

A STUDY ON INVESTORS' AWARENESS AND PERCEPTION TOWARDS THE STOCK MARKET IN TIRUNELVELI DISTRICT

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ABSTRACT

The stock market serves as a platform where shares of publicly listed companies are traded. The primary market enables companies to raise capital by issuing shares to the general public through an initial public offering (IPO), while the secondary market facilitates the trading of these listed securities among investors.

The main objective of this study is to examine investors' perceptions of stock market investment behaviour. In recent years, financial market participation has become a common phenomenon among individuals, and market growth largely depends on the volume and diversity of investment activities.

This study focuses on identifying the factors influencing investors' decisions in the stock market. This descriptive study is based on primary data collected through a structured questionnaire and secondary data from journals, websites, and other sources. The research design adopted is descriptive, and the sample comprises 200 randomly selected investors. The findings emphasize that investors' attitudes toward risk and return vary according to their experience and expectations. To minimize risk and maximize returns, investors are advised to follow strategies such as stop-loss mechanisms, target estimation, and portfolio diversification.

Keywords: Financial Market, Risk and Return, Portfolio Management

1. INTRODUCTION

The Indian stock market is one of the oldest and most significant financial markets in the world. It plays a vital role in mobilizing savings and channeling them into productive investments, thereby contributing to economic growth and development. Investors can choose suitable investment avenues based on their preferences for risk, return, and liquidity. Investment in securities takes place in two segments — the primary market, where new issues are offered to the public, and the secondary market, where already listed securities are traded among investors through stockbrokers or online platforms.

Stock exchanges form an integral part of the capital market by providing a regulated and transparent platform for trading equity and debt instruments. The capital raised through such markets primarily originates from individual investors, insurance companies, pension funds, and banks, which are usually organized and facilitated by merchant banks and issuing houses. Thus, the stock market not only serves as a mechanism for capital formation but also as a parameter of the nation's economic health.

Investment decisions in the stock market are strongly influenced by the trade-off between risk and return. In financial theory, these two elements are positively correlated — higher potential returns are typically associated with higher risks. Investors face various types of risks, including economic, inflationary, interest rate, political, industry-specific, and market risks. Return represents the actual gain or loss earned from an investment over a specific period, while risk denotes the uncertainty of achieving the expected return. The concept of the risk–return trade-off highlights that investors must balance the desire for maximum returns with an acceptable level of risk.

Diversification remains one of the key strategies to manage investment risk. By spreading investments across different sectors and instruments, investors can reduce unsystematic risk and stabilize returns. However, over-diversification may limit the potential for superior gains. Investors' tolerance for risk is often influenced by demographic factors such as age, income, education, and financial goals.

Given the increasing participation of individuals in financial markets, especially through digital trading platforms, understanding their perception, awareness, and behaviour toward stock market investment has become crucial. The present study therefore seeks to

examine investors' awareness levels, their perception of risk and return, and their behavioural tendencies towards stock market investment in Tirunelveli District.

2. NEED OF THE STUDY

Investment behaviour is shaped by multiple factors such as awareness, perception, income level, and access to financial information. In recent years, young and first-time investors have increasingly entered the Indian stock market, especially in semi-urban regions like Tirunelveli District. However, their investment decisions are often influenced by limited financial literacy, perceived risk, and trust in market intermediaries. Therefore, this study is needed to assess the level of awareness and perception among these investors and to identify the factors that influence their investment behaviour. Understanding these elements will help policymakers, financial institutions, and educators design more effective investor education programmes and improve participation in the capital market.

3. SIGNIFICANCE OF THE STUDY

The present study is significant as it provides valuable insights into the awareness, perception, and investment behaviour of individual investors in Tirunelveli District. By identifying how demographic and psychological factors influence investment decisions, the study contributes to a better understanding of investor behaviour in semi-urban regions of India. The findings can assist regulatory bodies, stock exchanges, and financial institutions in formulating targeted awareness programs and policies to enhance investor participation and confidence in the capital market. Moreover, the study serves as a useful reference for academicians and future researchers interested in exploring behavioural aspects of investment in emerging markets.

4. REVIEW OF LITERATURE

Stock markets play a critical role in a country's economic growth by mobilizing savings and directing them into productive investments. Several studies have examined the structure, performance, and behavioural aspects of stock markets, highlighting factors that influence investor perception and market dynamics.

Nasheeta (2022) emphasized that stock markets are an indispensable part of every national economy, though their impact varies across countries depending on institutional organization, governance systems, and financial integration. The study reviewed the

evolution of international and Indian stock markets and concluded that efficient stock market operations significantly contribute to economic growth by supporting financial development and capital formation.

PreciInfanta (2021) examined investors' perceptions of various factors influencing stock market participation. Using a descriptive research design and convenience sampling, the study identified that socio-economic characteristics—such as age, gender, marital status, education, and financial literacy—have a significant effect on investment decisions. The findings suggest that demographic factors play a vital role in shaping investors' risk preferences and market participation levels.

Mohammad Almashaqbeh (2021) reviewed previous research on determinants of share prices in both developed and developing economies. The study found that internal company fundamentals—such as profitability, ownership structure, and governance quality—along with external factors like market sentiment and macroeconomic conditions, significantly influence stock price movements. The author concluded that ownership structure, audit quality, and the value relevance of accounting information are crucial in determining market confidence and stock valuation.

KhaterehSadeghzadeh (2018) analyzed microeconomic factors affecting average stock returns in the Istanbul Stock Exchange (BIST) using the Panel ARDL method. The study identified that variables such as stock turnover rate and net profit-to-asset ratio had a positive impact on share earnings in both the short and long term, with the short-term effect being more pronounced. This highlights the role of firm-level financial performance in influencing investor returns.

ParaminKhositkulporn (2013) investigated the dominant factors affecting stock market volatility in Thailand and examined contagion effects across Southeast Asian markets. Using regression and GARCH models, the study found strong interlinkages among regional markets, implying that fluctuations in one market can influence others. The findings emphasized the need for investors to adopt risk management and diversification strategies to mitigate volatility-related losses.

5. OBJECTIVES OF THE STUDY

The present study is designed to understand the behavioural and perceptual dimensions of stock market investors in Tirunelveli District. The specific objectives are as follows:

1. To examine the level of awareness among investors regarding stock market operations and investment practices.
2. To assess investors' perception toward risk and return associated with stock market investments.
3. To analyze the investment behaviour and decision-making patterns of investors participating in the stock market.

6. SCOPE OF THE STUDY

The present study focuses on individual investors residing in Tirunelveli District who actively invest or intend to invest in the stock market. The study covers three key dimensions—awareness, perception, and investment behaviour—to understand how demographic and psychological factors shape investment decisions. Data were collected from 200 respondents using a structured questionnaire, and appropriate statistical tools such as correlation, factor analysis, and regression were employed for analysis. The findings of this study are expected to contribute to improving investor confidence, designing financial literacy programmes, and promoting informed investment practices in the region.

7. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to analyze investors' awareness, perception, and investment behaviour toward the stock market in Tirunelveli District. The study is based on responses collected from 200 investors selected through a random sampling technique using a structured questionnaire.

The study is based on both primary and secondary data. Primary data were collected through a structured online questionnaire administered to individual investors, while secondary data were obtained from books, journals, research reports, and reliable online sources.

For data analysis, appropriate statistical tools such as percentage analysis, correlation, and t-test were employed to interpret the results. Relevant hypotheses were framed in line

with the study objectives and tested to draw meaningful inferences regarding investors' perception and behaviour.

8. LIMITATIONS OF THE STUDY

- The study is geographically restricted to Tirunelveli District, and therefore, the findings may not be generalized to investors in other regions.
- The research was conducted within a short observation period, which may limit the ability to capture long-term behavioural trends among investors.
- The sample size of 200 respondents may not fully represent the entire investor population of the district, and hence, the results should be interpreted with caution.

9. DATA ANALYSIS AND INTERPRETATION

The data collected from 200 respondents were analyzed using appropriate statistical tools to examine investors' awareness, perception, and investment behaviour toward the stock market in Tirunelveli District. Descriptive statistics, reliability testing, factor analysis, and multiple regression analysis were employed to interpret the results. This section presents the analysis of demographic characteristics followed by the statistical evaluation of awareness, perception, and behavioural factors influencing investment decisions. The findings derived from these analyses provide a comprehensive understanding of how individual investors perceive and participate in the stock market.

9.1. Demographic Profile of Respondents

Table 1 summarizes the demographic characteristics of the 200 respondents who participated in the study. These background variables—age, residential status, gender, education, occupation, and monthly income—provide context for interpreting patterns of awareness, perception, and investment behaviour reported later in the paper.

Table:1 Demographic Profile of Respondents

S. No	Variable	Category	Frequency	Percent (%)
1	Age	Below 30	186	93%
		31–40	10	5%

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		41–50	4	2%
2	Residential status	Rural	48	24%
		Semi-urban	32	16%
		Urban/City	120	60%
3	Gender	Male	107	53.5%
		Female	93	46.5%
4	Educational qualification	School level	34	17%
		Graduate	146	73%
		Postgraduate	16	8%
		Professional	4	2%
5	Occupation	Student	189	94.5%
		Private employee	5	2.5%
		Self-employed	6	3%
6	Monthly income (₹)	Up to 15,000	128	64%
		15,001–30,000	31	15.5%
		30,001–45,000	16	8%
		45,001–60,000	25	12.5%

Source: Primary Data (Survey, 2025)

The sample is overwhelmingly young and student-dominated: 93% are under 30 and 94.5% are students, indicating that findings primarily reflect the attitudes of youthful investors. A majority (60%) reside in urban areas and most respondents are graduates (73%). Income is low for most participants, with 64% earning up to ₹15,000 monthly, which suggests limited financial capacity despite high educational attainment. These characteristics should be borne in mind when generalizing results—the study captures primarily the

perceptions and behaviours of young, educated, lower-income investors in Tirunelveli District.

9.2. Reliability & Descriptive Statistics for Awareness Scale

Table 2 presents the results of reliability and descriptive analysis for the eight statements used to measure respondents' awareness of stock market activities. The variables reflect how frequently and effectively investors engage with financial information sources such as media, company reports, and stock exchange programmes.

Table: 2 Reliability & Descriptive Statistics for Awareness Scale

Item (short label)	Mean	Std. Dev.
Knowledge of stock market activities	2.85	1.115
Follow market on TV (≥ 2 /week)	2.64	0.924
Follow market in newspapers (weekly)	2.69	1.029
Access company reports/prospectus	2.83	1.023
Attend BSE seminars (≥ 3 /yr)	2.72	1.126
Visit BSE/NSE website (≥ 3 months)	2.74	0.973
Aware of BSE educational programmes	2.68	1.069
Companies publish quarterly reports	2.80	1.004
Total (sum)	21.945	6.480
Scale reliability (Cronbach's α)	0.910	—

Source: Primary Data (Survey, 2025)

The awareness scale demonstrates high internal reliability with a Cronbach's alpha value of 0.910, confirming that the items consistently measure the same construct. The mean

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scores, ranging from 2.64 to 2.85, reveal a low to moderate level of awareness among respondents. Higher mean values for accessing company reports and self-assessed market knowledge indicate some exposure to formal financial information, while relatively lower scores for following financial news and attending BSE/NSE educational programmes suggest limited active engagement with market-learning opportunities. Overall, the findings imply that investors possess basic awareness but lack regular interaction with stock market information sources.

9.3. Factor Analysis of Awareness Items

Table 3 presents the results of the Principal Component Analysis (PCA) conducted on eight items measuring investors' awareness of stock market activities. The purpose of this analysis is to identify the underlying dimensions or components that explain the patterns of correlation among awareness-related variables and to simplify data interpretation.

Table 3 Factor Analysis of Awareness Items (PCA Summary, N = 200)

Sampling adequacy and tests		
Kaiser–Meyer–Olkin (KMO) Measure	0.841 (Meritorious)	
Bartlett's Test of Sphericity	$\chi^2 = 1081.770$, $df = 28$, $p < 0.001$ (Suitable for PCA)	
Total Variance Explained (Extraction — PCA)		
Component	Eigenvalue	% of Variance
1	4.954	61.92%
2	1.007	12.59%
Cumulative %		74.51%

Condensed Component Loadings (Selected Items)	Component 1	Component 2
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Access company reports/prospectus	0.841	-0.018
Visit BSE/NSE website	0.819	-0.404
Follow market in newspapers	0.833	0.173
Attend BSE seminars	0.788	-0.201
Knowledge of stock market activities	0.659	0.621
Follow market on TV	0.766	0.470

Source: Primary Data (Survey, 2025)

The Principal Component Analysis (PCA) identified two distinct dimensions that together explain 74.51% of the total variance in investors' awareness of stock market activities. The first component, labelled Institutional or Formal Information Access, represents structured and credible sources of knowledge such as company reports, stock exchange websites, financial newspapers, and investment seminars. The second component, termed Media-Driven or Perceived Knowledge, reflects awareness gained through informal channels like television and self-assessed familiarity with market trends.

The cross-loading of the self-rated knowledge item across both components suggests that investors form their understanding through a combination of formal institutional exposure and media influence. Overall, the findings indicate that investors' awareness is multifaceted, blending both structured learning and mass media engagement, though the stronger loadings on the first component imply that formal information access plays a more dominant role in shaping true market awareness.

9.4. Multiple Regression Predicting Investment Behaviour

Table 4.4 presents the results of the multiple regression analysis conducted to examine how investors' perception and awareness influence their investment behaviour. The model aims to determine the relative contribution of these two psychological and informational factors in explaining variations in investors' actual market engagement.

Table :4 — Multiple Regression Predicting Investment Behaviour

Statistic	Value
R	0.670
R²	0.449
Adjusted R²	0.444
Standard Error of Estimate	5.826

ANOVA (Model Significance):

$F(2,197) = 80.390, p < 0.001$ — The regression model is statistically significant.

Predictor	B (Unstandardized)	Std. Error	Beta (Standardized)	t	p
(Constant)	7.265	1.745	—	4.164	< .001
Total Awareness	0.267	0.072	0.221	3.720	< .001
Perception	0.656	0.072	0.539	9.058	< .001

Source: Primary Data (Survey, 2025)

Descriptive Means (for reference):

- Total Awareness: $M = 21.945, SD = 6.480$
- Perception: $M = 23.205, SD = 6.417$
- Investment Behaviour: $M = 28.355, SD = 7.812$

The multiple regression model is statistically significant and explains approximately 44.9% of the total variance in investment behaviour (Adjusted $R^2 = 0.444$). Both independent variables—perception and total awareness—exert a positive and significant influence on investment decisions ($p < 0.001$). Among the two predictors, perception ($\beta = 0.539$) demonstrates a stronger effect compared to awareness ($\beta = 0.221$), suggesting that

investors' subjective perceptions and confidence in the market play a more decisive role in shaping their behavioural outcomes than informational awareness alone.

10. FINDINGS AND SUGGESTIONS

10.1 Findings

1. Demographic Profile of Respondents

- The sample is dominated by young (93%) and student (94.5%) investors, indicating that participation in the stock market is rapidly increasing among the youth.
- A majority of respondents are graduates (73%) and urban residents (60%), showing that higher education and city exposure contribute to active stock market participation.
- Most respondents belong to the low-income group (64% earning up to ₹15,000), suggesting that investment capacity remains limited despite strong educational backgrounds.
- Overall, the demographic profile reveals an emerging class of digitally active, risk-conscious, yet financially constrained young investors in Tirunelveli District.

2. Reliability and Descriptive Statistics for Awareness Scale

- The awareness construct exhibits excellent reliability (Cronbach's $\alpha = 0.910$), confirming that the selected items consistently measure investors' stock market awareness.
- Mean scores between 2.64 and 2.85 indicate a low-to-moderate level of awareness among respondents.
- Respondents show higher familiarity with formal information sources such as company reports and financial statements, but demonstrate less engagement with financial media and educational programs conducted by stock exchanges.

- Overall, investors possess basic theoretical awareness but lack consistent participation in market-learning and information-updating activities.

3. Factor Analysis of Awareness Items

- The KMO value (0.841) and Bartlett's Test of Sphericity($\chi^2 = 1081.770$, $p < 0.001$) confirm that the data are suitable for factor analysis.
- Two significant components together explain 74.51% of the total variance:
 - **Factor 1 – Institutional or Formal Information Access:** Represents structured knowledge derived from company reports, stock exchange websites, newspapers, and seminars.
 - **Factor 2 – Media-Driven or Perceived Knowledge:** Reflects awareness shaped by television, social media, and self-perceived understanding.
- The analysis indicates that investors' awareness is influenced by both formal learning channels and media exposure, though formal information access remains the dominant determinant of genuine market awareness.

4. Multiple Regression Predicting Investment Behaviour

- The regression model is statistically significant ($F = 80.390$, $p < 0.001$) and explains 44.9% of the variance in investment behaviour (Adjusted $R^2 = 0.444$).
- Both perception ($\beta = 0.539$) and awareness ($\beta = 0.221$) have positive and significant effects on investment behaviour.
- Perception emerges as the stronger predictor, implying that investors' psychological confidence and market attitude exert greater influence on their decisions than knowledge alone.
- The finding underscores the importance of building investor trust and positive perception to promote active participation and rational decision-making in the stock market.

10.2. Suggestions

Enhance Investor Education:

Conduct continuous investor awareness and literacy programs focusing on practical trading, regulatory compliance, and risk management to strengthen informed participation.

Bridge the Awareness–Perception Gap:

Develop positive investor perception through transparent communication, success stories, and simplified investor protection mechanisms.

Encourage Early Financial Exposure:

Integrate virtual trading, internships, and simulation-based exercises into college curricula to provide students with real-time market experience.

Strengthen Digital Communication Channels:

Utilize multilingual mobile applications, social media, and regional platforms to increase market access and engagement among young and rural investors.

Promote Credibility and Trust:

Enforce ethical brokerage practices and continuous monitoring by regulatory bodies such as SEBI to enhance investor confidence in trading systems.

Develop Behavioural-Finance Awareness:

Introduce training on behavioural finance to help investors overcome emotional biases such as fear, herd behaviour, and overconfidence.

Encourage Long-Term and Diversified Investment:

Motivate investors to adopt systematic investment plans (SIPs) and portfolio diversification strategies to reduce risk and ensure sustainable returns.

Regularly Assess Investor Sentiment:

Conduct periodic surveys on awareness, perception, and behaviour to enable policymakers and regulators to design effective, data-driven interventions.

11. CONCLUSION

The study concludes that demographic characteristics, awareness, perception, and behavioural patterns collectively influence investment decisions in the stock market. The sample is dominated by young, educated, and low-income investors, showing that new investors are entering the market with limited financial capacity. Factor analysis shows two main dimensions of awareness — Formal Information Access and Media-Driven Exposure. Investors also display risk awareness and credibility-based caution, emphasizing trust in brokerage firms and past experiences. Regarding trading behaviour, two patterns emerged —

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Information and Expectation-Driven Trading and Social or Heuristic Decision Biases. While many investors rely on analysis and company information, some are influenced by others' actions. Finally, perception and awareness significantly affect investment behaviour, with perception having a stronger impact. Therefore, enhancing investors' confidence, attitudes, and trust in the stock market is essential for promoting informed and rational investment behaviour.

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