

**Awareness of Capital Market Instruments Among Young Investors in Navi
Mumbai**

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Abstract

The research design of this study is both descriptive and analytical, aiming to assess the awareness and investment behaviour of young investors in Navi Mumbai. It examines awareness of capital market instruments such as equities, mutual funds, bonds, derivatives, and IPOs, while also analysing the influence of factors like income, education, financial literacy, and peer influence. A quantitative approach is used to ensure systematic and reliable analysis of the data.

The study is based on both primary and secondary data. Primary data is collected through a structured questionnaire from young investors aged 18–35, covering awareness, participation, risk perception, and information sources using close-ended questions. Secondary data is obtained from journals, books, SEBI reports, and financial websites. A sample size of 100–150 respondents is selected using convenience sampling, ensuring practical and efficient data collection.

Keywords: Capital market instruments, Financial literacy, Investment behaviour, Young investors, Investor awareness

I. Introduction

In today's dynamic financial environment, capital markets play a vital role in channelizing savings into productive investments. Instruments such as equities, mutual funds, bonds, derivatives, and IPOs offer opportunities for wealth creation and diversification. Awareness of these instruments is essential for effective participation in the market. Young investors form a growing segment in India, driven by digital platforms, mobile apps, and social media exposure. Increased income levels and technological literacy have encouraged early participation in capital markets.

However, higher participation does not always mean adequate knowledge. Many young investors lack understanding of key concepts like risk-return trade-off, diversification, and market volatility, leading to speculative decisions. Although India has seen a rise in retail investors due to fintech growth, awareness is mainly limited to equities and mutual funds, while knowledge of bonds, debentures, and IPOs remains low.

This study aims to assess the awareness level of young investors, their investment preferences, information sources, and factors influencing their decisions. It highlights the need for better financial literacy to promote informed and responsible investment behaviour.

II. Objectives of the Study

1. To study the level of awareness of capital market instruments among young investors.
2. To identify the commonly known and preferred capital market instruments among young investors.
3. To analyse the relationship between awareness and investment behaviour of young investors.
4. To examine the factors influencing awareness of capital market instruments such as education, income, financial knowledge and media exposure.

III. Review of Literature

Rao and Mehta (2017) studied financial awareness among young investors and found that while basic awareness of equity and mutual funds was relatively high, knowledge of bonds and derivatives remained limited. The study emphasized the role of formal education in improving investment awareness.

Sharma and Verma (2018) examined investment behaviour among young investors and observed that awareness of capital market instruments positively influenced long-term investment decisions and reduced speculative trading behaviour.

Kumar and Patel (2019) analysed the impact of digital trading platforms on capital market participation among youth. The study conclude that technology increased market access but did not necessarily improve understanding of complex financial instruments.

Singh and Kaur (2020) found that young investors with higher financial literacy showed better awareness of diversified capital market instruments such as IPOs and corporate bonds. The study highlighted the need for structured financial education programs.

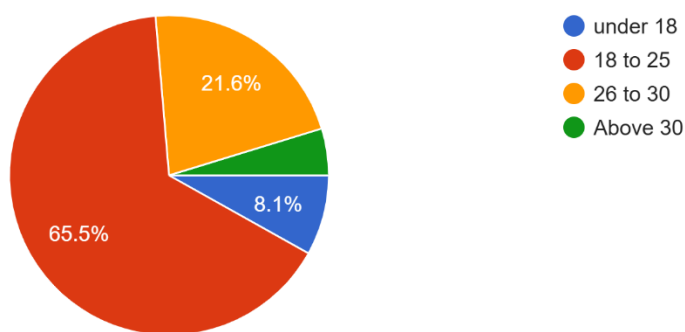
Joshi and Deshpande (2022) Studied awareness levels of capital market instruments among urban youth and found that social media played a major role in spreading financial information, though not always reliable.

IV. Research Design

The study adopts a descriptive and analytical research design to assess awareness and investment behaviour among young investors in Navi Mumbai. It examines awareness of capital market instruments like equities, mutual funds, bonds, derivatives, and IPOs, and analyses how factors such as income, education, financial literacy, and peer influence affect investment decisions. A quantitative approach is used for systematic analysis. The study is based on both primary and secondary data. Primary data is collected through a structured questionnaire from young investors aged 18–35, covering awareness, participation, and risk perception. Secondary data is sourced from journals, books, SEBI reports, and financial websites. A sample of 100–150 respondents is selected using convenience sampling, and the questionnaire includes close-ended questions such as multiple-choice, Likert scale, and yes/no formats.

V. Data Analysis and Interpretation

Age group
148 responses

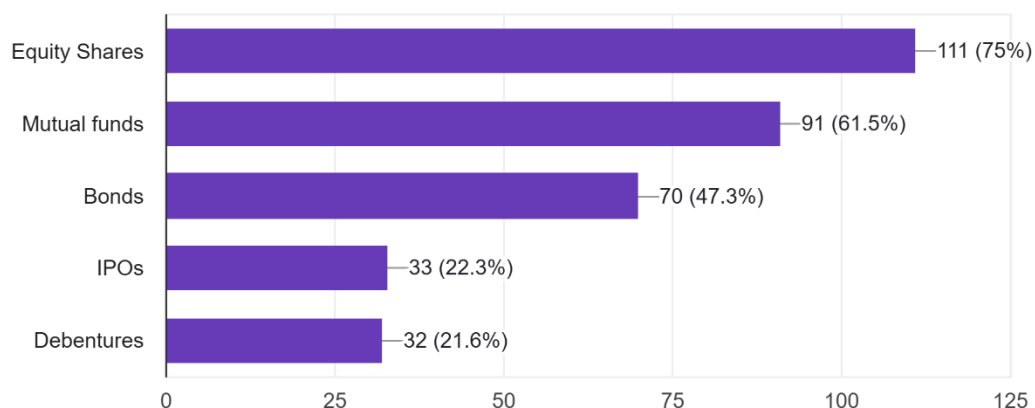


Interpretation:

The majority of the respondents belong to the 18-25 age group (65.5%), followed closely by 26-30 (21.6%). Only a small percentage (8.1) are above 30. This shows that most participants are young individuals.

Which of the following capital market instruments are you aware of?

148 responses

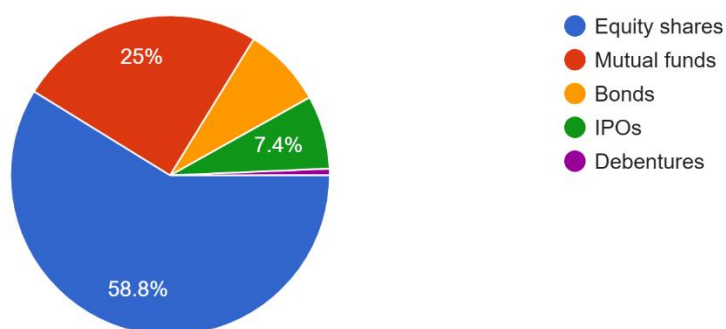


Interpretation:

The chart shows that awareness of capital market instruments is highest for equity shares (75%) and mutual funds (61.5%), while bonds have moderate awareness (47.3%). IPOs (22.3%) and debentures (21.6%) have the lowest awareness among respondents, indicating limited knowledge of these instruments.

Which capital market instrument do you know the most about?

148 responses

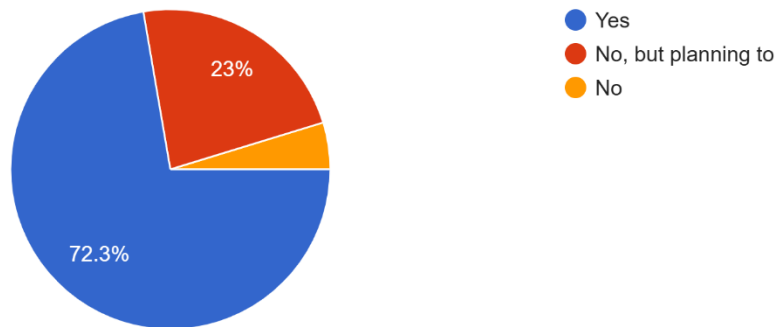


Interpretation:

Most respondents know the most about equity shares (58.8%), followed by mutual funds (25%), showing higher familiarity with these instruments. Knowledge about bonds, IPOs, and debentures is comparatively low, indicating limited deeper understanding of these options.

Have you ever invested in any capital market instrument?

148 responses

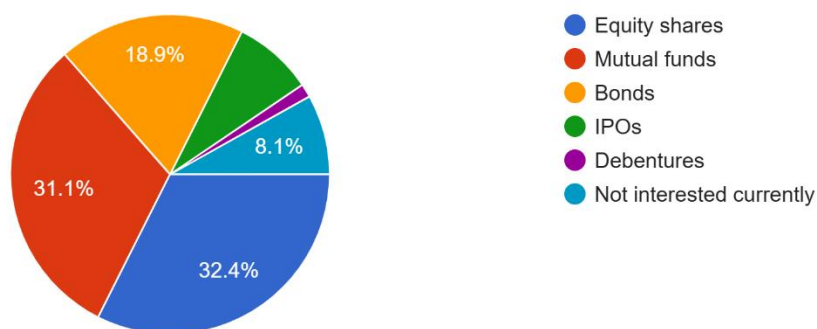


Interpretation:

A majority of respondents (72.3%) have already invested in capital market instruments, indicating strong participation. About 23% have not invested yet but plan to, while only a small percentage have no investment experience or intention.

Which capital market instrument do you prefer (or would prefer) to invest in?

148 responses

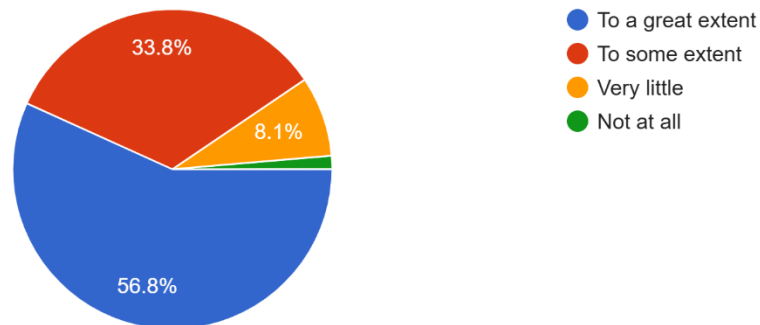


Interpretation:

Equity shares (32.4%) and mutual funds (31.1%) are the most preferred investment options, showing strong interest in these instruments. Bonds have moderate preference (18.9%), while IPOs, debentures, and those not interested currently form a smaller proportion.

To what extent does your level of awareness influence your decision to invest in capital market instruments?

148 responses

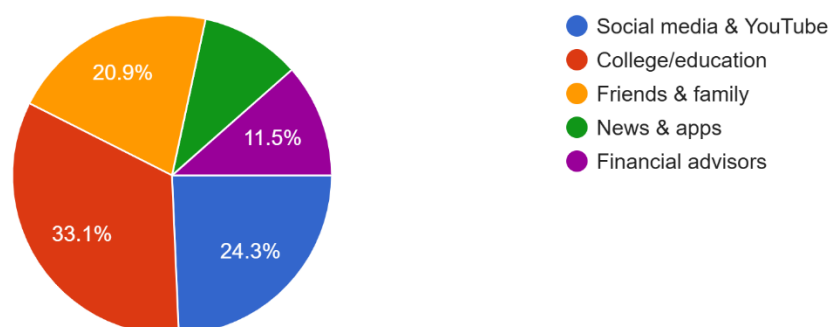


Interpretation:

A majority of respondents (56.8%) believe that awareness influences their investment decisions to a great extent, while 33.8% feel it has some impact. Only a small percentage think awareness has very little or no influence, highlighting its overall importance in investment decisions.

What is your primary source of information about capital market instruments?

148 responses

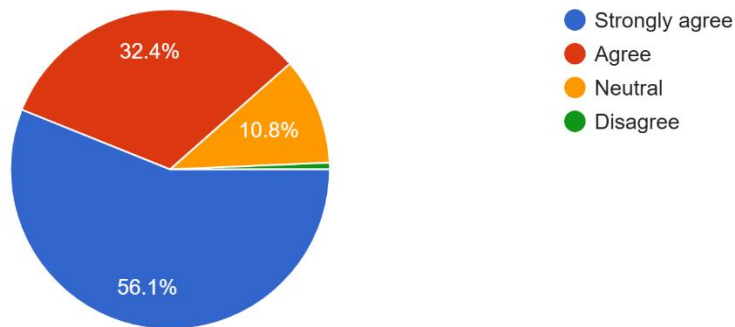


Interpretation:

Over 78% rely on social media/YouTube (33.1%), college/education (24.3%), or friends/family (20.9%), while only 11.5% use financial advisors. Just 10.2% turn to news and apps, indicating limited use of traditional or digital tracking tools compared to peer or academic sources.

Do you think your educational background helps you understand capital market instruments?

148 responses

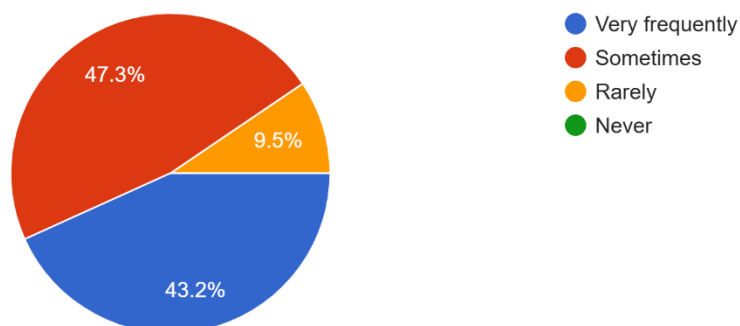


Interpretation:

A vast majority (88.5%) of the 148 respondents credit their educational background for aiding their understanding of capital market instruments, reflecting strong confidence in formal learning. The complete absence of disagreement suggests that even those neutral (10.8%) do not actively question the role of education in this context.

How frequently are you exposed to financial content related to investments on social media or digital platforms?

148 responses

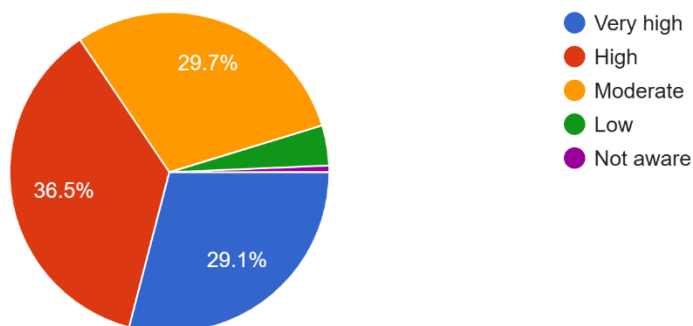


Interpretation:

Nearly all respondents (90.5%) encounter investment-related financial content on social media or digital platforms either very frequently (47.3%) or sometimes (43.2%), while only 9.5% rarely see it and none reported never.

How would you rate your overall awareness of capital market instruments (shares, bonds, mutual funds, ETFs, derivatives)?

148 responses



Interpretation:

A combined 65.6% of respondents rate their awareness of capital market instruments as either very high (29.1%) or high (36.5%), while 29.7% consider it moderate and none reported low or no awareness.

VI. Discussions/Findings

The study shows that awareness is highest for equity shares and mutual funds, while IPOs and debentures have low awareness. Most respondents are most familiar with equity shares, followed by mutual funds, indicating limited knowledge of other instruments. A large majority have already invested, reflecting strong participation in capital markets. Investment preferences align with awareness, as equity shares and mutual funds are the most preferred options. Awareness plays a significant role in influencing investment decisions for most respondents. Social media, education, and peers are the main sources of information, with minimal reliance on financial advisors. Educational background is seen as a major factor in improving financial understanding. High exposure to financial

content online contributes to awareness levels. However, knowledge remains concentrated in a few instruments, showing the need for broader financial education.

VII. Limitations of Study

1. The study is limited to a small sample size.
2. Convenience sampling may result in biased responses.
3. Responses are based on self-reported data, which may affect accuracy.
4. The study is limited to a specific geographic area.
5. Psychological and behavioural biases could not be fully captured.

VIII. Scope for future research

Future studies can expand the scope by covering a larger and more diverse sample across different cities or regions to improve generalizability. Comparative studies can be conducted between urban and rural investors or across different age groups to understand variations in awareness and investment behaviour. Further research can also focus on specific capital market instruments such as derivatives, bonds, and IPOs to examine the reasons for low awareness in detail.

In addition, future research may explore the impact of digital platforms, financial influencers, and fintech applications on investment decisions more deeply. Longitudinal studies can be conducted to analyse how awareness and behaviour change over time. Researchers can also incorporate qualitative methods like interviews to gain deeper insights into investor perceptions, attitudes, and decision-making processes.

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