

A Study on Investment Patterns of the Retail Investors with Reference to Chennai.

LOGESHWARAN U

MBA Final Year, School of Management Studies,
Sathyabama Institute of Science and Technology.

Dr. A. PALANI.

Associate Professor,
School of Management Studies,
Sathyabama Institute of Science and Technology.

Abstract

This study analyses investment patterns of retail investors in Chennai. With digital platforms and improved financial literacy, retail participation is rising. A structured questionnaire collected data from the respondents. The study explores investment preferences, risk tolerance, influencing factors, and use of advisory and digital tools. Findings reveal demographic influence on behavior and highlight the need for financial education and inclusive investment platforms.

Keywords

Retail Investors, Investment Patterns, Risk Tolerance, Financial Literacy, Chennai, Digital Investment Platforms.

1. INTRODUCTION

Retail investors are becoming prominent participants in India's evolving financial markets. Increased access to digital platforms and financial products, paired with rising income and awareness, has fuelled this shift. Understanding their investment behavior is crucial for product design, regulation, and education.

2. INDUSTRY AND COMPANY PROFILE

2.1 Industry Overview India's investment ecosystem has transitioned from traditional savings to diversified financial instruments. Factors like mobile trading apps, rising incomes, and government literacy programs have driven this change.

2.2 Profile: Wealth Traits Financial Planners

A SEBI-registered, Chennai-based advisory firm. Led by Mr. Abubakr Siddique A.G., Wealth Traits emphasizes fee-only, unbiased financial planning using behavioural finance principles and technology.

3. OBJECTIVES, NEED & SCOPE

3.1 Objectives

- Analyze investment behavior and preferences
- Identify influencing factors
- Assess financial literacy and advisory use
- Understand the role of digital tools

3.2 Need

Retail investors are active yet often lack formal financial knowledge. This study bridges understanding gaps and offers insights for institutions and educators.

3.3 Scope

Focus on Chennai-based retail investors. Includes traditional and modern investment avenues, and examines demographic and behavioural aspects.

4. REVIEW OF LITERATURE

Several studies support the idea that investor behavior is influenced by age, income, risk tolerance, and financial awareness.

- **Cecily & Rangarajan (2012):** Income affects investment choices
 - **Jayapal & Prabakaran (2009):** Mutual funds attract low-risk investors
 - **Rajarajan (2000):** Lifestyle influences investment behavior
 - **Sehgal et al. (2016):** Market and regulatory conditions shape sentiment
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5. RESEARCH METHODOLOGY

- **Design:** Descriptive
- **Sample:** 119 retail investors (convenience sampling)
- **Tools:** Structured questionnaires, Excel & SPSS
- **Analysis:** Percentage, chi-square, correlation

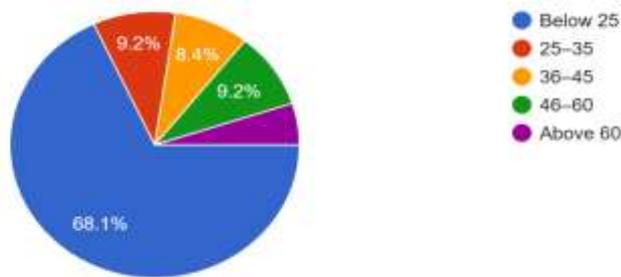
- **Location:** Chennai
- **Hypothesis:**
 - H0: No relationship between demographics and preferences
 - H1: Significant relationship exists

6. Data Analysis and Interpretation

6.1 Demographics

Attribute	Percentage
Age 18–25	68.1%
Male Respondents	78.2%
Students	67.2%
Monthly Income < ₹25K	69.7%
Graduate Education	69.7%

1) Age:
119 responses

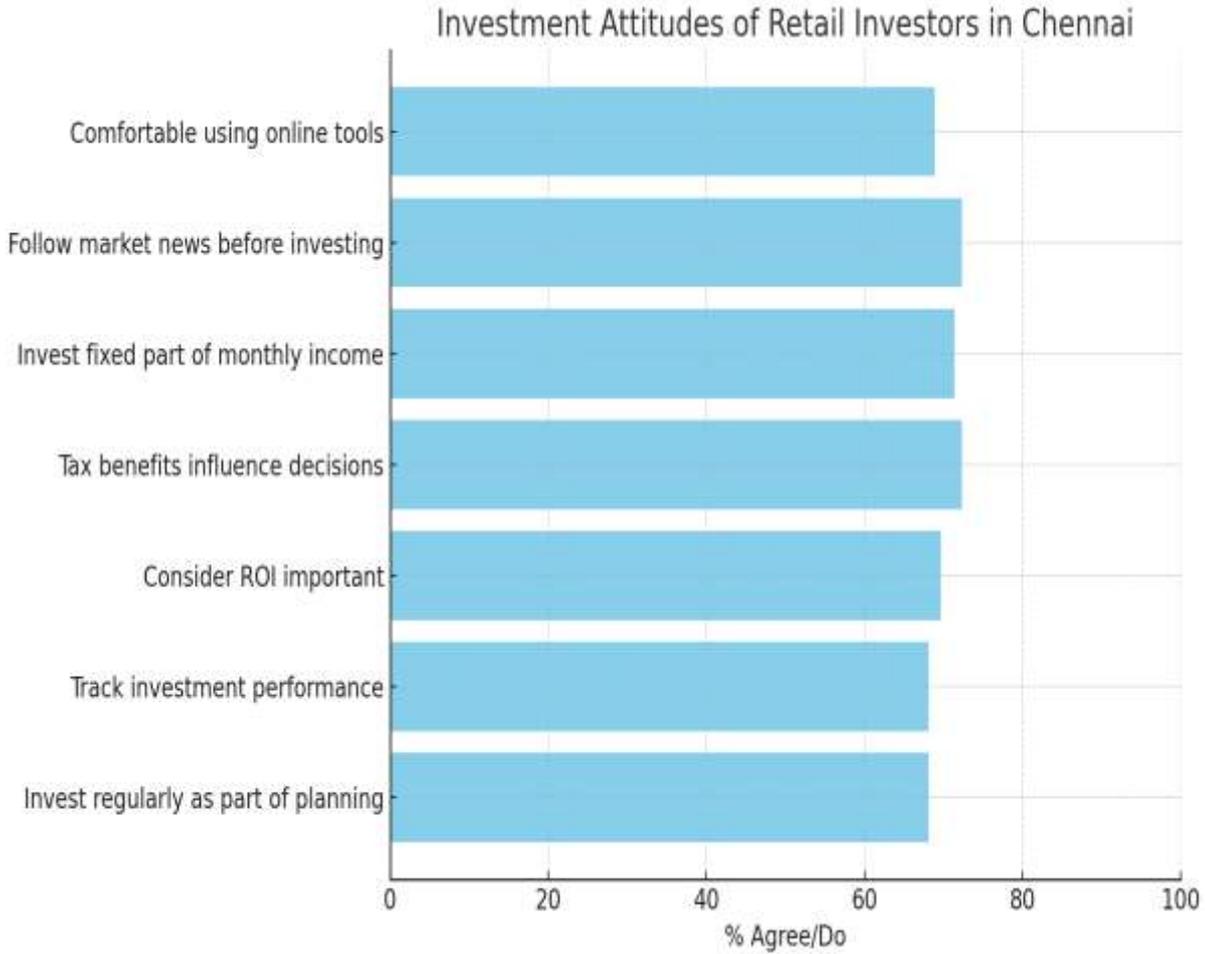


6.2 Investment Behavior

Behavior	% Agree/Do
Invest regularly as part of planning	68.1%
Track investment performance	68.1%
Consider ROI important	69.7%
Tax benefits influence decisions	72.3%
Invest a fixed part of monthly income	71.4%
Follow market news before investing	72.3%

Behavior **% Agree/Do**

Comfortable using online investment tools 68.9%



6.3 Decision Influencers

Influencing Factor **% of Respondents**

Risk	67.2%
Return	8.4%
Safety	8.4%
Marketability	8.4%
Liquidity/Tax-Shield	7.6%

6.4 Additional Insights

Insight **% Responses**

Difficult to find trustworthy advisors 68.9%

Insight	% Responses
Satisfied with professional advisory performance	69.7%
Experience of 1–5 years in investing	67.2%
Prefer company analysis while investing	64.7%
Expected ROR = 12%–24%	68.1%

7. Findings

- Young, educated male students dominate the investor base.
 - Majority invest regularly and value ROI and tax efficiency.
 - Digital adoption is high, but trust in advisors is a challenge.
 - Investors prefer analyzing companies directly before investing.
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8. Suggestions

1. **Financial Literacy Programs:**
Conduct workshops in colleges and workplaces.
 2. **Micro-Investment Platforms:**
Promote SIPs and low-entry funds for low-income groups.
 3. **Advisory Transparency:**
Increase trust in certified professionals via SEBI-driven campaigns.
 4. **Enhance Digital Tools:**
Integrate learning modules, portfolio simulations in apps.
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9. Conclusion

Retail investors in Chennai exhibit a shift toward planned, digitally enabled investment practices. However, trust in advisors and financial literacy remain key gaps. This study offers valuable insights for financial educators, institutions, and fintech innovators seeking to engage this segment responsibly.

10. References

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