



Individual Investors' Awareness Towards Share Trading : An Evaluation

Nandu S S, Research Scholar, PG & Research Department of Commerce

Arun Lawrence, (Ph. D.), PG & Research Department of Commerce

Mar Ivanios College (Autonomous), University of Kerala, Thiruvananthapuram, Kerala, INDIA

ORIGINAL ARTICLE



Corresponding Authors

Nandu S S, Research Scholar,

PG & Research Department of Commerce

Arun Lawrence, (Ph. D.),

PG & Research Department of Commerce

Mar Ivanios College (Autonomous), University
of Kerala, Thiruvananthapuram, Kerala, INDIA

shodhsamagam1@gmail.com

Received on : 21/06/2021

Revised on : ----

Accepted on : 28/06/2021

Plagiarism : 09% on 21/06/2021



Plagiarism Checker X Originality Report

Similarity Found: 9%

Date: Monday, June 21, 2021

Statistics: 230 words Plagiarized / 2585 Total words

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INDIVIDUAL INVESTORS' AWARENESS TOWARDS SHARE TRADING- AN EVALUATION
Abstract Share market is a market which shares are issued and traded. Share market performs a vital role in the economy, it gives the companies to access to capital and investors with the potential to realize the gains based on their performance. The NSE claimed to have added nearly 90 lakh new investors and BSE has added 1.78 crores new investors during the financial year 2021.

Abstract

Share market is a market where shares are issued and traded. Share market performs a vital role in the economy, it gives the companies to access to capital and investors with the potential to realize the gains based on their performance. The NSE claimed to have added nearly 90 lakh new investors and BSE has added 1.78 crores new investors during the financial year 2021. Therefore, individual investors dominate trading in capital market. Due to lack of degree of awareness level investors may become gainer or loser in stock market. In this backdrop, the study tries to examine the level of awareness of individual investors in share trading. Population of the study is the investors of Trivandrum district who have invested their money in share market. Primary data were collected from fifty share market investors in Trivandrum district using a questionnaire. The findings of the study revealed that investors are significantly less aware in terms of share market investment. The investor can make the share trading as a beneficial investment area. It is purely based upon the investors' awareness towards share trading. When the investor gets more and more accurate information on the right time, then he can enjoy the taste of success from the share trading.

Key Words

Individual Investors, Share Trading, Awareness Level, Equity Share, Investment Avenue.

Introduction

The origination of Indian stock market was from the mid of eighteenth century where the

transactions were limited to loan stock transactions of the East India Company. Stock exchange is an organized market for transactions of securities. There are nineteen recognized stock exchanges in India. Exchanges which are functioning at national level are, OTCEI, BSE, NSE and Inter-Connected Stock Exchange of India. SEBI acts as the regulator of security market in India. Equity share are the high risk high return investment avenue. Equity share have a lot of rights such as to receive the shares on allotment, dividend in due time, participate and votes in general meeting, inspect the registers and minute books etc.

Equity share is a part of the ownership of a company and the holder of such a share is a member of the company eligible to share the benefits from the company. Share market is a market which shares are issued and traded. Share market performs a vital role in the economy, it gives the companies to access to capital and investors with the potential to realize the gains based on their performance.

Equity helps and organizations and economy in their growth and expansion and also it distributes the gains to shareholders. Now-a-days share market is an attractive investment avenue to each and every investor who were looking for higher return and ready to bear risk.

A survey conducted by 'Economist' shows that almost half of American household and $\frac{1}{4}$ of European households have become investors in equity share. The survey also points to the fact that 7.4 percent of all Indian households, representing 19.5 million individuals, have investment in the shares.

The Indian stock market is one of the oldest and largest in the world. Industrialization in India accelerates the growth of stock market. Stock market channelize the household savings to corporate sector which in turn facilitates the development of industrial and service sector. Individual investors are leading in Indian stock markets and have showed a marked increase, especially when it comes to riskier options. Individual investor's turnover on the NSE was 33 per cent during financial year 2016 and has risen by 12 per cent.

Statement of the problem

The evolution and growth of the financial market led to the development of well- structured capital market with attractive investment opportunities for the individual investors. Stock trading is a high risky as well as return avenue. In the desire to earn money in a quick manner, more and more people attracted to share trading. The NSE claimed to have added nearly 90 lakh new investors and BSE has added 1.78 crores new investors during the financial year 2021. Therefore, individual investors dominate trading in capital market. Lack of degree of awareness level investors may become gainer or loser in stock market. In this backdrop, the study tries to analyse the level of awareness of individual investors in share trading.

Significance of the study

Now the stock market is volatile in nature. In a volatile market, investor should understand the basic factors relating to share trading. Proper awareness regarding the elements of stock trading helps the individual investors to ascertain the quality of equity investment in terms of profitability. The study focused to analyse the level of awareness of individual investors in share market.

Objectives of the study

The main objective of the study is to examine the level of awareness of individual investors towards stock trading in respective of their demographic factors.

Hypothesis of the Study

- **H0:** There is no significant difference between male and female with respect to awareness level towards share trading.
- **H0:** There is no significant difference among age group with respect to awareness level towards share trading.
- **H0:** There is no significant difference among education qualification with respect to awareness level towards share trading.
- **H0:** There is no significant difference among occupation with respect to awareness level towards share trading.

Scope of the study

The study covers the level of awareness of individual investors in stock trading in Trivandrum district of Kerala state.

Research Design and Methodology

Both primary and secondary data were used for the study. Secondary data were collected from websites, books and journals. Primary data were collected from the investors of Trivandrum district who have invested their money in share market.

Population of the study is the investors of Trivandrum district who have invested their money in share market. Convenience sampling technique was adopted for sample selection. Primary data were collected from fifty share market investors in Trivandrum district using a questionnaire.

The data collected for the study have been presented through proper tabulation. Suitable statistical tools like mean, percentage, S.D, t-test and ANOVA have been employed to analyse the collected data.

Analysis & Interpretation

In the desire to earn money in a quick manner, more and more people from all walks of life have ventured into share trading. Lack of awareness among the investors has made them loser of money in share market.

The sample of the study consist of 50 investors who have invested their money in share market. The profile of the sample was analysed using various parameters like age, gender, educational qualification and occupation. In terms of age, majority of the respondents (i.e. 42.00 per cent) belonged to the age group of 31-40 years and 18.00 per cent of the respondents belonged to the age group below 30 years.

In the case of gender-wise classification it was found that majority of the respondents (i.e. 76.00 per cent) are males.

In terms of educational qualification of respondents' majority of the respondents (i.e. 52.00 per cent) were graduates. The other important educational level of the respondents is post-graduation (24.00 per cent). The highest percentage (56.00) of respondents are salaried people followed by business (32.00 per cent) and professionals (8.00 per cent). Table 1.1 depicted the details of profile of sample respondents.

Table 1.1: Profile of Sample Respondents

	Category	Frequency
Age	<=30	9 (18)
	31-40	21 (42)
	41-50	11 (22)
	51-60	6 (12)
	60+	3 (06)
Gender	Male	38 (76)
	Female	12 (24)
Education Qualification	School Level	5 (10)
	Graduate/Diploma	26 (52)
	Post Graduate	12 (24)
	Professional	7 (14)
Occupation	Business	16 (32)
	Professional	4 (08)
	Salaried	28 (56)
	Others	2 (04)
	Total	100

(Source: Primary data)

Awareness is inherent in every investment schemes. Risk is very high in terms of share market investment, compared to other investment schemes. An attempt was made to know the level of awareness of investors in share trading.

Table 1.2: Awareness Level of Investors Regarding Various Stock Trading Elements

Variables	Not Aware	Neutral	Aware	Mean	S.D
Awareness on Circuit levels	28 (56)	9 (18)	13 (26)	1.70	0.863
Awareness on Pledge for margin	31 (62)	3 (6)	16 (32)	1.70	0.931
Awareness on Delisting	13 (26)	20 (40)	17 (34)	2.08	0.778
Awareness on Stock split	21 (42)	11 (22)	18 (36)	1.94	0.890
Awareness on Market capitalisation	15 (30)	8 (16)	27 (54)	2.24	0.894
Awareness on Buy back	25 (50)	7 (14)	18 (36)	1.86	0.926
Awareness on ASBA	18 (36)	13 (26)	19 (38)	2.02	0.869
Awareness on FPO	26 (52)	4 (8)	20 (40)	1.88	0.961

(Source: Primary data)

The results showed that 56.00 per cent of respondents are not aware about circuit levels and only 26.00 per cent are aware. This means that majority of the respondents are not aware about circuit levels. As regards to pledge for margin most of the respondents (62.00 per cent) are not aware and 32.00 per cent of them are aware. The result showed that 34.00 per cent of investors are aware about delisting and 26.00 per cent are not aware. The study also revealed that 42.00 per cent of respondents are not aware about stock split and 36.00 per cent are aware. In terms of market capitalization, majority of the respondents are aware (54.00 per cent) and 30.00 per cent are not aware. The study also revealed that 50.00 per cent of respondents are not aware about buy back of shares and 36.00 per cent are aware. In the case of ASBA, 38.00 per cent respondents are aware and 36.00 per cent are unaware. The study also revealed that majority of 52.00 per cent of the respondents are not aware in terms of FPO and 40.00 per cent are aware.

The study revealed that in the case of awareness regarding circuit levels the mean value is 1.70 indicating significantly low level of awareness. Similar for stock split it was 1.94, pledge for margin 1.70, buy back 1.86 and FPO 1.88 all indicating no awareness. There was significantly high level of awareness in terms of market capitalization (mean value = 2.24), which is followed by delisting (mean value = 2.08) and ASBA (mean value = 2.02).

From the analysis it can be concluded that the sample investors have below average awareness about the various elements of investment in share trading.

Table 1.3: t-test for significant difference between male and female with respect to awareness level towards share trading

Variables	Male		Female		t-value	p-value
	H.M	S.D	H.M	S.D		
Awareness on Circuit levels	1.66	0.878	1.83	0.835	-0.610	0.401
Awareness on Pledge for margin	1.71	0.927	1.67	0.985	0.414	0.787
Awareness on Delisting	2.00	0.735	2.33	0.888	-1.303	0.117
Awareness on Stock split	1.82	0.865	2.33	0.888	-1.795	0.968
Awareness on Market capitalisation	2.21	0.875	2.33	0.985	-0.412	0.393
Awareness on Buy back	1.89	0.924	1.75	0.965	0.468	0.805
Awareness on ASBA	1.95	0.868	2.25	0.866	-1.053	0.988
Awareness on FPO	1.95	0.957	1.67	0.985	0.880	0.932
Overall awareness level	15.18	4.570	16.17	3.710	-0.676	0.145

(Source: Primary data)

Note: H.M – Harmonic Mean, S.D – Standard Deviation

Null hypothesis: There is no significant difference between male and female with respect to awareness level towards share trading.

Tale 1.3 shows, the p-value is greater than t-value, null hypothesis is accepted with regards to awareness level towards circuit levels, pledge for margin, stock split, buy back, FPO, market capitalization, delisting and ASBA. Hence there is no significant difference between male and female investors with regards to the awareness level towards share trading.

Table 1.4: ANOVA for significant difference among Age Group with respect to awareness level towards share trading

Variables	Age Group in year					F-value	p-value
	<=30	31-40	41-50	51-60	60+		
Awareness on Circuit levels	1.89	1.62	1.73	1.50	2.00	0.309	0.870
Awareness on Pledge for margin	1.78	1.95	1.27	1.50	1.67	1.055	0.390
Awareness on Delisting	2.44	1.95	1.91	2.00	2.67	1.232	0.311
Awareness on Stock split	2.33	1.81	1.52	1.83	2.33	0.756	0.559
Awareness on Market capitalisation	2.33	2.19	2.45	1.83	2.33	0.497	0.738
Awareness on Buy back	1.89	1.81	1.91	2.00	1.67	0.086	0.986
Awareness on ASBA	2.11	1.95	2.09	2.17	1.67	0.226	0.922
Awareness on FPO	2.11	1.90	1.82	1.67	1.67	0.240	0.914
Overall awareness level	16.89	15.19	15.00	14.50	16.00	0.355	0.839

(Source: Primary data)

Null hypothesis: There is no significant difference among age group with respect to awareness level towards share trading.

Tale 1.4 shows, the p-value is greater than F-value, null hypothesis is accepted with regards to awareness level towards circuit levels, buy back, FPO, market capitalization and ASBA. Hence there is no significant difference among age group with respect to awareness level towards share trading. In case of awareness on pledge for margin, delisting and stock split p- value is less than F-value, thus there is significant difference among age group with respect to awareness level on pledge for margin,

delisting and stock split. Based on mean score age group less than or equal to 30 have better awareness on stock trading. Age group comes under 51-60 have least mean score, thus they have least awareness regarding stock trading.

Table 1.5: ANOVA for significant difference among Education Qualification with respect to awareness level towards share trading

Variables	Educational Qualification				F-value	p-value
	School Level	Graduate/ Diploma	Post Graduate	Professional		
Awareness on Circuit levels	1.80	1.54	1.58	2.43	2.215	0.099
Awareness on Pledge for margin	1.60	1.65	1.33	2.57	3.041	0.038
Awareness on Delisting	2.60	1.85	2.08	2.57	2.715	0.056
Awareness on Stock split	2.40	1.73	1.92	2.43	1.700	0.180
Awareness on Market capitalisation	2.20	2.31	2.00	2.43	0.430	0.732
Awareness on Buy back	2.00	1.85	1.83	1.86	0.041	0.989
Awareness on ASBA	2.20	1.96	1.92	2.29	0.371	0.774
Awareness on FPO	1.80	1.85	1.67	2.43	0.978	0.411
Overall awareness level	16.60	14.73	14.33	19.00	2.335	0.086

(Source: Primary data)

Null hypothesis: There is no significant difference among education qualification with respect to awareness level towards share trading.

Tale 1.5 shows, the p-value is less than F-value, null hypothesis is rejected with regards to awareness level towards circuit levels, pledge for margin, delisting and stock split and FPO. Hence there is significant difference among education qualification with respect to awareness level towards share trading. In case of awareness on buy back,market capitalization and ASBA p- value is greater than F-value, thus there is no significant difference among education qualification with respect to awareness level on buy back,market capitalization and ASBA. Based on mean score professionals have better awareness on stock trading. Followed by school level, graduate and post graduate.

Table 1.6: ANOVA for significant difference among Occupation with respect to awareness level towards share trading

Variables	Occupation				F-value	p-value
	Business	Professional	Salaried	Others		
Awareness on Circuit levels	1.81	2.50	1.54	1.50	1.677	0.185
Awareness on Pledge for margin	1.63	2.75	1.57	2.00	2.111	0.112
Awareness on Delisting	2.13	2.75	1.93	2.50	1.612	0.200
Awareness on Stock split	2.06	2.50	1.75	2.50	1.346	0.271
Awareness on Market capitalisation	2.38	3.00	2.14	1.00	2.746	0.054
Awareness on Buy back	1.75	2.00	1.93	1.50	0.246	0.864
Awareness on ASBA	2.06	2.50	1.93	2.00	0.508	0.679
Awareness on FPO	1.75	2.50	1.79	3.00	1.719	0.176
Overall awareness level	15.56	20.50	14.57	16.00	2.361	0.084

(Source: Primary data)

Null hypothesis: There is no significant difference among occupation with respect to awareness level towards share trading.

Tale 1.6 shows, the p-value is less than F-value, null hypothesis is rejected with regards to awareness level towards circuit levels, pledge for margin, delisting,market capitalization, stock split and FPO. Hence there is significant difference among occupation with respect to awareness level towards share trading. In case of awareness on buy back and ASBA p- value is greater than F-value, thus there is no significant difference among occupation with respect to awareness level on buy back and ASBA. Based on mean score professionals have better awareness on stock trading. Salaried classes have least awareness on regarding stock trading.

Summary of Findings, Conclusion & Suggestions

The evolution and growth of financial market led to the development of well-structured capital market with attractive investment opportunities for the individual investors. The study was undertaken with the objective to examine the level of awareness of individual investors towards share trading.

The study revealed that in terms of level of awareness regarding various elements in stock trading, they are circuit levels, pledge for margin, stock split, buy back, FPO, market capitalisation, delisting and ASBA. Among them circuit levels, pledge for margin, stock split, buy back and FPO the investors are significantly less awareness. But in the case of market capitalisation, delisting and ASBA investors are significantly aware. Therefore, it can be realised that the individual investors in stock market have below average awareness about the various elements in share trading.

The study revealed that, there is no significant difference between male and female investors with regards to the awareness level towards share trading. While comparing awareness level with age group, it found that there is no significant difference among age group with respect to awareness level towards share trading except awareness on pledge for margin, delisting and stock split. The age group comes under less than or equal to 30 have better awareness on stock trading. In case of awareness level and educational qualification and occupation, professionals have better awareness on stock trading.

The findings of the study revealed that investors are significantly less awareness in terms of share market investment. The investor can make the share trading as a beneficial investment area. It is purely based upon the investors' awareness towards share trading. When the investor gets more and more accurate information on the right time, then he can enjoy the taste of success from the share trading.

The investors are not fully aware about stock market investment. Hence, SEBI, stock exchanges and depositories should take up awareness campaigns among investors and potential investors. They can use the services of DPs, financial advisors, mutual funds, insurance companies and banks in the promotion of such a campaign.

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