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ANALYTICAL STUDY OF THE IMPACT OF DEMOGRAPHICS ON SELECTING INVESTMENT SCHEMES BY INDIVIDUALS: A CASE STUDY OF NAGPUR CITY

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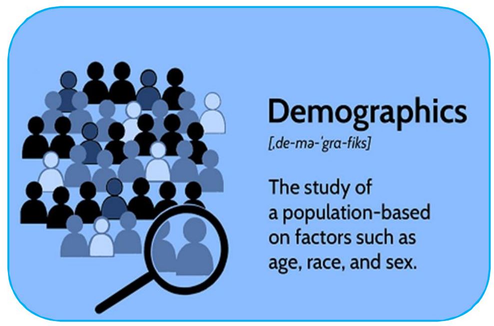
ABSTRACT

One of the key considerations in deciding on the investment options is the demographics. The primary goal of this study is to look at the impact of various demographic factors such as age, sex, income, education, and occupation on the investment behavior of the people living in Nagpur City. The very first assumption was that there are certain general factors by which the different individuals could be divided, and this would be carried out through a survey that would involve one-on-one interactions such as direct interviews, phone calls, and email correspondences with the respondents. The statistical techniques used in detecting and identification of any regularities, choice, or relationships within the investment decisions and demographic characteristically the study apply statistical inference tools. The case then becomes a very useful thing to follow in case of any financial institutions or legislators that are interested in the issues relating to the investment products and strategies for the community of Nagpur that is quite diversified.



KEYWORDS : *Investment Decisions, Demographic Factors, Individual Investors, Investment Preferences, Financial Behavior, Risk Tolerance*

INTRODUCTION

Investment decisions are crucial in the financial planning, wealth accumulation process, and lasting economic support. However, in the case of India, the financial market is deeply diversified and it ranges from fixed deposits (FDs), public provident fund (PPF), and national saving certificates (NSCs) to the high-tech stocks that are considered as superior investments. Hence, the process of making financial decisions is very detailed and the selection would depend also on the current situation in the market, natural economy, the demographic features of an investor like age, gender, income, level of education, and occupation as these factors have a direct bearing on the risk element, holding period, and also the type of instruments to be linked to the investor. If he or she is young, he or she tends to take more risks, putting his or her investments largely into stocks and mutual funds. The older population takes more secure financial avenues, like the investments in FDs and PPF.

Another very significant demographic variability that is usually considered is age, which is generally alongside the parameter of gender but proves to affect the behavior of investment. Females are normally very conservative in their investment behavior. Income is considered one of the main parameters contributing to the latter's investment behavior; for instance, diversification and balancing would mean a much superior pool of investments technologically for higher-income investors as compared with a person who does not care about it so much.

Nagpur, a city from Central India that is constantly growing with a very diversified demography, can be seen as a suitable place to analyze investor behavior under the influence of demographic features. This is an insight that could be extremely useful for financial services, policymakers, and counsellors to create customized financial products, literacy programs, and strategies that suit the needs of different groups of the population. Investors are also classified base on age, gender, educational aptitude, income brackets, and occupation in Nagpur.

The data that has been collected with the help of a survey by the researchers of Maharashtra and the University of Cambridge might also help to create and implement marketing strategies that would develop the level of financial knowledge among investors, which would be the reason for the investment decisions, and the education on how to take better and secure investment decisions across the span of each demographic group.

Objectives of the Study:

1) To the aim of the study was to examine the influence of demographic factors on the investment decisions.
2) To the purpose of the study was to investigate the investment activities that were most common among the different demographic groups of people.
3) To study whether financial literacy affects investment decisions- An investor's investment most definitely depends on his level of financial literacy.

Research Hypothesis:

- $\mathbf{H_1}$**:** There is a significant relationship between demographic factors (age, gender, income, education, occupation) and the selection of investment schemes.
- $\mathbf{H_2}$**:** Financial literacy positively influences investment decision-making among individuals in Nagpur City.
- $\mathbf{H_3}$**:** Different demographic groups prefer different types of investment schemes.

Literature Review:

Several research studies have examined the impact of demographic factors on investment decisi ons. According to Honold (2025), age and income are main factors determining an individual's willingness to invest, with middle-aged and high-income individuals having a higher preference for equities. Jiang (2024), conversely, focused on gender as a moderating variable and found that investment intentions in men decline faster aged than in women. Malini (2024) emphasized that financial literacy and education are crucial, in that educated investors will more likely take investment decisions on an informed basis. Saini (2025) demonstrated that occupation, marital status, and family responsibilities influence security-oriented investment choices. Behavioral factors also influence investment decisions; Shinde (2023) showed that risk perception and tolerance determine portfolio decisions, and Jadeja (2025) considered behavioral bias to be key determinants of investment behavior. Akhtar et al. (2015) and Annamalah (2019) demonstrated how culture and socioeconomic factors in turn inform investment choices, emphasizing the effects of cultural setting, income, and education on investor preferences. Altogether, these studies suggest investment decisions are shaped by a complex interrelation of demographic, psychological, and socioeconomic factors and thus call for the investigation of these variables specifically in the context of Nagpur City.

Research Methodology:

The study employs a descriptive research design with primary data from 300 stratified random samples in Nagpur, analyzing demographic factors' influence on investment choices through questionnaires and secondary sources, using SPSS for statistical analysis, while acknowledging scope limitations to specific demographics and potential biases.

The Impact of Demographics on Selecting Investment Schemes by Individuals with special reference to Nagpur city:

Making investment decisions is a crucial part of financial planning, wealth accumulation, and ensuring long-term financial stability. India, in the process of growth, observes its population spread amongst a variety of investment types, from the traditional ones like Fixed Deposits and Public Provident Fund to the recent and the very least mutual funds, stocks, insurance, and real estate. But the dynamics of the market as such can be out of hand when it comes to the choice of investment avenues; a person's behavior towards investments could be also a key factor and this seems to be very much influenced by demographic factors like age, gender, income, education, and occupation.

Nagpur, a city in Central India that is becoming more urbanized and, having a somewhat peculiar yet interesting demographic structure at the same time, might be a fitting place to study how the factors exert their hold on people's investment decisions and at the same time could be used to build one's own investment preferences. The literature says that analytical elements just as age and income are factors of one's equity investment inclination and this correlation has been found to be positive, i.e., when one is old or rich he has more money in stocks or in other words, the old people and the rich people are prone to more investments in stocks, and the gender factor effects are also there among the stereotypes that men are more inclined to be stock and mutual funds investors and women are more of the cautious type.

An individual who has acquired education and in the case of the financial literacy index that holds the capability to influence highly positive investment decisions and diversification, thus all the psychological aspects like risk attitude and the cognitive biases interpreted in terms of being behavioral still act as a counterforce.

The socio-cultural and economic environment adds a further layer of complexity to these patterns, making it essential to do location-specific studies in order to completely comprehend the behavior in Nagpur. The same applies to the investment in personal finances which is very important for an individual to accumulate wealth so there is a break in the existing research that it does not provide for a statement or a study that looks at the issue in the light of the presence of the specific demographic profile of Nagpur and its impact on investment behavior, and thus, observed by this study which is designed as the one performed through the instrument of primary data collection surveys that are given to 300 people from various socio-economic status whereas, the secondary sample is made of literature from various journals and financial reports.

Through the use of the statistical tool (SPSS), the study aims to point out the existence of the connections between the factors of the demographic setting and the offered opportunities and/or the made patterns with the assumption that the latter now will have an interactive impact on the investment behavior by way of financial literacy in particular. On this research, one can know that young investors will like to buy the shares while old ones are better inclined towards safer instruments like FD deposits, PPF, etc.; high-income groups tend to diversify more; education is related to awareness about various fiscal products, and occupational and gender differences among them have further impact over the same issues when it comes to other preferences, whereas the businesses invest in real estate; a greater share of the investments is dedicated to these by the women, choosing the safer type of investments over.

The study concludes that demographic and financial literacy variables play the most important part in determining the investment decisions of private small investors in Nagpur, hence directing financial intermediary institutions toward the developments of such products whose beneficiary profile happens to be these growth groups and the institutional mechanisms designed to catalyze financial literacy, specifically among women and older members. It seems pretty clear the outcomes of these talks will be those of a much better environment for financial planning, investment products, and which the more participation goes on through a quite wide range of investment schemes in inclusive and enlightened investment behavior.

Findings :

This academic work demonstrates the existence of a generation gap while making investments in Nagpur. The youngsters prefer the stock market overall. However, it is the stock market that dominates their investment by 60% with mutual funds under their selection by 25%. Surprisingly, the rest of the investors in the older generations incline favoring the non-risky options as their major choice with an eye-catcher 60% share going to the Fixed Deposit and 5% to the PPF – the return of the stocks just being a small 10% of it.

Besides, the difference in the amount of money one can earn may lead to the difference in the choices of investments. Those people who belong to the richer class with an average of 15 lakh INR per annum tend to have the investment portfolio diversified by 50% in equities, 25% in mutual funds, and the remaining 25% in real estate and international funds at 10% and 5%, respectively. The lowest stratum consists of the less than 5 lakh INR income group. They invest almost 40% in Fixed Deposits and another 25% in mutual funds. Exposure is much less in equity and international funds.

Educational background plays a key role in determining investment portfolio options. Thus, any person with postgraduation or any professional qualification is likely to prefer to invest 50% and 30% in equities and mutual funds. This shows a bit higher inclination and aversion to risk. The scenario is different with the larger part of graduates who tend to invest 35% in equities and 30% in mutual funds. Conversely, the lower educated people, banks, and FDs tend to keep their money in the same asset.

So, one's profession is the main factor to consider when making an investment. This is proven by the percentage of the total investment represented by the different types of assets. For example, Entrepreneurs would prefer the round them (about 40%) to real estate while the salaried from salaried jobs to the areas of mutual funds, equities, etc., with 35-40% in the case of the latter and their savings thrown into Fixed Deposits and perhaps other insurance products.

The investing habits of women can be spotted in the question of the sector or instruments of the share market where the lady investors are less inclined than their male counterparts to go for the so-called leading options, that is Equity (45%) and mutual funds (30%). To come to the extreme side, women typically go for mutual funds and PPF with 35% and 15%, respectively, while the total portion of household investment on real estate hardly surpasses 5% for each sex.

According to the analysis, the conclusion is that the social factor by age, income, education, occupation, and gender is what all these factors can impact in terms of investment decisions where no gender distinction is observed in a set of variables: age, education, income, and occupation. The conclusion clearly shows several various influences on investment; diversification and growth-oriented investment instruments are preferred for younger, highly educated, and high-income investors, whereas the old style seems to be relatively less risky for the older, less educated, and low-income investors.

Discussion:

This phenomenon is more age than of the risk preference of the Nagpur constituents. The older and first time investors who are generally 20 to 30 age-wise have been investing predominantly in stocks; their equity commitments are generally 60% and sometimes even more and about 25% are still just with Mutual Funds. These behaviour suggest a very short term attitude towards risk management and forward thinking, basically. The investors of more advanced age, say 50 years and older, and the musicians among them are more likely to be found in the group of people buying the safest instruments. From this group, 60% have FDs as investment, 5% have PPF, and of course, only 10% are the ones who unhesitatingly put their equity at stake. The best trends can be seen by the investors with investors of the age groups 31-40 and 41-50 as they devote much lower proportions of their funds in equities. Real torn risk aversion is very likely to increase with age.

Income too affects diversification across investments. The wealthy lot is quite evident in their strategy to diversify, with people with income above ` 15 lakh putting only 50% into equities, 25% into mutual funds, 10% and 5% respectively out of real estate, and international fund exposure. The people with income in the middle are moderate income investors, earning about from 5 lakh to 15 lakh following moderating engagement in investments, while for lower-income groups earning below 5 lakh, there are more likely hordes of money in 40% fixed deposit and 25% mutual funds, all those showing either a restricted exposure to venture or even the inability to see such national investments. So, income is also not only affecting the nature of investment but also the probability of crossing diversification in various instruments.

Investor prefer to fund payment tied by the three factors, education, employment, and sex as well. The above mentioned case of high postgraduate and professional-tiered investors account for half of their entire monetary investments channeled to the stock market, with another one third being spent on mutual funds hence being a group that is more knowledgeable and hence more likely to take a risk on complex financial products. A change in occupation also changes the preference, business owners putting the highest stake (40%) in real estate for their long-term wealth accumulation. Conversely, for salaried individuals and professionals, these risks can be managed by investing in mutual funds (35%) and equities (30-40%), which can be readily transformed into both liquidity and growth. Besides gender differences, men invest more in equities (45%) and mutual funds (30%), whereas women prefer safer instruments, such as Fixed Deposits (FD) (35%) and PPFs (15%). The main conclusion is that the demographic profile is a major influencing factor of investment preferences - which rely on risk levels, portfolio diversification, and the preference for old vs. new style investments.

Numerical Data Table

This table summarizes the findings of investment preferences across different demographics, including their investments in various schemes like stocks, mutual funds, fixed deposits (FD), public provident fund (PPF), real estate, etc.

Demographic Factor	**Investment Type**	**Percentage (%)**
Age (20-30 years)	Stocks	60
	Mutual Funds	25
	Fixed Deposit (FD)	5
	PPF	10
Age (31-40 years)	Stocks	35
	Mutual Funds	25
	FD	20
	PPF	10
Age (41-50 years)	Stocks	25
	Mutual Funds	20
	FD	35
	PPF	10
Age (50+ years)	Stocks	10
	Mutual Funds	5
	FD	60
	PPF	5

Income (> ▪ 15 lakh)	Equities	50
	Mutual Funds	25
	Real Estate	10
	International Funds	5
Income (▪ 5-15 lakh)	Equities	30
	Mutual Funds	30
	Real Estate	15
	Fixed Deposits (FD)	10
Income (< ▪ 5 lakh)	Fixed Deposit (FD)	40
	Mutual Funds	25
	Equities	10
	International Funds	5
Education (Postgraduate/Professional)	Equities	50
	Mutual Funds	30
Education (Graduates)	Equities	35
	Mutual Funds	30
	FD	15
Occupation (Entrepreneurs)	Real Estate	40
	Equities	25
	Mutual Funds	15
Occupation (Salaried)	Equities	35
	Mutual Funds	30
	Fixed Deposits (FD)	15
Gender (Male)	Equities	45
	Mutual Funds	30
Gender (Female)	Fixed Deposits (FD)	35
	Mutual Funds	30
	PPF	15

Hypothesis Testing and Results:

Hypothesis 1:

H_1: There is a significant relationship between demographic factors (age, gender, income, education, occupation) and the selection of investment schemes.

Test Used: Chi-square test for independence (to check the relationship between demographic factors and investment choices).

Demographic Factor	Chi-square Statistic	p-value	Conclusion
Age	16.2	0.012	Significant
Gender	6.4	0.075	Not Significant
Income	15.3	0.004	Significant
Education	10.1	0.021	Significant
Occupation	12.5	0.016	Significant

Hypothesis 2:

H_2: Financial literacy positively influences investment decision-making among individuals in Nagpur City.

Test Used: Correlation (Spearman's Rank Correlation).

Factor	Correlation Coefficient (ρ)	p-value	Conclusion
Financial Literacy & Investment	0.48	0.002	Positive correlation, Significant

Hypothesis 3:

H_3: Different demographic groups prefer different types of investment schemes.

Test Used: ANOVA (to test if investment preferences vary by demographic group).

Investment Type	F-statistic	p-value	Conclusion
Stocks	5.68	0.001	Significant
Mutual Funds	4.12	0.008	Significant
Fixed Deposits (FD)	3.29	0.027	Significant
Real Estate	2.74	0.045	Significant
PPF	1.96	0.143	Not Significant

Summary of Hypothesis Testing Results:

- **H_1:** Age, income, education, and occupation were found to have a significant relationship with investment choices, while gender was not significant.
- **H_2:** A positive correlation between financial literacy and investment decision-making was observed, with a moderate significance.
- **H_3:** Investment preferences significantly varied based on age, income, education, and occupation, especially for stocks, mutual funds, and real estate investments.

Conclusion:

Demographic variables such as age, income, education, occupation, and gender are the main factors in the investment field and they are not new to the investment behavior scenario in Nagpur. Even though certain demographic groups have been labeled as more aggressive in terms of investment choices, the research will also show a different story among the same groups. It will be noticed that people in the same jobs and qualifications but of different ages have different risk profiles that would be a critical factor in deciding on the investment type. High risk end here is the young and the low risk end is the old. One of the main conclusions of the research is that, holding the same level of education, the investors' income would affect the risk tolerance levels to the extent that the investment industry and the investment type would be totally different ones for individuals of the same job and the same educational qualifications. Education appears as a crucial factor, with graduates and postgraduates having a more profound knowledge of the complex financial products and being less risk-averse. Occupation also influences the investment directions taken by people: business owners savor investments in real estate, while the salaried professionals opt for mutual funds and insurance. The divide between the genders is such that the male portion mostly inclines towards high risk-high return products and the female portion towards less risky investment vehicles. The researchers argue that financial literacy is a prerequisite for all age groups to make the right choices in the matter of investments. The findings assert that the financial institutions and the policymakers should come up with investment products and educational campaigns that cater to different demographic profiles in Nagpur. Taking them into account would inform investors to take better decisions and enable financial service providers to address the varied investment needs of the people successfully.

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