



Article

Investor's Perception towards the Capital Market in Bangalore City

Article History:

Name of Author:

Raghunath M¹, Rakesh.T. S², Praveena D³,
Ramapriya H. D⁴, Nagendra S⁵, Madhushree.S⁶

Affiliation:

¹Division of Medical Statistics, School of Life Sciences,
JSS Academy of Higher Education, Mysuru

²Principal, GSSS SSFG College, University of Mysore,
Mysore (D), Karnataka-570017

³Assistant Professor, SDM College, Autonomous, Ujire

⁴Associate Professor, Department of Commerce, BGC
First Grade College, Adichunchanagiri University,
Karnataka, India

⁵Associate Professor, Manipal Law School, Manipal
Academy of Higher Education (MAHE), Manipal,
Karnataka, 560064, India

⁶Ms. Madhushree.S Assistant professor, Department
of Commerce, Sapient College of Commerce and
Management, Mysore -570016.

Corresponding Author:

Raghunath M

How to cite this article:

Raghunath M *et, al.* Investor's Perception
towards the Capital Market in Bangalore City. *J
Int Commer Law Technol.* 2025;6(1):1453-
1459.

Received: 27-10-2025

Revised: 18-11-2025

Accepted: 01-12-2025

Published: 07-12-2025

©2025 the Author(s). This is an open access article
distributed under the terms of the Creative Commons
Attribution License
(<http://creativecommons.org/licenses/by/4.0>)

Abstract: The existence of a well-developed financial system is critical to the nation's economic growth. Capital, cash, and credit are made available as financial inputs. Through proper coordination of human resources and material inputs, the easy availability of financial inputs promotes the growth process. It will contribute to increased production of goods and services. The efficiency of the financial system is determined by the flow of funds in the economy and the channeling of these funds into productive activity for the nation's development. After the United States, India has the most listed companies. Global investors seek India as their preferred investment destination. Previously viewed with skepticism, the stock market now appeals to middle-class Indians as well. Many Indians working abroad are now investing their savings in stocks. In the current context, many people regard stock market investments as one of the best forms of investment when compared to traditional investment options such as banks, real estate, and gold, among others.

Keywords— financial system efficiency, economic growth, stock market investment, global investors, capital flow.

INTRODUCTION

The existence of a well-developed financial system is critical to the nation's economic growth. Capital, cash, and credit are made available as financial inputs. Through proper coordination of human resources and material inputs, the easy availability of financial inputs promotes the growth process. It will contribute to increased production of goods and

services. The efficiency of the financial system is determined by the flow of funds in the economy and the channeling of these funds into productive activity for the nation's development. After the United States, India has the most listed companies. Global investors seek India as their preferred investment destination. Previously viewed with skepticism, the stock market now appeals to middle-class Indians as well. Many

Indians working abroad are now investing their savings in stocks. In the current context, many people regard stock market investments as one of the best forms of investment when compared to traditional investment options such as banks, real estate, and gold, among others.

Despite the facts stated above, the majority of Indians are unaware of the stock market. They aren't even aware of how stock exchanges and the securities market work. In this context, the current study has been undertaken to highlight the level of awareness of the people in Bangalore city, as well as to assess their perception of the stock market, which are influencing them to stay away from the stock market, and also to highlight those factors which are influencing them positively to choose the stock market as their investment option over other investment avenues.

Review of Literature

Neel Kamal Purohit assesses the factors that influence investors' perceptions and attitudes toward the Indian stock market in Tamil Nadu. Singh and Chander (2004) attempted to assess investors' perceptions of mutual funds while also highlighting the reasons for fund withdrawals from mutual funds. Gopi and Ramayah (2007) attempted to highlight the factors that influence and affect the intention of investors to use online stock trading. According to Mukherjee, Bose, and Coondoo (2002), the primary focus should be on restoring investor confidence in the equity market in order to strengthen the market's domestic investor base, which could act as a built-in cushion against the potentially destabilizing effects of a sudden reversal of foreign inflows. Mittal M and Vyas R.K (2008) investigated the relationship between various demographic factors and investors' investment personalities. According to empirical evidence, factors such as income, education, and marital status influence an individual's investment decision. Szyska Adam (2008) examined how investors' psychology influences their perception of financial markets, discussed the implications of this new perspective on finance among capital market practitioners-investors and corporate policymakers, and concluded with some thoughts on the future development of capital market theory.

Talati and Sanghvi (2010) found that investors in Gujarat preferred to invest in government securities and fixed deposits of nationalised banks, where their funds were completely safe, despite receiving lower return. Bennet and Salvam (2010) conducted a study to examine investors' perceptions of the impact of SPERTEL (Social, Political, Economical, Regulatory, Technological, Environmental, and Legal) risks on the market. Except for the social factors between married and unmarried investors, as well as political, regulatory, and legal factors for age and occupation, they discovered that all other factors had

insignificant influences on investors' perception. Nayaka and Nanjunda (2014) reveals that the corporate houses have started realized and recognized that they would have to look beyond the profitability aspect and take care of all the stakeholders those who connected with their endurance directly or else indirectly in the society. The degree of the financial reporting disclosure sophistication differs from organizational level (Nayaka and Gowda, 2014).

The above literature review reveals that little research has been conducted to identify the factors influencing people in Bangalore to invest in the capital market, and their perceptions have not been assessed. As a result, there is a need for the study to address these issues, and the current study has been undertaken with the objectives listed below.

Objectives of the study

- To identify and evaluate the factors influencing investors' perception towards investment in capital market.
- To examine the awareness level of investors about stock market.
- To find out the perception of investors relating to safety, liquidity and high returns of dimensions.

Research Methodology

The study is being conducted to assess investors' perceptions of stock market investment. The data is gathered from both primary and secondary sources. Nayaka and Usman (2017) study focused to measure the perceptions of Financial Analyst (FA) and Retail Investors (RI) towards WBR usefulness backed by ease of use and in order to realize having computer literacy, financial literacy and web literacy. The study reveals that stratified random sampling was used, 252 companies were selected from BSE-500 and 8 groups were covered in these sample companies thus making the sample adequately representing the population (Nayaka and Gowda, 2017).

Primary data is collected using structured questionnaires from 379 respondents (47.2 percent male and 52.8 percent female) out of 384 sample size in Bangalore city using convincing sampling method because the total population of Bangalore city is more than 1,00,000 and sample size should be 384 according to Krejcie and Morgan's article titled 'Determination of sample size for research activities' (1970). The collected data was tabulated and presented in percentage tables. Chi-square analysis is a statistical tool used to test the study's hypothesis. Secondary information was gathered from books, journals, magazines, articles, and websites.

Data Analysis & Interpretation:

Table 1: Demographical factors

Variable	Frequency (n=379)	Percentage (%)
Respondents' Age		
18-25	85	22.4
26-35	86	22.7
36-45	88	23.2
Above 45	120	31.7
Respondents' Gender		
Male	179	47.2
Female	200	52.8
Respondents' qualification		
Schooling	87	23
12/10th	98	25.9
Graduate	94	24.8
Post graduate	100	26.4
Respondents' Profession		
Private company employee	103	27.17
Government employee	91	24.01
Students	86	22.69
House wife	15	3.96
Agriculturist	21	5.54
Businessman	63	16.63

Source: Primary data

The demographic information of Bangalore city respondents is shown in table 1. The survey was completed by 52.8 percent of female respondents and 47.2 percent of male respondents. Only 22.4 percent of respondents are between the ages of 18 and 25. 31.7 percent of respondents are over the age of 45, and only 22.4 percent are between the ages of 18 and 25.

Table 2: Financial information of the investors

Variable	Frequency (n=379)	Percentage (%)
Period of investment		
Short term	195	51.5
Long term	184	48.5
Primary goal of investment		
Children education	107	28.2
House	80	21.1
Tax benefit	90	23.7
Others	102	26.9
Savings towards investment		
10-25%	91	24
25-40%	98	25.9
40-55%	101	26.6
55-80%	89	23.5
Factors considered before investing		
Safety of investment principle	133	35.1
Opportunity for steady growth	124	32.7
Liquidity	122	32.2

Source: Primary Source

The financial information of the survey participants was provided in the table 2. In Bangalore, 51.5 percent of respondents are investing in short-term investment avenues, while the remaining respondents are investing in long-term investment avenues. 28.2 percent of respondents invest the majority of their savings in investment avenues with the primary goal of providing children's education. 35.1 percent of respondents prioritise the investment principle of safety over other factors.

Table 3: Source of funds to invest in stock market

Particulars	Frequency (n=379)	Percentage (%)
Savings	167	44.1
Borrowed fund	212	55.9

Source: Primary Source

The data in Table 3 above show the sources of funds used to invest in the Bangalore capital market. Out of 100 percent, 92 percent use savings to invest/trade in the stock market, while the remaining 8 percent use pledging to invest/trade in the stock market.

Table 4: Sources of awareness about the capital market

Gender	Awareness about the stock market					Total
	Broker	News paper	Internet information	Financial consultants	Others	
Male	33	31	32	44	39	179
Female	42	39	39	40	40	200
Total	75	70	71	84	79	379
Percent	19.8	18.5	18.7	22.2	20.8	100%

Source: Primary Source

The data in table 4 above reveal the respondents' sources of information about the capital market. 19.8 percent of respondents obtain information from brokers, 18.5 percent obtain information from newspapers, 18.7 percent obtain information from the internet, 22.2 percent obtain information from financial consultants, and the remaining 20.8 percent obtain information from other sources.

Table 5: Source of knowledge to buying stocks

Gender	Source of Knowledge					Total
	Over the internet	Through the mail	My own knowledge over stock market	Friends' knowledge sharing	others	
Male	42	31	36	29	41	179
Female	39	47	45	29	40	200
Total	81	78	81	58	81	379
Percent	21.4	20.6	21.4	15.3	21.4	100%

Source: Primary Source

The data in table 5 above reveals information about the buying habits of investors in Bangalore. 21.4 percent of respondents purchased stock over the internet, 20.6 percent purchased stock through the mail, 21.4 percent purchased stock based on their own knowledge of the stock market, 15.3 percent are influenced by their friends to buy shares in the market, and the remaining 21.4 percent have other sources of knowledge to purchase.

Table 6: Investors purchasing pattern in capital market

Gender	Pattern of Investing in capital market			Total
	Repeatedly invest / trade in the same set of stocks	Invest / trade in variety of stocks	Depends on market trends I will prefer stocks	
Male	56	65	58	179
Female	62	69	69	200
Total	118	134	127	379

Percent (%)	31.1	35.4	33.5	100.00
-------------	------	------	------	--------

Source: Primary Source

The data in Table 6 shows the capital market investors' investment purchasing patterns. 31.1 percent of respondents invest/trade in the same set of stocks regularly, 35.4 percent invest/trade in a variety of stocks, and the remaining 33.5 percent invest/trade in other stocks.

Table 7: Opinion on the situation when both the market and share price are falling

Gender	Opinion			Total
	Sell it all	Sell part of investment	Hold - neither buy nor sell	
Male	56	65	58	179
Female	62	69	69	200
Total	118	134	127	379
Percent	31	35	34	100 %

Source: Primary Source

According to table 7, if the stock market falls continuously and by 20%, 31 percent of respondents sell all of their stocks, 35 percent sell a portion of their investment, and the remaining 34 percent hold their stocks, i.e. neither buy nor sell.

Table 8: Respondents'- monitoring investment

Gender	Monitoring			Total
	Daily	Monthly	Occasionally	
Male	50	58	71	179
Female	63	66	71	200
Total	113	124	142	379
Percent	29.81	32.7	37.47	100 %

Source: Primary Source

It is evident from Table 8, 29.81 percent of respondents monitor their investments daily, 32.7 percent monitor monthly, and the remaining 37.47 percent monitor their investments occasionally.

H0: all demographical & financial variables and perception of the investors towards the stock market are not statistically dependent

H1: all demographical & financial variables and perception of the investors towards the stock market are statistically dependent

Table 9: Tests of Hypothesis Investigating the relationship between the Demographical & Financial Variables and Perception about investment in Stock market

Hypothesis no.	Variables	Chi-square value	df	p-value
1	Gender vs perception towards stock market	4.377	2	0.112
2	Age vs perception towards stock market	2.167	6	0.904
3	Education vs perception towards stock market	3.037	6	0.804
4	Profession vs perception towards stock market	5.320	10	0.869
5	Investment objectives vs perception towards stock market	4.584	6	0.598
6	Saving Percent vs Perception towards stock market	3.55	6	0.802
7	Factors influencing to invest vs perception towards stock market	1.161	4	0.885

8	Source of Knowledge vs perception towards stock market	14.973	8	0.060
9	Awareness vs perception towards stock market	14.026	8	0.081
10	Investment pattern vs perception towards stock market	7.028	4	0.134
11	Decision when market/share price is low vs perception towards stock market	9.028	4	0.264

@ 0.05 percent level of significance

The above table 9 shows that demographical and financial variables, as well as investor perception of the stock market, are not dependent at the 0.05 level of significance, as the p-values of all hypotheses are greater than 0.05 and we accepted all null hypotheses, and thus it can be concluded that demographical and financial variables, as well as investor perception of the stock market, are not dependent

CONCLUSION

According to the current study, the majority of people have investment plans, and the majority of them are satisfied with their investment options. Nonetheless, 24 percent of respondents invest less than 25% of their savings. Brokers/agents/financial advisors have an opportunity to encourage the people of Bangalore to increase their level of savings toward investment and make the best use of the opportunities available in the capital market. Furthermore, they should maintain constant contact with existing and prospective clients in order to attract more investment to the capital market. Government agencies or SEBI should educate more youngsters through their awareness programmes by reaching both rural and urban college students and making them prominent future investors as youth will earn handsome money and they will have age on their side to invest and even they do not hesitate to take risk and invest in the capital market. To attract our country's young generation to the capital market, brokerage firms should run appealing schemes that encourage young people to invest a large portion of their savings in the market.

Future researchers may expand the scope of the study to replicate it in different environments and geographical locations, as well as to investigate other factors that influence stock market attitudes with a broader range of population and a higher representativeness sampling method. This study can be generalised to Bangalore, but it cannot be generalised to other metro cities with different quality of life and approaches.

References

1. Anna A. Merikas, Andreas G. Merikas, George S. Vozikis and Dev Prasad (2000): "Economic Factors and Individual Investor Behavior: The Case Of The Greek Stock Exchange" in Journal of Applied Business Research, Volume 20, No 4, 93-97. 2.
2. Anand Pandey (2003): "Efficiency of Indian stock market" Retrieved from <http://papers.ssrn.com/Abstract-id474921> Accessed on 23/01/2012
3. Ahluwalia, M. S. (1994). India's quiet economic revolution. The Columbia Journal of World Business, 29(1), 6–12.
4. Amit B. Mirgi and Prashanth , "Role of confidence bias on investors Decision : An experimental study ," Global Journal of Finance and Management, Vol .6 ,No.1 ,2014, p.p 43-52.
5. Balla,V.K."Investment Management" S.Chand and Company Ltd,New Delhi, 18th Revised Edition, 2012 p.p. 83-109
6. Chandra P. "Investment Analysis and Portfolio Management", Tata Macgraw - Hill Publishing Company Ltd , New Delhi. 3rd Edition 2008
7. Bennet ,Selvam ,Ebeneger , Karpagam and vanitha , "A study on Investors " Attitude on stock Selection decision, "International Journal of Management and Business Studies , 2011, p.p. 715.
8. E. Bennet and Dr.M.Selvam (2010): "Investors' Perception of the Factors Influencing the Stock Selection Decision" Retrieved from <http://papers.ssrn.com/Abstract-id1793822> Accessed on 10/02/2012
9. Gopi, M., & Ramayah, T. (2007). Applicability of theory of planned behavior in predicting intention to trade online: Some evidence from a developing country. International Journal of Emerging Markets, 2(4), 348–360.
10. Gunjan Batra, (2012), mining the investor's Perception about different Investment options using Clustering analysis, International Journal on Computer Science and Engineering (IJCSE),4(09),pp 1513-1516.
11. Jay Talati and Riddhi Sanghvi (2010): "An analytical study on investors' awareness and perception towards the hedge funds in Gujarat" Retrieved from <http://papers.ssrn.com/Abstract-id1912313> Accessed on 23/01/2012

12. Kothari, C.R, "Research Methodology", Wishwa Prakarshan ,Banglore , 3rd Edition, 2014
13. Mittal M and Vyas R.K, (2008), Personality Type and Investment Choice. An empirical study, The Icfai University Journal of Behavioral Finance, Vol. V, No.3, pp. 6-22.
14. Mukherjee, P., Bose, S., & Coondoo, D. (2002). Foreign institutional investment in the Indian equity market: An analysis of daily flows during January 1999-May 2002. *Money & Finance*, 2(9-10). Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=430700
15. Nayaka,K.M. Devaraja and Mohammed Usman (2017), A study of financial analyst (FA) and retail investors (RI) perceptions of web-based reporting (WBR) in India, *Asian Journal of Development Matters*, Vol 11(2): pp. 56-66.
16. Nayaka,K.M. Devaraja and Gowda (2017). Determinants of internet financial reporting (IFR): a study of Indian corporate sector, *International Journal of Social and Economic Research*, Vol.7(3): pp. 42-60.
17. Nayaka,K.M. Devaraja and Gowda (2014). Internet Financial Reporting: A comparative study of private and public sector companies in India, *International Journal of Social Economic Research*, Vol 4(3): pp.344-355.
18. Nayaka,K.M. Devaraja and Nanjunda (2014). Corporate social responsibility (CSR): a case study of adithya birla group, *S A M Z O D H A N A – "Journal of Management Research"*, Vol. 3(1): pp.175-187.
19. Purohit, N. K. (2013). INVESTORS'PERCEPTION AND ATTITUDE TOWARDS INDIAN STOCK MARKET WITH REFERENCE TO TAMILNADU.
20. Palanivelu, V.R. & Chandrakumar, K. (2013). 'A Study on Preferred Investment Avenues among Salaried Peoples with Reference to Namakkal Taluk, Tamil Nadu, India, IBEA International Conference on Business, Economics and Accounting, Vol.3, No.11, pp.203-212. <http://www.caal-inteduorg.com/ibea2013/ejournal/089>.
21. Parihar B.B.S. and Sharma K.K., (2012), An Empirical Study of the Investment Preferences of Salaried Employees, *TECHNOFAME- A Journal of Multidisciplinary Advance Research*,1(2), pp 39-48.
22. Ranganathan, K. (2006). A Study of Fund Selection Behaviour of Individual Investors Towards Mutual Funds-with Reference to Mumbai City. In Indian Institute of Capital Markets 9th Capital Markets Conference Paper. Retrieved from http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=876874
23. Rakesh, T. S., & Madhushree, S. (2015). Consumers Perception towards Online Shopping With Special Reference to Dakshina Kannada (D). *International Journal of Online Marketing (IJOM)*, 5(3), 38-46.
24. Shanmngasundaram V, The impact of behavioural bias of investors in Capital market, *South Asia Journal of Socio Political Studies*, SAJOSPS, Vol.10,No1,pp.99-102
25. Szyszka Adam (2008), From the Efficient Market Hypothesis to Behavioural Finance-How Investors Psychology changes the vision of Financial Markets, *The Icfai Journal of Finance*, Vol.2, No.1, pp.68-76.
26. Vanita Tripathi (2008): "Investment Strategies in Indian Stock Market: A Survey" Retrieved from <http://papers.ssrn.com/Abstract-id1134668>
27. Saini, S., Anjum, B., & Saini, R. (2011). Investors' awareness and perception about mutual funds. *Journal of Banking Financial Services and Insurance Research*, 1(1), 92-107.
28. Singh, J., & Chander, S. (2004). An empirical analysis of perceptions of investors towards mutual funds. *Finance India*, 18(4), 1673.
29. Walia, N., & Kiran, R. (2009). An analysis of investor's risk perception towards mutual funds services. *International Journal of Business and Management*, 4(5), 106.
30. <http://www.isrj.net/UploadedData/2604.pdf>
31. http://www.ijmra.us/project%20doc/IJMIE_AUGUST/IJMRA-MIE261.pdf
32. Nayaka and Usman (2017) study focused to measure the perceptions of Financial Analyst (FA) and Retail Investors (RI) towards WBR usefulness backed by ease of use and in order to realize having computer literacy, financial literacy and web literacy