant Technolgy Solutions,Coimbatore

#### **SECONDARY OBJECTIVE**

- ❖ To identify the service gap in the services provided by stock broking service providers to their existing customers.
  
- ❖ To profile a prospective customer base for UNICON INVESTMENT SOLUTIONS.

## 1.5 HYPOTHESES FRAMED

- ❖  $H_{01}$ : There is no significant relationship between gender of the non investor respondents and their risk taking capacity.
- ❖  $H_{a1}$ : There exists a significant relationship between gender of the non investor respondents and their risk taking capacity.
- ❖  $H_{02}$ : There is no significant relationship between gender of the investor respondents and their risk taking capacity.
- ❖  $H_{a2}$ : There exists a significant relationship between gender of the investor respondents and their risk taking capacity.
- ❖  $H_{03}$ : There is no significant relationship between monthly income of the non investor respondents and their risk taking capacity.
- ❖  $H_{a3}$ : There exists a significant relationship between monthly income of the non investor respondents and their risk taking capacity.
- ❖  $H_{04}$ : There is no significant relationship between monthly income of the investor respondents and their risk taking capacity.
- ❖  $H_{a4}$ : There exists a significant relationship between monthly income of the investor respondents and their risk taking capacity.
- ❖  $H_{05}$ : There is no significant relationship between marital status of the non investor respondents and their risk taking capacity.
- ❖  $H_{a5}$ : There exists a significant relationship between marital status of the non investor respondents and their risk taking capacity.

- ❖  $H_{06}$ : There is no significant relationship between marital status of the investor respondents and their risk taking capacity.
- ❖  $H_{a6}$ : There exists a significant relationship between marital status of the investor respondents and their risk taking capacity.

## **1.6 SCOPE OF THE STUDY**

The scope of the study is to create market awareness among the IT Professionals and to tap the market potential of the IT Professionals towards investment.

## **1.7 METHODOLOGY**

### **1.7.1 TYPE OF STUDY**

A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation.

### **1.7.2 SAMPLING DESIGN**

A systematic process that connects all the details of the sampling, right from the determination of sampling size to the collection of data.

#### **Method of Sampling**

Sampling method can be broadly classified as Probability Sampling, where every element of the population enjoys equal chance of being selected into the sample and Non-probability sampling, where all the elements of the population do not get equal chance of being selected into the sample. The present study adopts the non-probability sampling.



## **Sampling Technique**

Under non-probability sampling method, convenient sampling technique being adopted for this study.

The population taken for this study comprises of IT Professionals of Cognizant Technology Solutions (Mountain Mist Campus),Coimbatore. For this study, the population size is 4,000. From the population,a sample taken for study amongst 351 respondents,only 242 respondents have filled and returned back the questionnaire.

### **1.7.3 METHOD OF DATA COLLECTION**

The primary source of data been used for data collection. A well structured questionnaire has been framed and used as a data collection instrument.

A pilot study had been done for 30 IT Professionals and some of the questions were reframed and used for data collection instrument.

### **1.7.4 TOOLS OF ANALYSIS**

#### **Percentage Analysis**

Values of a quantitative variable that divide the ordered data into groups so that a certain percentage is above and another percentage is below.

## **Cross Tabulation**

Cross tabulation display the relationship between two or more categorical variables. The size of the table is determined by the number of distinct values for each variable, with each cell in the table representing a unique combination of values. Numerous statistical tests are available to determine whether there is a relationship between the variables in a table.

## **Chi Square**

The chi-square test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories

The chi-square formula used on these data is

$$\chi^2 = (O - E)^2/E$$

Where **O** is the Observed Frequency in each category

**E** is the Expected Frequency in the corresponding category

**df** is the "degree of freedom" (n-1)

$\chi^2$  is Chi Square

### **1.8 LIMITATIONS**

- The study is limited to Information Technology Professionals of Cognizant Technology Solutions (Mountain Mist Campus), Coimbatore.
- Due to time constraint of the project time the response rate was only 71.23% of the targeted sample size.

## **CHAPTER 2**

### **2 ORGANISATION PROFILE**

#### **2.1 HISTORY OF THE ORGANISATION**

UNICON is a financial services company which has emerged as a one-stop investment solutions provider. It was founded in 2004 by two visionary and hard working entrepreneurs, Mr. Gajendra Nagpal and Mr. Ram M. Gupta, who possess expertise in the field of Finance. The company is headquartered in New Delhi, and has its corporate office in Mumbai with regional offices in Kolkata, Chennai, Hyderabad and Noida.

UNICON is a professionally managed company led by a team with outstanding managerial acumen and cumulative experience of more than 400 man years in the financial markets. The Company is supported by more than 4500 Uniconians and has a team of over 900 business offices in 235 cities across India.

With a customer base of over 200,000 the UNICON Group has an eye for the intricate financial needs of its clients and caters to both their short – term and long – term financial needs through a comprehensive bouquet of investment services. It has been founded with the aim of providing world class investing experience to the investing community. These services range from offline & online trading in equity, commodities and currency derivatives to debt markets to corporate finance and portfolio management services. The company has a sizable presence in the distribution of 3rd party financial products like mutual funds, insurance products and property broking. It also provides expert Advisory on Life Insurance, General Insurance, Mutual Funds and IPO's. The distribution network is backed by in-house back office support to provide prompt and efficient customer service.

The Equity broking arm – UNICON Securities Pvt. Ltd offers personalized premium services on the NSE, BSE & Derivatives market. The

Commodity broking arm Unicon Commodities Pvt. Ltd offers services in Commodity trading on NCDEX and MCX. The UNICON group also has a PCG division providing investments solutions for High Net Worth Individuals. The Corporate Advisory Services arm – Unicon Capital Services (P) Ltd offers entire gamut of Investment Banking services to corporate.

UNICON can boast of some of the most respected names in the private equity space like Sequoia Capitals, Nexus India Capital and Subhkam Ventures as its shareholders.

## **MISSION & VISION**

### **Mission**

To create long term value by empowering individual investors through superior financial services supported by culture based on highest level of teamwork, efficiency and integrity.

### **Vision**

To provide the most useful and ethical Investment Solutions - guided by values driven approach to growth, client service and employee development.

## **2.2 MANAGEMENT TEAM**

Mr. Gajendra Nagpal - Founder and Chief Executive Officer

Mr. Ram M. Gupta - President and Co-Founder

Mr. Vikas Mallan - Chief Financial Officer & Head Distribution

Mr. Arora - Head of operations

Mr. Y.P. Narang - Head, Fixed Income (Debt) Group

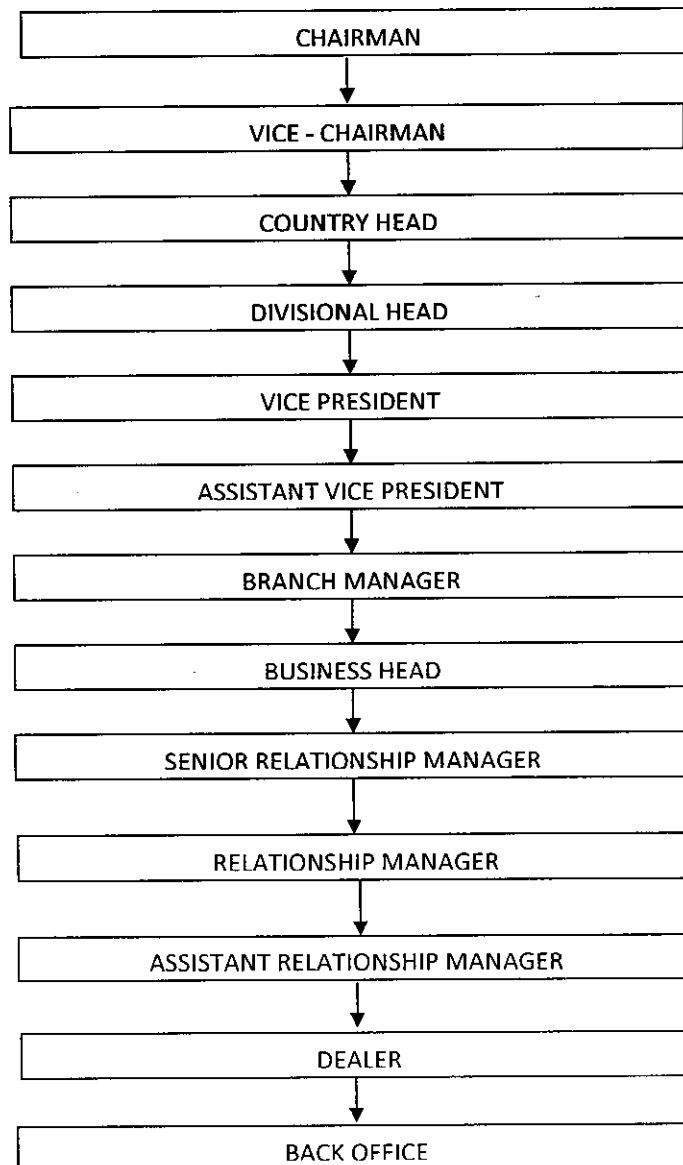
Mr. Subhash Nagpal - Director, Strategic Planning and Implementation

Mr. Vijay Chopra - National Head Business Alliances

Mr. Anurag Nayar - Chief Technology Officer

Mr. Manmohan Tiwari - Country Head, Equity Sales

## 2.3 ORGANISATION STRUCTURE



## **2.4 PRODUCTS & SERVICES**

Unicon customers have the advantage of trading in all the market segments together in the same window, as understand the need of transactions to be executed with high speed and reduced time. At the same time, they have the advantage of having all Advisory Services for Life Insurance, General Insurance, Mutual Funds and IPO's also.

Unicon is a customer focused financial services organization providing a range of investment solutions to our customers. We work with clients to meet their overall investment objectives and achieve their financial goals. Our clients have the opportunity to get personalized services depending on their investment profiles. Our personalized approach enables clients to achieve their Total Investment Objectives.

- ❖ Equity
- ❖ Commodity
- ❖ Depository
- ❖ Distribution
- ❖ Properties
- ❖ NRI Services
- ❖ Back Office
- ❖ Fixed Income
- ❖ Investment Banking
- ❖ Currency Derivatives
- ❖ Portfolio Management

In Coimbatore branch, the products like Equity, Commodity and Currency derivatives are traded.

## **EQUITY**

### **Unicon Easy**

Browser based trading terminal that can be accessed by a unique ID and password. This facility is available to all our online customers the moment they get registered with Unicon.

#### **Features:**

- ❖ Trading at NSE,BSE and Derivatives on single screen
- ❖ Greater exposure for trading on the available margin.
- ❖ Common window for order execution.
- ❖ Real time updating of exposure and portfolio while trading.
- ❖ Offline order placement facility (AMO).
- ❖ Stop-loss feature.
- ❖ Competitive Brokerages.
- ❖ Banking integration with ICICI Bank, HDFC Bank & Axis Bank,& Bank of India,& Corporation Bank, & Karnataka Bank, & Oriental bank of Commerce, & South Indian Bank, & Vijaya Bank and Yes Bank.

### **UniconPlus**

Browser based trading terminal that can be accessed by a unique ID and password. This facility is available to all our online customers the moment they get registered with unicon.

#### **Features:**

- ❖ Trading at NSE, BSE and Derivatives on single screen\



- ❖ Add multiple scrip on the market watch.
- ❖ Greater exposure for trading on the available margin.
- ❖ Common window for display of market watch and order execution.
- ❖ Real time updating of exposure and portfolio while trading.
- ❖ Offline order placement facility.
- ❖ Stop-loss feature.
- ❖ Competitive Brokerages.
- ❖ Banking integration with ICICI Bank, HDFC Bank & Axis Bank, & Bank of India, & Corporation Bank, & Karnataka Bank, & Oriental bank of Commerce, & South Indian Bank, & Vijaya Bank and Yes Bank.
- ❖ Proxy link to enable trading behind firewalls.

### **UniconSwift**

Application based terminal for active traders. It provides better speed, greater analytical features & priority access to Relationship Managers.

#### **Features:**

- ❖ Trading at NSE, BSE and Derivatives on single screen.
- ❖ Add any number of scrips in the Market Watch.
- ❖ Tick by tick live updation of Intraday chart.
- ❖ Greater exposure for trading on the margin available
- ❖ Common window for market watch and order execution.
- ❖ Key board driven short cuts for punching orders quickly
- ❖ Real time updation of exposure and portfolio.
- ❖ Facility to customize any number of portfolios & watch lists.

- ❖ Market depth, i.e. Best 5 bids and offers, updated live for all scripts.
- ❖ Facility to cancel all pending orders with a single click.
- ❖ Instant trade confirmations
- ❖ Banking integration with ICICI Bank, HDFC Bank & Axis Bank, & Bank of India, & Corporation Bank, & Karnataka Bank, & Oriental bank of Commerce, & South Indian Bank, & Vijaya Bank and Yes Bank.
- ❖ Stop-loss feature.

## **COMMODITY**

Unicon offers a unique feature of a single screen trading platform in MCX and NCDEX. Unicon offers both Offline & Online trading platforms.

Online Commodity Internet trading Platform through UniFlex.

- ❖ Live Market Watch for commodity market (NCDEX, MCX) in one screen
- ❖ Add any number of scrips in the Market Watch
- ❖ Tick by tick live updation of Intraday chart.
- ❖ Greater exposure for trading on the margin available
- ❖ Common window for market watch and order execution.
- ❖ Key board driven short cuts for punching orders quickly
- ❖ Real time updation of exposure and portfolio
- ❖ Facility to customize any number of portfolios & watchlists
- ❖ Market depth, i.e. Best 5 bids and offers, updated live for all scripts.
- ❖ Facility to cancel all pending orders with a single click.
- ❖ Instant trade confirmations.
- ❖ Stop-loss feature.

## **CURRENCY DERIVATIVES**

Currently in India, futures contracts of 4 currencies are traded against the Indian Rupee (INR). US Dollar Indian Rupee (USD INR) currency futures were the first to be introduced in Aug 2008 and have seen a 1500% burst in volume growth in this period. On Feb 1, 2010 the trading of Euro (€) Rupee (EUR INR), Pound Sterling (£) Rupee (GBP INR) and Yen (¥) Rupee (YEN INR) was introduced in India. As in the case of USD INR, trading happens on 2 exchanges – NSE and MCX-SX. Unicon offers clients the opportunity to trade these products, either in online or offline mode as per their needs. The products provide ample liquidity to function both as a speculative tool and as a hedging instrument for exporters and importers. The attractive features of the product are as follows:

Unlike currency forwards offered by banks, currency futures trading does not have to be backed by an underlying merchant transaction exposure

- ❖ Tight bid ask spreads; usually 0.25 paisa wide
- ❖ Margin requirements less than 5% to take exposure on a lot size of \$1000, €1000, £1000 and ¥1,00,000 respectively
- ❖ New asset class for diversification for all resident individuals
- ❖ Commodity traders can hedge against unfavorable movements since gold, crude etc.
- ❖ For exporters and importers, no credit line required from their Banker as is the case with forwards
- ❖ Ideal tool for those with smaller exposures, as in the case of travel needs, educational payments etc.

## **CHAPTER 3**

### **MACRO – MICRO ANALYSIS**

#### **HISTORY OF THE INDIAN CAPITAL MARKET**

The history of the capital market in India dates back to the eighteenth century when East India Company securities were traded in the country. Until the end of the nineteenth century, securities trading was unorganized and the main trading centres were Bombay (now Mumbai) and Calcutta (now Kolkata). Of the two, Bombay was the chief trading centre wherein bank shares were the major trading stock. During the American Civil War (1860-61), Bombay was an important source of supply for cotton. Hence, trading activities flourished during the period, resulting in a boom in share prices. This boom, the first in the history of the Indian capital market, lasted for a half a decade. The bubble burst on July 1, 1865, when there was tremendous slump in share prices.

Trading was at that time limited to a dozen brokers: their trading place was under a banyan tree in front of the Town Hall in Bombay. These stockbrokers organized an informal association in 1875-Native Shares and Stock Brokers Association, Bombay. The stock exchanges in Calcutta and Ahmedabad, also industrial and trading centres, came up later. The Bombay Stock Exchange was recognized in May 1927 under the Bombay Securities Contracts Control Act, 1925.

The capital market was not well organized and developed during the British rule because the British government was not interested in the economic growth of the country. As a result, many foreign companies depended on the London capital market for funds rather than on the Indian capital market. In the post-independence period also, the size of the capital market remained small. During the first and second five-year plans, the government's emphasis was on the development of the agricultural sector and

public sector undertakings. The public sector undertakings were healthier than the private undertakings in terms of paid-up capital but their shares were not listed on the stock exchanges. Moreover, the Controller of Capital Issues (CCI) closely supervised and controlled the timing, composition, interest rates, pricing, allotment, and floatation costs of new issues. These strict regulations demotivated many companies from going public for almost four and a half decades.

In the 1950s, Century Textiles, Tata Steel, Bombay Dyeing, National Rayon, and Kohinoor Mills were the favorite scrips of speculators. As speculation became rampant, the stock market came to be known as 'Satta Bazaar'. Despite speculation, non-payment or defaults were not very frequent. The government enacted the Securities Contracts (Regulation) Act in 1956 which was also characterized by the establishment of a network for the development of financial institutions and state financial corporations.

The 1960s was characterized by wars and droughts in the country which led to bearish trends. These trends were aggravated by the ban in 1969 on forward trading and 'badla', technically called 'contracts for clearing.' 'Badla' provided a mechanism for carrying forward positions as well as borrowing funds. Financial institutions such as LIC and GIC helped to revive the sentiment by emerging as the most important group of investors. The first mutual fund of India, the Unit Trust of India (UTI) came into existence in 1964.

In the 1970s, badla trading was resumed under the disguised form of 'hand-delivery contracts-A group.' This revived the market. However, the capital market received another severe setback on July 6, 1974, when the government promulgated the Dividend Restriction Ordinance, restricting the payment of dividend by companies to 12 per cent of the face value or one-third of the profits of the companies that can be distributed as computed under section 369 of the Companies Act, whichever was lower. This led to a slump in market capitalization at the BSE by about 20 per cent overnight and the stock market did not open for nearly a fortnight. Later came a buoyancy in the stock markets when the multinational companies (MNCs) were forced to dilute their majority stocks in their Indian ventures in favour of the Indian public

under FERA, 1973. Several MNCs opted out of India. One hundred and twenty-three MNCs offered shares were lower than their intrinsic worth. Hence, for the first time, the FERA dilution created an equity cult in India. It was the spate of FERA issues that gave a real fillip to the Indian stock markets. For the first time, many investors got an opportunity to invest in the stocks of such MNCs as Colgate, and Hindustan Liver Limited. Then, in 1977, a little-known entrepreneur, Dhirubhai Ambani, tapped the capital market. The scrip, Reliance Textiles, is still a hot favourite and dominates trading at all stock exchanges.

The 1980s witnessed an explosive growth of the securities market in India, with millions of investors suddenly discovering lucrative opportunities. Many investors jumped into the stock markets for the first time. The government's liberalization process initiated during the mid-1980s, spurred this growth. Participation by small investors, speculation, defaults, ban on badla, and resumption of badla continued. Convertible debentures emerged as a popular instrument of resource mobilization in the primary market. The introduction of public sector bonds and the successful mega issues of Reliance Petrochemicals and Larsen and Toubro gave a new lease of life to the primary market. This, in turn, enlarged volumes in the secondary market. The decade of the 1980s was characterized by an increase in the number of stock exchanges, listed companies, paid up-capital, and market capitalization.

The 1990s will go down as the most important decade in the history of the capital market of India. Liberalisation and globalization were the new terms coined and marketed during this decade. The Capital Issues (Control) Act, 1947 was repealed in May 1992. The decade was characterized by a new industrial policy, emergence of SEBI as a regulator of capital market, advent of foreign institutional investors, euro-issues, free pricing, new trading practices, new stock exchanges, entry of new players such as private sector mutual funds and private sector banks, and primary market boom and bust.

Major capital market scams took place in the 1990s. These shook the capital market and drove away small investors from the market. The securities scam of March 1992 involving brokers as well as bankers was one of the

biggest scams in the history of the capital market. In the subsequent years owing to free pricing, many unscrupulous promoters, who raised money from the capital market, proved to be fly-by-night operators. This led to an erosion in the investors' confidence. The M S Shoes case, one such scam which took place in March 1995, put a break on new issue activity.

The 1991-92 securities scam revealed the inadequacies of and inefficiencies in the financial system. It was the scam, which prompted a reform of the equity market. The Indian stock market witnessed a sea change in terms of technology and market prices. Technology brought radical changes in the trading mechanism. The Bombay Stock Exchange was subject to nationwide competition by two new stock exchanges—the National Stock Exchange, set up in 1994, and Over the Counter Exchange of India, set up in 1992. The National Securities Clearing Corporation (NSCC) and National Securities Depository Limited (NSDL) were set up in April 1995 and November 1996 respectively for improved clearing and settlement and dematerialized trading. The Securities Contracts (Regulation) Act, 1956 was amended in 1995-96 for introduction of options trading. Moreover, rolling settlement was introduced in January 1998 for the dematerialized segment of all companies. With automation and geographical spread, stock market participation increased.

In the late 1990s, the Information Technology (IT) scrips were dominant on the Indian bourses. These scrips included Infosys, Wipro, and Satyam. They were a part of the favourite scrips of the period, also known as 'New Economy' scrips, alongwith telecommunications and media scrips. The new economy companies are knowledge intensive unlike the old economy companies that were asset intensive.

The Indian capital market entered the twenty-first century with the Ketan Parekh scam. As a result of this scam, badla was discontinued from July 2001 and rolling settlement was introduced in all scrips. Trading of futures commenced from June 2000, and Internet trading was permitted in February 2000. On July 2, 2001, the Unit Trust of India announced suspension of the sale and repurchase of its flagship US-64 scheme due to

heavy redemption leading to panic on the bourses. The government's decision to privatize oil PSUs in 2003 fuelled stock prices. One big divestment of international telephony major VSNL took place in early February 2002. Foreign institutional investors have emerged as major players on the Indian bourses. NSE has an upper hand over its rival BSE in terms of volumes not only in the equity markets but also in the derivatives market.

It has been a long journey for the Indian capital market. Now the capital market is organized, fairly integrated, mature, more global and modernized. The Indian equity market is one of the best in the world in terms of technology. Advances in computer and communications technology, coming together on Internet are shattering geographic boundaries and enlarging the investor class. Internet trading has become a global phenomenon. The Indian stock markets are now getting integrated with global markets.

## **CURRENT SCENARIO**

The prevailing economic conditions, both domestic and global, suggest the Indian stock market is poised to continue to rally in 2010 even though US and European Markets have yet to recover from recession effect. Key factor remains the impact of Q4 results and strong GDP growth of around 8%. However point of caution needs to be the phase wise withdrawal of financial support given by Indian government to the market. So far, the recovery in India has been driven by domestic consumption and government expenditure. However, corporate investment is expected to surge in 2010 due to the strong GDP growth which will increase capacity utilisation.

Stocks in the infrastructure and power sectors may be the front runners in 2010 as they receive strong policy support from the Indian government. But one must be cautious that the interest rate cycle might start moving up with the strong GDP performance and relatively high inflation. If it does, banking stocks will be affected severely as was seen in the past. We have witnessed a



global financial crisis in 2008-09 which is still very much an unforgettable incident and taught us good lessons.

During the bull rally (2003-2007) there was considerable exuberance. This was the time when interest rates were low. Credit was available and that too cheaply. Not just that, corporate profits were growing at a healthy rate. Stock markets were notching strong gains. But the global credit crisis changed all that. The abundant liquidity, not surprisingly, led to asset bubbles that finally burst. So if one learned a good lesson should go for companies with less debt, enough cash and strong return ratios. These are the ones who will be able to tide over the crisis and generate strong returns to shareholders in the long term beyond 2010.

Having fallen along with other world markets during last year's crash, it actually bucked the global trend and was nowhere near testing its multi-year lows.

India's stock market returns over the past couple of years have actually beaten most other global markets. And with good reason...

- ❖ While it's still classed as an emerging market, India's strength comes from the fact that its internal market is not only huge, but also better insulated than China, Brazil, Russia and South Korea. It operates at its own pace, seemingly oblivious to what happens around it.
- ❖ With a population of over one billion, India has a huge edge over smaller emerging markets because it has the critical mass to withstand minor shocks to the system.
- ❖ India isn't reliant on a huge export market for the bulk of its growth.
- ❖ It has a huge, educated middle class. In fact, India's middle class population is larger than that of the entire United States. Of course, this middle class earns less on average than poverty line families in America, but it has the capacity to spend enough money to buy products that were once considered luxuries (washers/dryers, TVs,

cars, etc). This generates tremendous economic activity without the issues of trade balance.

- ❖ Because of India's protectionist business nature, companies tend to thrive without the threat of multi-national competition.

## **INFRASTRUCTURE BOOM SPELLS PROFITS FOR INDIA'S CONSTRUCTION GIANTS**

Along with a growing export market, India is also in the midst of a multi-hundred billion-dollar infrastructure boom.

The investment potential within the infrastructure sector is enormous. Companies like Larsen & Toubro dominate the construction and infrastructure markets and are very well positioned to profit from the increased spending.

And while there are obviously a huge number of foreign companies that operate in India, they have to deal with the unpredictability of a market that is open, yet closed.

For Indian firms, however, the sky is the limit. The home-grown successes of Tata Motors

Reliance Capital and Mittal, before it became international steel giant, Arcelor-Mittal (NYSE: MT), have allowed them to build up huge war chests of cash. They're now re-deploying it into the relatively young Indian export market.

In the current lifestyle, financial stability holds great importance. Lavish living and availing all the conveniences of life may not be possible with a single salary, especially if you stay in the city where cost of living is very high. This is the reason why both partners in a household (nuclear family) work to meet both ends meet satisfactorily or even beyond expectations. Many people have started investing in the stock market as an additional source of income to be able to meet lifestyle changes.

## **A CURSORY LOOK AT GLOBAL ECONOMIC DEVELOPMENTS**

A look at economic developments and activity in major stock markets around the world

- ❖ **BEIJING** — Chinese President Hu Jintao rebuffed U.S. calls to re-value China's currency, telling President Barack Obama that any tinkering with the yuan will be done by Beijing in accord with domestic interests.
- ❖ Hu had defended China's policy of pegging the yuan to the dollar at a Monday meeting with Obama in Washington and said changes to the exchange rate would not come from U.S. pressure.
- ❖ "Detailed measures for reform should be considered in the context of the world's economic situation, its development and changes as well as China's economic conditions. It won't be advanced by any foreign pressure," Hu said in remarks released by China's Foreign Ministry on Tuesday. He said reform would come based on China's "own economic and social development needs."
- ❖ The benchmark Shanghai Composite Index rose 1 percent, while Japan's Nikkei 225 fell 0.8 percent, Hong Kong's Hang Seng index dropped 0.2 percent, Australia fell 0.7 percent and Malaysia slid 0.4 percent.
- ❖ **ATHENS, Greece** — Heavily indebted Greece intends to keep tapping bond markets for much-needed cash and resist using a European financial lifeline, top officials said after successfully raising euro1.56 billion in a treasury bill auction.
- ❖ Although investors flocked to buy the bills, the interest rate was punishingly high compared to Greece's previous short-term debt auction, underlining the difficulty Greece faces in trying to dig out from under its debt pile.

- ❖ In Europe, the FTSE 100 index of leading British shares closed down 0.3 percent, Germany's DAX fell 0.3 percent and the CAC-40 in France was 0.5 percent lower.
- ❖ PARIS — French Finance Minister Christine Lagarde says the European Union's proposed euro30 billion (\$40 billion) loan package for debt-saddled Greece eliminates any doubts over its resolve to aid a member state.
- ❖ PARIS — Recovery in the world's biggest economies could be jeopardized if crude oil prices stay over \$80 per barrel, the International Energy Agency said.
- ❖ LONDON — Britain's financial regulator fined and banned two former executives of mortgage lender Northern Rock for misreporting figures on loan arrears.
- ❖ Northern Rock was the country's first major casualty of the global credit crunch.
- ❖ The pair are the only senior executives of a British banking institution to be formally penalized for misconduct in the wake of the government's multibillion bailout of the sector in 2008.
- ❖ MUMBAI — Infosys Technologies Ltd., India's bellwether information technology outsourcing company, said quarterly profit rose 8.7 percent in dollar terms as a revival in demand for services spread to European and manufacturing clients.
- ❖ BEIJING — China has eased requirements for companies to qualify for government purchasing of technology after a plan to favor domestic technology was met with heavy criticism from other countries and business groups.
- ❖ The government is the biggest customer for many types of computer and other technology.
- ❖ MANILA, Philippines — The Asian Development Bank raised its regional growth forecast this year from 6.6 percent to 7.5 percent, but warned that governments need to adjust policies to avoid shocks that could hamper their recovery.

- ❖ **BEIJING** — China announced antidumping duties of up to 64.8 percent on U.S. and Russian steel used by the power industry amid a series of disputes with the United States and other trading partners.
- ❖ **BUCHAREST, Romania** — Direct foreign investment in Romania dropped sharply for the first two months of the year compared to 2009, the central bank reported.

## **CHAPTER 4**

### **DATA ANALYSIS AND INTERPRETATION**

**TABLE 4.1:TYPE OF THE RESPONDANCE**

<b>Type of the Respondance</b>	<b>Frequency</b>	<b>Percent</b>
Invesrors	30	12.4
Non Investors	212	87.6
Total	242	100.0

#### **INTERPRETATION:**

The above table shows that, among 242 respondents, 30 (12.4%) respondents are investors and 212 (87.6%) respondents are non investors in capital market.

#### **INFERENCE:**

The above table infers that most of the IT Professionals (87.6%) are not investing in capital market.

**TABLE 4.2:GENDER OF THE RESPONDENTS**

Particulars		Gender		Total
		Female	Male	
Investors	No. of Respondents	9	21	30
	% of Respondents	7.0	18.4	12.4
Non Investors	No. of Respondents	119	93	212
	% of Respondents	93.0	81.6	87.6
Total	No. of Respondents	128	114	242
	% of Respondents	52.9	47.1	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 128 (52.9%) respondents are female and 114 (47.1%) respondents are male.

Among 128(52.9%) female respondents, 9(7.0%) female respondents are investors and 119(93%) female respondents are non investors in Capital Market.

Among 114(47.1%) male respondents, 21(18.4%) male respondents are investors and 93 (81.6%) male respondents are non investors in Capital Market.

**INFERENCE:**

The above table infers that male respondents have invested in capital market more than female respondents.

**TABLE 4.3: AGE OF THE RESPONDENTS**

Particulars		Age			Total
		25 to 35 years	35 to 45 years	Less than 25 years	
Investors	No. of Respondents	18	3	9	30
	% of Respondents	11.0	27.3	13.2	12.4
Non Investors	No. of Respondents	145	8	59	212
	% of Respondents	89.0	72.7	86.8	87.6
Total	No. of Respondents	163	11	68	242
	% of Respondents	100.0	100.0	100.0	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 68 (28.1%) respondents belong to less than 25 years age group, 163(67.4%)



respondents belong to 25 to 35 years age group, 11(4.5%) respondents belong to 35 to 45 years age group

Among 68(28.1%) respondents belong to less than 25 years age group, 9(13.2%) respondents are investors and 59(86.8%) respondents are non investors in Capital Market.

Among 163(67.4%) respondents belong to 25 to 35 years age group, 18(11.0%) respondents are investors and 145(89.0%) respondents are non investors in Capital Market.

Among 11(4.5%) respondents belong to 35 to 45 years age group, 3 (27.3%) respondents are investors and 8(72.7%) respondents are non investors in Capital Market.

#### **INFERENCE:**

The above table infers that respondents belong to above 25 to 35 years of age group have invested in capital market than the respondents of other age groups.

**TABLE 4.4: EDUCATIONAL QUALIFICATION OF THE RESPONDANCE**

EDUCATIONAL QUALIFICATION			TYPE OF THE RESPONDANCE			TOTAL
			INVESRORS	NON INVESTORS	TOTAL	
Engineering	Post Graduate	Count	7	48	55	164 67.8%
		% of Total	12.7	87.3	33.5	
	Under Graduate	Count	15	94	109	
		% of Total	13.8	86.2	66.5	
Non Engineering	Post Graduate	Count	2	17	19	78 32.2%
		% of Total	10.5	89.5	24.4	
	Under Graduate	Count	6	53	59	
		% of Total	10.2	89.8	75.6	

## **INTERPRETATION**

Among 242 respondents, 164(67.8%) respondents completed their education in engineering and 78(32.2%) respondents completed their education in non engineering stream.

Among 164(67.8%) engineering respondents, 55(33.5%) respondents are post graduates and 109(66.5%) respondents are under graduate.

Among 78(32.2%) non engineering respondents, 19(24.4%) respondents are post graduates and 59(75.6%) respondents completed their under graduate.

Among 55(33.5%) post graduate engineering respondents, 7(12.7%) respondents are investors and 48(87.3%) respondents are non investors.

Among 109(66.5%) under graduate engineering respondents, 15(13.8%) respondents are investors and 94(86.2%) respondents are non investors.

Among 19(24.4%) post graduate non engineering respondents, 2(10.5%) respondents are investors and 17(89.5%) respondents are non investors.

Among 59(75.6%) under graduate non engineering respondents, 6(10.2%) respondents are investors and 53(89.8%) respondents are non investors.

**INFERENCE:**

The above table infers that most of the non-engineering under-graduate respondents are non investors in capital market

**TABLE 4.5: MARITAL STATUS OF THE RESPONDENTS**

PATICULARS		MARITAL STATUS		TOTAL
		MARRIED	SINGLE	
Investors	No. of Respondents	9	21	30
	% of Respondents	9	21	30
Non Investors	No. of Respondents	9.7	14.1	12.4
	% of Respondents	84	128	212
Total	No. of Respondents	90.3	85.9	87.6
	% of Respondents	93	149	242

## **INTERPRETATION:**

The above table shows that, among 242 respondents, 93(38.4%) respondents are married, and 149(61.6%) respondents are single.

Among , 93(38.4%) married respondents, 9(9.7%) respondents are investors and 84(90.3%) respondents are non investors in Capital Market.

Among 149(61.6%) single respondents, 21(14.1%) respondents are investors and 128(85.9%) respondents are non investors in Capital Market.

## **INFERENCE:**

The above table infers that majority of the capital market investors are married.

**TABLE 4.6: RESIDENTIAL AREA OF THE RESPONDENTS**

Particulars		Residential Area			Total
		Rural	Semi-Urban	Urban	
Investors	No. of Respondents	5	8	17	30
	% of Respondents	21.7	12.1	11.1	12.4
Non Investors	No. of Respondents	18	58	136	212
	% of Respondents	78.3	87.9	88.9	87.6
Total	No. of Respondents	23	66	153	242
	% of Respondents	100.0	100.0	100.0	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 23(9.5%) respondents belong to rural area, 66(27.3%) respondents belong to semi-urban area and 153(63.2%) respondents belong to urban area.

Among 23(9.5%) respondents belong to Rural area, 5(21.7%) respondents are investors and 18(78.3%) respondents are non investors in Capital Market

Among 66(27.3%) respondents belong to semi-urban area, 8(12.1%) respondents are investors and 58(87.9%) respondents are non investors.

Among 153(63.2%) respondents belong to urban area, 17(11.1%) respondents are investors and 136(88.9%) respondents are non investors in Capital Market.

**INFERENCE:**

The above table infers that respondents belonging to urban area have invested in capital market more than the respondents belong to other areas.



**TABLE 4.7:INCOME OF THE RESPONDENTS**

Particulars		Income				Total
		20,000 to 30,000	30,000 to 50,000	50,000 & Above	Less than 20,000	
Investors	No. of Respondents	13	13	0	4	30
	% of Respondents	9.9	25.5	.0	7.3	12.4
Non Investors	No. of Respondents	118	38	5	51	212
	% of Respondents	90.1	74.5	100.0	92.7	87.6
Total	No. of Respondents	131	51	5	55	242
	% of Respondents	100.0	100.0	100.0	100.0	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 131(41.9%) respondents belong to 20,000 to 30,000 rupees income group, 51(22%) respondents belong to 30,000 to 50,000 rupees income group, 5

(3.7%) respondents belong to above 50,000 rupees income group and 55(32.5%) respondents belong to less than 20,000 rupees income group.

Among 131(41.9%) respondents belonging to 20,000 to 30,000 rupees income group, 13(9.9%) respondents are investors and 118(90.1%) respondents are non investors in Capital Market.

Among 51 (22%) respondents belonging to 30,000 to 50,000 rupees income group, 13(25.5%) respondents are investors and 38 (74.5%) respondents are non investors in Capital Market.

All 5 (3.7%) respondents of above 50,000 rupees income group ,5 (100%) are non investors in Capital Market.

Among 55(32.5%) respondents belonging to less than 20,000 rupees income group, 4 (7.3%) respondents are investors and 51 (92.7%) respondents are non investors in Capital Market.

#### **INFERENCE:**

The above table infers that respondents belonging to 20,000 to 30,000 rupees monthly income group & 30,000 to 50,000 rupees monthly income group have invested in capital market more than respondents belong to other income groups. It is worth to be noted that respondents with monthly income above 50,000 rupees have not invested in capital market.

**TABLE 4.8:PERCENTAGE OF SAVINGS OF THE RESPONDENTS**

Particulars		Savings				Total
		30 to 40%	40 to 50%	Above 50%	Below 30%	
Investors	No. of Respondents	12	2	6	10	30
	% of Respondents	17.4	6.7	12.8	10.4	12.4
Non Investors	No. of Respondents	57	28	41	86	212
	% of Respondents	82.6	93.3	87.2	89.6	87.6
Total	No. of Respondents	69	30	47	96	242
	% of Respondents	100.0	100.0	100.0	100.0	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 69(28.5%) respondents belong to 30 to 40% savings group, 30 (12.4%)

respondents belong to 40 to 50% savings group, 47(19.4%) respondents belong to above 50% savings group and 96 (39.7%) respondents belong to less than 30% savings group.

Among 69(28.5%) respondents belonging to 30 to 40% savings group, 12(17.4%) respondents are investors and 57 (82.6%) respondents are non investors in Capital Market.

Among 30 (12.4%) respondents belonging to 40 to 50% savings group, 2 (6.7%) respondents are investors and 28(93.3%) respondents are non investors in Capital Market.

Among , 47(19.4%) respondents belonging to above 50% savings group, 6 (12.8%) respondents are investors and 41(87.2%) respondents are non investors in Capital Market.

Among 96 (39.7%) respondents belonging to less than 30% savings group, 10(10.4%) respondents are investors and 86 (89.6%) respondents are non investors in Capital Market.

#### **INFERENCE:**

The above table infers that the capital market investor save about 40 to 50% of their monthly savings.

**TABLE 4.9: RISK CAPACITY OF THE RESPONDENTS**

Particulars		Risk Capacity				Total
		High	Low	Medium	Risk Averse	
Investors	No. of Respondents	7	6	17	0	30
	% of Respondents	31.8	9.4	11.7	.0	12.4
Non Investors	No. of Respondents	15	58	128	11	212
	% of Respondents	68.2	90.6	88.3	100.0	87.6
Total	No. of Respondents	22	64	145	11	242
	% of Respondents	100.0	100.0	100.0	100.0	100.0

**INTERPRETATION:**

The above table shows that, among 242 respondents, 22 (9.1%) respondents are having high risk taking capacity, 64 (26.4%) respondents are having low risk taking capacity, 145(59.9%) respondents are having medium risk taking capacity and 11(4.5%) respondents are risk averse persons.

Among 22 (9.1%) high risk taking capacity respondents, 7(31.8%) respondents are investors and 15(68.2%) respondents are non investors in Capital Market.

Among 64 (26.4%) low risk taking capacity respondents, 6(9.4%) respondents are investors and 58(90.6%) respondents are non investors in Capital Market.

Among 145(59.9%) medium risk taking capacity respondents, 17(11.7%) respondents are investors and 128 (88.3%) respondents are non investors in Capital Market.

All 11(100%) risk averse respondents are non investors in Capital Market.

#### **INFERENCE:**

The above table infers that majority of the capital market investors are medium risk takers.

**TABLE 4.10: AWARENESS AMONG THE NON INVESTORS**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Aware	187	88.2
Not Aware	25	11.8
Total	212	100.0

**INTERPRETATION:**

The above table shows that, among 212(87.6%) non-investors, 187(88.2%) respondents are aware and 25(11.8%) respondents are not aware about trading in the capital market.

**INFERENCE:**

The above table infers that most of the non investors are aware about trading in the capital market.

**TABLE 4.11: INTERESTED TO INVEST IN FUTURE AMONG NON INVESTORS**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Invest after a year	2	.9
Invest but not decided	5	2.4
Invest but not sure	5	2.4
Invest in within 3 months	31	14.6
Invest in within 6 months	8	3.8
Invest in within a month	7	3.3
Invest in within a year	68	32.1
Not Interested	86	40.6
<b>Total</b>	<b>212</b>	<b>100.0</b>

**INTERPRETATION:**

The above table shows that among 212(87.6%) non-Investor respondents, 126(59.4%) respondents have an idea to invest in future and 86(40.6%) respondents have no idea to invest in capital market in future.

Among 126(59.4%) respondents, 2(.9%) respondents have an idea to invest after a year, 5(2.4%) respondents have an idea to invest but they have not yet decided the time of invest, 5(2.4%) respondents have an



idea to invest but are not sure about their investment. About 31(14.6%) respondents have an idea to invest within 3 months, 8(3.8%) respondents have an idea to invest within 6 months, 7(3.3%) respondents have an idea to invest within a month and 86(40.6%) respondents have an idea to invest within a year.

**INFERENCE:**

The above table infers that most of the non-Investor respondents have an idea to invest in capital market within a year.

**TABLE 4.12: SATISFACTION LEVEL AMONG THE INVESTORS IN CAPITAL MARKET WITH THEIR STOCK BROKING SERVICE PROVIDER .**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Highly Satisfied	8	26.7
Neither satisfied nor dissatisfied	6	20.0
Satisfied	16	53.3
Total	30	100.0

#### **INTERPRETATION**

The above table shows that among 30(12.4%) Investor respondents, 8 (26.7%) respondents are highly satisfied with their existing stock broking service provider, 6(20.0%) respondents are neither satisfied nor dissatisfied with their existing stock broking service provider and 16 (53.3%) are satisfied with their existing stock broking service provider.

#### **INFERENCE**

The above table infers that most of the investor respondents are satisfied with their existing stock broking service provider.

**TABLE 4.13: HOW INVESTORS COME TO KNOW ABOUT CAPITAL MARKET TRADING.**

Paticulars	No of Respondents	Percentage of Respondents
Friends	15	50.0
Media & Friends	1	3.3
Media & Service Provider	6	20.0
Stock broking Service Provider	8	26.7
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30 (12.4%) Investor respondents, 15(50.0%) respondents came to know through friends, 1 (3.3%) respondents came to know through media & friends, 6(20.0%) respondents came to know through media & stock broking service provider and 8(26.7%) respondents came to know about capital market trading through stock broking service provider.

**INFERENCE:**

The above table infers that most of the Investor respondents came to know about capital market trading through friends. So, reference group play a vital motivation to invest in capital market.

**TABLE 4.14: METHOD OF TRADING INVESTORS INVOLVED**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Offline trading	4	13.3
Online Trading	26	86.7
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 4(13.3%) respondents are involved in offline trading, 26(86.7%) respondents are involved in internet based online trading.

**INFERENCE:**

The above table infers that most of the Investor respondents are involved in internet based online trading.

**TABLE 4.15: TYPE OF TRADING INVESTORS INVOLVED.**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Both type	9	30.0
Delivery	17	56.7
Intraday	3	10.0
Total	1	3.3

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 3(10.0%) respondents are involved in intraday trading, 17(56.7%) respondents are involved in delivery trading and 9(30.0%) respondents are involved in both type of trading.

**INFERENCE:**

The above table infers that half of the Investor respondents prefer delivery-based online trading.

**TABLE 4.16: INVESTOR'S INVOLVEMENT IN SHORT SELLING.**

Paticulars	No of Respondents	Percentage of Respondents
Involved	10	33.3
Not Involved	20	66.7
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 10(33.3%) respondents are involved in short selling, 20(66.7%) respondents are not involved in short selling.

**INFERENCE:**

The above table infers that two-third of the Investor respondents do not prefer short selling.

**TABLE 4.17: TRADING FREQUENCY OF THE INVESTORS**

<b>PATICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE OF RESPONDENTS</b>
Daily	5	16.7
Monthly	7	23.3
Occasionally	14	46.7
Weekly	4	13.3
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 5(16.7%) respondents trade daily, 7(23.3%) respondents trade monthly, 14(46.7%) respondents trade occasionally and 4(13.3%) respondents trade weekly.

**INFERENCE:**

The above table infers that half of the Investor respondents occasionally trade in the capital market.

**TABLE 4.18: INVESTOR'S INVESTMENT IN INITIAL PUBLIC OFFERINGS.**

Paticulars	No of Respondents	Percentage of Respondents
Invest	13	43.3
Not Invest	17	56.7
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 13(43.3) respondents investe in Initial Public Offerings, 17(56.7%) respondents do not investe in Initial Public Offerings.

**INFERENCE:**

The above table infers that half of the Investor respondents not invested in Initial Public Offerings.



**TABLE 4.19: INVESTMENT VALUATION OF THE INVESTORS**

Paticulars	No of Respondents	Percentage of Respondents
Fundamental Analysis	14	46.7
Technical Analysis	7	23.3
Both Analysis	5	16.7
Others	4	13.3
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) Investor respondents, 14(46.7%) respondents use only fundamental analysis, 7(23.3%) respondents use only technical analysis, 5 (16.7%) respondents use both analyses and 4(13.3%) respondents use other analyses for their investment valuation.

**INFERENCE:**

The above table infers that nearly half of the Investor respondents use fundamental analysis for their investment valuation.

**TABLE 4.20 IMPORTANCE OF FINANCIAL RATIOS AND CHARACTERISTIC OF THE FIRM WHILE MAKING INVESTMENTS BY INVESTORS**

Particulars	Less Important		Important		Most Important	
	No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents
Market Capitalisation	8	26.7	18	60.0	4	13.3
Book to Market Ratio	11	36.7	11	36.7	11	36.7
Dividend yield Ratio	16	53.3	6	20.0	8	26.7
Price Earnings Ratio	8	26.7	10	33.3	8	26.7

**INTERPRETATION:**

The above table shows that among 30(12.4%) investor respondents, 18(60.0%) respondents gave importance, 8(26.7%) respondents gave less importance and 4(13.3%) respondents gave more importance to market capitalisation in making investments.

Among 30(12.4%) investor respondents, 11(36.7%) respondents gave less importance, 11(36.7%) respondents gave importance and 11(36.7%) respondents gave more importance to book to market ratio in making investments.

Among 30(12.4%) investor respondents, 16(53.3%) respondents gave less importance, 6(20.0%) respondents gave importance and 8 (26.7%) respondents gave more importance to dividend yield ratio in making investments.

Among 30 (12.4%) investor respondents, 8 (26.7%) respondents gave less importance, 10 (33.3%) respondents gave importance and 8 (26.7%) respondents gave more importance to price earnings ratio in making investments.

**INFERENCE:**

The above table infers that among the various financial ratios and characteristics of the firm, most of the investor respondents gave more importance to book to market ratio, gave importance to market capitalization and book to market ratio and gave less importance to price earnings ratio ratio in making investments.

**TABLE 4.21: RESEARCH REPORTS PROVIDED BY THE STOCK BROKING SERVICE PROVIDER TO THE INVESTORS**

<b>PATICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE OF RESPONDENTS</b>
Not Provided	7	23.3
Provided	23	76.7
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) investor respondents, 7(23.3%) respondents said that the stock broking service providers doesn't provide research reports to them, and the remaining 23 (76.7%) respondents said that they are provided with research reports.

**INFERENCE:**

The above table infers that more than three-fourth of the Investor respondents of the stock broking providers provide the research reports while another one-fourth do not provide any research reports to their investor.

**TABLE 4.22: HOW INVESTORS COME TO KNOW ABOUT CAPITAL MARKET NEWS**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Business News Papers	2	6.7
Television	2	6.7
Television & Business News Papers	12	40.0
www	13	43.3
WWW & Business News Papers	1	3.3
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30(12.4%) investor respondents, 2 (6.7%) track the capital market news through business newspapers only, 13(43.3%) respondents know through world Wide Web, 3(8.1%) respondents through world Wide Web and business newspapers, 1(3.3) respondents come to know through television and 12 (40.0%) respondents come to know about capital market news through television and business newspapers.

**INFERENCE:**

The above table infers that nearly half of the Investor respondents come to know about capital market news through television and business newspapers.

**TABLE 4.23 IMPORTANCE OF COPPORATE EVENTS WHILE MAKING INVESTMENTS BY INVESTORS**

Particulars	Less Important		Important		Most Important	
	No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents
Stock Splits	11	36.7	12	40.0	7	23.3
Stock Repurchases	22	73.3	6	20.0	2	6.7
Initial Public Offerings	14	46.7	7	23.3	9	30.0
Seasoned Equity Offerings	23	76.7	7	23.3	0	0.0
Listing Switches	12	40.0	9	30.0	9	30.0
Dividend Initiation or Increase	19	63.3	8	26.7	3	10.0
Merger & Acquisition	12	40.0	12	40.0	6	20.0

**INTERPRETATION:**

The above table shows that among 30 (12.4%) investor respondents, 11(36.7%) respondents gave less importance,12 (40.0%) respondents gave

importance, 7 (23.3%) respondents gave more importance and to stock splits in making investments.

Among 30 (12.4%) investor respondents, 22 (73.3%) respondents gave less importance, 6 (20.0%) respondents gave importance and 2 (6.7%) respondents gave more importance to stock repurchases in making investments.

Among 30 (12.4%) investor respondents, 14 (46.7%) respondents gave less importance, 7 (23.3%) respondents gave importance and 9 (30.0%) respondents gave more importance to initial public offerings in making investments.

Among 30 (12.4%) investor respondents, 23 (76.7%) respondents gave less importance and 7 (23.3%) respondents gave importance to seasoned equity offerings in making investments.

Among 30 (12.4%) investor respondents, 12 (40.0%) respondents gave less importance, 9 (30.0%) respondents gave importance and 9 (30.0%) respondents gave more importance to listing switches in making investments.

Among 30 (12.4%) investor respondents, 19 (63.3%) respondents gave less importance, 8 (26.7%) respondents gave importance and 3 (10.0%) respondents gave to dividend initiation or increase in making investments.

Among 30 (12.4%) investor respondents, 12 (40.0%) respondents gave less importance, 12 (40.0%) respondents gave importance and 6 (20.0%) respondents gave more importance to merger and acquisition in making investments.



**INFERENCE:**

The above table infers that among the various corporate events, most of the investor respondents gave more importance to initial public offerings and listing switches, gave importance to merger and acquisition and stock splits and gave less importance to stock repurchases and seasoned equity offerings and dividend initiation or increase in making investments.

**TABLE 4.24: INVESTORS RECOMMENDATION TO OTHERS TOWARDS INVESTMENT.**

<b>Paticulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Not Recommend	5	16.7
Recommend	25	83.3
Total	30	100.0

**INTERPRETATION:**

The above table shows that among 30 (12.4%) Investor respondents, 5 (16.7%) respondents don't recommend others, 25 (83.3%) respondents recommend others towards investing in capital market.

**INFERENCE:**

The above table infers that most of the Investor respondents prefer to be positive reference group by recommending others towards investing in the capital market.

**TABLE 4.25: RANK ANALYSIS FOR THE FIXED INCOME SAVINGS  
OPTION GIVEN BY NON INVESTOR RESPONDENTS**

<b>Fixed Income Savings options</b>	<b>Total</b>	<b>Rank</b>
Bank Deposits	636	1
Insurance	542	2
Postal Savings	439	3
Bonds	298	4
Debentures	200	5

**INTERPRETATION**

The above table shows that among the various fixed income savings option, they give the priority to bank deposits (Total Points – 636, Rank 1), insurance (Total Points – 542, Rank 2), Postal savings (Total Points – 439, Rank 3), bonds (Total Points – 298, Rank 4) and debentures (Total Points – 200, Rank 5)

**INFERENCE**

The above table infers that the non investor respondents give high priority to bank deposits among the various fixed income savings option.

**TABLE 4.26: RANK ANALYSIS FOR THE VARIABLE INCOME SAVINGS  
OPTION GIVEN BY NON INVESTOR RESPONDENTS**

<b>Variable Income Savings options</b>	<b>Total</b>	<b>Rank</b>
Equity Shares	342	2
Mutual Funds	350	1
Derivatives	166	3

### **INTERPRETATION**

The above table shows that among the variable income savings option, they give the top priority to invest in mutual funds (Total Points – 350, Rank 1), next for equity shares (Total Points – 342, Rank 2) and finally derivatives (Total Points – 166, Rank 3).

### **INFERENCE**

The above table infers that the non investor respondents give high priority to invest in mutual funds.

**TABLE 4.27: RANK ANALYSIS FOR THE OTHER SAVINGS OPTION  
GIVEN BY NON INVESTOR RESPONDENTS**

<b>Other Savings options</b>	<b>Total</b>	<b>Rank</b>
Realty	220	1
Bullion	212	2

**INTERPRETATION**

The above table shows that amongst the various other savings option, the top priority is given to realty investments (Total Points – 220, Rank 1), and next for bullion (Total Points – 212, Rank 2).

**INFERENCE**

The above table infers that the non investor respondents give high priority for real estate investments.

**TABLE 4.28: RANK ANALYSIS FOR THE FIXED INCOME SAVINGS  
OPTION GIVEN BY INVESTOR RESPONDENTS**

<b>Fixed Savings options</b>	<b>Total</b>	<b>Rank</b>
Bank Deposits	102	1
Insurance	79	2
Postal Savings	58	3
Bonds	54	4
Debentures	37	5

**INTERPRETATION**

The above table shows that among the various fixed income savings option, the respondents gave priority to bank deposits (Total Points – 102, Rank 1), insurance (Total Points – 79, Rank 2), Postal savings (Total Points – 58, Rank 3), bonds (Total Points – 54, Rank 4) and debentures (Total Points – 37, Rank 5).

**INFERENCE**

The above table infers that the investor respondents give high priority to bank deposits among the various fixed income savings option..

**TABLE 4.29: RANK ANALYSIS FOR THE VARIABLE INCOME SAVINGS  
OPTION GIVEN BY INVESTOR RESPONDENTS**

<b>Variable Savings options</b>	<b>Total</b>	<b>Rank</b>
Equity Shares	54	2
Mutual Funds	66	1
Derivatives	24	3

**INTERPRETATION**

The above table shows that among the variable income savings option, they give the top priority to invest in mutual funds (Total Points – 66, Rank 1), next for equity shares (Total Points – 54, Rank 2) and finally derivatives (Total Points – 24, Rank 3).

**INFERENCE**

The above table infers that the non investor respondents give high priority to invest in mutual funds.

**TABLE 4.30: RANK ANALYSIS FOR THE OTHER SAVINGS OPTION GIVEN BY INVESTOR RESPONDENTS**

<b>Other Savings options</b>	<b>Total</b>	<b>Rank</b>
Reality	30	2
Bullion	33	1

#### **INTERPRETATION**

The above table shows that among the various other savings option, the top priority is for Bullion (Total Points – 53, Rank 1) and next the Reality (Total Points – 46, Rank 2).

#### **INFERENCE**

The above table infers that the investor respondents give high priority to Bullion investments.



**HYPOTHESIS:**

H<sub>01</sub>: There is no significant relationship between gender of the non investor respondents and their risk taking capacity.

H<sub>a1</sub>: There exists a significant relationship between gender of the non investor respondents and their risk taking capacity.

**TABLE 4.31 a. CHI - SQUARE ANALYSIS BETWEEN GENDER OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

Particulars		Risk Capacity				Total
		High	Low	Medium	Risk Averse	
Gender	Female	8	49	62	0	119
	Male	7	9	66	11	93
Total		15	58	128	11	212

**TABLE 4.31 b. TEST SUMMARY**

Particulars	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.133 <sup>a</sup>	3	.000
Likelihood Ratio	42.586	3	.000
N of Valid Cases	212		

a. a. 1 cells (12.5%) have expected count less than 5.  
The minimum expected count is 4.83.

### **INTERPRETATION**

The above table shows that the chi-square value between gender of the non investor respondents and their risk taking capacity is 36.133 with the degree of freedom as 3. The asymptote significance is 0.000. Since the value of asymptote significance is less than 0.05, the null hypothesis is rejected and the alternate hypothesis is accepted.

### **INFERENCE**

There exists a significant relationship between gender of the non investor respondents and their risk taking capacity.

**HYPOTHESIS:**

H<sub>02</sub>: There is no significant relationship between gender of the investor respondents and their risk taking capacity.

H<sub>a2</sub>: There exists a significant relationship between gender of the investor respondents and their risk taking capacity.

**TABLE 4.32 a. CHI - SQUARE ANALYSIS BETWEEN GENDER OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

	Risk Capacity			Total
	High	Low	Medium	
Gender Female	2	1	6	9
Male	5	6	10	21
Total	7	7	16	30

**TABLE 4.32 b. TEST SUMMARY**

Particulars	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.259 <sup>a</sup>	2	.533
Likelihood Ratio	1.364	2	.505
N of Valid Cases	30		

a. 5 cells (83.3%) have expected count less than 5.  
The minimum expected count is 2.10.

### **INTERPRETATION**

The above table shows that the chi-square value between gender of the investor respondents and their risk taking capacity is 1.259 with the degree of freedom as 2. The asymptote significance is 0.553. Since the value of asymptote significance is greater than 0.05, the null hypothesis is accepted and the alternate hypothesis is rejected.

### **INFERENCE**

There does not exist a significant relationship between gender of the investor respondents and their risk taking capacity.

## HYPOTHESIS

H<sub>03</sub>: There is no significant relationship between monthly income of the non investor respondents and their risk taking capacity.

H<sub>a3</sub>: There exists a significant relationship between monthly income of the non investor respondents and their risk taking capacity.

**TABLE 4.33 a. CHI - SQUARE ANALYSIS BETWEEN MONTHLY INCOME OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

	Risk Capacity				Total
	High	Low	Medium	Risk Averse	
20,000 to 30,000	13	31	68	6	118
30,000 to 50,000	0	17	21	0	38
50,000 & above	0	0	5	0	5
Less than 20,000	2	10	34	5	51
Total	15	58	128	11	212

**TABLE 4.33 b. TEST SUMMARY**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.358 <sup>a</sup>	9	.022
Likelihood Ratio	24.542	9	.004
N of Valid Cases	212		

- a. 8 cells (50.0%) have expected count less than 5.  
The minimum expected count is .26.

#### **INTERPRETATION**

The above table shows that the chi-square value between monthly income of the non investor respondents and their risk taking capacity is 19.358 with the degree of freedom as 9. The asymptote significance is 0.022. Since the value of asymptote significance is less than 0.05, the null hypothesis is rejected and the alternate hypothesis is accepted.

#### **INFERENCE**

There exists a significant relationship between monthly income of the non investor respondents and their risk taking capacity.

## HYPOTHESIS

H<sub>04</sub>: There is no significant relationship between monthly income of the investor respondents and their risk taking capacity.

H<sub>a4</sub>: There exists a significant relationship between monthly income of the investor respondents and their risk taking capacity.

**TABLE 4.34 a. CHI - SQUARE ANALYSIS BETWEEN MONTHLY INCOME OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

	Risk Capacity			Total
	High	Low	Medium	
20,000 to 30,000	4	2	7	13
30,000 to 50,000	2	3	8	13
Less than 20,000	1	2	1	4
Total	7	7	16	30

**TABLE 4.34 b. TEST SUMMARY**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.003 <sup>a</sup>	4	.557
Likelihood Ratio	2.909	4	.573
N of Valid Cases	30		

a. 7 cells (77.8%) have expected count less than 5.  
The minimum expected count is .93.

### **INTERPRETATION**

The above table shows that the chi-square value between monthly income of the investor respondents and their risk taking capacity is 3.003 with the degree of freedom as 4. The asymptote significance is 0.557. Since the value of asymptote significance is greater than 0.05, the null hypothesis is accepted and the alternate hypothesis is rejected.

### **INFERENCE**

There does not exist a significant relationship between monthly income of the investor respondents and their risk taking capacity.



## HYPOTHESIS

H<sub>05</sub>: There is no significant relationship between marital status of the non investor respondents and their risk taking capacity.

H<sub>a5</sub>: There exists a significant relationship between marital status of the non investor respondents and their risk taking capacity.

**TABLE 4.35 a. CHI - SQUARE ANALYSIS BETWEEN MARITAL STATUS OF THE NON INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

	Risk Capacity				Total
	High	Low	Medium	Risk Averse	
Married	3	36	40	5	84
Single	12	22	88	6	128
Total	15	58	128	11	212

**TABLE 4.35 b. TEST SUMMARY**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.537 <sup>a</sup>	3	.000
Likelihood Ratio	18.535	3	.000
N of Valid Cases	212		

a. 1 cells (12.5%) have expected count less than 5.

The minimum expected count is 4.36.

### **INTERPRETATION**

The above table shows that the chi-square value between marital status of the non investor respondents and their risk taking capacity is 18.537 with the degree of freedom as 3. The asymptote significance is 0.000. Since the value of asymptote significance is greater than 0.05, the null hypothesis is rejected and the alternate hypothesis is accepted.

### **INFERENCE**

There exists a significant relationship between marital status of the non investor respondents and their risk taking capacity.

## HYPOTHESIS

H<sub>06</sub>: There is no significant relationship between marital status of the investor respondents and their risk taking capacity.

H<sub>a6</sub>: There exists a significant relationship between marital status of the investor respondents and their risk taking capacity.

**TABLE 4.36 a. CHI - SQUARE ANALYSIS BETWEEN MARITAL STATUS OF THE INVESTOR RESPONDENTS AND THEIR RISK TAKING CAPACITY**

		Risk Capacity			Total
		High	Low	Medium	
Marital Status	Married	3	2	4	9
	Single	4	5	12	21
Total		7	7	16	30

**TABLE 4.36 b. TEST SUMMARY**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.748 <sup>a</sup>	2	.688
Likelihood Ratio	.721	2	.697
N of Valid Cases	30		

a. 5 cells (83.3%) have expected count less than 5.

The minimum expected count is 2.10.

### **INTERPRETATION**

The above table shows that the chi-square value between marital status of the investor respondents and their risk taking capacity is .748 with the degree of freedom as 2. The asymptote significance is 0.688. Since the value of asymptote significance is greater than 0.05, the null hypothesis is accepted and the alternate hypothesis is rejected.

### **INFERENCE**

There exists no significant relationship between marital status of the investor respondents and their risk taking capacity.

## CHAPTER 5

### CONCLUSIONS

#### 5.1 FINDINGS

- ❖ Most (87.6%) of the IT Professionals are not investing in capital market.
- ❖ Among the respondents, male (18.4%) are invested in capital market more than female
- ❖ Respondents belong to above 35 to 45 years of age group (27.3%) are invested in capital market.
- ❖ The non-engineering under-graduate respondents (89.8%) are non investors in capital market
- ❖ Majority of the capital market investors are married.
- ❖ Respondents belonging to urban area have invested in capital market more than the respondents belong to other areas.
- ❖ Respondents belonging to 20,000 to 50,000 rupees monthly income group (35.4%) have invested in capital market more than respondents belong to other income groups. It is worth to be noted that respondents with monthly income above 50,000 rupees have not invested in capital market.
- ❖ Capital market investors save about 30 to 40% of their monthly income.
- ❖ Majority of the capital market investor are medium risk takers.
- ❖ Most of the non investors (88.2%) are aware about trading in the capital market.
- ❖ Majority of the non investor respondents of (53.7%) have an idea to invest in capital market within a year.
- ❖ Most of the investor respondents are satisfied with their existing stock broking service provider.
- ❖ Most of the investor respondents came to know about capital market trading through friends. So, reference group play a vital motivation to invest in capital market.
- ❖ Most of the investor respondents (86.7%) are involved in internet based online trading.

- ❖ One-half of the investor respondents prefer delivery based online trading.
- ❖ Two-third of the investor respondents do not prefer short selling.
- ❖ Half of the investor respondents occasionally trade in the capital market.
- ❖ Half of the investor respondents not invest in Initial Public Offerings.
- ❖ Nearly half of the investor respondents use fundamental analysis for their investment valuation.
- ❖ Among the various financial ratios and characteristics of the firm, most of the investor respondents gave more importance to book to market ratio, gave importance to market capitalization and book to market ratio and gave less importance to price earnings ratio. ratio in making investments.
- ❖ Three-fourth of the stock broking service providers provide research reports while another half do not provide any research reports to their client investors.
- ❖ Nearly half of the investor respondents track the capital market news through television and business newspapers.
- ❖ Among the various corporate events, most of the investor respondents gave more importance to initial public offerings and listing switches, gave importance to merger and acquisition and stock splits and gave less importance to stock repurchases and seasoned equity offerings and dividend initiation or increase in making investments.
- ❖ Most of the Investor respondents prefer to be positive reference group by recommending others towards investing in the capital market.
- ❖ Non investor respondents give high priority to bank deposits among the various fixed income savings option.
- ❖ Non investor respondents give high priority to invest in mutual funds.
- ❖ Non investor respondents give high priority for real estate investments.
- ❖ Investor respondents give high priority to bank deposits among the various fixed income savings option.
- ❖ Investor respondents give high priority to mutual funds among the various variable income savings option.

- ❖ The investor respondents give high priority to Bullion estate investments.
- ❖ There exists a significant relationship between gender of the non investor respondents and their risk taking capacity.
- ❖ There exists a significant relationship between gender of the investor respondents and their risk taking capacity.
- ❖ There does not exist a significant relationship between monthly income of the non investor respondents and their risk taking capacity.
- ❖ There does not exist a significant relationship between monthly income of the investor respondents and their risk taking capacity.
- ❖ There exists a significant relationship between marital status of the non investor respondents and their risk taking capacity.
- ❖ There exists no significant relationship between marital status of the investor respondents and their risk taking capacity.

## **5.2 SUGGESTIONS**

In the study it is clearly understood that nearly two-third of the IT Professionals are interested to invest in the capital market but they are not aware about the capital market. Information Technology Professionals are ready to refer their friends to invest in capital market, which could help the UNICON to capture new investors. It helps to create the profile of prospective customer base for UNICON INVESTMENT SOLUTIONS.

UNICON INVESTMENT SOLUTIONS should tap the market potential of the IT Professionals, since most of the IT Professionals are not investing in capital market but they have an idea to invest in capital market within a year.

The company have to frequently conduct the investment awareness programmes for the Information Technology Professionals to explain market nuances.

The investors from other stock broking service providers in Coimbatore are satisfied but not to the full extent. By bridging the unmet expectations of the customers, it makes easy to capture the existing investors of other stock broking service providers.

The company should concentrate more on publishing the research reports and make it reach the investors.

Analyst calls shall be sent in sms for quick access of the investment.



### **5.3 CONCLUSION**

A descriptive study is to understand the capital market awareness and investment behaviour of the information technology professionals working in Mountain Mist Campus of COGNIZANT TECHNOLOGY SOLUTIONS, Coimbatore. The study was also intended to profile a prospective customer base for UNICON INVESTMENT SOLUTIONS, COIMBATORE. The responses from 242 respondents were collected through a structured questionnaire. The study reveals the fact that the Information Technology Professionals are aware about trading in capital market. They fear about the risk and return from the capital market.

The behaviour of the investors from the IT Profession has been studied. The investors in other stock broking service providers in Coimbatore are satisfied but not to the full extent. UNICON should put forth efforts to understand the expectations of its customers. If the organisation takes immediate steps to capture the market, more market share could be achieved.

It is concluded that it is the best time for the stock broking service providers to capture the investors and become the market leader by acquiring aggressive strategies.

**ANNEXURE – I**

**QUESTIONNAIRE BEFORE PILOT STUDY**

**QUESTIONNAIRE FOR NON INVESTORS:**

**DEAR RESPONDENT,**

Greetings. As a part of my MBA project, I am doing “**A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR OF IT PROFESSIONALS WITH RESPECT TO COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE**”. Kindly spare a few minutes of your valuable time to fill this questionnaire. The details of the questionnaire are purely for research purpose and will be strictly kept confidential. Thank you.

1. Name : \_\_\_\_\_

2. Gender :

Male

Female

3. Age :

Less than 25 yrs  25 to 35 yrs

35 to 45 yrs  above 45 yrs

4. How many members are in your family?

\_\_\_\_\_ Adults

\_\_\_\_\_ Kids

5. Educational qualification

Degree Stream	Under Graduate	Post Graduate
Engineering		
Non Engineering		

6. Marital status :

Single     Married

7. Your residential area is

Urban     Semi-urban     Rural

8. Which branch of CTS you belong to?

Mountain View Campus     Mountain Mist Campus  
 Special Economic Zone     Cognizant Academy &  
Training Center

9. Income (Including salary) per month in Rupees:

Less than Rs 20,000     Rs 20,000 to 30,000  
 Rs. 30,000 to 50,000     Rs. 50,000 & above

10. Percentage of Savings in your monthly income

Below 30%     30 to 40%

40 to 50%     above 50%

11. Give your priority for various Savings option according to your preference (Rank 1 being your high preference):

Fixed Income Sources

Parameters	Rank
Bank Deposit	
Insurance	
Postal Savings	
Bonds	
Realty	
Bullion	
Debentures	

Variable Income Sources

Parameters	Rank
Equity Shares	
Mutual Funds	
Hedge Funds	
Derivatives	
Commodities	

12. Are you aware about investing in Stock market?

Yes       No

If yes, reasons for not investing in Stock Market \_\_\_\_\_

13. Your Risk Taking Capacity

Low       Medium       High       Risk  
Averse

14. Are you interested to invest in stock market in future?

Yes       No

If yes, then when you plan to invest?

- Within a month
- Within next 3 months
- Within next 6 months
- Within a year

15. Contact Number: \_\_\_\_\_

16. E-mail ID : \_\_\_\_\_

## QUESTIONNAIRE FOR INVESTORS:

DEAR RESPONDENT,

Greetings. As a part of my MBA project, I am doing "A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR OF IT PROFESSIONALS WITH RESPECT TO COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE". Kindly spare a few minutes of your valuable time to fill this questionnaire. The details of the questionnaire are purely for research purpose and will be strictly kept confidential. Thank you.

1. Name : \_\_\_\_\_

2. Gender :

Male                       Female

3. Age :

Less than 25 yrs    25 to 35 yrs

35 to 45 yrs         above 45 yrs

4. Educational qualification

Degree Stream	Under Graduate	Post Graduate
Engineering		
Non Engineering		

5. Marital status :

Single     Married

6. Your residential area is

Urban     Semi-urban     Rural

7. Which branch of CTS you belong to?

Mountain View Campus     Mountain Mist Campus  
 Special Economic Zone     Cognizant Academy &  
Training Center

8. Income (Including salary) per month in Rupees:

Less than 20,000     20,000 to 30,000  
 30,000 to 50,000     50,000 & above

9. Percentage of Savings in your monthly income

Below 30%     30 to 40%  
 40 to 50%     above 50%

10. Give your priority for various Savings option according to your preference (Rank 1 being your high preference):

Fixed Income Sources  
Sources

Parameters	Rank
Bank Deposit	
Insurance	
Postal Savings	
Bonds	
Realty	
Bullion	
Debentures	

Variable Income

Parameters	Rank
Equity Shares	
Mutual Funds	
Hedge Funds	
Derivatives	
Commodities	

11. Are you satisfied with your existing stock broking service provider?

- Highly satisfied   
  Satisfied   
  Neither satisfied nor dissatisfied  
 Dissatisfied   
  Highly Dissatisfied

12. Your Risk Taking Capacity

- High   
  Medium   
  Low   
 Risk Averse

P-3194





13. How do you come to know about Share market trading?

- Media       Friends       Relatives       Stock broking Service provider

14. Your Method of stock market investment

- Offline Trading       Internet Based Online Trading

15. Which type of trading are you engaged?

- Intraday trading       Delivery trading       Both type

16. Are you involved in short selling?

- Yes       No

17. How often you trade?

- Daily       Weekly       Monthly       Occasionally

18. Do you invest in Initial Public Offerings (IPOs)?

- Yes       No

If yes, within the last six months, how many IPOs have you subscribed \_\_\_\_\_

19. Your Primary investment valuation is based on

- Fundamental Analysis                       Technical Analysis  
 Both Analyses

If Fundamental analysis or both, then when considering buying or selling a stock, which of the following stock valuation model is used?

- The constant Growth Dividend Valuation Model  
 The Variable Growth Dividend Valuation Model  
 The PE Multiple Valuation Model  
 Other Multiples Valuation Models (such as Price to cash flow and Price to sales)

20. When you are considering buying or selling a stock, how important are the following financial ratios and firm characteristics in making your decision?

Parameters	Most Important	Important	Less Important
Market Capitalization			
Book-to-Market Ratio			
Dividend Yield Ratio			
Price-to-Earnings Ratio			

21. Does your stock broking service provider provide research reports?

- Yes                       No

If yes, when you are considering buying or selling a stock, which of the following is considered as important in making your decision?

- Analyst buy and sell recommendations
- Analyst earnings estimates
- Analyst target prices
- Changes to analyst buy and sell recommendations
- Changes to analyst earnings estimates
- Changes to analyst target prices
- The Qualitative content of analyst reports
- The dispersion in analyst earnings forecasts or target prices
- None of the above

22. How do you come to know about the stock market news?

- Business News Papers       Television    World Wide Web
- Others Specify

23. When you are considering buying or selling a stock, how important are the following corporate events in making your decision?

Corporate Events	Most Important	Important	Less Important
Stock Splits			
Stock Repurchases			
Initial Public Offerings			
Seasoned Equity Offerings			
Listing Switches			
Dividend Increase or Initiations			
Mergers and Acquisitions			

24. Have you recommended other persons for Share market trading?

Yes

No

25. Specify your Service provider \_\_\_\_\_

26. What do you think as best service from your service provider?

\_\_\_\_\_

27. Contact Number: \_\_\_\_\_

28. E-mail ID : \_\_\_\_\_

## ANNEXURE – II

### QUESTIONNAIRE AFTER PILOT STUDY

#### QUESTIONNAIRE FOR NON INVESTORS:

DEAR RESPONDENT,

Greetings. As a part of my MBA project, I am doing “**A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR OF IT PROFESSIONALS WITH RESPECT TO COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE**”. Kindly spare a few minutes of your valuable time to fill this questionnaire. The details of the questionnaire are purely for research purpose and will be strictly kept confidential. Thank you.

1. Name : \_\_\_\_\_

2. Gender :

Male  Female

3. Age :

Less than 25 yrs  25 to 35 yrs

35 to 45 yrs  above 45 yrs

4. How many members are in your family?

\_\_\_\_\_ Adults  \_\_\_\_\_ Kids

5. Educational qualification

Degree Stream	Under Graduate	Post Graduate
Engineering		
Non Engineering		

6. Marital status :

Single       Married

7. Your residential area is

Urban       Semi-urban       Rural

8. Which branch of CTS you belong to?

Mountain View Campus       Mountain Mist Campus  
 Special Economic Zone       Cognizant Academy & Training Center

9. Income (Including salary) per month in Rupees:

Less than Rs 20,000       Rs 20,000 to 30,000  
 Rs. 30,000 to 50,000       Rs. 50,000 & above

10. Percentage of Savings in your monthly income

- Below 30%     30 to 40%  
 40 to 50%     above 50%

11. Give your priority for various Savings option according to your preference (Rank 1 being your high preference):

Fixed Income Sources

Parameters	Rank
Bank Deposit	
Insurance	
Postal Savings	
Bonds	
Debentures	

Variable Income Sources

Parameters	Rank
Equity Shares	
Mutual Funds	
Derivatives	

Other Sources

Parameters	Rank
Realty	
Bullion	

12. Are you aware about investing in Stock market?

Yes       No

If yes, reasons for not investing in Stock Market \_\_\_\_\_

13. Your Risk Taking Capacity

Low       Medium       High       Risk  
Averse

14. Are you interested to invest in stock market in future?

Yes       No

If yes, then when you plan to invest?

- Within a month
- Within next 3 months
- Within next 6 months
- Within a year

15. Contact Number: \_\_\_\_\_

16. E-mail ID : \_\_\_\_\_



## QUESTIONNAIRE FOR INVESTORS:

DEAR RESPONDENT,

Greetings. As a part of my MBA project, I am doing "A STUDY ON CAPITAL MARKET AWARENESS AND INVESTMENT BEHAVIOR OF IT PROFESSIONALS WITH RESPECT TO COGNIZANT TECHNOLOGY SOLUTIONS, COIMBATORE". Kindly spare a few minutes of your valuable time to fill this questionnaire. The details of the questionnaire are purely for research purpose and will be strictly kept confidential. Thank you.

1. Name : \_\_\_\_\_

2. Gender :

Male                       Female

3. Age :

Less than 25 yrs     25 to 35 yrs

35 to 45 yrs         above 45 yrs

4. Educational qualification

Degree Stream	Under Graduate	Post Graduate
Engineering		
Non Engineering		

5. Marital status :

- Single     Married

6. Your residential area is

- Urban     Semi-urban     Rural

7. Which branch of CTS you belong to?

- Mountain View Campus     Mountain Mist Campus  
 Special Economic Zone     Cognizant Academy & Training Center

8. Income (Including salary) per month in Rupees:

- Less than 20,000     20,000 to 30,000  
 30,000 to 50,000     50,000 & above

9. Percentage of Savings in your monthly income

- Below 30%     30 to 40%  
 40 to 50%     above 50%

10. Give your priority for various Savings option according to your preference (Rank 1 being your high preference):

Fixed Income Sources

Variable Income Sources

Other Sources

Parameters	Rank
Bank Deposit	
Insurance	
Postal Savings	
Bonds	
Debentures	

Parameters	Rank
Equity Shares	
Mutual Funds	
Derivatives	

Parameters	Rank
Realty	
Bullion	

11. Are you satisfied with your existing stock broking service provider?

- Highly satisfied   
  Satisfied   
  Neither satisfied nor dissatisfied  
 Dissatisfied   
  Highly Dissatisfied

12. Your Risk Taking Capacity

- High   
  Medium   
  Low   
  Risk Averse

13. How do you come to know about Share market trading?

- Media   
  Friends   
  Relatives   
  Stock broking Service provider

14. Your Method of stock market investment

- Offline Trading       Internet Based Online Trading

15. Which type of trading are you engaged?

- Intraday trading       Delivery trading       Both type

16. Are you involved in short selling?

- Yes       No

17. How often you trade?

- Daily       Weekly       Monthly       Occasionally

18. Do you invest in Initial Public Offerings (IPOs)?

- Yes       No

If yes, within the last six months, how many IPOs have you subscribed \_\_\_\_\_

19. Your Primary investment valuation is based on

- Fundamental Analysis       Technical Analysis
- Both Analyses

If Fundamental analysis or both, then when considering buying or selling a stock, which of the following stock valuation model is used?

- The constant Growth Dividend Valuation Model
- The Variable Growth Dividend Valuation Model
- The PE Multiple Valuation Model
- Other Multiples Valuation Models (such as Price to cash flow and Price to sales)

20. When you are considering buying or selling a stock, how important are the following financial ratios and firm characteristics in making your decision?

Parameters	Most Important	Important	Less Important
Market Capitalization			
Book-to-Market Ratio			
Dividend Yield Ratio			
Price-to-Earnings Ratio			

21. Does your stock broking service provider provide research reports?

- Yes                       No

If yes, when you are considering buying or selling a stock, which of the following is considered as important in making your decision?

- Analyst buy and sell recommendations
- Analyst earnings estimates
- Analyst target prices
- Changes to analyst buy and sell recommendations
- Changes to analyst earnings estimates
- Changes to analyst target prices
- The Qualitative content of analyst reports
- The dispersion in analyst earnings forecasts or target prices
- None of the above

22. How do you come to know about the stock market news?

- Business News Papers    Television    World Wide Web
- Others Specify

23. When you are considering buying or selling a stock, how important are the following corporate events in making your decision?

Corporate Events	Most Important	Important	Less Important
Stock Splits			
Stock Repurchases			
Initial Public Offerings			
Seasoned Equity Offerings			
Listing Switches			
Dividend Increase or Initiations			
Mergers and Acquisitions			

24. Have you recommended other persons for Share market trading?

Yes

No

25. Specify your Service provider \_\_\_\_\_

26. What do you think as best service from your service provider?

\_\_\_\_\_

27. Contact Number: \_\_\_\_\_

28. E-mail ID \_\_\_\_\_

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