

Measuring Stock Market Awareness: Scale Development and Validation

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Increased awareness and education of individuals have led to their increased involvement in financial activities. Now it is felt that economic development can be achieved by ensuring the participation of individuals in financial activities. With the development of the securities market in India, awareness of individual investors has become important to design financial education and awareness programmes that will help them to participate in the stock market. Therefore, an attempt has been made to develop and validate a scale for measuring investment awareness of individuals in Indian stock market. The data for the study were collected from primary sources. Factor Analysis and Confirmatory Factor Analysis have been used to analyze the data. The study revealed that investment instruments, sources of information, intermediaries involved, regulatory measures and risk management measures are important factors determining the overall awareness of investors about the stock market. Workshops, seminars and conferences should be organized to improve an investor's knowledge about the innovative instruments in the stock market. Reading financial newspapers such as The Economic Times and visiting stock market related websites can help an investor to gain insights into the new developments. Financial intermediaries as well as SEBI should try to create awareness among individuals so that they can make better investments.

I Introduction

An increase in the awareness and education of individuals has led to their increased involvement in financial activities as compared with the past. Now it is felt that economic development can be achieved by ensuring the participation of individuals in financial activities (Kabeer 2009).

Investment awareness enables people to make informed financial decisions, avoid losses and take necessary actions to improve their financial wellbeing (Schwab, *et. al.* 2008). It is also needed to face market competition, increase market efficiency and reduce regulatory intervention.

The review of literature brings out that the vulnerable sections of the society need investment awareness so that they are not discriminated.