Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 12, Issue 4, June 2021: 771-791

A Study On Stock Selection Process And Portfolio Construction In Indian Context

Pankaj Choudhary[1], Dr. Manisha Choudhary[2], Dr. Praveen Choudhry[3]

[1]Principal, BMS College of Commerce & Management, Bengaluru
[2]Associate Dean, Department of Management Studies, VGU, Jaipur
3Dean, Department of Management Studies, VGU Jaipur

Abstract

The study is focused on in-depth understanding on identifying the investors view on the stock selection process in Indian Context. The study is focused on parameters like stock market perception, investment awareness, efficiency of firms, investment barriers, monitoring and evaluation, risk-return management and effective investment decisions. The objective of the study is to study the perceptions and awareness of the investors about the stock markets and to determine the impact of investors' behavioural influences on Risk – Return management and Effective investment decision.The research paper has undertaken primary data collected from structured questionnaire with 397 respondents. Empirical and descriptive research design has been used in the study. Statistical tools used for analysis arepercentage analysis, ANOVA, chi-Square and SEM (Structural Equation Model). The interpretation of data and study variables were constructed using the path analysis and the evaluation of the path coefficient was carried out using AMOS (Analysis of Moment Structure).

Keywords: stock market, investment analysis, portfolio management, super portfolio, rate of return

1. INTRODUCTION

Investment is commonly done by individuals in order to meet their future needs and furthermore to shield them from the effect of inflation. Investment in shares will bring better returns in comparison with any other type of investment. At whatever point the inflation rate is high, the stock market has given higher rate of return to the investors. Share trading causes the corporate to raise extra assets for extension by increasing the demand for securities. The liquidity that a trade gives enables the investors to sell the securities easily and quickly. This is an appealing element of the stock market investment.

Investors can choose an avenue that is suitable as per their ideal level of risk, liquidity and return. Investment in securities of capital market can be made through secondary or primary market (Lodhi, 2014). The investors can purchase or sell the current securities at the predominant market cost in the stock trade through stockbrokers. Investment is the arrangement of reserve with the point of accomplishing extra pay or growth in capital value.

Investment was a contributing movement that pulls in all individuals independent of their occupation, social status and education. A downplaying of the core concepts and a careful analysis of the choices can assist investors with creating a portfolio that expands returns while limiting risk exposure. The focal point of the government and financial advisors was to see that each individual needs to contribute and gain returns on their inert assets and produce a predetermined aggregate of money for anobjective throughout everyday life and arrange for an unsure future.

INDIAN CAPITAL MARKET

Capital markets assume an imperative role in the economy, since capital is a basic segment for creating monetary yield. Capital markets help channelize surplus assets from providers of capital, for example, retail investors and institutional investors to clients of capital like organizations, government and people to put them into long term beneficial use. Providers of capital for the most part need the greatest conceivable return at the least conceivable risk, while clients of capital need to raise capital at the most reduced cost. Capital markets have various members including individual investors, institutional investors, for example, mutual funds and pension funds, governments and municipalities, organizations and firms, financial institutions and banks. These members can raise capital for long term purposes by working in the capital markets in which money is accommodated for periods longer than a year.

STOCK MARKET

Stock market is heart of the economic position of a country. The stock market plays a crucial role in the growth of the business and trade of the nation that in the end influences the economy of the nation generally. This is the reason why government, industry and central banks of the nation keep an eye on the happenings of the stock market. The stock market is significant from both the business' perspective as well as the investors' perspective. Stock market is where stocks are purchased and sold. In an economy, other than assuming the role of a hotspot for financing investment, stock market likewise plays out a capacity as a flagging system to administrators with respect to investment decisions, and an impetus for corporate administration. In any case, stock market is most popular for being the best channel for organization's capital raise. Individuals are keen on stock in view of "long term growth of capital, profits, and a fence against the inflationary disintegration of buying power. The other element that makes the stock market more appealing than different kinds of investment is its liquidity. Most people invest into stocks since they need to be the proprietors of the firm, from which they obtain benefit when the organization pay dividends or when stock price increases.

INVESTORS

A speculator is an individual who apportions capital with the desire for a future financial return. Investors use investments to develop their money as well as give a pay during retirement, for example, with an annuity. A wide assortment of investment vehicles exists including (however not constrained to) stocks, commodities, wares, mutual assets, Exchange Traded Funds (ETFs), futures, options, foreign exchange, gold, silver, real estate and retirement plans. Investors regularly perform specialized and additionally principal analysis to decide great investment opportunities and prefer to limit risk while limiting returns.

Types of investors

1. Retail investors
2. Institutional Investors

STOCK SELECTION PROCESS

The investor who is having additional money could invest in securities or in some other resources like gold or land or could just deposit it in his bank account.At present, a wide assortment of investment roads is available to the investors to suit their requirements and nature. Information about the distinctive investment empowers the investors to choose investment cleverly. The necessary degree of return and the risk resistance choose the decision of the investor. The investment options extend from National reserve funds endorsements, Indira Vikas Patra, Kisan Vikas Patra,Mutual reserve plans, Insurance plans, Chits, organization shares, Bank fixed deposits, Company fixed deposits, Provident fund, Bonds/Debentures, Postal investment funds plans, Government securities and Real estate and others. An equity share is a section of the ownership capital of the organization qualified to share numerous advantages from the organization.

Stock market is one of the most energetic sectors in the monetary framework, denoting a significant commitment to financial development. Today long haul investors are intrigued to put resources into the Stock market as opposed to contribute anyplace.The stock selection process is viewed as critical in behavioural finance. A better comprehension of the behavioural procedure of investors and its results is noteworthy for financial planners, in such a case that budgetary organizers get an understanding that how investor reacts to showcase developments encourages them in creating reasonable methodologies of benefit portion for their customers. Behavioural finance attempts to comprehend and to clarify that how intellectual errors and feelings influence investors dynamically.

PORTFOLIO MANAGEMENT

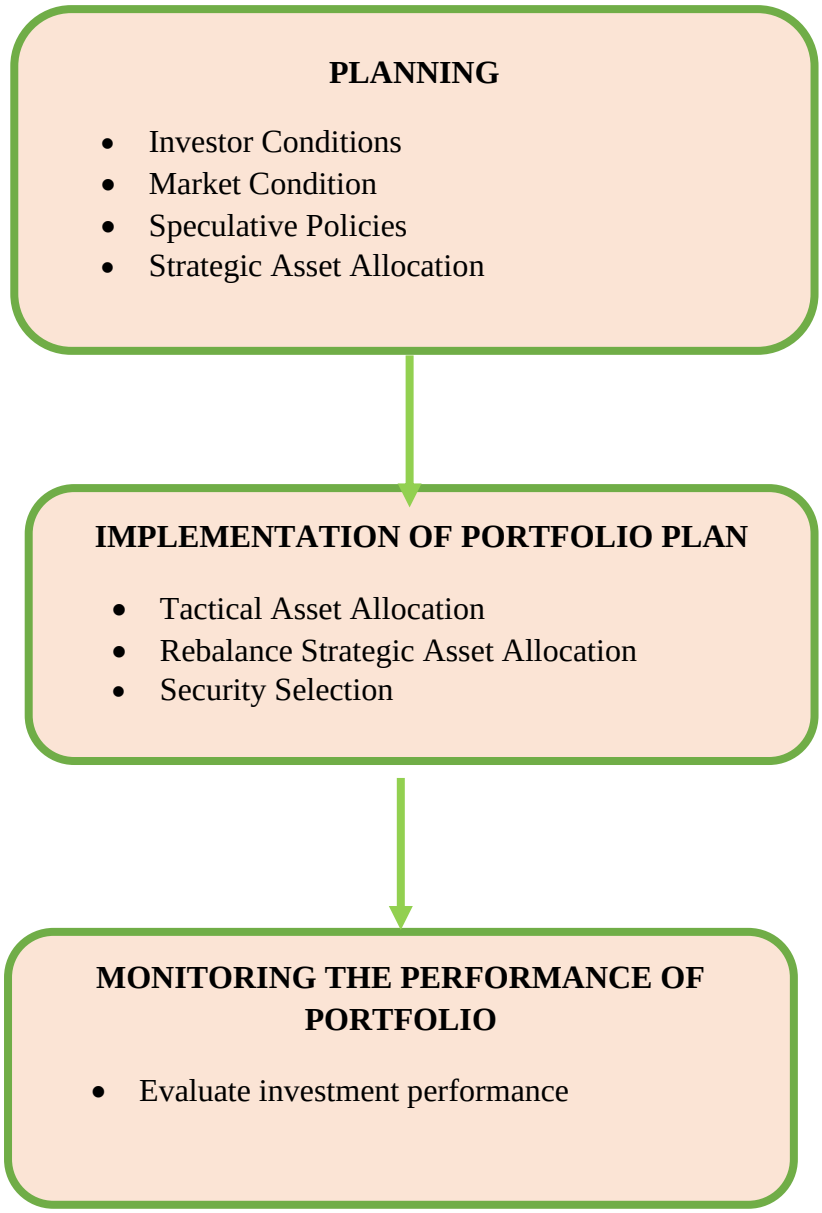
Portfolio management is associated with the process of decision making in relation to investments strategy, coordinating investments to targets, allocation of asset for individuals and establishments and adjusting risk against performance.6 Portfolio management is more than completing a chain of task, specific analyses and calculations such as return on investment, net present value, cost benefit, compensation period, and rate of return and later changing all of these based on amount of risk, earned value or operating costing. One can gather various activities into a portfolio that supports and these endeavors ought to be objective based that supports significant objectives. The reason for constructing portfolio must reveal the specific needs of the investor.

Portfolio investment process is a significant advance to address the issues and accommodation of investors. The portfolio investment process includes the following measures:

- Portfolio Planning
- Portfolio Implementation
- Monitoring portfolio performance

THE PORTFOLIO INVESTMENT PROCESS

Figure 1



Source: http://www.mbaknol.com/investment-management/portfolio-investment-process/

PORTFOLIO AND SUPER PORTFOLIO

Portfolio and Super Portfolio is a collection of various financial investments held by an individual for certain period of time. These financial investments may incorporate equity shares, fixed deposit schemes of organizations, debentures, preference shares, Derivative, Bond, FD, NBFS, PF, Money Market Instrument, Mutual fund, PPF, Insurance, Post office saving scheme etc. A portfolio is viewed as a better option in comparison to the investment in an individual share. In the event that an individual possesses more than one security, he is said to have an investment portfolio. Indian stock market has several portfolios to offer the investors. Each portfolio falls within its own parent financial investment and thus forms an entity at a greater level in the economic market. At the highest level, the financial investment market might have a portfolio within

which there is a super portfolio. This super portfolio is enterprise wide that brings a systemic and holistic view across the portfolio of investments in the stock market.

One can construct a portfolio by purchasing additional stocks, mutual funds, bonds or other investments. The principle objective is to augment the portfolio value by choosing investments that will go up in price. This by and large comprises of collection of securities. The decision to invest into stock market is taken after a great deal of security analysis.Fundamentally, the stocks related information help in deriving the stock price movements in the market.

2. REVIEW OF LITERATURE

Malathy and Saranya.J (2017) expressed in the paper that there are various factors that impact the perception of investors, their behaviour and investment decision. It was analyzed that the principle factors affecting investments are the return on investment and the profitability in short term. Each investor ought to be extremely aware of market trend or risk while contributing since the respondents evaluated ROI exceptionally high. Return on investment (ROI) is a significant factor that impacts the investment decision. Return is a definitive focus on a speculator. Hence, Return on investment is rated very high

Sarkar and Sahu, (2017) Awareness of investors is moderate and needs an improvement towards stock market activities for individual investors in market. Thus, the primary factors affecting investments are the return on investment, awareness about market risks and returns and profitability on a short term basis.

Samreen Lodhi (2014) determined that financial literacy and accounting data helps investors in bringing down data asymmetry and permits investors to invest into risky instruments. However, as age and experience increase, investors' inclination changes to safer investments, it does not imply that investor does not want to invest into shares, he will yet with the intension of getting profit return as opposed to capital gain.

Mitra, Anupam (2014) Portfolio is a combination of bonds, future agreements, warrants, stocks, real estate, ETFs and others, where an investor desires to invest. Markowitz Modern Portfolio Theory (MPT) enables to understand how an investor ought to approach choosing the one best portfolio to address his issues. Or on the other hand, more unequivocally, by what method should an investor approach choosing securities to buy and decide what number of dollars to invest into each. Sharpe Index is utilized for performance evaluation of these portfolios

Resnik, Bruce L (2010) possible failure of the Modern Portfolio Theory (MPT) which evaluated investment risk and diversified a portfolio by consolidating investments with various chronicled performance characteristics, in the credit emergency in 2010. MPT investors purportedly endured misfortunes in values, fixed-income securities and speculative stock investments when the emergency hit. It is expressed that MPT neglected to think about this present reality risk of cost and that it impeded strategic or vital contributing and concentrating on resources that will probably acknowledge later on.

Aydin Ulucan (2007)studied about optimal holding period for the traditional mean-variance portfolio optimization issues. Three distinctive target return levels, three diverse risk measures and 36 distinctive time

frame with moving data were utilized. It was found that portfolio returns with shifting holding periods have a convex structure with an optimal holding period.

3. RESEARCH GAP

a) Investors' preference towards portfolio selection is a dynamic process, is always temporal and therefore this becomes ever new irrespective of number of studies carried on in this area. There is always a gap and it is necessary to study the process periodically.
b) Despite a number of studies in the field of market efficiency, there is a requirement for research on analyzing mean-variance efficient portfolio for Indian market. There is a dearth of empirical evidence in Indian studies that investigate the impact of behavioural finance, attitude of investors and construction of portfolio with optimal selection decisions.
c) The current study dealing with the financial behaviour of individual investors towards selection of portfolio in Indian stock market not only covers the research gap, but also fills the knowledge gap of the investors and employees of financial consultancy firms in constructing super portfolio with optimal investment.

4. STATEMENT OF PROBLEM

An investor desiring to invest in securities faces the problem of choosing the right option from large number of securities and way to allocate those funds on a group of securities. The major hurdle is the problem of decision making faced by the investor in choosing which securities to hold and how much funds to invest in each of the securities. According to Markowitz Model, an investor arrives at an optimal portfolio and according to Single Index Model it helps in considering time cost and avoids unnecessary data input. These models also enable the investor to comprehend the risks and returns in the transaction. It can be understood from these models that selection of optimum portfolio is important.

There are large number of studies that explained these models and measures for stock selection and portfolio management. However, there are no studies that emphasize on Construction of Super Portfolio in Indian context. Also, not much empirical evidence exists in India on scrutinizing the factors such as Stock Market Perception, Investor Awareness, Efficiency of Firms, Monitoring and Evaluation and Investment Barriers that influences Risk-Return Management and Effective Investment Decision. The present study addresses the concerns of creating a super portfolio and how the constructed Super portfolio outperforms the market indices.

5. OBJECTIVES OF THE STUDY

1. To study the perceptions and awareness of the investors about the stock markets.
2. To determine the impact of investors' behavioural influences on Risk – Return management and Effective investment decision.

6.RESEARCH METHODOLOGY

Research Design: Descriptive research has been applied in the present study. Set of data were obtained from the respondents for the purpose of testing the hypotheses and fulfill the objectives. Data was collected using self-constructed questionnaire with the investors. The researcher has utilized has analyzed the data using different statistical tools like percentage analysis, one-way ANOVA(Analysis of variance), Chi-Square and SEM Path analysis for reporting the results.

Sampling Method: A simple random sampling is used in a research for selecting the representatives of the area under study and the respondents of the research.

Sample Size: The sample size for the current study is 397 individual and institutional investors, invested in various investment avenues in top 7 cities from four states of India i.e. Andhra Pradesh, Kerala, Karnataka and Tamil Nadu

Table No 1

Sample size distribution using simple random sampling method

S.no	Selected Top Seven Cities in India	No.of investors approached	Number of investors responded	Rate of response	No.of populace included for final study	Excluded respondents
1	Bangalore Karnataka	75	70	93%	63	5
2	Hyderabad A.P	70	67	96%	61	3
3	Chennai Tamil Nadu	72	66	92%	55	6
4	Visakhapatnam A.P	77	72	94%	64	5
5	Coimbatore Tamil Nadu	70	65	93%	56	5
6	Mysore Karnataka	63	42	67%	39	21
7	ErnakulamKerala	73	65	89%	59	8
Total		500	447	89%	397	53

Source: Compiled by the researcher

Data collection: Both primary and secondary data have been collected for the study.

- **Primary Data**:

The primary data are collected with the help of structured questionnaire for the current study. The questionnaire included both closed and open-ended questions and had two sections. The first part deals with general

information on the participants. While the second section sought information through various dimensions viz. Stock Market Perception, Investment Awareness, Efficiency of Firms, Investment Barriers, Monitoring & Evaluation, Risk-Return Management and Effective Investment Decision

- **Secondary data:**

For the purpose of this study, the secondary data related to the study topic were gathered from the review of literature through different sources, BSE & NSE. The secondary data were also collected from websites, books, journals and magazines which were used to design the conceptual framework for the study and also the review of literature.

Variables in the present study

Hypothesis

$H_{01:}$ There is no significant difference between age groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

$H_{02:}$ There is no significant difference between education groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

$H_{03:}$ There is no significant difference between profession groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

7. DATA ANALYSIS

Socio-Demographic

- The study reveals that nearly 51.1% of respondents are Male and 48.9% of respondents are Female.
- The study reveals that nearly 33.5% respondents are between 20 to 40 years, 35.3% respondents are between 40 to 60 years, and 31.2% respondents are above 60 years.
- The study reveals that nearly 17.1% of the respondents are higher secondary, 37.8% of the respondents have completed their graduate and 45.1% of the respondents have completed their post-graduate.
- The study reveals that nearly 51.6% of the respondents are stock broker, 32.7% of the respondents are sub-broker and 15.6% of the respondents are trading and clearing member.

- The study reveals that nearly 14.9% of the respondents earn less than rupees 2,00,000, 19.6% of the respondents earn between rupees 2,00,001 to 4,00,000, 19.9% of the respondents earn between rupees 4,00,001 to 6,00,000, 11.6% of the respondents earn between rupees 6,00,001 to 8,00,000, 15.4% of the respondents earn between rupees 8,00,001 to 10,00,000, and 18.6% of the respondents earn rupees 10,00,001 and more.
- The study reveals that nearly 56.4% of respondents are less than 3 years, 31.0% respondents are under 3-5 years, and 12.6% respondents are under above 5 years.
- The study reveals that nearly 46.9% of respondents are belongs to securities and exchange board of India, 18.4% of respondents are belongs to national stock exchange of India, and 34.8% respondents are belongs to Bombay stock exchange.
- The study reveals that nearly 55.9% of the respondents are preferred to go by online, 28.2% of the respondents are preferred to go by offline and 15.9% of the respondents are preferred to go by both.
- The study reveals that nearly 17.6% of the respondents are under print media newspaper, 23.7% of the respondents are under electronic media TV, 29.0% of the respondents are under internet, 10.6% of the respondents are under financial advisors, 13.6% of the respondents are under friends & peer investors, and 5.5% of the respondents are under own analysis.

TESTING OF HYPOTHESIS

ONE WAY ANALYSIS OF VARIANCE OF AGE AMONG STUDY VARIABLES

$H_{01:}$ There is no significant difference between age groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

Table – 2

Dimensions		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig**	**Statistical Inference**
Stock Market Perception	**Between Groups**	8.611	2	4.306	.407	.666	Not Significant
	Within Groups	4169.953	394	10.584			
	Total	4178.564	396				
Investment awareness	**Between Groups**	.068	2	.034	.002	.998	Not Significant
	Within Groups	6392.848	394	16.226			

	Total	6392.917	396				
Efficiency of firms	**Between Groups**	79.803	2	39.901	2.705	.048	Significant
	Within Groups	5812.187	394	14.752			
	Total	5891.990	396				
Investment barriers	**Between Groups**	29.400	2	14.700	1.294	.275	Not Significant
	Within Groups	4476.635	394	11.362			
	Total	4506.035	396				
Monitoring & evaluation	**Between Groups**	110.350	2	55.175	4.022	.019	Significant
	Within Groups	5404.557	394	13.717			
	Total	5514.907	396				
Risk-Return management	**Between Groups**	8.556	2	4.278	.487	.615	Not Significant
	Within Groups	3462.240	394	8.787			
	Total	3470.796	396				
Effective investment decision	**Between Groups**	28.030	2	14.015	1.177	.309	Not Significant
	Within Groups	4691.546	394	11.907			
	Total	4719.577	396				

*** Significant at the 5% level**

Inference

Since the significant (p) values are greater than 0.05, the level of significance, it is concluded that there is no statistically significant difference between the three age groups. The null hypothesis is accepted and therefore, it

can be concluded that, age of the respondents have no significant relationship on Stock market perception, investment awareness, Investment barriers, Risk-Return management and effective investment decision.

Since the significant (p) values are lesser than 0.05, the level of significance, it is concluded that there is statistically significant difference between the three age groups. The null hypothesis is rejected and therefore, it can be concluded that, age of the respondents have significant relationship on efficiency of firm and Monitoring & evaluation.

There is significant difference between age groups with regards to the efficiency of firm and Monitoring & evaluation. There is no significance difference between age groups with regards to Stock market perception, investment awareness, Investment barriers, Risk-Return management and effective investment decision.

ONE WAY ANALYSIS OF VARIANCE OF EDUCATION AMONG STUDY VARIABLES

$H_{02:}$ There is no significant difference between education groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

Table – 5.18

Dimensions		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig**	**Statistical Inference**
Stock Market Perception	**Between Groups**	24.746	2	12.373	1.174	.310	Not Significant
	Within Groups	4153.818	394	10.543			
	Total	4178.564	396				
Investment awareness	**Between Groups**	7.106	2	3.553	.219	.803	Not Significant
	Within Groups	6385.811	394	16.208			
	Total	6392.917	396				
Efficiency of firms	**Between Groups**	37.333	2	18.666	1.256	.286	Not Significant
	Within Groups	5854.657	394	14.860			

	Total	5891.990	396				
Investment barriers	**Between Groups**	13.940	2	6.970	.611	.543	Not Significant
	Within Groups	4492.095	394	11.401			
	Total	4506.035	396				
Monitoring & evaluation	**Between Groups**	73.981	2	36.990	2.679	.070	Not Significant
	Within Groups	5440.926	394	13.809			
	Total	5514.907	396				
Risk-Return management	**Between Groups**	3.306	2	1.653	.188	.829	Not Significant
	Within Groups	3467.490	394	8.801			
	Total	3470.796	396				
Effective investment decision	**Between Groups**	28.223	2	14.111	1.185	.307	Not Significant
	Within Groups	4691.354	394	11.907			
	Total	4719.577	396				

*** Significant at the 5% level**

Inference

Since the significant (p) values are greater than the level of significance (0.05 or 5%), it is concluded that there is no statistically significant difference between the three education groups. The null hypothesis is accepted and therefore, it can be concluded that education of the respondents has no significant relationship on Stock market perception, Investment awareness, Investment barriers, Risk-Return management, effective investment decision, Efficiency of the firm and Monitoring & evaluation.

There is no significance difference between education groups with regards to Stock market perception, Investment awareness, Investment barriers, Risk-Return management, Effective investment decision, Efficiency of firm and Monitoring & evaluation.

ONE WAY ANALYSIS OF VARIANCE OF PROFESSION AMONG STUDY VARIABLES

$H_{03:}$ There is no significant difference between profession groups with regards to the Stock market perception, Investment awareness, Efficiency of firms, Investment barriers, Monitoring & evaluation, Risk-Return management and Effective investment decision.

Table – 5.19

Dimensions		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig**	**Statistical Inference**
Stock Market Perception	**Between Groups**	79.088	2	39.544	3.801	.023	Significant
	Within Groups	4099.476	394	10.405			
	Total	4178.564	396				
Investment awareness	**Between Groups**	97.750	2	48.875	3.059	.048	Significant
	Within Groups	6295.166	394	15.978			
	Total	6392.917	396				
Efficiency of firms	**Between Groups**	34.556	2	17.278	1.162	.314	Not Significant
	Within Groups	5857.434	394	14.867			
	Total	5891.990	396				
Investment barriers	**Between Groups**	92.521	2	46.261	4.130	.017	Significant
	Within Groups	4413.514	394	11.202			
	Total	4506.035	396				
Monitoring & evaluation	**Between Groups**	144.050	2	72.025	5.284	.005	

	Within Groups	5370.857	394	13.632			Significant
	Total	5514.907	396				
Risk-Return management	**Between Groups**	1.474	2	.737	.084	.920	Not Significant
	Within Groups	3469.322	394	8.805			
	Total	3470.796	396				
Effective investment decision	**Between Groups**	59.163	2	29.582	2.501	.083	Not Significant
	Within Groups	4660.413	394	11.828			
	Total	4719.577	396				

*** Significant at the 5% level**

Inference

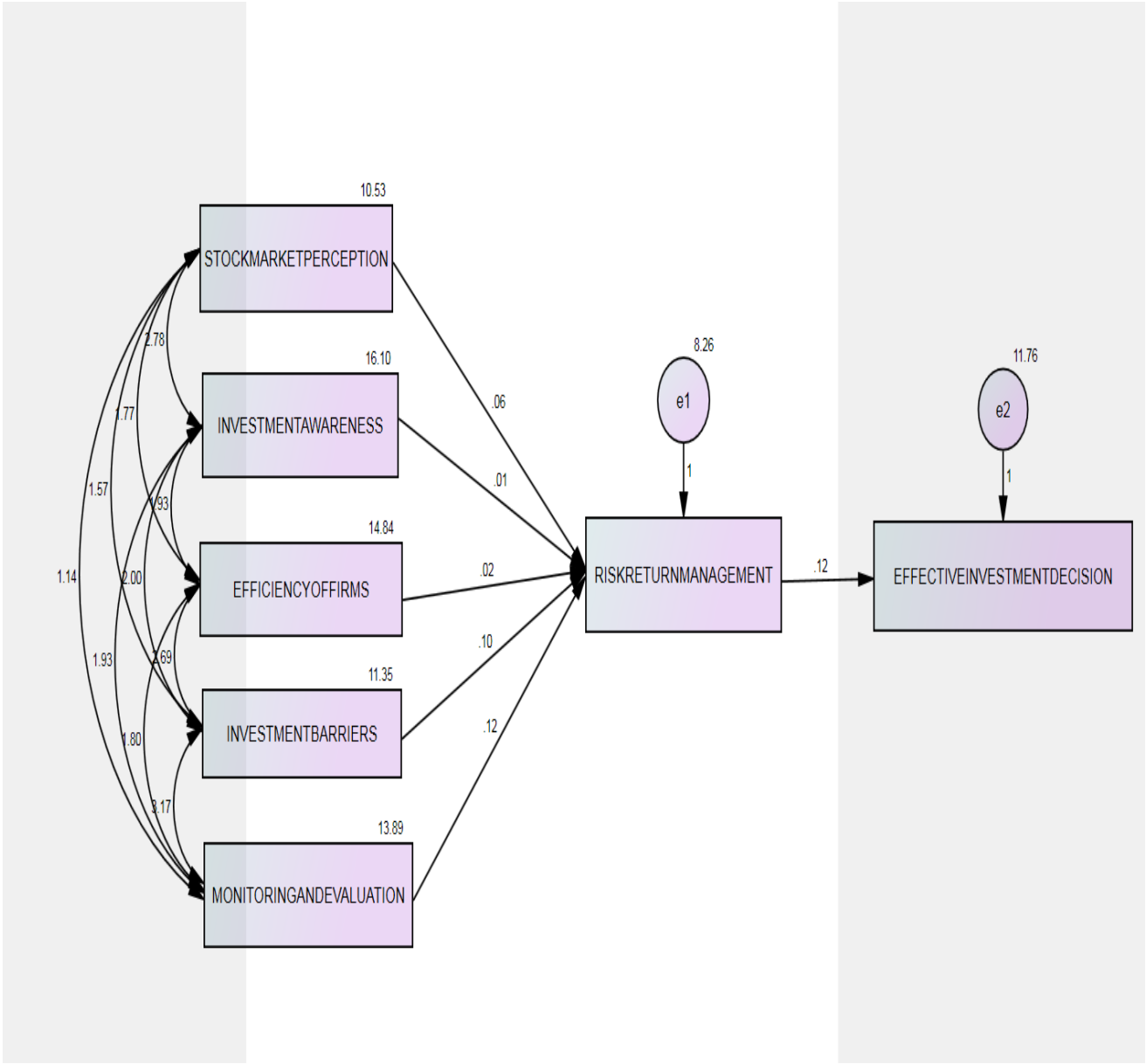
It can be perceived from the above table that there is a statistically significant difference between the three profession groups as the variables - Stock market perception, Investment awareness, Investment barriers and Monitoring & evaluation have their (p) values lesser than the level of significance (0.05 or 5%). The null hypothesis is rejected and therefore, it can be concluded that the profession of the respondents has significant relationship on Stock market perception, Investment awareness, Investment barriers and Monitoring & evaluation.

On the other hand, there is no statistically significant difference between the three profession groups as the variables - Efficiency of firms, Risk-Return management and Effective investment decision have their significant (p) values are greater than the level of significance (0.05 or 5%). The null hypothesis is accepted and therefore, it can be concluded that the profession of the respondents has no significant relationship on the Efficiency of firms, Risk-Return management and Effective investment decision.

Structural Equation Modelling

Figure – 2

SEM Path Analysis



Source: Primary data

SEM PATH ANALYSIS

Table – 3

Dimensions	Path	Dimensions	SE	P Value	Result
Risk Return Management	<---	Stock Market Perception	1.748	0.001	Significant
Risk Return Management	<---	Investment Awareness	1.144	0.012	Significant
Risk Return Management	<---	Efficiency of Firms	2.055	0.031	Significant
Risk Return Management	<---	Investment Barriers	0.987	0.009	Significant
Risk Return Management	<---	Monitoring & Evaluation	0.046	1.180	Not Significant
Effective Investment Decision	<---	Risk Return Management	1.841	0.016	Significant

Significant at 5% level

Testing of Hypothesis

$H_{01.1}$: Stock Market Perception has no impact on the Risk Return Managment.

Analysis:: It can be seen from Table 5.23 that the Stock Market Perception being 0.001 represents the impact of Stock Market Perception on Risk Return Managment, holding other variables constant. The p value is significant at 5% level and therefore the null hypothesis rejected.

Result: Stock Market Perception has a positive impact on the Risk Return Managment.

$H_{01.2}$: Investment Awareness has no impact on the Risk Return Management

Analysis: It can be seen from Table 5.23 that the Investment Awareness being 0.012 represents the impact of Investment Awareness on Risk Return Managment, holding other variables constant. The p value is significant at 5% level and therefore the null hypothesis rejected.

Result: Investment Awareness has a positive impact on the Risk Return Managment.

$H_{01.3}$: Efficiency of Firms has no impact on Risk Return Management

Analysis: It can be seen from Table 5.23 that the Efficiency of Firms being0.031 represents the impact of Efficiency of Firms on Risk Return Managment, holding other variables constant. The p value is significant at 5% level and therefore the null hypothesis rejected.

Result: Efficiency of Firms has a positive impact on Risk Return Managment.

$H_{01.4}$: Investment Barriers has no impact on Risk Return Management

Analysis: It can be seen from Table 5.23 that the Investment Barriers being0.009 represents the impact of Investment Barriers on Risk Return Managment, holding other variables constant. The p value is significant at 5% level and therefore the null hypothesis rejected.

Result: Investment Barriers has a Positive impact on the Risk Return Managment.

$H_{01.5}$: Monitoring & Evaluation has no impact on Risk Return Management

Analysis: It can be seen from Table 5.23 that Monitoring & Evaluation being1.180 represents the impact Monitoring & Evaluation on Risk Return Managment, holding other variables constant. The p value is not significant at 5% level and therefore the null hypothesis accepted.

Result: Monitoring & Evaluation has a Negative impact on Risk Return Managment.

$H_{02.1}$: Risk Return Management has no impact on the Effective Investment Decision

Analysis:: It can be seen from Table 5.23 that the Risk Return Management being 0.016 represents the impact of Effective Investment Decision, holding other variables constant. The p value is significant at 5% level and therefore the null hypothesis rejected.

Result: Risk Return Management has a Positive impact on Effective Investment Decision.

Confirmatory Factor Analysis Result

Table – 5.24

Model Parameters	**Cut – off Values**	**The values on model**
Cmin/df	Less than 3	1.187
GFI	More than 0.95	0.996
RMR	Less than 0.05	0.034
CFI	More than 0.95	0.991
RMSEA	Less than 0.07	0.022

Source: Primary Data

Result and Discussion:

To evaluate the appropriateness of the overall model, the study assessed the measures representing the overall fit (CMIN /df = 1.187), absolute goodness of fit (GFI = 0.996) Comparative fit indices (CFI=0.991), root mean square error of approximation (RMSEA= 0.022) and root mean square residual (RMR = 0.034). Though there is no universal digits for these SEM fit measure, guidelines can be taken from multiple literature to arrive at decision. Based on literature it was found that, RMSEA can be ranging from 0.06 to 0.08, CMIN/df should be less than 3.0, GFI , CFI and RMSEA can be less than 0.07 preferably. Hence the above value shows the model is good fit.

8. KEY FINDINGS

- From the one way ANOVA test researcher found that the significant (p) values are greater than 0.05, the level of significance, it is concluded that there is no statistically significant difference between the three age groups. The null hypothesis is accepted and therefore, it can be concluded that, age of the respondents have no significant relationship on Stock market perception, investment awareness, Investment barriers, Risk-Return management and effective investment decision. There is significant difference between age groups with regards to the efficiency of firm and Monitoring & evaluation.
- From the one way ANOVA test researcher found the significant (p) values are lesser than 0.05, the level of significance, it is concluded that there is statistically significant difference between the three age groups. The null hypothesis is rejected and therefore, it can be concluded that, age of the respondents have significant relationship on efficiency of firm and Monitoring & evaluation. There is no significance difference between age groups with regards to Stock market perception, investment awareness, Investment barriers, Risk-Return management and effective investment decision.
- One way ANOVA test shows that the significant (p) values are greater than 0.05, the level of significance, it is concluded that there is no statistically significant difference between the three education groups. The null hypothesis is accepted and therefore, it can be concluded that, education of the respondents have no significant relationship on Stock market perception, Investment awareness, Investment barriers, Risk-Return management, effective investment decision, Efficiency of firm and Monitoring & evaluation. There is no significance difference between education groups with regards to Stock market perception, Investment awareness, Investment barriers, Risk-Return management, Effective investment decision, Efficiency of firm and Monitoring & evaluation.
- From the study researcher found that the significant (p) values are lesser than 0.05, the level of significance, it is concluded that there is statistically significant difference between the three profession groups. The null hypothesis is rejected and therefore, it can be concluded that, profession of the respondents have significant relationship on Stock market perception, Investment awareness, Investment barriers and Monitoring & evaluation. There is significance difference between profession groups with regards to Stock market perception, Investment awareness, Investment barriers and Monitoring & evaluation.
- One-way ANOVA shows that the significant (p) values are greater than 0.05, the level of significance, it is concluded that there is no statistically significant difference between the three profession groups. The null hypothesis is accepted and therefore, it can be concluded that, profession of the respondents have no significant relationship on Efficiency of firms, Risk-Return management and Effective investment decision. There is no significance difference between profession groups with regards to Efficiency of firms, Risk-Return management and Effective investment decision.

SEM (Structural Equation Modelling)

- SEM is done to evaluate the appropriateness of the overall model, the study assessed the measures representing the overall fit (CMIN /df = 1.187), absolute goodness of fit (GFI = 0.996) incremental fit indices (CFI=0.991), root mean square error of approximation (RMSEA= 0.022) and root mean square residual (RMR = 0.034). Though there is no universal digits for these SEM fit measure, guidelines can

be taken from multiple literature to arrive at decision. Based on literature it was found that, RMSEA can be ranging from 0.06 to 0.08, CMIN/df should be less than 3.0, GFI , CFI and RMSEA can be less than 0.07 preferably. Hence the above value shows the model is good fit.

9. LIMITATIONS OF THE STUDY

- It was difficult to gather primary data using questionnaire as most individual investors were not comfortable in responding to the questionnaire and argues about their privacy being infringed. At the same time, it was hard to control high response rate for some statements in the questionnaire.
- Some investors were not aware of their own expected rate of return for their investments and the average return rate of the stock market. This can lead to ambiguity in the results.
- Though the sample size was relatively high and satisfied the prerequisite of statistical techniques, it is suggested that having a larger sample size in future researches can reflect more accurate results in realistic situation of Indian stock market.
- The data obtained from this study may lack depth on the topic or details about construction of super portfolio in Indian stock market as there is very limited number of references about portfolio construction.
- The data collection for the present study is limited to the top seven cities from four states of India i.e. Andhra Pradesh, Kerala, Karnataka and Tamil Nadu and other states or countries were not considered and hence the result of the study cannot be generalized globally.

10. SUGGESTIONS

- While investing in equity shares it is encouraged to contribute for long time to create more wealth. It is prudent to do organization analysis, industry analysis and economy analysis while investing into equity shares.
- People do not have their insight on the Market and prospects of the method of investment, it is important to drive awareness campaigns by the administrative bodies and financier houses with the support of the legislature.
- It is proposed to consider credit rate score given by credit rating agencies to the corporate giving debenture/securities/corporate deposit while investing into debenture/securities/corporate deposit. One ought to likewise consider post expense form in the wake of investing into debenture/securities/corporate deposit.
- Government should make accessible more assessment investment funds products so as to diminish centralization of reserve funds in Life Insurance and Provident fund.
- Investors select the areas while making investment, it is shown that however the Indian stock market is to a great extent clarified by the development of Sensex and NSE CNX Nifty their vacillations are not sent to segments like BSE Power, BSE TECk, NSE CNX Service, NSE CNX MNC, NSE CNX Bank and NSE CNX Finance. Subsequently, while developing a portfolio the investors can have this in their psyche to play safe with such stable segments.

11. CONCLUSION

Any investment has two perspectives – time and risk. The management of the portfolio starts once the portfolio plan is executed. Portfolio management is done by observing the investments and estimating the portfolio's presentation comparative with the benchmarks. It is basic to report investment performance at standard interval. As investors travel through their life stages, changes may happen, for example, job changes, deaths, births, divorce or contracting time frames, which may expect acclimations to their objectives, risk reward profiles or resource designations. As changes happen, or as market or economic conditions direct, the portfolio planning process starts once again to guarantee that the correct investment system is set up.

This study helped all the investor in taking investment decision in current situation and will improve their level of awareness in various financial investment avenues. Thus, this study had contributed to society in comprehending awareness about various financial investment avenues and the variables to be thought of while investing into various financial investment avenues and stock selection process and construction of optimal portfolio.

12. SCOPE FOR FUTURE RESEARCH

- Incorporation of variables like portfolio utility, risk penalty, transaction costs, restrictive instability and so on were not included because of data constraints. These variables can be taken into account in future.
- A relative study between semi urban and urban Investment pattern could be conducted in future.
- In addition to Indian markets, other nations or regional countries can also be explored as part of international portfolio diversification.
- The Data Envelopment Analysis technique can be feasibly augmented with various input and output framework to have a superior performing portfolio.

References

- **Aalberts, Robert J., Poon, Percy S (2011) ―**the new prudent investor rule and the modern portfolio theory: a new direction for fiduciaries American Business Law Journal 00027766, Fall96, Vol. 34, Issue 1
- **Mahajan M. A. (2012),** Management Of Portfolio – A Research Study Of Investors (Doctoral Dissertation), Shri Jagdish Prasad JhabarmalTibrewala University, Rajasthan.
- **Edward Qian(2012) ―**Diversification Return and Leveraged Portfolios‖ The Journal of Portfolio Management, Institutional Investor Journals, Number 4, Volume 38 New York
- **Fogel, O.C.S. and Berry, T. (2006).** The Disposition Effect and Individual investor Decisions: The roles of regret and counterfactual alternatives. Journal of Behavioral Finance 7 (2): 107-116.
- **Nagpal, S. and Bodla, B.S. (2007).** Psychology of Investments and Investor's Preferences. Regal Publications, New Delhi.
- **Nalini R (2014**) Optimal Portfolio Construction Using Sharpe's Single Index Model - A Study of Selected Stocks From BSE International Journal of Advanced Research in Management and Social Sciences, Vol. 3 | No. 12 ISSN: 2278-6236 PP 72-93

- **Ndirangu, Antony wahome [2014]** Factors influencing individual investor behavior during initial public offers in Kenya: International Journal of Economics, Commerce and Management: Pp 89
- **Doshi, B.M. and Tikyani, H., 2020**. A Theoretical Integration of GIG Economy: Advancing Opportunity, Challenges and Growth. International Journal of Management (IJM), 11(12).
- Doshi, B.M., Rajharia, P., Acharya, A. and Ranjan, S.K., 2020. Psychological Contract Breach and Workplace Outcome: A Theoretical Integration.
- Choudhary, M. and Ranjan, S.K., 2020. Work Stress and Burnout: Eustress A Tool to Deal. *International Journal of Management (IJM)*, *11*(12).
- Rajharia, P. and Sharma, B., 2014. Corporate governance in India evolution, issues and challenges for the future. *International Journal of Scientific Research and Management*, *2*(12), pp.1815-1824.
- Rajharia, P. and Sharma, B., 2014. Legal aspects of corporate governance for it companies in India. *IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM)*, *2*(11), pp.35-42.