

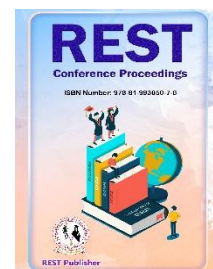


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A Study of Awareness of Bond and Debt Market among Investor in Amravati City

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Abstract: The bond and debt market plays a crucial role in the financial ecosystem, offering stable investment opportunities and serving as a key component of capital formation. Despite its importance, investor awareness and participation in this segment remain relatively low, particularly in tier-2 and tier-3 cities in India. This study aims to evaluate the level of awareness, perception, and participation of investors in the bond and debt market within Amravati city. Through a structured questionnaire and data collection from individual investors, the study analyzes factors influencing awareness levels, including education, investment experience, and access to financial information. The findings highlight significant gaps in investor knowledge and suggest a need for enhanced financial literacy initiatives, targeted outreach, and simplified investment processes to promote broader engagement in the bond and debt market. This research contributes to the understanding of regional investment behavior and offers insights for policymakers, financial institutions, and educators aiming to improve market participation.

Keywords: Investor Awareness, Financial Literacy, Investment Behavior, Retail Investors, Capital Market, Financial Education.

1. INTRODUCTION

The present study focuses on evaluating the level of awareness and involvement of investors in the bond and debt markets in Amravati City, a semi-urban area where participation in such financial instruments remains comparatively low. Unlike metropolitan cities where investors often have access to a wide array of financial advisory services and exhibit higher financial literacy, smaller cities like Amravati tend to rely heavily on traditional investment options such as gold, real estate, and fixed deposits. This research aims to bridge that gap by examining the factors that influence investment behavior in bond and debt instruments, with a particular focus on variables such as age, education, income level, and work experience. The study will investigate how these socio-economic factors shape investors' knowledge, preferences, and risk perceptions related to bonds and debt instruments. Furthermore, it will assess the role of financial education and advisors in raising awareness and promoting diversified investment choices. By identifying key knowledge gaps and understanding what motivates or hinders investment decisions, the research intends to offer meaningful insights into improving financial literacy in semi-urban regions. Another significant objective of the study is to evaluate the accessibility of investment platforms and the perceived risks involved in debt market participation. Through a detailed analysis of investor awareness and attitudes, the study aims to highlight both challenges and opportunities for increasing involvement in these markets. The insights derived from this study are expected to assist financial institutions, educators, and policymakers in designing localized investment products and targeted educational programs that resonate with the needs and preferences of investors in Amravati. In essence, this study seeks to encourage informed and diverse investment habits in Amravati by promoting a deeper understanding of bond and debt markets. The ultimate goal is to create a more financially aware investor base in semi-urban areas, thereby supporting the development of a robust and inclusive financial ecosystem.

2. REVIEW OF LITERATURE

More recent research by Kulkarni and Deshmukh (2021), which surveyed semi-urban Maharashtra regions including Amravati, found that only 18% of respondents could accurately differentiate between corporate and government bonds, while over 60% had never considered debt instruments in their investment portfolio. Efforts by SEBI and RBI post-2020 to promote retail participation in government securities have sparked some interest, but studies like Joshi (2022) point out that the actual participation remains low due to persistent gaps in investor education. Moreover, Singh

and Pawar (2023) emphasized that digital platforms and fintech apps have improved accessibility, but awareness remains skewed toward equities and mutual funds. Overall, the literature indicates that despite increasing financial inclusion initiatives, investor awareness of the bond and debt market in cities like Amravati remains limited and is an area needing targeted financial literacy programs and localized outreach.

Research Objective

- ❖ To identify the factors influencing the awareness and knowledge of bonds and the debt market
- ❖ To analyze the investment preferences of investor between bond, debt instrument and other financial product
- ❖ To study the impact of demographic factors (age, income, education, occupation, etc) on the level of awareness about bond and the debt market
- ❖ To examine investor perception and trust in bond and debt instrument compared to other assets classes
- ❖ To assess the level of awareness among investors in Amravati city about bond and the debt market

3. REAEARCH METHODOLOGY

This type of research aims to describe the characteristics, behaviors, or opinions of a particular group—in this case, investors in Amravati. The main objective is to assess the level of awareness and understanding investors have about the bond and debt markets. The sample size for the study is 100 respondents. Amravati city is chosen as the area for the present study. The present study was carried out from October 2024 to April 2025. This involves dividing the investor population into distinct subgroups or strata based on characteristics such as age, income level, or investment experience. Then, random samples are drawn from each stratum in proportion to their size in the overall population. Stratified sampling is particularly useful when the population is diverse and certain groups may have different levels of awareness or exposure to the bond and debt markets. The primary data will be collected through a structured questionnaire that includes both closed-ended and open-ended questions. Relevant secondary data will be gathered from existing literature, financial reports, and publications from regulatory bodies such as the Securities and Exchange Board of India (SEBI) and the National Institute of Securities Markets (NISM)

Research Hypothesis:

- ❖ **Alternative Hypothesis (H0):** There is a significant level of awareness about bond and debt markets among retail investors in Amravati City.
- ❖ **Null Hypothesis (H0):** There is no significant level of awareness about bond and debt markets among retail investors in Amravati City.

Limitations of The Study:

A smaller sample size may not fully represent the broader population of retail investors in Amravati, potentially leading to biased conclusions. The research is confined to Amravati City, which may limit the generalizability of the findings to other regions or cities. The study uses self-reported survey data, which may be affected by response bias, as investors might misreport their awareness or behavior, potentially affecting the accuracy of the results.

Data Interpretation:

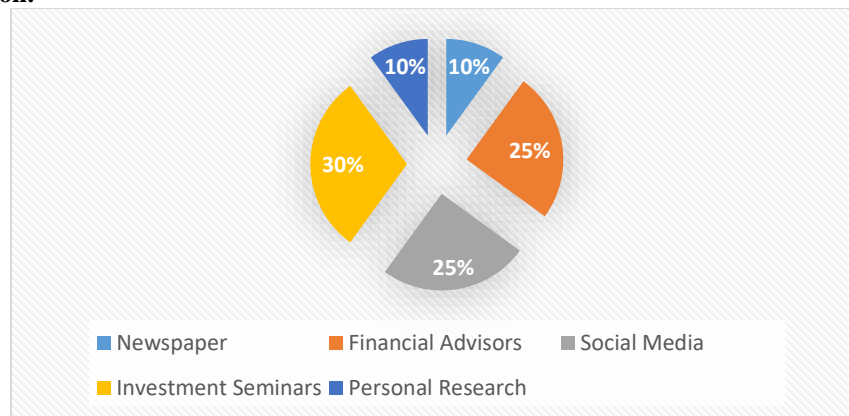


FIGURE 1. How did you come to know section about bond & debt market?

Analysis: The high percentage for investment seminars and financial advisors suggests a preference for active and guided learning methods. The 25% for social media highlights the growing role of digital platforms in financial education. The low percentage for newspapers/TV may indicate a shift away from traditional media as a primary source of financial information, possibly due to the dynamic and rapidly changing.

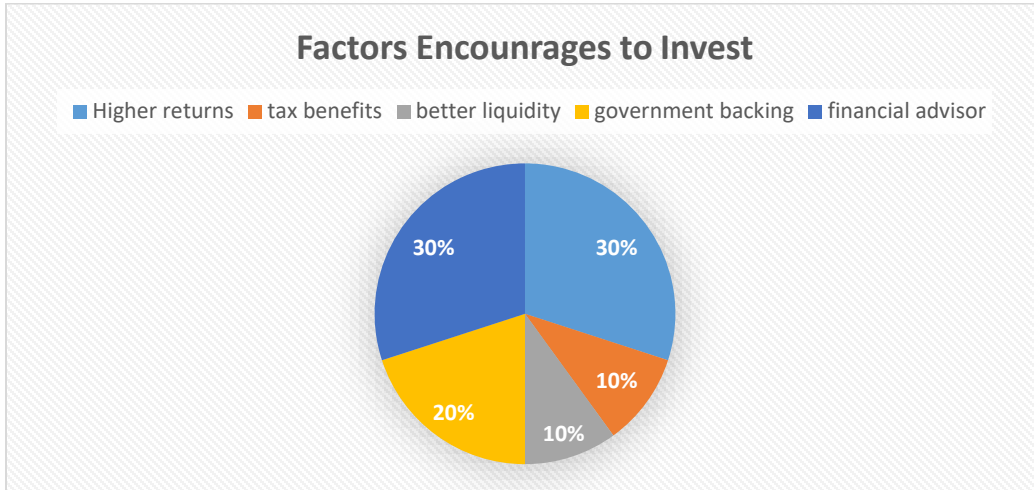


FIGURE 2. What factors would encourage you to invest in bonds

Analysis: Higher returns and financial advisors' recommendations are the most significant factors, each influencing 30% of the respondents. Government backing influences 20% of respondents, indicating a notable but less dominant level of importance. Tax benefits and better liquidity each account for 10% of responses, suggesting these are less critical factors for the surveyed group.

TABLE 1. Observed Value

Source / Reason	Newspaper TV	Financial Advisors	Social Media	Investment Seminars	Personal Research	Row Total
Higher Return	3	7	8	9	3	30
Tax Benefits	1	3	2	3	1	10
Better Liquidity	1	3	2	3	1	10
Government Backing	2	5	5	6	2	20
Advisors' Recommendation	3	7	8	9	3	30
Column Total	10	25	25	30	10	100

TABLE 2. Expected Value

Source Reason	Newspaper TV	Financial Advisors	Social Media	Investment Seminars	Personal Research
Higher Return	3	7.5	7.5	9	3
Tax Benefits	1	2.5	2.5	3	1
Better Liquidity	1	2.5	2.5	3	1
Government Backing	2	5	5	6	2
Advisors Recommendation	3	7.5	7.5	9	3

TABLE 3. Chi Square Test $(O - E)^2 / E =$ Chi-square contribution from each cell

Observed Table (O)	Expected Table (E)	(O-E)	(O-E) ²	(O-E) ² /E
3	3	0	0	0
7	7.5	-0.5	0.25	0.033
8	7.5	0.5	0.25	0.033
9	9	0	0	0
3	3	0	0	0
1	1	0	0	0
3	2.5	0.5	0.25	0.1
2	2.5	-0.5	0.25	0.1
3	3	0	0	0
1	1	0	0	0
1	1	0	0	0
3	2.5	0.5	0.25	0.1
2	2.5	-0.5	0.25	0.1
3	3	0	0	0
1	1	0	0	0
2	2	0	0	0
5	5	0	0	0
5	5	0	0	0
6	6	0	0	0
2	2	0	0	0
3	3	0	0	0
7	7.5	-0.5	0.25	0.033
8	7.5	0.5	0.25	0.033
9	9	0	0	0
3	3	0	0	0
Total				0.532

Let us apply Chi-Square Test to test the hypothesis and assume the significance level would be 5% 0.05.
Chi Square Test - The Chi Square statistic is calculated using the formula:

$$\chi^2 = \sum \frac{E(O-E)^2}{E}$$

Degrees of Freedom (df): $(r-1)(c-1) = (5-1)(6-1) = 20$

Level of Significance (α): 0.05

Chi-square Critical Value ($\chi^2_{0.05,20}$): 31.410

Calculated Chi-square Value: 0.532

Calculated Value < Critical Value : 0.532 < 31.410

Since, the calculated Chi-square value (0.532) is less than the critical value (31.410), we accept the null hypothesis at 0.05 level of significance. There is no significant level of awareness about bond and debt markets among retail investors in Amravati City.

Suggestion:

Organize seminars, workshops, and webinars to educate investors about various bond and debt market instruments. Leverage local news channels, newspapers, and social media platforms to spread awareness about investment options. Motivate investors to follow bond-related news and updates regularly to make informed decisions. Highlight the safety and benefits of government and municipal bonds to build trust among conservative investors. Include investor feedback to understand gaps in awareness and improve education strategies accordingly.

3. CONCLUSION

The study reveals that while some investors in Amravati are aware of bond and debt markets, a significant portion still lacks in-depth knowledge. Government and municipal bonds are the most preferred options, indicating a tendency towards low-risk investments. Awareness about fixed rate and floating rate bonds is comparatively low, suggesting a gap

in understanding more complex debt instruments. Although a majority regularly follow bond-related news, a considerable number do not actively engage with market trends. There is a strong need for targeted financial literacy initiatives to enhance investor knowledge and confidence in debt market participation.

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