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INVESTOR PERCEPTION TOWARDS THE INDIAN FINANCIAL MARKET: A STUDY ON AWARENESS, RISK ATTITUDE, AND INVESTMENT BEHAVIOUR

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Abstract

The Indian financial market has experienced rapid transformation due to economic liberalization, technological advancement, financial inclusion initiatives, and increased participation of retail investors. The emergence of digital trading platforms and fintech services has significantly altered investment behaviour and investor participation patterns across demographic groups. This study examines investor perception towards the Indian financial market with particular emphasis on financial awareness, investment preferences, risk attitude, and behavioural influences affecting investment decisions. The study adopts a descriptive

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and analytical research design using primary data collected through a structured questionnaire. The findings reveal that financial literacy, technological accessibility, and demographic characteristics significantly influence investor behaviour. Younger investors demonstrate greater preference towards equity-oriented investment avenues and digital trading platforms, whereas older investors prefer conservative investment instruments such as fixed deposits and insurance products. The study concludes that investor confidence is strongly associated with financial awareness and access to reliable market information. The research contributes to behavioural finance literature and provides recommendations for policymakers, financial institutions, and investment advisory firms to improve investor education and market participation.

Keywords: *Investor perception, Indian financial market, behavioural finance, financial literacy, investment behaviour, risk tolerance, digital finance.*

1. Introduction

The Indian financial market has emerged as one of the fastest-growing financial systems in the world due to continuous economic reforms, globalization, technological innovation, and increasing retail investor participation. Financial markets in India

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now encompass a wide range of financial instruments including equity shares, mutual funds, bonds, derivatives, exchange-traded funds, insurance products, and digital investment services.

In recent years, investor participation has increased substantially due to rising financial awareness, growing disposable income, and the accessibility provided by digital investment platforms.

Investor perception refers to the attitudes, beliefs, confidence levels, and psychological tendencies that influence the way investors evaluate financial opportunities and risks. Such perceptions are shaped by several factors including financial literacy, demographic variables, technological accessibility, social influence, and previous investment experiences.

Despite the growth of the Indian financial market, challenges such as market uncertainty, behavioural biases, misinformation, cybersecurity concerns, and lack of awareness regarding advanced financial products continue to affect investor confidence. Therefore, understanding investor perception is essential for strengthening market efficiency, improving investor protection, and promoting sustainable investment behaviour. This study seeks to analyse investor perception towards the Indian financial market by examining awareness

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levels, investment preferences, risk attitudes, and the influence of demographic variables on investment behaviour.

2. Statement of the Problem

Although investor participation in the Indian financial market has increased significantly, many investors still lack adequate financial knowledge and confidence to make informed investment decisions. Market volatility, misinformation, emotional investing, and technological complexity often create uncertainty among investors.

Furthermore, the increasing popularity of digital trading platforms has encouraged speculative trading behaviour among inexperienced investors. While financial literacy initiatives have improved awareness levels, a considerable gap continues to exist between awareness and informed investment action. The study therefore attempts to examine investor awareness, risk perception, investment preferences, and behavioural patterns in the Indian financial market.

3. Objectives of the Study

- To evaluate the level of awareness regarding financial market instruments among investors.
- To identify the major factors influencing investor perception and investment decisions.

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- To analyse the relationship between demographic variables and investment preferences.
- To assess investor attitudes towards risk and return.

4. Review of Literature

Behavioural finance literature highlights the importance of psychological and emotional factors in investment decision-making. Shefrin (2022) observed that investors often deviate from rational financial behaviour due to biases such as overconfidence, anchoring, and herd mentality. Tiwari and Mehta (2023) found that Indian retail investors are highly influenced by peer recommendations, market trends, and social media information rather than comprehensive financial analysis.

Patel and Sharma (2022) emphasized that demographic variables such as age, income, education, and occupation significantly influence investment preferences and risk tolerance. Sinha and Taneja (2023) reported that although financial literacy has improved in India, many investors still lack sufficient understanding of advanced financial instruments. Furthermore, Pandey and Thomas (2023) highlighted that digital trading platforms have improved investment accessibility but have also increased speculative trading behaviour among retail investors.

5. Research Methodology

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5.1 Research Design: The study adopts a descriptive and analytical research design.

5.2 Sources of Data: Primary data were collected through a structured questionnaire distributed among investors.

5.3 Sample Size: A total of 123 questionnaires were distributed, and 90 valid responses were considered for analysis.

5.4 Sampling Technique: Simple random sampling method was adopted.

5.5 Tools for Analysis: The collected data were analysed using percentage analysis, descriptive statistics, and tabular interpretation.

6. Data Analysis and Interpretation

6.1 Age-wise Classification of Respondents

Age Group	Respondents	Percentage
Below 25 Years	28	31.1%
25–35 Years	34	37.8%
36–45 Years	18	20.0%
Above 45 Years	10	11.1%
Total	**90**	**100%**

Interpretation: The majority of respondents (37.8%) belong to the age group of

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25–35 years, indicating higher financial market participation among young adults.

6.2 Awareness of Financial Instruments

Financial Instrument	Awareness Level
Equity Shares	High
Mutual Funds	High
Fixed Deposits	Very High
Bonds	Moderate
Derivatives	Low

Interpretation: Respondents possess significantly greater awareness regarding traditional investment avenues than advanced financial products like derivatives.

6.3 Preferred Investment Avenues

Investment Avenue	Percentage
Equity Shares	33.3%
Mutual Funds	28.9%
Fixed Deposits	20.0%
Gold	11.1%
Insurance	6.7%

Interpretation: Equity shares and mutual funds emerge as the most preferred investment avenues due to higher return expectations and increasing digital accessibility.

7. Major Findings

- Investors demonstrate higher awareness regarding traditional

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investment instruments than advanced financial products.

- Financial literacy significantly influences investor confidence and decision-making.
- Risk-return expectations are the primary determinants of investment behaviour.
- Younger investors are more willing to undertake high-risk investments.
- Digital trading platforms have significantly improved investor participation.

8. Suggestions

- Financial literacy programs should be strengthened to improve awareness regarding financial instruments and risk management.
- Financial institutions should provide transparent and simplified investment guidance.
- Digital trading platforms should incorporate embedded educational tools and automatic risk alerts.
- Investors should be encouraged to adopt long-term diversified investment strategies rather than speculative short-term trading.

9. Conclusion

The Indian financial market continues to evolve rapidly with increasing investor participation and technological integration. Investor perception plays a crucial role in determining investment behaviour and shaping financial market

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growth. The study concludes that financial literacy, demographic characteristics, technological accessibility, and behavioural influences significantly affect investment decisions. Digital trading platforms have improved investment accessibility; however, speculative behaviour and emotional investing continue to influence retail investors. Enhancing investor awareness, strengthening regulatory frameworks, and promoting informed investment behaviour are essential for ensuring sustainable growth of the Indian financial market.

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