



# A Study of Factors Affecting Investment Decisions with Reference to My Samruddhi Investwise Pvt. Ltd.

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**Abstract:** - This study investigates the key factors influencing investment decisions among clients of My Samruddhi Investwise Pvt. Ltd. in Navi Mumbai. By examining psychological, demographic, and economic factors, including the role of tax considerations, the research aims to provide insights into investor behavior and preferences. The study reveals that younger, well-educated individuals are more engaged in investment activities, with a preference for high-risk options such as equities. Risk tolerance and return expectations are primary drivers of these decisions, while tax efficiency remains a significant consideration, particularly among high-income respondents. The findings highlight the need for tailored investment strategies that cater to varying risk appetites and demographic profiles, as well as an emphasis on digital engagement for providing financial information.

**Keywords:-** Investment decisions, risk tolerance, behavioral finance, tax efficiency, demographic factors, financial literacy, My Samruddhi Investwise Pvt. Ltd., digital engagement.

## INTRODUCTION

In Navi Mumbai's dynamic economic landscape, My Samruddhi Investwise Pvt Ltd. plays a crucial role in shaping investment decisions. This research explores the multifaceted factors influencing these choices, focusing on elements like infrastructure development, economic stability, and governmental policies. As Navi Mumbai attracts investors due to its strategic location and diverse opportunities, understanding these drivers is essential for stakeholders across sectors. The study aims to provide valuable insights into investment strategies and decision-making processes, addressing gaps in knowledge and financial literacy. Ultimately, the research seeks to inform policymakers and stakeholders, promoting sustainable economic growth in the region.

Investment decision-making is influenced by multiple factors that include psychological, demographic, and economic considerations. This paper focuses on investors associated with My Samruddhi Investwise Pvt. Ltd., a financial advisory firm located in Navi Mumbai. Understanding these factors is essential for customizing financial products and services that meet the diverse needs of investors.

## PROBLEM STATEMENT

Investors face uncertainty when making investment decisions. This research aims to identify factors that influence investment behavior, focusing on risk tolerance, income level, and tax considerations. The study will provide insights to help financial advisors offer more personalized and effective services.

## OBJECTIVES

1. To identify factors influencing investment decisions.
2. To study how demographic factors impact investment criteria.
3. To investigate the effect of tax considerations on investment choices.

## LITERATURE REVIEW

### Behavioral Factors in Investment Decisions

Behavioral finance research highlights the significant impact of psychological factors, such as overconfidence and loss aversion, on investment choices. According to Chandra (2008) and Pompian (2006), investors often let emotions guide their decisions, resulting in suboptimal investment outcomes. Overconfidence, in particular, leads to excessive trading, reducing returns.

### Demographic Influences

Demographic characteristics, including age, income, and education, also play a vital role in investment decisions. Studies by Lusardi and Mitchell (2007) suggest that investors with higher financial literacy, particularly those with formal education, are more likely to make informed investment decisions.

### Economic Considerations

Investment choices are also shaped by economic factors such as inflation, interest rates, and market trends. Nguyen (2014) emphasized the importance of tax policies, noting that investors often engage in tax-loss harvesting to minimize liabilities. Understanding these economic drivers is essential for optimizing investment strategies.

## RESEARCH METHODOLOGY

### Research Design

This study adopts a descriptive research design to systematically analyze the factors influencing investment decisions. The focus will be on identifying the key factors that affect investors' decisions, examining the influence of demographic variables, and investigating the impact of tax considerations on investment choices. Both qualitative and quantitative data collection methods were employed to ensure a comprehensive understanding of the subject matter.

### Sample and Sampling Technique

A purposive sampling method was used to select 541 respondents who are active investors with My Samruddhi Investwise Pvt. Ltd. This sample size ensures that the study covers a representative portion of the investor population.

### Data Collection

Primary data were gathered through a structured questionnaire, which included questions about demographics, risk tolerance, and investment preferences. Secondary data were sourced from company financial reports, academic literature, and industry studies to support the primary data findings.

### Data Analysis

Quantitative data analysis revealed the following:

#### 1. Demographic Factors

The study identified that age and education are significant factors influencing investment choices. Younger investors (aged 24-33) showed higher engagement in investment, particularly in equities, which suggests higher risk tolerance associated with longer investment horizons. Education also played a role, with graduates and postgraduates showing a greater propensity for diverse investment options due to higher financial literacy.

Age Distribution of Respondents

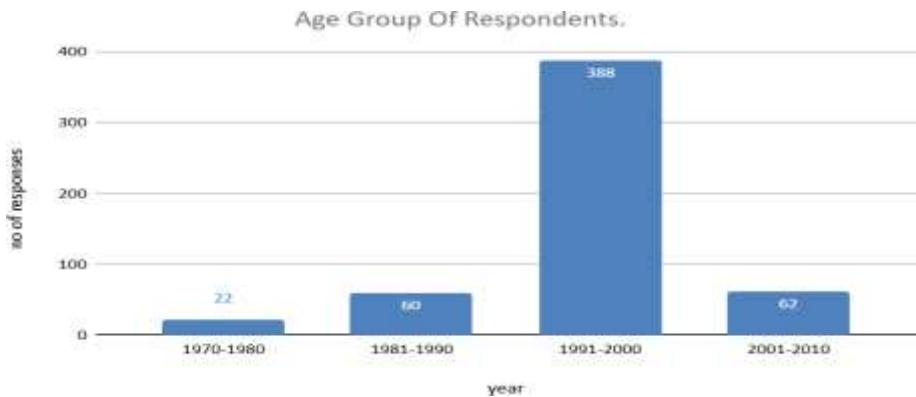


Figure no: - 5.1 Age of Respondents.

Source :-Primary data

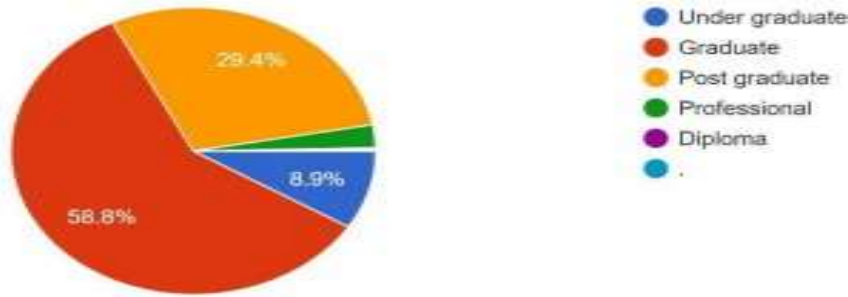
The study found that the majority of investors (71%) were between the ages of 24 and 33, indicating that younger investors are more engaged in making investment decisions. Investors in this age group are typically more open to high-risk investments like equities due to their longer time horizon.

Education Level

Figure 5.2 Education

YEAR	AGE
1970-1980	54-64
1981-1990	43-34
1991-2000	33-24
2001-2010	23

Education  
541 responses

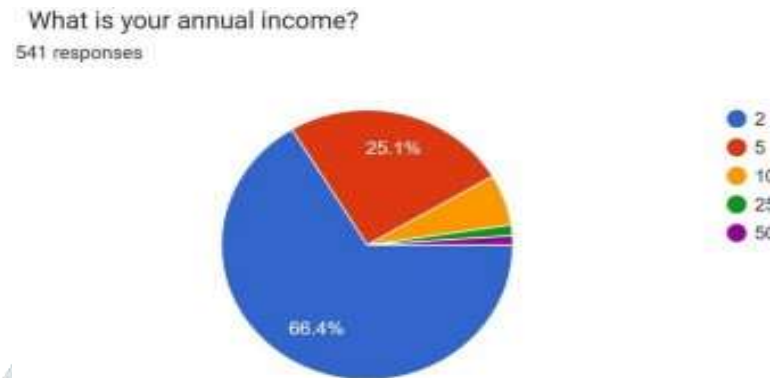


Source :-Primary data

The majority of respondents (58.8%) held graduate degrees, and 29.4% had postgraduate qualifications. This reflects a high level of financial literacy, with more educated investors preferring diversified investment options such as mutual funds and equities.

## Annual Income

**Figure 5.3 Annual Income Of Respondents.**



### Source :-Primary data

The income distribution of the respondents shows that the majority (64.4%) earn between 2 and 5 lakh INR annually. This group tends to favor safer investments like fixed deposits due to their moderate income levels and lower risk tolerance.

## 2. Psychological Factors

Risk tolerance was a major factor influencing investment decisions. Investors with high-risk tolerance were inclined toward equities and mutual funds, while those with lower risk tolerance favored stable assets like fixed deposits. Behavioral biases, such as overconfidence and reliance on social networks, also influenced decisions, with many respondents preferring recommendations from friends and online sources over professional advisors.

**Figure 5.4 Gathering information for Investment.**



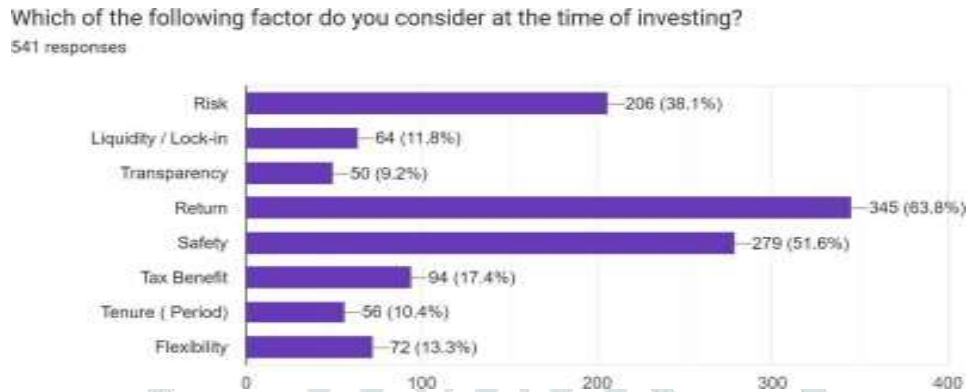
*Source :-Primary data*



### 3. Economic Factors

Economic conditions, especially tax considerations, had a substantial impact on investment choices. High-income respondents were more likely to use tax-saving instruments to minimize liabilities, favoring products with tax efficiency like Public Provident Fund (PPF) and Equity-Linked Savings Schemes (ELSS).

**Figure 5.5 . Factors to Consider at the Time of Investment**



Source :-Primary data

Based on the survey data collected from 541 respondents regarding investment criteria, several key insights can be drawn. The most influential factor in investment decisions is the potential return, with 63.8% of respondents highlighting it as a primary criterion. Safety follows closely, with 51.6% of investors considering it crucial. This emphasis on returns and safety suggests that investors prioritize the potential for profit and the security of their investments above other factors.

### Findings

Key findings from the data analysis include:

1. **Risk Tolerance and Investment Choices:** Risk tolerance was a major determinant of investment preferences, with high-risk tolerance investors leaning towards equities and low-risk tolerance individuals favoring fixed-income options.
2. **Demographic Influences:** Younger and well-educated investors showed a stronger preference for equity-based investments, likely driven by greater risk tolerance and familiarity with financial markets.
3. **Tax Considerations:** Tax-saving instruments were highly favored, especially among high-income investors. Products like ELSS and retirement savings schemes were popular due to their tax benefits.
4. **Sources of Investment Information:** Most respondents relied on online platforms and social networks over traditional advisory services, reflecting a shift towards digital information sources in financial decision-making.

### Recommendations

Based on these findings, the following recommendations are proposed for My Samruddhi Investwise Pvt. Ltd.:

1. **Tailored Investment Strategies:** Develop demographic-specific strategies, offering higher-risk options like equities for younger investors and conservative choices for older or risk-averse clients.
2. **Enhanced Tax Planning Services:** Integrate tax advisory services more prominently, helping client optimize portfolios for tax efficient.
3. **Investment Education Programs:** Implement regular financial literacy workshops focusing on risk assessment, portfolio diversification, and tax efficiency, tailored for different demographic groups.
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5. **Digital Engagement:** Expand online resources, leveraging social media and digital content to provide timely financial insights. This aligns with clients' preferences for online information sources.

## Conclusion

This study highlights the complexity of factors influencing investment decisions, emphasizing the role of demographic, psychological, and economic variables. Younger, educated investors, in particular, are more active, often opting for equity-based investments, while tax considerations are significant across all demographics. For financial advisory firms like My Samruddhi Investwise Pvt. Ltd., these insights underscore the importance of demographic-specific investment strategies, comprehensive tax planning, and robust digital engagement to enhance client satisfaction and portfolio performance.

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