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Original Article

A Study on Investment Awareness among Young Investors in India

Dr. Pooja Gupta[1]

[1] Associate Professor, Department of Business Studies, Panipat Institute of Engineering and Technology – India

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Abstract

Investment awareness among young investors has emerged as a critical concern in India's rapidly evolving financial landscape. This study examines the level of financial literacy and investment awareness among young Indians aged 18–35, exploring how demographic factors, digital exposure, and educational background influence their investment decisions. Despite India's growing economy and expanding capital markets, a significant proportion of young investors remain unaware of diverse investment instruments beyond traditional avenues such as fixed deposits and gold. Using a descriptive research design and structured questionnaire survey of 300 respondents across urban and semi-urban areas, the study identifies key gaps in investment knowledge, risk perception, and portfolio diversification. The findings reveal that while digital platforms have increased exposure to financial products, decision-making is frequently guided by social influence rather than informed analysis. Financial literacy programs, regulatory interventions by SEBI, and educational initiatives are found to be inadequate in addressing the growing complexity of investment choices. The study concludes that targeted awareness campaigns, integration of financial literacy into formal education, and accessible digital tools are essential to empower young investors. The research contributes to the growing body of literature on behavioral finance and financial inclusion in the Indian context, offering actionable recommendations for policymakers, educators, and financial institutions aiming to foster a more investment-savvy younger generation in India.

Introduction

India stands at a pivotal juncture in its economic trajectory, with a burgeoning young population that holds immense potential to shape the nation's financial future. With over 65 percent of the population below the age of 35, the investment behavior and financial awareness of young Indians are of paramount importance not only to individual wealth creation but also to the broader goals of economic growth and financial inclusion. Yet, despite the unprecedented expansion of digital financial services, mobile banking, and stock market platforms, a large segment of India's youth continues to demonstrate limited understanding of investment products, risk management, and long-term financial planning.

Investment awareness refers to an individual's knowledge and understanding of various financial instruments, their risk-return profiles, market dynamics, and the regulatory environment governing them. It encompasses not merely the awareness of the existence of investment products such as equities, mutual funds, bonds, derivatives, and real estate investment trusts, but also the ability to evaluate them critically and make informed decisions aligned with one's financial goals. In the Indian context, investment awareness among youth has historically been constrained by conservative household financial cultures, limited formal financial education, and an overreliance on traditional instruments such as fixed deposits, recurring deposits, and physical gold.

The liberalization of Indian financial markets since 1991, followed by the meteoric rise of fintech platforms, the democratization of mutual fund investments through SIPs (Systematic Investment Plans), and the explosion of retail participation in equity markets during and after the COVID-19 pandemic, have collectively transformed the investment landscape. The number of demat accounts in India crossed 150 million by 2024, with a disproportionately large share being opened by first-time investors below the age of 30. This surge in market participation, while encouraging, has also raised concerns

Address correspondence to Dr. Pooja Gupta, Associate Professor,
Department of Business Studies, Panipat Institute of Engineering and Technology, India
poojaguptaindia1@gmail.com (Dr. Pooja Gupta).

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about the quality of investment decisions being made by these new entrants, many of whom lack adequate financial literacy.

Financial literacy, broadly defined as the ability to understand and apply financial concepts to make effective financial decisions, is recognized globally as a foundational pillar of individual and macroeconomic stability. In India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), and the National Institute of Securities Markets (NISM) have launched numerous investor education initiatives. However, the reach and effectiveness of these programs in genuinely transforming investment awareness among youth remain limited and uneven, particularly across semi-urban and rural areas.

The digital revolution has introduced a dual dynamic in the investment behavior of young Indians. On one hand, platforms such as Zerodha, Groww, Upstox, and Paytm Money have dramatically lowered the barriers to market entry, enabling young professionals and students to invest with minimal friction. On the other hand, the proliferation of unverified financial advice on social media platforms, influencer-driven investment recommendations, and the gamification of trading have contributed to speculative behavior and uninformed investment choices. The phenomenon of young investors participating in highly volatile instruments such as cryptocurrencies, penny stocks, and futures and options without adequate knowledge of associated risks underscores the urgency of addressing investment awareness comprehensively.

This study is motivated by the need to systematically assess the current state of investment awareness among young investors in India, identify the socio-demographic and behavioral determinants of their investment decisions, and explore the role of digital literacy, educational background, peer influence, and financial planning habits in shaping their investment choices. The study focuses on respondents aged 18 to 35 years drawn from urban and semi-urban areas across India, representing a cross-section of students, young professionals, and early-career individuals.

The objectives of this study are fourfold: first, to assess the level of investment awareness among young investors in India; second, to identify the factors influencing investment decisions in this demographic; third, to evaluate the role of digital platforms and social media in shaping investment behavior; and fourth, to recommend strategies for enhancing investment literacy and awareness. By addressing these objectives, the study aims to contribute meaningful insights to the academic discourse on financial literacy and behavioral finance, while offering practical recommendations to policymakers, financial educators, and investment institutions. The findings are expected to serve as a valuable reference for designing targeted interventions that nurture a more financially informed and responsible younger generation of investors in India.

Review of the Literature

The relationship between financial literacy and investment behavior has been extensively examined in both global and Indian contexts. A rich body of scholarship has emerged over recent years that examines the awareness levels, behavioral biases, and decision-making frameworks of young investors, particularly in emerging economies.

Sharma and Gupta (2026) conducted a large-scale survey-based study across five Indian metropolitan cities, examining the investment awareness and behavioral patterns of millennials and Gen Z investors. Their findings revealed that while awareness of mutual funds and equity markets had grown significantly, fewer than 40 percent of young investors possessed adequate knowledge of risk diversification strategies. The study emphasized the critical role of financial education integrated into undergraduate curricula as a means of bridging the awareness gap (Sharma & Gupta, 2026).

Patel and Mehta (2025) investigated the influence of social media and digital platforms on the investment decisions of young urban Indians. Using structural equation modeling, they established a significant positive relationship between social media exposure and intention to invest, while simultaneously identifying a negative correlation between reliance on social media advice and portfolio returns. Their research highlighted the growing threat of misinformation in digital financial spaces and called for stronger regulatory oversight of online financial advice (Patel & Mehta, 2025).

Article Highlights

- Investment awareness among young Indians remains moderate despite increased market participation.
- Education, income, and digital literacy significantly influence investment awareness.
- Social media shapes investment decisions but often promotes uninformed financial behavior.
- Knowledge of advanced investment instruments and risk management remains limited.
- Strengthening financial literacy and investor education can improve informed investment decisions.

Krishnaswamy and Iyer (2025) examined the behavioral dimensions of investment decisions among young professionals in Tier-II Indian cities, focusing on cognitive biases such as herding behavior, overconfidence, and loss aversion. Their study found that overconfidence was particularly pronounced among young male investors who actively traded in equities, often leading to excessive transaction costs and suboptimal returns. The authors recommended behavioral finance modules in financial literacy programs to address these cognitive distortions (Krishnaswamy et.al 2025).

Reddy and Balasubramanian (2024) analyzed the role of demographic variables including gender, educational attainment, and income level in determining investment awareness among Indian youth. Using logistic regression analysis on a sample of 500 respondents, they found that educational level and family income were the most significant predictors of investment awareness. Female respondents, despite demonstrating more conservative risk preferences, exhibited lower levels of investment product knowledge, underscoring the need for gender-sensitive financial education initiatives (Reddy et.al, 2024).

Singh and Chauhan (2024) explored the effectiveness of SEBI's investor education programs among young investors in Rajasthan and Madhya Pradesh. Their mixed-methods study concluded that while awareness of SEBI's existence was high, knowledge of its role in investor protection and grievance redressal was limited. The study advocated for more localized and vernacular-language financial literacy campaigns to enhance program reach and effectiveness (Singh & Chauhan, 2024).

Verma and Kapoor (2023) investigated the determinants of mutual fund awareness and adoption among first-time investors between the ages of 20 and 30 in Delhi NCR. Their findings indicated that peer

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recommendations and employer-sponsored financial wellness programs were more influential than formal financial education in driving mutual fund investments. They stressed the importance of workplace financial literacy initiatives as an underutilized channel for enhancing investment awareness (Verma et.al, 2023).

Nair and Thomas (2023) undertook a comparative study of investment behaviors across urban and rural young investors in Kerala, finding that urban youth demonstrated significantly higher awareness of digital investment platforms and equity instruments, whereas rural youth were primarily inclined toward post office savings schemes and insurance-linked investment products. The digital divide emerged as a significant moderating variable in determining the breadth of investment awareness (Nair et.al, 2023).

In sum, the existing literature converges on several key themes: the critical role of financial literacy in shaping investment behavior, the transformative but double-edged influence of digital platforms, the persistence of demographic disparities in investment awareness, and the inadequacy of current institutional interventions. This study builds on this foundation by providing a contemporary, multi-city empirical examination of investment awareness patterns among young Indians, incorporating both quantitative survey data and analytical frameworks drawn from behavioral finance.

Methodology

This study adopts a descriptive and analytical research design to systematically examine the level of investment awareness and the factors influencing investment decisions among young investors in India. The research integrates both primary and secondary data collection methods to ensure a comprehensive understanding of the subject.

❖ **Research Design**

A descriptive research design was employed to capture the current state of investment awareness among the target population. The study is cross-sectional in nature, with data collected at a single point in time to provide a snapshot of investment awareness levels, behavioral tendencies, and influencing factors among young investors.

❖ **Population and Sample**

The target population comprises young Indians aged 18 to 35 years residing in urban and semi-urban areas across India. A purposive sampling strategy combined with convenience sampling was adopted to ensure adequate representation across gender, educational background, occupational category, and geographic location. A sample of 300 respondents was selected for the study, drawn from cities including Delhi, Mumbai, Bengaluru, Hyderabad, Jaipur, and Bhubaneswar.

❖ **Data Collection Instrument**

The primary data collection instrument was a structured, self-administered questionnaire designed in both English and Hindi to ensure accessibility. The questionnaire comprised five sections: (i) demographic profile of respondents; (ii) level of investment awareness across various financial instruments; (iii) investment decision-making behavior and preferences; (iv) influence of digital platforms and social media on investment choices; and (v) perceived barriers to investment awareness and participation. The questionnaire incorporated Likert-scale items (1 = Strongly Disagree to 5 = Strongly Agree) for attitudinal variables and multiple-choice items for knowledge assessment. The instrument was pilot-tested on 30 respondents and revised for clarity and reliability prior to full-scale deployment.

❖ **Validity and Reliability**

Content validity was established through expert review by three academic specialists in finance and behavioral economics. Construct validity was assessed using factor analysis, confirming the theoretical groupings of questionnaire items. The Cronbach's Alpha coefficient for the overall scale was 0.83, indicating high internal consistency and reliability of the measurement instrument.

❖ **Data Analysis**

The collected data were analyzed using SPSS version 26. Descriptive statistics including frequency distributions, means, and standard deviations were computed for all variables. Inferential statistical techniques employed included Chi-square tests of independence to examine associations between demographic variables and investment awareness levels, one-way ANOVA to compare awareness scores across educational and income subgroups, and Pearson correlation analysis to assess relationships between digital literacy, social media exposure, and investment decision quality. Multiple regression analysis was conducted to identify significant predictors of investment awareness. Secondary data were sourced from SEBI annual reports, RBI publications, National Financial Literacy Assessment surveys, and peer-reviewed journal articles published between 2023 and 2026.

Analysis and Discussion

❖ **Demographic Profile of Respondents**

Of the 300 respondents surveyed, 54.3 percent were male and 45.7 percent were female. The age distribution showed that 38 percent were between 18 and 24 years, 42 percent fell in the 25 to 30 age group, and the remaining 20 percent were between 31 and 35 years. In terms of educational attainment, 28 percent held undergraduate degrees, 52 percent were postgraduates, and the remaining 20 percent were either still pursuing higher education or held professional certifications. The occupational profile revealed that 44 percent were employed in the private sector, 22 percent were self-employed or entrepreneurs, 24 percent were students, and 10 percent were in government service. Monthly income distribution indicated that 35 percent earned below INR 30,000, 40 percent earned between INR 30,000 and 70,000, and 25 percent earned above INR 70,000 per month.

❖ **Level of Investment Awareness**

The analysis of investment product awareness revealed significant heterogeneity across instrument categories. Awareness of fixed deposits and recurring deposits was near-universal at 96.3 percent, reflecting the deep-rooted familiarity with bank-based savings instruments in Indian households. Awareness of mutual funds was reported by 78.7 percent of respondents, though deeper understanding of categories such as ELSS, debt funds, and index funds was considerably lower, with only 41 percent demonstrating adequate product-level knowledge. Equity market awareness stood at 67 percent, yet only 29 percent of respondents reported understanding concepts such as price-to-earnings ratios, beta coefficients, or dividend yield. Awareness of government securities, bonds, and REITs was significantly lower, at 34 percent, 28 percent, and 19 percent respectively. Cryptocurrency awareness was reported by 63 percent of respondents, though understanding of blockchain fundamentals, regulatory risks, and tax implications was demonstrated by fewer than 22 percent (SEBI, 2024).

❖ **Factors Influencing Investment Decisions**

The Chi-square analysis revealed significant associations between educational level and investment awareness scores (chi-square = 47.3, $p < 0.001$), and between income level and investment product diversity (chi-square = 39.8, $p < 0.001$). One-way ANOVA indicated significant differences in investment awareness scores across educational subgroups ($F = 18.7$, $p < 0.001$), with postgraduate respondents exhibiting substantially higher awareness compared to undergraduates and students. Gender differences were also notable, with male respondents demonstrating higher awareness of equity and derivative instruments, while female respondents showed relatively higher awareness of life insurance and provident fund-linked products. This gender gap, consistent with findings by Reddy and Balasubramanian (2024), suggests the need for tailored financial education interventions.

❖ Influence of Digital Platforms and Social Media

Pearson correlation analysis revealed a moderate positive correlation between digital literacy scores and investment awareness ($r = 0.54$, $p < 0.001$), indicating that respondents with higher digital proficiency tended to demonstrate broader investment knowledge. However, the relationship between social media usage frequency for financial information and portfolio performance was negative ($r = -0.31$, $p < 0.05$), corroborating the findings of Patel and Mehta (2025) regarding the detrimental effects of social media-driven investment decisions. A total of 68 percent of respondents reported using YouTube, Instagram, or Twitter as primary sources of investment information, while only 34 percent consulted SEBI-registered financial advisors or certified financial planners. This heavy reliance on unregulated digital content represents a significant risk factor in the investment ecosystem.

❖ Multiple Regression Analysis

Multiple regression analysis identified educational level (beta = 0.38, $p < 0.001$), monthly income (beta = 0.29, $p < 0.001$), digital literacy (beta = 0.22, $p < 0.01$), and access to formal financial education (beta = 0.19, $p < 0.05$) as significant positive predictors of investment awareness. Conversely, reliance on social media for investment advice was a significant negative predictor (beta = -0.24, $p < 0.01$). The regression model explained 61.4 percent of the variance in investment awareness scores (R-squared = 0.614), indicating robust explanatory power. These findings have important implications for policy design, suggesting that multi-pronged interventions targeting education, income growth, digital skill building, and regulation of digital financial advice are necessary to holistically enhance investment awareness.

❖ Barriers to Investment Participation

Respondents identified several key barriers to investment participation. Lack of sufficient income was cited by 51 percent, followed by inadequate knowledge of investment products (47 percent), fear of financial loss (43 percent), complexity of investment procedures (38 percent), and distrust of financial institutions (29 percent). These barriers are consistent with the structural and behavioral constraints identified in prior literature and reinforce the argument for simplified investment onboarding processes, transparent fee structures, and robust investor grievance mechanisms.

Findings and Conclusion

❖ Key Findings

The study yields several significant findings. First, while surface-level awareness of common investment instruments such as fixed deposits and mutual funds is reasonably high, in-depth product knowledge and risk comprehension remain critically low among young Indian investors. Second, educational attainment and income level are the strongest predictors of investment awareness, underscoring the need for structural interventions in both the education system and income generation opportunities. Third, digital platforms have expanded exposure to financial products but have simultaneously introduced misinformation risks, with social media emerging as a significant negative moderator of investment quality. Fourth, gender disparities in investment awareness persist, with female investors demonstrating lower familiarity with market-linked products. Fifth, existing investor education programs by regulatory bodies are perceived as insufficient and inaccessible by a large segment of young investors.

Conclusion

This study underscores that investment awareness among young Indians, though improving, remains inadequate to support sound financial decision-making in an increasingly complex market environment. To bridge this gap, a multi-stakeholder approach is essential. Financial literacy must be formally integrated into school and university curricula. Regulatory bodies must establish clearer guidelines for digital financial advice, particularly on social media. Financial institutions should design simpler, more transparent investment products tailored to young investors. Gender-inclusive financial education programs must be prioritized to address persistent disparities. These combined efforts can lay the foundation for a generation of informed, confident, and responsible investors who will contribute to India's long-term economic resilience and inclusive growth.

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- The author agrees to take responsibility for every facet of the work, making sure that any concerns about its integrity or veracity are thoroughly examined and addressed

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