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A Descriptive Study of Stock Market Awareness and Investment Behaviour among Retail Investors

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ABSTRACT
Purpose: The purpose of this study is to examine the level of stock market awareness among retail investors in India and analyse how awareness influences investment behaviour and capital market stability.
Methodology: The study adopts a descriptive research design and is based on secondary data collected from official sources such as SEBI, RBI, NSE, AMFI, and the Economic Survey of India for the period 2015–2024. Trend and comparative analyses were used to interpret the data.
Findings: The findings reveal a substantial gap between stock market awareness and actual participation. Retail investors show increasing market engagement, a growing preference for indirect investment avenues such as mutual funds, and a positive shift towards disciplined investment strategies. Enhanced retail participation has improved market liquidity but has also contributed to short-term volatility.
Limitations: The study is limited by its reliance on secondary data and lack of primary investor-level insights, which restricts behavioural analysis.
Implications: The study highlights the need for stronger financial literacy initiatives and policy measures to transform awareness into informed investment behaviour, supporting sustainable capital market development.
KEYWORDS: Retail Investors, Stock Market Awareness, Investment Behaviour, Mutual Funds, Capital Market Stability

INTRODUCTION

Retail investors play a vital role in the development and stability of capital markets by providing liquidity, improving price discovery, and supporting long-term capital formation. In India, the retail segment has witnessed a dramatic transformation during the last decade, particularly after 2020, due to the expansion of digital trading platforms, financial inclusion policies, and regulatory reforms by the **Securities and Exchange Board of India (SEBI) (Government of India, 2024; SEBI, 2023)**. **According to the Economic Survey 2023-24**, the number of registered individual investors increased from about 3.1 crore in 2020 to more than 9.2 crore in 2024, indicating a structural shift in household participation in financial markets **(Government of India, 2024)**. Stock market awareness refers to the degree to which individuals understand financial products, market mechanisms, risk–return trade-offs, and investor rights **(SEBI, 2023)**. Investment behaviour, on the other hand, reflects how individuals make decisions regarding asset allocation, trading frequency, risk tolerance, and choice of instruments such as equities, mutual funds, and exchange-traded funds **(Baker & Ricciardi, 2014)**. Although India has achieved significant growth in demat accounts and trading volumes, research suggests that mere access to markets does not guarantee informed or rational investment decisions **(Shanmugham, 2000; SEBI, 2023)**.

The Economic Survey 2023-24 reports that retail investors now account for nearly 36% of the cash market turnover and directly own about 10% of India's market capitalisation, valued at approximately ₹36 lakh crore **(Government of India, 2024)**. At the same time, RBI data show a growing shift of household savings from physical assets such as gold and real estate towards financial assets, especially equities and mutual funds **(RBI, 2023)**. This indicates rising confidence in capital markets, but it also increases household exposure to market risk. SEBI and stock exchanges have taken several initiatives to promote investor education, including financial literacy programs, investor protection funds, and simplified disclosure systems **(SEBI, 2023)**. However, studies in behavioural finance suggest that investors are often influenced by psychological biases such as overconfidence, herd behaviour, and loss aversion, which can result in irrational trading and sub-optimal portfolio choices **(Barber & Odean, 2001; Shefrin & Statman, 2002)**.

The rapid growth in retail participation after COVID-19, supported by low brokerage apps and online advisory platforms, has created a new generation of investors, many of whom have limited financial training **(NSE, 2024)**. This makes the study of stock market awareness and investment behaviour highly relevant, not only for academic purposes but also for policy formulation and investor protection. Understanding how awareness affects behaviour can help regulators design more effective financial education strategies and reduce the risks of speculative excesses in the market **(Government of India, 2024; SEBI, 2023)**.

Problem Statement

Despite the remarkable increase in retail investor participation in the Indian stock market, there remains a significant gap between market access and informed investment behaviour. While the number of demat accounts and retail trading volumes has grown rapidly since 2020 **(Government of India, 2024)**, several studies and regulatory reports indicate that a large proportion of investors lack adequate financial literacy and understanding of market risks **(SEBI, 2023)**. Many retail investors enter the stock market with expectations of quick profits, influenced by social media, peer recommendations, or short-term market movements rather than sound financial analysis **(Barber & Odean, 2001)**. This situation raises concerns about mis-selling, excessive trading, and financial losses among small investors, which can weaken long-term investor confidence and market stability. Moreover, although mutual funds and SIPs are gaining popularity, a sizeable section of investors continues to trade directly in equities without proper diversification or risk management **(RBI, 2023)**. Therefore, there is a need to examine the level of stock market awareness among retail investors and how this awareness influences their investment behaviour, decision-making, and risk perception.

Key definitions:

Demat Account: An electronic account to hold securities in dematerialized form (required to trade in Indian markets).

Retail Investor: An individual investor (non-institutional), typically investing personal funds for their own account.

LITERATURE REVIEW

- **N. V. Madhusudhan (1998)** in his study "Investment Pattern and Behaviour of Investors" found that Indian retail investors were highly risk-averse and preferred traditional instruments such as bank deposits and government securities over equity shares. The study revealed that lack of awareness and fear of market volatility discouraged stock market participation. The author suggested that financial literacy and transparency in stock market operations should be improved to attract more retail investors.
- **R. K. Shanmugham (2000)** in "Factors Influencing Investment Decisions" observed that demographic variables such as income, age, education and occupation significantly influenced investors' financial decisions. Psychological factors such as risk perception and attitude toward savings were also found to be crucial. The study recommended conducting structured investor education programmes to improve rational investment behaviour.
- **Brad M. Barber and Terrance Odean (2001)** in their paper "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment" reported that overconfident investors traded more frequently and earned lower returns. Male investors were found to be more overconfident than females. The authors suggested promoting long-term investment strategies and educating investors about behavioural biases.
- **Hersh Shefrin and Meir Statman (2002)** in "Behavioral Finance in Investment Decisions" explained that investors are influenced by biases such as loss aversion, mental accounting and overreaction. These biases often lead to irrational stock market decisions. They suggested integrating behavioural finance concepts into investor education and financial planning.
- **S. L. Gupta (2004)** in "Shareholders' Perception towards Stock Market Investment" found that many small investors lacked sufficient knowledge about stock market operations. Due to this, they preferred low-risk instruments. The study recommended strengthening financial literacy and providing simple market information to investors.
- **K. Ranganathan (2006)** in "A Study of Fund Selection Behaviour of Individual Investors" revealed that investors relied more on past performance and peer recommendations rather than professional analysis. The author suggested that financial advisors should educate investors on scientific portfolio selection methods.
- **N. Geetha and M. Ramesh (2011)** in "Relevance of Demographic Factors in Investment Decisions" found that age, income and education significantly affected investment preferences. Younger investors were more inclined toward equities. The study suggested that financial institutions should design investor awareness programmes based on demographic profiles.
- **B. K. Tripathi (2014)** in "Investment Behaviour of Salaried Individuals" observed that salaried individuals preferred safe instruments over stock market investments. Lack of knowledge and fear of loss were the major reasons. The study recommended increasing awareness about risk–return trade-off in equities.

- **H. Kent Baker and Victor Ricciardi (2014)** in “Investor Behavior: The Psychology of Financial Planning and Investing” concluded that emotions and psychology strongly influence financial decisions. Investors often act irrationally during market fluctuations. The authors suggested incorporating behavioural counselling into financial advisory services.
- **Selim Aren and Can Aydemir (2015)** in “Factors Influencing Investment Choices of Individuals” found that financial literacy and risk perception were the main determinants of equity investment. The study recommended strengthening financial education at school and college levels.
- **V. S. Kumar and N. Goyal (2015)** in “Behavioural Biases in Investment Decision Making” identified heuristics, overconfidence, and herd behaviour as major influences on retail investors. They suggested encouraging disciplined investment approaches.
- **Renu Isidore and Christie (2016)** in “Investor Awareness and Stock Market Participation” found that awareness significantly increased participation in equities. The study recommended SEBI-led awareness programmes.
- **Sanjay Sehgal and Mohit Jhanwar (2017)** in “Behavioral Biases and Investment Decision: A Review” concluded that cognitive and emotional biases adversely affect retail investors. They suggested regulatory bodies should strengthen investor protection.
- **P. K. Mishra and M. Metilda (2017)** in “Investors’ Behaviour towards Equity Market” observed that risk aversion limited retail participation. The study recommended improving risk management knowledge.
- **Abhijeet Chandra and Ravinder Kumar (2018)** in “Factors Influencing Retail Investors’ Decision Making” found that market information and knowledge significantly influenced investment choices. The authors suggested improving access to credible financial information.
- **Ajay Pandey (2019)** in “Financial Literacy and Investment Decisions” found a strong positive relationship between financial literacy and investment performance. The study suggested introducing financial education at early academic stages.
- **SEBI (2020)** in “Investor Participation in Indian Securities Market” reported a significant rise in retail investors due to digital platforms. The report recommended strengthening digital literacy.
- **National Stock Exchange of India (2021)** in “Retail Investor Trends in Indian Capital Market” found that demat accounts increased rapidly after 2020. The NSE suggested promoting long-term investment culture.
- **S. B. Bansal (2021)** in “Impact of COVID-19 on Retail Investors” observed increased retail trading during the pandemic. The author suggested enhancing investor risk awareness.
- **Reserve Bank of India (2022)** in “Household Financial Savings and Capital Markets” reported a shift from physical to financial assets. The RBI suggested promoting equity-linked savings.
- **Anju Bala and Kiran Sharma (2022)** in “Awareness Level of Retail Investors” found moderate awareness but weak analytical skills. They recommended practical training on stock analysis.
- **India Brand Equity Foundation (2023)** in “Retail Investors and Indian Equity Markets” reported growing equity participation. The report suggested strengthening long-term investment awareness.
- **Economic Survey of India (2023–24)** highlighted that retail investors owned nearly 10% of market capitalisation. The government suggested improving financial inclusion.
- **Morningstar Research Team (2024)** in “Retail Investing Trends in Emerging Markets” found rising preference for mutual funds. The study suggested encouraging diversified investments.
- **OECD (2024)** in “Financial Literacy and Investor Behaviour” concluded that higher literacy leads to better investment outcomes. The OECD recommended expanding national financial education programmes.

Research Objectives

1. To examine the level of stock market awareness among retail investors.
2. To analyse the investment behaviour of retail investors.
3. To study the relationship between stock market awareness and investment decisions.
4. To examine the shift from direct to indirect investment among retail investors.
5. To assess the implications of retail participation on capital market stability.

Research Questions

RQ1. What is the extent of knowledge among retail investors regarding stock market instruments and associated risks?

RQ2. What types of securities do retail investors prefer and what factors influence their investment choices?

RQ3. Does a higher level of financial awareness lead to more rational and informed investment behaviour among retail investors?

RQ4. Why are retail investors increasingly preferring indirect investment avenues such as mutual funds and exchange-traded funds over direct equity investment?

RQ5. How does the behaviour of retail investors influence market volatility, liquidity, and overall capital market stability?

RESEARCH METHODOLOGY

Research Design

The present study adopts a descriptive research design, as it aims to describe and analyse the level of stock market awareness and investment behaviour among retail investors in India. Descriptive research is appropriate for this study because it focuses on understanding existing patterns, trends, and relationships without manipulating variables. The design enables a systematic examination of changes in retail participation, awareness levels, investment preferences, and their implications for market stability over time. The study primarily uses trend analysis and comparative interpretation to evaluate developments in the Indian stock market during the period 2015–2024.

Data Type and Sources

The study is based exclusively on secondary data, as it relies on already published and authenticated sources. Secondary data have been collected from credible and official institutions to ensure reliability and accuracy. **The key sources include:**

- Economic Survey of India (2015-2024) - for retail participation, market capitalisation, and household investment trends
- Securities and Exchange Board of India (SEBI) Annual Reports and Investor Surveys - for investor awareness, regulatory initiatives, and retail behaviour
- Reserve Bank of India (RBI) Reports -for household financial savings and asset allocation
- National Stock Exchange (NSE) and BSE publications – for retail turnover and market activity data
- Association of Mutual Funds in India (AMFI) - for SIP inflows and mutual fund participation statistics
- Published research articles and journals - for theoretical and behavioural insights

Data Collection

Secondary data were collected through a systematic review of official reports, databases, and published literature. Annual reports, statistical handbooks, and survey findings were accessed from the official websites of SEBI, RBI, NSE, AMFI, and the Ministry of Finance. Data related to retail investor awareness, investment patterns, SIP inflows, and market participation were extracted, compiled, and cross-verified to maintain consistency. Only data relevant to the study objectives and the selected time period (2015-2024) were included.

Analytical Framework

The analytical framework of the study is structured around the stated research objectives. **The analysis involves:**

- Trend Analysis to examine changes in retail participation, SIP inflows, and turnover over time
- Comparative Analysis to study shifts between direct and indirect investment avenues
- Descriptive Statistical Interpretation using percentages, ratios, and graphical representations
- Objective-wise Analysis linking awareness levels with investment behaviour and market outcomes

Economic Survey 2023-24 on Retail Participation

Surge in Retail Participation

The Economic Survey 2023-24 notes a significant rise in participation from individual investors in India's capital markets.

Registered individual investors (NSE) nearly tripled from March 2020 to March 2024, reaching 9.2 crore. This suggests that about 20% of Indian households are now channeling savings into financial markets (including equities and mutual funds).

Direct Retail Equity Ownership

Individual investors directly own nearly 10% of the total market through shares in about 2,500 listed companies, translating to an estimated ₹36 lakh crore in wealth as of March 2024.

Retail Share in Market Activity

In FY24, the individual investor's share of the equity cash segment turnover was 35.9%, indicating substantial participation in daily trading activity.

Expansion of Demat Accounts

The number of demat accounts with both NSDL and CDSL increased from 1,145 lakh (114.5 million) in FY23 to 1,514 lakh (151.4 million) in FY24, showing robust growth in the retail investing base.

Indirect Participation Through Mutual Funds

Retail participation has grown even more steadily through indirect channels like mutual funds.

- Mutual Fund Assets Under Management (AUM) in FY24 jumped by about ₹14 lakh crore (a 35% YoY rise) to ~₹53.4 lakh crore.
- Total number of mutual fund folios grew from 14.6 crore (end FY23) to 17.8 crore (end FY24).
- SIP accounts (systematic investment plans) rose, with annual net SIP flows doubling from ~₹0.96 lakh crore in FY21 to ~₹2.0 lakh crore in FY24.

Underlying Drivers (as per Survey)

The Survey highlights key factors that enhanced retail participation:

- Tech-enabled access (mobile apps, India Stack, etc.)
- Financial inclusion policies
- Rapid smartphone penetration
- Low-cost brokerage services
- Shift away from traditional savings vehicles (e.g., gold, real estate) toward market investments

Overview of Retail Participation in Indian Markets

Table 1: Growth in Retail Investors Base

Year	Registered Retail Investors (Crore)	Demat Accounts (Crore)
2015	1.6	1.7
2018	2.2	3.4
2020	3.1	4.1
2022	6.6	9.9
2024	9.2	15.1

Source: Economic Survey 2023–24; SEBI; NSDL & CDSL

Figure 1 depicts a consistent and accelerated growth in the number of retail investors in the Indian stock market during 2015–2024. The increase was gradual between 2015 and 2019, reflecting limited market penetration and cautious investor behaviour. However, a sharp surge is observed after 2020, with retail investors rising from about 3.1 crore in 2020 to 9.2 crore in 2024. This exponential growth can be attributed to increased digitalisation of trading platforms, regulatory initiatives by SEBI, simplified KYC norms, low brokerage costs, and heightened financial awareness during the COVID-19 period. The trend highlights a structural shift towards greater financial inclusion and democratization of capital markets in India.

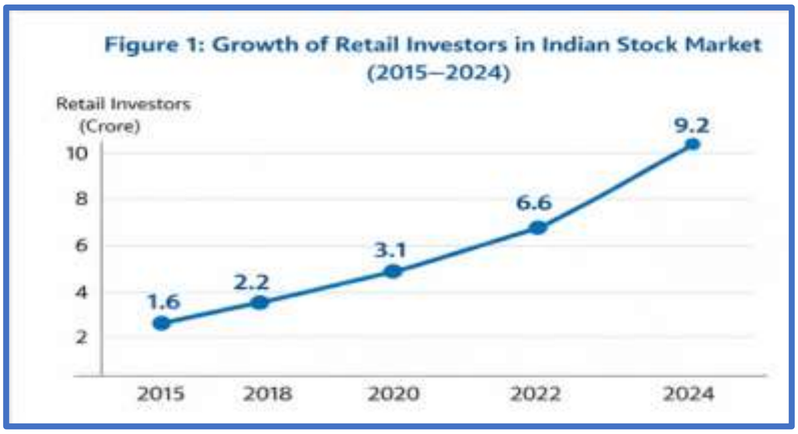

Figure 1: Growth of Retail Investors in Indian Stock Market

Source: Author Creation

Historic Data Trends (2015-2024) RQ2

Table 2: Retail Participation in Equity Markets

Year	Retail Share in Equity Cash Turnover (%)	Market Capitalisation Owned by Retail (%)
2015	22.5	7.2
2018	25.1	7.8
2020	31.4	8.6
2022	34.1	9.5
2024	35.9	10.0

Source: Economic Survey 2023–24; NSE Reports

Figure 2 illustrates the growing contribution of retail investors to equity cash market turnover. Retail participation increased steadily from 22.5% in 2015 to 35.9% in 2024. The rising share indicates enhanced confidence among individual investors and greater engagement in trading activities. The post-2020 rise reflects increased market access through online platforms and a shift of household savings from traditional instruments to equities. Although institutional investors continue to dominate in value terms, the expanding retail share has improved market liquidity and depth.

Figure 2: Retail Share in Equity Cash Market Turnover (%)
Source: Author Creation

Analysis of Direct vs. Indirect Retail Investment RQ4
Table 3: Composition of Retail Investment

Mode of Investment	2015	2020	2024
Direct Equity (%)	62	55	48
Mutual Funds & ETFs(%)	38	45	52

Source: RBI Household Savings Data; AMFI; Economic Survey

Figure 3 highlights a notable shift in retail investment preferences from direct equity investments towards indirect modes such as mutual funds and ETFs. In 2015, direct equity accounted for 62% of retail investment, which declined to 48% by 2024, while indirect investment increased from 38% to 52%. This transition indicates improving financial literacy, rising trust in professional fund management, and the growing popularity of systematic investment plans (SIPs). The trend also reflects a preference for diversification and risk mitigation among retail investors

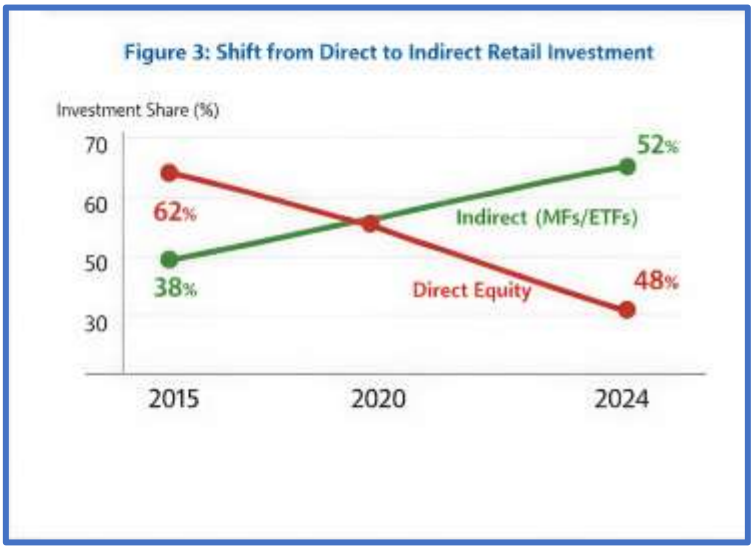

Figure 3: Shift from Direct to Indirect Retail Investment
Source: Author Creation

Retail Ownership in Market Capitalisation (FY24) RQ5

Figure 4 shows that retail investors directly own approximately 10% of India's total stock market capitalisation in FY24, valued at around ₹36 lakh crore. Although institutional investors and promoters continue to hold the majority share, the growing retail ownership signifies enhanced participation and wealth creation opportunities for households. This level of ownership underscores the increasing role of retail investors as a stable and influential segment in the Indian capital market.

Figure 4: Retail Ownership in Market Capitalisation (FY24)
Source: Author Creation

Stock Market Awareness and Its Influence on Retail Investors’ Investment Decisions RQ1

The bar diagram illustrating stock market awareness versus actual participation reveals a significant disparity between knowledge and action among retail investors. The diagram shows that approximately 63% of households are aware of stock market instruments, whereas only about 9.5% actively participate in equity or related investments. This wide gap indicates that although awareness programs and digital platforms have successfully increased familiarity with stock market concepts, awareness has largely remained superficial. Many investors possess only basic information regarding shares or mutual funds but lack a deeper understanding of market risks, return volatility, and long-term investment planning.

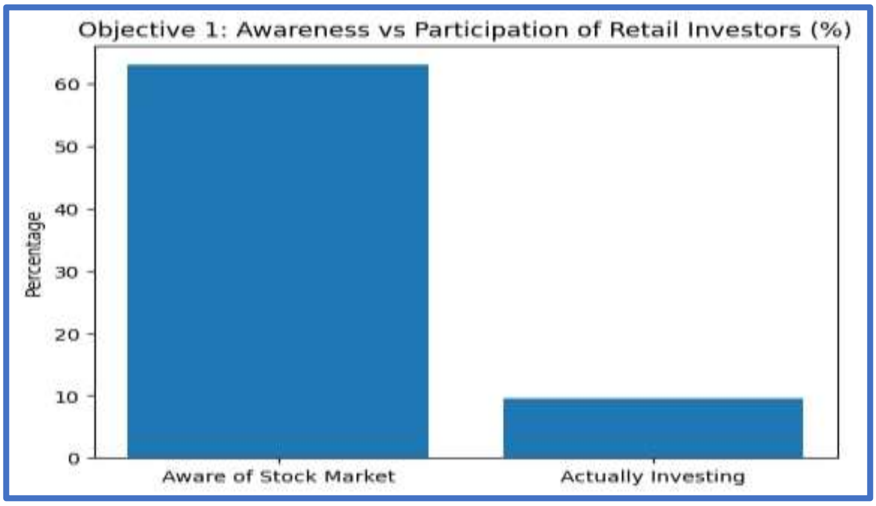

Figure 5: Level of Stock Market Awareness among Retail Investors
Source: Author Creation

The diagram suggests that awareness alone is not sufficient to motivate participation. Psychological factors such as fear of loss, risk aversion, lack of confidence, and inadequate financial literacy act as barriers preventing investors from translating awareness into action. Hence, the interpretation of Objective 1 highlights the need for quality-oriented financial education, focusing not just on information dissemination but also on skill development and risk understanding.

Relationship between Awareness and Investment Decisions RQ3

The line diagram representing the growth of Systematic Investment Plan (SIP) inflows provides strong evidence of a positive relationship between financial awareness and rational investment behaviour. The diagram shows that SIP investments increased from ₹1.2 lakh crore in 2018 to ₹2.0 lakh crore in 2024, despite a temporary decline during 2020 due to economic uncertainty. This upward trend indicates that as awareness deepens, investors move toward disciplined, long-term investment strategies rather than speculative or short-term trading. SIPs require an understanding of concepts such as compounding, risk averaging, and long-term wealth creation, which reflects improved financial awareness among retail investors.

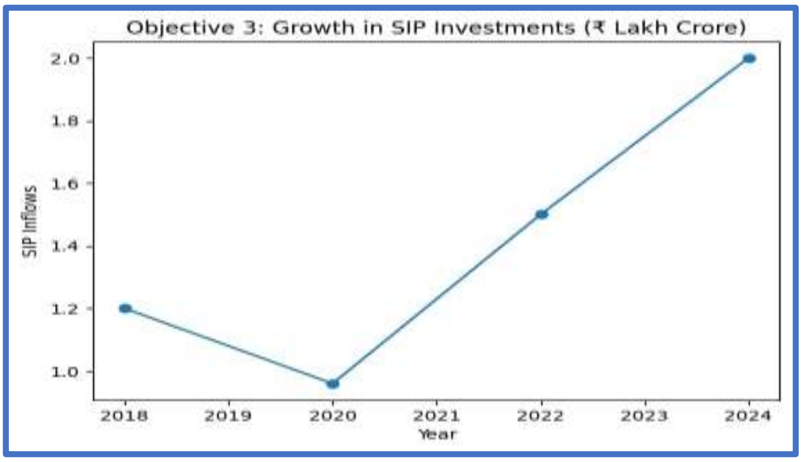

Figure 6: Relationship between Awareness and Investment Decisions
Source: Author Creation

The diagram also suggests that informed investors prefer systematic and structured investment routes that reduce emotional decision-making and market timing risks. Thus, the interpretation of Objective 3 confirms that higher financial awareness leads to more rational, stable, and goal-oriented investment behaviour, contributing positively to household financial security and market stability.

Securities and Exchange Board of India (SEBI) - Retail Awareness & Investment Behaviour

According to the SEBI Investor Survey 2025, there is a significant gap between awareness and actual market participation among Indian households. The survey, which covered over 90,000 households across urban and rural India, found that 63% of households (about 213 million) are aware of at least one type of securities market product such as stocks, mutual funds, or bonds. However, despite this relatively high level of awareness, only about 9.5% of households (roughly 32 million) actually invest in these products, indicating that awareness does not automatically translate into investment behaviour. Urban households had higher participation (about 15%) compared with rural households (approximately 6%), reflecting disparities in access and financial literacy between different regions. The survey further highlighted that Indian households tend to adopt a highly cautious approach to investing, with nearly 80% displaying low risk tolerance, preferring capital preservation over high returns. Only about 5.6% of households displayed high-risk tolerance, suggesting that risk aversion is a major behavioural factor influencing investment decisions. Among actual participants in the market, only around 36% demonstrated moderate or high levels of knowledge about securities markets, while the remaining 64% had limited understanding of financial products and their associated risks. This limited depth of investor knowledge suggests that while many are aware of the existence of stock market products, a much smaller proportion truly understand how they work or how to use them effectively in portfolio construction.

SEBI has also observed behavioural trends linked to information sources. Many retail investors rely on unconventional channels, such as social media or informal influencers, for investment advice—a trend that regulators have flagged as potentially problematic because it may lead to poorly informed decision-making. In light of these findings, SEBI's public statements and policy actions emphasize the urgent need to strengthen financial literacy and investor protection programmes, focusing on helping retail investors understand market mechanisms, risk–return trade-offs, and fraud avoidance strategies. Regulatory initiatives like nationwide investor awareness campaigns are part of these efforts, aiming to improve both awareness and informed participation. □

NSDL and CDSL - Demat Trends & Retail Investor Behaviour

The two depositories in India-**National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL)**-are critical infrastructure institutions that reflect retail investor engagement through the growth of demat accounts. While NSDL traditionally has a stronger institutional and high-value investor base, CDSL has emerged as the dominant custodian of retail demat accounts, underlining changing investor behaviour and accessibility trends. As of mid-2025, CDSL reported approximately 15.3 crore demat accounts, which far exceeds NSDL's roughly 3.9 crore accounts. This difference illustrates CDSL's appeal among individual investors, likely driven by its integration with retail-oriented brokers and mobile trading platforms that make account opening and trading easier for everyday investors. Meanwhile, NSDL remains the market leader by overall securities value, custody infrastructure, and institutional client base, reflecting its continued relevance for large investors even as retail participation rises.

Data from recent demat activity further underscores the behavioural shift of households toward direct market participation. Reports indicate that the total number of demat accounts in India has surged, with strong growth driven by increased curiosity and participation from retail investors who use these accounts to hold and trade equity and other financial products. For instance, in October 2025, the total number of accounts reached a new high of 210 million, with CDSL accounts comprising the bulk of this growth, reflecting an ongoing trend of retail investor entry into markets.

The rapid rise in demat accounts, particularly among retail investors, combined with SEBI's survey results indicating a substantial awareness but modest participation rate, suggests a behavioural pattern where many Indians are interested in markets but are either hesitant to invest capital or are doing so in relatively small amounts. This hesitation can be linked to persistent risk aversion, limited functional understanding of financial products, and the perceived complexity of investments—factors that both SEBI and depository narratives highlight as critical areas to address through education and improved access.

FINDINGS OF THE STUDY

The study reveals a significant increase in stock market awareness among retail investors in India; however, a wide gap persists between awareness and actual participation. While a majority of households are familiar with basic stock market instruments, only a small proportion actively invest, indicating the presence of psychological, informational, and risk-related barriers. Retail investors' investment behaviour has changed notably over the last decade, with a sharp rise in equity trading activity and participation after 2020, largely driven by digital platforms and regulatory support. The findings further establish a positive relationship between financial awareness and rational investment decisions, as reflected in the growing preference for systematic investment plans and long-term investment strategies. A clear shift from direct equity investment to indirect avenues such as mutual funds and ETFs has been observed, highlighting improved financial literacy and risk diversification preferences. Increased retail participation has enhanced market liquidity and inclusiveness; however, it has also contributed to short-term market volatility, particularly during periods of uncertainty. Overall, the findings indicate that while retail investor participation has strengthened the Indian capital market, sustained benefits depend on deep financial literacy and informed investment behaviour.

CONCLUSION

The Indian stock market has witnessed a remarkable transformation in retail investor participation during the period 2015-2024, supported by digitalisation, regulatory reforms, and growing financial awareness. The study concludes that while awareness levels have improved substantially, effective participation remains limited due to gaps in financial literacy and risk understanding. Retail investors are increasingly shifting towards structured and professionally managed investment avenues such as mutual funds and SIPs, reflecting a maturing investment behaviour. The relationship between awareness and investment decisions underscores the importance of financial education in promoting disciplined, long-term investing. Increased retail participation has positively contributed to market liquidity, depth, and inclusiveness; however, uninformed participation may increase short-term volatility. Therefore, strengthening investor education initiatives and promoting informed decision-making are essential for sustainable capital market development. The study emphasizes that transforming awareness into financial capability is critical for ensuring that retail participation supports long-term economic growth and financial stability.

FURTHER SCOPE OF STUDY

The present study provides scope for further research in several directions. Future studies may incorporate primary data through surveys or interviews to capture behavioural aspects such as risk perception, emotional biases, and decision-making patterns among retail investors. Comparative studies across regions, income groups, age categories, and gender may offer deeper insights into investment behaviour diversity. Longitudinal studies can be undertaken to assess the long-term impact of financial literacy programs on investment outcomes. Additionally, future research may explore the role of fintech platforms, social media influence, and algorithm-based advisory services in shaping retail investment decisions. Examining the impact of retail participation on specific market segments such as derivatives and small-cap stocks can further enrich the literature.

LIMITATIONS OF THE STUDY

The study is subject to certain limitations. It relies solely on secondary data obtained from official reports and published sources, which may not fully capture individual investor perceptions and behavioural nuances. The absence of primary data limits the ability to assess psychological and emotional factors influencing investment decisions. Additionally, the study focuses on aggregate national-level data, which may mask regional and demographic variations in retail investor behaviour. Despite these limitations, the study provides meaningful insights into retail participation trends in the Indian stock market.

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