



Risk, Trust, and Traditional Savings: Understanding Stock Market Aversion in a South Indian District

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ABSTRACT

Investment plays an important role in wealth creation and economic development, yet many individual investors remain reluctant to participate in the stock market. This study examines investor aversion toward stock market investment in Palakkad District, Kerala, with a focus on awareness, attitude, discouraging factors, and preferred investment avenues. Primary data were collected from 60 respondents using a structured questionnaire and convenience sampling, and were analysed using descriptive and inferential statistical techniques. The findings indicate significant differences in stock market awareness by gender, with female respondents recording a higher mean rank. Awareness of investment instruments varies significantly by age, while the difference by living place is not statistically significant. Attitude toward the stock market varies significantly by living place but not by age. Investors show a strong preference for traditional avenues, particularly bank savings, post-office savings, and gold, while equities rank lower among the alternatives considered. Fear of loss, risk perception, limited financial literacy, and reliance on familiar savings institutions emerge as important barriers to market participation. The findings suggest that targeted financial education, reliable investment information, and accessible digital and advisory support may help investors make more informed investment decisions.

Keywords: Stock Market, Investor Aversion, Risk Perception, Investment Behaviour, Financial Awareness, Palakkad District

1. Introduction

Investment involves the allocation of funds with the objective of generating income or achieving capital appreciation over time and is a common financial activity across individuals of varied backgrounds. Effective investment decisions require an understanding of fundamental concepts, available alternatives, and the investor's risk-bearing capacity, as risk and return are positively related. Among the various investment avenues, the stock market plays a vital role in economic growth by facilitating capital formation, efficient allocation of resources, and risk sharing. Despite these advantages, participation in the

Indian stock market remains relatively low due to factors such as preference for assured returns, limited financial literacy, risk aversion, fear of loss, and strong inclination toward traditional investment options. These factors collectively contribute to investor aversion toward stock market investments, necessitating a deeper examination of the underlying causes.

Statement of the Problem

Investment is vital for every person. In order to the growth of money, we have to invest in different investment platforms that can give a better return on investment. The growth of money is very important to



fulfill the basic needs of the life and investing helps to attain the long-term goals easily. By analyzing the different studies conducted on investments, it was evident that it is essential to learn about aversion and attitude of individuals towards investment in stock market. This awareness has resulted in selecting this topic “Investors' aversion towards stock market investment, with special Reference to Palakkad District”.

Objectives

- To study the awareness and attitude of investors towards stock market
- To investigate the variables that discourage from investing in stock market
- To study the most preferred investment avenues

Significance of the Study

The study aims to gain insight into investors' aversion and attitude toward stock market investment by examining their awareness levels and preferred investment alternatives. In an increasingly competitive financial environment with numerous investment options offered by public and private institutions, investors often face confusion in making informed investment decisions. By analyzing individual investor behavior and the factors influencing investment choices, the study seeks to enhance investors' understanding of the stock market and support sound investment decision-making.

Scope of the Study

The area of target population is Palakkad district, Kerala. The purpose of the analysis is to study about the inhibition of investors towards stock market. The present study is attempted to cover the demographic profile of investors, attitude and awareness, factors that discourage from making stock market investment and most preferred investment alternative.

Research Methodology

Research methodology is the specific procedure or technique used to identify, select, process and analyze information about the topic. This section explains the steps adopted for obtaining data, research design and sample design.

Research Design

The present study is descriptive and analytical in nature. Hence descriptive research design has been used for the study.

Sources of the Data

The study utilizes both primary and secondary sources of data. Primary data were collected directly from respondents through a well-structured questionnaire, while secondary data were obtained from published research papers, books, journals, articles, and relevant websites.

Sample Design

The study focuses on investors in Palakkad district, treated as an indefinite population due to the absence of a comprehensive investor list, and data were collected from a sample of 60 respondents using the convenience sampling method.

Tools and Techniques

The statistical package IBM SPSS Statistics is used to process the data. Relevant statistical tools and techniques such as percentage, Friedman test, Independent-Samples T test, Two-Way ANOVA, Kruskal-Wallis H test, Independent T test and Mann-Whitney U test were used for analysing and interpreting the collected data.

Limitations of the Study

1. The questionnaire employed for data collection has inherent limitations that may affect the accuracy of data.
2. Most of the respondents were reluctant to reveal precise information.
3. Selected sample may not be a true representation of the population.
4. The statistical tools used for analysis are based on assumptions that limit the quality of inferences.

2. Review of Literature

Muppavaram Gowrishanker and Kanan Bhatt (2022) examined the level of stock market investment awareness among young entrepreneurs in the Mumbai region by analyzing key influencing factors such as information sources, investment objectives, technological advancements, and professional development training. The study found that these



factors have a significant positive impact on enhancing awareness and encouraging stock market participation, with short-term income generation and long-term capital appreciation identified as the primary investment objectives. Additionally, the availability of digital banking and payment facilities such as RTGS, NEFT, and online payment platforms has facilitated convenient transactions, thereby motivating young entrepreneurs to increase their investments in the stock market.

Aswathy K.A, Dr Rosalind Gonzaga, Josna Sugan Francis (2022), "A study on the awareness of stock market and instruments among the general public": The study revealed that while the general public is aware of stock market and instruments used in it, they are not ready to invest in it. This reluctance is mainly due to the fear of losing the money and also due to the concern about the risk associated with investing in stock market. The study also finds that most of the respondents invests their savings in bank deposits and only invest less than 20% of their savings in stock market. If proper education about the benefit of investing is given, we can reduce the lack of awareness among the public. While the public participation has somewhat increased than earlier, individual investors still continue to remain at the fringe of the market.

4. Data Analysis

The Analysis is presented in 5 sections.

1. Awareness about stock market
2. Awareness about instruments
3. Overall attitude towards stock market
4. Factors discouraging stock market investment
5. Most preferred investment alternative

Awareness About Stock Market

4.1.1 Kruskal-Wallis H test on awareness about stock market by gender.

The variations in awareness about stock market by gender are analyzed with Kruskal-Wallis H test and the output is presented in the following tables.

H0: There is no significant difference in the mean score of awareness about stock market with respect to gender.

H1: There is significant difference in the mean score of awareness about stock market with respect to gender.

Table 4.1.2 Estimated Marginal Means — Awareness about stock market based on gender

Shinki K. Pandey and Abhishek Viswakarma (2020) analyzed the investment preferences of young investors in Raipur, Chhattisgarh, and found that they predominantly favor mutual funds and equity markets for capital maximization, although some continue to invest in safer avenues such as bank and post office deposits. The study also revealed a significant relationship between risk tolerance and investment choice, with young investors willing to take higher risks for greater returns and showing reduced dependence on traditional investment methods and fixed time horizons.

Research Gap

Despite extensive studies on investor behavior and stock market aversion, there is limited region-specific research focusing on the underlying causes of investors' aversion in Palakkad District. The unique socio-economic, cultural, and demographic characteristics of the region, along with investors' risk perceptions and tolerance levels, remain underexplored. This gap highlights the need for an empirical investigation into how these region-specific factors influence stock market investment aversion in Palakkad District.



	Gender	N	Mean Rank
Awareness about stock market	Female	36	34.46
	Male	24	24.56
	Total	60	

Source: Primary Data

Table 4.1.3 Kruskal-Wallis test on awareness about stock market

	Awareness about stock market
Chi-Square	4.800
Df	1
Asymp. Sig.	.028*

Source: Primary Data

Awareness About Instruments

4.2.1 Two-way ANOVA on awareness about instruments by age and living place.

The variations in awareness of different kinds of instruments by age and living place are analyzed with two-way ANOVA and the output is presented in the following tables.

H0: There is no significant difference in the mean score of awareness level about different instruments with respect to age and living place.

H1: There is significant difference in the mean score of awareness level about different instruments with respect to age and living place.

Table 4.2.2 Estimated Marginal Means — Awareness level based on age (Dependent Variable: Awareness Level)

Age	Mean	Std. Error	Lower Bound	Upper Bound
Below 20	2.820	.385	2.047	3.592
20–40	2.851	.117	2.617	3.084
40–60	2.785	.258	2.269	3.301

Source: Primary Data

Table 4.2.3 Estimated Marginal Means — Awareness level based on living place (Dependent Variable: Awareness Level)

Living place	Mean	Std. Error	Lower Bound	Upper Bound
Rural	2.739	.201	2.337	3.141
Semi urban	2.592	.182	2.227	2.956
Urban	3.124	.282	2.558	3.690

Source: Primary Data

Table 4.2.4 Two-way ANOVA — Awareness level (Dependent Variable: Awareness Level)

Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Age	453.865	3	151.288	268.583	.000**



Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Living place	2.099	2	1.049	1.863	.165
Error	30.981	55	.563		
Total	486.944	60			

Source: Primary Data *Significant at 5 per cent

Attitude Towards Stock Market

4.3.1 Two-way ANOVA on attitude towards stock market by living place and age.

The variations in attitude towards stock market by living place and age of investors are analyzed with Two-way ANOVA and the output is presented in the following table.

H0: There is no significant difference in the mean score of attitude towards stock market with respect to living place and age of investors.

H1: There is significant difference in the mean score of attitude towards stock market with respect to living place and age of investors.

Table 4.3.2 Estimated Marginal Means — Attitude based on living place (Dependent Variable: Overall Attitude)

Place	Mean	Std. Error	Lower Bound	Upper Bound
Rural	3.630	.144	3.342	3.919
Semi urban	3.506	.130	3.245	3.767
Urban	3.646	.202	3.241	4.052

Source: Primary Data

Table 4.3.3 Estimated Marginal Means — Attitude based on age (Dependent Variable: Overall Attitude)

Age	Mean	Std. Error	Lower Bound	Upper Bound
Below 20	3.943	.276	3.389	4.497
20–40	3.476	.084	3.308	3.643
40–60	3.365	.185	2.994	3.735

Source: Primary Data

Table 4.3.4 Two-way ANOVA — Attitude towards stock market (Dependent Variable: Overall Attitude)

Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Living place	721.337	3	240.446	830.435	.000**
Age	.960	2	.480	1.658	.200
Error	15.925	55	.290		
Total	738.222	60			

Source: Primary Data *Significant at 5 per cent

Factors That Discourage Stock Market Investing

4.4.1 Mann-Whitney U test on factors discouraging stock market investment between male and female.



The variations in factors discouraging stock market investment between male and female are analyzed with Mann-Whitney U test and the output is presented in the following tables.

H0: There is no significant difference between male and female in connection with factors discouraging stock market investment.

H1: There is significant difference male and female in connection with factors discouraging stock market investment.

Table 4.4.1 Estimated Marginal Means — Factors discouraging stock market investment between male and female

	Gender	N	Mean Rank
Factors affecting	Female	36	26.99
	Male	24	35.77
	Total	60	

Source: Primary Data

Table 4.4.2 Mann-Whitney U test

	Factors affecting
Mann-Whitney U	305.500
Wilcoxon W	971.500
Z	-1.918
Asymp. Sig. (2-tailed)	.055*

Source: Primary Data

Investment Alternatives

Today, various investment alternatives are available. It includes bank and post office savings, equities, debentures, mutual fund, LIC, real estate, gold and chit funds. The following table depicts the frequency distribution of ranks obtained for the different alternatives. To have a clear assessment of most preferred investment alternative, Friedman test is used to test the following hypothesis.

H0: There is no significant difference in preferred investment alternatives.

H1: There is significant difference in preferred investment alternatives.

Table 4.5.1 Mean Rank obtained for investment alternatives

	Mean Rank	Rank
Bank savings	3.28	1
Post office savings	3.61	2
Equities	5.38	6
Debentures and bonds	5.77	7
Mutual fund	5.37	5
LIC	4.87	4
Real estate	5.83	8
Gold	4.63	3



	Mean Rank	Rank
Chit funds	6.28	9

Source: Primary Data

Table 4.5.2 Friedman test

N	60
Chi-Square	75.323
Df	8
Asymp. Sig.	.000*

Source: Primary Data *Significant at 5 per cent

5.1 Findings

The findings of the study are summarized as follows:

1. According to the data analysed, majority of them prioritize social media as their main source of information. Newspaper, TV channel, books/magazine, family/friends and word of mouth are prioritized after that. The least amount of information comes from financial advisors.
2. Men and women have different level of stock market awareness. When compared to men, women had higher mean awareness score.
3. Awareness about stock market instruments change with age. Respondents belonging to the age category of 20–40 have more awareness as compared to others. And also with respect to where people live, there is no measurable variation in their awareness of stock market instruments. But as per the analysis those who reside in urban area have more awareness than others.
4. One's attitude towards stock market differs greatly depending on where they live. People who live in urban area tend to see stock market more favourably. And also there is no variation in attitude towards stock market based on age.
5. There is no difference in attitude towards stock market between men and women.
6. There is a substantial difference between male and female in relation to factors discouraging stock market investment and also factors affecting investment in relation to males are significantly higher than females.

7. Savings are given top priority as a reason for investing; therefore, investors may rely on this component most. Next in order are future purpose, safety, family protection, tax purpose, capital appreciation and growth and reputation. Regular income comes in last.
8. The Mann-Whitney U test indicates no statistically significant difference at the 5 per cent level between male and female respondents in relation to factors discouraging stock market investment ($p = .055$). However, the male respondents recorded a higher mean rank than female respondents.
9. Bank savings are given the highest preference, thus investors favour to invest in banks. Subsequently post-office savings, gold, LIC, mutual fund, equities, debentures and real estate comes next. Last on the ranking is chit fund.

5.2 Discussion in Relation to Previous Studies

The findings are broadly consistent with the three studies reviewed earlier, while also showing some important differences. Gowrishanker and Bhatt (2022) found that information sources, technological advancements, and digital banking facilities can improve awareness and encourage stock market participation. In the present study, social media is the main source of investment information, suggesting the importance of digital channels; however, the strong preference for traditional savings indicates that access to information alone may not be sufficient to overcome risk concerns and established saving habits. Aswathy, Gonzaga and Sugan Francis (2022) reported that fear of loss and perceived risk discourage stock market investment and that bank deposits remain a preferred



avenue. This closely agrees with the present findings, where fear of loss and risk perception are identified as barriers and bank savings receive the highest preference. In contrast, Pandey and Viswakarma (2020) found that young investors in Raipur predominantly preferred mutual funds and equity markets, whereas respondents in the present study ranked bank savings, post-office savings and gold above equities. This divergence may reflect differences in regional context, sample characteristics and investment preferences. Overall, the comparison suggests that investor aversion is shaped by both general concerns about risk and financial literacy and context-specific preferences for familiar and perceived-safe investment avenues.

6. Conclusion

Despite the availability of diverse investment opportunities, investors in Palakkad District continue to rely strongly on traditional avenues, particularly bank savings, post-office savings, and gold. The study indicates that risk perception, fear of loss, limited financial literacy, and preference for safety are important barriers to stock market participation. Significant differences in awareness and attitude across selected demographic groups also suggest that investor education should be responsive to differences in age, gender, and living place. The results support the need for accessible financial education, reliable investment information, and practical risk-management guidance. While these measures may

contribute to broader financial inclusion, the present study does not directly measure financial democratization or establish causal relationships. Its findings should therefore be interpreted as district-level evidence on investor behaviour and stock market aversion.

Suggestions

1. Financial literacy initiatives should be strengthened through formal programs, digital platforms, and community-based learning to enhance investors' understanding of stock market concepts, instruments, and risk-management strategies.
2. Investor participation can be encouraged by promoting peer learning mechanisms such as investment clubs, virtual trading platforms, and small-value investments, which help build confidence and practical exposure, especially among beginners.
3. The use of professional financial advisors, along with educational content shared through social media and online forums, should be promoted to provide reliable guidance, personalized advice, and credible investment information.
4. Government and regulatory bodies should improve accessibility for rural investors by simplifying investment procedures, offering user-friendly and local-language platforms, and enforcing transparent regulations that protect investors and build trust.

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