

PUBLIC AWARENESS OF STOCK MARKET IN JAFFNA DISTRICT



SANKARNYA NAGARAJASARMA

1747



FCM1747



Project Report
Library - EUSL

ABSTRACT

The stock market plays a significant role in Sri Lankan economy. It is also seen as playing a vital role in the mobilization of capital in many of the emerging economies. The stock market supports to the countries to enhance capital through issuing shares from all kinds of investors. So it is important to know about stock market. Because the knowledge motivates the investor to invest on the stock market and take proper investment decision.

The main objective of this research is to find out how far Jaffna people aware about the stock market activities. This district was fully destroyed by the war in the past three decades. So there were no chances to invest in the stock market in the past. After the war, the Jaffna district people's Economy are improving in a certain extent. In this time it is important to assess the people's awareness and intension regarding the stock market investment. That will help to future expansion of the stock exchange toward this district.

For this research purpose the researcher selects 150 samples of selected eight D.S Divisions. Here the proportionate stratified random sampling methods used to select sample size 150 persons have responded. Method of data analysis specifically considered univariate analysis based on the 5 point likert scale measures by using statistical package of SPSS19.0.

Finding of studies shows that there is a poor income level and saving also very poor. Most of the people have average knowledge about share market, even though more than 50% of the people have the intention to invest in share market in future. Jaffna district more needs to develop and request to take high consideration well-designed awareness campaign about stock market to get maximum benefits to all of the public in the future.

TABLE OF CONTENTS

Acknowledgement	i
Abstract	ii
Table of contents.....	iii
List of Tables	vii
List of Figures.....	ix
1. Chapter One - Introduction	
1.1. Background of the Research.....	01
1.2. Problem Statement.....	03
1.3. Research Questions.....	04
1.4. Objectives of the Study.....	04
1.5. Significance of the study	04
1.6. Scope of the Study	05
1.7. Assumption.....	05
1.8. Summary.....	05
2. Chapter Two- Literature Review	
3. 2.1 Chapter Introduction.....	06
2.2 Financial System.....	06
2.3 Introduction to the stock market	08
2.3.1. History of the stock market.....	08
2.4. Public awareness of stock market.....	09
2.4.1 Financial literacy	10
2.4.2 Social learning	11
2.4.3 Interpersonal trust and willingness	11
2.4.4 Risk aversion	12
2.5. Investor Behavior	12
2.6. Importance of stock market	13
2.7. Relationship of stock market modern financial system	15
2.8. Empirical evidence of stock market.....	16
2.9. Summary.....	17

4. Chapter Three- Conceptualization and operationalization	
3.1.Chapter Introduction	18
3.2.Conceptualization	18
3.2.1 Conceptual Framework.....	19
3.3. Definition of variable.....	19
3.3.1 Financial literacy factors.....	19
3.3.2 Social learning factors.....	20
3.3.3 Interpersonal trust and willingness.....	20
3.3.4 Risk aversion.....	20
3.4. Operationalization.....	20
3.5. Summary.....	22
4. Chapter Four - Methodology	
4.1.Chapter Introduction	23
4.2.Study setting, study design, and method of survey.....	23
4.3.Sampling Size and sampling distribution	23
4.3.1 Sampling	23
4.3.2 Sampling distribution.....	24
4.4.Methods of data collection.....	24
4.4.1 Primary data.....	25
4.4.1.1 Interview.....	25
4.4.1.2. Questionnaire.....	25
4.4.2 Secondary data	26
4.5.Method of Data Presentation	26
4.6.Method of data analysis.....	27
4.7.Method of data evaluation.....	27
4.7.1. Financial literacy.....	28
4.7.2. Social learning.....	28
4.7.3. Inter personal trust & willingness.....	28
4.7.4. Risk Aversion.....	29
4.8. Summary.....	29
5. Chapter Five - Data Presentation and Analysis	
5.1.Chapter Introduction	30
5.2.Reliability.....	30
5.3.Data presentation of public personal profile.....	31

5.3.1 Divisional secretariat.....31
5.3.2 Age.....32
5.3.3 Gender.....33
5.3.4 Academic qualification.....34
5.3.5 Occupation.....34
5.3.6 Income.....35

5.4. Investor Behavior

5.4.1. Saving ability 37
5.4.2 Investment ability..... 37
5.4.3 Instrument preferences.....38
5.4.4 Share purchase.....39
5.4.5 Reason for not participate in the share market.....39
5.4.6 Future investment idea.....40

5.5. Research information.....41

5.5.1 Data analysis.....42
 5.5.1.1 Univariate analysis.....42
5.5.2 Presentation of Research information42
5.5.3 Mean and Standard deviation for Public awareness of stock market....47

5.6. Cross tab analysis.....48

5.6.1 Divisional secretariat.....48
5.6.2 Gender.....48
5.6.3 Age.....49
5.6.4 Academic qualification.....50
5.6.5 Occupation.....50
5.6.6 Income.....51
5.6.7 Saving ability.....52
5.6.8 Investment ability.....52
5.6.9 Instrument preferences.....53
5.6.10 Share purchase.....53
5.6.11 Reason for not participation.....54
5.6.12. Future investment idea.....55

5.7 ANOVA Test of Personal Information And Investor behavior For Public

Awareness of Stock Market In Jaffna District55

5.8 Summary.....57

6. Chapter Six - Discussion

6.1. Chapter Introduction	58
6.2 .Discussion on personal information	58
6.3. Discussion on Research information	62
6.3.1 External of financial literacy to supportive of an establishment of stock market.....	63
6.3.2 External of financial literacy to supportive of an establishment of stock market.....	64
6.3.3 External of interpersonal trust and willingness to supportive of an Establishment of an stock market.....	65
6.3.4 Extent of risk aversion to supportive of an establishment of stock Market.....	66
6.4. Discussing on overall analysis.....	67
6.5. Summary	68
7. Chapter Seven- Conclusions and Recommendations	
7.1Chapter Introduction.....	69
7.2Conclusion	69
7.3 Recommendation.....	70
7.4. Limitation of the study	71
References.....	72
Appendix.....	75