

# A Study on Demographic Factors and their Impact on Investment Behavior

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## ABSTRACT:

Investment is essential for generating wealth and ensuring financial stability. This study looks at how risk tolerance, investment choices, and financial decision-making are influenced by these factors. Surveys are used to gather main data for the study, and books, journals, and published papers are used to gather secondary data. Patterns and variations in investment behavior across different demographic groups are found through statistical research. The results shed light on how information sources and financial literacy affect investing decisions. The study is to support investment firms, financial institutions, and legislators in creating customized financial solutions that satisfy the requirements and inclinations of various investor sectors.

**Keywords:** Demographic factors, Investment behavior, Risk tolerance, Investment preferences.

## 1. INTRODUCTION

Investment is essential for generating wealth and ensuring financial stability. However, there are a number of reasons why investment behavior is not consistent and differs from person to person, including demographic traits like age, gender, occupation, and income level. Various demographic groups have various investment patterns as a result of these characteristics, which also affect an individual's risk tolerance, investment choices, and financial decision-making.

By looking at differences in risk-taking behavior, investment preferences, and financial awareness, this study seeks to understand how demographic characteristics affect investment decisions. It also looks at how information sources and financial literacy affect investment decisions. The research offers important insights for creating more tailored and accessible financial products that suit various investor profiles by detecting these patterns.

## 2. OBJECTIVES OF THE STUDY:

To examine the relationship between age, gender, occupation, and income and investment decisions.  
To identify the impact of demographic factors on risk tolerance and investment choices

## 3. HYPOTHESIS

H<sub>0</sub>: There is no significant relationship between demographic factors and investment behavior.  
H<sub>1</sub>: There is a significant relationship between demographic factors and investment behavior.

## 4. METHODOLOGY OF THE STUDY:

**Primary Data:** To learn more about Investors perspectives and behaviour, a questionnaire is used to gather primary data. Researcher developed questionnaire.

**Secondary Data:** Reports, previously published and unpublished research, books, journals, magazines, and the internet will all be used to gather secondary data.

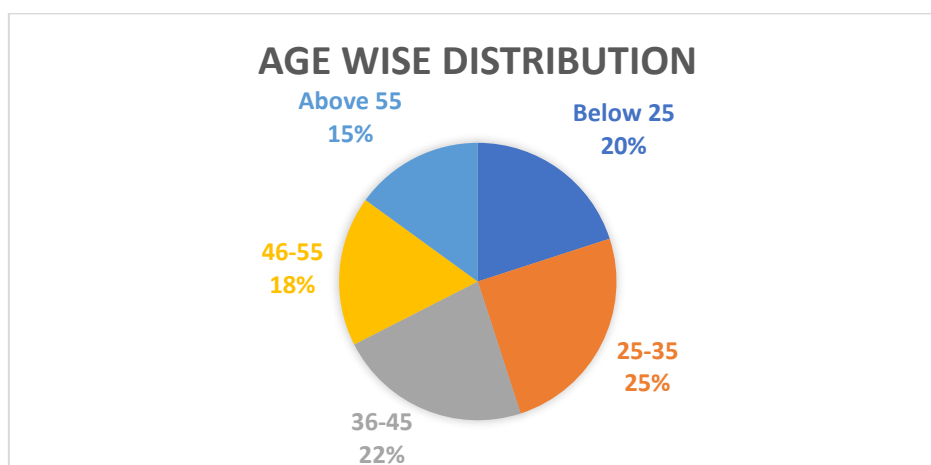
Sample size: 200 respondents, study area Dapoli Tahsil

## 5. DATA COLLECTION AND INTERPRETATION

### A. Age Distribution of Respondents

(Sample Size: 200 respondents)

Age Group	No. of Respondents	Percentage (%)
Below 25	40	20
25-35	50	25
36-45	45	22.5
46-55	35	17.5
Above 55	30	15
Total	200	100



#### • Analysis:

- Majority (25%) of respondents fall in the **25-35 age group**, actively investing in **mutual funds and stocks**.
- Senior investors (Above 55) prefer **fixed deposits and gold investments**.
- Younger investors (Below 25) are exploring **digital investments**.

### B. Gender Distribution

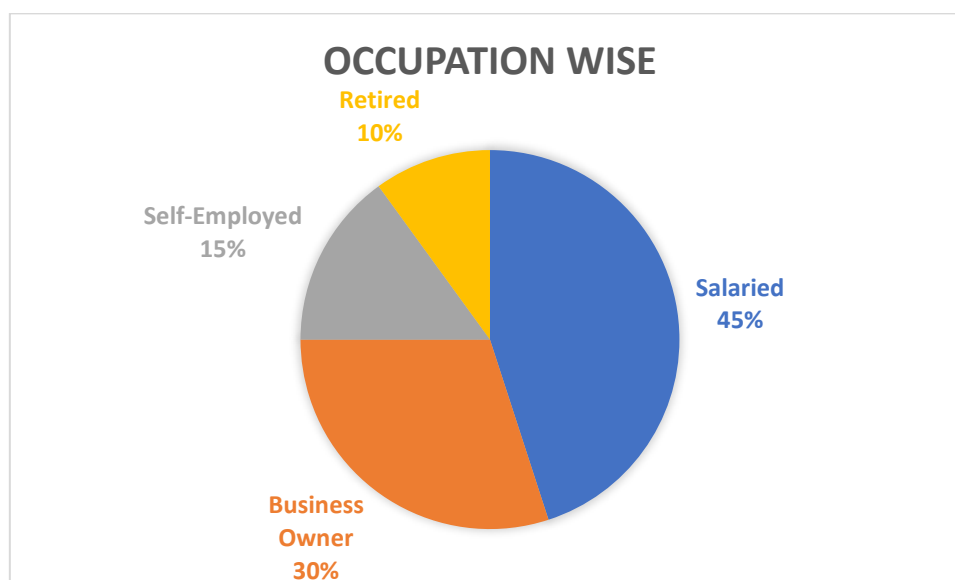
Gender	No. of Respondents	Percentage (%)
Male	120	60%
Female	80	40%
Total	200	100

## Analysis:

- Men (60%) participate more in investment decisions.
- Women prefer low-risk options like gold and fixed deposits, whereas men invest in stocks and mutual funds.

## C. Occupation

Occupation	No. of Respondents	Percentage (%)
Salaried	100	45
Business Owner	40	30
Self-Employed	40	15
Retired	20	10
Total	200	100

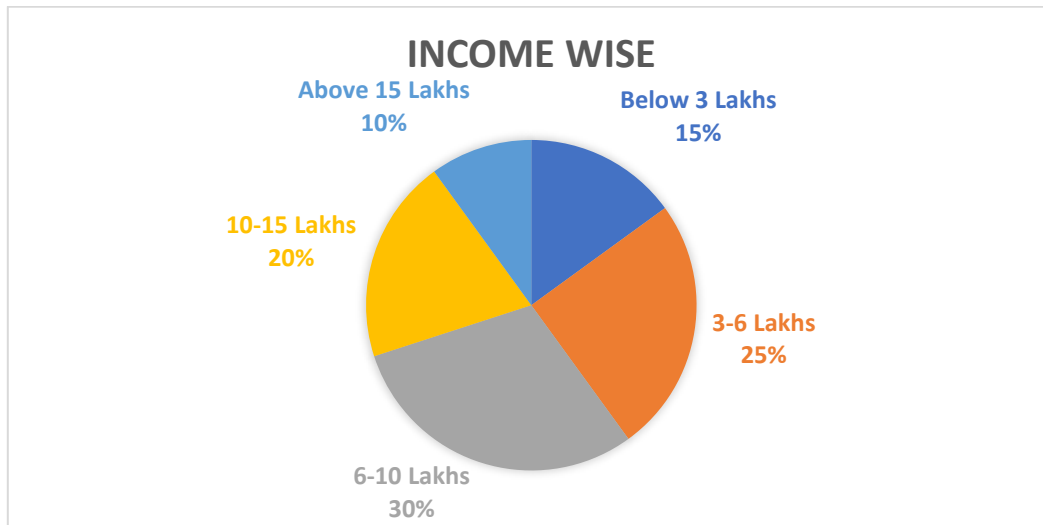


## Analysis:

- Salaried individuals (45%)** invest in diversified portfolios, including **stocks, mutual funds, and real estate**.
- Business owners (40%)** take higher investment risks.

## D. Income level classification

Annual Income	No. of Respondents	Percentage (%)
Below 3 Lakhs	30	15%
3-6 Lakhs	50	25
6-10 Lakhs	60	30
10-15 Lakhs	40	20
Above 15 Lakhs	20	10



## 6. FINDINGS

This study examined the impact of **demographic factors** (age, gender, occupation, income, and financial literacy) on **investment behavior**. The key findings include:

**Age-Based Investment Trends:** Younger investors favor high-risk investments like stocks, while older investors favor stable investments like fixed deposits and real estate.

**Gender Differences:** Men tend to take higher risks, investing more in stocks and mutual funds, while women prefer safer options like gold and fixed deposits.

**Occupation & Investment Choices:** Salaried individuals balance stocks and mutual funds, while business owners invest in high-risk assets like stocks and real estate. Self-employed individuals prefer mutual funds and gold.

These are some of the main findings of this study, which looked at the effects of demographic factors (age, gender, occupation, income, and financial literacy).

## 7. CONCLUSION

This study highlights how demographic factors significantly influence investment behavior. Age, gender, occupation, and financial literacy play a crucial role in shaping investment preferences and risk tolerance. Younger investors take more risks, while older investors prioritize security. Women lean towards safe investments, whereas men prefer high-risk options. Income levels affect investment choices, with higher-income groups opting for diverse portfolios. Financial literacy is a key driver of informed investment decisions.

The entire investment ecosystem will be improved by fostering financial literacy, providing customized investment solutions, and guaranteeing that a wide range of investment options are easily accessible financial institutions, legislators, and investors must collaborate to enhance financial decision-making and investment involvement.

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