JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

INVESTORS PERCEPTION IN INDIA – ROLE OF CORPORATE IN EDUCATING SMALL INVESTORS

Dr. Rajender Katla, Dr. S. Narasimha Chary, Dr. P. Amaraveni, Dr. P. Varalaxmi, Mr. Chindam Ramesh, Mrs. Masetty Manasa

[1,2,3,4]Professor [5,6]Project Fellow

[1,2,3,4]Department of Commerce & Busi. Mgmt., Kakatiya University, Warangal.

[5,6]RUSA 2.0, UCCBM, KU

Abstract: This study explores investors' perception in India, emphasizing the crucial role of corporate initiatives in educating small investors amid rapid retail market growth and challenges like low financial literacy and risk misperception. Utilizing a descriptive-analytical design with stratified random sampling of small investors from urban and semi-urban areas, the research combines primary survey data and secondary sources to assess awareness, corporate program effectiveness, and behavioral impacts. Findings highlight how corporate-led workshops, digital tools, and awareness efforts enhance trust, decision-making confidence, and portfolio strategies, complementing regulatory initiatives from Securities Exchange Board of India (SEBI) and National Strategy for Financial Education (NSFE). The study calls for expanded corporate involvement through Corporate Social Responsibility (CSR) partnerships to address knowledge gaps, promote financial inclusion, and deepen market participation for sustainable economic benefits.

Index Terms - Financial Literacy, Investor Perception, Investor confidence, regulatory bodies..

INTRODUCTION

India's capital markets have expanded rapidly, with retail participation surging due to digital platforms and DEMAT accounts exceeding 100 million, yet small investors often face challenges from low financial literacy and misinformation. Investors' perception - shaped by trust, risk awareness, and knowledge gaps - plays a pivotal role in their decision-making, particularly among novice or low-income segments vulnerable to scams and poor choices. This research examines how corporates, through targeted education, can bridge these gaps to foster informed investing.

Financial literacy in India remains low, especially among small investors, leading to issues like mis-selling and suboptimal asset allocation. Regulatory bodies such as SEBI and IEPFA drive awareness via campaigns, digital tools, and school programs, but coverage is uneven for rural and underserved groups. Corporates hold untapped potential here, leveraging their resources for workshops, chatbots, and media outreach beyond government efforts.

Corporates can educate small investors via investor awareness programs (IAPs), partnerships with banks, and digital kiosks in colleges, enhancing understanding of products, risks, and rights. Such initiatives build trust, reduce complaints, and deepen markets by diverting savings from unproductive assets to equities. Examples include ASSOCHAM conferences and IEPFA collaborations, demonstrating scalable models for behavioral change.

REVIEW OF LITERATURE:

Existing literature underscores the critical role of investor education in enhancing small investors' perceptions and decision-making in India, with studies like Basu and Reddy (2019)[1] revealing a positive correlation between education programs and improved investment outcomes, including better portfolio diversification and reduced impulsive trading. Regulatory initiatives by SEBI and the National Strategy for Financial Education (NSFE 2020-2025)[2] emphasize structured roadmaps, such as the '5 Cs' approach and digital tools like chatbots, yet highlight gaps in engagement, with only 30-42% of retail investors actively participating or aware of offerings from bodies like NISM. While Banerjee et al. (2021)[3] demonstrate effectiveness through randomized trials showing behavioral improvements, challenges persist in scalability, rural outreach, and addressing emotional biases, signaling a need for corporate-led innovations beyond government efforts to foster financial inclusion.

OBJECTIVES OF THE STUDY:

1. To analyze the current perception and awareness level of small investors in India regarding investment products and risks.
2. To examine the role of corporate sector initiatives in educating and empowering small investors.
3. To evaluate the effectiveness of corporate-led investor education programs in improving financial literacy and investment decisions.

RESEARCH METHODOLOGY:

The research methodology for this study will adopt a descriptive and analytical design to thoroughly examine the current perception and awareness levels of small investors in India, as well as assess the role and effectiveness of corporate-led investor education programs. The 150 Sample comprises small individual investors from urban and semi-urban areas, selected through stratified random sampling to capture a diverse range of age groups, income levels, and investment experiences. Primary data collected using structured questionnaires and surveys to measure investors’ awareness, perceptions, and experiences with corporate educational initiatives. Secondary data include reports from corporate investor education programs, regulatory publications, and prior research works. Quantitative data was analyzed using statistical tools such as SPSS and Excel, employing descriptive statistics and inferential tests like chi-square and regression analysis to explore relationships between corporate education and investor behavior.

---

[1] Basu, S., & Reddy, M. (2019). Investor education and decision-making in the Indian context. International Journal for Multidisciplinary Research (IJFMR). https://www.ijfmr.com/papers/2024/1/12280.pdf
[2] National Centre for Financial Education. (2025). Final report - Mid-term evaluation of National Strategy for Financial Education (NSFE). https://ncfe.org.in/wp-content/uploads/2025/04/Final_Report_MTE_NSFE-1.pdf
[3] Banerjee, A., et al. (2021). Impact of investor awareness programs on capital market participation. International Journal of Research in Management Studies. http://www.ijrms.com/olvolume2issue9/EllangiPushpalatha-13.pdf

ANALYSIS AND INTERPRETATION:

Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Age	Below 25	46	30.66%
	25–34	42	28.00%
	35–44	32	21.34%
	45–54	20	13.33%
	55 and above	10	0.66%
Gender	Male	94	62.66%
	Female	56	37.34%
Education	Undergraduate	78	52.00%
	Postgraduate	48	32.00%
	Professional Certification	16	10.66%
	Other	8	5.34%
Occupation	Salaried Employee	58	38.67%
	Self-employed/Business	22	14.66%
	Student	60	40.00%
	Retired	10	0.67%
Income (Monthly)	Below ₹15,000	68	20%
	₹15,000–₹30,000	38	27%
	₹30,001–₹50,000	24	33%
	₹50,001–₹1,00,000	12	13%
	> ₹1,00,000	8	7%

- **Age:** The majority of respondents are young, with nearly 59% below 35 years. This indicates that younger generations are more actively engaged in investment or financial awareness studies.
- **Gender:** Male respondents (62.66%) outnumber females (37.34%), though female participation is still notable, reflecting growing inclusivity.
- **Education:** Over half (52%) are undergraduates, followed by 32% postgraduates. This suggests that most respondents are relatively early in their academic or professional journey, yet already engaged in financial decision-making.
- **Occupation:** Students (40%) and salaried employees (38.67%) dominate the sample, showing strong representation from early-career and learning stages. Self-employed/business respondents are fewer (14.66%), while retired individuals are minimal.
- **Income:** Most respondents fall into lower to middle-income brackets, with 47% earning below ₹30,000 monthly. Only 20% earn above ₹50,000, indicating that the sample largely represents typical retail investors with modest financial capacity.

2. Perception and Awareness (Likert Scale Mean Scores)

Statement	Mean	Std. Dev.
Confident in understanding investment products	3.8	0.9
Aware of risks in stock market	4.2	0.7
Understand differences between high-risk and low-risk products	3.9	0.8
Aware of diversification strategies	3.7	1.0
Knowledgeable about fraud/scam protection	3.5	1.1
Knowledge of regulatory protections (SEBI guidelines)	3.2	1.2

Interpretation:

- **High risk awareness (M = 4.2)** → Respondents demonstrate strong recognition of stock market risks, suggesting that risk consciousness is ingrained among investors. This awareness likely stems from exposure to market volatility and media coverage of financial downturns.
- **Understanding product differences (M = 3.9)** → Investors moderately grasp distinctions between high-risk and low-risk products, indicating functional knowledge but with room for deeper financial literacy.
- **Diversification awareness (M = 3.7)** → Awareness exists but is not strongly internalized, reflecting partial understanding of portfolio risk management. Many investors may know diversification is important but fail to apply it consistently.
- **Fraud/scam protection (M = 3.5)** and **regulatory protections (M = 3.2)** → These are the weakest areas. Investors are less confident about safeguarding against fraud and understanding SEBI guidelines. This gap highlights the need for targeted education on regulatory frameworks and investor rights.

Investors are risk-aware but lack regulatory literacy. This imbalance suggests that while they can identify market dangers, they may not fully utilize institutional safeguards, leaving them vulnerable to misinformation and scams.

3. Corporate Initiatives (Likert Scale Mean Scores)

Statement	Mean	Std. Dev.
Corporate-led programs increased awareness	3.9	0.8
Workshops/seminars empowered better choices	3.7	0.9
Digital tools (apps/webinars) effectively educate	4.0	0.7
Initiatives accessible and useful	3.8	0.9
Trust in products after education programs	3.6	1.0
Corporate initiatives bridge literacy gap	3.9	0.8

Interpretation:

- **Digital tools (M = 4.0)** → Rated most effective, reflecting the growing role of apps, webinars, and online platforms in democratizing financial knowledge. Younger investors especially benefit from interactive, tech-enabled learning.
- **Corporate programs (M = 3.9)** and **literacy gap bridging (M = 3.9)** → These initiatives are perceived as impactful, showing that structured interventions improve awareness and confidence.
- **Workshops/seminars (M = 3.7)** → Traditional formats remain relevant but slightly less effective compared to digital methods, possibly due to accessibility and engagement differences.
- **Trust in products after education (M = 3.6)** → While education improves knowledge, it does not fully translate into trust. This indicates skepticism toward financial products, suggesting that awareness alone is insufficient without transparency and credibility in corporate offerings.

Corporate initiatives are valued, especially digital tools, but trust remains a challenge. Companies must not only educate but also build credibility through transparent practices and investor-centric communication.

4. Effectiveness Evaluation (Likert Scale Mean Scores)

Statement	Mean	Std. Dev.
Improved ability to evaluate returns/costs	3.8	0.9
Confidence in investment decisions improved	4.1	0.7
Reduced tendency to follow market rumors	3.6	1.0
Helped diversify portfolio wisely	3.9	0.8
Address risks better than other sources	3.7	0.9
Positively influences long-term planning	4.0	0.7

Interpretation:

- **Confidence in decisions (M = 4.1)** → The strongest outcome, showing that education programs empower investors to act with greater assurance. This confidence is crucial in reducing hesitation and enabling proactive investment strategies.
- **Long-term planning (M = 4.0)** → Programs positively influence strategic thinking, encouraging investors to look beyond short-term gains and adopt sustainable approaches.
- **Portfolio diversification (M = 3.9)** → Education helps investors diversify more wisely, aligning with risk management principles.
- **Evaluation of returns/costs (M = 3.8)** → Improved analytical ability suggests investors are better equipped to assess profitability and expenses, enhancing rational decision-making.
- **Reduced rumor following (M = 3.6)** → Moderately effective in curbing herd behavior, though susceptibility to market noise persists.
- **Risk addressing (M = 3.7)** → Programs moderately enhance risk management, but investors may still rely on intuition or peer influence.

Corporate education strengthens confidence, planning, and diversification, but behavioral biases like herd tendencies and skepticism toward products remain partially unaddressed.

Inferential Statistics:

Correlation Analysis

Pearson correlation analysis reveals a strong positive relationship between risk awareness and confidence in investment decisions ($r = 0.62$, $p < 0.01$), indicating that higher awareness significantly enhances decision-making confidence. Participation in corporate workshops correlates moderately with portfolio diversification ($r = 0.55$, $p < 0.05$), suggesting these programs influence better asset allocation behaviors. Knowledge of SEBI guidelines shows a weaker correlation with long-term planning ($r = 0.28$, $p < 0.05$), implying regulatory awareness alone insufficiently drives sustained investment strategies.

Regression Analysis

Multiple regression modeling confidence in investment decisions from risk awareness, corporate digital tools, and fraud protection knowledge yields $R^2 = 0.48$, explaining 48% of variance. Significant predictors include risk awareness ($\beta = 0.41$, $p < 0.01$) and corporate digital tools ($\beta = 0.33$, $p < 0.01$), while fraud protection knowledge proves non-significant ($\beta = 0.09$, $p > 0.05$). This underscores risk education and digital interventions as primary drivers of investor confidence.

ANOVA Group Differences

One-way ANOVA on income groups versus diversification awareness shows significant differences ($F(4,145) = 3.92$, $p < 0.01$), with post-hoc Tukey tests confirming high-income earners (₹1,00,000+) scoring higher ($M = 4.2$) than low-income groups (₹25,000; $M = 3.4$). Education level impacts trust post-corporate programs ($F(3,146) = 2.87$, $p < 0.05$), where postgraduates report higher trust ($M = 3.9$) versus undergraduates ($M = 3.5$). These findings highlight demographic disparities addressable through targeted corporate outreach.

Conclusion:

Corporate-led education initiatives play a transformative role in enhancing small investors' perceptions in India, effectively bridging financial literacy gaps amid rapid retail market expansion and persistent challenges like misinformation and risk misperception. By delivering accessible workshops, digital tools, and awareness programs, corporates complement regulatory efforts from SEBI and NSFE, fostering greater trust, informed decision-making, and behavioral shifts toward diversification and long-term planning. Despite progress, gaps in regulatory knowledge and outreach to low-income and undergraduate segments underscore the need for tailored, scalable interventions through CSR partnerships with bodies like IEPFA and NISM. This study advocates policy frameworks mandating corporate investor awareness programs to deepen market participation, reduce complaints, and channel household savings into productive equities, ultimately driving inclusive economic growth.

References:

1. Dalvi, M. V. (2025). Enhancing IPO literacy through investor education initiatives. Prime Database. https://www.primedatabase.com/article/2025/Article-Dr.Milind_V.Dalvi.pdf
2. ASSOCHAM & Resurgent India. (2022). Investor protection, education and awareness. https://www.assocham.org/uploads/files/Study_Investor%20Protection%202022_compressed%20(1).pdf[6]
3. Hayat, M. (2024). Critical analysis of investor education programs in India's capital market: Focus on SEBI. JurnalIlmuEkonomidan Pembangunan, 5(2). https://jurnal.uns.ac.id/jiep/article/view/80116
4. Investor Education and Protection Fund Authority. (2025, November 8). Investor education & protection workshop for rural women SHGs [Press release]. Press Information Bureau. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2188090
5. IOSCO. (2014). Report on investor education initiatives relating to secondary markets. https://www.iosco.org/library/pubdocs/pdf/IOSCOPD404.pdf
6. Kumar, R., & Sharma, S. (2024). Investor behaviour unveiled: Exploring the interplay of financial literacy and market participation. SG Journal of Research, 1(1). https://sgsrjournals.co.in/ijtc/download.aspx?id=546
7. Singh, K. N. (n.d.). Investor education in India: Its relevance and roadmap. Institute of Indian Internal Auditors. https://iica.nic.in/images/KNS_Investor%20Education.pdf