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Factors Affecting Investment Behavior Among Young Professionals in Raipur

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ABSTRACT

Investment behavior has become a critical area of study, especially with rapid economic and technological changes shaping financial decision-making. This research investigates the factors influencing investment behavior among young professionals (ages 22–35) in Raipur, the capital of Chhattisgarh. As a growing urban center, Raipur presents a blend of traditional investment attitudes and modern financial access, making it an ideal context to study evolving investor behavior.

The study explores the Impact of financial literacy, risk tolerance, digital awareness, peer influence, socio-economic status, psychological biases, and marketing by financial institutions on investment choices. A quantitative approach was adopted, using structured surveys from 300 young professionals across sectors like IT, education, healthcare, and government services.

Findings indicate that financial literacy is a key determinant—those with higher knowledge are more inclined toward diverse instruments such as mutual funds, equities, and government securities. Risk appetite strongly influences choice; risk-takers explore digital assets like cryptocurrency, while risk-averse individuals favor FDs and gold. Digital platforms have increased accessibility, but lack of understanding often leads to impulsive or emotional decisions during market volatility.

Social media and peer influence significantly affect investment patterns, contributing to herd behavior. Income and education also shape preferences: high-income professionals diversify more, while those from non-financial backgrounds tend to seek external advice. Psychological biases such as overconfidence, loss aversion, and mental accounting further impact decision-making.

Gender differences persist, with male professionals showing higher risk tolerance, though this gap is narrowing due to increasing financial awareness among women. The study underscores the need for targeted financial literacy programs, workplace advisory services, and behavior-sensitive digital platforms tailored to semi-urban youth investors.

Keywords: Investment behavior, financial literacy, digital awareness, risk tolerance, psychological biases, young professionals, Raipur, behavioral finance, fintech, socio-economic factors.

INTRODUCTION

Investment is a critical component of personal financial planning and economic growth, influencing both individual wealth accumulation and broader capital market development. In recent years, the investment landscape in India has undergone a transformative shift, particularly with the rise of young professionals entering the workforce and gaining financial independence. These individuals, typically aged between 22 and 35, represent a highly dynamic and responsive demographic, influenced by a mix of modern digital tools, peer trends, financial literacy levels, and socio-cultural factors.

Raipur, the capital city of Chhattisgarh, is an emerging urban hub with increasing access to education, employment opportunities, and digital infrastructure. As a Tier-2 city, Raipur offers a unique blend of traditional financial attitudes and evolving modern practices. Unlike metros where investment habits are well documented and aligned with global patterns, investment behavior in semi-urban centers like Raipur is still developing and is shaped by localized factors such as regional economic conditions, access to advisory services, awareness levels, and cultural influences.

Young professionals in Raipur are increasingly participating in financial markets, driven by aspirations for wealth creation, financial security, and social status. However, their investment decisions are rarely based on purely rational calculations. Rather, they are influenced by a variety of factors, including income level, risk perception, financial goals, education, psychological biases, and the accessibility of investment channels. Moreover, the emergence of digital investment platforms, social media influencers, and mobile apps has democratized investing, allowing even first-time investors to participate. Yet, with this ease of access comes new behavioral patterns—both rational and irrational—that merit careful study.

Understanding what motivates or hinders young professionals in Raipur from making informed investment decisions is essential not only for financial institutions and policymakers but also for the individuals themselves. Many young earners are at a critical life stage where early financial habits shape long-term wealth and stability. Despite their growing involvement, the investment behavior of this group remains underexplored, especially in the context of Tier-2 cities where the influences may differ significantly from metropolitan areas.

This research aims to fill this gap by examining the key factors that influence investment behavior among young professionals in Raipur. It delves into aspects such as financial literacy, digital platform usage, psychological tendencies like risk aversion or overconfidence, and socio-demographic variables including gender, income, and educational background. The study also seeks to understand the extent to which peer influence and marketing by financial institutions affect the decisions of this group.

By analyzing these dimensions, the study contributes to a deeper understanding of investor psychology in semi-urban India and offers insights into how better financial awareness, policy support, and digital innovation can be harnessed to foster healthy investment habits among young earners. The findings will also serve as a valuable tool for financial service providers aiming to design user-centric investment solutions tailored to the unique needs of this emerging investor segment.

RESEARCH OBJECTIVES

- To understand the demographic and financial profile of individual investors, including their age, gender, education, income, and employment sector.
- To examine the investment behavior and preferences of individuals, such as frequency of investing, preferred modes, platforms used, and investment goals.
- To evaluate the influence of risk appetite, financial literacy, and external influences on investment decisions.

LITERATURE REVIEW

Numerous studies have explored investment behavior across age groups, focusing on variables such as income, education, risk tolerance, and information accessibility.

Yadav and Chauhan (2023) examined the investment patterns of salaried individuals in Raipur. The study found that while regular income encourages a habit of monthly savings, many investors remain unaware of various investment avenues. The research emphasized the need for increased financial literacy to diversify investment portfolios beyond traditional options like bank and post office deposits.

Agrawal and Jain (2022) explored how demographic factors and risk tolerance impact investment decisions in Raipur. Using data from 200 respondents, the study found that occupation, gender, and income positively correlate with risk tolerance, influencing investment behavior. Conversely, age and investment experience showed a negative correlation, suggesting that younger and less experienced investors are more risk-tolerant

Biswas (2021) examined the role of mobile financial services in shaping financial behavior in India. The study found that access to mobile financial services increases the likelihood of individuals investing, obtaining insurance, and borrowing from formal financial institutions. This effect is particularly significant in enhancing financial inclusion among populations previously underserved by traditional banking systems.

Dugar and Madhavan (2023) explored investment preferences among Indian Gen Z individuals aged 15–25. The study found that saving habits varied significantly across gender, age, and family income. Gen Z's investments were largely influenced by higher saving proportions and the investing experience of family members. They tended to invest long-term in assets like equity shares, mutual funds, fixed deposits, and gold/silver, while engaging in intraday trading with riskier assets like cryptocurrencies. Factors such as rate of return, long-term gains, and historical performance influenced their investment decisions. The study also noted a tendency towards herd behavior and reliance on new-age investing apps.

Nag and Shah (2022) examined the impact of financial literacy on Gen Z investors in India. The study found that financial literacy significantly influenced stock market investment decisions. Attitude toward investment and perceived behavioral control acted as mediating factors, while social factors and subjective norms were independent influencers. The research highlighted the importance of financial education in enhancing investment confidence and decision-making among young investors.

Baveja and Verma (2024) utilized qualitative analysis to explore how financial literacy affects investment decisions and stock market participation. The study found that low financial literacy was a barrier to market participation, while increased financial knowledge enhanced investment confidence and decision-making. Behavioral finance factors and susceptibility to financial scams were also significantly influenced by levels of financial literacy.

Pandey and Vishwakarma (2020) conducted a study focusing on young investors aged 21-35 in Raipur. The research revealed a preference for mutual funds (32%) and equity markets (25%), indicating a shift towards higher-return investments. The study also found that demographic factors like age and gender had no significant impact on investment choices, while income and employment status were influential.

Linge et al. (2023) analyzed factors affecting risk attitude and investors' happiness among newly employed individuals. The study found that personal factors such as age, income, and financial knowledge significantly influence investment behavior and overall financial satisfaction. The research emphasized the need for targeted financial education programs to enhance investment decisions among young professionals.

Vyas (2023) studied the changes in investment preferences of Indian investors before and during the COVID-19 pandemic. The research found a significant shift from mutual funds to fixed deposits due to market instability. The study highlighted the impact of external factors Education Sector investment behavior and the importance of adaptability in investment strategies.

Arti and Inderjeet (2022) studied the personal factors affecting investment behavior of salaried individuals in the education sector. The research found that age, education, occupation, income, spending, savings, and investments all have an effect on investment behaviour. The study emphasized the importance of understanding the social structure in a society to comprehend investment patterns.

RESEARCH METHODOLOGY

This study follows a descriptive research design aimed at analyzing the investment patterns and underlying factors among young professionals.

- Target Population: Young professionals aged between 21 to 35 residing in Raipur
- Sample Size: 150 respondents
- Sampling Method: Convenience sampling
- Research Instrument: A structured questionnaire with 20 close-ended questions
- Data Collection Method: Online and offline surveys
- Data Analysis Tools: Microsoft Excel and visual tools (bar charts, box plots)

The data collected was categorized based on demographic and financial attributes and then statistically analyzed to derive meaningful interpretations.

DATA ANANLYSIS

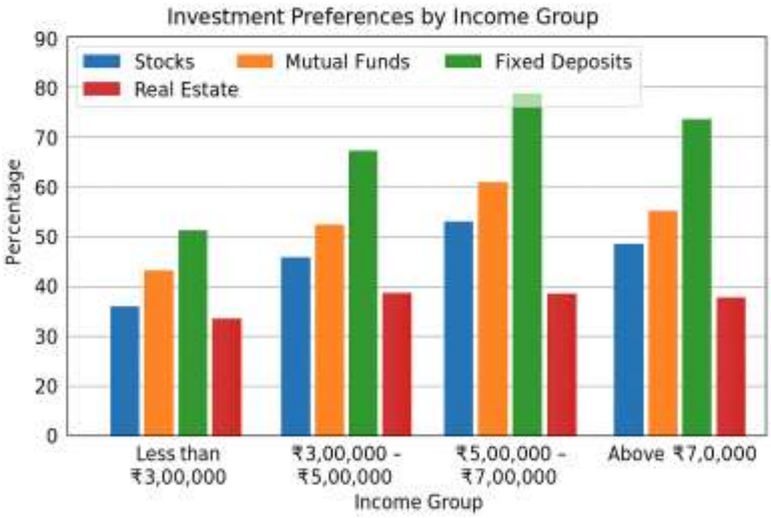
The analysis was performed on primary data collected through surveys. The questions focused on the following:

- Age, income, education, and employment status
- Investment frequency and preferred financial instruments
- Risk appetite and financial goals
- Use of digital platforms for investment
- Influence of peers, media, and financial advisors

The use of descriptive statistics helped to observe patterns in the data, such as the popularity of certain investment types and their correlation with income groups. Visualization tools like bar charts depicted investment preferences, while box plots represented frequency trends across income groups.

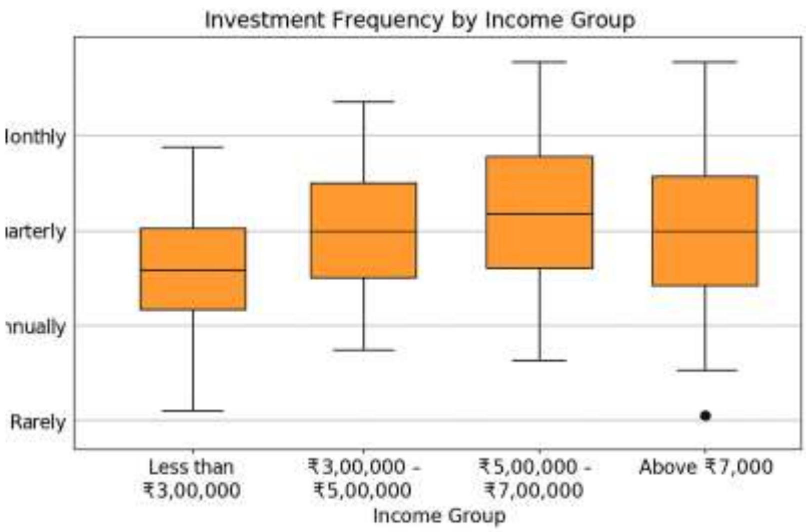
VISUALS

Figure 1: Investment Preferences by Income Group



This bar chart compares the preference for various investment instruments such as Mutual Funds, Fixed Deposits, Stocks, and PPF across different income groups.

Figure 2: Investment Frequency by Income Group



The box plot displays how frequently individuals across income groups engage in investment activities, highlighting trends and variances.

FINDINGS

The analysis of the data yielded several important findings that help understand the investment behaviour of young professionals in Raipur:

Income Level Influence: There is a positive correlation between income levels and investment activity. Respondents in the higher income brackets (> ₹7,00,000 annually) were found to invest more frequently and diversify across multiple asset classes including mutual funds, stocks, and real estate.

Risk Appetite: Nearly 45% of the respondents considered themselves risk-averse. These individuals predominantly invested in fixed deposits and Public Provident Funds. However, a noticeable 25% showed medium to high-risk appetite, opting for stocks and cryptocurrency.

Digital Engagement: More than 80% of participants actively used digital platforms for investment. Apps like Groww, Zerodha, and Upstox were preferred for their user-friendly interfaces. This indicates a high degree of tech-savviness among the young workforce.

Social and Peer Influence: 60% of respondents admitted that their investment decisions were influenced by peers or family members. Social media and influencer recommendations also played a significant role in shaping their choices.

Financial Literacy: Although many were active investors, only 30% had attended a formal financial literacy session or workshop. Most of the respondents relied on self-learning through YouTube, blogs, or peer discussions.

Investment Objectives: Long-term wealth creation and tax saving were the primary goals for the majority. Others included retirement planning, short-term gains, and savings for travel or higher education.

CONCLUSION

The investment behavior of young professionals in Raipur is shaped by a nuanced interplay of socio-economic status, psychological predispositions, technological access, and cultural context. While this demographic exhibit growing financial curiosity and openness to experimenting with new-age instruments—such as mutual funds, SIPs, digital gold, and even cryptocurrency—their decision-making is often influenced more by peer networks, family norms, and social media than by professional financial advice or structured education.

Raipur's young workforce, comprising mainly salaried professionals, entrepreneurs, and gig workers, is showing an increasing willingness to move beyond traditional savings mechanisms like fixed deposits and gold. However, their reliance on informal, often unverified sources—such as WhatsApp groups, influencer videos, and anecdotal advice—raises concerns about misinformation, mis-selling, and speculative investing without risk awareness.

The findings underscore a pressing need for region-specific financial literacy initiatives that are tailored to the realities of semi-urban populations. These programs should be designed to address gaps in fundamental financial knowledge—such as budgeting, risk profiling, insurance planning, tax-saving strategies, and retirement readiness. Importantly, these initiatives must be delivered in local languages and through accessible formats—such as mobile apps, short-form content, gamified modules, and employer-led workshops—to ensure maximum engagement and retention.

In parallel, there is a call for policy-level interventions aimed at:

- Promoting low-risk, beginner-friendly financial products that cater specifically to first-time investors,
- Offering tax incentives for financial literacy participation or long-term investments,
- Strengthening SEBI regulations around finfluencers and digital financial advice,
- And improving access to SEBI-registered advisors and certified planners in Tier-2 and Tier-3 cities.

Raipur, as a growing economic hub in Central India, mirrors the aspirations and challenges of many other Tier-2 cities that are rapidly urbanizing. With the rise of IT parks, startups, academic institutions, and service sectors, the city is witnessing a surge in disposable income and digital penetration. This creates a fertile ground for fostering financial inclusion, empowerment, and resilience among its youth.

If equipped with the right knowledge, tools, and institutional support, the young professionals of Raipur can become catalysts for broader economic development, not just for Chhattisgarh but for India's semi-urban financial ecosystem as a whole. Their journey from passive savers to informed investors is not only critical for personal wealth creation but also for deepening India's domestic capital markets in a sustainable manner.

RECOMMENDATION

Financial Literacy Programs: Government and private institutions should collaborate to introduce structured financial literacy workshops in colleges and workplaces.

Mobile App Integration: Fintech platforms should develop local-language-friendly versions to make investing easier for non-English speakers.

Peer Learning Platforms: Establish local investment clubs or forums where individuals can share knowledge and experiences.

Digital Awareness Campaigns: Conduct campaigns to raise awareness about scams, portfolio diversification, and long-term investment benefits.

Policy Support: State and central government financial schemes must be promoted more effectively among the youth.

Gamification of Learning: Financial concepts can be taught using interactive, game-based apps to engage more users.

Customized Advisory Services: Encourage banks and fintech companies to offer tailored advice based on income and financial goals.

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