

A COMPREHENSIVE STUDY ON RETAIL INVESTORS' PREFERENCES TOWARDS EQUITY INVESTMENTS: FACTORS INFLUENCING DECISION-MAKING-INDIAINFOLINE LTD.

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ABSTRACT

Retail investors play a significant role in the growth and development of capital markets by providing liquidity and contributing to market efficiency. Equity investment has emerged as one of the most preferred investment avenues among retail investors due to its potential to generate higher returns and facilitate long-term wealth creation. However, investment decisions are influenced by various factors such as risk perception, return expectations, financial literacy, market information, economic conditions, and individual behavioral biases. Understanding these factors is essential for financial institutions, policymakers, and market participants to promote informed investment practices.

This study aims to examine the preferences of retail investors towards equity investments and identify the key factors influencing their investment decision-making process. The research analyzes investor behavior concerning investment objectives, risk tolerance, investment horizon, sources of information, and awareness of stock market operations. It also explores the impact of demographic variables such as age, income, education, occupation, and investment experience on equity investment preferences.

The study is based on both primary and secondary data collected through structured questionnaires, financial reports, research articles, and market publications. Statistical tools are employed to analyze investor preferences and evaluate the relationship between influencing factors and investment decisions. The findings reveal that expected returns, company performance, market trends, risk appetite, and financial knowledge significantly affect equity investment choices. Furthermore, technological advancements and the availability of online trading platforms have enhanced retail participation in equity markets.

I. INTRODUCTION

Equity investment has become an important part of modern financial planning, especially for retail investors who seek higher returns compared to traditional savings options. With the growth of stock markets, digital trading platforms, mutual fund awareness, and financial literacy programs, individual participation in equity markets has increased significantly. Retail investors are no longer passive savers; they actively analyze market trends, company performance, risk factors, and economic conditions before making investment decisions. However, their choices are often influenced by a mix of rational analysis and psychological factors.

Retail investors differ from institutional investors in terms of investment capacity, risk

tolerance, access to information, and decision-making approach. Their preferences towards equity investments are shaped by various elements such as expected return, risk perception, market volatility, liquidity, dividend policy, company reputation, and past performance of stocks. In addition to financial factors, behavioral aspects like herd mentality, overconfidence, fear of loss, and influence of social media, friends, and financial advisors also play a crucial role in shaping their investment behavior.

Understanding the preferences of retail investors is essential for policymakers, financial institutions, brokerage firms, and corporate managers. It helps in designing suitable investment products, improving financial advisory services, and enhancing



investor protection mechanisms. Moreover, studying these preferences provides insights into how demographic factors such as age, income, education, occupation, and investment experience affect equity investment decisions. In emerging economies, where financial markets are expanding rapidly, analyzing retail investors' behavior becomes even more significant. It not only supports the development of efficient capital markets but also promotes financial inclusion and wealth creation among individuals. Therefore, a comprehensive study on retail investors' preferences towards equity investments and the factors influencing their decision-making is necessary to understand investment patterns, risk attitudes, and the overall participation of individuals in the equity market.

NEED OF THE STUDY

The need for this study arises from the growing participation of retail investors in equity markets and the increasing complexity of investment choices available to them. Unlike institutional investors, retail investors often have limited financial knowledge, lower risk-bearing capacity, and are more vulnerable to market fluctuations and behavioral biases. Understanding their preferences and the factors influencing their investment decisions is essential to identify how they perceive risk, return, liquidity, and market information. This study helps in examining the role of demographic variables such as age, income, education, and investment experience in shaping equity investment behavior. It also highlights the impact of psychological influences, market trends, and external advice on retail investors' decision-making. The findings will be useful for financial advisors, brokerage firms, and policymakers to design appropriate investment products, improve financial literacy programs, and strengthen investor protection measures. Ultimately, the study supports better investment planning, informed decision-making, and increased confidence among retail investors in the equity market.

OBJECTIVES OF THE STUDY

- To examine retail investors' preferences toward equity investments across demographic segments, risk profiles, and investment horizons to identify dominant patterns in stock selection and portfolio allocation behavior.
- To analyze key factors influencing decision-making, including risk tolerance, financial literacy, market information sources, behavioral biases, past performance, and macroeconomic conditions.
- To evaluate the impact of advisory services, digital trading platforms, social media, and peer influence on retail investors' equity investment choices and overall portfolio strategies.

SCOPE OF THE STUDY

The scope of the study focuses on analyzing the preferences of retail investors towards equity investments and identifying the key factors that influence their decision-making process. It covers various aspects such as risk tolerance, expected return, investment objectives, time horizon, liquidity needs, and awareness about stock market operations. The study also examines the influence of demographic variables like age, gender, education, income level, and occupation on investment behavior. In addition, the research considers behavioral factors such as market perception, past investment experience, peer influence, financial advice, and the role of digital trading platforms in shaping investment choices. The study is limited to retail investors who actively participate in equity markets and does not include institutional investors. It aims to understand investment patterns, stock selection criteria, and the level of financial knowledge among individual investors. The findings will help in providing insights for financial institutions, advisors, and policymakers to improve investment



strategies, promote financial literacy, and enhance retail participation in equity markets.

II. RESEARCH METHODOLOGY

Research methodology provides a structured framework for systematically investigating retail investors' preferences toward equity investments and the factors influencing their decision-making. It outlines the research design, data collection techniques, sampling methods, and analytical tools used to ensure reliable, valid, and objective findings in the study.

Primary Data

Primary data refers to first-hand information collected directly from retail investors through structured questionnaires and surveys. It captures their preferences, risk tolerance, investment objectives, and decision-making factors, ensuring specific, relevant, and up-to-date data aligned with the research objectives.

Secondary Data

Secondary data consists of information gathered from existing sources such as journals, books, research articles, stock market reports, financial websites, and official publications. It helps understand theoretical concepts, previous findings, market trends, and supports the interpretation of primary data results.

Sampling Method

In this study, simple random sampling is used to select respondents. Every retail investor in the target population has an equal chance of being chosen, ensuring fairness, minimizing bias, and improving the representativeness of the sample.

Sample Size

The sample size for the study consists of 100 retail investors, selected to obtain reliable and comprehensive insights into their preferences and decision-making factors regarding equity investments

LIMITATIONS OF THE STUDY

- Study is limited to selected retail investors and may not represent overall population due to geographical and sample size constraints.

- Findings are based on self-reported data which may include personal bias, inaccurate responses, and differences in individual understanding levels.
- Market conditions during data collection period may influence investor opinions, limiting generalization across different economic and market situations.
- Behavioral factors are complex and difficult to measure precisely, which may affect accuracy in interpreting psychological influences on investment decisions.
- Time constraints restricted deeper analysis of long-term investment behavior and comparison with institutional investor preferences and strategies.

III. LITERATURE SURVEY

Faisal Mahmood (2023) This study compares Pakistani textile manufacturers' financial performance before and after COVID-19. Firm performance was assessed by ROE and ROA. Purposive sampling identified fourteen textile enterprises, and financial documents, annual reports, and the Pakistan Stock Exchange provided data. ROA and ROE were tested by Wilcoxon Signed Rank and Paired Sample t-tests. During the outbreak, Azgard Nine Limited, AN Textile Mills, and Ahmad Hassan Textile Mills prospered, whereas others on the PSX suffered. The ROA and ROE show that Pakistan's textile manufacturers' financial performance before and after the COVID-19 outbreak differed significantly.

Soniya Maheshkumar Raval (2023) Indian textiles are globally recognised and growing rapidly. Textile investment has grown during the last five years. It also takes steps to manufacture export-oriented commodities, attracting local and foreign investment. Indian textile and garment sales are expected to reach US\$190 billion by 2025–2026, growing 10%. 4% of worldwide textile and garment commerce is from India. The research examined the financial performance and



analysis of the top five textile industries (Trident Ltd., Arvind Ltd., Welspun Ltd., Vardhman Ltd., Raymond Ltd.). It predicted the trend value of a select set of textile firms. This research compares the financial performance and soundness of the selected textile enterprises during a five-year period (2019–2023). Based on growth rate, trend analysis, and efficiency position, the research found that textile industries' financial performance has differed widely. Arvind Ltd. leads textile firms in growth, followed by Trident, Welspun, Vardhman, and Raymond Ltd. These firms have maintained a superior position by keeping their assets above their liabilities. This study would benefit shareholders, investors, politicians, managers, researchers, and financial decision-makers. Mohammad Rashid (2022) Indian textiles are labour-intensive and dispersed. Small and medium-sized firms and the unorganised sector dominate the textile industry. Foreign textile investors are few, which is concerning. The tax law and government regulations hurt this business. The highly competitive textile sector needs enterprises to compare their products to the best internationally and enhance quality and production practices. The report illuminates the Indian textile sector. The article describes India's textile industry.

Oindrila De (2022) This paper compares the textile industry of India to China and Vietnam using revealed comparative advantage, value index, and compound annual growth rate. It also examines the Indian textile industry's export competitiveness (EC) using time series analysis. Based on harmonised system (HS-2), World Integrated Trade Solution (WITS) data shows the RCA for 13 items from HS-50 to HS-63. RBI reports, annual survey of industries, and central statistics organisation data from 1990-1991 to 2020-2021 were utilised for ER, REER, CPI, and EC. India has acquired comparative advantage, but Vietnam has improved dramatically in textile goods from 2 to all from 2005 to 2019. China has increased its comparative advantage from 9 to all items, and EC is a problem to maintain in

the international market because to its fluctuating trend in both categories. The Granger causality test shows unidirectional causation from ER to EC in both groups. Long-term cointegration is discovered for chosen variables. For REER, no causation exists between REER and EC. The research revealed that the Indian textile sector has huge global prospects since most goods have exhibited significant export development and ER is a key factor of EC. Exporters may stay competitive in global marketplaces by lowering their profit mark-up when currencies rise.

Dr.N. Krishnan (2022) This research examines Indian textile and apparel sector development from 2015-16 to 2019-20. This research uses secondary data from Indian Ministry of Textiles annual publications. The obtained data is utilised for statistical analysis using percentage and CAGR. The present study aims to study the Indian Textile Industry and apparel industry between 2015-16 and 2019-20, analyse its growth, examine the impact of Covid-19 on the industry, and draw conclusions. India's textiles sector can manufacture a broad range of items for domestic and international markets.

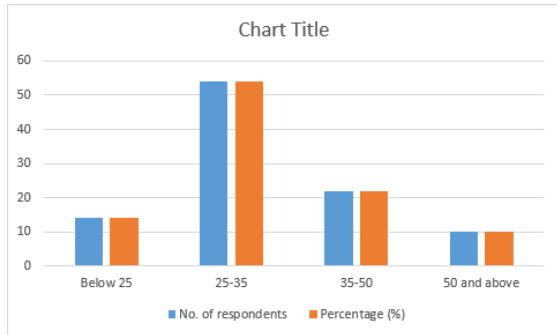
IV. DATA ANALYSIS & INTERPRETATION

1. What is your age?

Type of respondents(in years)	No. of respondents	Percentage (%)
Below 25	14	14
25-35	54	54
35-50	22	22
50 and above	10	10

DATA INTERPRETATION: The above table shows that 27 respondents that means the maximum no. of investor's ages are in between 25 to 35 and 11 respondents of investor's age is in between 35 to 50, 7 respondents age is below 25 and 5 respondents age is 50 and above.

CHART 1 It shows the age categories of respondents and percentage of each category.



DATA INTERPRETATION: The chart shows that 54 % of respondents that means the maximum number of investor’s ages are in between 25 to 35, 22% of investor’s ages in between 35 to 50, 14% of respondents age is below 25 and 10% of respondent’s age is in between 25-35.

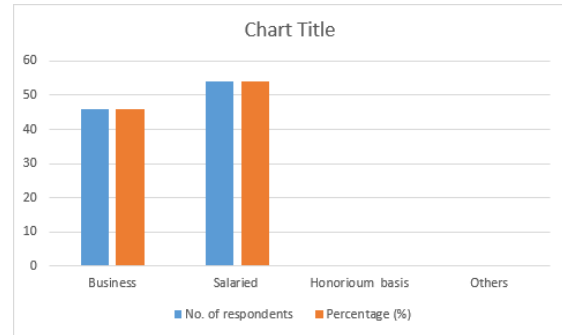
2. What is your occupation?

Occupation of respondents	No. of respondents	Percentage (%)
Business	46	46
Salaried	54	54
Honorioum basis	0	0
Others	0	0

DATA INTERPRETATION: The above table shows that 27 respondents occupation is salaried based employees and rest of them are doing business no one is there in remaining two types of respondents.

CHART2 This table shows the type of occupation of respondents and percentages of different types of respondents.

Monthly Income	No. of respondents	Percentage
20000and below	26	26
20000 to 30000	40	40
30000-40000	28	28
40000and above	6	6



DATA INTERPRETATION: The chart that 54% of respondents occupation is salaried based employees and rest of them are doing business no one is there in remaining two types of respondents.

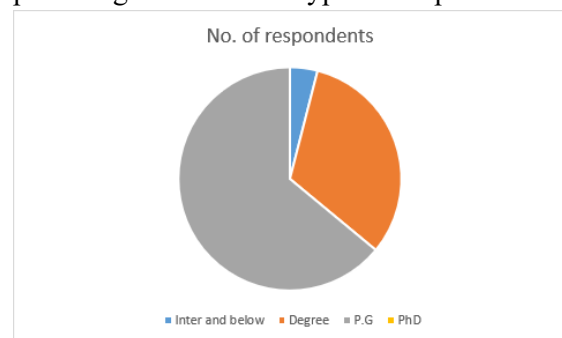
3. What are your educational qualifications?

Type of respondents	No. of respondents	Percentage
Inter and below	4	4
Degree	32	32
P.G	64	64
PhD	0	0

DATA INTERPRETAION: The above table shows that 32 investors are post Graduates, 16 investors of them and 2 investors qualification is inter and below.

CHART3

The table shows the types of educational qualifications of respondents and percentages of different types of respondents.



DATA INTERPRETATION: The Chart shows that 64% of investors are post graduates, 32% of them are graduates, 4% of them qualifications are inter and below.

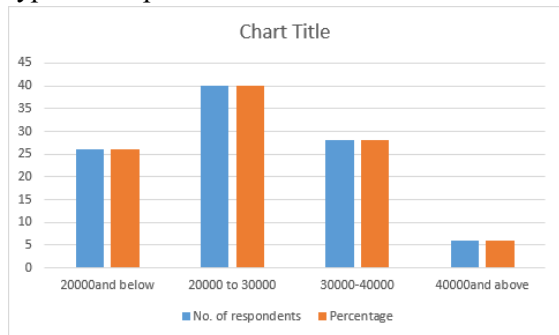
4. What is your monthly income?

DATA INTERPRETATION: The above tables shows that 20 of the respondents



monthly income is between 20,000 to 30,000, 14 of them income is between 30,000 to 40,000, 13 of investors monthly income is 20,000 and below and rest of them income is 40,000.

CHART4: This chart shows monthly income of respondents and percentages of different types of respondents.



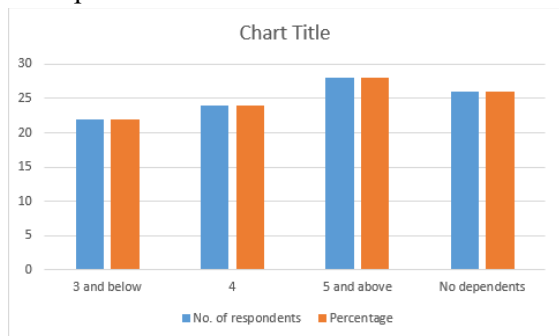
DATA INTERPRETATION: The above chart shows that 40% of the respondent’s monthly income is between 20000 to 30000, 28% of them income is between 30000 to 40000, 26% of investors monthly income is 20000 and below and rest of them income is above 40000.

5. Number of dependents?

Type of Investment	No. of respondents	Percentage
3 and below	22	22
4	24	24
5 and above	28	28
No dependents	26	26

CHART5

This chart shows no.of dependents of respondents and percentages of different types of respondents.



DATA INTERPRETATION: The above chart shows 28% of respondents having five and above dependents, 26% of them having no

dependences, 24% of them having four dependents and rest of them having three and below dependents.

V. FINDINGS, SUGGESTION, CONCLUSION

FINDINGS

- The study shows that most of the investor’s lies in moderate risk preferred.
- The study shows that investor’s demographics lies in moderate category.
- The highest number of investors who operate stock market preferred to invest in Equities because of early profits.
- Investors utilizing the company brokers report & financial reports as their data source to invest in Equities.
- Investors are investing in booming sectors like I.T.
- Investors are investing in real-estate business also.
- The greater number of investors who operate stock market preferred to invest in equity because of more risk and simultaneously returns also there.

SUGGESTIONS

- This is strongly recommended that the investor should have a proper guidance of well experienced Broker.
- The investor also should have the knowledge of analyzing financial position of company in which he wants to invest.
- The SEBI has to provide some tax benefits in order to attract investments in Equities.
- The investor also must be get some knowledge for other sources.

CONCLUSION

The study and analysis of the report deals with the different investment decisions made by different people. It explains about the investor preference towards Equities and their risk preferences. It explains the trading mode utilized by the people, preferable investment time, preferable data source and



category of investment to invest in different market of the Equities.

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