Exploring the Dynamics of Individual Investor Investment Patterns in Mumbai: A Comprehensive Analysis of Age, Occupation, Investment Opportunities, and Influencing Factors

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ABSTRACT:

This comprehensive study investigates into the investment patterns of individual investors in Mumbai, a crucial financial hub of India, against the backdrop of the globally recognized robustness of the Indian financial industry. The research explores the involved dynamics of financial decision-making, emphasizing the significance of individual savings and demographic traits in resource markets. The study employs a descriptive and explanatory research design, using a questionnaire to collect data from 105 respondents in Mumbai, with non-probability convenience sampling. Key findings include the prevalence of investments as a source of income, the popularity of safe investment options, openness to alternative investments, and varying levels of knowledge and emotional involvement in investment decisions. Hypothesis testing using the Chi-Square Test establishes significant correlations, particularly in areas such as age, occupation, awareness about investment opportunities, alternative investment avenues, and knowledge of potential returns and risks. The research contributes valuable insights for financial institutions, policymakers, and individuals seeking a deeper understanding of investment behaviours and preferences in Mumbai's diverse financial landscape. Overall, the study provides a comprehensive analysis of the complex factors influencing investment decisions, offering practical implications for various stakeholders in the financial industry.

INTRODUCTION:

The Indian financial industry stands as a robust sector globally (Patel, 2017). In 2005, SEBI established NISM to educate stakeholders and promote research in the capital market. An extensive education campaign by SEBI intended to raise investors' knowledge of securities (Kumawat & Parkar, 2020). Individual savings and investment patterns are pivotal in resource markets, witnessing a paradigm shift in India's service sector(Zanvar & Bhola, 2016). In Indian instances, the term "investment" is related to both financial contributions and investment patterns that are influenced by a variety of factors. Specifically, characteristics such as age, gender, educational attainment, family size, saving habits, and annual income of the family have a greater bearing on an individual investor's investment pattern dedication of time or effort for anticipated benefits (Shah & Jadav, 2023). Investment involves sacrificing present value for uncertain future rewards, with risk and return typically correlated. People engage in investment using their savings, emphasizing its interesting, challenging, and rewarding nature (Kanimozhi & K, 2022). The research of savings and investment trends is important since the desire to save and invest has grown with disposable income. Investing primarily helps people achieve two goals: financial security and financial independence. Investing is sometimes thought of as a long-term project with potential capital returns, although it can also be short- or medium-term. (Bansal et al., 2023). Investment patterns of individual investors in the Mumbai region provides a valuable opportunity to delve into the intricate dynamics of financial decision-making. Mumbai, as a financial hub of India, showcases a diverse and dynamic landscape of investment practices. Understanding how individuals navigate the financial markets in this vibrant metropolis is crucial for gaining insights into the factors influencing their investment choices (Sangeetha, 2022).

Investment patterns of individual investors in the Mumbai region provides a valuable opportunity to delve into the intricate dynamics of financial decision-making. Mumbai, as a financial hub of India, showcases a diverse and dynamic landscape of investment practices. Understanding how individuals navigate the financial markets in this vibrant metropolis is crucial for gaining insights into the factors influencing their investment choices.

KEYWORDS: Investment, Investment Behaviour, Investment Avenue, Investment awareness

LITERATURE REVIEW:

Bansal, U., Attri, P., & Rani, N. (2023), The purpose of this study is to investigate how people's investment decisions affect their present liquidity levels and long-term capital gains. Individuals' investment behaviour is influenced by a number of demographic factors, some of which are occupation, qualifications, and life cycle stage. This review article examines several investment options and provides a brief description of each. It also evaluates several studies that are pertinent to the research topic. Here, the researcher tried to take into account the modern setting, the unique circumstances brought about by the epidemic, and any likely effects on people's investment behaviour.

Kanimozhi, V., & K, N. (2022), The study's goal is to raise awareness of investing opportunities and their significance. This study's main goal is to examine how COVID 19 has affected Indian investors' investment preferences as well as the country's investment sector. Individuals have moved to less risky investing options that are safer. Because of COVID 19, investors have put their investments' safety ahead of their returns. As a result, the price of gold experiences a surge. Even if gold investments don't yield consistent profits, there is very little chance of losing the money invested. A few prudent investors have also taken advantage of the market's decline and made investments during the pandemic. In conclusion, COVID-19 has a profound impact on all facets of human existence, not just the Indian investment sector. In a short amount of time, the Indian markets have recovered well, and perhaps everything will soon return to normal. The purpose of this study is to comprehend retail investors' investment patterns and preferences following COVID-19.

Kumawat, A., & Parkar, A. (2020), Researchers have attempted to comprehend the factors—such as age, income, and education—that contribute to an investment in a specific investment avenue in this study. The primary data used in the study was gathered from 157 respondents in the Mumbai district. With SPSS, the correlation coefficient of Karl Pearson was computed. Furthermore, a significant positive association was discovered between the terms "income and equity shares investment" and "income and mutual fund investment." Age and equity share investment were found to be strongly correlated negatively. The paper's findings unequivocally show that age, income, and education are the main variables influencing a person's decision to invest.

Patel, A. (2017), Examining the investment practices of Ahmedabad's middle-class investors was the main goal of this study. The goal of the research study is to identify the various investment goals of Ahmedabad's middle-class investors, determine whether or not their savings have increased, and provide an explanation for any increases. These are some of the major questions regarding the behaviour and investment patterns of this class of investors. As a result, the goal of this research work is to identify the differences in the investment patterns chosen by various age and income categories within Ahmedabad's middle class.

Sangeetha, S. (2022), This study aims to find Investors Investment patterns that influenced by various factors. The study's objectives are to examine the variables that impact investors' investing patterns and the significance of their demographic characteristics in relation to the available investment options in Tiruchirappalli city. Chi-Square and cluster analysis have been used to investigate different factors and the significance of demographic attributes and Investors Investment pattern percentage analysis.

Shah, N., & Jadav, J. (2023), The purpose of the study Gujarat's market has grown rapidly to rank among the biggest in all of India. A number of Gujarati cities have populations that are showing signs of rising purchasing power and active investment. In order to have a deeper understanding of the spending and investment trend, a researcher has chosen four cities within the state of Gujarat. Data collection from 540 people living in the four cities of Ahmedabad, Baroda, Bhavnagar, and Mehsana is the aim of this study. By comparing the monthly expenses of the residents with the cities in which they dwell, one can acquire insight into the residents' spending habits. Three distinct categories of spending patterns were used in the study: housing, grocery shopping, and clothing. The researchers concentrated on the mode of investment as well as the reasons for the investment in order to comprehend the investment pattern of the residents of these four cities that are the focus of this study.

Zanvar, P., & Bhola, D. S. S. (2016), The primary goal of the study was to understanding the investment patterns of Pune (India) investors. A systematic questionnaire was used to gather data from 770 Pune residents representing various socioeconomic classes. The investigation revealed that there is a notable distinction between safer and riskier investing avenues. One Way ANOVA has been used for analysis. It was suggested here that bank savings and insurance are the best investment options, and that safety, tax benefits, and high returns are the main variables influencing investment decisions.

RESEARCH DESIGN:

A]   Objectives of the Study:
1)   To study Age, affect investment pattern of Individual investor in Mumbai region.
2)   To study Occupation, affect investment pattern of Individual investor in Mumbai region.
3)   To Study Investment Opportunity, affect the Investment pattern of Individual Investor in Mumbai
4)   To Study Other influencing factor (Sources of Income, Government Sector, Investment Knowledge and Emotional ability and impulsive decision) affect the Investment pattern of Individual Investor in Mumbai

B] Hypothesis of the Study:
H0: There is no significant difference between the mean of male and female, Age and Occupation on Investment pattern of Individual Investor in Mumbai region.

H1: There is significant difference between the mean of male and female, Age and Occupation on Investment pattern of Individual Investor in Mumbai region.

H0: There is no significant relationship between Investment Opportunity and Investment pattern of Individual Investor in Mumbai region.

H1: There is significant relationship between Investment other Opportunity and Investment pattern of Individual Investor in Mumbai region.

H0: There is no significant relationship between Influencing factor (Sources of Income, Government Sector, Investment Knowledge and Emotional ability and impulsive decision) and Investment pattern of Individual Investor in Mumbai region.

H1: There is significant relationship between Influencing factor (Sources of Income, Government Sector, Investment Knowledge and Emotional ability and impulsive decision) and Investment pattern of Individual Investor in Mumbai region.

C] Research Methodology:
Research Design   : Descriptive research and explanatory research
Sampling Method   : Under Non-Probability method using convenience sampling
Sample   : 105 respondents
Tool Used   : Percentage Analysis, MS-Excel
Data Collection method   : Questionnaire method
Data Presentation tool   : Table
Data Analysis Device   : Frequency and Percentage analysis
Hypothesis testing   : Chi-Square Test

DISCUSSION AND ANALYSIS:

The following is the table of frequency analysis of surveyed data.

Table 1: Demographic Profile of Sample: **(Sample Size – 105)**

Sr. No	Profile	Variable	F	%	Valid %	Cumulative %
1	Gender	Male	66	63.85	63.85	63.85
		Female	39	37.15	37.15	100
		Total	105	100	100	
2	Age	20-30 years	61	58.1%	58.1%	58.1%
		30-40 years	13	12.4%	12.4%	70.5%
		40-50 years	23	21.9%	21.9%	92.4%
		50-60 years	05	4.8%	4.8%	97.2%
		Above 60	03	2.8%	2.8%	100.00
		Total	105	100	100	
3	Occupation	Salaried employee	30	28.6%	28.6%	28.6%
		Professional	9	8.6%	8.6%	37.2%

		Self employed	11	10.5%	10.5%	47.7%
		Business	17	16.2%	16.2%	63.9%
		Homemaker	6	5.6%	5.6%	69.5%
		Student	32	30.5%	30.5%	100.00%
		Total	105	100%	100%	

Table 1 represents the distribution and percentages of responses for different variables within three distinct profiles: Gender, Age, and Occupation.

The table 1 shows the distribution of respondents based on gender, 66 males and 39 females, making a total of 105 respondents. The percentage distribution indicates that 63.85% are male, 37.15% are female, and the cumulative percentage reaches 100%.

Respondents are also categorized into different age groups. The largest age group is "20-30 years" with 61 respondents, constituting 58.1% of the total. The second-largest age group is "40-50 years" with 23 respondents (21.9%), followed by "30-40 years," "50-60 years," and "Above 60" with decreasing percentages. The cumulative percentages are provided, with the final row indicating that all age groups together reach 100%. Table 1 breaks down respondents based on their occupation. The highest number of respondents are "Students" (32), comprising 30.5% of the total. The next most common occupations are "Salaried employee" (28.6%), "Business" (16.2%), and "Self-employed" (10.5%). The cumulative percentages demonstrate the incremental contribution of each occupation to the total, reaching 100% in the last row.

Table 2 : Investment Opportunity

Sr. No	Profile	Variable	f	%	Valid %	Cumulative %
4	Investment	Very often	32	30.5%	30.5%	30.5%
	opportunities	Fairly often	42	40%	40%	70.5%
		Not often	22	21%	21%	91.5%
		Only on recommendation	9	8.6%	8.6%	100%
		Total	105	100%	100%	

Table 2 provides insights into the respondents' behavior regarding investment opportunities. It indicates that a significant portion of the respondents invest "Very often" or "Fairly often," while a smaller percentage invests "Not often" or "Only on recommendation." The cumulative percentages help understand the overall distribution of respondents across these different categories of investment frequency.

Table 3 : Other influencing Factor

Sr. No	Profile	Variable	F	%	Valid %	Cumulative %
5	Investment	Yes	60	57.1%	57.1%	57.1%
	as Sources	No	18	17.1%	17.1%	74.2%
	of Income	Maybe	27	25.7%	25.7%	100.00
		Total	105	100%	100%	
6	Primary	Safe investment option	42	40%	40%	40.%
	reason for	Regular source of income	6	5.7%	5.7%	45.7%
	Investing	Recommended by somebody	3	2.9%	2.9%	48.6%
		Don't investment in Govt Securities	53	50.5%	50.5%	99%
		Diversification	1	1%	1%	100%
		Total	105	100%	100%	
7	Alternative	Yes	77	73.3%	73.3%	73.3%
	Investments	No	7	6.7%	6.7%	80%
	in the Market	Maybe	21	20%	20%	100%
		Total	105	100%	100%	

8	Alternative	Yes	65	61.9%	61.9%	61.9%
	investment	No	18	21%	21%	82.9%
	Avenues	Maybe	22	17.1%	17.1%	100%
		Total	105	100%	100%	
9	Knowledge	In Depth knowledge	11	10.5%	10.5%	10.5%
	Of potential	Fair knowledge	79	75.2%	75.2%	85.7%
	returns & risks	No knowledge	15	14.3%	14.3%	100%
		Total	105	100%	100%	
10	Emotions used	Yes	18	17.1%	17.1%	17.1%
	while investing	No	36	34.3%	34.3%	51.4%
		Maybe	51	48.6%	48.6%	100%
		Total	105	100%	100%	
11	Impulsive	Yes	51	21%	21%	21%
	investment	No	32	48.6%	48.6%	69.6%
	on emotions	Maybe	22	30.5%	30.5%	100%
		Total	105	100%	100%	
12	Ability to	Very confident	17	16.2%	16.2%	16.2%
	separate emotions	Fairly confident	57	54.3%	54.3%	70.5%
	from the	Somewhat confident	24	22.9%	22.9%	93.4%
	investment	Not confident	7	6.7%	6.7%	100%
		Total	105	100%	100%	
13	Peers, relatives	Yes, they'll do	21	20%	20%	20%
	colleagues	Only till a certain extent	57	54.3%	54.3%	74.3%
	influence	No, they don't	27	25.7%	25.7%	100%
	investment decisions	Total	105	100%	100%	
14	Youth prefer	Yes	61	58.1%	58.1%	58.1%
	Risk	No	7	6.7%	6.7%	64.8%
		Maybe	37	35.2%	35.2%	100%
		Total	105	100%	100%	

Investment as Sources of Income (Profile 5):
- The table indicates that 57.1% of the respondents answered "Yes" to using investments as a source of income.
- 17.1% answered "No," and 25.7% were uncertain, indicating a degree of indecision.
- Cumulative percentages show the distribution across these categories, reaching 100%.

Primary Reason for Investing (Profile 6):
- The primary reason for investing is distributed among various options.
- "Safe investment option" is the most common reason, chosen by 40% of respondents.
- The cumulative percentages indicate that the majority of respondents invest for safety or regular income.

Alternative Investments in the Market (Profile 7):
- A significant portion (73.3%) of respondents is open to alternative investments in the market.
- 6.7% are not interested, and 20% are uncertain about considering alternative investments.
- Cumulative percentages demonstrate the overall distribution across these categories.

Consideration of Alternative Investment Avenues (Profile 8):
- 61.9% of respondents consider alternative investment avenues, while 21% do not.
- 17.1% are uncertain about exploring alternative investment options.
- The cumulative percentages provide an overview of the distribution.

Knowledge of Potential Returns & Risks (Profile 9):
- A majority of respondents (75.2%) claim to have "Fair knowledge" of potential returns and risks.
- 14.3% admit to having no knowledge, and 10.5% claim to possess in-depth knowledge.
- Cumulative percentages reflect the distribution of knowledge levels among respondents.

Emotional Considerations in Investment (Profiles 10 and 11):
- The table explores emotions in investment decisions.
- While 48.6% of respondents may use emotions, 34.3% do not, and 17.1% are uncertain.
- Regarding impulsive investment decisions based on emotions, 21% say "Yes," 48.6% say "No," and 30.5% are uncertain.
- Cumulative percentages showcase the distribution of responses across these emotional aspects.

Ability to Separate Emotions from Investment (Profile 12):
- A majority of respondents (54.3%) claim to be "Fairly confident" in separating emotions from investments.
- 22.9% are "Somewhat confident," while 16.2% are "Very confident," and 6.7% are "Not confident."
- Cumulative percentages illustrate the overall confidence levels in handling emotions during investment decisions.

Influence of Peers, Relatives, Colleagues on Investment Decisions (Profile 13):
- Responses are divided, with 54.3% stating influence "Only till a certain extent," 25.7% claiming "No influence," and 20% acknowledging influence.
- Cumulative percentages present an overview of the impact of peers and relatives on investment decisions.

Risk Preferences of Youth in Investments (Profile 14):
- The majority of youth (58.1%) prefer risk in investments, while 6.7% do not.
- 35.2% are uncertain about their risk preferences.
- Cumulative percentages show the distribution of responses regarding youth attitudes toward risk in investments.
The analysis provides insights into respondents' attitudes and behaviors related to various aspects of investments, including reasons for investing, knowledge levels, emotional considerations, and preferences for risk. The cumulative percentages aid in understanding the overall distribution across different response categories.

DATA ANALYSIS AND INTERPRETATION:

Table 4 : To Test the hypothesis, we have applied the Chi-Square test using excel.

		p-value
1	Age	0.986
2	Occupation	0.009
3	I look for investment opportunities	0.017
4	I consider investments as a key source of income.	0.184
5	Primary reason for investing in government securities	0.111
6	I am aware of the various types of alternative investments available in the market	0.765
7	I ever considered alternative investment avenues	0.002
8	I have knowledge about the potential returns and risks associated with alternative investments	0.006
9	Emotions play a significant role on my investment decisions	0.421
10	I have made an impulsive investment decision based on emotions	0.097
11	I have ability to separate emotions from our investment choices	0.110
12	Peers, relatives, colleagues, etc. influence investment decisions	0776

To evaluate the statistical significance of differences between means, compare the p-value to your chosen significance level, which evaluates the null hypothesis. The null hypothesis assumes that population means are equivalent. Typically, a significance level (referred to as α or alpha) of 0.05 is commonly used. A 0.05 significance level suggests a 5% possibility of incorrectly concluding a difference exists when it doesn't.

For Statements 2, 3, 7, and 8, where the p-value is less than the significance level of 0.05, we reject the null hypothesis and embrace the alternative hypothesis. Consequently, we establish a correlation between gender and awareness about Investment Opportunities, various Alternative investment avenue, potential returns and risk associated with alternative investment.

CONCLUSION:

This research employed a combination of descriptive and explanatory research design to investigate the investment behaviour and preferences of 105 respondents. The sampling method used was non-probability, specifically convenience sampling. The research tools included a questionnaire, and data analysis involved percentage analysis using MS-Excel. The presentation of findings utilized tables, and the data analysis device included frequency and percentage analysis, with hypothesis testing conducted using the Chi-Square Test.

The demographic profile of the sample (Table 1) provided insights into the distribution of respondents based on gender, age, and occupation. The subsequent tables investigated into investment opportunities, influencing factors, reasons for investing, alternative investments, knowledge levels, emotional considerations, and the influence of peers on investment decisions.

The data analysis and interpretation highlighted key findings such as the prevalence of investment as a source of income, the popularity of safe investment options, openness to alternative investments, and varying levels of knowledge and emotional involvement in investment decisions. The Chi-Square Test results indicated significant correlations in areas such as age, occupation, awareness about investment opportunities, alternative investment avenues, and knowledge of potential returns and risks.

Overall, the research provides valuable insights into the diverse factors influencing investment decisions and the distinctions within different demographic groups. The findings can be beneficial for financial institutions, policymakers, and individuals seeking a better understanding of investment behaviors and preferences

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