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A Study on Individual Investment Behaviour

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Abstract
This research paper explores the behaviour of individual investors in India, analyzing their investment preferences, saving patterns, and risk appetite. A sample of 60 active investors was surveyed using a structured questionnaire. Statistical tools such as percentage analysis, mean, and Chi-square test were employed. Results show that the primary motivation for saving is children's education, followed by contingency planning and home purchase. Investors prefer blue-chip stocks and base decisions on fundamental analysis over technical cues or earnings announcements. Findings also reveal a significant relationship between investment decisions and age, as well as between age and the source of financial information. The study suggests that while digital literacy has improved, personalized strategies and better awareness could further refine investor behavior.

Keywords
Investment Behaviour, Individual Investors, Risk Appetite, Financial Literacy, Blue Chip Stocks, Savings, Fundamental Analysis, Indian Capital Market, Demographics

1. Introduction
Investment is essential for wealth creation and future financial stability. In India, the investment behavior of individuals has evolved due to growing awareness and access to financial markets. This paper studies the patterns, motivations, and preferences that guide individuals in their investment decisions, particularly focusing on factors like income, education, occupation, risk appetite, and the type of investments chosen.

2. Objectives of the Study
- To examine the demographic profile of investors.
- To analyze their investment preferences and saving patterns.
- To identify factors influencing individual investment decisions.
- To evaluate the awareness levels of investors regarding market fundamentals.
- To study the relationship between demographics and investment decisions.

3. Literature Review
Various studies have explored individual investor behavior, highlighting psychological biases, risk aversion, and the influence of demographics. Chandra and Kumar (2012) emphasized behavioral finance and biases in decision-making. Das (2012) noted diverse investor goals, prioritizing capital protection and liquidity. Shaik et al. (2012) found herd mentality and emotional investing common among individuals. Chattopadhyay and Dasgupta (2015) concluded that risk tolerance varies significantly based on age, income, education, and other demographics.

4. Research Methodology

This study used a quantitative research design with data collected through structured questionnaires. A sample of 60 respondents was selected via simple random sampling. Statistical tools such as percentage analysis, mean, and chi-square tests were used to analyze the data.

5. Data Analysis and Interpretation

Findings show that most respondents are aged 18–25, male, and students. Savings are primarily used in bank deposits, shares, and mutual funds. Objectives include long-term capital growth and income generation. Respondents prefer blue-chip stocks and fundamental analysis over technical or market-based cues. Chi-square analysis revealed significant relationships between age and both investment decisions and source of information.

6. Findings

- Major investors save 20–40% of their income.
- Bank deposits, shares, and mutual funds are top choices.
- Children's education is the primary savings goal.
- Blue-chip stocks are most preferred.
- Fundamental analysis guides buying decisions.
- Risk appetite is generally moderately low.

7. Recommendations

- Improve investor education about market instruments.
- Encourage long-term planning through awareness programs.
- Introduce easy-to-understand digital tools for retail investors.
- Offer customized financial advice based on demographic profiling.

8. Conclusion

The study concludes that Indian investors are becoming more conscious and calculated in their investment behavior. Demographic factors significantly affect their decisions, with younger investors showing more interest in stock markets. However, there's still room for improvement in financial literacy and strategic investing. Effective guidance can convert novice investors into knowledgeable ones.

9. References

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