

A Study on Investment Preferences of Youth in India

Prathamesh Naik

The Byramjee Jeejeebhoy College of Commerce, Mumbai

Abstract: *The purpose of this research is to study the investment preferences of youth in India, especially individuals between the age group of 18 to 30 years. Over the past few years, there has been a noticeable change in the financial behaviour of young individuals. Earlier, traditional investment options such as Fixed Deposits and Gold were widely preferred. However, with increasing financial awareness and digital access, youth are gradually shifting towards market-linked investment options like Mutual Funds and Equity Shares.*

This study aims to understand which investment avenues are most preferred, what factors influence investment decisions, and how financial literacy and technology have impacted the investment behaviour of young people.

Keywords: This study aims to understand which investment avenues are most preferred, what factors influence investment decisions, and how financial literacy and technology have impacted the investment behaviour of young people.

I. INTRODUCTION

India has one of the youngest populations in the world. A large percentage of the population falls under the age group of 18 to 35 years. With better education, internet penetration, and employment opportunities, young individuals are becoming financially independent at an early age.

Traditionally, Indian families focused more on saving rather than investing. Safe investment instruments such as Fixed Deposits, Gold, and savings accounts were considered ideal options. The main objective was safety of capital rather than high returns.

However, in the present scenario, youth are more aware of inflation and long-term financial planning. They understand that simply saving money is not enough to build wealth. Therefore, many young investors are exploring investment options that offer higher returns, even if they involve moderate risk

II. OBJECTIVES OF THE STUDY

The main objectives of this research are:

1. To identify the most preferred investment options among youth.
2. To understand the factors influencing investment decisions
3. To compare traditional and modern investment avenues.
4. To analyse the impact of financial literacy on investment behaviour.
5. To study the risk-taking ability of young investors.

III. RESEARCH METHODOLOGY

This study is descriptive in nature and is mainly based on secondary data collected from financial newspapers, investment websites, journals, and research articles.

In addition, a small informal survey was conducted among 30 college students and young working professionals to understand their investment preferences. The survey included questions related to preferred investment options, risk level, and reasons for choosing specific instruments.



The data collected has been analysed and interpreted in a systematic manner to understand general investment trends among youth.

IV. INVESTMENT AVENUES PREFERRED BY YOUTH

Fixed Deposits:

Fixed Deposits are considered safe and secure investment options. They provide guaranteed returns and are suitable for individuals who prefer low risk. Many youth use FDs for short-term savings or emergency funds.

Mutual Funds:

Mutual Funds have become one of the most popular investment options among young investors. Through Systematic Investment Plans (SIPs), individuals can invest small amounts regularly. Mutual Funds provide diversification and professional management, which reduces risk compared to direct stock investment.

Equity Shares:

Investment in equity shares offers high return potential but involves market volatility. Youth who have financial knowledge and are willing to take calculated risks prefer direct investment in stocks for long-term growth.

Gold and Real Estate:

Gold has traditionally been considered a safe investment in India. Some young investors prefer digital gold due to ease of access. Real estate is less common among youth due to high capital requirements, but it remains a long-term wealth creation option.

Emerging Investment Options:

A small percentage of youth are also investing in digital assets and cryptocurrencies. However, due to high risk and price fluctuations, these options are chosen by limited investors.

V. FACTORS INFLUENCING INVESTMENT DECISIONS

Financial Literacy plays a major role in investment decisions. Youth who understand financial concepts such as risk, return, and diversification are more confident in investing in equity-related instruments. Risk Appetite is generally higher among young individuals because they have a longer investment horizon and fewer financial responsibilities.

Income Level also affects investment behaviour. Individuals with regular income are more likely to invest systematically.

Technology has significantly simplified the investment process. Online trading platforms and mobile applications have made investing quick and convenient. Social Influence through peers, financial influencers, and online content also impacts investment decisions.

Findings of the Study

The study indicates that Mutual Funds and Equity Shares are increasingly preferred by youth. Fixed Deposits are mainly used for safety purposes. Financial literacy positively influences diversification decisions. Technology has played a major role in increasing participation in financial markets.

Most young investors prefer investment options that provide higher returns and liquidity.

Suggestions

Financial education should be encouraged at the college level to improve awareness about investment planning. Youth should diversify their investments to balance risk and return. Long-term financial planning should be prioritised over short-term speculation. Awareness regarding safe investment practices should be promoted.

VI. CONCLUSION

The investment preferences of youth in India are gradually shifting from traditional savings instruments to growth-oriented financial products. While safety remains important, wealth creation and financial independence have become



major priorities for young investors. Financial literacy, technological advancement, and changing economic conditions continue to shape investment behaviour. With proper knowledge and responsible financial planning, youth can build strong financial foundations for their future.

