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A STUDY ON INVESTORS WILLINGNESS TO TAKE RISK IN STOCK MARKET INVESTMENTS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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Abstract
Stock market is the best investment option for those seeking financial advice in making investment decisions. It is also a best option for investors. The study is made to find out investors willingness to take risk in stock market investments. It mainly focuses on Factors considered by investors for Investment & their reaction upon returns. The Source of data was obtained through Questionnaire & the analysis was made using Simple Percentage Analysis & ANOVA. Upon which Findings & Conclusion was made.

Key Words: Stock Market, Investment, Risk, Return.

Introduction to Risk
The definition of risk includes the following meanings "Possibility of loss or injury…the degree or probability of such loss". Investors commonly identify six kinds of hazards to which their investments are exposed they are; Business Risk, Financial Risk, Purchasing power Risk, Market risk, Interest Rate Risk, Social or Regulatory Risk.

Risk Elements
Risk can be of Systematic and unsystematic. Systematic refers to that portion of total variability of the return caused by common factors affecting the prices of all securities alike through economical, political, social factors. Unsystematic refers to that portion of the return caused due to unique factors relating to that firm or industry. For example Business Risk, Financial Risk and Management Risk.

BETA
Beta is an indicator of an investment's systematic risk. It measures systematic risk associated with an investment in relation to total risk associated with market portfolioThe beta measures the riskiness of individual security relative to market portfolio. It is a ratio of "its covariance with the market" to "the variance of market as a whole".

Objective of the Study
Primary Objective
- To study and analyze the investor willingness to take risk in the stock market investments.

Secondary Objective
- To Study the Factors considered by Respondents for Investment
- To know about The Respondents Reaction Based On The Stock Market Fall

Literature Review
Jens stark and Fredrik Wiklund[1]Associate Professor of Economics in Linkoping University, Department of Management and Economics. His Research on "The Chinese Equity Market an Economic Inquiry into Investment Opportunities and Risks". is to evaluate these opportunities and risk factors, more precisely, in terms of pros and cons of investing in China and also to elaborate an optimal portfolio strategy. However, there are also main cons for not investing in China: (I) the mismanagement of the state-run companies constitutes a large risk; (ii) the mainland exchanges' intra-year volatility discourages short-term investments; The World/Hong Kong and World/Shenzhen portfolios' expected returns and standard deviations are roughly the same. The World/Shenzhen portfolio might instead better suit the preferences of more risk averse investors.

The paper replicates the main steps from Patro, D.K., Wald, J.K. and Wu, Y. (2002) on new data. It is important that empirical results are replicated in order to ind out whether they can be generalized to other countries and to other periods. Overall, the findings indicate that there is strong statistical evidence that variation in the exchange rate affects the stock market of all countries. Furthermore, exchange rate risks depend on imports and exports as well as inflation.

Geir Inge Folkestad[3], The Author of this thesis has the intention to investigate the risk situation for small investors in the domestic residential property market in Sweden, and discuss some alternatives for reducing that risk. Focus will be on risk reduction by diversification. Residential property is considered to be a rather safe investment for the long term investor. The CAPM shows that portfolios based on residential property can reduce their risk and maintain the same level of returns

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through diversification. To get the best effect out of this diversification this should be done with assets that are least correlated with residential property. Investors can get a good diversification performance even with a few stakes. The main point in this thesis is that investors with residential property can get positive effects from diversification and the effects from diversification increase the more different the investment.

Research Methodology

Data Sources

Research is totally based on primary data. Secondary data can be used only for the reference. Research has been done by primary data collection, and primary data has been collected by interacting with various people. The secondary data has been collected through various journals and websites.

Data Collection: This questionnaire method of data collection is quite popular.

Tools Used

To achieve the objective the following methods are used

- Simple percentage method
- One Way ANOVA Test

Sample Design: Sampling design is a definite plan for obtaining a sample from a given population. Simple random sampling technique is used.

Population: The first step in the sampling process is the definition of the population, which can be defined in terms of elements, sampling units extent and time. For the present study undertaken the population is People investing in Stock Market in Coimbatore City.

Sample Size: The sample size selected for the survey is 120.

Data Analysis and Interpretation

Table Showing The Investment Objective of the Respondents

S. No	Investment Objective	No. of Respondents	Percentage of Respondents (%)
1	High Return	22	18.33
2	Reasonable Return & Safety	49	40.83
3	For Long Term Benefit	25	20.83
4	Retirement Protection	9	7.5
5	Tax Benefit	15	12.5
Total		120	100

Inference

From the above table it is clear that 41% of the respondents investment objective is Reasonable return & Safety,21% of the respondents investment objective is Long term benefit,18% of the respondents investment objective is High Return,13% is Tax benefit and remaining 7% of the respondents investment objective is Retirement protection.

Table Showing The Respondents Risk Tolerance Based on First Time Investment

S. No	Particulars	No. of Respondents	Percentage Of Respondents(%)
1	More willingness to take risk	20	16.66
2	Less willingness to take risk	37	30.83
3	Risk tolerance unchanged	18	15
4	No idea	45	37.5
Total		120	100

Inference

From the above table it is clear that 38% of the respondents have no idea in Risk tolerance,31% of the respondents are less willingness to take risk at first time of investment,17% of the respondents are more willingness to take risk at first time of investment,15% of the respondents are risk tolerance unchanged.

Table Showing The Respondents Reaction Based on the Stock Market Fall

S. No	Reactions	No. of Respondents	Percentage of Respondents (%)
1	Withdraw your money	21	17.5
2	Wait and watch	45	37.5
3	Invest more in it	22	18.33
4	Partially withdraw money	32	26.66
	Total	120	100

Inference: From the above table it is clear that 38% of the respondents are wait and watch,27% of the respondents are partially withdraw money,18% of the respondents are would invest more if the stock market falls and 18% of the respondents are withdraw the money when the stock market falls.

Table Showing The Factors Considered by Respondents

S. No	Rank	Factors	No. of Respondents
1	1	Return	42
2	2	Safety	32
3	3	Risk	36
4	4	Liquidity	32
5	5	Tax	41

Inference: From the above table it is clear that 42 respondents are most preferred Return of the investment, 32 respondents are given the second rank to the safety of the investment,36 respondents are given the third rank to the risk , 32 respondents are given the fourth rank to the liquidity position of the investment and 41 respondents are given the fifth rank to the tax benefit of the investment.

To Test the Dependence between Age and Investment Objective

I. Cross tabulation Between Age And Inesvtment Objective

Age	Your Investment Objective					Total
	High Return	Reasonable Return & Safety	For Long Term Benefit	Retirement Protection	Tax Benefit	
Below 20 yrs	6	0	0	0	0	6
21-30 yrs	16	25	0	5	10	56
31-40 yrs	0	21	11	0	0	32
41-50 yrs	0	0	14	4	0	18
Above 50 yrs	0	3	0	0	5	8
Total	22	49	25	9	15	120

II. Anova Tabulation

Age	Sum of Square	df	Mean Square	F	Sig
Between groups	41.321	4	10.330	15.029	.000
Within groups	79.045	115	.687		
Total	120.367	119			

Inference:Null Hypothesis(H0): There is no significant difference between age and investments objective.
Alternate Hypothesis(H1): There is a significant difference between age and investments objective.

The calculated value of significance (.000) is lesser than the observed value of .05. Hence the null hypothesis has been rejected and inferred that there is greater significant difference between age and investments objective.

To Test the Dependence between Age and Portfolio Management is Reduce Risk

I. Cross tabulation Between Age And Portfolio Management Is Reduce Risk

Age	Agree the Portfolio Management is Reduce Risk		Total
	Strongly Agree	Agree	
Below 20 yrs	6	0	6
21-30 yrs	20	36	56
31-40 yrs	12	20	32
41-50 yrs	18	0	18
Above 50 yrs	0	8	8
Total	56	64	120

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II. Anova Tabulation

Age	Sum of Square	df	Mean Square	F	Sig.
Between groups	.117	1	.117	.114	.736
Within groups	120.250	118	1.019		
Total	120.367	119			

Inference
Null Hypothesis(H0): There is no significant difference between age and Portfolio management is reduce risk.
Alternate Hypothesis(H1): There is a significant difference between age and Portfolio management is reduce risk.

The calculated value of significance (.736) is greater than the observed value of .05. Hence the null hypothesis has been accepted and inferred that there is no greater significant difference between age and Portfolio management is reduce risk.

Findings

- From the analysis, the most of the respondents fall under the group between 21 to30 years & 77% of the respondents are male.
- 41% of the respondents are Under Graduates and 38% of the respondents annual income is between Rs4 lacs to 6 lacs and 59% of the respondents are Employed.
- 33% of the respondents are investing between the period 6 to 8 years.
- Most of the Investor's Investment objective is reasonable return & safety and long term benefit also.
- The Investors are less willingness to take risk at the first time of investment.
- Most of the investors are maintain portfolio management for investments because of reducing the risk. Most of the investors agree the portfolio management is reducing the risk.

Conclusion
Stock market is the best investment option for those seeking financial advice in making investment decisions. It is also a best option for investors. The study is made to find out "A study on investors willingness to take risk in stock market investments". The investors are aware risk in stock market investments is not principal guarentee. So investors are willingness to take risk in stock market investments. An investors risk tolerance is depend on investment objectives and return. The study reveals that the some investors are not maintaining portfolio which would minimize risk and maximize the return. And also it is clear that the investors level of understanding about risk and the importance of portfolio management as they are not aware of the portfolio management proper steps to be taken in order to improve the awareness level in the minds of the investors. Further, this study highlights the need for better dissemination of knowledge to the investing public about the stock markets and also the need for wise investment decisions. The analysis and advice presented in this Project Report is based on market research on the saving, risk aware and investment practices of the investors and preferences of the investors for investment in stock market.

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