



A STUDY ON AWARENESS OF INVESTORS AND GENERAL PUBLIC TOWARDS CAPITAL MARKET WITH SPECIAL REFERENCE TO KASARAGOD DISTRICT

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ABSTRACT

Capital markets have a significant role in the economic development of the country along with the strengthening of financial system. Capital market provides an opportunity for the investing public to know the trends of different securities and conditions prevailing in the economy. It acts in linking investors and savers. The lack of an advanced and vibrant market can lead to underutilization of financial resources. In a particular locality there are hundreds of investors, but all the investors are not ready to invest in capital market. Therefore, the study is concerned with identifying the awareness level of investors' as well as general public towards capital market.

KEYWORDS: Capital Market, Stock Market, SEBI, Investors Awareness.

INTRODUCTION

The capital market plays a significant role in the national economy. A developed, dynamic and vibrant capital market can contribute significantly in the speedy economic growth and development. It mobilizes funds from people for further investments in the productive channels of an economy, activating idle monetary resources and puts them in proper investments. Capital market also helps in capital formation. Through mobilization of ideal resources, it generates savings; the mobilized savings are made available to various segments such as agriculture, industry, etc. This helps in increasing capital formation. It raises resources for longer periods of time. It provides suitable interest rate return also to investors. Instruments such as bonds, equities, units of mutual funds, insurance policies, etc. definitely provide diverse investment avenues for the public.

The capital market enhances production and productivity in the national economy. As it makes funds available for long periods of time, the financial requirements of business houses are met by the capital market. It helps in research and development. This helps in increasing production and productivity in the economy by generation of employment and development of infrastructure.

The developed capital market also provides access to foreign capital for domestic industry. In spite of many ups and downs the equity culture in India, it has grown at rapid pace, spreading to even the remote part of the country. Besides the traditional middle income from urban markets, even low income and less educated from rural areas are participating actively in the Indian capital market. To safeguard the interest of investors the SEBI, Company Law Board, Reserve bank of India and stock market regulators confer several rights to protect and insure them the perils of stock market.

STATEMENT OF THE PROBLEM

The capital market provides an avenue for raising long term financing needs of business. It has a constructive role in the overall development of an economy. The lack of an advanced and vibrant market can lead to underutilization of financial resources. In a particular locality there are hundreds of investors, but all the investors are not ready to invest in capital market. Therefore, the study is concerned with identifying the awareness level of investors' as well as general public towards capital market. It also aims to find out the factors which induce the investors to have the capital market investment, the factors which restrict the public to invest in capital market and what are the issues faced by investors while investing in capital market.

SIGNIFICANCE OF THE STUDY

The capital market constitutes a vital segment of the Indian economy, along with the financial institutions that finance the economic development of the country, channelizing savings to investments and thereby decoupling the two activities. In the light of the above, it can be said that an investor is never determined in his power to exploit the opportunities available in the economy, which mobilizes and saves so as to enhance the wealth of the investors. This in turn would increase the savings and shall also progressively improve the investment ability which would further boost economic growth through the capital market. This study aims to find out the awareness of investors' as well as public towards capital market.



SCOPE OF THE STUDY

The study aims to find out the awareness level of public as well as investors towards capital market and the factors that influence them to enter into the capital market. The study is restricted only among the investors and general public in Kasaragod district.

OBJECTIVES OF THE STUDY

➤ Primary objective

- To know about the awareness level of investors towards capital market.

➤ Secondary objectives

- To identify the factors influencing the investors to invest in capital market.
- To identify the awareness level of general public and factors which restrict them to invest in capital market
- To identify the challenges and issues faced by investors and suggest for further improvement.

HYPOTHESIS OF THE STUDY

Ho: There is no gender difference in capital market investment.

H1: There is gender difference in capital market investment.

RESEARCH METHODOLOGY

Methodology is the way to solve problem systematically. It is an important component of the study. Methodology involves research design, data collection and sampling techniques. Thus, the core concept underlying all research is its methodology.

RESEARCH DESIGN

Research design indicates the plan of action to be carried out in connection with proposed objectives. It provides guidelines to keep a track of all action in order to meet the objectives. This study employed a descriptive research design that uses a survey strategy for data collection.

SOURCE OF DATA

Data are facts, figures and other relevant materials, past and present serving as basis for study and analysis. The data collected comes under two categories:

a) Primary data

Primary data are those data, which are collected for the first time, that is, they are original in character. For this study primary data are acquired through distributing questionnaires to target respondents.

b) Secondary data

The secondary data are those data, which have already been collected, tabulated and presented in some form by someone else for some other purposes. Published and unpublished sources such as periodicals, magazines, books, websites etc. were used to collect necessary information for the study

SAMPLING TECHNIQUE

There are different types of sampling techniques for the study, the researcher has adopted convenient and simple random sampling method

POPULATION

A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. The population consist of public and investors in Kasaragod district.

SAMPLE SIZE

A sample is simply a subset of the population. The sample for the study consisted of 100 peoples living in Kasaragod district selected using simple random sampling method. The questionnaires were administered to all the 100 people and were collected. Out of the 100 sample, 40 include common people and 60 include investors in capital market.

TOOLS FOR DATA COLLECTION

The various tools for data collection are Questionnaire, Direct interview, Telephone interview:

TOOLS OF DATA ANALYSIS

Data analysis is an application of reasoning to understand, clear and interpret the data or interpretation that have been collected through the questionnaires.



The various tools of data analysis used in this study are Percentage, Chi square test etc

TOOLS OF DATA PRESENTATION

The tools used for data presentation are Pie chart, Bar chart etc

LIMITATIONS OF THE STUDY

- The sample size is limited to only 100 respondents which constitute small part of the total population.
- The study was restricted among the people and investors in Kasaragod district.
- The time available for the study was limited and hence a detailed study would not be constructed.
- Some respondents are biased in answering the questions.

Result Analysis:

The data analysis is the process of collecting and organizing of data, so that researcher can come to conclusion.

TABLE NO:1 Table showing the investment in capital market

Investment	Number of Respondents	Percentage
Yes	60	60
No	40	40
Total	100	100

(Source: Primary data)

The table shows that 60% of respondents have investment in capital market and 40% of respondent are not having investment in capital market.

TABLE No.2 Table showing the restricted factor to enter into share market.

Reasons	Number of Respondents	Percentage
Lack of awareness	11	28
Market fluctuations	9	22
Risk factors	11	28
No proper guidelines	6	15
Malpractices	3	7
Total	40	100

(Source: Primary data)

INTERPRETATION

From Table No.2 it is clear that 28% of people are not investing in capital market because of lack of awareness in capital market or because of the risk factors. Rest of the people are not having any share market account either due to market fluctuations (22%) or due to malpractices (7%) and not having proper guidelines (15%).

TABLE NO:3: Table showing the sector of investment in capital market

Sector	Number of Respondents	Percentage
Primary market	14	23
Secondary market	46	77
Total	60	100

(Source: Primary data)



INTERPRETATION

From Table No.3 it is clear that most of the investment is made in secondary market. Only 23 % of investors are investing in primary market.

TABLE NO: 4 Table showing the type of industry in which investment is made.

Table with 3 columns: Industry, Number of Respondents, Percentage. Rows include IT, Automobiles, Banking, Others, and Total.

(Source: Primary data)

INTERPRETATION

The Table No:4 shows that majority of the investors are making their investment in banking sector. 27 % of investment is made in IT sector and 25% of investment is made in automobile industry. Rest of the investment is made in other industries.

TABLE NO: 5: Table showing the purpose of investment in capital market

Table with 3 columns: Factors, Number of Respondents, Percentage. Rows include Better rate of return, Diversified investment, Liquidity, and Total.

(Source: Primary data)

INTERPRETATION

It is observed from the Table No.5 that majority of the investors are investing in capital market for getting better rate of return. 18% of investors are investing because of diversified investment. It is liquidity in capital market that leads 38% of investors to invest in capital market.

TABLE NO: 6 Table showing the source from where capital market information are collected.

Table with 3 columns: Source, Number of Respondents, Percentage. Rows include Newspaper, Magazines, Friends/ relatives, Brokers, Others, and Total.

(Source: Primary data)



INTERPRETATION

From the Chart NO: 6 it is clear that most of the investors are collecting information about capital market from their friends and relatives. Only few investors are depending their brokers for getting informations.17% of investors are collecting information from newspapers and 32% of investors are collecting information from magazines.3% of investors get information from other sources.

TABLE NO: 7 Table showing the problem faced by investors in capital market.

Table with 3 columns: Problems, Number Of Respondents, Percentage. Rows include Risk (18, 30%), Market fluctuations (25, 42%), Market speculation (8, 13%), Uncertainty (9, 15%), and Total (60, 100%).

(Source: Primary data)

INTERPRETATION

From the TableNo: 7 it is clear that 42% of investors are facing the problem of market fluctuations. 30% of investors are says that they are having difficulties with risk factors. Market's speculations are affecting 13% of respondents.15% of investors are facing the problem of uncertainty.

TABLE NO: 10 Table showing the level of agreeability on the high risk of return

Table with 3 columns: Particulars, Number Of Respondents, Percentage. Rows include Strongly Agree (16, 27%), Agree (36, 60%), Neutral (8, 13%), Disagree (0, 0%), Strongly Disagree (0, 0%), and Total (60, 100%).

(Source: Primary data)

INTERPRETATION

From the Chart No: 4.10 it is observed that most of the respondents agree that the risk of return is high. 27% of investors are strongly agreeing with the statement and 13% of investors having neutral opinion with the statement.

TABLE No: 8 Table showing the agreeability on the statement liquidity is more

Table with 3 columns: Particulars, Number Of Respondent, Percentage. Rows include Strongly Agree (23, 38%), Agree (25, 42%), and Neutral (9, 15%).



Disagree	2	3
Strongly Disagree	1	2
Total	60	100

(Source: Primary data)

INTERPRETATION

From the Table No:8, it is clear that 38% of the respondents are strongly agreeing the fact that liquidity is more in capital market and 42% are agreeing to this statement. 15% are neutral and 3% are disagreeing this fact. Only 2% of respondents are strongly disagreeing with this.

TABLE NO: 9Table showing the satisfaction level on the services provided by the broker.

Particulars	Number of Respondents	Percentage
Highly Satisfied	6	10
Satisfied	16	27
Neutral	31	52
Dissatisfied	5	8
Highly Dissatisfied	2	3
Total	60	100

(Source: Primary data)

INTERPRETATION

From the Table No.9, it is clear that 27% of the respondents are satisfied and 10% are highly satisfied with the services provided by the broker. Whereas 52% are neutral and 8% are dissatisfied and rest of 3% are highly dissatisfied with their services.

Table No.10 Table showing the satisfaction level of investors in promptness in receiving returns and payments.

Particulars	Number Of Respondents	Percentage
Highly Satisfied	38	63
Satisfied	19	32
Neutral	3	5
Dissatisfied	0	0
Highly Dissatisfied	0	0
Total	60	100

(Source: Primary data)

INTERPRETATION

The Table No; 10, shows that 63% of the total respondents are highly satisfied and 32% are satisfied with the promptness in receiving shares and payments where as 5% are neutral with the statement.



TABLE NO.11: Table showing the agreeability on the various matters relating to capital market.

Particulars	More Investment More Return		High Risk High Return		More Regulation More Safety	
	No	Percentage	No	Percentage	No	Percentage
Strongly Agree	44	73	46	77	42	70
Agree	11	18	14	23	11	18
Neutral	3	5	0	0	7	12
Disagree	2	3	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Total	60	100	60	100	60	100

(Source: Primary data)

INTERPRETATION

From the Table No.11, it is clear that majority of the investors are strongly agree with the statements. Only few percentages of investors are against with the statement.

CHI-SQUARE TEST

Chi-square test is an important non parametric test in statistical work. It is a statistical test, which tests the significance of difference between observed frequencies and corresponding expected frequencies of a distribution, without any assumption about the distribution of the population.

TABLE NO.12: Table showing relationship between gender differences and capital market investment.

Gender	Investment		Total
	Yes	No	
Male	42	10	52
Female	18	30	48
Total	60	40	100

(Source: Primary Data)

HYPOTHESIS

H0: There is no gender difference in capital market investment.

H1: There is gender difference in capital market investment.

TABLE NO.13(a): Table showing expected frequency on the basis of table no: 4.18

O	E	O-E	(O-E) ²	(O-E) ² /E
42	31.2	10.8	116.64	3.73
10	20.8	-10.8	116.64	5.6
18	28.8	-10.8	116.64	4.05



30	19.2	10.8	116.64	6.07
				19.45

X^2 = Σ (O-E)^2

E = 19.45

Degree of freedom = (2-1) * (2-1) = 1

TABLE NO.13(b):Table showing result of hypothesis testing

calculated value	level of significance	degree of freedom	table value
19.45	5%	1	3.841

The calculated value is greater than table value therefore we reject null hypothesis. That is, there is gender difference in capital market investment.

FINDINGS

- Majority of the investors are investing in capital market for getting better rate of return. But these investors are facing the problem of market fluctuations. Another important problem faced by these investors is risk involved in capital market.
- Most of the people are investing in secondary market rather than primary market and it is banking sector, in which more investments are made.
- Most of the investors are collecting information about capital market from friends and relatives. Magazines and journals also play an important role in providing information about capital market.
- Even though people are investing in capital market, most of the investors are not aware of capital market regulators.
- Even though most of the people know about capital market, they are not ready to invest in capital market. Majority of the public are not investing in capital market due to lack of awareness and risk factors.
- Most of the investors are agreeing the fact that risk of return is high and liquidity is more in capital market.
- Most of the investors are trading through brokers.
- Majority of the investors are in the opinion that there are more investment avenues in capital market. The cost of investment needed is very low and the registration procedure is also very easy in case of capital market investment.
- Even though there are more investment avenues, the safety of investment cannot be predicted. Due to that most of the investors are having a neutral opinion with the statement safety of investment is more.
- Most of the investors are having neutral opinion regarding the satisfaction on the services provided by the brokers and they are highly satisfied in promptness in receiving return.
- Majority of the investors are strongly agreeing the statements that "more investment more return", "high risk high return", "more regulation more safety".
- Most of the investors are having good opinion about the capital market. Only few percentages of investors are saying excellent opinion about the capital market. There are few investors who are having very poor opinion with capital market.
- A major portion of investment in capital market is by male investors. Women participation in capital market is comparatively less.

SUGGESTIONS

- Most of the investors are collecting information about capital market from friends and relatives. Efficient investment can be made only when proper information is available to them. So, it is better to enhance the amount spent for collecting investment related information among investors.
- Capital market is a fluctuating market. There is risk involved in this kind of investment. Due to that the investors should systematically analyse the industry trend and economic trend before making their investment.
- In order to encourage the participation in capital market, the procedure involved in share subscription can be made known to any common individual.
- It is revealed from the study that, people have awareness towards capital market but they are not ready to invest in capital market because of lack of awareness and lack of clear guidelines. So, the people from rural area and below college educated can be encouraged through various awareness programmes about capital market.
- It is risk in capital market that the investors are now facing as a difficulty. An investor can minimize the risk associated with the stock trading by holding diversified stocks in their portfolio. One can diversify their portfolio in many ways like holding stocks of



companies operating in different sectors. So that even if one industry is down performing, other sector stocks in the portfolio will pull it to profit.

➤ Brokers can retain their clients only if they are efficient in guiding the investors in the right path. Brokers must insist on the benefits of decent and disciplined trading. They can provide better guidance to their customers for proper investment.

➤ Most of the investment in capital market is by male investors. Women are reluctant to enter into the stock market and it must be insisted that it is well suited for home makers. Women market participants can be motivated by emphasizing that it is a path to women empowerment. Awareness programmes can be organised to home makers by the brokers.

➤ Financial literacy must be imparted in the minds of youngsters and boost them to save and invest from their earlier age. Investors should make aware about capital market regulators and security measures provided by them.

CONCLUSION

Investment is the most important input that every developing country requires today to reach the status of a developed country. Capital market is the place where any economy can pool up funds required for its investment needs. In the modern scenario of globalisation, capital market plays a vital role. The strong presence of capital market reflects the strength of the economy. Indian economy has grown into the strong one, strong enough to successfully swim against the currents of global competition, due to the contribution of the Indian capital market. But a small part of investors are making their investment in capital market. Most of them are not very well aware about capital market. Women participation is also very less. These situations can be overcome when the suggestions are implemented in a right way. It is capital market which can contribute a lot in the economic growth and the prosperity of investors. So, the investors should make use of this opportunity.

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