

"A comprehensive scrutiny of the investment tendencies and behavioral inclinations manifested by investors across a diverse spectrum of investment opportunities."

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ABSTRACT:

As a country with one of the largest young populations in the world and a booming economy, youngsters in India expect a brighter future. As a result, the young Indian Investor today shows an unprecedented degree of financial prudence.

Most Indian youngsters invest directly in the stock market. However, it is always recommended to have an in-depth knowledge of the market before venturing in, as the stock market's performance depends on various macro and microeconomic factors. Thus, the youth of India are very aware of investment possibilities around them and intelligent enough to know what is best for them.

Key Words: Investment, Behavioral Inclination, Investor attitude

INTRODUCTION:

Financial behavior of individuals is a crucial aspect of personal finance management, which plays a vital role in the overall economic development of any country. In India, there is a growing interest in understanding the financial behavior of individuals due to the rapid changes in the economic landscape, increasing income levels, and growing penetration of financial products and services.

The purpose of this research paper is to explore the financial behavior of individuals in India and to identify the factors that influence their financial decision-making. The paper will provide a comprehensive overview of the financial behavior of individuals in India, including their attitudes towards saving, borrowing, investing, and spending. It will also examine the role of demographic and socio-economic factors, such as age, income, education, and gender, in shaping financial behavior.

The research paper will draw on a range of primary and secondary sources, including surveys, interviews, and academic literature. The findings of this paper will have important implications for policymakers, financial institutions, and individuals seeking to improve their financial well-being. The research will help to identify the key challenges and opportunities in promoting financial literacy and financial inclusion in India, and suggest strategies for addressing them.

REVIEW OF LITERATURE:

1. "Financial Behavior and Investment Choices among Indian Retail Investors" by A. R. Dash and B. K. Jena (2020)

This paper examines the financial behavior and investment choices of Indian retail investors. The authors use data from a survey of 500 retail investors and find that risk tolerance, financial knowledge, and financial literacy are the key factors that influence investment choices. They suggest that financial institutions should design investment products that cater to the specific needs and preferences of retail investors.

2. "Savings Behavior of Households in India: Evidence from Micro Data" by R. Ray and A. Sarkar (2019)

This paper investigates the savings behavior of households in India. The authors use data from the All-India Debt and Investment Survey and find that income, education, and age are the key factors that influence savings behavior. They suggest that policymakers should design policies that

incentivize households to save more and invest in productive assets.

3. "Factors Affecting Personal Financial Management Practices: A Study of Young Adults in India" by S. M. Mishra and A. Gupta (2018)

This paper explores the factors that affect personal financial management practices among young adults in India. The study is based on a survey of 500 young adults and finds that financial knowledge, financial attitude, and perceived behavioral control are the key determinants of personal financial management practices. The authors suggest that financial education programs should focus on improving financial knowledge, attitude, and perceived behavioral control among young adults.

4. "The Role of Financial Inclusion in Shaping Financial Behavior: Evidence from India" by S. S. S. Jha and S. K. Mishra (2017)

This paper examines the role of financial inclusion in shaping financial behavior in India. The authors use data from the World Bank's Global Findex database and find that financial inclusion has a positive impact on financial behavior. They suggest that policymakers should focus on improving access to financial services for underserved populations to promote financial inclusion and improve financial behavior.

5. "Financial Behavior and Investment Decisions of Women Investors in India: An Empirical Study" by A. Dhankar and S. Kaur (2020)

This paper explores the financial behavior and investment decisions of women investors in India. The study is based on a survey of 500 women investors across different age groups and income levels. The authors examine the factors that influence women's investment decisions and identify the barriers to investment faced by women in India.

6. "Financial Literacy and Financial Behavior of Indian Households" by R. Kumar and V. Singh (2019)

This paper examines the relationship between financial literacy and financial behavior of Indian households. The authors use data from a survey of 5,000 households and find that financial literacy has a positive impact on financial behavior. They also identify the factors that influence financial literacy and suggest strategies for improving financial literacy in India.

7. "The Impact of Demographic and Socio-economic Factors on Financial Behavior: A Study of Urban Indian Consumers" by A. Sen and S. Mitra (2017)

This paper investigates the impact of demographic and socio-economic factors on financial behavior of urban Indian consumers. The authors use data from a survey of 1,000 urban consumers and find that age, income, education, and gender have a significant impact on financial behavior. They suggest that financial institutions and policymakers should tailor their strategies to address the specific needs and preferences of different demographic groups.

8. "Determinants of Financial Behavior: A Study of Indian Youth" by N. N. Vishnu, M. P. Sebastian, and M. A. Sameer (2016)

This paper examines the determinants of financial behavior among Indian youth. The study is based on a survey of 400 youth and finds that financial knowledge, attitude, and perceived financial control are the key determinants of financial behavior. The authors suggest that financial education and awareness programs should focus on improving financial knowledge, attitude, and perceived control among youth.

These research papers provide valuable insights into the financial behavior of individuals in India and the factors that influence their financial decision-making. They highlight the need for tailored strategies and policies to promote financial literacy, inclusion, and well-being among different demographic groups.

RESEARCH METHODOLOGY:

SOURCES OF DATA:

Primary data was collected using a structured questionnaire from 180 respondents, data was cleansed, tabulated and analyzed.

Various research articles, magazines and books were referred.

SCOPE OF THE STUDY:

This study focuses on the financial/investment behavior of people aged between 18-30.

It aims to build an investment advisory firm for individuals who'd invest and manage their money efficiently.

OBJECTIVES OF THE STUDY:

To efficiently understand the financial habits of individuals

To examine the investment avenues opted

To evaluate the factors considered before investments.

RESULTS AND DISCUSSIONS:

1.AGE

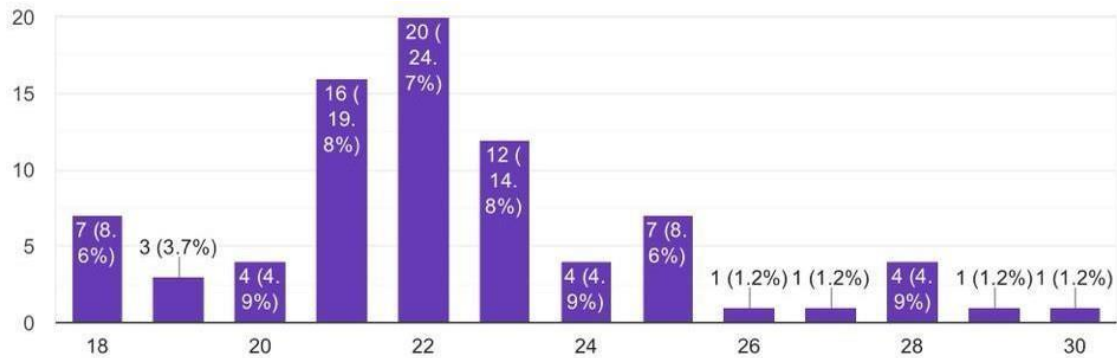


Chart1: Age of Respondents; Source: Questionnaire by Researchers

Interpretation:

The first section of the questionnaire consisted of questions relating to personal information of the respondent. The first question asked apart from the respondent's name was their age. These questions are important as it helps us categorize the selected sample group into various age groups to help us analyze data better.

The questionnaire was distributed in various age groups ranging from 15 years to 35 years. The majority of data was collected from the age range of 18-25.

2.Source of investment advice

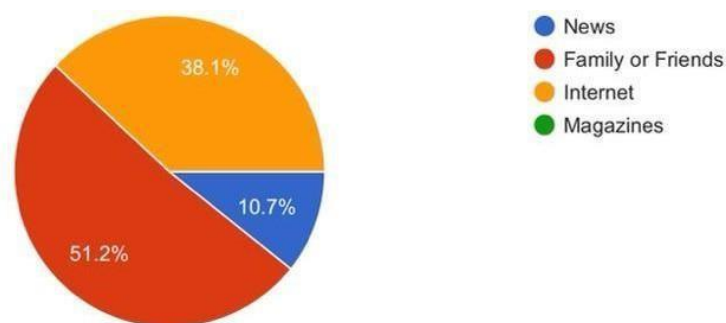


Chart2: Investment Advice; Source: Questionnaire by Researchers

Interpretation: After age, the respondents were asked about their source of investment advice. The highest percentage of respondents relied upon Family or friends for their investment advice i.e. about 51.2% of the respondents. Then it was followed by the Internet i.e. about 38.1%

3.Preferred Time period for investment

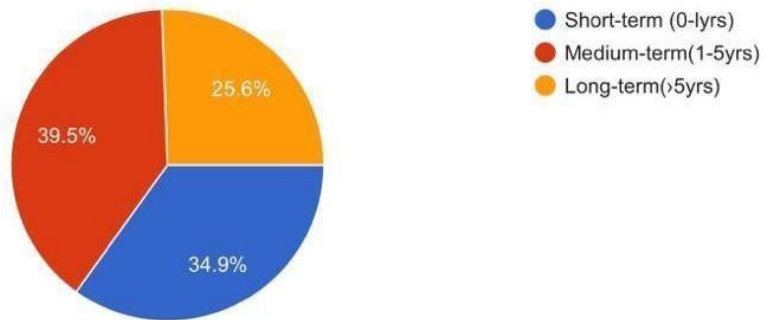


Chart3: Investment Lock In time; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the time period of investment that people prefer. 39.5% of the total respondents preferred to invest their money for a term of 1-5 years. Closely followed by them, 34.9% of the respondents prefer to invest their money for a short period of time.

4. Factors considered before investing

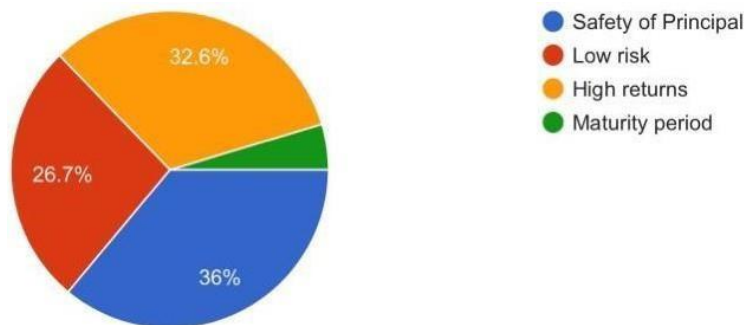


Chart4: Factors for investment; Source: Questionnaire by Researchers

Interpretation: This question helped us understand what factors do the respondents consider before investing their money. 36% of the respondents consider the safety of the principal amount before making any investments. Followed by them, 32.6% and 26.7% of the respondents considered High returns and low risk factors respectively.

5. Investment Objective:

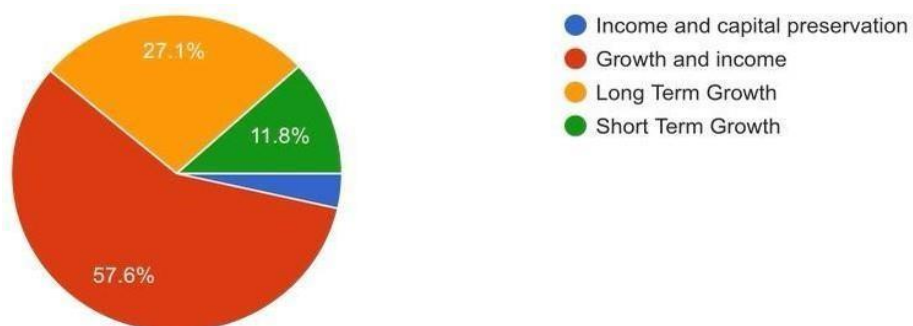


Chart5: Investment Objective; Source: Questionnaire by Researchers

Interpretation: The growth and income were the prime objective of investment of 57.6% of the respondents. While 27.1% chose long term growth specifically as their objective of investment.

6. Source of income:

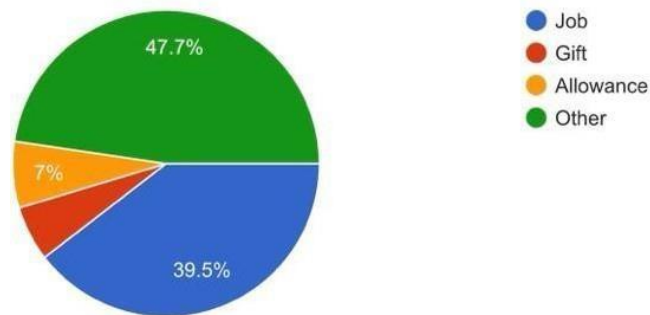


Chart6: Source of Income; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the source of income of the respondents. 39.5% of the total respondents have job as their primary source of income.

7. Monthly Spending:

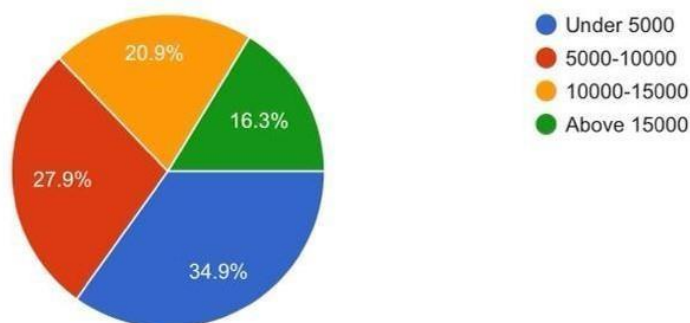


Chart7: Spending Pattern; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the monthly spending habits of the respondents. A majority of the respondents were spending an amount less than 5000 as majority of the respondents' included students.

8. Importance of saving money on a monthly basis:

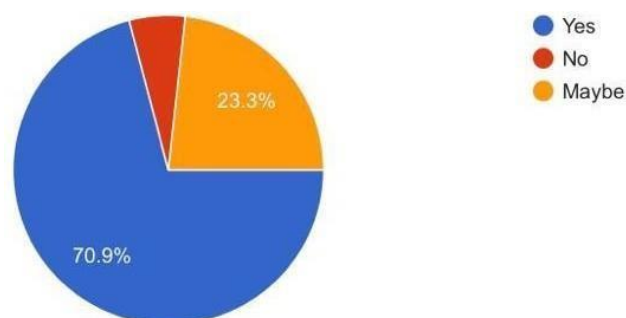


Chart8: Importance of investment; Source: Questionnaire by Researchers

Interpretation: A majority of the respondents i.e 70.9% of the respondents think that saving money on a monthly basis is important for their benefit.

9. Saving abilities:

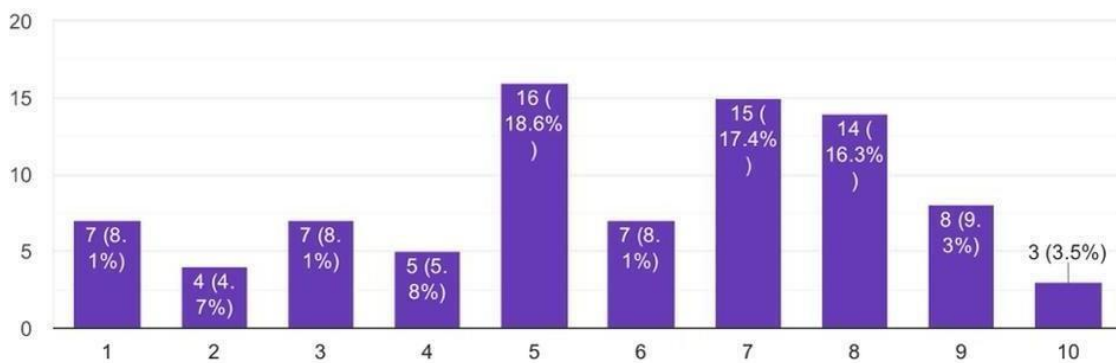


Chart9: Saving Abilities; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the ability of the respondents to save a part of their money while they rated their saving abilities on a scale of 1-10 while 1 being the lowest and 10 being the highest. Majority of the respondents rated themselves moderately between 6-8.

10. Ability to manage own funds:

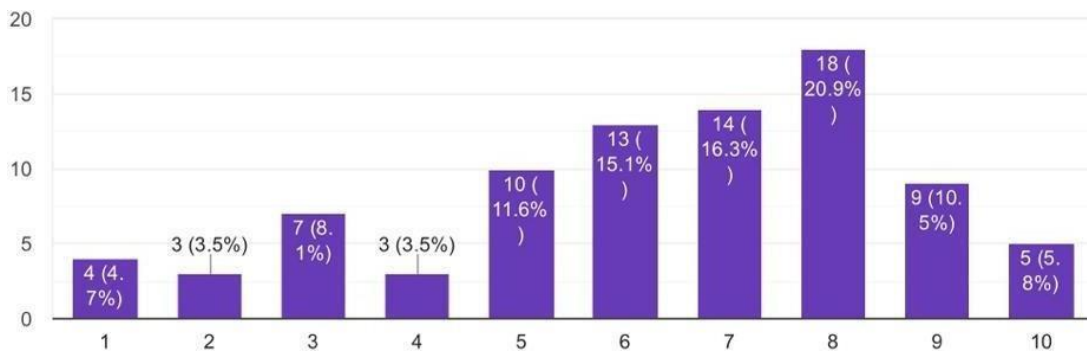


Chart10: Ability of manage own funds; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the ability of the respondents to manage their money while they rated their managing abilities on a scale of 1-10 while 1 being the lowest and 10 being the highest. Majority of the respondents rated themselves moderately between 6-8.

11. Maintaining financial records:

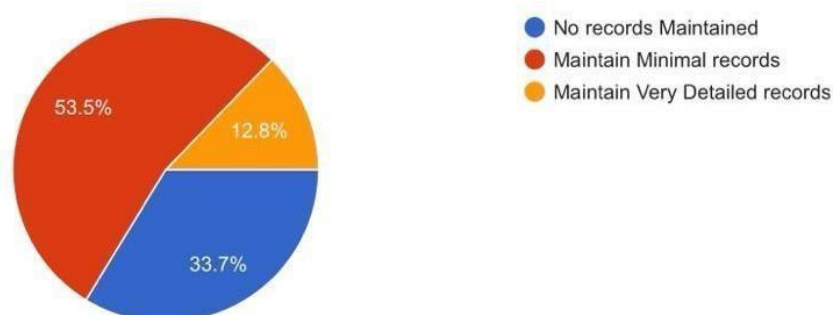


Chart11: Maintaining financial records; Source: Questionnaire by Researchers

Interpretation: This question helped us understand whether the respondents maintain records of their financial transactions. 53.5% of them Maintain minimal records while 33.7% do not maintain any records.

12. Demat Account:

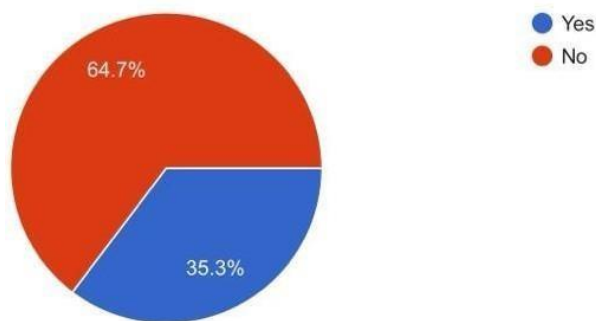


Chart12: Demat account; Source: Questionnaire by Researchers

Interpretation: A majority i.e. 64.7% of the respondents do not own a Demat account.

13. Investing in Share market:

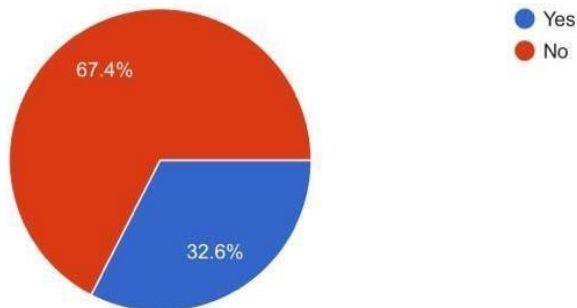


Chart13: Share market investment; Source: Questionnaire by Researchers

Interpretation: This question helped us understand the interest of respondents with respect to investing their money in the share market and a majority of them are not interested to invest their money in the share market.

CONCLUSION:

In conclusion, the financial behavior of individuals in India is a complex and multi-dimensional phenomenon that is influenced by a range of demographic, socio-economic, cultural, and psychological factors. The existing research papers on this topic suggest that financial literacy, financial knowledge, financial attitude, perceived behavioral control, and access to financial services are key determinants of financial behavior among individuals in India.

The research also highlights the need for tailored strategies and policies to improve financial behavior and promote financial well-being among different demographic groups in India. This includes initiatives to enhance financial literacy and awareness, increase access to financial services, incentivize saving and investment, and promote responsible borrowing and spending.

Overall, the study of financial behavior of individuals in India is crucial for policymakers, financial institutions, and individuals seeking to improve their financial well-being. By understanding the factors that influence financial behavior, stakeholders can design targeted interventions and policies to address the unique needs and preferences of different demographic groups and promote financial inclusion and well-being in India.

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