



**‘CONSUMER PREFERENCE TOWARDS VARIOUS INVESTMENT
AVENUES : A STUDY CONDUCTED IN MY SAMRUDDHI
INVESTWISE PVT. LTD’**

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ABSTRACT

This study explores consumer preferences for various investment avenues in Navi Mumbai, examining how factors like risk tolerance, income, and demographics influence investment decisions. By analyzing data from 541 respondents, the research highlights that younger, well- educated individuals tend to favor higher-risk investments such as mutual funds and equities, while older investors prioritize safer options like fixed deposits. Key motivations include safety, return potential, and tax benefits, all of which shape individual investment behaviors. The findings reveal that tax-efficient instruments, financial literacy, and customized advice play critical roles in guiding investment choices. These insights underscore the need for financial institutions to tailor their offerings based on client demographics and preferences, enhancing client satisfaction and supporting more informed investment decisions in Navi Mumbai’s growing market.

KEYWORDS:

Investment Avenues, Consumer Preferences, Risk Tolerance, Financial Literacy, Mutual Funds, Navi Mumbai, Tax Efficiency.

INTRODUCTION

Investment choices are crucial not only for individual financial stability but also for wealth generation over time, particularly in an economy where diverse financial products are constantly emerging. In India, the investment landscape has seen a gradual but significant shift as individuals become more aware of a variety of financial instruments that promise better returns than traditional savings methods. Despite this growing awareness, many investors continue to exhibit cautious behavior, often influenced by their personal circumstances and comfort with risk. These factors are particularly evident in a region like Navi Mumbai, where rapid urbanization, economic growth, and a rising middle class contribute to evolving financial behaviors and preferences. This research is designed to analyze these evolving preferences by assessing which investment options – including equities, fixed deposits, real estate, and mutual funds – are preferred by different demographic segments in Navi Mumbai. The study explores how various factors, such as risk tolerance, income, and tax benefits, influence these choices. Furthermore, the research sheds light on the role of financial literacy and customized financial guidance, especially as younger and more educated individuals exhibit an increasing openness to higher-risk investments in exchange for greater returns. By



understanding the unique financial needs and motivations of Navi Mumbai's residents, this study seeks to offer financial institutions actionable insights to better tailor their offerings. These insights are particularly relevant in today's dynamic financial market, where individual preferences increasingly lean toward a mix of traditional stability and the growth potential found in contemporary investment avenues. This study thus serves as a foundation for financial institutions to develop targeted investment products and services that align with the distinct profiles and aspirations of their clients in Navi Mumbai's expanding market.

OBJECTIVE OF STUDY:

1. To get better understanding of various investment avenue.
2. To assess consumers awareness regarding different investment avenue in Navi Mumbai region.
3. To know the consumer preference towards various investment avenues in Navi Mumbai region.

LITERATURE REVIEW:

Behavioral Finance and Investment Preferences

Behavioral finance studies, such as those by Chandra (2008) and Pompian (2006), reveal that psychological factors like risk aversion, overconfidence, and loss aversion heavily influence individual investment choices. These biases often lead investors to prefer low-risk options, such as fixed deposits, to avoid potential losses, even if it means lower returns. Younger investors, however, are generally more open to riskier investments like mutual funds and equities due to their longer investment horizons and higher financial literacy.

Impact of Demographics

Demographic factors such as age, income, and education also play a significant role in shaping investment behavior. Lusardi and Mitchell (2007) found that younger investors with higher educational levels are generally more inclined towards riskier options, such as mutual funds and equities, driven by greater financial literacy and longer investment horizons. In contrast, older investors tend to favor conservative investments like real estate, valuing stability over growth. These findings underscore the importance of demographic influences on investment preferences, suggesting that financial institutions can benefit from tailoring their offerings to different investor profiles.

RESEARCH METHODOLOGY:

Research Design:

This study adopts a descriptive research design to investigate consumer preferences across various investment avenues within the Navi Mumbai region. Descriptive research is suitable for understanding patterns and characteristics within a population, allowing the study to capture the specific investment behaviors and preferences of different demographic groups, including age, income level, and educational background. By



examining these variables, the research provides insights into how consumers' risk tolerance, tax considerations, and financial goals shape their investment choices.

DATA COLLECTION:

Data collection for this study was conducted through a structured approach involving both primary and secondary sources.

Primary Data:

Primary data were gathered from 541 respondents using structured questionnaires distributed online and in person. The questionnaire captured key information about respondents' demographic backgrounds (age, income level, education), investment preferences, risk tolerance, and tax considerations. Additional in-depth interviews with selected respondents provided qualitative insights, enriching the analysis by capturing individual attitudes and motivations behind investment choices.

Secondary Data:

Secondary data were sourced from financial reports, industry publications, and previous studies on investment behavior and financial literacy. This provided a contextual framework for understanding current trends and established theories in consumer investment preferences, allowing the study's findings to be evaluated against existing literature and market insights. This dual approach to data collection ensured a comprehensive and well-rounded understanding of consumer preferences toward various investment avenues, supporting both quantitative and qualitative analysis of factors driving investment decisions in Navi Mumbai.

Sampling Technique:

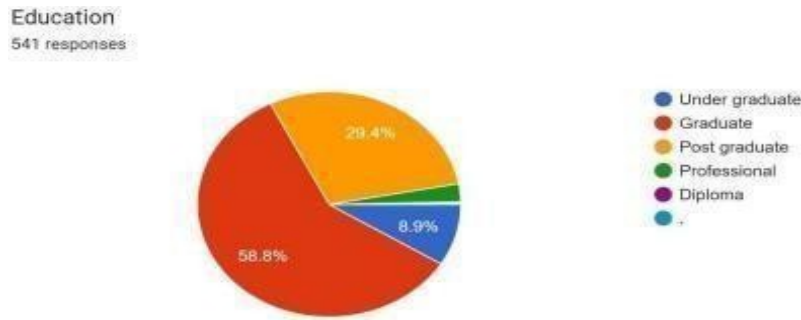
A purposive sampling method was used to select respondents, ensuring a representative mix of age groups and income levels, and educational backgrounds in Navi Mumbai, aligning with the research focus on demographic factors influencing investment preferences. This method allowed the researchers to capture detailed insights into specific population segments, such as younger, educated, or higher-income investors, who tend to exhibit distinct preferences. By targeting relevant demographic characteristics, purposive sampling ensured efficiency and relevance in data collection, though it may limit generalizability beyond the Navi Mumbai context. This approach provided rich, context-specific findings to inform financial institutions aiming to develop targeted investment products and strategies.

DATA PRESENTATION AND ANALYSIS:

Demographic Profile of Respondents:

The sample consisted of 541 respondents, of whom the majority (71%) were between the ages of 24 and 33, indicating that younger adults are particularly active in making investment decisions. In terms of educational background, 58.8% of respondents were graduates, 29.4% postgraduates, 8.9% undergraduates, and 2.9% diploma holders. This distribution highlights the prevalence of well-educated individuals, who are often more financially literate and more likely to engage with diverse investment avenues.

Figure 1: Education Level of



Respondents

Source:-primary data

- Graduates: 58.8%
- Postgraduates: 29.4%
- Undergraduates: 8.9%
- Diploma holders: 2.9%

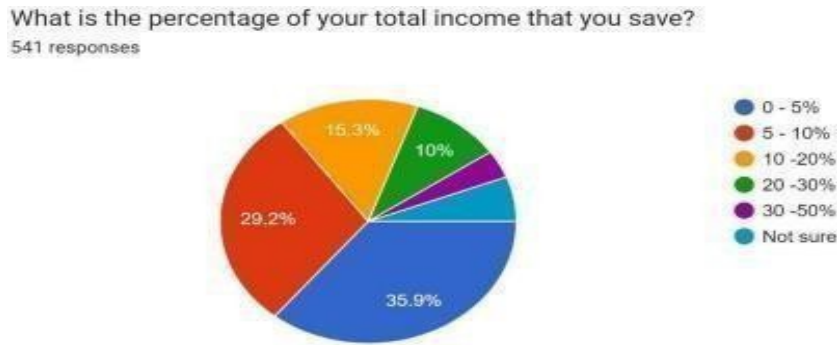
Investment Preferences:

The study revealed that fixed deposits are the most preferred investment option, with 45.8% of respondents favoring this avenue due to perceived safety. Mutual funds, attracting 26.1% of respondents, are particularly popular among younger investors who are open to moderate risk. Traditional investments like gold still hold appeal, with 24% of respondents investing in this avenue. Additionally, high-risk options like equities are chosen by 25% of respondents, predominantly younger investors who benefit from longer investment horizons and higher risk tolerance.

Income and Savings Behavior:

Income level had a significant impact on investment choices. Respondents with annual incomes between 2 and 5 lakh INR (64.4%) preferred low-risk, secure options like fixed deposits. On the other hand, those earning over 10 lakh INR demonstrated a preference for equities and mutual funds, suggesting that higher income correlates with a greater appetite for risk and a desire for higher returns. This distribution highlights the influence of income on risk tolerance and the attractiveness of diversified investment options among higher-income individuals.

Figure 2. Saving of Total Income.



Source:-primary Data

FINDINGS:

1. Age Influence: The study found a distinct age-based difference in investment preferences. Younger investors, particularly those aged 24 -33, showed a higher preference for riskier investments, such as mutual funds and equities. This group is more inclined toward investments that offer growth potential due to their longer investment horizons and higher risk tolerance. In contrast, older respondents, particularly those aged 43 and above, tended to favor safer investment options like fixed deposits and real estate, emphasizing stability over high returns.

2. Educational Impact: Education emerged as a significant factor influencing investment decisions. Graduates and postgraduates demonstrated greater financial literacy and understanding of diverse investment options, leading them to opt for more balanced and diversified portfolios that include mutual funds and equities. Lower-educated respondents, in contrast, preferred simpler and safer investments, aligning with their conservative financial outlook.

3. Income-based Preferences: Income level was closely linked to investment choices. Respondents with lower annual incomes (2–5 lakh INR) gravitated toward secure investment avenues like fixed deposits and gold, reflecting a conservative approach toward capital preservation. Higher-income respondents, particularly those earning above 10 lakh INR annually, were more likely to invest in higher-return options, such as equities and mutual funds, indicating a greater willingness to accept risk for potential growth.

4. Tax Considerations: The study highlighted tax efficiency as a key motivator in investment decisions. Middle-income respondents showed a strong preference for tax- saving instruments, such as the Public Provident Fund (PPF), indicating that tax benefits play a significant role in guiding their financial choices. Higher-income individuals also favored tax-efficient products but displayed a more diverse portfolio structure to maximize returns.

5. Financial Literacy and Customization Needs: The analysis underscored the need for financial institutions to offer tailored financial products and advisory services. Enhanced financial literacy programs can help lower-income and less-educated investors make more informed choices, while customized tax planning services could attract higher-income clients seeking tax-efficient strategies.

These insights suggest that financial institutions could improve client satisfaction by aligning their product offerings with clients' unique demographic and financial



profiles. These findings provide actionable insights for financial institutions, emphasizing the value of demographic-tailored products to meet the varied preferences and needs of clients in Navi Mumbai's dynamic investment market

RECOMMENDATIONS:

1. Enhance Financial Literacy Programs: Financial institutions should implement targeted financial literacy programs, particularly for lower-income and less-educated investors. By offering workshops, online resources, and personalized guidance, institutions can empower these individuals to make informed investment decisions and better understand the risks and returns of various investment options.

2. Develop Customized Investment Products: To meet the diverse needs of different demographic segments, financial institutions like My Samruddhi Investwise Pvt. Ltd. should design investment products tailored to specific age groups, income levels, and risk preferences. For example, higher-risk options like mutual funds and equities can be tailored to appeal to younger, higher-income clients, while safer, fixed-income options can

be directed at older or conservative investors.

3. Expand Tax-Efficient Investment Solutions: Tax-efficient investment options are highly valued, especially by middle- and high-income investors. Financial institutions should offer a wider range of tax-saving products, such as PPFs and tax-saving mutual funds, coupled with advisory services that help clients maximize tax benefits while aligning with their financial goals.

4. Promote Diversified Portfolios: Financial advisors should educate clients on the benefits of diversification as a strategy to manage risk and enhance returns. By offering portfolio management services that balance risk across various asset classes, institutions can encourage investors to adopt a more balanced and diversified approach to investing.

5. Implement Age-Based Advisory Services: As age significantly influences investment preferences, financial institutions should offer age-specific advisory services. Younger clients might benefit from education on long-term investment strategies and high-growth opportunities, while older clients may prefer guidance on stable, income-generating investments. Personalized advice aligned with life stages can enhance client satisfaction and long-term loyalty.

CONCLUSION:

This study concludes that demographic factors, particularly age, education, and income, significantly shape investment preferences among consumers in Navi Mumbai. Younger, educated individuals with higher incomes are more inclined toward riskier, growth-oriented investments such as mutual funds and equities, while older and lower-income investors prefer safer, more stable options like fixed deposits and real estate. Additionally, tax-saving motivations influence investment choices, particularly among middle-income groups, highlighting the importance of tax-efficient products in financial planning. These insights underscore the need for financial institutions to offer customized, demographic-sensitive investment solutions that cater to the unique needs of various client segments. By emphasizing financial literacy and personalized advisory services, financial institutions like My Samruddhi Investwise Pvt. Ltd. can enhance client satisfaction, foster informed decision-making, and strengthen their market presence in Navi Mumbai's expanding financial landscape.



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