
TO STUDY THE REASONS FOR NO ACTIVE PARTICIPATION IN STOCK MARKET AMONG UNDERGRADUATE STUDENTS OF SUBURB AREA IN MUMBAI CITY

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ABSTRACT:

This research paper explores the reasons behind the lack of active participation in the stock market by undergraduate students in the suburban area of Mumbai City, focusing on their awareness of stock market operations and the factors influencing their disengagement. A sample of 80 respondents was surveyed, revealing that over 93% of students are aware of stock market operations and financial markets. However, despite this high level of financial literacy, the majority prefer managed investment options such as Systematic Investment Plans (SIPs) and Mutual Funds over direct participation in stock trading. Key barriers include limited proficiency in technical stock analysis, lack of access to real-time financial resources, and a lack of confidence in managing complex market activities. Many students cited perceived risks, time constraints, and insufficient disposable income as additional factors deterring them from active stock trading. The findings suggest that while awareness is not a major issue, there are significant gaps in technical expertise, financial resources, and investment behavior that prevent more direct engagement with stock markets. This study underscores the importance of targeted financial education to enhance technical skills, provide more accessible financial tools, and broaden market understanding, potentially encouraging more active stock market participation among young investors.

Keywords: Financial Literacy, Investment Behavior, Stock Market Participation, Technical Analysis, Undergraduate Students

INTRODUCTION:

The stock market plays a vital role in the financial infrastructure of a country, providing a platform for companies to raise capital and for investors to build wealth. It serves as a reflection of a nation's economic health and influences various sectors of the economy. However, despite the stock market's significance and its potential as a wealth-building tool, certain segments of the population, particularly undergraduate students, exhibit limited participation. This is especially evident among students from suburban areas, where economic conditions and societal factors may contribute to this disengagement. While young investors have the advantage of time on their side, allowing for long-term growth and the ability to withstand market fluctuations, their lack of active involvement in the stock market is an area of growing concern. Investigating the reasons for this absence is critical, particularly in a country like India, where financial markets are expanding rapidly, and opportunities for wealth generation are abundant.

In India, the financial market has undergone significant changes in recent decades, with stock exchanges like the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) becoming more accessible through online platforms and digital trading tools. This evolution has made it easier for the general population to invest in stocks. However, despite these advancements, many young individuals, particularly undergraduates, remain hesitant to engage with the stock market. Suburban areas, where economic conditions often differ from urban centers, present a unique set of challenges. These areas might lack the financial awareness and resources that are more readily available in major cities, contributing to the students' reluctance to participate in the market. Furthermore, the cost of living, lower disposable income, and a focus on immediate financial needs often take precedence over long-term investment planning for students in these regions. Moreover, undergraduates face

several specific hurdles that contribute to their absence from stock market investment. One of the primary barriers is financial literacy. Many students do not receive adequate financial education, either in schools or from their family environments, which limits their understanding of how the stock market works and the benefits of investing. Financial literacy is a crucial skill, and its absence can lead to a perception of the stock market as overly complex or risky. This lack of understanding is compounded by the inherent volatility of the stock market, which can intimidate inexperienced investors. Undergraduates, particularly those from suburban areas where economic security may be more tenuous, often prioritize avoiding risks. This conservative financial behavior, while understandable given their circumstances, prevents them from taking advantage of the growth potential that the stock market offers.

Another significant factor is the competing financial obligations that undergraduates face. Many students are burdened with educational expenses, including tuition fees, accommodation, and textbooks, which leave little room for discretionary spending. For students in suburban areas, where family incomes may be lower compared to urban counterparts, these financial pressures are often heightened. Consequently, the idea of setting aside money for stock market investments may seem impractical or even irresponsible when immediate expenses and short-term financial goals, such as saving for a laptop or covering daily expenses, are more pressing. Furthermore, student loans, which are common among undergraduates, also serve as a deterrent to investing. The priority for most students is to pay off debt rather than take on the perceived risk of investing in stocks. Lastly, the social and cultural context in suburban areas can also influence investment behavior. In many Indian households, particularly in suburban and rural regions, the focus is on saving rather than investing. Traditional savings instruments like fixed deposits, gold, and real estate are often preferred over the stock market due to their perceived stability and lower risk. This cultural emphasis on conservative financial practices further discourages undergraduates from exploring the stock market as a viable option for wealth generation. Even if they are aware of the potential benefits of investing, students from suburban areas may not have the social support or mentorship necessary to navigate the complexities of the stock market.

The absence of active stock market participation among undergraduate students in suburban areas is thus a multifaceted issue. It is influenced by a combination of factors, including low financial literacy, risk aversion, limited disposable income, student loans, and cultural attitudes towards saving and investment. These factors, when combined, create a barrier that prevents young individuals from exploring the opportunities that the stock market presents. This research aims to investigate these reasons in detail, focusing on undergraduate students from the suburban areas of Mumbai. By understanding the specific challenges, they face, it will be possible to identify strategies that could encourage greater participation, ultimately helping these students to build a stronger financial future and contribute more actively to the economy.

OBJECTIVES:

1. To study awareness level about the operation in the Stock Market among students.
2. To understand the reasons for not participating in the Stock Market.

LIMITATIONS:

1. **Area:** The data is limited to the suburban area of Mumbai City, potentially affecting the generalizability of the findings to a broader population.
2. **Time:** Due to time constraints, the research had a limited window for collecting sampling data, potentially impacting the depth and breadth of the study.
3. **Subjective Thinking:** Not every respondent may exercise utmost care in filling out a survey, introducing the possibility of response bias. The survey method may make it challenging to ensure that all respondents dedicate accurate time and attention to the questionnaire, potentially affecting data reliability.

HYPOTHESIS:

H1O₁: Undergraduate financial markets students in the suburban area of the Mumbai district are not significantly aware of stock market operations.

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RESEARCH METHODOLOGY:

- 1. Research Category:** The research is descriptive in nature, focusing on individuals in the suburban area of Mumbai City.
- 2. Tools and Techniques Applied:** Statistical patterns and representations were employed to present the primary data in the research. Data analysis included frequencies and percentages to ensure accuracy.
- 3. Sampling Method:** Simple random sampling was used to gather relevant information. Respondents participated by answering a survey conducted via Google Forms, providing a snapshot of the opinions of individuals in the suburban area of Mumbai City. The use of Google Forms facilitated efficient data collection within the given time constraints.
- 4. Sample Size:** The primary data for the research study consisted of 80 responses. This sample size was deemed sufficient to meet the research objectives while accounting for time limitations.

DATA INTERPRETATION AND ANALYSIS:

(Primary Data: Question 1)

Gender Category	FREQUENCY	PERCENTAGE (%)
Male	49	61.25
Female	31	38.75
TOTAL RESPONDENTS	80	100

The data indicates that the majority of respondents are male, comprising 61.25% of the total, while females represent 38.75%. This suggests a notable gender disparity in the sample, with nearly two-thirds being male. The total respondent count is 80, which means the findings are based on a relatively small group.

(Primary Data: Question 2)

Age Category	FREQUENCY	PERCENTAGE (%)
Student	63	78.75
Internship	7	8.75
Part-Time Job	9	11.25
Full-Time Job	1	01.25
TOTAL RESPONDENTS	80	100

The majority of respondents, accounting for 78.75%, are students, indicating that the sample largely represents individuals in an academic phase. Internships make up a small portion, with only 8.75% of respondents currently pursuing this option, suggesting a limited transition to professional experience at this stage. Part-time jobs are slightly more common than internships, at 11.25%, reflecting a trend of students or young professionals balancing work and study. Only 1.25% of respondents are in full-time employment, highlighting a significant gap between full-time career engagement and other categories. The data suggests that the population is predominantly in early stages of education and career development.

(Primary Data: Question 3)

Are you aware about Financial Markets?	FREQUENCY	PERCENTAGE (%)
Yes	75	93.75
No	5	06.25
TOTAL RESPONDENTS	80	100

The data shows that a large majority of respondents, 93.75%, are aware of financial markets, indicating a high level of financial literacy within the group surveyed. Only 6.25% of the respondents are not aware, highlighting that very few individuals lack exposure or knowledge about the financial markets. This suggests that most individuals in the group may have a stronger understanding of investment opportunities, economic trends, or financial decision-making. The total number of respondents was 80, which provides a reasonably solid sample size to interpret these findings. The data reflects a dominant awareness of financial markets among the respondents, with minimal knowledge gaps.

(Primary Data: Question 4)

Are you aware about Stock Market?	FREQUENCY	PERCENTAGE (%)
Yes	75	93.75
No	5	06.25

TOTAL RESPONDENTS	80	100
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Out of 80 respondents, a significant majority (93.75%) indicated that they are aware of the stock market. Only 6.25% of the respondents stated that they are not aware. This suggests a high level of awareness about stock market concepts among the surveyed group. The results imply that stock market education or exposure may be widespread in this sample.

(Primary Data: Question 5)

Are you aware about the Stock Exchanges of India?	FREQUENCY	PERCENTAGE (%)
Yes	72	90
No	8	10
TOTAL RESPONDENTS	80	100

The survey data reveals that a significant majority of respondents, constituting 90%, are aware of the stock exchanges in India, reflecting a high level of familiarity with the country's financial markets. Only 10% of the respondents reported no awareness of these exchanges, indicating a relatively small segment of the population lacking knowledge in this area. The data underscores a robust awareness among the surveyed individuals, which is crucial for understanding the broader engagement with financial markets. This high awareness rate could be indicative of effective financial literacy initiatives or widespread media coverage related to stock exchanges. The findings suggest that further research could explore the depth of this awareness and its impact on investment behaviors and financial decision-making.

(Primary Data: Question 6)

Are you aware about different Financial Markets?	FREQUENCY	PERCENTAGE (%)
Commodities Market	35	16.67
Debt Market	28	13.34
Derivatives Market	57	27.14
Equity Markets	53	25.23
Forex Market	37	17.62
TOTAL RESPONDENTS	210	100

The survey results on awareness of various financial markets reveal a diverse distribution among respondents. The Derivatives Market emerges as the most recognized segment, with 27.14% of participants demonstrating awareness. This is followed by Equity Markets, which account for 25.23% of the responses, indicating a significant familiarity with stock trading and investments. The Commodities Market, despite its importance, garners relatively less recognition at 16.67%, suggesting a potential gap in awareness or engagement in this area. The Forex Market, with 17.62% of respondents, shows moderate awareness, reflecting an understanding of foreign exchange trading. The Debt Market, encompassing bonds and fixed-income securities, is acknowledged by 13.34% of the participants, highlighting a lower level of familiarity compared to other markets. The data indicates a varied level of awareness across different financial markets, with derivatives and equity markets being the most prominent among the respondents.

(Primary Data: Question 7)

Are you to Interpret the Index? (Nifty/Sensex)	FREQUENCY	PERCENTAGE (%)
Yes	56	70
No	24	30
TOTAL RESPONDENTS	80	100

The data indicates that a majority of respondents, 70%, interpret the Nifty/Sensex index, while 30% do not. This suggests a strong engagement with market indicators among the respondents. The high percentage of individuals involved in interpreting these indices implies a significant level of market awareness and involvement. Conversely, the 30% who do not engage with the index may represent a segment less focused on or less informed about market trends.

(Primary Data: Question 8)

Are you able to Read & Understand the Chart Patterns of Stocks?	FREQUENCY	PERCENTAGE (%)
Yes	50	62.5
No	30	37.5

TOTAL RESPONDENTS	80	100
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Among the 80 respondents, a majority of 62.5% (50 individuals) reported an ability to read and understand stock chart patterns. In contrast, 37.5% (30 respondents) indicated a lack of proficiency in this area. This distribution suggests a significant proportion of respondents possess skills pertinent to technical analysis, potentially influencing their investment strategies. The data underscores a notable variance in expertise within the surveyed population regarding stock chart interpretation.

(Primary Data: Question 9)

Are you able to do the Fundamentals and Technical Analysis?	FREQUENCY	PERCENTAGE (%)
Yes	47	58.75
No	33	41.25
TOTAL RESPONDENTS	80	100

A total of 80 respondents were surveyed regarding their ability to perform fundamental and technical analysis. Out of these, 47 respondents, representing 58.75%, confirmed their capability in these areas. Conversely, 33 respondents, or 41.25%, indicated they do not possess this skill. The data highlights a notable majority of respondents who are proficient in both fundamental and technical analysis. This suggests a significant level of expertise among the surveyed group, potentially influencing their decision-making and investment strategies.

(Primary Data: Question 10)

Are you aware about the different ways of Investing in Stock Market?	FREQUENCY	PERCENTAGE (%)
Depositories	33	15.49
Direct Participation	50	23.48
Mutual Fund	61	28.63
SIP	69	32.40
TOTAL RESPONDENTS	213	100

The data reveals diverse preferences among respondents regarding stock market investment avenues. The highest proportion of participants, 32.40%, prefer Systematic Investment Plans (SIP) for investing in the stock market, indicating a strong inclination towards this method due to its structured and disciplined approach. Mutual Funds follow closely, with 28.63% of respondents favouring them, reflecting their appeal for diversified investment portfolios managed by professionals. Direct Participation in the stock market is chosen by 23.48% of respondents, underscoring the interest in individual stock investments and direct market involvement. Depositories, while less popular, still account for 15.49% of the investment choices, suggesting a specific interest in safe-keeping and managing stocks electronically. The cumulative frequency of these investment options emphasizes a preference for managed and systematic investment approaches over direct stock market involvement. This distribution highlights varying levels of engagement and investment strategies among respondents, reflecting a diverse investment landscape. The data provides valuable insights into the investment preferences of individuals in the stock market, which can guide future financial planning and product development.

FINDINGS:

As per the Researcher's Findings: -

1. The survey data reveals a significant gender disparity, with 61.25% of respondents being male and 38.75% female, based on a total sample size of 80 respondents.
2. The findings indicate that 78.75% of respondents are students, 8.75% are engaged in internships, 11.25% hold part-time jobs, and only 1.25% are in full-time employment, highlighting a population primarily in the early stages of education and career development.
3. The data reveals that 93.75% of the 80 respondents demonstrate a high level of financial literacy through their awareness of financial markets, with only 6.25% lacking such awareness, indicating minimal knowledge gaps within the sample.
4. A significant 93.75% of respondents demonstrated awareness of the stock market, while only 6.25% indicated a lack of awareness, suggesting widespread stock market education or exposure within the surveyed group.

5. The survey data indicates that 90% of respondents possess awareness of India's stock exchanges, highlighting a strong familiarity with financial markets, while only 10% demonstrate a lack of knowledge, suggesting a need for further exploration into the relationship between this awareness and investment behavior.
6. The survey findings reveal a varied distribution of financial market awareness, with the Derivatives Market recognized by 27.14% of respondents, followed by Equity Markets at 25.23%, Forex Market at 17.62%, Commodities Market at 16.67%, and Debt Market at 13.34%, indicating a higher familiarity with derivatives and equity markets compared to other segments.
7. The data reveals that 70% of respondents demonstrate engagement with the Nifty/Sensex index, indicating substantial market awareness, while the remaining 30% exhibit a lack of interaction with these market indicators, potentially reflecting lower financial literacy or interest in stock market trends.
8. The survey findings reveal that 62.5% of respondents demonstrate proficiency in reading and interpreting stock chart patterns, while 37.5% lack such skills, indicating a considerable variation in technical analysis expertise among the population surveyed.
9. The survey results indicate that 58.75% of respondents possess the ability to perform both fundamental and technical analysis, demonstrating a majority proficiency that may play a crucial role in shaping their investment decision-making and strategies.
10. The data indicates that respondents exhibit a diverse range of preferences regarding stock market investment avenues, with a notable inclination towards Systematic Investment Plans (32.40%) and Mutual Funds (28.63%), while a smaller proportion engages in direct stock market participation (23.48%) or depositories (15.49%), highlighting a tendency towards managed and systematic investment approaches.

CONCLUSION:

The research study provides a comprehensive understanding of the factors contributing to the lack of active participation in the stock market by undergraduate students in the suburban area of Mumbai City. The findings reveal a high level of financial literacy and awareness about the stock market and financial instruments among the majority of respondents. However, despite this knowledge, direct engagement in stock market activities remains limited, with a significant preference for managed investment avenues such as Systematic Investment Plans (SIPs) and Mutual Funds.

The study highlights key barriers to participation, including limited technical expertise in stock chart analysis and a lack of interest or confidence in direct stock market investments. While a majority of respondents are proficient in fundamental and technical analysis, there remains a notable segment that lacks the necessary skills to engage actively in stock trading. Additionally, the data indicates a need for targeted educational efforts to bridge knowledge gaps, particularly in less familiar markets such as debt and commodities.

In conclusion, while awareness of the stock market is widespread, practical engagement remains constrained by both skill gaps and investment preferences. Future initiatives should focus on enhancing financial education, particularly in technical analysis and diverse market segments, to encourage more active participation in stock market activities.

ECONOMIC RELEVANCE:

The economic relevance of studying the reasons for the lack of active participation in the stock market by undergraduate students in suburban areas of Mumbai City lies in its potential to uncover critical barriers and drivers affecting young investors' engagement. Understanding these factors is crucial for policymakers, financial institutions, and educators to design targeted interventions that foster financial literacy and investment participation among youth. This research can illuminate gaps in financial education, accessibility issues, or risk perceptions that obstruct students from exploring stock market opportunities. By addressing these barriers, stakeholders can enhance economic inclusion and support the development of a more informed and proactive investor base. Furthermore, the findings can contribute to broader economic growth by promoting early investment habits, which can lead to increased capital formation and financial stability in the long term. Thus, this study not only addresses individual investment behaviors but also has implications for broader economic development and financial market participation.

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