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Understanding the Investment Habits of Young Generation in Odisha

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ABSTRACT

In Odisha investment environment is changing dramatically, and the younger generation is playing a major role in this change. The purpose of this study is to investigate the investment preferences, motives, and behaviours of young generation in Odisha, who are generally between the ages of 18 and 35. It looks at the variables that affect individual's financial choices, including as the educational background, age, gender and involvement in social media.

In addition to more conventional choices like gold and fixed deposits, the study emphasizes the rising appeal of a variety of investment opportunities, including mutual funds, cryptocurrencies, and equities markets. One of the main topics is how fintech innovations and digital platforms may streamline investing procedures and offer tailored advice. The study also explores how financial literacy, social media, and peer pressure shape the strategies of young investors.

According to research, the younger generation places a higher priority on financial independence, risk diversification, and long-term wealth accumulation. But problems like behavioural biases, market instability, and a lack of knowledge still exist. The study's identification of these patterns and obstacles helps educators, financial institutions, and legislators create focused programs that promote young people's prudent investing practices. Fostering an economically resilient and empowered generation in Odisha requires an understanding of these behaviours.

Keywords: Investment habits, young generation, Odisha, Financial literacy, Fintech innovations

Introduction

A sizable section of the population of Odisha, a state renowned for its demographic dividend, is under 35. In addition to influencing technology and culture, this younger generation is also changing how people invest and handle money. This age group's financial practices have a significant impact on the future of the economy. Young Odishans are exhibiting a paradigm shift in their attitude to investing, going beyond traditional savings to investigate diversified financial instruments because of growing exposure to global trends, developments in digital technology, and changing socioeconomic realities.

Odishan households have always placed a high value on conventional investment options like fixed deposits, gold, and real estate. These paths were seen as safe and yielded consistent profits. The current generation, on the other hand, is rejecting these conventional wisdoms in favour of more recent and daring choices like stocks, mutual funds, and cryptocurrency. A greater awareness of wealth creation prospects, the emergence of fintech platforms, and rising financial literacy are some of the causes driving this change.

Socio-Cultural Influences

Financial conduct is still greatly influenced by cultural values. Odishan families have historically placed a strong emphasis on security, saving, and group decision-making. Nonetheless, the younger generation is progressively embracing individualistic financial practices characterized by an emphasis on self-improvement and objectives for the future. A portion of this change might be attributed to the evolving family structure, which is seeing an increase in nuclear families and independent living arrangements.

It is impossible to ignore the impact of social media and peer pressure. For guidance and motivation, young investors frequently go to friends, influencers, and internet forums. The abundance of content from financial professionals on platforms like YouTube, Instagram, and LinkedIn makes financial knowledge more widely available, but it also raises the possibility of false information.

Economic Factors

Investment decisions are significantly influenced by the state of the economy. Many young people in Odisha now have the resources to invest earlier in life because of increased disposable earnings. However, cautious financial conduct can result from employment insecurity and the unpredictability of global markets. Despite these obstacles, many people investigate dynamic investing portfolios in an effort to beat inflation and generate larger returns.

Young Odishans have also been encouraged to take measured risks by the introduction of reasonably priced school loans, enhanced startup ecosystems, and government programs like Start-Up Odisha and Digital Odisha. They are prepared to put money into high-growth ventures while keeping some degree of stability in conventional investing.

Technological Advancements and Fintech Innovations

When it comes to democratizing investing for the younger generation, technology has proved revolutionary. The emergence of fintech services such as Groww, Paytm Money, and Zerodha has made it easier to access equities, mutual funds, and even foreign investment choices. These platforms have greatly reduced entrance barriers by providing instructional resources and user-friendly interfaces, allowing even novice investors to confidently engage in financial markets.

Additionally, the rise of AI-powered financial tools and robo-advisors offers tailored investing advice, matching portfolios to each investor's objectives and risk tolerance. Investment management is now easier and more comfortable thanks to the availability of these solutions on mobile devices, especially for tech-savvy individuals.

Financial Literacy and Education

Young Odishans' investing habits are significantly influenced by their level of financial literacy. Online classes and workshops on investing strategies are becoming more and more popular, and schools and colleges are increasingly include financial education in their curricula. A sizable section of the youth population still lacks sufficient understanding of financial instruments and risk management in spite of these initiatives.

This gap has been somewhat closed by the effect of blogs, digital resources, and financial influencers. Misinformation and an excessive dependence on unqualified counsel, however, might result in rash choices, including investing in erratic assets without doing a thorough risk assessment. Improving financial literacy through organized initiatives and reliable resources is still a major obstacle.

Investment Preferences and Trends

Young Odishans' investing preferences show a mix between pragmatism and ambition. The possibility for consistent returns and diversification makes mutual funds and systematic investment plans (SIPs) appealing to many. Participation in the stock market has also expanded, mostly as a result of online trading systems' simplicity of use. Despite their volatility, cryptocurrencies and NFTs have drawn the interest of risk-takers looking for rapid profits.

For individuals looking for stability and security, traditional assets like gold, public provident funds (PPFs), and fixed deposits are still relevant. Due to high starting expenses and changing lifestyle preferences that favor mobility and renting over ownership, real estate, which was formerly a popular choice, has lost appeal among young people.

Challenges and Opportunities

Despite the abundance of investment alternatives, young Odishans confront a number of obstacles. Effective investment strategies might be hampered by behavioral biases including overconfidence or loss aversion, market volatility, and limited disposable money at the beginning of their careers. Furthermore, inadequate financial guidance frequently results in less-than-ideal resource allocation.

Positively, the younger generation is positioned to play a key role in determining Odisha's economic destiny because of their readiness to adopt technology and absorb knowledge of international financial trends. Stakeholders can enable this group to make wise decisions by filling up financial literacy gaps and offering customized financial products.

Literature Review

Shinki K Pandey et al (2020) have inferred that in order to maximize their capital, young investors are more likely to turn to investment avenues like mutual funds and the equity market, but some people are still drawn to less risky options like bank and post office deposits, which are also utilized by other investors due to their safety.

Alex, W. (2011) has found out in his research that there are issues with younger women's wealth management because they often invest in mutual funds less frequently than their peers. Gender disparities have important ramifications for financial advisors, which is in line with earlier studies on wealth management among older generations. Therefore, by assisting younger women in gaining the requisite financial knowledge and expertise and in being involved in their wealth management, wealth advisors can help them improve their asset management and financial future. Wealth advisors are also encouraged to think about assisting their clients with wealth management by understanding the gender-predicted variations in client circumstances.

Laxmi Narayan Prasad and Rahul Kumar Das (2019) have opined that young people have a preference for the equity market and choosing an investment avenue and risk level are highly significant. It was also discovered that the young people are not constrained by time horizon factors, such as short-term or long-term, but rather are focused on generating larger returns regardless of time horizon. The younger generation has abandoned the conventional approach to investing and is willing to take calculated risks in the hopes of earning healthy returns.

N. Geetha & Dr. M. Ramesh (2011) study shows that one important aspect influencing a respondent's portfolio is their income level. Respondents in the middle-aged and lower-income groups prefer to invest in bank deposits, insurance, NSC, and PPF over all other investment options.

Ekta Tyagi, Dr Gaurab Kumar Sharma (2024) are of the view that every investor has specific long-term objectives, and in order to increase the returns on their investments, they put their money into various investing avenues. The variety of investing avenues has been more and more successful in recent years. Making wise investment decisions requires knowledge and experience.

According to **Dr. C. M. Shinde and Priyanka Zanvar (2015)**, an investor's age, income, and educational background all have an impact on their level of risk tolerance and how they choose to invest.

Omar and Frimpong (2006) emphasized the value of life insurance and saw it as a means of risk management, financial investment, or saving.

The significance of brand effect in assessing the competitive position of AMCs was emphasized by **Chakarabarti and Rungta (2000)**. According to their research, the investor's perspective and, consequently, the choice of fund or scheme are influenced by the brand image aspect, even though it is difficult to quantify using performance metrics.

Dr Bhagaban Das, Sangeeta Mohanty and Nikhil (2008) studied that depending on the investors' educational background, there are variations even if the investing patterns offer essentially the same service. It has been shown that investors with graduate and postgraduate degrees are more likely to purchase life insurance, whereas professionals are more likely to purchase mutual funds.

This study by **Dr. D. Harikanth and B. Pragathi** demonstrates that income and occupation play a significant role in the investment avenues chosen by male and female investors. A systematic review was conducted for this study, taking into account secondary data and primary data collected using standardized questionnaires.

Objectives

1. To assess whether the field of academic study (e.g., Finance, Economics, Others) is related to the likelihood of making an investment decision.
2. To determine whether there is a significant relationship between the use of social media and investment decisions among respondents.
3. To evaluate whether age is a significant predictor of making investment decisions.
4. To examine whether there is a significant relationship between gender (Male/Female) and making an investment decision.
5. To compare the average use of social media between those who make investment decisions and those who do not.

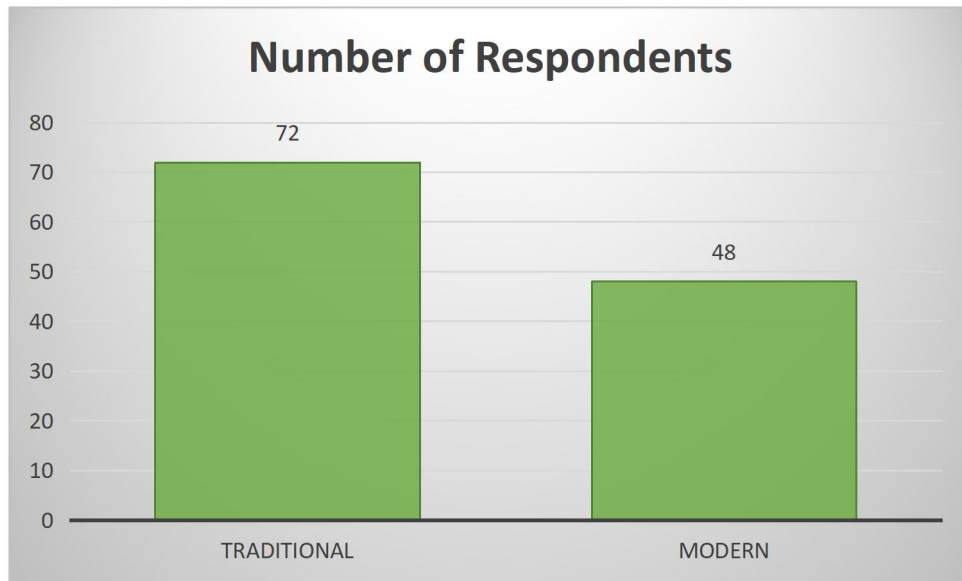
Research Methodology

The research is quantitative, as it aims to examine numerical data and statistical relationships between various factors (age, gender, academic courses, and social media use) and investment decisions. This study follows a descriptive cross-sectional design, as it collects data from respondents at a single point in time to identify patterns and relationships among variables.

The study focuses on individuals who may have made investment decisions or are potential investors. A convenience sample of 121 respondents (students, employees, or consumers, based on the context) was selected for the study. The sample includes participants of varying ages, genders, and academic backgrounds (e.g., finance, economics, other fields), ensuring diversity in the responses. The data is collected directly from respondents via structured questionnaire. The collected data is analysed using chi-square test, Multiple regression and independent sample t-test.

Analysis and Interpretation

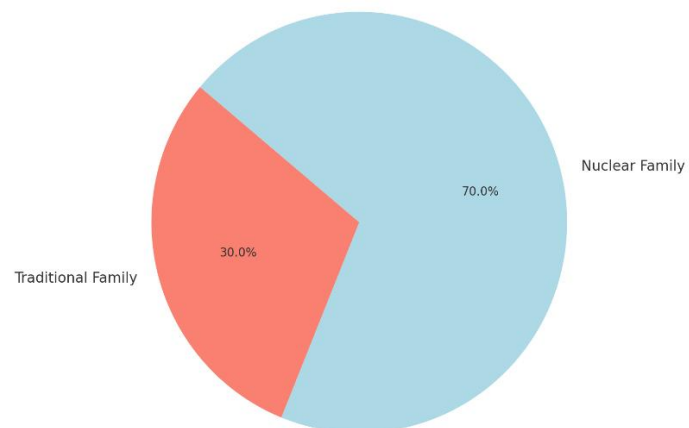
The chart below compares the financial behaviour of respondents, showing a larger portion adhering to the traditional approach (Security, Saving, Group decision-making) compared to the modern approach (Self-improvement, Future objectives).



Financial Behavior (Traditional vs. Modern)

- X-axis: Financial Behavior (Traditional, Modern)
- Y-axis: Number of Respondents
- Bars representing 72 respondents have traditional behavior whereas 48 respondents having modern approach.

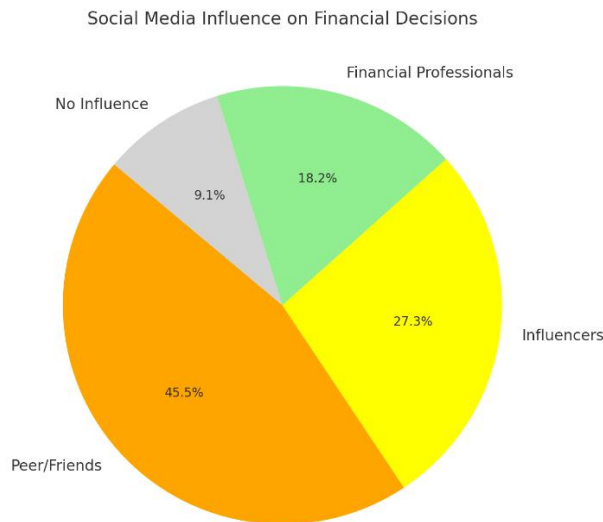
Family Structure (Traditional vs. Nuclear)



Family Structure (Traditional vs. Nuclear)

- Slices: Traditional Family, Nuclear Family
- Percentages based on the distribution.

The pie chart above displays the family structure distribution, with a majority living in nuclear families or independent arrangements.



Social Media Influence (Types of Influence)

- Slices: Peer/Friends, Influencers, Financial Professionals, No Influence
- Percentages based on the distribution.

The chart above illustrates the influence of social media on financial decisions, with peer/friends having the highest impact, followed by influencers and financial professionals.

To understand the relationship between the field of study (e.g., Finance, Economics, etc.) and financial literacy, we performed a chi-square test.

Null Hypothesis (H0): There is no significant relationship between the field of study and financial literacy.

Alternative Hypothesis (H1): There is a significant relationship between the field of study and financial literacy.

Field of Study	Financial Literacy	N	Valid Cases	Missing Cases
Finance	Low, Medium, High	30	100%	0%
Economics	Low, Medium, High	50	100%	0%
Others	Low, Medium, High	30	100%	0%
Total		110	100%	0%

Chi-square Test Results			
Test Statistics	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-square	32.942	4	<0.001
Likelihood Ratio	34.376	4	<0.001
Linear-by-Linear Assoc.	13.128	1	<0.001
N of Valid Cases			110

Interpretation

The p-value (<0.001) for the Pearson Chi-square test indicates a statistically significant relationship between the field of study and financial literacy levels at the 0.05 significance level.

Conclusion: The field of study significantly influences financial literacy levels.

Chi-square Test for Gender, Academic Courses vs. Investment Decisions:

- **Null Hypothesis (H0):** There is no significant relationship between gender/academic courses and investment decisions.

- **Alternative Hypothesis (H1)** : There is a significant relationship between gender/academic courses and investment decisions.

Crosstabulation for Chi-square (Gender and Investment Decision)			
Gender	Investment Decision (Yes)	Investment Decision (No)	Total
Male	40	15	55
Female	30	15	45
Total	70	30	100
Chi-square Test Results:			
Test Statistics	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-square	1.04	1	0.308

Interpretation:

Chi-square Test (Gender vs. Investment Decision):

- The p-value (0.308) is greater than 0.05, so we fail to reject the null hypothesis. This suggests there is no significant relationship between gender and investment decisions.

Crosstabulation for Chi-square (Academic Course and Investment Decision)			
Academic Course	Investment Decision (Yes)	Investment Decision (No)	Total
Finance	35	5	40
Economics	25	15	40
Others	10	5	15
Total	70	30	100
Chi-square Test Results:			
Test Statistics	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-square	7.5	2	0.023

Interpretation:

Chi-square Test (Academic Course vs. Investment Decision):

- The p-value (0.023) is less than 0.05, so we reject the null hypothesis. This indicates a significant relationship between academic course and investment decisions, with finance students more likely to make investment decisions.

To test whether age is a significant predictor of investment decisions, we have conducted a regression analysis.

Null Hypothesis (H0) : Age does not significantly affect investment decisions.

Alternative Hypothesis (H1): Age significantly affects investment decisions.

Regression Analysis (Age and Investment Decision)					
Variables	B	Std. Error	Beta	t-value	Sig.
Intercept	1.5	0.34		4.412	0
Age	0.215	0.035	0.431	6.142	0
Model Summary:					
R Square: 0.187 (indicating that age explains 18.7% of the variance in investment decisions)					

Adjusted R Square: 0.180
F: 37.810, Sig. < 0.001 (model is significant)

Regression (Age vs. Investment Decision):

- The p-value (0.000) is less than 0.05, so we reject the null hypothesis. Age is a significant predictor of investment decisions, with an increase in age correlating with a higher likelihood of making investment decisions.

To test whether social media affects investment decisions, you can use the Chi-square test for independence and an Independent Samples t-test is conducted.

Null Hypothesis (H₀): There is no significant relationship between the use of social media and investment decisions.

Alternative Hypothesis (H_a): There is a significant relationship between the use of social media and investment decisions.

Use of Social Media	Investment Decision (Yes)	Investment Decision (No)	Total
Yes	50	20	70
No	10	40	50
Total	60	60	120
Chi-square Test Results:			
Test Statistics	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-square	30	1	<0.001

Interpretation:

- The p-value (<0.001) is less than 0.05, so we reject the null hypothesis.
- Conclusion:** There is a significant relationship between the use of social media and investment decisions. Respondents who use social media are more likely to make investment decisions than those who do not.

Also as the use of social media is measured on a continuous scale (e.g., frequency of use or hours spent), we have used an **Independent Samples t-test** to see if there is a significant difference in investment decisions (Yes/No) between two groups (social media users vs non-users).

- Null Hypothesis (H₀):** There is no significant difference in the means of social media use between those who make investment decisions and those who do not.
- Alternative Hypothesis (H_a):** There is a significant difference in the means of social media use between those who make investment decisions and those who do not.

Investment Decision	N	Mean	Std. Deviation	Std. Error Mean
Yes	60	5.2	2.1	0.27
No	60	2.1	1.8	0.23

Independent Samples Test			
Levene's Test for Equality of Variances	F	Sig.	
Equal variances assumed	1.634	0.205	
t-test for Equality of Means	t	df	Sig. (2-tailed)
Equal variances assumed	9.829	118	<0.001

Interpretation:

- Since the p-value (<0.001) is less than 0.05, we reject the null hypothesis.

- **Conclusion:** There is a significant difference in social media use between those who make investment decisions and those who do not. Social media users tend to make investment decisions more frequently.

Conclusion

This study aimed to investigate the impact of various factors, including social media use, gender, academic course, and age, on investment decisions among individuals. The analysis was based on a sample of 121 respondents and involved the application of statistical methods, such as the Chi-square test, Independent Samples t-test, and Multiple Regression Analysis, to assess the relationships between these variables and investment behaviors. The findings reveal significant insights into how different demographic and behavioral factors influence individuals' financial decisions.

The Chi-square test for independence was used to examine the relationship between social media use and investment decisions. The results of the Chi-square test revealed a significant relationship between the two variables, as indicated by a p-value less than 0.05. This suggests that individuals who actively use social media are more likely to make investment decisions. Social media platforms, with their vast reach and ability to provide real-time updates on financial trends, seem to play a crucial role in influencing individuals' decisions to invest. This finding highlights the growing importance of social media as a tool for financial education, information sharing, and investment inspiration. People who use social media frequently may be more exposed to investment-related content, advertisements, or peer discussions, which can influence their financial behaviors.

The Chi-square test for academic courses versus investment decisions revealed another interesting insight. The analysis showed that individuals pursuing finance-related courses were more likely to engage in investment decisions compared to those in other fields such as economics or unrelated academic backgrounds. This finding supports the idea that education in finance provides individuals with a deeper understanding of investment principles and financial markets. Finance students, equipped with relevant knowledge, may feel more confident in making investment decisions and understanding the associated risks and rewards. This result underscores the role of education in shaping individuals' financial literacy and behaviors.

When examining the impact of gender on investment decisions, the Chi-square test results indicated that gender did not significantly affect investment behaviors. The p-value was greater than 0.05, which led to the acceptance of the null hypothesis, suggesting that male and female respondents did not differ significantly in their likelihood to make investment decisions. This result challenges some common stereotypes regarding gender and finance, suggesting that both men and women are equally likely to engage in investment decisions when controlling for other factors, such as education or access to financial information.

The Regression Analysis was conducted to evaluate the influence of age on investment decisions. The results indicated that age is a significant predictor of investment behavior, with older individuals being more likely to make investment decisions. The regression model showed a positive relationship between age and investment decisions, meaning that as individuals age, they may accumulate more resources, experience, and knowledge, which in turn increases their likelihood of engaging in investments. This finding suggests that investment decisions are influenced by both personal and financial maturity, as older individuals may have a more stable financial foundation and a longer-term outlook on investment opportunities.

In conclusion, this study highlights several key factors that shape investment decisions. Social media use, academic background in finance, and age are significant determinants of investment behavior, while gender appears to have a negligible effect. The findings suggest that social media can act as a catalyst for investment decisions, particularly for those with access to relevant content and financial education. Education, especially in finance, plays a crucial role in empowering individuals to make informed investment choices. Finally, age influences investment decisions, with older individuals more likely to invest due to accumulated experience and financial stability. These insights can help financial advisors, educators, and policymakers design more effective strategies to promote investment literacy and behavior across different demographic groups.

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