

A Study on Awareness Towards Trading and Investment Among the Youth of Mangaluru City

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ABSTRACT

The younger generation nowadays shows a preference for innovation and technological proficiency. However, when it comes to trading, investment, and financial diversification, we notice a huge deficiency in knowledge and understanding among the youth. They do not possess an inclination toward saving for the future. The so-called investment appetite is found lacking among the youth. School curricula do not give sufficient emphasis to teaching about equity markets to young people. So, the young people show lackluster proclivity with regard to trading and investment when they start earning. So, the researcher felt it necessary to examine the awareness towards trading and investment among youth. The study is conducted with reference to Mangalore City. The primary data is gathered by using a simplified questionnaire with the sample size of 104. The research has found that the respondents in the age group of 25-30 were still not aware of the financial investment avenues or do not know the benefits of long-term investing.

Keywords: Investment, Youth, Financial, Awareness, Young.

INTRODUCTION

Trading and investment play a significant role in the economic growth and development of the nation. In recent years, there has been an increasing interest in understanding the awareness and participation of youth in trading and investment activities. As the financial landscape evolves, more young people are beginning to recognize the potential benefits of engaging in trading and investment activities to grow their wealth and secure financial freedom.

Mangaluru City, known for its vibrant economic activities and entrepreneurial spirit, has become a hub for young individuals seeking opportunities in various industries. With access to information and technology, the youth of Mangaluru are increasingly exposed to the world of finance and investing.

There are several factors contributing to this growing interest. Firstly, the ease of access to financial markets through online trading platforms has made it more convenient for young people to participate in trading and investment activities. They can now trade stocks, cryptocurrencies, commodities, and other assets with just a few clicks on their smartphones or computers. Additionally, the proliferation of educational resources, both online and offline, has played a significant role in educating and empowering the youth about trading and investment. Numerous websites, blogs, forums, and social media platforms provide valuable information, tutorials, and investment strategies, allowing young individuals to learn and make informed decisions.

Furthermore, the success stories of young investors and traders shared through social media and other channels have inspired and motivated the youth to explore trading and investment opportunities. Witnessing their peers achieve financial independence and generate wealth through disciplined investing has further fueled the interest and awareness among the youth.

It's important to note that while trading and investment offer potential opportunities for growth, they also come with risks. Proper education, research, and understanding of market dynamics are crucial to make informed decisions and mitigate risks associated with trading and investment.

AVAILABLE INVESTMENT OPTIONS

MUTUAL FUNDS

A mutual fund serves as a means to pool money from investors and invest it in diverse industries and securities based on agreed-upon investment objectives between the fund and shareholders. Essentially, it allows small investors to access professional wealth management services offered by an asset management company through their investment in the mutual fund.

The primary purpose of mutual funds is to help investors generate income or grow their assets by capitalizing on opportunities available in various securities and markets. Mutual funds can tailor a scheme to suit any investment goal, and through this structure, they can accumulate a substantial pool of funds from a diverse range of investors.

EQUITY MARKET

Equity funds are a type of mutual fund that primarily invests in stocks or equities of companies. These funds pool money from multiple investors and use it to purchase shares of various publicly traded companies. The objective of equity funds is to achieve capital appreciation by investing in companies that have the potential for growth and profitability.

Equity funds are considered higher-risk investments compared to other types of mutual funds because the value of stocks can fluctuate significantly in response to market conditions and economic factors. However, they also offer the potential for higher returns over the long term, making them attractive to investors seeking growth and willing to tolerate some level of market volatility.

There are different types of equity funds, such as large-cap funds (investing in large, well-established companies), mid-cap funds (investing in medium-sized companies), small-cap funds (investing in smaller, emerging companies), sector-specific funds (focused on specific industries), and diversified funds (investing in a mix of companies across various sectors). Investors can choose equity funds that align with their risk tolerance and investment goals.

BANK DEPOSITS

Banks offer two main types of deposit accounts: demand deposits (current/savings accounts) and term deposits (fixed/recurring deposits). When you open a deposit account, you become an account holder. Savings accounts are for daily money needs, and the bank may require a minimum balance of Rs 1000, offering 4% interest per year. You can use an ATM card with a savings account, but withdrawals may have limitations. Savings account rates can change based on RBI policy revisions. Term deposit accounts hold cash for a fixed period, paying interest. However, you can't withdraw the money before the term ends.

POST OFFICE DEPOSITS

The Post Office offers various deposit schemes, also known as small savings plans. These schemes have a unique feature of sovereign assurance, backed by the state. Some of these post office schemes also provide tax benefits under Section 80C of the Income Tax Act. The interest rate of these schemes is determined by government authorities on a quarterly basis. Examples of Post Office schemes include Senior Citizen Saving Scheme, Public Provident Fund (PPF), Period Deposit, and Recurring Deposit.

REAL ESTATE

Real estate investment is a popular and long-standing practice in India, and it is expected to continue in future. Real estate is considered one of the largest and most common investments in the country, typically held for at least 10 years. Investors can also earn rental income from the property they own. Additionally, due to infrastructure development, real estate can appreciate significantly over time, leading to potential gains in property value when sold.

GOLD

Gold is highly valued as an investment in India because it serves multiple purposes. People can invest in gold in its physical form as jewelry or in other ways like Paper Gold through Exchange Traded Funds (ETFs), Sovereign Gold Funds, and Gold Saving Schemes. Nowadays, gold is also accessible digitally through platforms like PAYTM and GOLDRUSH maintained by Stock Holding Corporation of India.

LITERATURE REVIEW

This literature review aims to explore existing studies related to the awareness towards trading and investment among the youth.

Trading and Investment Awareness Among Youth: 1.1. Kumar, R., & Sharma, S. (2018). This study explores the awareness and involvement of Indian urban youth in trading and investment activities. It examines the factors influencing their engagement in financial markets and

emphasizes the importance of financial education for young individuals.

Shah, P., & Shah, K. (2019). This research investigates the awareness and perception of youth regarding investment and trading in Ahmedabad City, Gujarat. It analyzes the factors influencing their investment decisions and proposes strategies to improve their financial literacy.

Financial Literacy and Education: 2.1. Fernandes, N., & Gai, S. (2018). This article examines how financial literacy impacts stock market participation. It emphasizes the significance of financial education in enhancing awareness and involvement in trading and investment, particularly among the youth.

Lusardi, A., & Mitchell, O. S. (2014). This study offers a thorough overview of the economic implications of financial literacy. It underscores the importance of financial education programs in enhancing individuals' knowledge and decision-making skills concerning trading and investment.

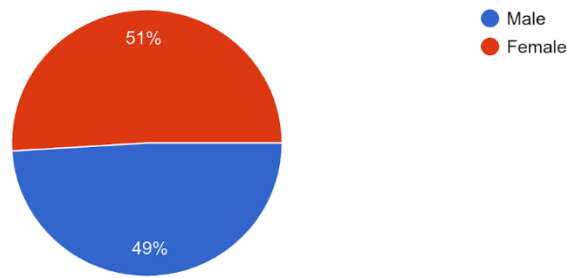
Factors Influencing Youth Trading and Investment Awareness: 3.1. Garg, N., & Kaushik, P. (2017). This review paper analyzes several factors influencing investment decision-making. It lays particular stress on risk perception, financial literacy, peer influence, and demographic variables. The findings help in understanding how these factors impact youth awareness and participation in trading and investment.

Chen, H., & Volpe, R. P. (1998). This study examines the financial literacy level of college students and its influence on their investment decisions. The findings emphasize the significance of educational initiatives aimed at youth to improve their awareness and knowledge about trading and investment.

DATA ANALYSIS AND INTERPRETATION

Graph 1: Respondents' gender

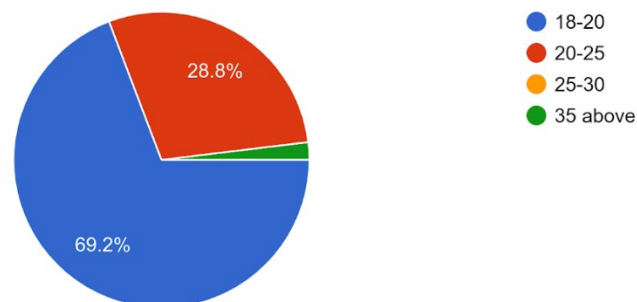
Gender
104 responses



The study shows that 51 percent of the respondents are Female and 49 percent are male.

Graph 2: Age of the Respondents

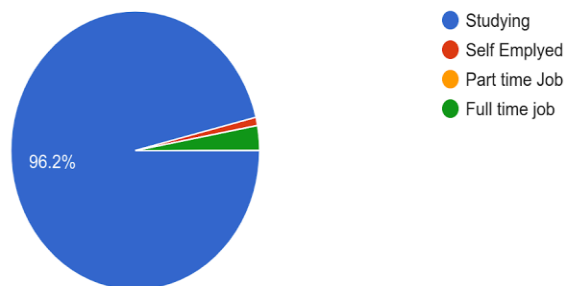
Age
104 responses



The study involved 69.2 percent of the respondents between the ages of 18 to 20, 28.8 percent above 20 and 25 and 1.9 percent of the respondents are of the age 35 above and 0.1 percent of the respondents are in the age group of 25- 30.

Graph 3: Profession

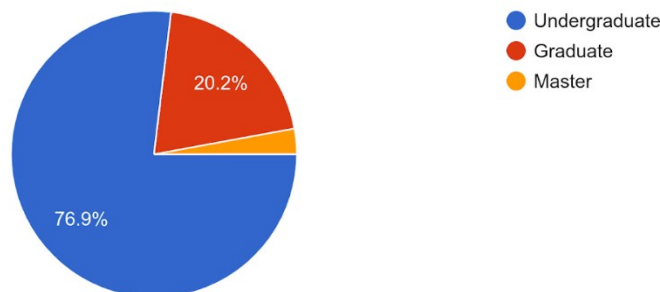
Profession
104 responses



Among the respondents of the study, 96.2 percent of the respondents are students, 2.8 percent of the respondents are in a full time job, and 1.0 percent of the respondents are self employed.

Graph 4 : Education level

Education
104 responses

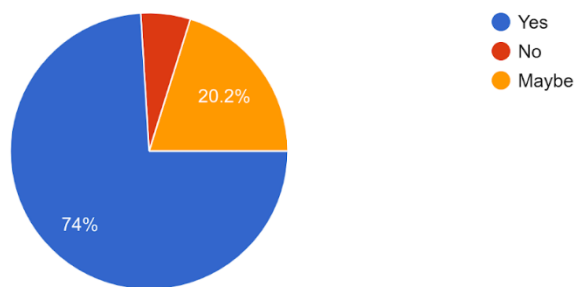


With regard to educational levels of the respondents, 76.9 percent of the respondents are undergraduate, 20.2 percent of the respondents are graduate and 2.9 percent of the respondents are masters.

Graph 5: Awareness on Trading and investment

Are you aware about Trading and Investment Concept

104 responses

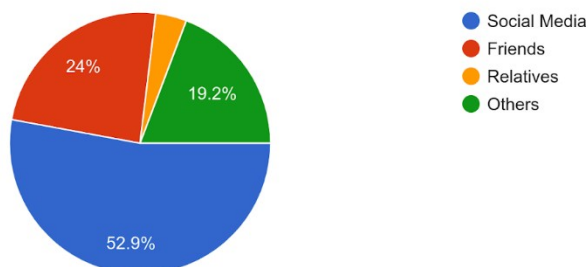


With regards to Awareness on Trading and Investment, 74 percent of the respondents are aware of investment and trading, 20.2 percent respondents are not aware of investment and trading, and 5.8 percent of the respondents opined that they may have awareness of investment and trading

Graph 6: Sources from where they came to know about trading and investment

If Yes which source you came to know about various trading and investment options

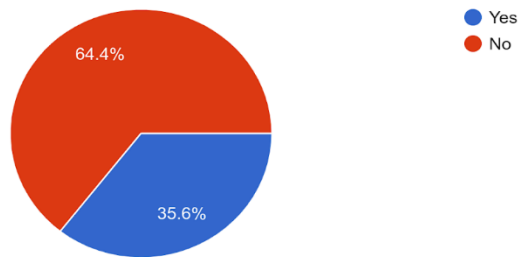
104 responses



Among the respondents involved in the study, 52.9 percent of the respondents opined that they came to know about the various investment options from social media, 24 percent of the respondents from their friends, 19.2 percent from relatives, and 3.9 percent of the respondents from other sources.

Graph 7: Participation in trading and investment activities

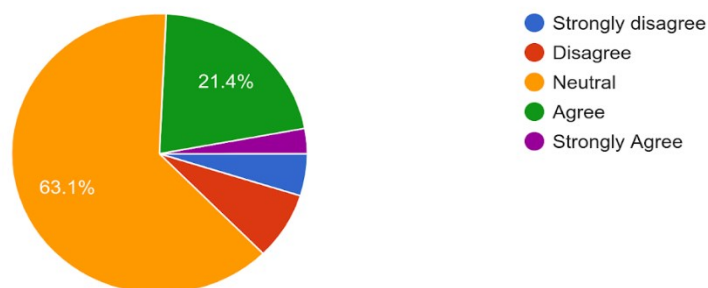
Have you ever participated in trading and investment activities
104 responses



With regards to Participation in trading and investment activities, 64.4 percent of the respondents said that they participated in trading and investment activities and 35.6 percent respondents said that they have not yet participated in trading and investment activities.

Graph 8: If the respondents think Investment and trading is highly risky

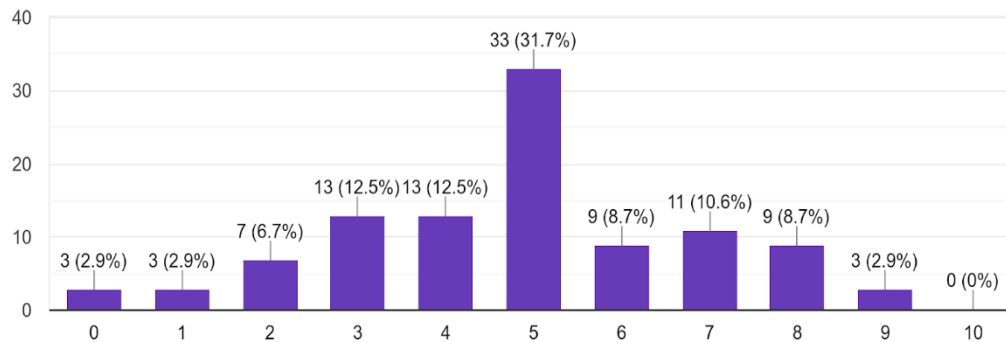
Do you think investment on trading is highly risky ?
103 responses



Among the respondents, 63.1 percent are neutral about investment and trading risk and 21.4 percent respondents agree that investment and trading is a highly risky affair, 7.8 percent of the respondents disagree, 4.9 percent of the respondents strongly disagree, and 2.8 percent of the respondents strongly agree that investment and trading is risky.

Graph 9 : Respondents' confidence about the knowledge of trading and investment

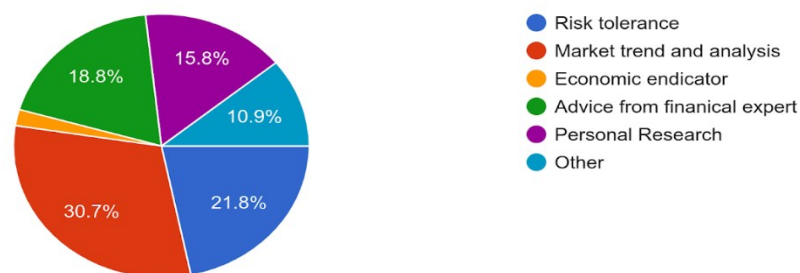
On a scale of 1 to 10 , how confident do you feel about your knowledge of trading and investment.
104 responses



As per the study out of 104 respondents 33 are rated 0-5 scale point about the knowledge of trading and investment, 13 respondents rated 0-4 scale point, 13 respondents rated 3 scale point, 11 respondents are rated 0-7 scale point, 9 respondents are rated 0-6 scale point, 9 respondents are rated 0-8 scale point, 7 respondents are rated 0-2 scale point, 3 respondents are rated 0-9, 0-1 and 0 level of confidence about the knowledge of trading and investment.

Graph 10: Factors affecting trading and investment decisions.

What factors do you consider when making trading or investment decision
101 responses

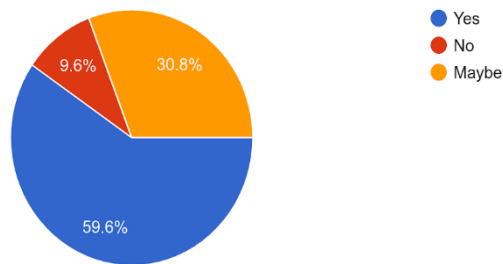


30.7 percent of the respondents involved in the study considered market trends and analysis factors while investing, 21.8 percent considered risk tolerance, 18.8 percent considered advice from financial experts, 15.8 percent considered personal research, 2 percent considered

economic indicators and 10.9 percent of the respondents considered other factors.

Graph 11: If the respondents are interested in receiving more education with regard to trading and investment.

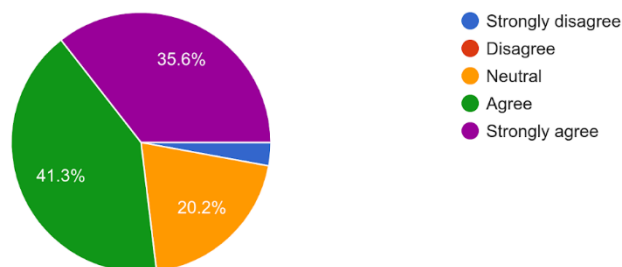
Are you interested in receiving more education with regard to trading and investment
104 responses



50.6 percent of the respondents are interested in receiving education with regard to trading and investment, 30.8 percent are not interested in receiving more education, and 9.6 percent of the respondents may be interested.

Graph 12: If the respondents think trading and Investment will help them in the future

Do you think Is trading and investment will help you in future
104 responses



41.3 percent of the respondents agreed that trading and investment helps in the future, 35.6 percent strongly agreed, 20.2 percent of the respondents were neutral and 2.9 percent of the respondents totally disagree that trading and investment will help in future.

RESULT AND DISCUSSION

Demographic: The study found that the majority of the respondents, as shown by 51 percent, are female whereas 49 percent were male and 69.5 percent of the respondents' age was between 18-20 years.

Awareness and Investment Activities : The study found that a large number of respondents have limited awareness of investment and trading activities. 74 percent of the respondents said they learnt about investment through social media. Out of these respondents, 34.5 percent have actively participated in trading and investment activities. Majority of the respondents who showed interest in trading and investment said they have invested in stocks and their opinion about the risk in trading is neutral. They also said they had only 50 percent of the knowledge about investment and trading. Most of the respondents concurred that educating themselves through various ways helps them gain better knowledge about investment activities and diversifying the portfolio will help in reducing the risk. Also, inclusion of investment and trading in school curricula would help in educating the youth. This will help young people to consider investment as essential when they start earning.

Factors Influencing Trading : Most of the respondents opined that the factors they consider for investment and trading was market trends and analysis. According to the respondents, the risk involved in trading is high but in the future investment and trading will help in economic development of the country. In order to understand the risk factors before investment, proper research on investment and trading is essential.

CONCLUSION

Today's financial market provides attractive investment opportunities with various options, making it appealing for investors seeking returns and managing risks. This study focuses on understanding the factors that influence investment awareness among the young budding investors. The investment habit among young people in Mangalore is gaining momentum due to a combination of factors such as changing economic conditions, technological

advancements, peer influence, and financial literacy initiatives. By actively participating in investment activities, young individuals in Mangalore are taking control of their financial future and aiming to achieve their long-term financial goals. With the right knowledge, resources, and a disciplined approach, the youth in Mangalore have the potential to build wealth and secure a prosperous future for themselves. In brief, creating a well-suited investment portfolio can empower prospective investors to attain their financial objectives within a specified timeframe. The importance of these financial tools becomes evident when they help channel household savings, contributing to a nation's economic growth.

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