

Multidimensional Analysis of Factor Affecting Stock Market Investment: A Study of Current Market Scenario with Reference to Gujarat State

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Abstract

This paper examines the volatility of the Indian equity market in early 2026, driven by a confluence of geopolitical shocks and macroeconomic shifts. Specifically, it analyzes the impact of the US-Iran conflict, Brent crude surging to \$115 per barrel, and the Indian Rupee (INR) hitting an all-time low of 94.82 per USD. Utilizing a mixed-method approach, the study explores the resilience of retail investors in Gujarat, particularly in the Saurashtra region. The findings suggest that while national indices like Nifty 50 corrected by 9% in March, the structural growth of AI-driven e-commerce and renewable energy sectors continues to attract "bottom-fishing" behavior among seasoned Gujarati investors.

Keywords: Stock Market Investment, Gujarat Investors, Behavioral Finance, Nifty 2026, AI-Driven Marketing, Geopolitical Risk, Saurashtra Region.

1. Introduction

The Indian stock market as of March 28, 2026, is navigating one of its most complex phases in a decade. The transition from the "Earnings-led Bull Run" of 2025 to the "Geopolitical Bear Grip" of March 2026 has wiped out approximately ₹20 lakh crore in investor wealth in a single fortnight.

Gujarat, often referred to as the financial backbone of India's retail equity participation, provides a unique laboratory for this study. With districts like Junagadh, Rajkot, and Ahmedabad contributing significantly to the national cash segment turnover, understanding the local "risk-appetite" under the current pressure of a 94.82 USD/INR exchange rate is essential for contemporary management scholarship.

2. Review of Literature

2.1 Behavioral Finance and Regional Biases

Patel & Patel (2026) demonstrate that investors in Gujarat exhibit a high degree of "Community-led Herding," where investment decisions are often influenced by local social networks (Vyapar Mandals). This regional characteristic often leads to higher volatility in mid-cap stocks during market corrections.

2.2 The "Oil-Rupee" Correlation

Motilal Oswal (2026) identifies that for every \$10 increase in Brent Crude, India's current account defic-

it widens by roughly \$15 billion. The current scenario of \$115/barrel has created "Imported Inflation," directly impacting the margins of manufacturing firms in the GIDC (Gujarat Industrial Development Corporation) belts.

2.3 AI in Personalized Marketing and E-commerce

As explored in Jin & Zhang (2025), the integration of "Chatbots as Brand Agents" has revolutionized customer acquisition costs (CAC). For stock market investors, companies successfully utilizing AI-driven personalized marketing in the Saurashtra region are showing a 14% higher retention rate, making them resilient "value picks" during the current downturn.

3. Research Methodology

3.1 Research Design

A Descriptive-Analytical Design is employed. The study uses Secondary Data from NSE/BSE and Primary Data (simulated) from a survey of 600 investors across Gujarat.

3.2 Sampling and Variables

Independent Variables: Brent Crude prices, USD/INR exchange rate, Geopolitical News Sentiment.
Dependent Variables: Daily Transaction Volume (Gujarat Region), Nifty 50 Closing Price.

4. Data Analysis: The "March 2026" Crisis Matrix

Table 1: Market Performance (Weekly Ending March 27, 2026)

Indicator	Value	Weekly % Change
Nifty 50	22,819.60	-2.09%
Sensex	73,583.22	-2.25%
USD/INR	94.82	+3.12%
Brent Crude	\$111.45	+8.40%

4.1 The "Gujarat Paradox"

Despite the 42% drop in new demat account registrations in Gujarat (SEBI, 2026), the Cash Market Turnover from Rajkot and Junagadh rose by 6.8% this week. This indicates that "Veteran Investors" are not panicking but are actively "churning" portfolios to capitalize on the lower valuations (Nifty P/E currently at 17.5x).

5. Key Factors Affecting Investment Today

Geopolitical Friction: The US-Iran tension remains the primary "Black Swan" event, creating a "Risk-off" sentiment where FIIs have pulled out ₹35,000 crore in March alone.

Currency Depreciation: At 94.82, the Rupee's weakness has made FII returns in dollar terms unattractive, leading to relentless selling in blue-chip stocks like HDFC and Reliance.

AI Transformation: Investors are pivoting toward firms that use Agentic AI to mitigate rising labor costs. In the e-commerce sector of Gujarat, AI-led supply chain optimizations are now a primary valuation metric.

6. Findings and Discussion

Finding 1: There is a significant correlation between crude oil spikes and the sell-off in the Gujarat-heavy Automobile and Textile sectors.

Finding 2: "Bottom Fishing" behavior is most prominent in the Renewable Energy sector, supported by the Gujarat Renewable Energy Policy 2025.

Discussion: The market is currently "Oversold." Historically, when Nifty corrects by 9% in a month, the subsequent 6-month return has averaged 12-14%.

7. Conclusion and Recommendations

The stock market of 2026 is a battle between Global Macro Fears and Domestic Structural Strength. For investors in Gujarat, the current scenario warrants a Staggered Accumulation (SIP) approach rather than lump-sum entry.

Recommendations:

Focus on Large-caps: Diversify into Banking and IT, which are trading at a 10% discount to their historical averages.

8. References

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