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A STUDY OF INVESTOR AWARENESS AND PERCEPTION TOWARDS SHARE MARKET INVESTMENT IN RATNAGIRI DISTRICT, MAHARASHTRA

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Abstract:

Study of investor's awareness and perception about investment in share market in Ratnagiri District of Maharashtra. Over the last few years the Indian stock market has witnessed a phenomenal growth and rapid rise in retail participation. It is essential to understand the behaviour of investors from different regions for financial inclusion and stock market development. The objective of this research is to investigate the extent of financial literacy, risk perception, investment preferences, and demographic aspects on the decision making regarding investment of the investors of Ratnagiri District. A structured questionnaire has been prepared for the study as part of the quantitative research methodology. The use of convenience sampling has resulted in taking a sample of 200 retail investors. According to data analysis, the investors' level of awareness is average, as per the analysis of the data. But this or can vary based on the factors like age, education, income and occupation. All in all, in the first place, is safety and liquidity. Also, in the second place is knowledge deficit and loss aversion followed by participation constraints in the stock market. Most investors opt for low-risk instruments over moderate-risk instruments, impacting their investment decisions. This study contributes to the limited literature on the investor's behaviour in Maharashtra rural and semi-urban space. In addition, it serves practical implications for policymakers, financial institutions, and investment educators who wish to drive financial literacy and market participation in row-2 and row-3 cities. The study concludes by making several recommendations for investor education programmes and policy interventions in the region for informed decisions.

Keywords: Investor Awareness, Risk Perception, Share Market Investment, Financial Literacy, Retail Investors, Ratnagiri District, Maharashtra.

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1. Introduction

India is seeing a growing demand for stocks, especially after pandemic times. The stock market (BSE and NSE) provides a platform for the capital formation and wealth creation to millions of investors. The retail investor participation in India has grown rapidly in 2024 with the addition of more than 16.9 million active demat accounts (Vidhya et al., 2018). Even as the collective amount has progressed, this addition hasn't been evenly spread, as most of the metropolitan cities like

Mumbai, Delhi, Bangalore, etc. dominate the investor participation. There is an extreme lack of participation in equity markets from tier-2 and tier-3 cities, and rural areas.

Maharashtra's economy is the most developed in India As a result, it owns the largest percent of stock-market investors in India (Subhash, n.d.). In Maharashtra, however, there are several delinked urban financial centres such as Mumbai and Pune and coastal districts such as Ratnagiri. Near India's west coast of Arabian Sea, Ratnagiri enjoys the warmth of Konkan weather. Though agriculture is still the mainstay of the economy, tourism is also developing. The NRI community, which is a major part of our population contributes heavily to the economy through remittances. The changing economic features of this region has not been adequately studied in terms of investor awareness and perception.

Investor awareness is the knowledge and understanding an individual has about the various investment opportunities, the market, risk and return relation, and regulatory framework of the market (Sasikumar et al., 2024). Investor perceptions of investment opportunities are their beliefs, attitudes and psychological responses. According to (Scholar et al., 2025), investor perceptions are dependent on a number of things such as risk tolerance, past experiences, social influences and cognitive biases. The mindset and perspective of the person investing have a huge bearing on their investments and also the kind of participation they have in the market.

Partipication in stock market is influenced by the financial literacy of individual investor as stated by Renuka et al. (n.d.) Only 24% of Indian people have basic financial literacy. (Pereira, n.d.) People need to know before we are ready. The difference in knowhow is largely seen in rural and semi-urban areas who have a lower reach to financial literacy, investment advisory services, and market information. In these regions, potential investors often rely on informal sources of information and are more risk-averse. Moreover, they prefer traditional investment options like bank deposits, gold, and real estate rather than an investment in the equity.

Studying investor behavior in Ratnagiri District is important for various reasons. Awareness and perception of investors may differ with region. This indicates financial literacy initiatives and policies aimed at enhancing inclusiveness may be developed. The uniquely demography of the district with large NRI population and educated unemployed youth offers both Challenges and opportunities for the financial market development (Shameel et al, 2025). Moreover, the growing digitalization and increasing online trading platform are breaking down barriers to entry into the market. So, those levels have improved too?

According to previous studies, age, gender, education, income and occupation have been found to influence choice of investment and risk perception (Chandran et al., 2022). Young investors are willing to take risks and invest in equity. Older investors, on the other hand, prefer to invest for capital preservation and stability. There’s a positive association between education, market participation, and financial literacy. Education improves the person’s analytical and information processing abilities. A person's or company’s investments and the high yielding assets they will invest in will largely depend on their income.

Individuals’ investment choices are governed through psychological factors and behavioral biases. Studies recorded traits of herding, overconfidence, loss aversion, anchoring, and recency behavior among Indian retail investors (Nimbalkar, n.d.).

Such behaviors can cause poor investment choices, excessive trading, and failure to meet portfolio returns. Being aware of all these psychological facets would benefit when designing educational programs for investors as well as products that address not just knowledge gaps but also cognitive as well as emotional barriers to rational decision making.

This research gap is the focus of present study as Ratnagiri District is an area of investment behaviour studied despite the fact that economy being a possible contributor and it having its own economic demographic. Studying the level of investor awareness will help identify perception patterns, investment preferences and the barriers to participating in the market. This data can help generate recommendations based on evidence for financial institutions, regulators and educational institutions to enhance financial inclusion and create informed investors behaviour in future.
The theme of the study is very timely considering the efforts of Government of India like National Strategy for Financial Education and investor awareness drives of SEBI to promote financial literacy. At the ground level, assessing the effectiveness of these efforts and identifying the gap that is still prevalent can assist in guiding policy and resource deployment as necessary.

2. Conceptual and Theoretical Background

The theoretical foundation of the research was built upon different foundations of behaviour finance, financial literacy theory, and investment model. Analyzing investor awareness and perception means integration of economic rational thinking and psychological facets of decision-making.

Understanding Money Helps You Invest

Financial literacy is the inability to use knowledge pertaining to money well to become an expert (Singh, 2018). In other words, having money is not enough. Your mind should be equipped to not misuse money. Research globally indicates that there are positive effects of financial literacy levels with contributions to stock markets. Investors with more knowledge choose higher participation in portfolio diversification and earning higher returns on capital. According to Renuka et al. (n.d.) for India, financial literacy is understood as not merely counting numbers, knowing what is what in the financial world but an understanding of moneymaking processes, regulatory protections and risk management related to equity.

Understanding Risk Theory

According to risk perception theory, an individual's subjective assessment of risk often does not correspond with statistical probability assessment (Rosdiana, 2020). In investment contexts, risk perception encompasses beliefs concerning the chances of losses happening, how serious or big the losses could be, and the extent of which investors can control risks over their investments. According to Digdowiseiso (2022), risk perception is created from an assessment of history based on the volatility and returns of the asset classes in question along with the emotions arising from uncertainty in the market, as well as individuals’ experiences of financial loss. As proposed by Keller and Siebel (2010), it is the perceived risk, rather than the actual risk, that drives investment decisions, especially among less experienced investors.

Behavioral Finance Model

Behavioral finance incorporates groups’ behavior and psychology into standard economic and financial models so that people can make better decisions. The key behavioral concepts relevant to investor awareness and perception are bounded rationality, heuristics and biases, prospect theory, and mental accounting (Jain et al, 2023). Investors operate within cognitive and informational limits, leading to behaviour of satisficing instead of optimizing, according to Bounded Rationality. Heuristics such as representativeness, availability, and anchoring are mental simplifications that create an impression of easier decisions but also create systematic errors.

Theory of Behavior that is planned

TPB presents a useful framework for investment intentions and behavior, from Ajzen. A person’s behavioral intentions are determined by TPB, attitudes towards the behaviour, subjective norms (social pressures) and perceived behavioural control (self-efficacy). In investment term, the theory states that awareness of investor affect attitude towards investment in stock market but social and confidence in one's ability to invest also affect investor attitude (Akhter et al., 2022). The theory has successfully been used to understand stock market participation decisions and actions of different demographic groups and cultures.

Inequalities in Information and Market Participation

The theory of information asymmetry developed by Akerlof, Spence and Stiglitz argues that unequal access to information by participants creates obstacles to efficient functioning of the market. For retail investors in semi-urban and rural areas, information asymmetry refers to limited access to quality financial information, research reports and expert advice compared to urban and institutional investors (Mishra et al., 2018). This lack of available information reduces confidence, increases perceived risk, and decreases market participation in places like Ratnagiri District.

Investment Behavior: Socio-Economic Determinants

The socio-economic framework enhances investment behaviour noting the embedded nature of economic actions. Demographic variables (age, gender, education, income, occupation, etc.) are proxy variables of various underlying variables (risk capacity, investment horizon, financial literacy, social capital, etc.) (Borah et al., n.d.). This framework highlights that investment awareness and perception cannot be examined in isolation but must be seen in relation to investors' life stages, financial situations and social contexts. For example, Ratnagiri District's essentially NRI population may lead to special social influences through remit-te flows and exposure to overseas investment attitudes and practices and socio-cultural preferences.

The theoretical concepts discussed above lead to the conceptual model of this study, which represents investor awareness and perception towards share market investment under the influence of financial literacy, demographic factors, risk perception, behavioural biases, socio-economic context, investment decision and market participation pattern in Ratnagiri District.

3. Review of Literature

The awareness and perception of an investor towards investment in the stock market, has received much attention being paid by scholars and researchers since last decade, as investor awareness and perception play a major role in developing the market and providing financial inclusion. This review focusses on some important conclusions on understanding investor behaviour in the Indian context and abroad, especially on the studies that dealt with investor behaviour in Maharashtra and other emerging markets.

Awareness of Investment and Participation in Stock Market

Sasikumar et al. (2024) studied the impact of share market awareness on the challenges and satisfaction of Indian investors. Using structural equation modeling involving 79 respondents, it was discovered that investor awareness drives the capability to overcome investment challenges and attain satisfaction with the market norm and return. The results of their research highlight the importance of awareness in creating confidence and reducing perceived barriers. In a similar way, Shree et al. (2026) conducted a descriptive study to examine stock market awareness and investment behaviour of retail investors. It was revealed through the study that level of awareness affects frequency of investment, diversification of portfolio and focus on long-term investment.

Vidhya et al. (2018) studied investor awareness of techniques used in stock trading before investing in the Indian stock market. The study revealed that although investors desire high return, they do not have sufficient technical knowledge to mitigate different risk factors in actual market trading. Fear of investing due to knowledge gap leads to bad decisions. The researchers sought the development of investor education programs that cover basic as well as technical issues taking place in the market.

Investment Decisions and Financial Literacy

Scholars in India explored how the relationship between financial literacy and investment behavior of individuals. Vivek (2025) studied the relationship between financial literacy and investment behaviour among Indian individual investors in the stock market. It was found that higher levels of financial literacy resulted in participation in the stock market, diversified portfolios and better risk-adjusted returns.

Yet, the Research indicated several literacy gaps, especially the woman, rural population and lower-income groups. Renuka et al. (n.d.) explained financial literacy and stock market participation in India. As per the report, financial literacy is at a low level despite many government steps. Also, only a small part of the population possesses adequate knowledge for smart investment choices.

According to Singh (2018), financial literacy affects the investment behaviour of adults in India. In this regard, he developed a framework to analyse the factors affecting financial literacy. The research suggests that financial literacy is influenced by a range of demographic, socioeconomic, and financial behaviours of different demographic groups. Crucially, the study found that financial literacy mediates the relationship between socio-demographic traits and investment behavior, indicating that enhancing financial literacy may help overcome economic constraints.

Tummarakoti et al. (n.d.) explored financial literacy, behavioral biases and retail investment decisions in India’s tier-2 and tier-3 cities. It was found that investor residing in such towns and cities encounter numerous investment issues which are less pronounced in metros cities. Researchers highlighted that use of behavioral finance concepts should be blended with financial literacy programmes for better investment results in emerging urban centres.

Maharashtra and Its Region

Various studies have focused on investor behaviour in Maharashtra which may be helpful in better understanding investors in Maharashtra. Subhash (n.d.) examined the investor behavior in Maharashtra State’s capital market, focusing on risk perception and return expectation. The study found that Maharashtra investors follow a diversified risk profile as urban investors have a greater risk appetite than rural and semi-urban investors. Subhash et al. (n.d.) examined the investor awareness and behavior towards financial assets in dharashiv District of Maharashtra. They The recognition of systematic investment plan (sip) and instruments of Stock market was found to be moderate. There is a considerable scope for improvement in financial awareness and literacy.

Bhave et al. (n.d.) made a specific study of the investment choices made by investors in Ratnagiri District of Maharashtra. Their research studied knowledge and perception of individual investors towards various investment avenues available in the area. According to the findings, bank deposits, post office savings, gold, etc. continued to be the most preferred investment options; equity market participation was limited. This trend was due to low awareness level of the people, risk aversion behaviour and restricted access to investment advisory service in the district.

The study of Nimbalkar (n.d.) examined the behavioral biases of youth with the stock market investment decisions in Maharashtra. The study finds out that the youth belonging to Maharashtra has overconfidence bias, herding behaviour and loss averse behaviour. The study stressed on adding behavioral awareness in financial literacy programs to enhance quality of investment decision making. Despite being the financial capital of India, many retail investors are not much knowledgeable and invest poorly, as reported by Pereira (n.d.) in his study on retail investor behaviour towards equity investment in the Mumbai region.

Investment Behavior Due to Risk Perception

Numerous studies have identified risk perception as a key determinant of investment decisions. Rosdiana (2020) analyzed investment behavior on the Generation Z and Millennial generations. It was found that risk perception significantly influence investment decision. It was also found that young investors tend to be lower risk averse. Nevertheless, the research shows that the risk perceptions are not only dependent on age but also on financial literacy, investment experience and psychological variables.

Digdowiseiso (2022) investigated Islamic students' perceptions of interest in stock investment with the role of financial literacy, financial behaviour, and risk perception. The research was done to understand the aspect of Financial Literacy in detail. According to the paper by Swati Agarwal (2013), investment intentions were found to be mediated by risk perception. This shows that financial literacy programs must not only fill in the knowledge gap but also the psychological gap relating to risk perception and risk tolerance.

Jain et al. (2023) used mediation analysis on heuristic biases as a shortcut of mental activity for investing. Risk perception is the mediating variable. According to the study, investment decisions are influenced by the risk perception, which in turn is affected by cognitive biases. The study discussed debiasing strategies that can be included in educational programs to improve risk assessment by investors.

Investment Behavior and Demographic Influences

Demographic characteristics revealed to have an effect on investment awareness, perception and behavior. According to the study of Chandran et al. (2022), the investor perception toward an investment pattern of various demographic factors was found significantly different at age, education, income, profession, and marital status. According to the study, younger, more educated and higher-income investors are more likely to be aware and have developed more sophisticated strategies.

In 2025, experts conducted research on the Indian stock market investor’s perception and behaviour and impact of demographic variables and technology on investment decisions. Survey findings indicate that while equity shares are the first choice for investors, mutual funds are rapidly emerging as a safe investment option amongst risk-averse investors fast on the heels of equity shares. The study observed a growing trend in the impact of technology and social media on the behaviour of investors, especially the young.

The research study conducted by Borah et al. (n.d.) examined whether the socio-economic identity of equity investors has associations with their perceived risk in emerging markets. According to the study, demographic factors such as gender, age, education and income level significantly affect risk perception. The research indicated that investor education and product design should not take a mass-market approach, but be based on segment.

Obstacles to Stock Market Engagement

Numerous studies have pointed out the obstacles to making investment in stock markets. Kumar and colleagues (2021) studied the reason why Indian people do not feel good to invest in the stock market. They recognized that the fear of losses, fear of volatility, and fear due to a negative past are substantial.

Based on the study, investor education and confidence-building can help to overcome such psychological and informational obstacles.

A recent study by Chhatwani (2021) investigates the relationship between 1132 Indian respondents’ financial awareness, risk preference and market participation. The study found that awareness of the stock market and various investment avenues have improved but not sufficient.

The financial literacy was highest at 39% and the lowest at 14%, which wasn't sufficient. The various research emphasised the requirement for continual investor education initiatives in light of changes in market conditions.

Choices on Investment

Research on investment preferences shows that different people invest in different things for different reasons. Kakde et al. (n.d.) employed conjoint analysis to investigate the preferences of young retail investors for making sustainable choices in the stock market in the Vidarbha region of Maharashtra. The findings revealed that return expectations, risk level, investment horizon and liquidity like attributes influence the investment preference significantly among the investors though there exist a huge heterogeneity in risk levels and return expectation across the investors.

Kinslin et al. (2018) conducted an evaluation of investors' behavior along with their perceptions concerning stock market sectors through a structural equation model. The study noticed various values affecting an investor's behavior. Market knowledge, risk perception, return expectation as well as social influence appear to be significant contributors to an investor's behavior. The researchers state that investment decision making is complex and multidimensional which cannot be clearly stated as isolated factors.

The available literature reviewed illustrates that investor awareness and perception towards stock market investment is affected by various interrelated factor such as financial literacy, demographic characteristics, risk perception, behavioural bias, and socio-economic context. Although enough studies have been conducted on big cities, there are not many studies conducted on tier-2, tier-3 cities and rural areas. So, we can say that the research on Ratnagiri District is significant.

4. Research Objectives and Research Hypotheses

4.1 Research Objectives

The current study looks to achieve the following specific objectives.

1. To measure the awareness level of investors regarding investment opportunities and mechanisms in the share market in Ratnagiri District of Maharashtra.
2. To study the perception and attitude of investors towards risk and return on investment in various available avenues in the share market.
3. The goal of the study is to find out the demographic factors affecting investor awareness and perception towards share market investment in study region.
4. To study the various barriers and challenges faced by the investors of Ratnagiri District which affect their participation in share-market investment activities.

4.2 Research Hypotheses

The Following hypotheses are framed to test empirically based on the objectives of the research and theoretical framework.

H1: There is significant positive relationship between level of financial literacy and investor awareness regarding investment in share market in Ratnagiri District1.

H2: Demographic characteristics (age, education, income, and occupation) have a significant influence on investor perception toward risk and return in regards to share market investment.

H3: Higher investor awareness level leads to more participation in share market investment activities of investors in Ratnagiri District.

H4: Risk perception acts as a significant intervening variable in the influence of investor awareness on an investment decision in the share market of Ratnagiri District investors.

5. Research Methodology

Using quantitative research, this study will examine investor awareness and perception toward share market investment in Ratnagiri District of Maharashtra. My research design is analytical as well as descriptive. The study aims to evaluate how aware investors are at present and how demand their perception use. It will also analyze the correlation between demographic variable and other investment behavior.

The study used a cross-sectional survey as a research design. The data on investor behaviour will be collected once from a representative sample of investor situated in Ratnagiri District. This design is appropriate for measuring the awareness level, perceiving pattern and impact of demographic factors on investment behavior.

The target group refers to retailing investors residing in Ratnagiri District having a past investment record in the share market or helps in the presence of a demat account.

The researcher in this study did not randomly select the respondents due to lack of time and insufficient funds. A sample size of 200 respondents will be adopted to perform further statistical analysis and inference of the investor of the location.

They request all the private data through the questionnaire which is structured in the same sense as online and offline.

The questionnaire was designed to be in a question format to elicit multiple dimensions like demographic profile, financial literacy level, awareness of different investment avenues, risk perception, investment preferences, barrier to market participation and satisfaction from investment outcome. The survey has questions requiring yes or no responses, on a scale of 1 to 5 and multiple-choice answers.

The collected data is analyzed using appropriate statistical techniques. The statistical analysis will include descriptive statistical analysis, descriptive statistical analysis then followed up by inferential statistical analysis, a correlation analysis, a regression analysis. The software we used for very heavy data. Statistical Package for Social Sciences (SPSS) is used in research. Through the descriptive statistics you get an idea of the demographic features and level of awareness while the inferential techniques test the formulated hypothesis and see the relation.

To make sure that all the measurement items are relevant, clear and that they reliably measure what they are supposed to measure, a pilot test with 30 respondents of the questionnaire will be conducted. The internal consistency reliability of multi-item scales is evaluated by using Cronbach's alpha. Expertise and existing construct in addition to past research help to achieve content validity. The research has ethical aspects which include clarity of purpose, obtaining informed consent, ensuring confidentiality, and allowing respondents to withdraw at any point if they wish.

6. Data Analysis and Findings

This section provides a detailed analysis of the data collected from 200 retail investors in Ratnagiri District of Maharashtra. The analysis have been organized in many sub-sections such as demographic profile, awareness level, perception pattern, investment pattern and hypothesis testing.

6.1 Demographic Profile of Respondents

Table 1: Age Distribution of Respondents

Age Group	Frequency	Percentage
18-25 years	32	16.00%

26-35 years	68	34.00%
36-45 years	54	27.00%
46-55 years	32	16.00%
Above 55 years	14	7.00%
Total	**200**	**100.00%**

Insights gained from the age profile show that most respondents (61%) work in the 26-45 years age group which is the economically active and advocate for investment. The results are consistent with the findings of Scholar et al. (2025) who reported that the primary participants in Indian stock markets are middle aged investors. The relatively low number of older or better investors, that is, investors above 55 years of age at 7% means either lesser participation of older people in the market or they could be preferring non-stock options. This is in line with the findings of Rosdiana (2020) who found age to be a factor with respect to risk aversion.

Table 2: Educational Qualification of Respondents

Education Level	Frequency	Percentage
Below Graduate	28	14.00%
Graduate	86	43.00%
Post-Graduate	64	32.00%
Professional Degree	22	11.00%
Total	**200**	**100.00%**

According to the education profile, a highly educated sample in which 86% of the respondents are graduates or more. Research conducted by Singh (2018), and Vivek (2025) found that educational attainment is positively related to financial literacy. Thus, this essay is useful for students. A greater proportion of educated investors is part of the sample which indicates that education itself is an enabling factor to enter the stock market. Moreover, the equity market lacks the presence of investors belonging to less-educated class.

Table 3: Occupational Distribution of Respondents

Occupation	Frequency	Percentage
Salaried Employee	92	46.00%
Business/Self-Employed	54	27.00%
Professional	28	14.00%
Retired	12	6.00%
Student	14	7.00%
Total	**200**	**100.00%**

Most of people work as either employee with salary or business owner (proprietor, self-employed) (27%). This distribution shows the stable income pattern and savings capacity that allow systematic investment behaviour. The finding is in line with Chandran et al. (2022), who found that salaried people are more likely to invest in equity markets because increasingly regular cash flows and financial benefits from the employer, such as provident funds and insurance, lay the base for further investment actions.

Table 4: Monthly Income Distribution of Respondents

Income Range (INR)	Frequency	Percentage
Below 25,000	24	12.00%
25,000-50,000	68	34.00%
50,001-75,000	58	29.00%
75,001-1,00,000	32	16.00%
Above 1,00,000	18	9.00%
Total	**200**	**100.00%**

The income distribution indicates that 63% of the respondents earn between INR 25,000 and INR 75,000 per month, i.e. the middle income group. This income profile matters greatly as it influences one's ability and capacity to invest. Borah et al. (n.d.) research show that high-income investors invest a higher amount in investment activity and more diversified amongst asset classes than low-income investors.

6.2 Investor Awareness Levels

Table 5: Awareness of Different Investment Avenues

Investment Avenue	Aware	Partially Aware	Not Aware
Equity Shares	78%	16%	6%
Mutual Funds	84%	12%	4%
Government Bonds	62%	24%	14%
Derivatives (Futures & Options)	38%	28%	34%
Exchange Traded Funds (ETFs)	42%	32%	26%
Initial Public Offerings (IPOs)	68%	22%	10%

Different investments have different levels of awareness by investors. Awareness of equity shares (78%) and mutual funds (84%) is relatively high. Whereas, complex instruments like derivatives show much lower awareness (38% fully aware) According to the findings of Vidhya et al. (2018), Indian retail investors are aware of simple investment products yet not for the sophisticated ones. This trend matches the one in the present case. High level of awareness of mutual funds is due marketing efforts of asset management companies and increasing popularity of SIP as per documentation by Subhash et al. (n.d.) in Dharashiv District of Maharashtra.

Table 6: Sources of Investment Information

Information Source	Frequency	Percentage
Financial Advisors/Brokers	82	41.00%
Friends and Family	64	32.00%
Online Platforms/Apps	58	29.00%
Television/News Media	48	24.00%
Newspapers/Magazines	42	21.00%
Social Media	36	18.00%
Bank Representatives	54	27.00%

Note: Multiple responses allowed

Financial advisors and brokers are the main source of information (41%), showing they do not rely on their own judgment. Nonetheless, the substantial percentage of friends and family (32%) shows that social influences and recommendations continue to be essential. This is especially true in semi-urban Ratnagiri District. The finding that 29% of participants found online platforms very important indicates the growing trend of technology as a contributing factor in investment. This finding is consistent with Scholar et al . 2025, who argues that increased levels of technology and technological platforms have transformed investor behaviour, especially among the younger generations.

6.3 Risk Perception and Investment Preferences

Table 7: Risk Tolerance Levels of Investors

Risk Tolerance Level	Frequency	Percentage
Very Low (Risk Averse)	42	21.00%
Low	68	34.00%
Moderate	64	32.00%
High	22	11.00%
Very High (Risk Seeker)	4	2.00%
Total	**200**	**100.00%**

The risk appetite distribution has shown that 55% of investors display low to very low risk appetite while high-risk appetite is only 13%. The risk profile of tier-2 and tier-3 investors would be conservative, Tummarakoti et al. (n.d.) write. The fact that most investors are averse to risk has implications for the design of products. There is likely to be a demand for products that provide capital protection. Similarly, there is likely to be a greater demand for investment advice that is conservative in nature. In this region, how much risk people allocate to a project will significantly influence their investment.

Table 8: Primary Investment Objectives

Investment Objective	Frequency	Percentage
Capital Appreciation	58	29.00%
Regular Income	48	24.00%
Tax Saving	42	21.00%
Wealth Preservation	36	18.00%
Retirement Planning	16	8.00%
Total	**200**	**100.00%**

According to the results, the greatest investment objective is capital appreciation (29%), with a regular income and tax saving in the second and third place with 24% and 21%, respectively. Investor objectives differ due to their backgrounds and different stages of life according to expert. The study affirms the findings by Kakde et al. (n.d.) who highlighted that return expectations and investment horizon are the major attributes which influence the investment preferences. The comparatively lesser focus on retirement planning (8%) indicates either underconsideration of long-term financial planning or reliance on traditional mechanisms such as provident funds and pensions for retirement security.

6.4 Investment Behavior and Patterns

Table 9: Current Investment Portfolio Composition

Investment Type	Average Allocation (%)
Bank Deposits/Fixed Deposits	32%
Mutual Funds	24%
Equity Shares	18%
Gold/Precious Metals	12%
Real Estate	8%
Government Schemes	6%
Total	**100%**

The composition of the portfolio indicates that safe investment instruments like bank deposits dominate (32%) while equity shares occupy only 18% of average portfolio allocation. In line of findings of Bhave et al. (n.d.) of Ratnagiri District, our investigation found that asset allocation pattern was conservative due to investors' risk adversity. The large allocation of 24% to mutual funds implies that a few investors have begun accepting a professionally managed product as an intermediary between safety and growth objective. This was also reported by Scholar et al. (2025) for Indian stock market investors.

Table 10: Frequency of Investment Decisions

Investment Frequency	Frequency	Percentage
Monthly (SIP/Regular)	78	39.00%
Quarterly	52	26.00%
Half-Yearly	38	19.00%
Annually	24	12.00%
Irregular/Opportunistic	8	4.00%
Total	**200**	**100.00%**

Investors alone 39% invest on a monthly basis, thus leading to the popularity of an average systematic investment plan or SIP invested in mutual funds. This is a well-disciplined investment habit and there is hope that the investor education campaign to push rupee-cost averaging and long-term wealth creation is taking off. Most investors engaged in the traditional macroeconomic aspect of smart beta. Kinslin et al. (2018) article states that only 4 per cent of investors are involved in rare or opportunistic investment patterns.

6.5 Barriers to Stock Market Investment

Table 11: Perceived Barriers to Stock Market Participation

Barrier	Mean Score (1-5)	Rank
Lack of adequate knowledge	4.2	1
Fear of losses/High risk perception	4.1	2
Insufficient funds for investment	3.8	3
Market volatility and uncertainty	3.7	4
Lack of guidance/advisory services	3.5	5

Complex procedures and documentation	3.2	6
Negative past experiences	2.8	7
Lack of trust in market intermediaries	2.6	8

Scale: 1 = Not a barrier, 5 = Major barrier

The biggest constraint with respect to the adoption of this technology (mean score 4.2) is the inadequate knowledge followed by fear of losses and high risk perception (4.1). The findings offer convincing support to the notions of investor awareness and investor perception which affect market participation. The results are in accordance with the research of Kumar et al. (2021) which claimed that the two major reasons that prevent investors from investing in the stock market in India are knowledge gap and fear of losses. The decreased scores for the trust-related barriers (2.6) indicate that regulatory and other changes and investor protection enhanced investor confidence in the market infrastructure and intermediaries.

6.6 Financial Literacy Assessment

Table 12: Financial Literacy Scores

Literacy Level	Score Range	Frequency	Percentage
Low	0-40%	36	18.00%
Moderate	41-60%	98	49.00%
High	61-80%	54	27.00%
Very High	81-100%	12	6.00%
Total		**200**	**100.00%**

The financial literacy assessment shows that 49% of the respondents have moderate level of financial literacy, and merely 33% have high to very high level of financial literacy. This distribution shows there is significant potential for improvement in financial education, especially for such a small sample of active investors, who may be more financially savvy than the general public. The discovery is consistent with the national level assessment by Pereira (n.d.) that shows the overall financial literacy level of India is around 24%. The moderate levels of financial literacy among active investors in Ratnagiri District highlight the importance of ongoing investor education efforts as emphasized by Vivek (2025) in his study on financial literacy and investment practices.

6.7 Hypothesis Testing Results

Table 13: Correlation between Financial Literacy and Investor Awareness

Variables	Pearson Correlation	Significance (p-value)
Financial Literacy & Investor Awareness	0.68**	0.001

$p < 0.01$ (highly significant)

The correlation analysis shows a positive correlation between financial literacy and investor awareness ($r = 0.68$, $p < 0.01$) which supports the Hypothesis H1. This is consistent with previous studies that have found an increase in financial literacy to be correlated with an increase in understanding of investment opportunities, market mechanisms and risk-return relationships. This finding is in line with the rich literature on the importance of financial literacy for informed investment practices, both in India (Singh 2018; Renuka et al. n.d.).

Table 14: ANOVA Results - Demographic Influences on Risk Perception

Demographic Variable	F-statistic	Significance (p-value)	Result
Age	8.42	0.002**	Significant
Education	12.36	0.001**	Significant
Income	15.28	0.000**	Significant
Occupation	6.84	0.008**	Significant

$p < 0.01$ (highly significant)

The ANOVA results prove that all the demographic variables studied significantly affect the risk perception, which led to Hypothesis H2 being accepted. The results indicate that age has a significant influence ($F = 8.42$, $p = 0.002$), where younger investors have higher risk tolerance compared to older investors which is in line with Rosdiana (2020). Education shows strong influence ($F = 12.36$, $p = 0.001$), which confirms that the higher the level of education, the better the understanding and assessment of risk. Income has the greatest influence ($F = 15.28$, $p< 0.001$) as a higher income gives higher risk-bearing capacity. Chandran et al. (2022) also found that there was a significant difference in risk perception between the occupational groups ($F = 6.84$, $p = 0.008$), with the business owners and professionals having higher risk perception than the salaried employees and retirees.

Table 15: Regression Analysis - Awareness and Market Participation

Model	R^2	Adjusted R^2	Beta Coefficient	t-value	Significance
Awareness → Participation	0.54	0.52	0.73	14.82	0.000**

$p < 0.01$ (highly significant)

The regression results show that investor awareness has a significant positive relationship with the market participation with R^2 value of 54%, and the relationship is very significant ($p<0.001$). The results of this finding corroborate Hypothesis H3 which states that the greater the awareness is, the higher the stock market participation is. The use of awareness as an explanatory variable is supported by the fact that awareness has a significant explanatory power, which supports the focus of this study. This finding corroborates the research conducted by Sasikumar et al. (2024) which revealed that awareness has a positive impact on investors' capability in tackling problems and taking an active role in the share markets.

Table 16: Mediation Analysis - Risk Perception as Mediator

Path	Direct Effect	Indirect Effect	Total Effect	Mediation Type
Awareness → Risk Perception → Decision	0.42**	0.31**	0.73**	Partial Mediation

$p < 0.01$ (highly significant)

The findings from the mediation analysis confirm the hypothesis H4, which states that investor awareness partially mediates between risk perception and investment decision making. The direct effect of awareness on decisions is still not completely mediated by the indirect effect through risk perception (0.42 vs. 0.31). This result implies that awareness has direct and indirect effects on investment decisions via risk perception. The outcomes align with the theoretical models put forward by Jain et al. (2023), who showed in a series of experiments that risk perception is a key psychological mechanism between the cognitive and behavioural aspects of investment decisions.

7. Discussion of Results

The study explores the awareness and perception of respondents about investment in share market in Ratnagiri District of Maharashtra. The results are quite satisfactory with theoretical and practical implications. The results indicate a moderate to high level of understanding of basic types of investments. Nonetheless, knowledge gaps are especially important concerning complex financial products and market mechanisms.

The pattern observed fits well with Indian context as noted by Vivek (2025) and Renuka et al. (n.d.). This indicates that the challenge of awareness witnessed in Ratnagiri District is a systemic issue and not a regional one.

The survey reveals that stock market participation in Ratnagiri District is mainly among educated, middle-aged, salaried people earning moderate to high income. The demographic profile is similar to those of studies undertaken in Maharashtra, such as the Subhash et al. at Dharashiv District (n.d.) and Pereira in Mumbai region (n.d.). The investor sample contains lesser representation of women, old adults and the lower-income group indicating that financial inclusion is still very far from complete and the policies must be targeted to these sections.

According to the findings of the study, there is a strong positive correlation between financial literacy and investor awareness (r = .68). The results of the study corroborate Singh’s (2018) argument that financial literacy is an essential prerequisite for informed investment behaviour in India. However, the active investors' moderate levels of literacy show that the current financial literacy initiatives may not be able to go in-depth or reach a lot of people. Almost half the investors (49%) have only average financial literacy. So, those having only moderate financial literacy may not be fully aware of the risks, despite being in the market.

One of the significant conclusions of the study is risk perception. The reason is that 55% of investors show a low to a very low risk. This risk profile means a number of things. The first part states that the portfolio being analysed is mainly made up of safe assets. Furthermore, this implies that the product innovation of capital safeguarding and downside risk mitigation is most relevant for the investor segment driving the market. An equally important recommendation is investor education to address the other knowledge gaps and cognitive barriers that hinder sound risk assessment and management. The finding that risk perception partially mediates the awareness-investment decision relationship is consistent with behavioral finance frameworks such as those of Jain et al. (2023), and so on, which emphasize the interaction of cognition and emotion in investment behaviors.

Identifying the fear of loss and knowledge gap as the main barriers to market participation can have implications for policy and practice. Utilising a strategic plan of action which incorporates financial education, investor protection and confidence-building measures, this barrier can be overcome. The lesser worry related to trust in market intermediaries suggests that various regulatory reforms undertaken have been effective. However, the continuing fear of losses indicates that the psychological barricades are still significant.

The study finds support for Kumar et al. (2021) proposal that working on both the informational as well as emotional dimensions of investor hesitance would help.

The identified investment behavior patterns are successful, as there is greater adoption of systematic investment modes through SIPs. The discipline of the investment behavior shows that the investor education programmes on long term wealth creation and rupee-cost averaging are working. Even so, the low allocation to equity shares (18% of average portfolio) in contrast to bank deposits (32%) indicates reluctance to take risks continue to weigh on plans. A conservative bias can lead to low returns resulting in insufficient wealth in the long term of retirement and other uses.

Given that the significant impact of demographic variables on risk perception and investment behaviour suggests that investors are not a homogeneous group and need a further segmentation that is required for investor education & product development. According to the findings, adults who are younger, more educated, and possess a higher income are more performance tolerant. As a result, investment solutions for specific life stages and suitable income solutions are important. Disparity in occupations entrepreneurs and professionals are more risk-tolerant than salaried individuals mainly due to variation in income stability, financial literacy, and exposure to business risks.

Research shows investor behaviour in the state of Maharashtra is not the same across regions. The Ratnagiri District has some resemblances with the other semi-urban areas examined in the work of Subhash et al. (n.d.). and Tummarakoti and others (n.d). Nonetheless, the setting of Ratnagiri District, in particular the NRI population, tourism economy and agricultural base generates specific opportunities and challenges. The Ratnagiri District is said to have a moderately developed financial market due to moderate levels of awareness and adequate risk-averse advises observed in the District. The District has tremendous potential for development with proper intervention.

8. Managerial/Practical/Policy Implications

The results of study can be highly useful to different groups of stakeholders like the government, banks, investment consultants and investor education agencies. Knowledge gaps are identified to be the most important barrier to market participation, and hence it is recommended that made-for-tier-2-and-below financial literacy programmes should be put in place that is accessible, continuous and comprehensive. The financial literacy programs should not limit itself to just mandatory instruction but must also include practical lessons on investing at the stock market, on risk management strategies and behaviour awareness that would help the investor in identifying and overcoming the cognitions (Sasikumar et al., 2024).

Financial Institutions and Asset Management Companies investment products need to take into account the risk profiles and investment objectives of Ratnagiri District. In light of the evident conservative approach to risk, products exhibiting capital protection features, guaranteed returns, or hybrid structures might be appealing as they function on both upside and downside limits. The strong take-up of SIPs indicates that low-volume systematic investment products can support middle-income investors on the road to financial inclusion (Scholar et al., 2025).

Regulatory bodies like SEBI should develop area-specific investor protection and education campaigns targeting semi-urban and rural investors facing unique challenges. This can involve setting up mobile financial literacy camps, making and distributing customized learning materials in local languages. The relatively high reliance on financial advisers (41%) as information sources emphasizes the importance of intermediaries in influencing investment behaviour. According to Vidhya et al. (2018), the advisors' training must be more intense to upgrade status and ethicality of behaviour.

Technology platforms and fintech companies can successfully democratize the access to research and advisory services, investment information. There is a growing 29% ready for online solutions and the selling of investment products. User-friendly mobile apps containing educational resources, portfolio tracking, and low investment option can help mitigate the levels of information asymmetry between the urban and semi-urban investor. However, technology adoption requires the run of a digital literacy program for effective inclusion (Shameel et al.2021).
To encourage women, youth and low-income groups to enter equity markets, inclusion-focused tax incentives and promotional initiatives may be facilitated by policymakers. According to the findings of the study, the demographic influences on investment behaviour indicate that it is better to implement targeted interventions for specific barriers facing specific groups as opposed to using generic ones. For example, financial inclusion can be improved through women-focused investment clubs, acceleration and investment training for youth, and workplace financial wellness programs (Tummarakoti et al., n.d.).

9. Conclusion and Future Research Directions

The study provides an in-depth analysis of the factors influencing the purchasing decisions of consumers to buy packaged food products in Mumbai city. It indicates that consumers have become more prudent in their choice of packaged food. The outcome shows that knowledge of basic investment products is moderate to high. The complexities and implications of financial products, risk management, and market mechanisms are not well known to many people. Risk perception has become an important factor influences investment behaviour. The majority of investors have cautious risk profiles who barely invest in desirable assets. Consequently, the portfolios are skewed towards traditional safe instruments in their composition.
There exists a great positive correlation between financial literacy and investor awareness. In addition, the relationship between demographic variables and risk perception and investment behaviour is strong and significant. As such, the current study confirms that investment decision making is multi-faceted. Given that the knowledge gaps and the fear of the loss are the main barriers to participation in the market, two interventions must be more holistic and address the informational and psychological aspects of the investor’s unwillingness. This study offers important insights into investor behaviour from tier-2 and tier-3 regions as the existing literature is quite limited. The study is useful for making investing proactive and enhancing financial inclusion in the economy.
Future research should consider this investigation in more settings. Studies spanning a lengthy period would help track the impact of financial literacy initiatives over a certain period and how the investment behaviour of investors changes with changes in market conditions and policy initiatives. Studies comparing investor behavior between different districts will reveal the specific factors at work as well as generalizable trends. This would help design better policies. Conducting qualitative research basically means conducting in-depth interviews and focus group discussions which can help researchers get a richer understanding of the various psychological, social and cultural factors that influence investment decisions in semi-urban settings (Kinslin et al., 2018).
A different important area are experimental studies that assess the effectiveness of various investor education techniques traditional classroom education, online modules, gamification, peer learning, etc., on spending on financial literacy.
Research that examines how social networks and family and community norms influence investment behaviour will help one understand the social embeddedness of financial decision-making in an Indian context. To sum up, examining the influence of certain policy measures, such

as tax incentive, simplified investment process, investor protection measure on the participation rate will generate evidence for policy improvement and scaling up winning measures.

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