

EXPLORING THE RISE OF STOCK MARKET AWARENESS IN INDIA: A POST-PANDEMIC PERSPECTIVE

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ABSTRACT

Any economy would be incomplete without the stock market, and the proper operation of the market plays a significant part in the advancement and progress of the country. With an increasing number of people and groups investing resources in it, India's stock market has seen a significant increase over the last couple of years. Nevertheless, despite this expansion, the general public lacks awareness of and comprehension of the stock exchange and its operations. This lack of knowledge might lead to naive speculation and negatively impact the financial backer's prosperity. Thus, it is essential to focus on fair and honest financial exchange awareness in India and acknowledge the factors that contribute to or disrupt it. This research paper aims to examine the current state of stock exchange awareness in India and identify various key factors that discourage investors from the stock market. It has been concluded that age and income do not impact the awareness level of investors, but occupation does.

1. INTRODUCTION

The Indian stock market is one of the fastest-growing stock markets in the world. It comprises two major stock exchanges, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), where investors can buy and sell shares of publicly traded companies. The stock market in India has witnessed significant growth over the years, and its growth can be attributed to several factors. One of the key factors contributing to the growth of the Indian stock market is the country's strong economic fundamentals. India is one of the fastest-growing economies in the world, with a large and growing middle class and a robust consumer market. This has attracted significant foreign investment, which has driven the growth of the stock market. Another factor contributing to the growth of the Indian stock market is the government's efforts to promote economic growth and development. The government has implemented several measures to

encourage investment in the stock market, such as tax incentives for long-term investments and measures to improve corporate governance and transparency.

In addition to these factors, the growth of the Indian stock market can also be attributed to the increasing participation of retail investors. With the rise of digital technology, it has become easier for individuals to invest in the stock market, and many retail investors are now using online trading platforms to buy and sell shares.

Over the years, the Indian stock market has witnessed several ups and downs, but overall, it has shown remarkable resilience and growth. In recent years, the market has seen significant growth in sectors such as IT, healthcare, and pharma, which have helped to drive the overall growth of the market.

Investing in the stock market can be complex and confusing for those who lack knowledge about the market's functioning, investment strategies, and risk management. This lack of knowledge can lead to uninformed investment decisions, which can negatively impact the investor's financial well-being. Therefore, it is essential to study the level of stock market awareness in India and identify the factors that contribute to its growth or hinder its progress.

Indian stock market is a key indicator of the country's economic growth and development, and its growth can be attributed to several factors such as strong economic fundamentals, government policies, and the increasing participation of retail investors. Despite the challenges and uncertainties, the Indian stock market continues to show strong growth potential and remains an attractive investment destination for investors around the world. The majority of population reside in rural area, and they are not aware of innovative investment instruments.

Objectives of the Study:

- To examine the current state of stock exchange awareness in India.
- To know the factors which discourage the investors from stock market investment.

2. REVIEW OF LITERATURE

The Indian stock market has witnessed significant growth in recent years, and several studies have been conducted to analyze the level of stock market awareness among individuals and organizations in India. The following is a summary of the literature available on stock market awareness in India:

Several studies have been conducted to analyze the level of stock market awareness among individuals and organizations in India. A study conducted by Kotak Securities in 2017 found that only 33% of Indians invested in the stock market,

and 55% of those who did not invest cited a lack of knowledge as the reason. Another study by the Securities and Exchange Board of India (SEBI) in 2015 found that only 5.7% of the Indian population had invested in the stock market.

The economic outlook is measured by the stock market. Stock markets seem to be important for the development of any country's economy. Every company's principal source of capital for corporate growth is the stock market. Companies can raise money for their businesses by issuing shares to the public on the stock exchange's primary market. An organization needs to register with a stock exchange in order to issue shares to investors (Akhter, 2015). The stock exchange's secondary purpose is to give buyers and sellers of that listed on the stock market a platform for liquidity. The terms "bull" and "bear" markets are two of the fundamental concepts in stock market trading. A stock market where stock prices are typically rising is referred to as a "bull market." Since most stock investors buy stocks rather than sell them short, this is the kind of market where most investors do well. When stock prices are falling overall, a bear market is in effect. Through short selling, investors can still make money even during weak markets. The act of borrowing stock that an investor does not own from a brokerage business that does own shares of the stock is known as short selling (Sangmi, 2015). Nowadays, every investor believes that the stock market is an attractive avenue for investing, and investors are looking for a larger return and are willing to take on risk. The various investors who have been involved in the stock market, along with those who trade on the secondary market, as well as those who deal on the primary market, Investors can be active, passive, or both. Through dire, as well as those who deal with the primary market, Investors, Primary and Secondary Markets Passive investors, on the other hand, do not purchase securities that will yield immediate profits. Investors are required by SEBI to open a depository account (Arora, 2013).

The stock market allows for a wide range of investment types, including stocks, bonds, mutual funds, derivatives, currencies, futures and options, and commodities. IPOs are one of the most popular investment products on the stock market. IPOs, which are an excellent way to start investing, are when a privately held firm sells its first shares to the general public. Even during the market's most versatile times, long-term investors profit the most from the stock market. They take advantage of the market slump by providing more discounted stocks. You can invest in the stock market in two different ways: either through capital growth or through dividend income. People primarily invest in shares in the hopes of profiting from share price growth. Under the correct conditions, the profits from rising share prices might reach very high levels. However, this is not a given. If the business does poorly. (Banumathy, 2016) The numbers of individuals under 35 who are very knowledgeable and aware about investing are causes of this concern, as are the enormous household load and various forms of personal consumption like homes and cars. Therefore, investing and saving can be a solution to lessen the problem. People make investments with the intention of obtaining strong returns, ample liquidity, and safety. Investments can be a great way to obtain assets that an investor directly or indirectly owns or controls. They are often referred to as investments. The activity of investment is the expenditure of money with the primary objective of

earning a return on that investment at some predetermined time or date (Bradosti, 2015).

The security of the principal amount and the return on investment (ROI) within the anticipated time frame are both factors that must be taken into consideration when making financial investment decisions. Investors place their money in a variety of financial products to achieve a balance between competing objectives. Every person is in a different financial situation and has different needs and objectives. As a result, selecting a variety of options would attempt to achieve the fulfilment of certain objectives and goals at various periods of the investors' life cycles. Every wise investor would develop a well fulfilled investment plan outlining the selection of investments to reach the established financial goals after considering the expected risk and return. However, depending on their internal and external financial environments, investors might behave differently toward their preferred investments. (Singh, 2015)

To enhance public awareness of shares and other share investment activities in the stock market, it is essential to raise public awareness of stock market investments. Investors' awareness not only involves knowledge of the different financial products on the market but also helps people make decisions, especially the less educated and those who are focused on producing long-term financial decisions. The tendency of stock market investors to sell up-and-coming stocks and stick with declining ones. Investor activity that imitates other people's activities or market movements rather than adhering to her own thoughts and knowledge (Chaudhary, 2008).

A coordinated strategy is required to turn awareness into knowledge because advertising and the agent network played a significant beneficial influence in raising awareness but not knowledge. Despite the reality that Indian investors are good savers, they frequently lose their hard-earned money as a result of their knowledge of financial goods and financial markets. Although the nation's regulatory authorities, including the Securities and Exchange Board of India (SEBI), have been taking the required measures to protect investors' interests, investors are nevertheless apprehensive about investing in SM and attempt to avoid it at all costs. Financial literacy is the simplest technique to increase investor awareness, which is the best form of investor protection. Therefore, before making an investment in the stock market, the investor should be intelligent, cautious, and fully aware of the developing market scenario. (Raval, 2008) Despite the fact that Indian investors are good savers, they frequently lose their hard-earned money as a result of their awareness of financial goods and financial markets. To increase knowledge of shares and other investments, it is essential to raise public awareness of stock market (SM) investing. Investors' awareness not only involves knowledge of the different financial products on the market but also helps people draw conclusions, especially the less educated and those who are devoted to making long-term financial decisions. A coordinated strategy is required to turn awareness into knowledge because advertising and the relationship between them played a significant beneficial impact in raising awareness but not knowledge (Manglik, p. 2009). Investors generally make market investments based on their broker's advice, that of friends and family, and

occasionally on the basis of recommendations made by news outlets and certain databases. But not all investors behave in this manner. There are some informed investors who selected their own investing portfolio. Investor awareness is a significant component that affects their investment behavior (Kadariya, 2012).

3. RESEARCH METHODOLOGY

The objective of this research study is to examine investor knowledge of stock market investing and to understand the hurdles to stock market participation. Data was collected through a structured questionnaire from 250 respondents of Ahmedabad district. For selection of respondent's nonprobability, convenience sampling method was used. After collection of data, the Chi square test was used for testing of hypothesis to reach final conclusion. Following are the hypotheses:

- There is no significant relationship between the level of awareness of the stock market and the age of investors.
- There is no significant relationship between the level of awareness of the stock market and the income of investors.
- There is no significant relationship between the level of awareness of the stock market and the occupations of investors.

4. DATA ANALYSIS AND INTERPRETATION

Table 1: Profile of Respondents

Sr. No.	Demographic Parameter	Category	No. of respondents	% of respondents
1.	Age	Below 20 years	12	.05
		21-30	103	41
		31-40	85	34
		41-50	33	13
		Above 50 years	17	7
2.	Gender	Male	152	61
		Female	98	39

3.	Occupation	Salaried	89	36
		Retired	18	7
		Businessman	93	37
		Students	50	20
4.	Income	Less than 2 lakh	54	22
		2,0,000 -4,00,000	75	30
		4,00,000-6,00,000	84	34
		Above 6,00,000	37	15

Source: Survey

From the above table 1, it is observed that from the 250 respondents, 61% of respondents were male and females were 39% respondents. 7% respondent were above 50 years of age, .05% respondents belong to the age group of less than 20 years, 41% respondents belong to the age group between 21 to 30 years, 34% respondents belong to the age group between 31 to 40 years and 13% respondents belong to age group between 41 to 50 years. 36% respondents were Salaried, 37% respondents were businessman, 7% respondents were retired and other 20% respondents were students. 22% respondents have an annual income which is less than 2,00,000, 30% respondents had annual income between Rs 2,00,000 to 4,00,000, 84% respondents between Rs 4,00,000 to 6,00,000 and 37% respondents had annual income above 6,00,000.

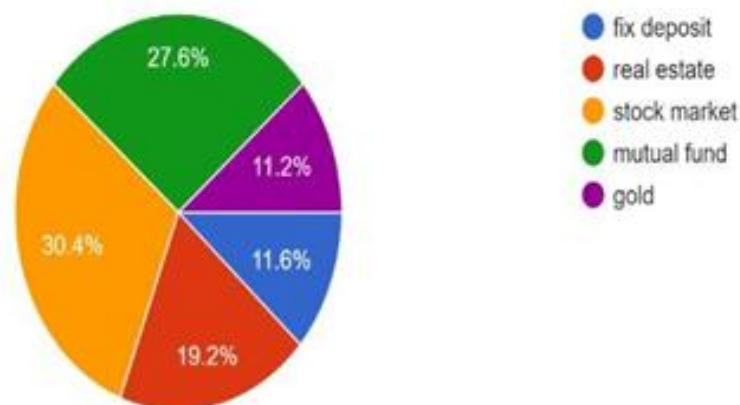


Figure No.1 Investment Products

From the above figure no 1, it inferred that 30.4% respondents invest in stock market, 27.6% respondents invest in mutual fund, 19.2 % respondents invest in real

estate, 11.6% respondents invest in fixed deposits and 11.2% respondents invest in gold. It was clearly evident and proved that 60-70% of respondents were looking for better gain and they were looking for innovative investment products and risk taker.

Table 2: Stock Market Awareness

Sr. No.	Question	Yes (No. of respondents)	No
1	Aware about Stock Market	169	81
2	Aware about risk involved in market	182	68
3	Having Demat Account	141	109

Source: Survey

From the above Table 2, it can be inferred that the majority of respondents in Ahmedabad city are aware of stock market trading, know the risks involved in it, and have a demat account based on the sample.

Table 2: Factors that discourage Stock Market Investment

Factors	Responses
Low Return High Risk	52
Low risk appetite	51
Uncertainties of Market	101
No knowledge	46
Total	250

Source: Survey

Table 2 showed that the majority of investors are aware of the stock market, but they don't want to invest in it. In the above table 3 there are some factors that have forced them not to invest in stocks. 101 respondents feared uncertainty in the stock market; 52 respondents felt the stock market provides low return and high risk; and 46 respondents felt they didn't have sound knowledge in the stock market.

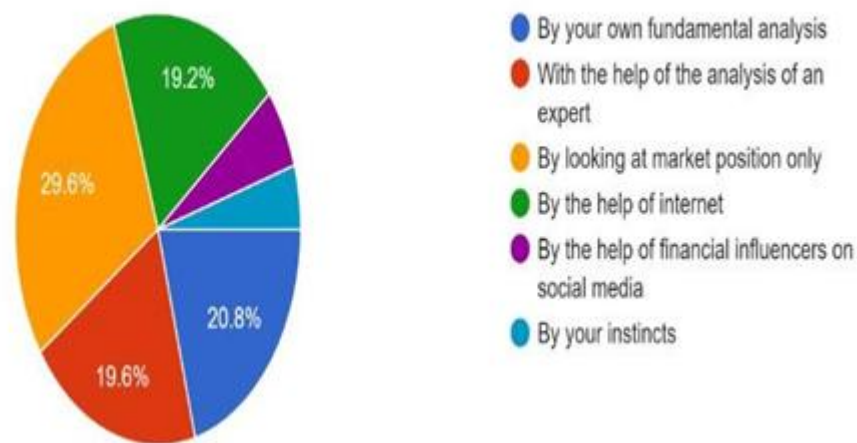


Figure 2: Methodology use for Investment Decision

As per the above figure No. 2, shows on which basis individuals invest in the stock market. From 250 respondent 52 individual invest their money by their own fundamental analysis which is 20.8% of total respondents. 49 respondent takes help of expert to invest their money in market. Which is 19.6% of total respondent. The majority of people invest their money by looking at market position which is 29.6% of the total respondent. 19.2% of the respondents take help from the internet to make any decision. 15 respondents take help of financial influencers, and they are approx. 6% of total responders and remaining 12 individuals invest money by their own instincts which are just 4.8% of total dependence.

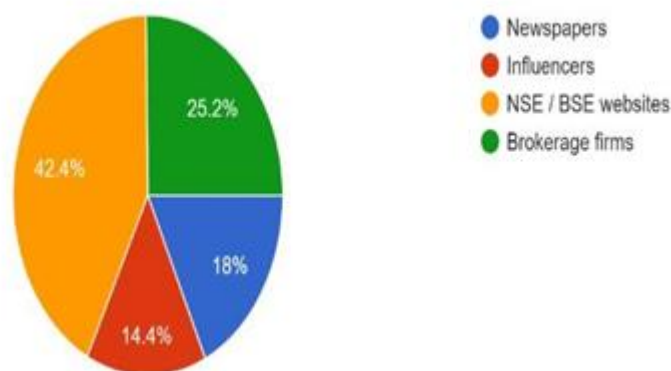


Figure 3: Sources of Information

As per the above figure no. 3, shows how investors get information about the stock market. From 250 responses, 45 respondents get information from newspapers, which is 18 % of the total responses. 36 responses get information from influences, which is 14.4% of the total responses. 106 respondents get information from the NSE/BSE website, which is 42.4% of the total response. As a result, it can be concluded that the majority of individuals trust the data provided

by the NSE/BSE websites. And 63 individuals got information from brokerage firms, which is 25.2% of the total response.

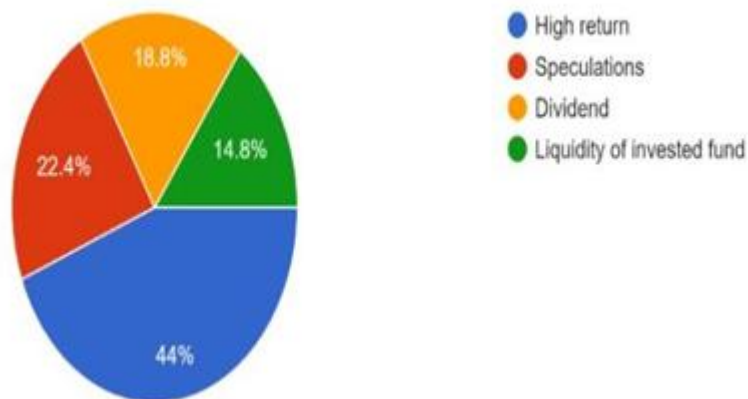


Figure 4: Sources of information for Investment

As per the above figure No. 3, it showed various factors that attract investors to invest in the stock market. From the 250 respondents, 110 received a high return, accounting for 44% of the total response. The majority of individuals are investing in the stock market because of the high return. 56 individuals are investing in the stock market for speculation, which is 22.4% of the total response. 47 people invest money in the stock market to get dividends; they represent 18.8% of the total responses. 37 individuals are investing in the market because of the liquidity of their funds, which are 14.8% of the total response.

To examine the relationship between awareness level of the stock market with age, income, and occupation of investors, the chi-square test has been applied, and the following results have been summarized.

Table no. 4 : Testing of Hypothesis

Sr.No.	Hypothesis	Interpretation
1	There is no significant relationship between the level of awareness of the stock market and the age of investors.	Accepted
2.	There is no significant relationship between the level of awareness of the stock market and the income of investors.	Accepted
3.	There is no significant relationship between the level of awareness of the stock market and the occupations of investors.	Rejected

Source: Survey

Above Table 4 shows that there is no significant relationship between the level of awareness of the stock market with the age and income of investors. There is a significant relationship between the level of awareness of the stock market and the occupations of investors. It means occupational structure affects the awareness level

of stock market. Wealth management companies take care of occupational structure of clients while making the policy of stock market trading.

5. CONCLUSION

The research has shown that the COVID-19 pandemic has had a significant impact on the Indian stock market, leading to a sharp decline in March 2020. However, the market has since shown remarkable resilience and has bounced back, with the benchmark indices, BSE Sensex and NSE Nifty, hitting record highs in 2021. The government's economic stimulus measures, including a stimulus package worth Rs. 20 lakh Crore, have played a critical role in restoring investor confidence and boosting market sentiment. The increased participation of retail investors has also contributed to the growth of the Indian stock market, with many individuals turning to the stock market as a means of generating additional income during the pandemic. Still the majority of people in Ahmedabad are conscious of stock market investments and have demat accounts, but they do not trade because they have a low risk tolerance and because the market is uncertain. Brokerage firms and asset management firms should host seminars to educate retail investors on how to deal with and profit from bullish and bearish markets in order to increase their risk tolerance.

Overall, this research paper has provided valuable insights into the growth of stock market awareness in India and has highlighted the importance of continued investment and participation in the market to support the country's economic development and growth.

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