



AWARENESS LEVELS OF STOCK MARKET INVESTORS IN RAYALASEEMA REGION OF ANDHRA PRADESH

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INTRODUCTION: The concept of “investor awareness” refers to the stage wherein a prospective investor is conscious of and is having the knowledge of the existence of an investment product or avenue for his consideration to place the savings.

Awareness is a continuing process by which investors come to learn about the investment particulars. In certain cases they try to know about the modes clearly and eventually adopt it or reject it. Awareness is commonly described as the first step in the process of investment. When the investors are aware of the existence of numerous investment modes, his inquisitiveness stimulates him to seek more information about them. After becoming well versed of investment modes, the investor turns to evaluation of each channel by making comparison with each other. At last, the investor decides to make investment in an advantageous mode or modes. Thus, awareness creates attitude in investor towards investment channels. This sense of ‘awareness’ of investors towards investment is created, modified and shaped by various external sources of information such as dailies, weeklies, electronic media, friends and relatives, broker’s advice etc. Awareness is an

abstract concept and, hence, it is not possible to measure precisely and directly in quantitative terms, but can be measured and assessed indirectly.

Review of Literature

After through literature review, it is found that, though some of them had a focus on investors and investment patterns in Indian capital market in general, the absence of studies in this regard at regional level with particular reference to Rayalaseema Region has been felt very much. Moreover, it is an undisputable fact to mention that the socio economic characteristic features of investors in terms of their Investment Patterns, motives and preferences definitely varies from region to region, necessitating to take up the study in this direction in the Rayalaseema Region of Andhra Pradesh.

In view of the above and to identify the possible areas for future research, the present study is a modest attempt to study the awareness levels of stock market investors in Rayalaseema Region of Andhra Pradesh.

Need for the Study

After thorough review of literature, there is a need to study the awareness levels of stock market investors, a very crucial area in the



formulation of policies and procedures for the orderly growth and development of securities markets in any nation. Most of the studies reviewed have mainly covered the aspects at macro level, like the ownership patterns in the capital market, occupation-wise break up of paid up value of share holdings of individuals, ownership pattern of shares/ debentures, geographical distribution of share ownership in India. Hence, there is an imperative need to study the awareness levels of stock market investors in Rayalaseema Region of Andhra Pradesh.

Objectives of the Study

The basic objective of the present research work is to study the investment patterns of stock market investors. The specific objectives of the study are as follows:

1. To study about the stock markets in India
2. To examine the awareness levels of stock market investors in Rayalaseema Region of Andhra Pradesh and
3. To offer suitable suggestions for investors and policy makers.

Methodology of the Study

Primary Data: Primary data has been collected through structured questionnaire.

Secondary Data: Data and information has been collected from Primary as well as Secondary sources. The secondary data has been collected from Books, Journals, Magazines, Business News papers, SEBI publications, BSE, NSE reports, RBI publications etc.

Area Selection for Primary Data Collection

Rayalaseema Region of Andhra Pradesh has been selected for the study. Rayalaseema Region consists of four districts namely Ananthapuramu, Chithoor, Kurnool and YSR Kadapa Districts.

Sampling Design

As the universe of the study is entire Rayalaseema Region of Andhra Pradesh. A sample of 150 respondents from each district has been collected for the purpose of the study. The total sample size is 600 respondents as given under.

Table No. 1 : Details of sample distribution

S.No	Name of the Town	Sample Size
1	Ananthapuramu	150
2	Chithoor	150
3	Kurnool	150
4	YSR Kadapa	150
TOTAL:		600

Source: Field Survey

After elimination of few partially filled questionnaires, **the resultant sample size is 594.**

Scope of the Study

The present study aims at analyzing the awareness levels of individual investors with special reference to Rayalaseema Region of Andhra Pradesh. Hence, the scope of the

present study is confined to the study of awareness levels of small and household investors of Rayalaseema Region of Andhra Pradesh. Four districts of the Region have been taken for study.

Analysis and Interpretation

Awareness towards equity shares: In accounting and finance, equity is the residual claim or interest of the most



junior class of investors in assets, after all liabilities are paid. If liability exceeds assets, negative equity exists. In an accounting context, Shareholders' equity (or stockholders' equity, shareholders'

funds, shareholders' capital or similar terms) represents the remaining interest in assets of a company, spread among individual shareholders of common or preferred stock.

Table No. 2: Details of awareness towards stock market avenues – Equity shares

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	302	50.8	50.8	50.8
	Know some what	282	47.5	47.5	98.3
	Don't know	10	1.7	1.7	100.0
	Total	594	100.0	100.0	

Source: Field Survey

It can be analyzed from the Table No. 2 that, with regard to awareness towards investment avenues in stock market and specifically for equity shares, 50.8% of the respondents state that they know very well, 47.5% of the respondents state that they know somewhat and 1.7% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues

in stock market and specifically for equity shares, majority of the respondents are having good knowledge.

Awareness towards debentures: A debenture is a document that either creates a debt or acknowledges it. In corporate finance, the term is used for a medium- to long-term debt instrument used by large companies to borrow money.

Table No. 3: Details of awareness towards stock market avenues – Debentures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	299	50.3	50.3	50.3
	Know some what	280	47.1	47.1	97.5
	Don't know	15	2.5	2.5	100.0
	Total	594	100.0	100.0	

Source: Field Survey

It can be concluded from the Table No. 3 that, with regard to awareness towards investment avenues in stock market and specifically for debentures, 50.3% of the respondents state that they know very well, 47.1% of the respondents state that they know somewhat and 2.5% of the respondents

state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and specifically for debentures, majority of the respondents are having good knowledge.



Awareness towards mutual fund: A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors to buy stocks, bonds, short-term money market

instruments, and/or other securities. Mutual funds are not taxed on their income as long as they comply with certain requirements established in the Internal Revenue Code.

Table No. 4: Details of awareness towards stock market avenues – Mutual funds

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	310	52.2	52.2	52.2
	Know some what	261	43.9	43.9	96.1
	Don't know	23	3.9	3.9	100.0
	Total	594	100.0	100.0	

Source: Field Survey

It can be described from the Table No. 4 that, with regard to awareness towards investment avenues in stock market and specifically for mutual funds, 52.2% of the respondents state that they know very well, 43.9% of the respondents state that they know somewhat and 3.9% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and specifically for mutual funds, majority of the respondents are having good knowledge.

Awareness about unit linked plans:

A unit linked plan is basically a combination of insurance as well as investment. A part of the premium paid is utilized to provide insurance cover to the policy holder while the remaining portion is invested in various equity and debt schemes. The money collected by the insurance provider is utilized to form a pool of fund that is used to invest in various markets instruments (debt and equity) in varying proportions just the way it is done for mutual funds.

Table No. 5: Details of awareness towards stock market avenues – Unit linked plans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	254	42.8	42.8	42.8
	Know some what	301	50.7	50.7	93.4
	Don't know	39	6.6	6.6	100.0
	Total	594	100.0	100.0	

Source: Field Survey

It can be explained from the Table No. 5 that, with regard to awareness towards investment avenues in stock market and specifically for unit linked plans, 42.8% of the respondents

state that they know very well, 50.7% of the respondents state that they know somewhat and 6.6% of the respondents state that they don't know. It can be clearly envisioned from the above data



that, with regard to awareness towards investment avenues in stock market and specifically for unit linked plans, majority of the respondents are having considerable knowledge.

Awareness about gold traded funds:

Gold traded funds are simple investment

products that combine the flexibility of stock investment and the simplicity of gold investments. ETFs trade on the cash market of the National Stock Exchange, like any other company stock, and can be bought and sold continuously at market prices.

Table No. 6: Details of awareness towards stock market avenues – Gold traded funds
 Gold traded funds

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	281	47.3	47.3
	Know some what	269	45.3	92.6
	Don't know	44	7.4	100.0
	Total	594	100.0	100.0

Source: Field Survey

It can be illustrated from the Table No. 6 that, with regard to awareness towards investment avenues in stock market and specifically for gold traded funds, 47.3% of the respondents state that they know very well, 45.3% of the respondents state that they know somewhat and 7.4% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and specifically for gold traded funds, majority of the respondents are having considerably good knowledge.

Awareness about futures and options:

Table No. 7: Details of awareness towards stock market avenues – Futures & Options
 Futures & Options

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	266	44.8	44.8
	Know some what	281	47.3	92.1
	Don't know	47	7.9	100.0
	Total	594	100.0	100.0

Source: Field Survey

market is a central financial exchange where people can trade standardized futures contracts; that is, a contract to buy specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future.

In finance, an option is a derivative financial instrument that specifies a contract between two parties for a future transaction on an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in that transaction, while the seller incurs the corresponding obligation to fulfill the transaction.



It can be inferred from the Table No. 7 that, with regard to awareness towards investment avenues in stock market and specifically for futures and options, 44.8% of the respondents state that they know very well, 47.3% of the respondents state that they know somewhat and 7.9% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and specifically for futures and options, majority of the respondents are having considerably good knowledge.

Awareness about commodities: A commodity is a good for which there is demand, but which is supplied without qualitative differentiation across a market. A commodity has full or partial fungibility; that is, the market treats it as

equivalent or nearly so no matter who produces it. Examples are petroleum, copper etc. The price of copper is universal, and fluctuates daily based on global supply and demand. Stereo systems, on the other hand, have many aspects of product differentiation, such as the brand, the user interface, the perceived quality etc. And, the more valuable a stereo is perceived to be, the more it will cost. In contrast, one of the characteristics of a commodity good is that its price is determined as a function of its market as a whole. Well-established physical commodities have actively traded spot and derivative markets. Generally, these are basic resources and agricultural products such as iron ore, crude oil, coal, salt, sugar, coffee beans, soybeans, aluminium, copper, rice, wheat, gold, silver, palladium, and platinum.

Table No. 8: Details of awareness towards stock market avenues – Commodities
 Commodities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	258	43.4	43.4
	Know some what	290	48.8	92.3
	Don't know	46	7.7	100.0
	Total	594	100.0	100.0

Source: Field Survey

It can be interpreted from the Table No. 8 that, with regard to awareness towards investment avenues in stock market and specifically for commodities, 43.4% of the respondents state that they know very well, 48.8% of the respondents state that they know somewhat and 7.7% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and

specifically for commodities, majority of the respondents are having considerably good knowledge.

Awareness towards bonds: Exchangeable bond (or XB) is a type of hybrid security consisting of a straight bond and an embedded option to exchange the bond for the stock of a company other than the issuer (usually a subsidiary or company in which the issuer owns a stake) at some future date and under prescribed conditions.



Table No. 9: Details of awareness towards stock market avenues – Bonds
 Bonds

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Know very well	265	44.6	44.6
	Know some what	273	46.0	90.6
	Don't know	56	9.4	100.0
	Total	594	100.0	100.0

Source: Field Survey

It can be observed from the Table No. 9 that, with regard to awareness towards investment avenues in stock market and specifically for bonds, 44.6% of the respondents state that they know very well, 46.0% of the respondents state that they know somewhat and 9.4% of the respondents state that they don't know. It can be clearly envisioned from the above data that, with regard to awareness towards investment avenues in stock market and specifically for bonds, majority of the respondents are having considerably good knowledge.

Suggestions:

1. It is suggested in view of the importance of media, more programmes on capital market operations should be carried out to increase awareness level of investors in such a language incomprehensible to all the investors across India irrespective of their academic levels.
2. It is suggested that a more awareness should be created about futures and options among potential investors in view of the importance of futures and options trade.
3. It is suggested that a great deal of awareness about commodities trading must be created among potential investors in view of the importance of commodities trade. As such SEBI and other government agencies have to undertake adequate measures to create awareness.

4. It is suggested that awareness levels of potential investors towards debentures should be augmented in view of the safety and security of debentures.
5. For small investors and investors without much knowledge about stock market operations, mutual funds prove to be Best Avenue for investment. Hence, it is suggested that measures should be taken to develop confidence among investors about mutual funds.
6. SEBI should initiate further steps to protect the interest of investors.

Limitations of the Study

In a study of this magnitude though, meticulous care has been taken in each and every aspect of study. Certain limitations are likely to be there in the study.

1. Since the study is a sample based and undertaken in Rayalaseema Region of Andhra Pradesh, the findings of the study may have the limitation of generalization to the entire population.
2. Some respondents may not be aware of certain latest procedures and aspects of stock market.
3. A few respondents were hesitant to give details.
4. The conclusion may or may not be generalized since the study is confined to Rayalaseema Region of Andhra Pradesh only.



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