

A STUDY ON AWARENESS ABOUT ALTERNATIVE INVESTMENT STRATEGY THROUGH QUANTITATIVE ANALYSIS IN STOCK MARKET IN KHARGHAR, NAVI MUMBAI REGION

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“Risk comes from not knowing what you are doing” - **Warren Buffett**

Abstract

The purpose of study is to analyze the awareness about the alternative investment strategy through quantitative analysis in stock market specifically in Kharghar, Navi Mumbai region. The paper studies the significance of quantitative analysis in stock market investment. A quantitative descriptive sample design was used to study the individual investors under different economic condition in Navi Mumbai. A semi-structured interview and questionnaire was designed.

This research tries to focus on positive opportunities created by quantitative analysis of stock market while investing. It identifies the better opportunity in terms of risk and return. One of the most interesting findings of the study is that most of the individual investors don't have any idea about the quantitative analysis and its benefits in stock market. The other remarkable finding suggests that proper knowledge of quantitative analysis helps individual investor to invest rationally in stock market. It enhances the chances of more returns less risk and contributes some value to the economy.

Key words: Stock market, Quantitative analysis, Risk and Return, individual investors

Introduction

We spend more than half our lives working and saving, but hardly spend any time planning on how to put that hard-earned money to work more effectively. As Warren Buffett, the most successful investor, writes, “To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insights, or inside information. What's needed is a sound intellectual framework for making a decision and the ability to keep emotions from corroding that framework.” Most of the Indians consider the Stock market is risky and money loser business/job due to Lack of awareness training and guidance. Likewise there is lot of rumors which kept most of the people away from the Stock

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market. But the truth is that like any other business/job, the Stock market also requires knowledge and experience. Lot of people enters Stock market to earn fast money and to do day trading based on tips. This will not work and people will loosen their money. Stock market is for those who want to learn and then earn. The main objective of the investor is to minimize the risk involved in investment and maximize the return from the investment. Quantitative trading refers to making portfolio allocation decision based on scientific principles. These principles may be fundamental or technical or can be based on simple statistical relationships. Quantitative or 'quant' investing is a different style of investment in which statistical models are used as inputs for taking investment decisions. Quantitative analysis provides the insights with respect to company, macro and, market variables to a broader array on investment opportunities.

Aim of the Study

This paper seeks to explore the alternative investment strategy through quantitative analysis in stock market specifically in Kharghar, Navi Mumbai region.

Literature review

A review of existing literature is given as follows:

Dr. Rajeev Jain (2012) concludes that only few investors create immense wealth from a stock market and also manage to keep it for decades. But those who did not, they learn from their mistakes and capitalize their investments during the next rise. This study suggests appropriate strategies to investors for taking right investment decision in stock market and dwells on the basic guidelines for investment decisions.

Dhiraj Jains and Nakul Dashora,(2012), examined the impact of market movement on investment decision and found that investors prefer to wait and watch policy for taking their decision, and are very cautious and their decisions are influenced by various psychological factors and behavioral dimensions. Investor's decision is rational and influenced by the various information available in market.

MR. SURESH A.S (2013), from the study concluded that It is highly essential for the investor to do both fundamental and technical analysis for deciding the suitable stock. In stock market, trend is considered to be a man's best friend.

Dr. T. N. Murty and P.V.S.H Sastry (2013), proposes the investment perception of small investors with the objective of return optimization. He try to find out the Variations in the returns from the expectations of the investors lead for the risk and the subjective analysis of various attributes helps for the minimization or the avoidance of the risk. The important finding was in low percentage equity investment or stock market trading comparing to other investment avenues in India. The main recommendation was to bring the government or regulatory bodies like SEBI must create lot of awareness and encourage in retail investors in equities to become greater part of development of economic system for making investment on long term basis.

Shrikrishna K S and Rakesh HM (2014) study reveals that the respondents assimilate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance of consideration by the respondents, because the level of income decides the level of savings. The investors are partly aware about the equity futures and options and finally they feel that market movements affect the investment pattern of investor.

Objectives of the Study

- The primary objective of the study is to find out the awareness level of individual when investment made in stock market with quantitative analysis.
- The sub-objective of the study is to check the acceptance and influence of quantitative analysis in stock market investment.

Data and Methodology

Data Collection

a) Primary data : Primary data is collected from 50 retail investor, who are regular investor in stock market and living in kharghar area through a structured questionnaire.

b) Secondary data : It is collected through internet (websites sources, books, magazine, journals, publications).

Research Design

In this study, casual explanation will be used to determine the effect of quantitative analysis in stock market investment technique by secondary data analysis. A questionnaire is prepared to know the popularity and knowledge about the quantitative analysis in stock market among the retails or individual investors.

Sample selection

The data is collected from the individual who are the frequent investor in the stock market. To construct the data investors are randomly selected. The individual are the frequent investors of the Indian stock market. Questionnaire was distributed through online platform through social networking websites and offline platform also.

Data analysis and interpretation

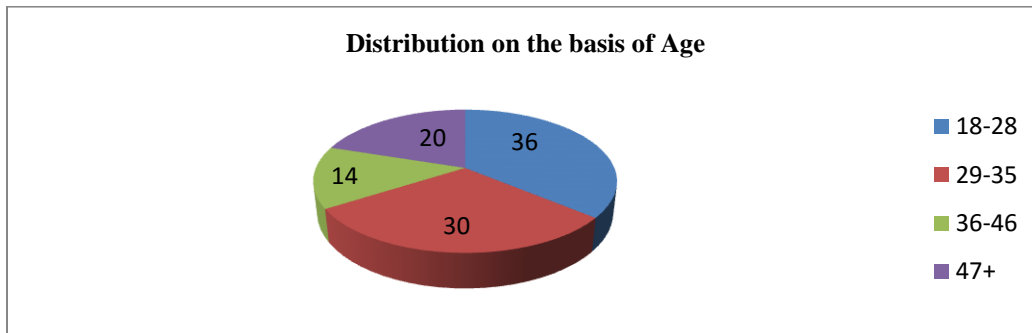


Figure 1.1

From Figure 1.1, it is observed that out of total respondent 36% from the age group 18-28 years while only 14% from 36-46 years age group.

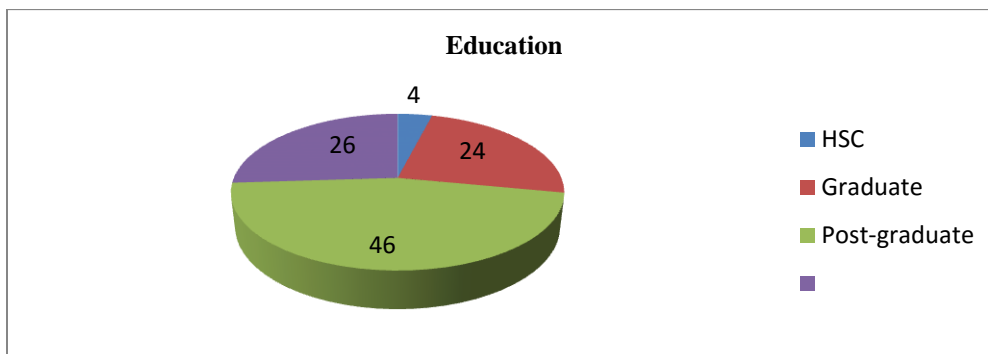


Figure 1.2

From Figure 1.2, it is observed that out of total respondent 46% respondent are post graduate and only 4% with higher secondary passed.

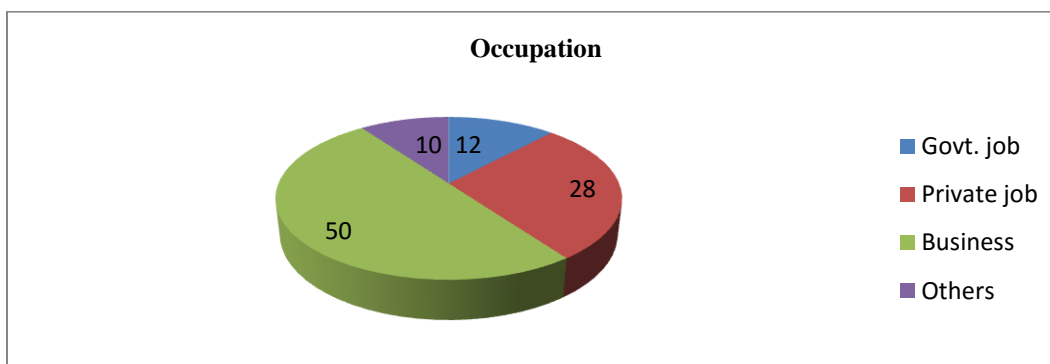


Figure 1.3

From Figure 1.3, it is observed that out of total respondent 50% respondent are from business class while only 12% from government job.

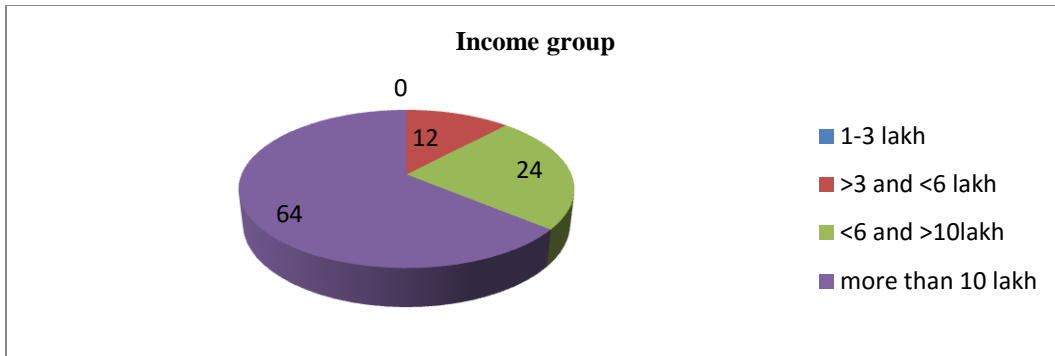


Figure 1.4

From Figure 1.4, it is observed that out of total respondent 64% respondent are from more than 10 lakh income group while 0% from income group 1-3 lakhs.

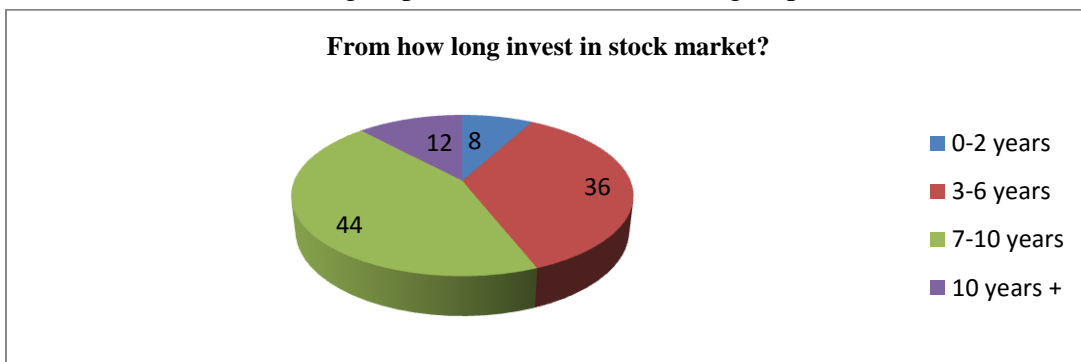


Figure 1.5

From Figure 1.5, it is observed that out of total respondent 44% respondent are active investors in stock market with more than 7 years while only 8% from just entered or below 2 years in stock market.

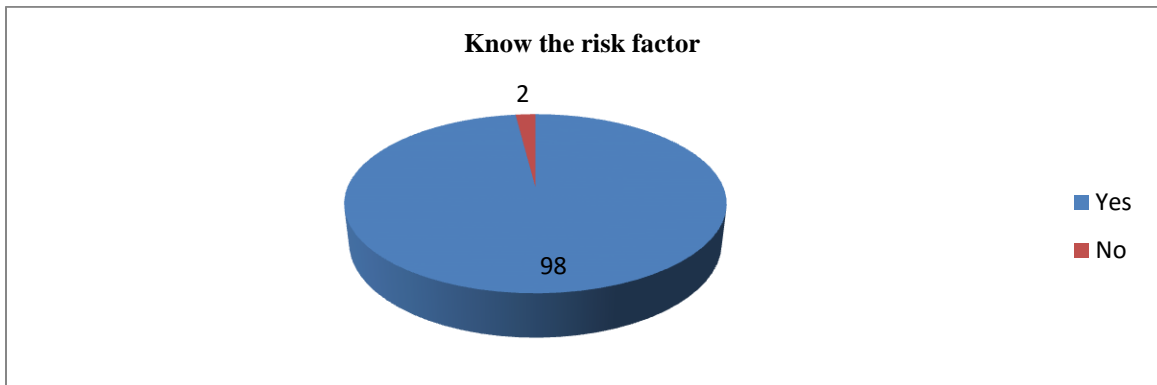


Figure 1.6

From Figure 1.6, it is observed that out of total respondent 98% respondent knows risk factors involve in stock market very well while still 2 % did not know the exact risk scenario in stock market.

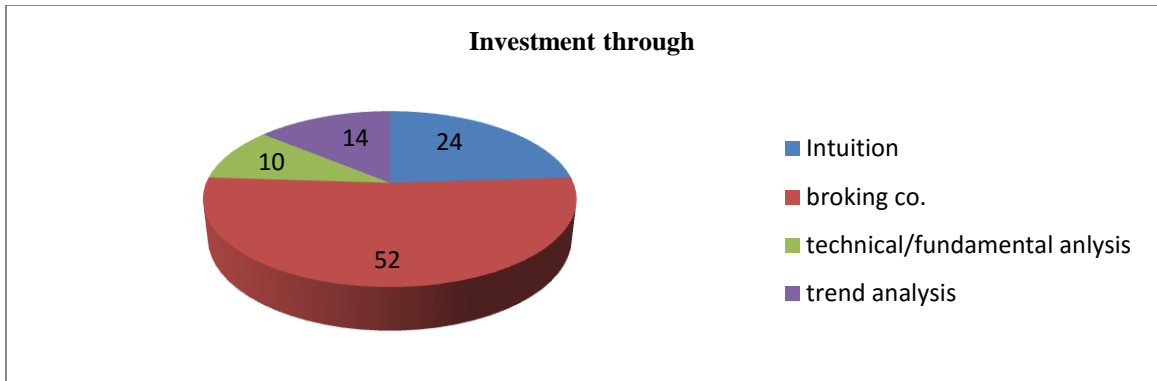


Figure 1.7

From Figure 1.7, it is observed that out of total respondent 52% respondent are usually invest in stock market through different broking firm available in the market and 24% respondent invest according to their intuition and only 10% respondent uses analysis for the investment.

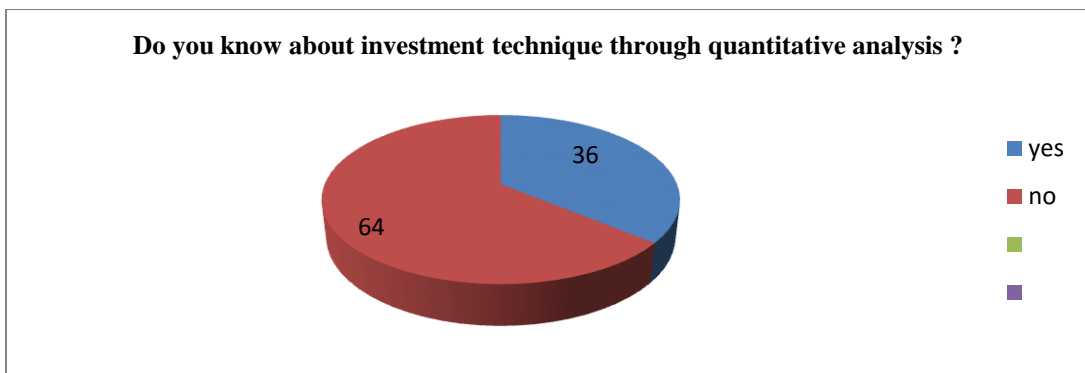


Figure 1.8

From Figure 1.8, it is observed that out of total respondent 64% respondent know about the quantitative technique for investment in stock market while 36% still do not have idea about the same.

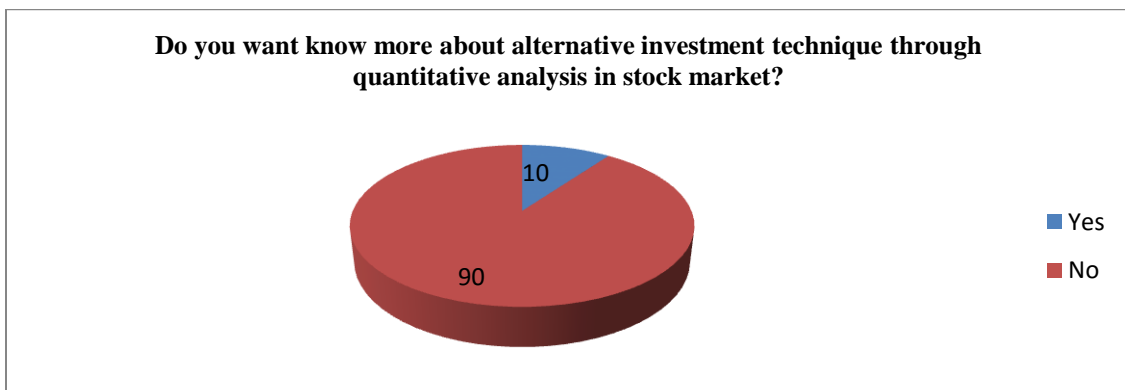


Figure 1.9

From Figure 1.9, it is observed that out of total respondent only 90% respondent are even interested to know about this alternative technique of quantitative analysis for optimal return and minimising the risk while still 10% are hardly bother to know the technique to serve money in a better way.

Conclusion, Recommendation and Suggestions

The research brings out certain specific characteristic of retails investors living in Kharghar, Navi Mumbai area. The study has shown that individual personal attributes also affect the investment pattern and awareness in the stock market. This study also focused that most of the individual depends upon broking firm and their tips to invest in stock market while some of them from their intuition. It is very shocked to know that only few have the fundamental and basic technical knowledge about the investment techniques while today, we all use to surf internet by clicking the cell phone. It was also found that quantitative analysis is important for rational investment to avoid the risk instead of that few of the individuals are hardly bother to know what it is. Most of the individual know the risk factor associated with the investment with stock market but they are not putting any effort towards minimizing the risk and optimizing the return through any technical advancement of the knowledge.

The very important suggestion of the study is not only individual while regulatory body like SEBI and NSE/BSI should have to put some extra effort towards the knowledge quantitative analysis of alternative investment technique to minimize the risk and optimize the return to save and maximise the investor money. It will enhance the participation of investors in stock market and also the perception of investor that stock market is a risky business.

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