STUDY ON THE BEHAVIOUR OF YOUTH ON INVESTMENT

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Abstract- This study aims to investigate the investment behavior of youth in India and identify the factors that influence their investment decisions. With a large and youthful population, India's youth have the potential to drive the country's economic growth, but there is a lack of research on their investment behavior. A quantitative research design will be used, utilizing a survey to gather data from a sample of young people in India. The study will explore the attitudes and behaviors of Indian youth towards investment, including their level of financial literacy, access to financial education, and cultural and social norms. The findings of this study will provide valuable insights for policymakers, educators, and financial institutions to better understand and address the investment needs of India's youth population, helping to secure their financial future and contributing to the overall economic growth of the country.

INTRODUCTION

The behavior of youth towards investment in India is a topic of growing interest in today's rapidly changing economic landscape. With a large and youthful population, India's youth have the potential to drive the country's economic growth. However, there is a lack of research on the investment behavior of youth in India. This study aims to fill this gap by exploring the attitudes and behaviors of Indian youth towards investment and identifying factors that influence their investment decisions.

India has one of the youngest populations in the world, with more than half of its population being below the age of 25. This demographic advantage presents a unique opportunity for the country's economic growth, as the youth population is a key driver of economic activity. However, for the country to fully capitalize on this demographic advantage, it is important to understand the investment behavior of its youth population.

Investment is crucial for individuals to secure their financial future and achieve their long-term financial goals. It is also important for the overall economic growth of a country, as investment leads to the creation of jobs and the development of new industries. However, youth in India are known to have a low savings rate, and they tend to invest less in financial assets compared to their older counterparts. This is a cause for concern, as it could have a significant impact on their long-term financial well-being and the country's economic growth.

There are several factors that influence the investment behavior of youth in India. One of the main factors is the lack of financial literacy among the youth population. Many young people in India lack the knowledge and understanding of financial products and services, which makes it difficult for them to make informed investment decisions. Additionally, the lack of access to financial education and the lack of financial products and services tailored to the needs of youth also contribute to the low investment rate among the youth population.

Another important factor that influences the investment behavior of youth in India is the cultural and social norms that discourage investment. In India, there is a strong tradition of saving and investing in physical assets, such as gold and property, rather than financial assets. This cultural bias towards physical assets may discourage youth from investing in financial assets, such as stocks and bonds. Furthermore, the social norms that discourage youth from taking financial risks may also discourage them from investing in financial assets.

In addition to these factors, the economic and political environment also plays a role in the investment behavior of youth in India. The economic environment, such as the level of economic growth, inflation, and interest rates, can affect the investment decisions of youth. Similarly, the political environment, such as the level of government regulation and the stability of the political system, can also have an impact on the investment behavior of youth.

Given the importance of investment for the long-term financial well-being of individuals and the economic growth of a country, it is crucial to understand the investment behavior of youth in India. This study aims to explore the attitudes and behaviors of Indian youth towards investment, and identify the factors that influence their investment decisions. The findings of this study will provide valuable insights for policymakers, educators, and financial institutions to better understand and address the investment needs of India's youth population. By providing a better understanding of the investment behavior of youth in India, this study can contribute to the development of policies and programs that can encourage and support the investment decisions of youth in India, which in turn can help to secure their financial future and contribute to the overall economic growth of the country.

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Meaning Of Investment

Investment refers to the allocation of resources, usually in the form of money, with the expectation of generating additional income or capital growth in the future. There are various types of investments, such as stocks, bonds, mutual funds, real estate, and commodities, each with their own set of risks and potential rewards. The primary goal of investing is to earn a return on the initial investment, which can be in the form of dividends, interest, or capital appreciation. Investing can be a way to grow wealth over time, and is an important aspect of personal finance and financial planning. It can also be used for short term or long term goals like buying a house, education, retirement or any other specific need. However, it is important to understand the risks involved and to diversify investments across different asset classes to reduce risk.

LITERATURE REVIEW

A literature review of the research on the behavior of youth towards investment in India shows that there is a lack of studies on this topic. However, there are a few studies that have looked at the financial behavior and decision-making of young people in India, which provide some insight into the investment behavior of youth.

A study conducted by the Reserve Bank of India (RBI) in 2017 found that young people in India have a low level of financial literacy and a lack of access to financial education. The study also found that young people in India tend to invest in physical assets, such as gold and property, rather than financial assets.

A study published in the Journal of Financial Planning and Management in 2018, investigated the financial behavior of Indian youth and found that lack of knowledge, trust and confidence in financial institutions, and lack of financial products and services tailored to their needs are major barriers for youth investment in India.

A study published in International Journal of Indian Culture and Business Management in 2019, found that cultural and social norms, such as the traditional preference for physical assets, and the social pressure to conform to these norms, play a significant role in shaping the investment behavior of youth in India.

A study, published in Journal of Business Management and Economics in 2020, it was found that the economic and political environment, such as the level of economic growth, inflation, interest rates, government regulations, and the stability of the political system, also play a role in shaping the investment behavior of youth in India.

A study, by Bhandari and Mishra (2015), found that a lack of financial literacy is a major barrier to investment among youth in India. The study surveyed college students in India and found that the majority had low levels of financial literacy and a lack of knowledge about financial products and services.

A study, by Bhat and Bhat (2016), found that cultural and social norms also play a role in shaping the investment behavior of youth in India. The study found that traditional cultural values, such as a preference for saving in physical assets rather than financial assets, and social norms that discourage taking financial risks, can discourage youth from investing in financial assets.

A study by Sharma and Singh (2018) investigated the influence of economic and political environment in shaping the investment behavior of youth in India. The study found that a stable and predictable economic and political environment is positively associated with investment behavior of youth, while an unstable and uncertain environment discourages investment.

In addition to these studies, there are also several reports and articles that have explored the issue of youth investment in India. For example, a report by the Confederation of Indian Industry (CII) and PwC India (2017) highlighted the need for financial education and access to financial products tailored to the needs of youth in order to encourage investment among young people in India.

A study by Agarwal, Srivastava, and Srivastava (2017) found that financial literacy and knowledge of investment options were positively related to investment behavior among youth in India. The study also found that social influence and perceived risks and returns were also important factors in the investment decisions of youth.

A study by Bhuyan and Sahoo (2018) explored the investment behavior of youth in India and found that the lack of financial literacy, lack of trust in financial institutions, and cultural and social norms were major barriers to investment among youth. The study also found that the level of economic growth, inflation, and interest rates had a significant impact on the investment behavior of youth.

Reason for lack of investing by youth

Lack of financial education

Many young people may not have received adequate financial education, and may not have a clear understanding of the benefits of investing or how to go about investing. Without a basic understanding of financial concepts and investment options, it can be difficult for young people to feel confident in making investment decisions.

Short-term financial priorities

Young people may be focused on short-term financial priorities such as paying off student loans, saving for a down payment on a house, or starting a family, and may not have the extra funds to invest. Additionally, they may not see the immediate benefits of investing and may prioritize other expenses over saving for the future.

Fear of risk

Investing comes with a certain level of risk, and some young people may be risk-averse and may not be comfortable with the idea of losing money. They may prefer to keep their money in savings accounts or other low-risk investments, rather than taking on the potential volatility of the stock market or other investment options.

Lack of access to investment opportunities

Some young people may not have access to investment opportunities due to a lack of resources or understanding of the investment process. They may not have the financial means to invest in real estate or other high-cost investments, or may not know how to research and evaluate different investment options.

Perception of investment as a luxury

Some young people may see investing as a luxury reserved for the wealthy and may not believe that they have enough money to invest. Additionally, they may see investing as something that is only necessary for older individuals who are nearing retirement, and may not see the importance of investing early in life.

High-interest credit card debt or loans

Many young people are struggling with high-interest credit card debt or loans, and may not have much disposable income to invest. They may be focused on paying off these debts and may not have the extra funds to invest.

Lack of trust in the financial system

Some young people may not have faith in the financial system and may be hesitant to invest due to concerns about fraud or corruption. Additionally, they may be skeptical of the stock market and may not believe that it is a reliable way to grow wealth.

Lack of awareness of investment opportunities

Many young people may not be aware of the investment opportunities that are available to them. They may not know about government-backed savings programs, or may not be aware of the tax benefits of certain types of investments.

Social media influence

Social media can play a big role in shaping the way young people think about money. They may see their peers spending money on lavish lifestyles and may be influenced to do the same, rather than thinking about long-term savings and investing.

Lack of guidance

Young people may not have access to financial guidance and may not know where to turn for advice on investing. They may not have a trusted financial advisor or mentor to help them navigate the investment landscape.

OBJECTIVE OF STUDY

The main objectives of the research activities are as follows.

1. Understand the income and savings patterns of young people.

2.Risk appetite of young investor

3.Identifying key factors influencing investment behavior of young investors.

4.Investment preference of youth

RESEARCH METHODOLOGY

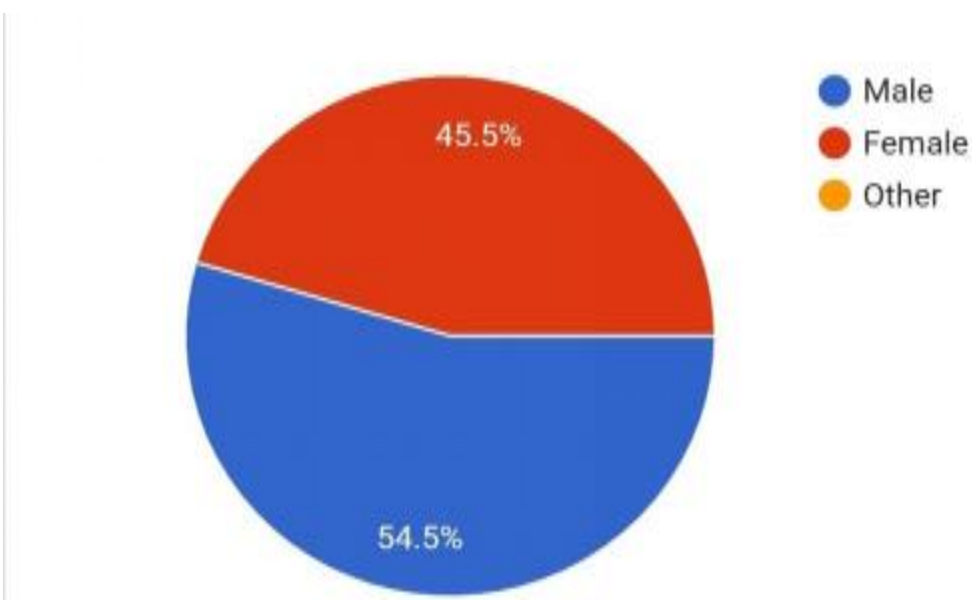
Research methodology refers to the process by which a researcher conducts a study to answer a research question or test a hypothesis. It includes the design, methods, and procedures used to collect and analyze data to answer the research question or test the hypothesis.

SAMPLE

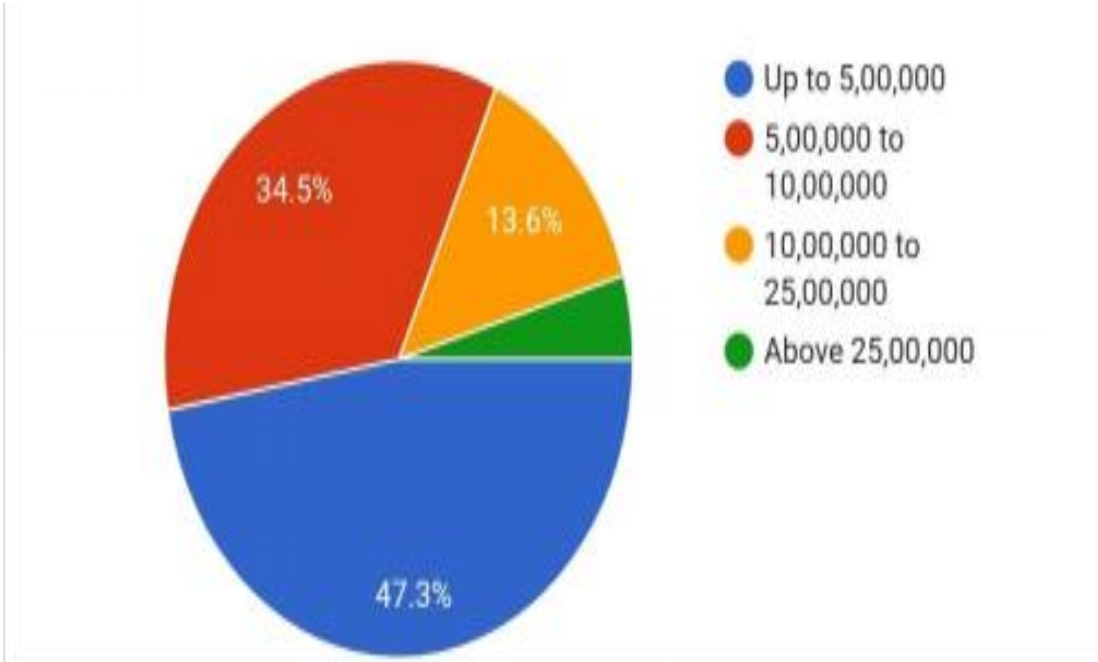
The primary data collection consisted of a structured questionnaire with limited and focused questions that covered questions related to saving/investment behavior of students. The survey asked how much (approximately) of their income is saved, whether it is invested in traditional savings methods or capital markets, and how much social factors such as friends and family influence their choices. Approximately of the contact base (100 respondents) will be sufficient information to be included in the survey sample. The focus is on students who were working or having a source of income and studying at the same time.

QUESTIONNAIRE

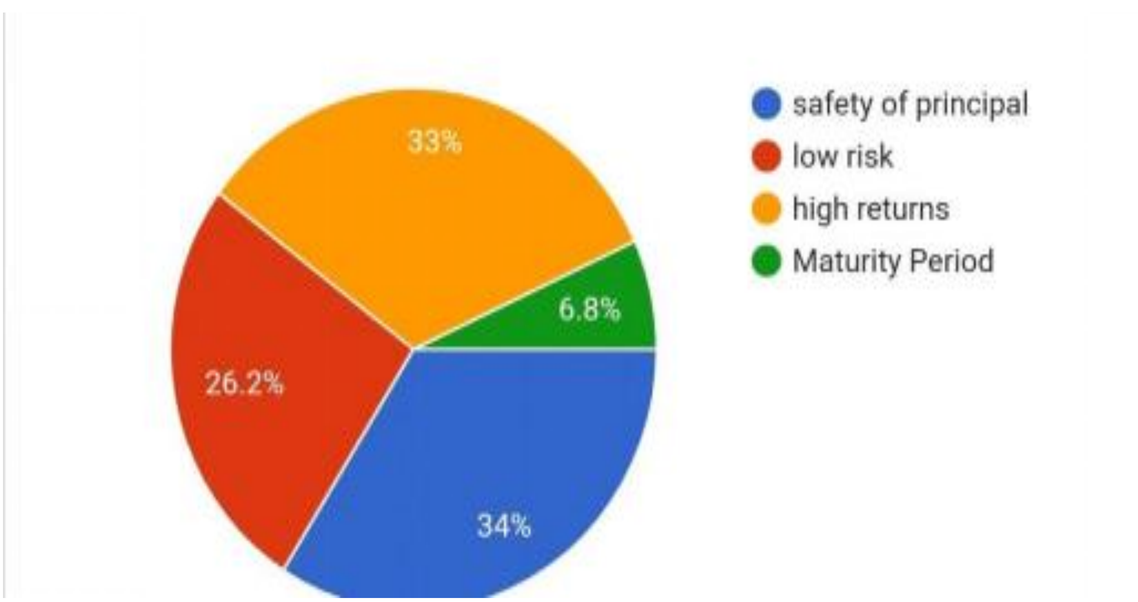
Respondents' gender is shown in the data table below. There are 54.5% male respondents and 45.5% female respondents, indicating that young are distributed by gender.



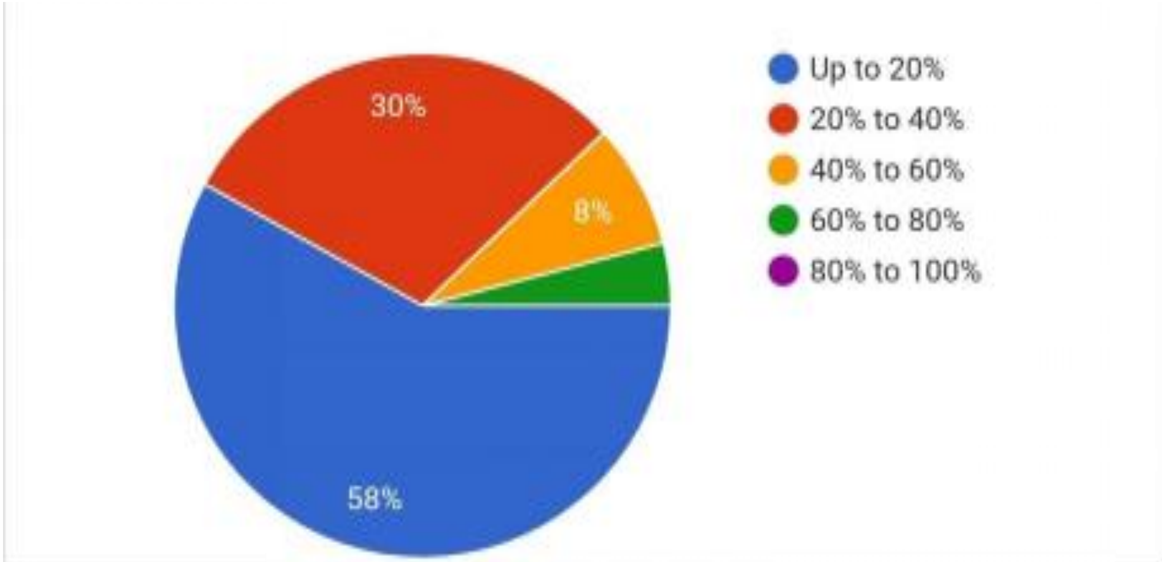
1. Annual family income: The respondents' income distribution is depicted in the pie chart below. According to the poll results, 47.3% of respondents have an annual income up to Rs 5,00,000, and 34.5% have an annual income of between Rs. 5,00,000 and Rs. 10,00,000. Significantly, 13.6% of respondents reported having an annual income between Rs. 10,00,000 to Rs. 25,00,000 and only 5.45% of respondents have family income more than Rs. 25,00,000.



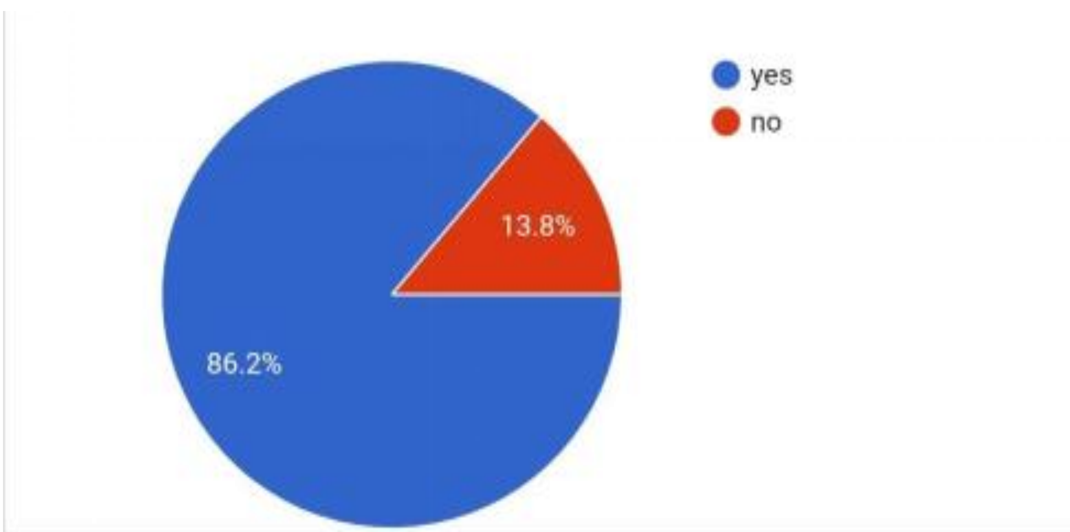
2. Factors Influencing Investment Decisions- When asked what factors influence their investment decisions, 33% of respondents say return is the most crucial one. Return is followed by risk (26.2%), Safety of principal (34%)and Maturity Period (6.8%) in importance. This demonstrates that young people are more growth-oriented and would make more investments in growth-oriented programmed in the future.



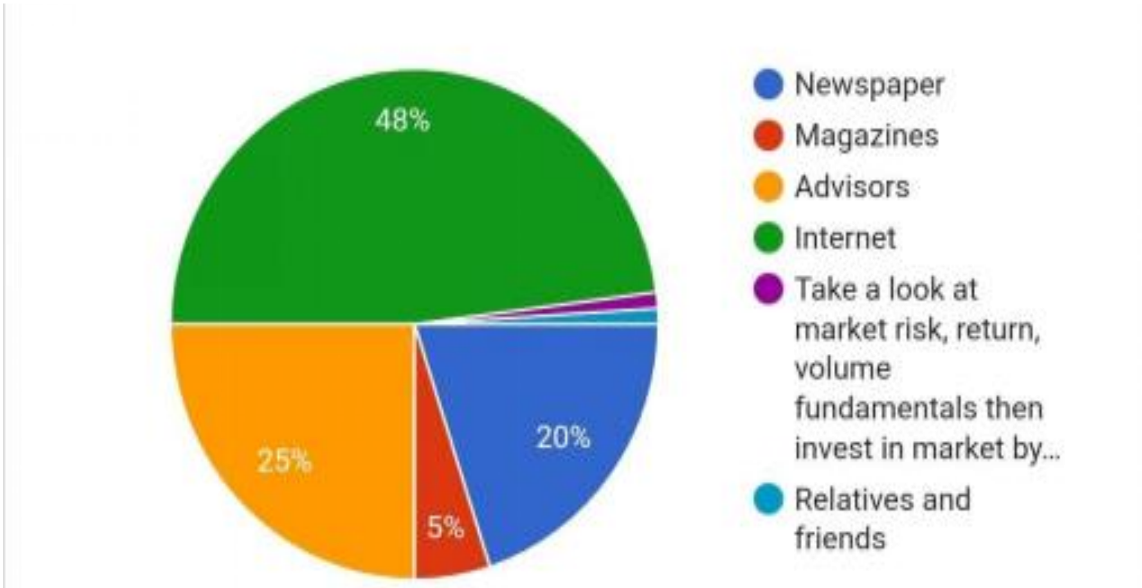
3. Savings and investment habits of respondents When asked how much of their funds they often invest each year, 58% of respondents said they typically invest between 0 to 20%, followed by 30% who said they typically invest between 20% to 40%, followed by 8% who said they typically invest between 40% to 60%.



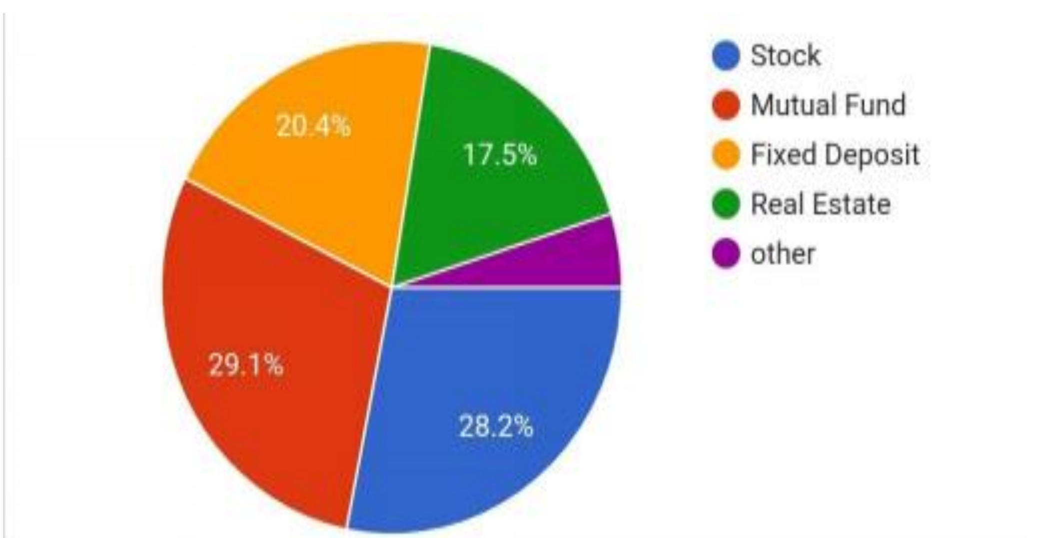
4. To know about the awareness of capital markets like stock market, crypto currency, gold bond etc. When asked whether they would know about the investment market or not, 86.2% of the respondents said they were known about the capital market, while 13.8% of the respondents said they were still considering it.



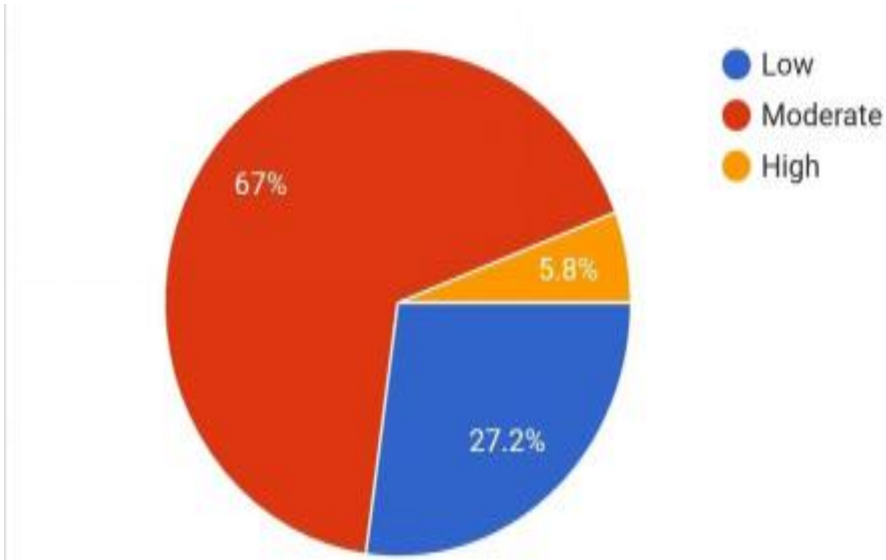
5. Source of financial advice: According to the respondents, Internet are the most dependable source of knowledge on investments, followed by the advisors, as there will be 48% of responder are taking advice from internet, 25% from advisors, rest are taking advice from Magazines, newspaper etc.



6. Avenue of investment which is safer for investment: The study finds that respondents have find that investing primarily in bank mutual fund (29.1%), maybe due to the security of the investment, followed by stock (28.2%) and fixed deposit.



7. According to research the risk appetite of the people is moderate, as people are not more aware about the investment pattern of the market. So, they are stuck between low or high-risk appetite. As, 67% of respondents have moderate risk appetite, followed by 27.2% have low risk appetite as well as 5.8% of respondents have high risk appetite.



CONCLUSION

In conclusion, the study on the behavior of youth investment in India provides valuable insights into the challenges and opportunities facing this population when it comes to investing. The research has shown that the youth in India are facing several barriers to investing, such as lack of financial education and access to investment opportunities, short-term financial priorities, and fear of risk. However, the research also highlighted that despite these challenges, the youth in India are showing an increasing interest in investment and are willing to take on some level of risk to achieve higher returns.

The findings of this study suggest that there is a need for increased financial education and access to investment opportunities for the youth in India. This can be done through initiatives such as financial literacy programs in schools and online resources. Additionally, policymakers and industry stakeholders should work together to create more accessible and user-friendly investment options for the youth, such as low-cost index funds or robo-advisory services.

The study also suggests that future research should focus on identifying specific barriers that prevent the youth in India from investing and on developing effective strategies to overcome them. Additionally, research on the impact of demographic, cultural, and societal factors on the investment behavior of the youth in India would be informative.

In summary, the study on the behavior of youth investment in India is significant as it provides valuable insights into the challenges and opportunities facing this population when it comes to investing and can inform the actions of policymakers, industry stakeholders, and financial institutions to support the youth in India to invest for their future.

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