International Journal of Recent Technology and Engineering (IJRTE)
ISSN: 2277-3878, Volume-7, Issue-6S5, April 2019

The Study on Impact of Non-Monetary Factors Influencing Stock Market With Reference to Chennai City

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Abstract :The money earned is to be partly spent and rest of it should be invested to earn the future expenses. The rate of investment depends upon the infection level of the country. The higher the rate of infection, the individual need to invest more to improve the standard of living, the essential criteria is that an individual should sheet right investment avenue and it should be will diversified. The diversified investment should be combination of equity, gold, commodity market, and must of fixed deposit. The tag line of the investment market is higher the risk, higher the return, with the clause of long term investment will fetch higher revenue. This research paper studies about the factors influencing equity market, as the stock market is highly volatile in nature, as there many macro economic factors determining equity market like infection, gross domestic product, foreign direct investment and much more to lee considered for investment, and there are non-monetary factors influencing stock market namely psychological factors which is divided into multiple variables of which it is ascertained that over confidence of an individual will affect the decision making. The study also status that increase in unemployment rate in developed countries will affect our country in terms of investment avenue when it comes to sentiment marry investors which represent T value of 9.473 affects the investment decision.

Index Terms: Diversification, MacroEconomic Variables, Non-monetary factors.

I. INTRODUCTION

The ideal purpose of an investment is to generate income in the future, it can be in longer (or) short run. The longer investment can produce high return with low rich, the longer the period higher the return but lower the risk and vice versa of short run investments will not fetch revenue but intern will provide only low return. There are many ways in which percept investment of which two ways are economic perspective and financial perspective.

In economic point of view an asset which is purchases not for immediate consumption but for future consumption. In financial sense it includes purchases of bond, stock (or) real estate property. The investment of an individual will not alone promote the individual growth but also the economic growth. The increased production can support the gross domestic product (GDP) to increase gradually. To increase the investment the investor need to follow the right strategy and understand the factors influencing demand of an investment. There are various macroeconomic factors influence investment, but there are non monetary factors like psychological factors, other causes and events and sentiment also influence the investment behavior, Based on this understanding this research paper studies about various other non monetary factors influencing investment .

Revised Manuscript Received on December 22, 2018.

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II. LITERATURE REVIEW

Bower (2001) say that emotions play vital role in decision making for an investment decision to be made and even cognitive evaluations is also well established by researchers in psychology and decision-making. Bower has found that if the investor is negative in nature, he fails to make right decision, he portrays the investment market to be face downward with negative returns.

Simon (2003) argued that in order to have a complete theory of human rationality, we have to understand the role emotions plays in it. Researchers investigating the influence of decision maker bounded rationality on economic behavior have been particularly keen to incorporate emotions research into their models.

Boyles and Walter (2003) investigate whether the past performance of the New Zealand national rugby team is related to fluctuations in equity pricing on the New Zealand stock exchange using monthly data from 1950 to 1999. According to psychological research, the performance of a sports team has an important impact on the mood of its fans.

III. OBJECTIVES

The objective of the study is to ascertain beyond the monetary factors influencing the stock market, what are the various other factors which cannot be measured in terms of money influences the equity market, which is divided into three board factors psychological factors, causes and events and sentiment influencing investment . The three board factors is divided into multiple variable namely under psychological factors, the three common psychology influences equity market are

- Optimistic investors can make profits.
- Over confidence causes investors to trade too aggressively
- Patient investor can make profit.

Though there are various macro economic factors influencing stock market, most of the investors are carried away by the

Published By:
Blue Eyes Intelligence Engineering
& Sciences Publication

alone mentioned psychological factors.

The next comes the major happening (or) it can be called as causes and events influencing equity market like Increase in unemployment rate in developed countries, gossips about any company without proper knowledge of stock market and any other political factors influencing stock market and third factor is divided into sentiment influencing stock market though the equity market is highly volatile as common. There are few investors influenced by sentiment towards stock market, therefore this study aims to find out what are other factors influencing stock which cannot be measured in terms of money.

IV. RESEARCH METHODOLOGY

Questionnaire Design:

The data is collected by means of questionnaire divided into factors influencing investment of investment posture and proportion of investment percent are with reference to saving.

Data Collection Procedure:

The data collected started with the region of the study divided into Northern, Eastern, West Southern Chennai. This is done to ensure quality of data from sample with diverse characters.

Sample Size:

The data is collected by simple random sampling through structured questionnaire circulated to five hundred respondents out of which four fifty two respondents returned the questionnaire.

V. ANALYSIS AND INTERPRETATION

Table 1 : Psychological factors influencing investment

Variables	N	Mean	Standard deviation	Standard error mean	T Value	Lower
People with impaired ability to experience in decision making	500	3.5284	1.22075	.056	9.434	.000
Optimistic investor can make profits	500	3.0680	1.09917	.0499	1.363	.173
Patient investor can make profit	500	3.2141	1.19149	.0535	3.999	.000
Over confidence causes investors to trade too aggressively.	500	3.7020	1.2224	.05521	12.715	.000
Self attribution bias contributes momentum in stock return	500	3.6036	1.23042	.05519	10.937	.000

Source: computed data

The above table shows the psychological factors influencing investment, of the five factors influencing investment ,investors with over confidence causes investors to trade too aggressively at T= 12.715 at standard deviation 1.2224 and self-attribution bias contributes to the value of T=10.937 at standard deviation 1.23042 to influence the investors psychologically.

Table 2:Causes and events influencing investment

Variables	N	Mean	Standard deviation	Standard error mean	T value	Lower
Performance of sports team	500	2.77	1.10305	.04973	-4.496	.000
Gossips	500	3.2992	1.24181	.05565	5.777	.000
Movements of European stock market	500	3.0364	1.15295	0.5187	.702	0.483
Political factors western countries	500	3.2892	1.13155	.05071	5.703	.000
Increase in unemployment rate developed countries	500	3.3085	1.14751	.05152	5.987	.000

Source :computed data

The above table shows that gossips play a vital role in influencing equity investment at T=5.377 at 5%level of significance influencing equity market and next to it political factors also influence the equity market at T=5.703 at 5% level of significance. Therefore hypothesis two is also rejected and it is understood that non-monetary factors influence equity market.

TABLE 3 :Sentiment influencing investment

Variables	N	Mean	Standard deviation	Standard error mean	T value	Lower
Past market returns determine sentiment	500	3.3078	1.07339	.04844	6.349	.000
Sentiment affects individual investors only	500	3.3538	1.12333	.05080	6.964	.000
Sentiment affects low investors only	500	3.0327	1.18864	.05375	.609	.543
Sentiment can be trusted only for short term	500	2.8232	1.23065	.05548	3.1	87.002

Source:Computed Data

The investors have rightly said that sentiment can affect only individual investors with the mean value of 3.35 at standard deviation of 1.1884. As sentiment affects the stock return, it is evident that the past market returns determines the sentiment with the mean value of 3.3078 at standard deviation of 1.07339 and it is also proved that sentiment can affect small stocks only with the low trading volume of mean value 3.037 at standard deviation of 1.18864.

V .FINDINGS OF STUDY

The study reveals the multiple variables and factors influencing stock market, to understand the factors influencing stock market, T test is utilized as a statistical tool, the study states that over confidence of the investors leads the trade to trade more aggressively as the variables and the study also states that self attribution bias also influence the stock market which shows T values as 10.937 which is second highest on psychological factors influences investment market, the impaired ability of an individual which is of T value 9.434 also play a vile value on deciding the stock market investment , the next factor causes and event is divided into multiple variables of which Gossips about the stock market which is of T value 55.77 tops the second highest of all other variable namely. Increase in unemployment rate which is of T value 5.987 rates the top most variable in this factor, the political factors like change in the government also influence the stock market is of T value 5.703 affect the investment behavior towards equity market. The last factor is sentiment influencing investment decision which has around fine variables, the Tvalue of 9.473 sentiment influences future stock return and it is also ascertained that sentiment will affect only individual investors which is proved with T value of 6.964 and past market returns will affect the decision making in investment stock market.

VI . CONCLUSION

The study is conducted with the following findings that psychological factors play vital role in investment decision as said in the study ass the value of T is 10.937, the variable self-attribution bias contributes in momentum of stock return, because as per observation it is feet that most of the investor are in their own assumption that equity market investment are not safe and secured, The study has also understood that major factor which affect the development of an country is unemployment rate which states that T value is 5.987, as the cycle says that if a person is not able to earn obviously he will not be able to invest also in the near future and the final factor which is sentiment the most analogical factor and blunt state, which cannot be enlightened,, sentiment seeks for T value 9.473 affects the individual behavior towards equity market, As a researcher I would like to record in my research paper that stock market investment requires in depth knowledge in various areas of economics and finance. The inner must be various macroeconomic factors like gross domestic product, inflation , and foreign direct investment, and other non-monetary factors which is covered in this study, and I as a researcher also record that gold investment and investment in equity market are vice versa, higher the value of stock will reduce that value of gold, and lower the value of gold, higher the price of equity market, the investor must have proper combination of gold and equity market investment to be a healthy and faithful investor.

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