

Factors Influencing Investment Decisions of Young Investors

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Abstract

Investment plays a key role in personal financial planning. Young investors choose from options like bank deposits, mutual funds, stocks, gold, and real estate. This paper identifies factors influencing their decisions, such as risk, return, income, liquidity, and financial literacy. A descriptive research design was used, gathering data through a structured questionnaire. Findings help financial institutions tailor products for young investors.

Keywords: *Investment, Young Investors, Risk, Return, Financial Literacy, Mutual Funds, Investment Decisions.*

1. INTRODUCTION

Investments help individuals build wealth and achieve long-term financial security. Digital Platforms and mobile apps have made investing easy for young individuals. However, choices depend on risk tolerance, expected return, income, and financial literacy. Understanding these factors helps analyze young investors' financial behavior.

2. NEED & OBJECTIVES OF THE STUDY

Need: To understand how young investors manage savings, evaluate risk, and choose investment avenues.

Objectives:

To examine investment preferences of young investors.

To analyze the impact of risk, return, and financial literacy on decisions. To study the influence of social media, friends, and family.

3. RESEARCH METHODOLOGY

Research Design: Descriptive Research

Data Sources: Primary Data (Questionnaire) and Secondary Data (Journals/Books) **Sample Size:** 100 Respondents

Sampling Method: Convenience Sampling

4. DATA ANALYSIS & INTERPRETATION

1. Preferred Investment Avenue:

Mutual Funds: 30%

Shares: 25%

Fixed Deposit: 15%

Gold: 15%

Insurance / Others: 15%

Total: 100%

Interpretation: Mutual Funds and Shares are the most preferred options among young investors.

2. Major Influencing Factor:

Expected Return: 30%

Risk Factor: 25%

Safety & Liquidity: 25%

Goals & Tax Benefits: 20%

Total: 100%

Interpretation: High returns and risk management drive most investment decisions.

5. FINDINGS & SUGGESTIONS

Findings: Young investors prefer growth-oriented avenues like mutual funds, moderate-risk profiles, and medium-to-long-term horizons.

Suggestions: Improve financial literacy, set realistic goals, diversify portfolios, and avoid relying solely on social media advice.

6. CONCLUSION

Young investors evaluate risk, return, safety, and financial goals before investing. Improving financial literacy and disciplined planning will ensure better long-term wealth creation.

REFERENCES

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