



**A STUDY ON AWARENESS AND PERCEPTION OF GOVERNMENT EMPLOYEES
TOWARDS CAPITAL MARKET INVESTMENT: WITH SPECIAL REFERENCE TO
PATTAMBI TALUK OF PALAKKAD DISTRICT**

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ABSTRACT

Indian capital market is a fast growing capital market. Normally, when comparing to other people in a society, government employees are in a better position with regard to education and income. They get a reasonable amount of salary regularly. This study is an attempt to get an understanding about the capital market awareness of government employees and their perception towards capital market investment. This study is focused on the government employees residing at Pattambi taluk of Palakkad district in Kerala. Primary data is collected from respondents by using Google form questionnaire. From the analysis it is clear that, awareness of government employees towards capital market is low and they have a slight negative perception towards capital market investment.

Keywords: Awareness, Perception, Government employees, Pattambi Taluk.

INTRODUCTION

INDIAN CAPITAL MARKET

Indian capital market comprises of two types of market namely, primary market and secondary market. Primary market is plays an important role in financial markets by forming a direct linkage between savings and investments. It is for first issue of securities by government and corporate which channelize and mobilize the savings of households directly for investment purposes and boosts the industrial and financial activities by providing long term funds to corporate and government. The

primary market includes public issue and private placement market. Public issues are debuted as initial public offerings (IPOs), where the companies enter into the market to raise capital from general public (all type of investors); and the private placement will be issued for few selected subscribers only.

Secondary market is for trading the existing securities which was already issued. It is not to generate additional capital but to provide liquidity and marketability for existing securities reflects the general health of the economy. It is a financial market where previously issued financial

instruments like equities, bonds, futures and options are traded. In secondary market,

the investors can purchase and sell the securities which are already issued by the companies. The secondary market also referred as stock exchanges, providing platform for the investors to trade the securities.

CAPITAL MARKET INSTRUMENTS

Equity Shares

Equity shares are instruments issued by companies to raise capital and it represents the title to the ownership of a company. You become an owner of a company by subscribing to its equity capital when they are issued by company or by buying its shares from existing owners. As a shareholder, you bear the entrepreneurial risk of the business venture and are entitled to benefits of ownership like share in the distributed profit etc.

Preference Shares

These are the shares having some preferential rights regarding receipt of dividends and return of capital. These shares entitle you to receive dividend at a fixed rate. The dividend to preference share-holders is to be paid before the payment of dividend to equity share holders.

Debentures

Debentures are instrument issued by companies to raise debt capital. As an investor, you lend you money to the company, in return for its promise to pay you interest at a fixed rate and to repay the loan amount on a specified maturity date.

Bonds

Bonds are broadly similar to debentures. They are issued by companies, financial institutions, municipalities or government

companies and are normally not secured by any assets of the company (unsecured).

Mutual Funds

Mutual funds collect money from many investors and invest this corpus in equity, debt or a combination of both, in a professional and transparent manner. In return for your investment, you receive units of mutual funds which entitle you to the benefit of the collective return earned by the fund, after reduction of management fees.

Derivatives

Derivatives are the contracts, whose value derives from the value of an underlying asset. The underlying asset may be shares, bonds, index, foreign exchange, interest rate, currency and commodities such as wheat, gold, silver, crude, pepper or any other asset. Different types of derivative products are forward, futures, options and swaps

MAJOR STOCK EXCHANGES IN INDIA

Two major stock exchanges in India are Bombay Stock Exchange and National Stock Exchange.

Bombay Stock Exchange (BSE)

Bombay Stock Exchange (BSE) is the first stock exchange in Asia. BSE was formed in 1875 as The Native Share & Stock Brokers Association. Head quarter of BSE is located at Mumbai. The index of Bombay Stock Exchange is S&P BSE SENSEX, which is considered as bench mark of Indian capital market. In 2005, BSE became a corporate entity and in 2017, became first listed stock exchange in India. BSE On-Line Trading (BOLT) system was introduced in 1995.

National Stock Exchange (NSE)

NSE was set up by a group of leading financial institutions at the behest of the government of India to bring transparency to the Indian capital market. The exchange was incorporated in 1992 as a tax-paying company and was recognized as a stock exchange in 1993 under the Securities Contracts (Regulation) Act-1956. The index of NSE is NIFTY which is based on the average performance of 50 major companies listed in NSE.

The Securities and Exchange Board of India (SEBI)

The Securities and Exchange Board of India is the highest regulatory body with regards to the functioning of the security markets, stock exchanges, commodities markets etc. in India. SEBI was formed in 1988 as a non-statutory body. It was made an Autonomous and Independent Regulatory body after the passing of the Securities and Exchange Board of India Act, 1992 by the Indian Parliament. The main objective of SEBI is to facilitate the growth and development of the capital markets and to ensure that the interests of investors are protected.

REVIEW OF LITERATURE

Venkatesha (2019) conducted a study on investors' perception towards capital market investments. The objectives of his study were, to examine the investors' preference towards existing investment avenues and to study about various derivative products traded in Indian capital markets. The study found that majority of the investors prefers to invest their savings in bank deposits and mutual funds since they think that these are less risky investments.

Manasa (2018) conducted a study to analyze the investment perception and behavior of retail individual investors. She found that getting a steady capital appreciation is the main motive

behind investing in capital market rather than expecting high return through speculation. According to this study, experience in market and wealth are the major psychological factors which influences the attitude of investors.

Sindhu George (2017) conducted a study to analyze the perception of mutual fund investors at Cochin. She studied the preference of investors towards various investment avenues such as bank deposit, insurance, real estate, equity investment etc. The study found that bank deposits are most preferred investment among the respondents even though the respondents are mutual fund investors. The investors are in the opinion that mutual fund investment is less risky when comparing with equity investment.

Sasidharan (2015) studied the investment culture and pattern of investment in Kerala. He argues that investors in Kerala give more preference to bank deposits, than capital market investment. People in Kerala are not ready to take much risk. Bank deposits are most preferred by people above 50 years old. Corporate securities are highly preferred by persons who returned to Kerala after rendering long period services in abroad.

Joychen Manuel (2014) studied the attitude of investors towards equity segment of capital market in Kerala. According to this study, when the experience in stock market increases, investors become more rational. Over confidence in trading is the main problem found among young investors. The young investors have more risk taking capacity than elder investors.

Basil John Thomas (2013) conducted a study on mutual fund investors' behavior in Kerala. The study reveals that investors consider gold as the most preferred investment avenue, even though they are investing in mutual funds.

SCOPE OF THE STUDY

This study analyses the awareness and perception of government employees at Pattambi taluk of Palakkad district in Kerala towards capital market investments. Employees who are residing in the Pattambi taluk only are considered as population.

OBJECTIVES OF THE STUDY

1. To analyze the awareness level of government employees towards capital market investments and its association with various socio-economic factors.
2. To analyze the attitude and perception of government employees towards capital market investments and its association with various socio-economic factors.

DATA AND METHODOLOGY

Descriptive research method is used for this study.

SOURCES OF DATA

Both primary and secondary data are used for the study.

Primary Data: Primary data is collected from government employees residing at the Pattambi taluk of Palakkad district in Kerala state by using Google form questionnaire.

Secondary Data: Secondary data is collected from published sources such as books, journals, magazines, websites etc.

Sample Size: Sample size is 50.

Tools for Analysis: Data is analyzed with the help of SPSS. Tools such as One sample t-test, One Way ANOVA etc. are used for analysis.

HYPOTHESES

H0 1: There is no significant relationship between awareness level of government employees about capital market and various socio-economic factors.

H0 2: There is no significant relationship between perception of government employees towards capital market and various socio-economic factors.

DATA ANALYSIS AND INTERPRETATION

ANALYSIS OF AWARENESS

Table 1: Respondents' awareness about various terms:

Terms	Mean of awareness level	SD
Stock Exchange	2.34	.961
BSE	2.06	1.018
NSE	2.06	1.018
SEBI	2.06	.935
SENSEX	2.12	.961
NIFTY	2.10	.953
Demat Account	2.0	1.030
Equity Share	2.12	1.062
Debenture	1.92	.986
Mutual Funds	2.34	.939
Financial Derivatives	1.76	.938

Average of mean values= 2.08

* Source: Based on primary data

- In order to understand the awareness level about various terms in capital market, 5 point Likert- scale is used. 1 stands for Not aware, 2 stands for Less aware, 3 stands for Aware, 4 stands for Fairly aware and 5 stands for Fully aware. A value higher than 3 indicate good awareness level and value less than 3 indicate low level of awareness.
- From the above table, it is very clear that, the awareness level of government employees about various terms in capital market is low. The

- mean awareness level of various terms is 2.08, which is close to “Less aware” in five point Likert -scale, while the mean of the response is 3.
- Among the various terms, Stock exchange and Mutual fund are more familiar to respondents with a mean awareness level of 2.34 each.
- Among the above terms, financial derivative reported least familiar to respondents with a mean score of 1.76 which is significantly lower than the mean of the responses scale as the significance level of One-sample t-test is less than 0.05.

**Table 2: Analysis of One- Sample t- test
One-Sample Test**

	Test Value = 2.08					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Stock Exchanges	1.914	49	.061	.260	-.01	.53
BSE	-.139	49	.890	-.020	-.31	.27
NSE	-.139	49	.890	-.020	-.31	.27
SEBI	-.151	49	.880	-.020	-.29	.25
SENSEX	.294	49	.770	.040	-.23	.31
NIFTY	.148	49	.883	.020	-.25	.29
Demat Account	-.549	49	.585	-.080	-.37	.21
Equity Shares	.266	49	.791	.040	-.26	.34
Debentures	-1.147	49	.257	-.160	-.44	.12
Mutual Funds	1.958	49	.056	.260	-.01	.53
Financial Derivatives	-2.412	49	.020	-.320	-.59	-.05

* Source: Based on primary data.

Table 3: Association between awareness and various socio- economic variables:

Terms	Significance of various variables				
	Age	Gender	Annual income	Annual savings	Education
Stock exchange	.936	.224	.602	.900	.547
BSE	.963	.221	.524	.795	.870
NSE	.962	.693	.856	.705	.870
SEBI	.830	.896	.906	.767	.569
SENSEX	.432	.799	.743	.841	.402
NIFTY	.444	.682	.888	.838	.419
Demat account	.649	.588	.511	.726	.601
Equity shares	.794	.577	.505	.551	.725
Debentures	.958	.982	.978	.531	.613
Mutual funds	.894	.346	.422	.952	.114
Financial derivatives	.606	.261	.702	.872	.588

* Source: Based on primary data.

- An analysis was made by using One way ANOVA in SPSS, to check whether any of the factors such as age group, gender, annual income, annual savings and educational qualification has a significant influence on the awareness level.
- From the above table, it is clear that, significance of all variables is more

than 0.05. So we accept the null hypothesis that, there is no significant relationship between awareness and various socio-economic variables such as age, gender, annual income, annual savings and educational qualification.

ANALYSIS OF PERCEPTION

Table 4: Perception towards capital market investment:

Statements	Mean of perception	SD
Capital market investments are high risky.	3.72	1.011
Capital market investments require high formalities.	3.14	.904
Capital market investments require deep knowledge in the area.	3.72	.970
Scams and frauds are very common in capital market.	3.42	.906

***Average of mean values= 3.5**

* Source: Based on primary data.

- All the above statements are negative in nature. 5 point Likert- scale is used to measure the perception. So Mean value is 3. Value less than 3 stands for dis-agreement and value higher than 3 stands for agreement with the statements.
- The analysis says that, average perception of respondents is 3.5, which is higher than the mean value. It shows that respondents have slight

agreement with the above negative statements. So we can say that respondents have slight negative perception towards capital market investments.

- From the table, it is clear that more number of respondents agree with the statements, capital market investments are high risky and it requires deep knowledge in the area.

Table 5: Association between perception and various socio- economic variables:

Statements	Significance of various variables				
	Age	Gender	Annual income	Annual savings	Education
Capital market investments are high risky.	.076	.843	.192	.932	.783
Capital market investments require high formalities.	.762	.613	.597	.476	.666
Capital market investments require deep knowledge in the area.	.217	.124	.286	.459	.968
Scams and frauds are very common in capital market.	.115	.777	.885	.343	.859

* Source: Based on primary data.

- An analysis was made by using One way ANOVA in SPSS, to check whether any of the factors such as age group, gender, annual income, annual savings and educational qualification has a significant influence on the perception of respondents towards capital market.
- From the above table, it is clear that, significance of all variables is more than 0.05. So we accept the null hypothesis that, there is no significant relationship between perception and various socio-economic variables such as age, gender, annual income, annual savings and educational qualification.

Other Findings:

- In this study, 68% of the respondents belong to the age group of 30-45 year. 18% of respondents belong to below 30 age group and 14% above 45 age group.
- Only six respondents (12%) have capital market investments. Out of

- this, motive of five investors (83.3%) are long term capital gain and motive of one investor is short term capital gain.
- Two investors have investment in shares and mutual funds while other investors have investment in shares only.
- All the investors are satisfied with the services of their brokers.
- The most preferred investment avenues of respondents are savings account, LIC policy and bank fixed deposit respectively.
- Out of 44 non investors, 14 (32%) are not investing in capital market due to lack of knowledge about capital market. 12 employees (27%) keep away from capital market since they think that capital market investments are high risky. 10 respondents (23%) are not investing in capital market due to lack of sufficient savings. 8 employees (18%) don't invest in capital market due to some other reasons.

Table 6: Why investors keep away from capital market investment?

Reason	Frequency	Percentage
No sufficient savings	10	23
Not aware	14	32
Thinks it is high risky	12	27
Others	8	18
Total	44	100

*Source: Based on primary data.

Suggestions

- The government employees at Pattambi taluk have low awareness about capital market. Normally, the government employees have higher educational qualification and better income. However, their awareness about capital market is low. The perception of these government employees towards capital market is also negative.
- Awareness campaigns should be conducted by SEBI and stock broking firms to improve the awareness level of government employees about capital market.
- More efforts should be taken by SEBI and other authorities to develop a positive attitude among government employees towards capital market and to attract them in to capital market investment.

CONCLUSION

This study is an attempt to understand the awareness and perception of government employees at Pattambi taluk of Palakkad district in Kerala. When comparing to other people in the society, government employees are in a good position with regard to education and income. The study reveals that government employees have low level of awareness and negative perception towards capital market investments. A significant number of

employees are not investing in the capital market due to lack of awareness and their negative perception towards capital market, even though they have sufficient savings. More actions should be taken by SEBI and stock broking firms to improve their level of awareness and to change their perception towards capital market investments.

Scope for Further Research

- This study is geographically limited to one taluk only. Similar study can be conducted in a wide geographical area.
- A detailed study on the effectiveness of awareness programs conducted by SEBI can be made.
- A detailed study on financial literacy and investment culture of government employees can be made.

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