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A Study on Students Attentiveness Towards Indian Stock Market

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Abstract

The present article emphasizes on the need for the stock market efficiency as it gives sufficient knowledge to the shareholders before investing the money in the share market. Shareholders come to understand the volatility of the market thereby investing in the best investment proposals. Moreover, it paves way for return on investment after the thorough analysis. The objectives of the study are to measure the association between age and financial instruments traded in stock market and to evaluate the importance of information technology facilities on spreading of stock market news. The data used for this study are accompanied by primary and secondary data. Primary data were obtained from Post graduate students from the selected sample list of educational institutions. The Chi-Square Analysis and Mann Whitney *U* Test was used to test the hypothesis.

Keywords: EMH, IT, NSE, BSE and SENSEX

1. Introduction

When money is put into the stock market, the goal is to generate a return on the capital invested. Many investors try not only to make a profitable return, but also to outperform, or beat, the market. However, market efficiency - championed in the efficient market hypothesis (EMH) formulated by Eugene Fama in 1970, suggests that at any given time, prices fully reflect all available information on a particular stock and/or market. Fama was awarded the Nobel Memorial Prize in Economic Sciences jointly with Robert

Shiller and Lars Peter Hansen in 2013. According to the EMH, no investor has an advantage in predicting a return on a stock price because no one has access to information not already available to everyone else.

The nature of information does not have to be limited to financial news and research alone; indeed, information about political, economic and social events, combined with how investors perceive such information, whether true or rumored, will be reflected in the stock price. According to the EMH, as prices respond only to information available in the market, and because all market participants are privy to the same information, no one will have the ability to outprofit anyone else.

In efficient markets, prices become not predictable but random, so no investment

pattern can be discerned. A planned approach to investment, therefore, cannot be successful. This "random walk" of prices, commonly spoken about in the EMH school of thought, results in the failure of any investment strategy that aims to beat the market consistently. In fact, the EMH suggests that given the transaction costs involved in portfolio management, it would be more profitable for an investor to put his or her money into an index fund.

Three identified EMH classifications aim to reflect the degree to which it can be applied to markets:

- *Strong efficiency* – This is the strongest version, which states that *all* information in a market, whether public or private, is accounted for in a stock price. Not even insider information could give an investor an advantage.
- *Semi-strong efficiency* – This form of EMH implies that all public information is calculated into a stock's current share price. Neither fundamental nor technical analysis can be used to achieve superior gains.
- *Weak efficiency* – This type of EMH claims that all past prices of a stock are reflected in today's stock price. Therefore, technical analysis cannot be used to predict and beat a market.

In the real world, markets cannot be absolutely efficient or wholly inefficient. It might be reasonable to see markets as essentially a mixture of both, wherein daily decisions and events cannot always be reflected immediately into a market. If all participants were to believe that the market is efficient, no one would seek extraordinary profits, which is the force that keeps the wheels of the market turning.

In the age of information technology (IT), however, markets all over the world are gaining greater efficiency. IT allows for a more effective, faster means to disseminate information, and electronic trading allows for prices to adjust more quickly to news entering the market. However, while the pace at which we receive information and make transactions quickens, IT also restricts the time it takes to verify the information used to make a trade. Thus, IT may inadvertently result in less efficiency if the quality of the information we use no longer allows us to make profit-generating decisions.

2. Review of literature

Market Capitalisation is probably the foremost vital criterion in assessing the scale of a capital market. market capitalization equals to price of listed shares divided by nominal GDP. The magnitude relation has been wide adopted within the literature as a stable live of exchange potency for varied reasons. First; it's a proxy of the sized of the exchange that is completely related with the flexibility mobilise capital and diversify risk. Secondly, it's likely to incorporate companies past preserved profits and future growth prospects in order that a better magnitude relation to GDP signification growth prospects and exchange development (**Bekaert et al., 2001; Levine & Zervos, 1998**).

The key weakness of this magnitude relation is that a high magnitude relation exclusively driven by appreciated price of few companies with very little or no modification within the quantity of funds raised, and no modification within the breadth of the exchange could also be understood as exchange potency. Growth within the market capitalization as a share of GDP is related to a rise within the range of listed companies (**Adelegan, 2008**).

Debjiban Mukherjee (2007) created a comparative analysis of Indian exchange with International markets. His study covers NY securities market (NYSE), port securities market (HSE), national capital securities market (TSE), Russian securities market (RSE), Korean securities market (KSE) from varied socio- politico-economic backgrounds. each the metropolis securities market (BSE) and therefore the National securities market of Indian restricted (NSE) are employed in the study as a district of Indian exchange. The most objective of this study is to capture the trends, similarities and patterns within the activities and movements of the Indian exchange as compared to its international counterparts. The fundamental quantity has been divided into varied eras to check the correlation between the assorted exchanges to prove that the Indian markets became additional integrated with its world counterparts and its reaction area unit in cycle thereupon area unit seen globally. The assorted stock exchanges are compared on the premise of capitalization, range of listed securities, listing agreements, circuit filters, and settlement. It will safely be aforesaid that the markets do react to world cues and any happening within the world state of affairs be it economic science or country specific (foreign trade channel) have an effect on the assorted markets.

Ahuja (2012) presents a review of national capital Market & its structure. In last decade around, it's been determined that there has been a paradigm shift in national capital market. the applying of the many reforms & developments in national capital market has created the national capital market comparable the international capital markets. Now, the market options a developed regulative mechanism and a contemporary market infrastructure with growing capitalization, market liquidity, and mobilization of resources. The emergence of personal company Debt market is additionally an honest innovation commutation the banking mode of finance. However, the market has witnessed its worst time with the recent world money crisis that originated from the U.S. sub-prime mortgage market and cover to the whole world as a contagion. The capital market of India delivered a sluggish performance.

3. Statement of the problem

Despite having several awareness programmes by Indian Stock Exchanges, investors associations and SEBI, there's a heavy lack of awareness within the public and thus awareness to the knowledge has remained an enormous challenge to the potency of the Indian Stock Exchanges and to the investors themselves. However, the access to those programmes among students is incredibly low thanks to either existence of attending fees or temporal order or being by selection to some categories of audience particularly to investors solely. several researchers are created in market potency in Asian nation by testing on either weak style of efficient market hypothesis (EMH) or stochastic process hypothesis of stock costs and returns. they need been mistreatment daily closing information for the indices like S&P, (NSE) and BSE SENSEX during a specific time period. This study seeks to handle this gap.

4. Need of the study

The need for the study is to look at the extent of awareness among post graduate students

towards potency of the stock exchange as so much as they're daily exposed numerous business ideas not solely from faculty info however additionally from social learning and education programmes go by various capital market participants.

The present article emphasizes on the need for the stock market efficiency as it gives sufficient knowledge to the shareholders before investing the money in the share market. Shareholders come to understand volatility of the market thereby investing in the best investment proposals. Moreover, it paves way for return on investment after the thorough analysis.

5. Objectives of the study

1. To measure the association between age and financial instruments traded in stock market.
2. To evaluate the importance of information technology facilities on spreading of stock market news.

6. Research methodology

6.1. Sources of data

The data used for this study are accompanied by primary and secondary data. Primary data were obtained from Post graduate students from the selected sample list of educational institutions. Whereas Secondary data were elicited through journals, SEBI, BSE, NSE annual reports, News Papers, Brokerage Firms Reports, and Reports from World Federation of Exchanges.

6.2. Sample size

Besides, the sample size for the study is 100.

6.3. Sample area and design

The respondents were selected using stratified sampling, simple random sampling. The sample size of 100 is divided equally to four colleges in Chennai city.

6.4. Sampling tools

1. Chi-Square Analysis
2. Mann Whitney *U* Test

6.5. Data analysis and results discussion

Chi-Square test was applied to find the significant association between two variables by cross tabulating.

H0: There is no association between age and awareness of instruments traded

H1: There is association between age and awareness of financial instruments traded.

Interpretation: The below table indicates that the value of Chi-Square is 1.438; degree of freedom is 2 with *p*-value 0.487 at 5% significance level. Since the *p*-value is greater than 0.05. Null Hypothesis is accepted. Hence, there is no significant association between age and awareness of financial instruments traded in stock market (Table 1).

H0: There is no association between gender and awareness of stock market as easy way to mobilise funds.

H1: There is association between gender and awareness of stock market as easy way to mobilise funds.

Interpretation: The below table indicates that the value of Chi-Square is 4.816; degree of freedom is 1 with *p*-value 0.028 at 5% significance level. Since the *p*-value is less than 0.05. Null Hypothesis is rejected. Hence, there is association between gender and awareness of stock market as easy way to mobilise funds (Table 2).

TABLE 1. Relationship of age and financial instruments traded in stock market

Cross Tabulation

			Age of the respondents				
			20–22 23–25	26–28	28 and above		Total
Financial instrument traded	Yes	Count	26	43	2	0	71
		% within respondent's College/University	81.3%	72.9%	100.0%	0.0%	76.3%
	No	Count	6	16	0	0	22
		% within respondent's College/University	18.8%	27.1%	0.0%	0.0%	23.7%
Total		Count	32	59	2	0	93
% within respondent's College/University		100.0%	100.0%	100.0%	0.0%	100.0%	

Source: Primary Data

Chi-square data

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.438[a]	2	0.487

TABLE 2. Relationship between gender and stock market as easy way to mobilise funds

Cross Tabulation

			Gender		
	Male	Female			Total
Stock Market is easy way to mobilise funds	Yes	Count	34	39	73
		% within gender	75.6%	92.9%	83.9%
	No	Count	11	3	14
		% within gender	24.4%	7.1%	16.1%
Total		Count	45	42	87
% within gender		100.0%	100.0%	100.0%	

Source: Primary Data

Chi-Square Data

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.816[a]	1	0.028

H0: There is no association between year of the study and awareness of stock market news via internet service.

H1: There is association between year of the study and awareness of stock market news via internet service.

Interpretation: The below table indicates that the value of Chi-Square is 2.431; degree of freedom is 1 with *p*-value 0.119 at 5% significance level. Since the *p*-value is greater than 0.05. Null Hypothesis is accepted. Hence, there is no association between year of the study and awareness of stock market news via internet service.

Mann–Whitney U-Test

The Mann–Whitney *U*-test is a non-parametric test that allows two groups or conditions or treatments to be compared without making the assumption that values are normally distributed. It measures distribution of two groups of independent variable across dependent variable (Table 3).

H0: There is no difference between levels of awareness across categories of gender.

H1: There is difference between levels of awareness across categories of gender.

Test statistics	
	Level of awareness
Mann–Whitney	886.500
Asymp. Sig. (2-tailed)	0.051

Interpretation: The above table indicates that the value of Mann–Whitney *U* Test is 886.500 with *p*-value 0.051 at 5% significance level. Since the *p*-value is greater than 0.05. Null hypothesis is accepted. This means that the distribution of level of awareness is the same across categories of gender (Table 4).

Test statistics

	Level of awareness
Mann–Whitney	907.000
Asymp. Sig. (2-tailed)	0.093

H0: There is no difference between levels of awareness and attitude to follow stock market news on TV.

TABLE 3. Relationship between year of the study and stock market news via internet services

Cross Tabulation

			Year of study		
MBA 1st year MBA 2nd year					**Total**
Follow stock market news on Internet	Yes	Count	40	13	53
		% within year of study	51.9%	72.2%	55.8%
	No	Count	37	5	42
		% within year of study	48.1%	27.8%	44.2%
Total		Count	77	18	95
% within year of study			100.0%	100.0%	

Source: Primary Data

Chi-Square Data

	Value	Df	Asymp. Sig.(2-sided)
Pearson Chi-Square	2.431[a]	1	.119

TABLE 4. Distribution of level of awareness across gender

Ranks				
Gender		***N***	**Mean rank**	**Sum of ranks**
Level of awareness	Male	49	43.09	2111.50
	Female	47	54.14	2544.50
	Total	96		

Source: Primary Data

TABLE 5. Distribution of level of awareness across attitude to follow stock market news on Television

Ranks				
Follow stock market news on TV		***N***	**Mean rank**	**Sum of ranks**
Level of awareness	Yes	42	53.90	2264.00
	No	54	44.30	2392.00
	Total	96		

Source: Primary Data

H1: There is difference between levels of awareness and attitude to follow stock market news on TV.

Interpretation: The above table indicates that the value of Mann–Whitney *U* Test is 907.000 with *p*-value 0.093 at 5% significance level. Since the *p*-value is greater than 0.05. Null hypothesis is accepted. This means that the distribution of level of awareness is the same with those who follow stock market news on TV (Table 5).

6.6. Findings

So far as there is no significant association between variables such as age, gender and years of the study of the respondents against the knowledge and awareness on the ways to use to follow stock market news, knowledge of the common financial instruments traded, return on investment in the market in this study.

7. Suggestions and conclusion

The study suggests that all Indian stock exchanges and SEBI as they have taken upon a mandate to promote financial literacy to use various methods and approaches of disseminating information in order to bring more people into the folds of the financial market.

In reality, investors do not receive all information freely; they have to decide whether and which information to gather prior trading and investors end up staying afloat in a sea of uncertainty which in turn affects their level of awareness. This study reveals that the majority of management students are more selective on ways to follow stock market news as they prefer newspapers and the use of internet services rather than financial news on TV. Also, it has been revealed that they are aware of financial instruments traded, returns on the investment in the market and they realise that the stock market is one way among the easy way to mobilise funds for companies to operate although they are facing trouble to follow stock market news due to unaffordable expenses. On the other hand, the overall level of awareness is high though it has been contributed specifically by years of the study of the respondents, gender and respondent's college or University meanwhile age was not significant determinant on it. Therefore, the study reveals that management students are aware on the stock market efficiency concept. This is the best indicator that Indian stock markets will continue to grow and more important to be efficiency.

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