



A STUDY ON INVESTMENT BEHAVIOUR OF MILLENNIALS TOWARDS INVESTMENT IN SHARE MARKET

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Abstract

The attitude of millennial generation towards money and investment differ from previous generation especially Generation-X. The present paper is an attempt to study the investment behavior of the millennials i.e. Gen-Y (people born between 1981 to 1996) towards investment in the share market. The aim of the study is to know the pattern of investment of the millennials. Also to study attitude towards investment in share market and find out the factors influencing millennials for investment in share market. Data is collected using structured questionnaire. 69 respondents were taken as sample from Mumbai i.e. Borivali to Churchgate area. Findings of the study state that millenials have positive attitude towards investment in the share market. They are already investing into share market.

Key Words: *Investment in share market, Millennials, Investment behaviour*

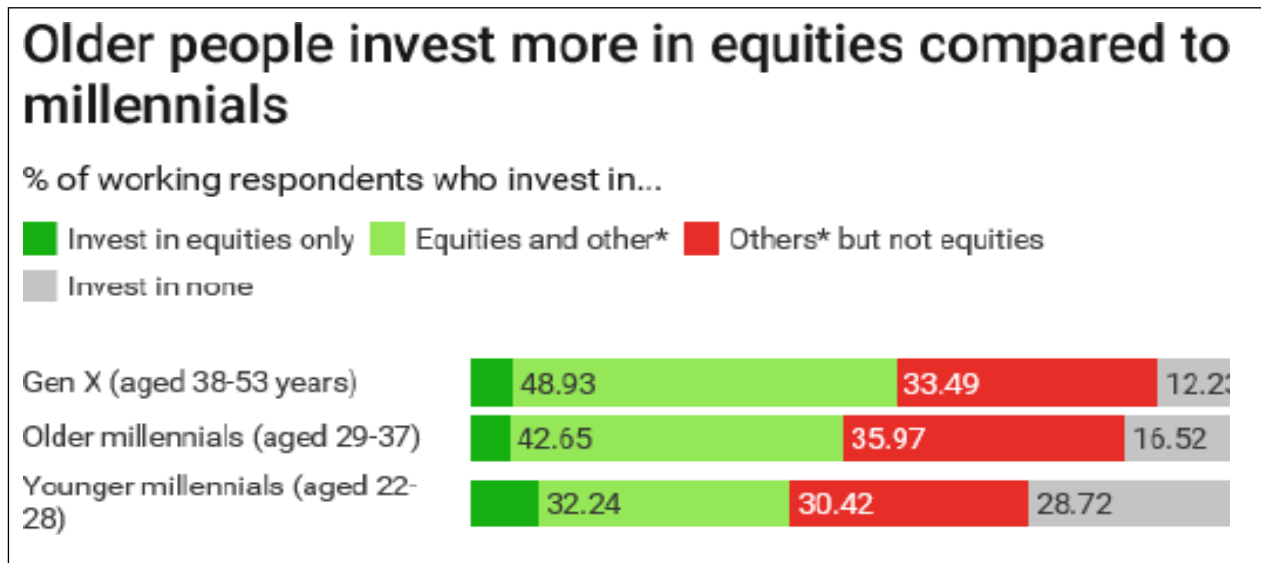
1. INTRODUCTION

A share market is a place where shares are either issued or traded in. Share market has enormously grown over the years and it has become an attractive investment avenue for most of the investors. Some investors invest in shares to build their wealth in long run. On the other hand some other investors invest for short run such as intraday or purchase shares when price goes down and immediately sell when price goes up. Some investors view shares to be risky investment. Many studies proved that putting your money in the right shares for a long period of time (5 to 10 years) can provide inflation-beating returns and be a better investment option.

Millennials are the people born from 1981 to 1996. They are also known as Generation

Y or Gen Y with a further breakup of older millennials (1981-1989) and younger millennials (1990- 1996). Globally, millennials, account for roughly 23% of the world population, or 1.8 billion people. In India, millennials are 34% (at 440 million) of the country's total population. **(ToI, September 6, 2021)** In recent times, millennials have been seen to become more cautious towards finances and realize the value of investing. It is important for millennials to carefully analyze all the investment options and then invest based on their financial goals, risks involved and liabilities.

The following figure shows investment pattern of different generations



Source: YouGov-Mint Millennial Survey July 2018

Boomers and Gen-Xers, who preferred the financial stability provided by stable long-term jobs. On the other hand, millennials are likely to switch jobs more frequently and pursue alternative career paths. They hustle to accomplish their goals faster. A recent survey from LinkedIn, estimates that 86% of Indian millennials are looking to invest in upskilling courses to apply for high-paying jobs and climb the professional ladder easily. Many even foray into entrepreneurship to fulfill their professional ambitions. Naturally, this mindset of balancing risks with rewards also informs their financial decisions. With single-source incomes, millennials are experimenting with proactive investment and wealth creation. Previous generations favoured long-term, low-risk financial tools such as PF, bank savings and real estate. On the contrary millennials tend to prefer high-yield opportunities via digital modes such as SIPs, Stocks, Mutual Funds, ULIPs, digital gold etc. **(Damani, 2022)**

Following pandemic in February 2020, Google searches for “how to invest” increased. According to Central Depositories Services Ltd. (CDSL), India witnessed a 20 percent increase in new accounts of its users below 35 years, also observed a total of 64 percent invests in

Mutual Funds. In the Money Annual Report, a platform revealed that 75 percent of its total transactions were made in SIPs. **(Damani, 2022)** Millennials along with their Gen-Z counterparts, are also exploring alternative investment options such as cryptocurrencies. Together, these two generations account for the lion's share in India's 1.5 crore – strong base of crypto investors. Concerns about market volatility and stability in this emerging sector hardly faze these young investors, who are the driving force behind the country's \$6.6 billion cryptocurrency market. **(Damani, 2022)**

2. REVIEW OF LITERATURE

A paper titled **“A study of the level of stock market investment awareness among young entrepreneurs, with a focus on the Mumbai region”** aimed to analyse four key components affecting stock market investment awareness of young entrepreneurs namely information sources, investment goals, technological innovations and professional training. This study is a descriptive cross-sectional research design which has used quota sampling method to collect the primary data from 200 young entrepreneurs residing in Mumbai city by using questionnaire method. The hypothesis testing result states that all four key components are found to have strong association with stock market investment awareness. **(Muppavaram & Bhatt, 2022)**

The paper titled **“A Study on the Impact of COVID-19 on Investor Behaviour of Individuals in a Small Town in the State of Madhya Pradesh, India”** aim to study impact of COVID-19 on investment and financial decisions of individuals of Madhya Pradesh state. The data was collected using questionnaire method from the investors in the age group of 20 to 70 years who are either having their own businesses or work in the service sector. The findings of study reveal that there is 43% drop in SIP investments during the COVID-19 pandemic. No association was found between gender and reduction in SIP investments. It is observed that respondents with business as the main occupation were impacted the most by the COVID-19 outbreak; this is the section that accounted for a major decrease in SIP investments. **(Gurbaxani & Gupte, 2021)**

The paper titled **“A Study on the Factors Influencing Investors Decision in Investing in Equity Shares in Jaipur and Moradabad with Special Reference to Gender”** aims to find attitude of male and female investors towards variety of investment alternatives. The researcher was conducted among 60 male investors and 40 female investors from Jaipur and Moradabad cities. The findings of study reveal that both male and female investors consider past dividends paid by company and bonus paid to shareholders while investing into equity shares. Male investors analyse the financial ratios and current financial position of company before investing. Female investors do not analyse financial ratios and current financial

position of company due to lack of financial literacy. **(Singh & Yadav, 2016)**

The paper titled “**Investment pattern of Millennials: A Path Ahead**” aim to study the investment pattern of the millennial generation (20-35 years) and the major influencer with respect to their pattern of investments. It is a descriptive research conducted among 350 sample size who are working professionals in and around Chennai by using questionnaire method. The Result of hypothesis testing states that correlation analysis indicates positive relationship among the level of income and occupation. The study reveals a very high association between the profession and the investment choices. Therefore, study concludes that occupation is a major influencer with respect to risk-return perspective and the investment choice. Income is the base on which investment options are suggested as well as decided. Working professionals in Chennai have overall shown preference towards, stocks, mutual funds and real estate as their most preferred avenues of investment. **(Karanam, 2019)**

The paper titled “**A study of investment behaviour of millenials in Pune city**” aim to study the factors influencing the investment decisions, pattern of investment and problems faced by the millennials while investing. The result of hypothesis testing reveals that there is no significant association in age and Investment Avenue. Also Association between income and investment pattern are low degree negatively correlated i.e. if income increases then investment pattern falling down, however this proportion is marginal. The study found that financial knowledge is positively correlates with investment behavior. **(Vaishali & et.I, 2021)**

A magazine article titled “**Millennials and Gen Z are a growing force in investing. The market needs to catch up**” state that millennials and Gen Z have more economic power than any generation that preceded them. They are earning more, saving more, and investing earlier and at a higher rate than previous generations. For millennials, 31% started investing before age 21, compared to only 9% of baby boomers and 14% of Gen X. **(Case, 2021)**

1. RESEARCH GAP

The review of literature makes it clear that lot of researches are done on investment behaviour and pattern of investment of millennials. Also research is done on the investment behaviour towards investment stock market of working class. But no research is done on investment behaviour of millennials towards investment in share market. So the present research is an attempt to fill up this gap.

2. OBJECTIVES OF THE STUDY

- 1) To understand the investment preference of millennials.
- 2) To find out attitude of millennials towards investment in share market.
- 3) To study the factors influencing to the decision making process of millennials while

investing in shares.

1. HYPOTHESIS STATEMENTS

H_0 = There is no significant difference between gender and investment preference of millennials.

2. RESEARCH METHODOLOGY

6.1 Type of Research

Descriptive research design is used where focus is on survey and fact finding enquiries through structured questionnaire. The study makes use of quantitative research approach as it allows the researcher to examine relationships among variable. It is also a qualitative research because aim of the study is to find out attitude of millennials towards investment in share market.

6.2 Area of study:

The research was conducted in Mumbai i.e. from Borivali to Churchate area.

6.3 Sampling method

The sampling technique followed was convenience sampling and snowball method of sampling

6.4 Target Population and Sample size

69 millennials (people born between 1981 and 1996) were taken as a sample for research.

6.5 Type and Source of Data

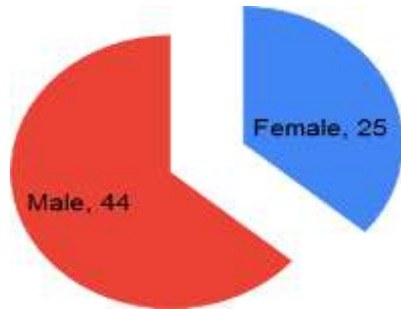
The present study is based on primary and secondary data. The primary data was collected by structured questionnaire. Close ended questions were asked to get the answers of those questions, which were related to the objectives laid down in the study. Millennials were sent Google form questionnaire on their mobile phone (whatsapp) and requested to fill the same. Secondary data is collected from various websites and research papers.

6.6 Statistical Tools Use:

Graph is used to organize data and is intended to display the data in a way that is easy to understand and remember. Chi-square test is used for hypothesis testing.

1. DATA ANALYSIS AND FINDINGS OF THE STUDY

Fig. 7.1 Gender of Respondents

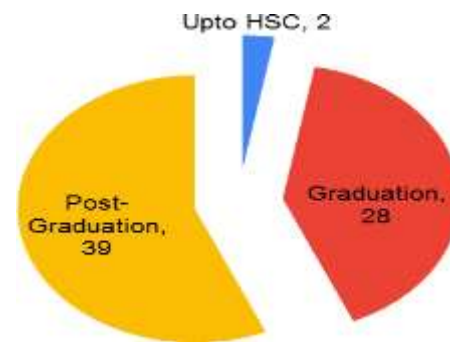


The above graph shows gender of respondents. 25 were female respondents and 44 were male respondents.

Source: Primary Data

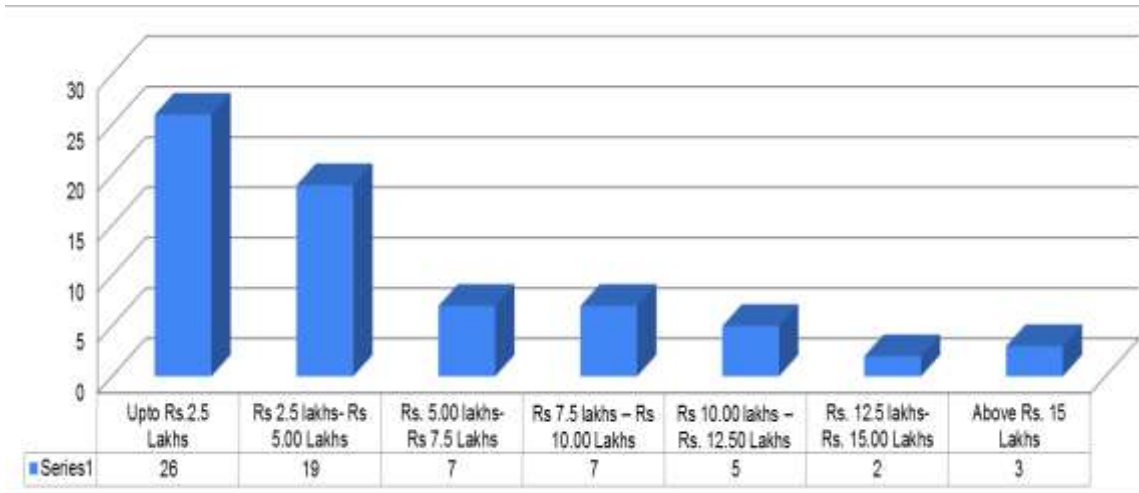
Fig. 7.2 Educational Qualification of respondents

The above graph represents the qualification of respondents. 2 respondents had studied upto HSC, 28 were Graduates, 39 were Post-Graduates.



Source: Primary Data

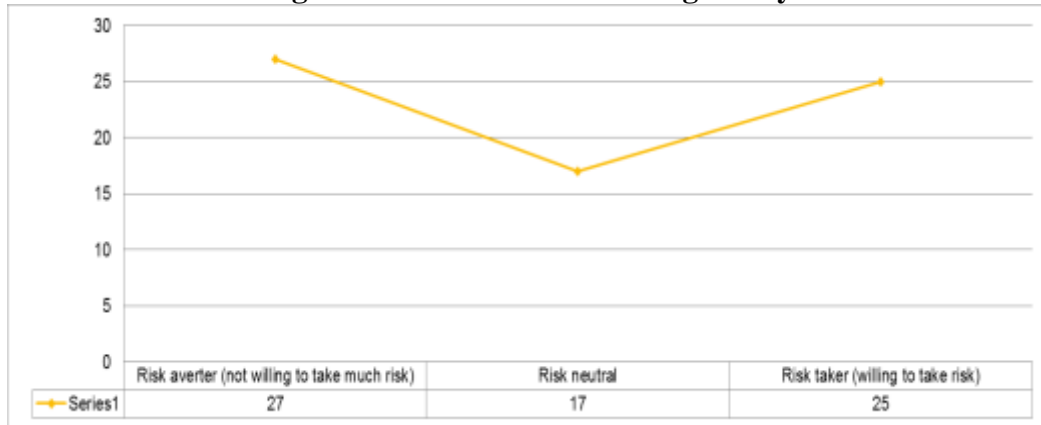
Fig. 7.3 Annual Income of respondents



Source: Primary Data

The above graphs represent the annual income of respondents. 26 respondents have annual income upto Rs.2.5 lakhs, 19 respondents have between Rs.2.5 lakhs to Rs.5 lakhs, 7 respondents have Rs.5 lakhs to Rs.7.5 lakhs, 7 respondents have Rs.7.5 lakhs to Rs.10 Lakhs, 5 respondents have Rs. 10 lakhs to Rs.12.5 lakhs, 2 respondents were Rs.12.5 lakhs to Rs.15 lakhs and 3 respondents were having annual income above Rs.15 lakhs.

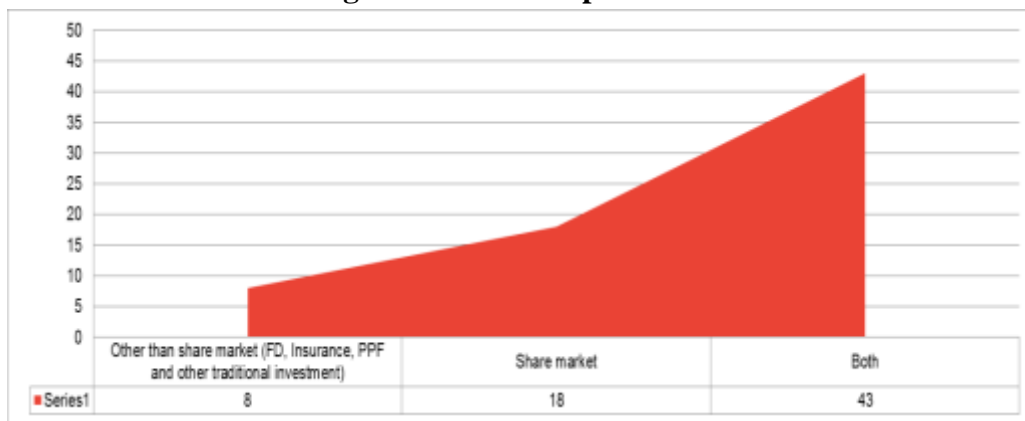
Fig. 7.4 Investment risk bearing ability



Source: Primary Data

The above graph states that 27 respondents said they are risk averter (not willing to take much risk). 17 said they are Risk neutral and 25 respondents said they are Risk taker (willing to take risk)

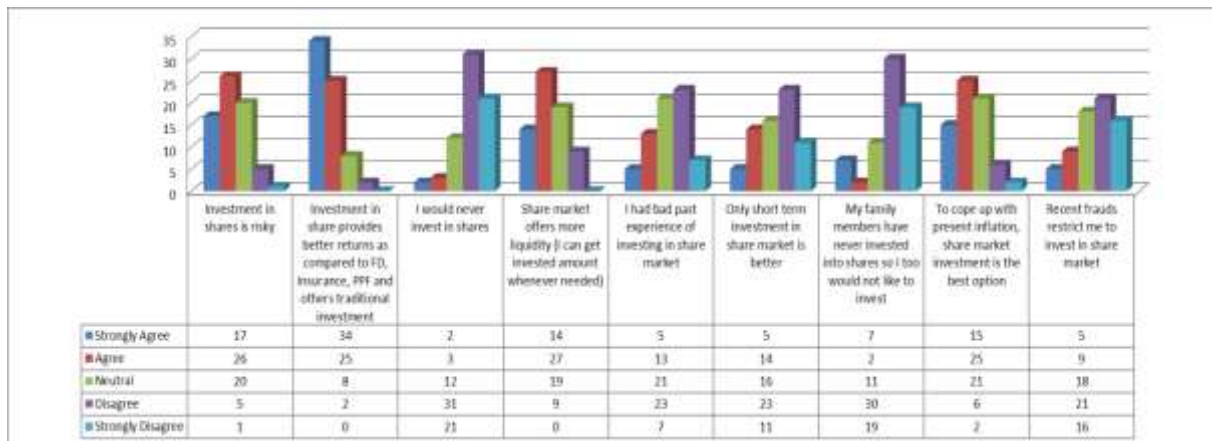
Fig. 7.5 Investment preference



Source: Primary Data

The above graph states that 18 respondents invest into share market, 8 invest into other than share market (FD, Insurance, PPF and other traditional investment) and 43 invest into both.

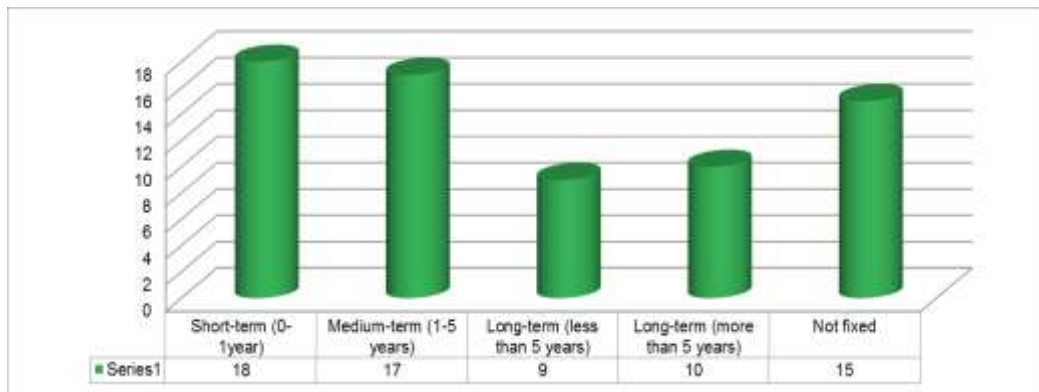
Fig. 7.6 Attitude towards investment in share market



Source: Primary Data

The above graph states the attitude of investors towards share market. Most of the respondents agree that investment in share is risky. Most of the respondents strongly agree that investment in share provides better returns as compared to FD, Insurance, PPF, and other traditional investment. Most of the respondents disagree that I would never invest in share. Most of them agree that share market offer more liquidity. Most of them disagree that I had bad past experience of investing in share market. Most of them disagree that only short term investment in share market is better. Most of the respondents disagree that my family members have never invested into share so I too would not like to invest. Most of them they agree that to cope up with present inflation, share market investment is the best option. Most of them they disagree that recent frauds restrict me to invest in share market.

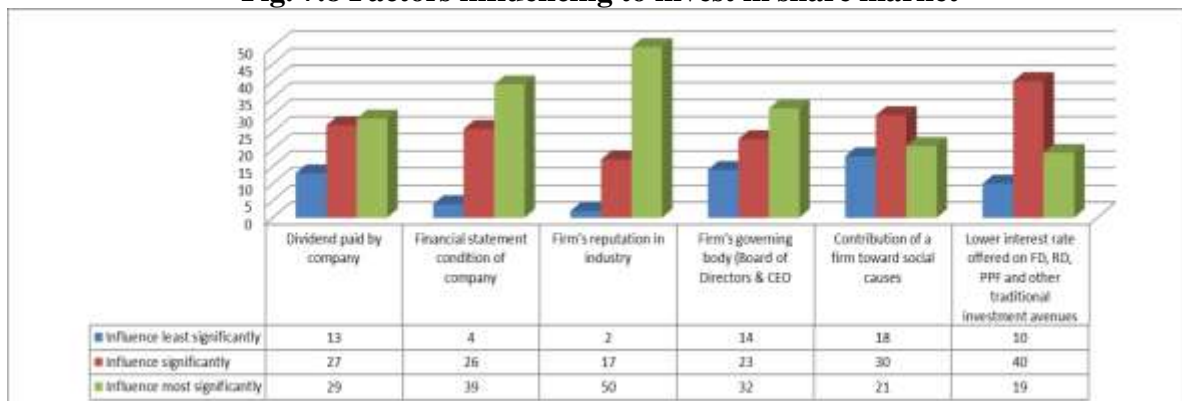
Fig. 7.7 Investment experience in share market



Source: Primary Data

The above graph states that 18 respondents they invest in share market for short term (0-1 years), 17 respondent invest for medium term (1-5 years), 9 respondents invest for long-term (less than 5 years), 10 respondents invest for long-term (more than 5 years) and 15 respondents said it is not fixed for how long them invest in share market.

Fig. 7.8 Factors influencing to invest in share market



Source: Primary Data

The above graph states that most of the respondents said dividend paid by company, financial statement of the company, firm's reputation in industry and firm's governing body (Board of Director and CEO) etc. influence them the most to invest in share market. Contribution of a firm towards social cause and Lower interest rate offered on FD, RD, PPF and other traditional investment avenues etc. influence significantly to invest in share market.

2. HYPOTHESIS TESTING

H_0 = There is no difference between gender and preferences for investment.

Chi-square Contingency Table Test for Independence

		Both	Other than share market (FD, Insurance, PPF and other traditional investment)	Share market	Total
Female	Observed	16	4	5	25
	Expected	15.58	2.90	6.52	25.00
	% of chisq	0.9%	34.0%	28.8%	63.8%
Male	Observed	27	4	13	44
	Expected	27.42	5.10	11.48	44.00
	% of chisq	0.5%	19.3%	16.4%	36.2%
Total	Observed	43	8	18	69
	Expected	43.00	8.00	18.00	69.00
	% of chisq	1.4%	53.3%	45.2%	100.0%

1.23	chi-square
2	df
.5404	p-value

The chi- square test results shows that the chi- square value is 1.23 and p value = 0.5404 which is more than 0.05 therefore H_0 is accepted which states that there is no significant difference between education and preference for investment. **Gender does not affect investment preference.**

3. LIMITATIONS

- 1) Sample size of 69 is a limitation; the findings may differ with higher sample size.
- 2) The study is limited to Mumbai area only among millennials.
- 3) Responses given by respondents may be biased.

4. CONCLUSION

There is mix reaction of millenials towards risk. Most of the respondents were risk avert (not willing to take risk) and same number of respondents were risk taker (willing to risk). Most of the respondents said they would like to invest in both traditional investment as well as shares. They feel investment in share is risky but it provides good return and therefore they would like to invest in share market. They say that share market offers more liquidity. They did not had

any bad past experience of investing in share market. They feel that share market investment is not only for short term but also for long term. They agree that to cope up with present inflation, share market investment is the best option. The recent frauds did not restrict them to invest in share market. There is also mixed reaction about investment tenure in share market. Some of them they invest for short term, equal number of respondents said for medium term long term. most of the respondents said dividend paid by company, financial statement of the company, firm's reputation in industry and firm's governing body (Board of Director and CEO) etc. influence the most to invest in share market. Contribution of a firm towards social cause and Lower interest rate offered on FD, RD, PPF and other traditional investment avenues etc. influence significantly to invest in share market.

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