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# Decoding Investor Behavior: The Interplay of Demographics, Psychology, Financial Literacy, and Market Dynamics in Stock Market Participation

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**ABSTRACT :**

This study examines the complex factors that determine investor behavior in stock markets, with a focus on the contributions of demographic characteristics, psychological dimensions, financial literacy, and market dynamics. Through an extensive literature review, we analyze how these elements interact to shape investment decisions. Our results indicate that demographic factors, such as age, income, and education, have significant effects on risk tolerance and investment choices. Psychological biases, including overconfidence and herding behavior, further shape investor behavior. Financial literacy plays a crucial role in determining investor behavior, which can improve the decision-making process and encourage participation in the market. External market factors and macroeconomic variables also play a role in determining investor attitude and behavior. Therefore, These factors are crucial to developing strategies that promote informed investment decisions and improve market efficiency.

**Keywords :** Investor Behavior, Demographics, Psychological Biases, Financial Literacy, Market Dynamics, Stock Market Participation.

## Introduction:

Investor behavior in the stock markets is a complex phenomenon influenced by a confluence of factors. Traditional financial theories often assume rational decision-making; however, real-world observations indicate that investors' choices are frequently shaped by demographic attributes, psychological biases, levels of financial literacy, and prevailing market conditions. It is essential to recognize the importance of these factors in understanding market anomalies and improving investment strategies.

## Literature Review

Building on the literature review, more current studies have uncovered deeper insights on what drives investor behaviour within a stock market.

### *Demographics and Investment Behaviour*

Recent research underscores the significant impact of demographic variables on investment decisions. (Shroff et al., 2024) A study by Mahmood et al. (2024) examined how financial literacy and demographic variables (gender, age, income level, education, occupation, marital status, and investment experience) relate to behavioural biases among Indian investors. The findings reveal the presence of various behavioural biases, including overconfidence, the disposition effect, anchoring bias, representativeness, mental accounting, emotional biases, and herding, all influenced by demographic factors.

### *Psychological and Behavioural Dimensions*

Recent studies have further clarified the role of psychological factors in investment decisions. A review by Singh (2024) explores how cognitive and emotional factors shape investor behaviour and lead to market anomalies that deviate from traditional financial theories. The study emphasizes the importance of understanding these psychological underpinnings to better comprehend investor behaviour and market dynamics.

### *Financial Literacy and Corporate Governance*

The interplay between financial literacy and corporate governance continues to be a focal point in understanding investment behaviour. A study by Kusuma et al. (2021) points out the substantial impact of financial literacy on an individual's readiness to make investment decisions. The research

shows that higher levels of financial literacy are associated with increased participation in various investment instruments, including stocks and mutual funds.

***Market Dynamics and External Influences***

Market forces and other environmental issues continue to impact the decisions that investors make. Xu et al. (2009) conducts research into country risk and cultural distance effects in transnational equity investments. Findings are observed in terms of increased cultural difference between nations lowers investment volume from one nation to the other; therefore, investment is a crucial issue related to culture.
These recent studies contribute to a more nuanced understanding of the multifaceted factors influencing investor behaviour, encompassing demographic characteristics, psychological influences, financial literacy, corporate governance, and broader market dynamics.

***Conceptual Framework***

The conceptual framework for this study integrates key determinants of investor behavior with a focus on stock market investment preferences. It includes:

***Demographic Factors:***

Age, gender, Monthly income, education, and occupation are hypothesized to influence investment choices and risk tolerance. ( Singh & Biswas, 2024)
Motivational Drivers:
It is a belief that return on investment, liquidity, capital appreciation, and security are all central motivators for equity market investments. ( Yuneline, & Albyansyah, 2024).

***Influencers:***

The role of influencers (e.g., friends, media, financial advisors) and investor sentiment (e.g., satisfaction with market performance). Keasey, K., Lambrinoudakis, C., Mascia, D. V., & Zhang, Z. (2025).

***Investment Strategies:***

Preferred time horizons (short-term vs. long-term), risk tolerance, and sector selection criteria. Ayres, R. U., & Mori, S. (1989).
Behavioral Finance Theory:
It focuses on psychological influences, such as heuristics, biases, and emotions, that affect investor decisions. Key concepts include overconfidence, loss aversion, and herding behaviour. (Chandna, H).

***Modern Portfolio Theory (MPT):***

Explains how investors optimize their portfolios to balance risk and return, emphasizing diversification and efficient asset allocation. (Baker, H. K., Nofsinger, J. R., & Spieler, A. C. (2020)).

***Prospect Theory:***

Examines how investors perceive gains and losses, often exhibiting loss aversion and asymmetric risk preferences. (Shah, I., & Malik, I. R. (2021).

***Economic Utility Theory:***

Posits that individuals make investment decisions based on maximizing expected utility, factoring in income levels and financial goals. (Nagy, R. A., & Obenberger, R. W. (1994).

***Social Influence Theory:***

This study examines the role of social networks and influencers in investment decisions and sector preferences. (Brennan, L., Previte, J., & Fry, M. L. (2016).
These frameworks together provide a multi-dimensional approach to understanding investors' attitudes toward stock market investments, bringing out the interplay of cognitive, emotional, and socio-economic factors.

## HYPOTHESES

***Monthly Income vs. Percentage of Income Invested in Equity Market.***

Null Hypothesis ($H_0$): There is no association between monthly income and the percentage of revenue invested in the equity market.
Alternate Hypothesis ($H_1$): There is an association between monthly income and the percentage of revenue invested in the equity market.

***Monthly Income vs. Expected Rate of Return.***

Null Hypothesis ($H_0$): There is no association between monthly income and the expected rate of return from the equity market.
Alternate Hypothesis ($H_1$): There is an association between monthly income and the expected rate of return from the equity market.

***Satisfaction with Equity Market Performance vs. Influencer***

Null Hypothesis ($H_0$): There is no association between satisfaction with equity market performance and the influencer category.
Alternate Hypothesis ($H_1$): There is an association between satisfaction with equity market performance and the influencer category.

***4. Influencer vs. Sector Selection Factor***

Null Hypothesis ($H_0$): There is no association between the type of influencer and the factors considered important when selecting sectors.
Alternate Hypothesis ($H_1$): There is an association between the type of influencer and the factors considered important when selecting sectors.

***5. Occupation vs. Trading Type***

Null Hypothesis ($H_0$): There is no association between occupation and preferred trading type in the equity market.
Alternate Hypothesis ($H_1$): There is an association between occupation and preferred trading type in the equity market.

***6. Gender vs. Investment Motivation***

Null Hypothesis ($H_0$): Gender is not associated with the factors motivating investment in the equity market.
Alternate Hypothesis ($H_1$): There is an association between gender and the factors motivating investment in the equity market.

***7. Age vs. Investment Time Horizon***

Null Hypothesis ($H_0$): There is no association between age and the preferred time horizon for equity market investments.
Alternate Hypothesis ($H_1$): There is an association between age and the preferred time horizon for equity market investments.

## SCOPE OF STUDY

The study has been undertaken to analyze the saving patterns and investment preferences of individuals. The main reason behind the study is to examine demographic factors like age, gender, income, educational qualification, and Employment. The percentage of Indian investors investing in the Indian equity market is very low compared to the bank deposits. This project contains the investor's preferences as well as the different factors that affect investors' decisions on different investment avenues; all investors are individuals of Hyderabad City. This study includes the response of investors in choosing securities in each classification and analysis has been for the respective performance based on their returns. The finding relates to the out-performing products and investor's risk-taking ability while investing in different avenues.

***LIMITATIONS OF THE STUDY***

- This study has a limited sample size.
- Some of the replies from the respondents may be biased.
- The use of questionnaires as the principal method of getting information may have a few limitations.

## RESEARCH METHODOLOGY

Primary data collected from 50 respondents using structured questionnaire.
In this phenomenological research, primary data was gathered from surveys about customer satisfaction and willingness to invest. Context was provided through primary data from books, articles, research work, and company records. Statistical methods used were one way and two- way tables,

graphs and charts, and the computer software SPSS. A randomly selected sample of 50 respondents was chosen with data collected through personal interviews.

***DATA ANALYSIS AND INTERPRETATION***

The demographic analysis reveals respondents to be 72% male and 28% female. Investment activity is heavily concentrated among young people 21 to 30 years (36%) and 31 to 40 years (28%). This activity is least noted among persons over 60 years (4%). Students form the largest group in the population (36%), employees follow (20%), the professional group (18%), business (16%), and retirees (10%). In terms of income, 40% earn less than ₹20,000, 28% earn between ₹20,000 and ₹40,000, and 22% are above ₹80,000. Students and professionals tend to invest more, while the senior citizens and the lower income group tend to invest less.

**Table 1: Classification of respondents based on various investment options that they think to provide the best returns**

| Investment options | Number of respondents | Percentage |
|---|---|---|
| Equity Shares | 21 | 42 |
| IPO | 9 | 18 |
| Mutual Fund | 11 | 22 |
| Bonds | 4 | 8 |
| Fixed Deposits | 3 | 6 |
| Debentures | 2 | 4 |
| Total | 50 | 100 |

Source: Primary data

**Table no:1 shows** an overwhelming 42% of respondents chose equity shares as their preferred financial choice because of anticipated high returns. Investors choose mutual funds over all other options with 22% expressing their support for the investment type. 18% of survey participants share the belief that investment in initial public offerings (IPOs) generates superior returns because it brings access to emerging markets. Investors choose bonds and fixed deposits and debentures least frequently and thus show lower interest in traditional low-risk investment instruments compared to market performance-based investments.

**Table 2: Classification of respondents on the basis of factors that motivates them to invest in equity market**

| Factors | No of respondents | percentage |
|---|---|---|
| Return | 30 | 60 |
| Liquidity | 6 | 12 |
| Safety | 1 | 2 |
| Capital Appreciation | 12 | 24 |
| Hedge against inflation | 1 | 2 |
| Total | 50 | 100 |

Source: Primary data

**Table no:2 shows** A substantial 72% of investors allocate their capital towards equity investments by putting 10% to 20% or more than 20% of their income. Such widespread preference demonstrates their willingness to take market-related risks. The statistical data indicates that 28% of investors choose equity investments between 5% and 10% which demonstrates a balanced investment strategy and 10% keep their investments below 5% showing concern about equity risk.

**Table 3**: **Classification of respondents based on percentage of income that they would invest in the equity market**

| Percentage of income | No of respondents | Percentage |
|---|---|---|
| Less than 5 % | 5 | 10 |
| 5 % - 10 % | 9 | 18 |
| 10 % - 15 % | 11 | 22 |
| 15 % - 20 % | 11 | 22 |
| 20 % - 25 % | 7 | 14 |
| More than 25 % | 7 | 14 |
| Total | 50 | 100 |

Source: Primary data

**Table no:3 shows** A significant portion of 44% of respondents have chosen to put 10% to 20% of their income into the equity market. A significant portion of investors (28%) display high risk tolerance through investments exceeding 20% of their income, yet another substantial group (28%) distributes 5% to 10% of their funds, demonstrating moderate risk-taking behavior. Desire for cautious equity investment leads 10% of participants who choose to spend less than 5% of their income on such investments.

**Table 4: Classification of respondents on the basis of the strategy of trading in the equity market**

| Trading strategy | No of respondents | Percentage |
|---|---|---|
| Intraday | 11 | 22 |
| Delivery | 26 | 52 |
| Speculation | 9 | 18 |
| Arbitragers | 1 | 2 |
| Hedging | 3 | 6 |
| Total | 50 | 100 |

Source: Primary data

Table no:4 shows Half of investors take a long-term approach where they receive share ownership for stability and enduring growth, but day traders constitute 22% of the sample size, and speculation accounts for 18% of respondents who demonstrate higher risk-taking behavior. Six percent invest for investment needs, whereas two percent act as arbitrageurs who exploit market price discrepancies to generate profits.

Table 5: Classification of respondents based on time horizon

| Time horizon | No of respondents | Percentage |
|---|---|---|
| Less than 1 month | 8 | 16 |
| 1 – 3 months | 18 | 36 |
| 3 – 6 months | 4 | 8 |
| 6 – 12 months | 6 | 12 |
| More than 12 months | 14 | 28 |
| Total | 50 | 100 |

Source: Primary data

Table no:5 shows The investment period chosen by 16% is short-term while 12% invest for medium-term durations of 6-12 months and 8% opt to hold their assets for 3-6 months. Investment choices of participants include multiple timeframes that range from short-term to medium-term and long-term.

Table 6: Classification of respondents on the basis of the rate of return expected by them from Equity Market in a year

| Rate of return | No. of respondents | percentage |
|---|---|---|
| **5%-10%** | **2** | **4%** |
| **10%-15%** | **10** | **20%** |
| **15%-20%** | **23** | **46%** |
| **20%-25%** | **7** | **14%** |
| **25%-30%** | **3** | **6%** |
| **30% and above** | **5** | **10%** |

**Table no:6 shows** Among investor expectations of returns, 66% will achieve gains between 10% to 20%, which represents the largest expectation segment, whereas 20% aim to generate between 20% to 30%, reflecting higher risk tolerance. An aggressive investment approach with projected returns greater than 30% appeals to 10% of respondents, whereas 4% prefer low returns between 5-10% as a sign of stability over aggressive gains.

**Table 7: Classification of respondents based on their satisfaction with the current performance of the Equity Market in terms of expected return**

| Satisfaction level | No of respondents | Percentage |
|---|---|---|
| Fully Satisfied | 12 | 24 |
| Satisfied | 23 | 46 |
| Neutral | 13 | 26 |
| Unsatisfied | 2 | 4 |
| Total | 50 | 100 |

Source: Primary data

Table no:7 shows Equity market performance meets the approval of 70% of all respondents based on their return evaluations. Research findings indicate that 26% of respondents fall in the middle range by holding a neutral stance toward their current returns. Research data shows that the majority of 96% of survey participants are pleased with how equity markets perform.

**Table 8: Classification of respondents based on influencers who influenced them to enter in to equity market**

| Influencers | No of respondents | Percentage |
|---|---|---|
| Friends | 23 | 46 |
| Relative | 3 | 6 |
| Advisers | 7 | 14 |
| Media | 7 | 14 |
| Research Report | 7 | 14 |
| Magazines | 3 | 6 |
| Total | 50 | 100 |

Source: Primary data

Table no:8 shows Various elements affected the investment choices made by respondents. The primary guide in investment choices was friends, according to survey participants, totaling 46%. Relatives provided guidance to 6% of people, and 14% looked to advisers, along with media reports and research documents for investment decisions. A significant 6% of investors utilized magazines to obtain investment guidance among multiple information sources that shaped their investment decisions.

**Table 9:Classification of respondents on the basis of factors that they consider most important while selecting the sectors to invest**

| Factors | No of respondents | Percentage |
|---|---|---|
| Market Trend | 15 | 30 |
| Profitability | 20 | 40 |
| Economic Condition | 8 | 16 |
| Industry Condition | 4 | 8 |
| Government Policy | 3 | 6 |
| Total | 50 | 100 |

Source: Primary data

**Table no:9 shows** The economic condition of sectors influences 16% of investors, but industry conditions affect only 8% of their investment decisions.

Investors who evaluate government policies make up just 6 percent of the total population that chooses investment sectors, although profitability stands as the most significant selection factor at 40%**.**

## Justification of Hypotheses:

1. Monthly income Vs What percentage of your income would you invest in the Equity Market?
Hypothesis:
Null Hypothesis ($H_0$): There is no association between monthly income and the percentage of revenue invested in the equity market.

Alternate Hypothesis ($H_1$): There is an association between monthly income and the percentage of revenue invested in the equity market.

Chi Square Table :1

| Count | | | | | | |
|---|---|---|---|---|---|---|
| | | What percentage of your income would you invest in Equity Market? | | | | |
| | | less than 5% | 5% - 10% | 10% -15% | 15% - 20% | 20% - 25% |
| Monthly income | less than 20000 | 4 | 7 | 3 | 3 | 3 |
| | 20000 - 40000 | 1 | 1 | 1 | 4 | 2 |
| | 40000 - 80000 | 0 | 0 | 2 | 2 | 2 |
| | greater than 80000 | 0 | 1 | 4 | 2 | 1 |
| Total | | 5 | 9 | 10 | 11 | 8 |

| Count | | | |
|---|---|---|---|
| | | What percentage of your income would you invest in Equity Market? | |
| | | more than 25% | Total |
| Monthly income | less than 20000 | 0 | 20 |
| | 20000 - 40000 | 5 | 14 |
| | 40000 - 80000 | 0 | 6 |
| | greater than 80000 | 2 | 10 |
| Total | | 7 | 50 |

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 24.309[a] | 15 | .060 |
| Likelihood Ratio | 27.982 | 15 | .022 |
| Linear-by-Linear Association | 4.467 | 1 | .035 |
| N of Valid Cases | 50 | | |

Monthly income

**a. 24 cells (100.0%) have an expected count of less than 5. The minimum expected count is .60**

***Result***:

The p-value is 0.060 (borderline significant). We fail to reject the null hypothesis at the 5% significance level, but note weak evidence for a relationship

2. Monthly income Vs What is the rate of return expected by you from Equity Market in a year?

Null Hypothesis ($H_0$): There is no association between monthly income and the percentage of income invested in the equity market.

Alternate Hypothesis ($H_1$): There is an association between monthly income and the percentage of income invested in the equity market.

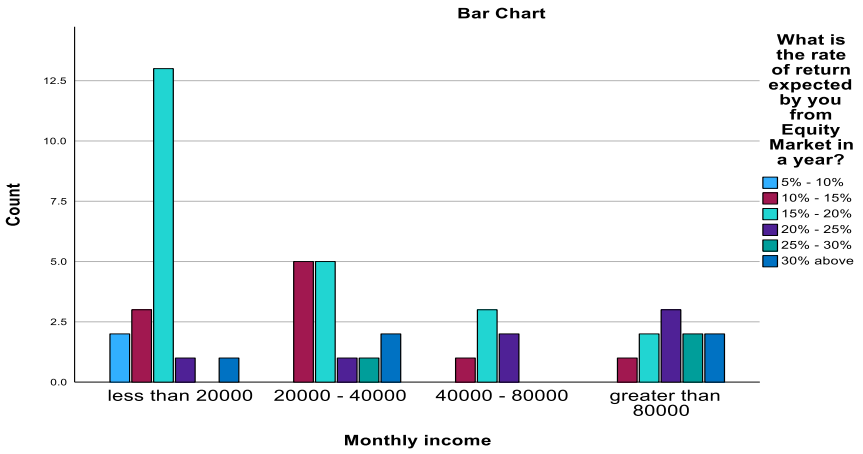
Chi Square Table :2

| Count | | | | | | |
|---|---|---|---|---|---|---|
| | | What is the rate of return expected by you from Equity Market in a year? | | | | |
| | | 5% - 10% | 10% - 15% | 15% - 20% | 20% - 25% | 25% - 30% |
| Monthly income | less than 20000 | 2 | 3 | 13 | 1 | 0 |
| | 20000 - 40000 | 0 | 5 | 5 | 1 | 1 |
| | 40000 - 80000 | 0 | 1 | 3 | 2 | 0 |
| | greater than 80000 | 0 | 1 | 2 | 3 | 2 |
| Total | | 2 | 10 | 23 | 7 | 3 |

| Count | | | |
|---|---|---|---|
| | | What is the rate of return expected by you from Equity Market in a year? | |
| | | 30% above | Total |
| Monthly income | less than 20000 | 1 | 20 |
| | 20000 - 40000 | 2 | 14 |
| | 40000 - 80000 | 0 | 6 |
| | greater than 80000 | 2 | 10 |
| Total | | 5 | 50 |

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square | 21.166[a] | 15 | .132 |
| Likelihood Ratio | 22.229 | 15 | .102 |
| Linear-by-Linear Association | 6.660 | 1 | .010 |
| N of Valid Cases | 50 | | |

**a. 22 cells (91.7%) have expected count less than 5. The minimum expected count is .24.**




Result: The p-value is 0.060 (borderline significant). We fail to reject the null hypothesis at the 5% significance level but note weak evidence for a relationship

3. Are you satisfied with the current performance of the Equity Market in terms of expected return? Vs Who influenced you to enter into Equity Market? Crosstabulat

Null Hypothesis ($H_0$): There is no association between satisfaction with equity market performance and the influencer category.

Alternate Hypothesis ($H_1$): There is an association between satisfaction with equity market performance and the influencer category.

Chi Square Table :3

| Count | | | | | |
|---|---|---|---|---|---|
| | | Who influenced you to enter into Equity Market? | | | |
| | | friends | relative | advisers | media |
| Are you satisfied with the current | fully satisfied | 3 | 2 | 1 | 3 |

| | | | | | |
|---|---|---|---|---|---|
| **performance of the Equity Market in terms of expected return?** | **satisfied** | **14** | **2** | **3** | **2** |
| | **neutral** | **5** | **0** | **1** | **2** |
| | **dissatisfied** | **1** | **0** | **1** | **0** |
| **Total** | | **23** | **4** | **6** | **7** |

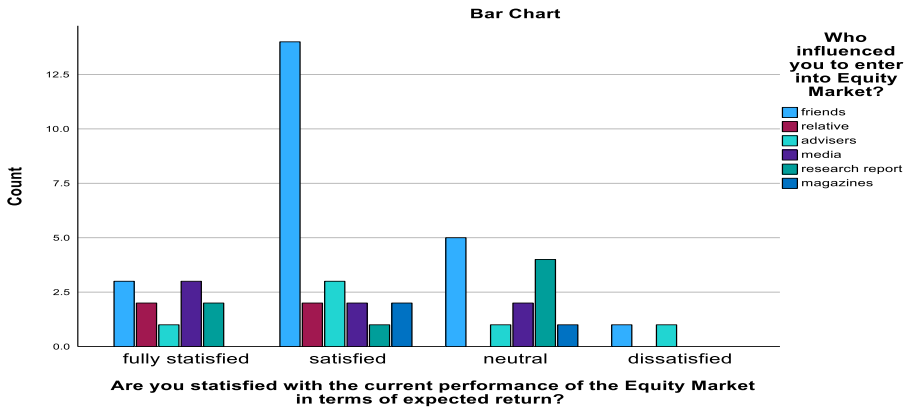
**Count**

| | | Who influenced you to enter into Equity Market? | | |
|---|---|---|---|---|
| | | research report | magazines | Total |
| Are you satisfied with the current performance of the Equity Market in terms of expected return? | fully satisfied | 2 | 0 | 11 |
| | satisfied | 1 | 2 | 24 |
| | neutral | 4 | 1 | 13 |
| | dissatisfied | 0 | 0 | 2 |
| Total | | 7 | 3 | 50 |

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 15.097[a] | 15 | .444 |
| Likelihood Ratio | 16.028 | 15 | .380 |
| Linear-by-Linear Association | .060 | 1 | .806 |
| N of Valid Cases | 50 | | |

a. 21 cells (87.5%) have expected count less than 5. The minimum expected count is .12.




Result: The p-value is 0.444 (not significant). We fail to reject the null hypothesis, indicating no significant association.

Who influenced you to enter into Equity Market? * Which factor do you consider is most important while selecting the sectors?
Null Hypothesis ($H_0$): There is no association between the type of influencer and the factors considered important when selecting sectors.

Alternate Hypothesis ($H_1$): There is an association between the type of influencer and the factors considered important when selecting sectors.

Chi Square Table :4

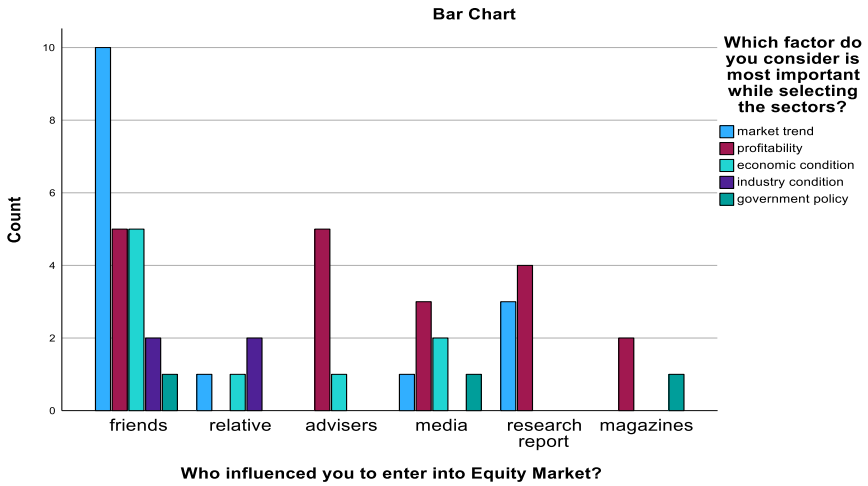
| Count | | | | |
|---|---|---|---|---|
| + | | Which factor do you consider is most important while selecting the sectors? | | |
| | | market trend | profitability | economic condition |
| Who influenced you to enter into Equity Market? | friends | 10 | 5 | 5 |
| | relative | 1 | 0 | 1 |
| | advisers | 0 | 5 | 1 |
| | media | 1 | 3 | 2 |
| | research report | 3 | 4 | 0 |
| | magazines | 0 | 2 | 0 |
| Total | | 15 | 19 | 9 |

| Count | | | | |
|---|---|---|---|---|
| | | Which factor do you consider is most important while selecting the sectors? | | |
| | | industry condition | government policy | Total |
| Who influenced you to enter into Equity Market? | friends | 2 | 1 | 23 |
| | relative | 2 | 0 | 4 |
| | advisers | 0 | 0 | 6 |
| | media | 0 | 1 | 7 |
| | research report | 0 | 0 | 7 |
| | magazines | 0 | 1 | 3 |
| Total | | 4 | 3 | 50 |

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 31.684[a] | 20 | .047 |
| Likelihood Ratio | 32.638 | 20 | .037 |
| Linear-by-Linear Association | .058 | 1 | .809 |
| N of Valid Cases | 50 | | |

**a. 28 cells (93.3%) have expected count less than 5. The minimum expected count is .18.**




Result: The p-value is 0.047 (significant at 5%). We reject the null hypothesis and conclude that there is a significant relationship between the influencer and sector selection factors.

**5. Occupation Vs How do you trade in Equity Market?**

Null Hypothesis ($H_0$): There is no association between occupation and preferred trading type in the equity market.

Alternate Hypothesis ($H_1$): There is an association between occupation and preferred trading type in the equity market.

Chi Square Table :5

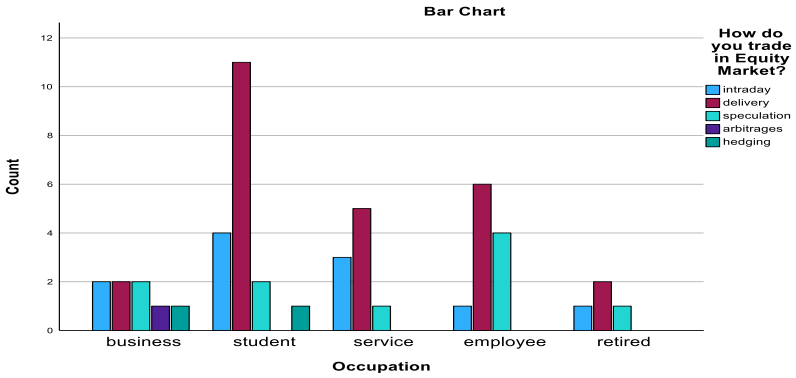
**Count**

| | | How do you trade in Equity Market? | | | | | |
|---|---|---|---|---|---|---|---|
| | | intraday | delivery | speculation | arbitrages | hedging | Total |
| Occupation | business | 2 | 2 | 2 | 1 | 1 | 8 |
| | student | 4 | 11 | 2 | 0 | 1 | 18 |
| | service | 3 | 5 | 1 | 0 | 0 | 9 |
| | employee | 1 | 6 | 4 | 0 | 0 | 11 |
| | retired | 1 | 2 | 1 | 0 | 0 | 4 |
| Total | | 11 | 26 | 10 | 1 | 2 | 50 |

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 13.309[a] | 16 | .650 |
| Likelihood Ratio | 12.469 | 16 | .711 |
| Linear-by-Linear Association | .560 | 1 | .454 |
| N of Valid Cases | 50 | | |

a. 23 cells (92.0%) have expected count less than 5. The minimum expected count is .08.




**Result:** The p-value is 0.650 (not significant). We fail to reject the null hypothesis, indicating no significant association.

**6. Gender Vs Which factor motivates you to invest in Equity Market?**

Hypothesis:

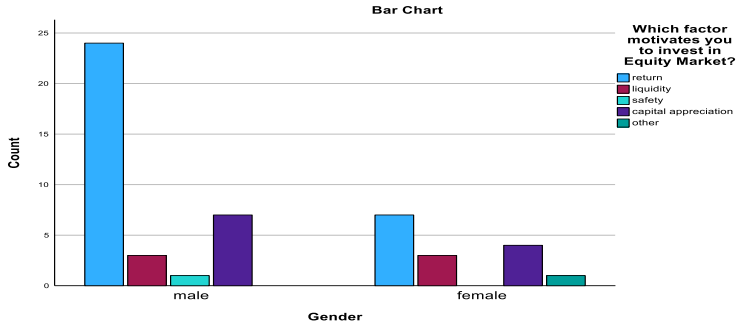
**Null Hypothesis ($H_0$)**: There is no association between gender and the factors motivating investment in the equity market.

**Alternate Hypothesis ($H_1$)**: There is an association between gender and the factors motivating investment in the equity market.

**Chi Square Table :6**

| Count | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Which factor motivates you to invest in Equity Market? | | | | | |
| | | return | liquidity | safety | capital appreciation | other | Total |
| Gender | male | 24 | 3 | 1 | 7 | 0 | 35 |
| | female | 7 | 3 | 0 | 4 | 1 | 15 |
| Total | | 31 | 6 | 1 | 11 | 1 | 50 |

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square | 4.929[a] | 4 | .295 |
| Likelihood Ratio | 5.230 | 4 | .264 |
| Linear-by-Linear Association | 1.671 | 1 | .196 |
| N of Valid Cases | 50 | | |
| a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .30. | | | |




Result: The p-value is 0.295 (not significant). We fail to reject the null hypothesis, indicating no significant association.

7. Age Vs What is the time horizon for investing in Equity Market?

Null Hypothesis ($H_0$): There is no association between age and the preferred time horizon for equity market investments.

Alternate Hypothesis ($H_1$): There is an association between age and the preferred time horizon for equity market investments.

Chi Square Table :7

**Count**

| | | What is the time horizon for investing in Equity Market? | | | | |
|---|---|---|---|---|---|---|
| | | less than 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | more than 12 months |
| Age | below 20 years | 0 | 2 | 1 | 0 | 1 |
| | 21 to 30years | 5 | 6 | 2 | 1 | 5 |
| | 31 to 40years | 3 | 4 | 0 | 2 | 4 |
| | 41 to 50years | 0 | 3 | 1 | 2 | 0 |
| | 50 to 60years | 0 | 3 | 0 | 0 | 2 |
| | above 60 years | 0 | 1 | 0 | 0 | 2 |
| Total | | 8 | 19 | 4 | 5 | 14 |

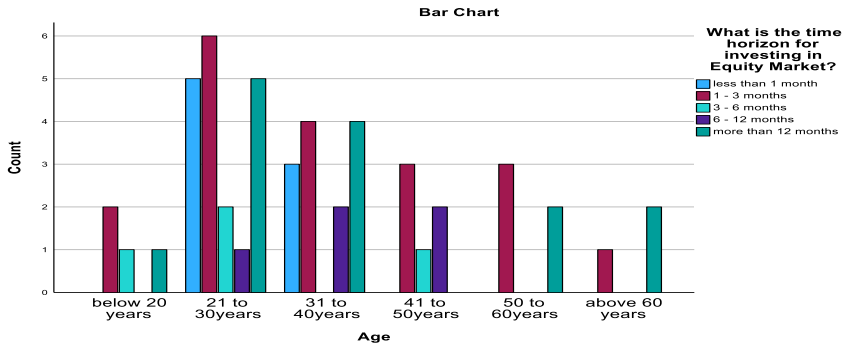
**Count**

| | | Total |
|---|---|---|
| Age | below 20 years | 4 |
| | 21 to 30years | 19 |
| | 31 to 40years | 13 |
| | 41 to 50years | 6 |
| | 50 to 60years | 5 |
| | above 60 years | 3 |
| Total | | 50 |

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 18.685[a] | 20 | .542 |
| Likelihood Ratio | 23.390 | 20 | .270 |
| Linear-by-Linear Association | 1.109 | 1 | .292 |
| N of Valid Cases | 50 | | |

a. 28 cells (93.3%) have expected count less than 5. The minimum expected count is .24.




**Result:** The p-value is 0.542 (not significant). We fail to reject the null hypothesis, indicating no significant association.

## FINDINGS

Stock market participation displays important development patterns according to this research. Male participants composed 72 percent of the total respondents, while women accounted for 28 percent in this study which showed men had better financial skills and investment behavior than women. Of the investors surveyed, the youngest age bracket, consisting of 21 to 40-year-olds, constituted the majority at 64%. Among the participants, students comprised 36% while employees made up 20%, indicating that young professionals show a strong preference for equity investments. Investors maintained high interest in stocks regardless of which income group they belonged to, despite earning less than ₹20,000 per month.

Investors preferred equity shares (42%) as their preferred investment choice, while mutual funds (22%) and IPOs (18%) were additional choices. Those who invested emphasized both gain potential from returns (60%) and wanting to increase their capital value (24%). The results indicate that young professionals dedicate between 10% to 20% of their income to equities through investments, which makes up 44% of respondents. Alongside this, 28% of respondents spent over 20% of their money on equities. The surveyed investors had three distinct investment timeframes, including 50% who invested long-term, and their peers split between 36% who chose 1-3 months and another 28% who held assets for more than 12 months. Despite moderate expectation levels, return on investment varied from 10–20% yearly, with 70% of investors satisfied with market performance.

Investment-related decisions heavily depended on friends' advice to the extent of 46%, whereas media coverage, together with research reports, garnered 14% support. The main criteria that investors used for sector selection were profitability, followed by market trend forecasting. The research discovered insufficient associations between financial earnings and investment strategy variations, therefore indicating that factors or variables unrelated to income play a significant role in investment decision-making. Social influences served as a major factor in how sectors were selected by investors.

The study reveals that income limitations among young professionals do not prevent them from engaging in equity market investment. Return-driven investment decisions guide young professionals who allocate money to equity shares while practicing long-term investing. The selection of investors' investment behavior, along with their sector preferences gets heavily influenced by what their networks show.

## OBJECTIVES OF THE STUDY

- To explore investors' preferences for different investment options.
- To examine the factors that influence stock market investments.
- To determine the level of awareness regarding various investment avenues.

***Discussion***

**Demographics and Investment Behavior:**
It also includes demographic influences such as age, gender, income, and education, which significantly influence investment choices. For example, younger investors are likely to be risky and invest more in equities than in fixed-income securities; older investors prefer conservative investment vehicles. Financial education is positively correlated with financial knowledge, which might influence the size and variety of investment portfolios. Understanding these factors helps tailor specific financial advice or products to accommodate the needs of different investor types.

**Psychological and Behavioral Dimension:**
Psychological biases play a huge role in investor behavior, often leading to irrational decision-making. Overconfidence leads to excessive trading and underestimation of risks, while herd behavior leads to individuals following market trends without due diligence. Emotional responses to market volatility to impulsive decisions, such as panic selling during downturns. Recognizing these biases is important for developing strategies to mitigate their adverse effects on investment outcomes.

**Financial Literacy and Corporate Governance:**
Financial literacy is the most important factor in making appropriate investment decisions. The more financial literate investors are, the better they will be able to assess market information and understand financial products, thus taking better decisions. In addition, good corporate governance practices increase investor confidence through increased transparency and accountability, which is a determinant of investment decisions. Better financial education and strong corporate governance can lead to more efficient markets and better outcomes for investors.

**Market Dynamics and External Influences:**

Investors often react to dynamics in the markets, such as economic indicators, geopolitical events, and technological development. For instance, economic slumps may drive individuals to become overcautious, while euphoric market conditions may be an invitation to overly optimistic behavior. External factors including regulatory changes, global economic directions, and international trends also define investment strategies. Being aware of these dynamics would allow investors to adjust their portfolio proactively due to changes in market conditions.

## Conclusion

Investor behavior depends on a sophisticated interaction of several demographic factors, psychological biases, financial literacy, and market dynamics. Understanding such factors is pertinent to investors, financial advisors, and policymakers who try to promote investment decisions based on better information, leading to enhanced market efficiency. Future research directions would be better in exploring the effects of the various factors considered here in different markets and developing appropriate interventions to negate the impact of deleterious biases on investor behavior.

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