Understanding Salaried Investors' Behavioral Patterns: An Analysis of Stock Market and Alternative Investment Avenues in Pune, India

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Abstract— This research paper examines salaried investors' behavioural patterns in Pune, India, focusing on their investment decisions in both the stock market and alternative investment avenues. The study aims to achieve three primary goals through the lens of behavioural finance theories. Firstly, it analyses salaried investors' decision-making processes when selecting between share market investments and alternative avenues such as mutual funds, real estate, and fixed deposits. Secondly, it aims to find the critical behavioural biases and cognitive factors influencing these investment choices, exploring how they differ between the two investment domains. Lastly, the research investigates the socioeconomic factors, risk preferences, and market conditions on the investment behaviour of salaried investors, examining how these factors contribute to the investment preferences between the stock market and alternative avenues. Through a comprehensive comparison, this study provides insights into the complex dynamics of salaried investors' investment behaviour in Pune, India, shedding light on the underlying psychological and socioeconomic factors shaping their investment decisions.

Index Terms— Alternative Investment Avenues, Investment Behavioural Patterns, Salaried Investors, Stock Market

I. INTRODUCTION

Psychological, social, and economic aspects affect stock market and alternative investment behaviour. Summary of significant behavioural patterns: Market bubbles and crashes can result investors buying or selling equities in significant numbers. Trends and media hype fuel herd behaviour in equities, real estate, commodities, and cryptocurrency. Many investors overestimate their knowledge and prediction abilities, leading to excessive trading and risk-taking. Due to overconfidence, people may invest heavily in "safe" assets like gold or fixed bank deposits without sufficient scrutiny. Investors are more sensitive to losses than gains and therefore doesn't hold equities for longer period to avoid losses, on the other hand logical investors in real estate or antiques may refuse to sell at a loss. Investors rely their judgements on anchors like stock prices rather than market conditions and historical property valuations may influence property investors hence personal financial management requires investing, especially for salaried persons who want to build wealth. Changing investor opinions and preferences for various investment opportunities before and during COVID-19 due to financial uncertainties, investors preferred risk-free investments. Stocks, mutual funds, and real estate, bank accounts, insurance, and gold were the most popular investments. Fear causes risk aversion and a preference for investments (Himanshu et al., 2021).

Social (herding, information cascades) and psychological (anchoring, overconfidence, representativeness) variables affect investor decisions. In India, investor irrationality and market inefficiency were driven by herd behaviour and overconfidence. Investors typically must make better selections based on peer groups and stock performance (Raut et al., 2018). This study compares salaried investors in Pune, India who invest in the stock market comparatively to those who invest in real estate, mutual funds, fixed deposits, and emerging digital assets like cryptocurrencies. With its fast-growing economy and changing financial landscape, India offers traditional and innovative investment opportunities with different risk profiles and returns. This research examines emerging market investment behaviour such as risk tolerance, investment goals, financial literacy, and

socioeconomic determinants to understand salaried investors' motives and decisions through quantitative and qualitative data analysis, highlighting the dynamic relationship between traditional and modern financial innovations and assessing the efficiency and rationality of the Indian financial market and individual investors' stock market decision-making. The findings of this research should help financial advisors, governments, and investors improve this large group's investment strategies and financial planning.

II. LITERATURE REVIEW

Savings-fuelled investment includes banks, gold, real estate, and mutual funds, each with profit, security, and income stability goals. The study found that paid employees prioritize safety and consistent returns in their investing decisions and are aware of their options, except female investors (Patil & Nandawar, 2014). Investing decisions showed how behavioural finance changes the financial environment. The study found that the investors react to information rather than behave rationally, emphasizing the need for comprehensive consideration before entering the equities market. Investors of any gender should analyse fundamental, technical, and financial factors before investing, considering the risk of different investment avenues (Singh & Yadav, 2016).

Investment is deploying savings for future gains. Demographics, socioeconomic background, and lifestyle affect investment options for idle funds. Understanding investment goals, creating investing rules and investors' decision-making across investment sectors are vital and often influenced by investor belief (Krishna et al., 2019). This study explored overconfidence and herding prejudice strongly influence investment decisions. The results implied that individual investors may be inexperienced and make psychological mistakes. The study found that the financial intermediaries must understand behavioural biases when advising clients and also more research is to be conducted to find other behavioural biases affecting investing decisions (Madaan & Singh, 2019).

Social media investors' stock selection preferences. Twitter is the most popular social media channel for stock picking, followed by Facebook. Intra-day trading on social media is primarily for speculative stocks and balanced portfolios Shiva and Singh (2019). A rising working class and assets under management are fuelling India's mutual fund business. The study found that the demographic and behavioural characteristics affect investor behaviour and mutual fund preferences (Mittal, 2020). Behavioural heuristics and biases affect investing decisions and overconfidence biases partially may affect between representational heuristics and investment decisions. Investors' heuristic-driven and overconfident conduct, affected by social variables and financial illiteracy, leads to inefficient investing decisions. Market behavioural biases and heuristics affect trading activity and outcomes (Parveen, 2020).

Raut et al. (2020) examined how well the Theory of Planned Behaviour (TPB), and its components predict Indian investors' stock market investing intentions and how Financial Literacy (FL) and Past Behaviour (PB) shape attitudes (AT) and intents (INT). Attitude (AT), Subjective Norms (SN), and Perceived Behavioural Control (PCB) significantly affect INT. The most crucial aspect is AT. FL boosts AT and PBC, suggesting financially literate investors are more optimistic and in control of their investments. PB strongly affects AT and indirectly INT without AT mediation, direct INT influence is negligible. FL and PB improve TPB model predictability for Indian investors. Haritha and Uchil (2020) examined Investor sentiment (IS) and investment decision-making (DM) among Indian stock market investors. The study found that it effects of herding, market forces, and awareness. The market impact and herding behaviour significantly affect investor sentiment. Media, social interaction, and advocate recommendations affect IS, but the internet has negligible impact. Awareness substantially impacts IS and DM. IS, and investment decisions depend on herd behaviour and market considerations. The study recommended increasing investor knowledge and understanding of financial markets to make decisions better and avoid costly mistakes.

Despite their seeming simplicity, safe and consistent returns are difficult to achieve in investment planning. While fixed deposits are often considered the sole way to earn regular returns, this is false. This study debunks

the myth that fixed deposits are the only source of stable returns by showing that a diversified portfolio of fixed deposits, mutual funds, and stocks can produce safe and steady returns (Sharma & Mukherjee, 2021). Global affluence is transforming the financial environment and the rapid growth in developing countries has sparked debate. Affluent investors have increased due to rising incomes and booming stock markets, showing a large surplus for investment. Budgeting and investing are part of financial literacy. Financial literacy includes investment patterns, risk preferences, decisions, and choices for allocating assets to generate positive returns or increase their value is investing. Financial markets require lifelong learning and adaptation. Instead of saving, investment entails committing time, money, or effort and risking capital. Investments are risky yet bring growth and even excellent properties have dangers, but investors can lessen them by using mortgages to cut interest rates. Financial literacy is needed to understand these issues and make intelligent investments (Jaya & Rathod, 2021).

Investors' stock market views, emphasizing risk and general knowledge. The study found shed light on stock market investor awareness, preferences, and decision-making (Prabu & Gajendran, 2021). Indian IT professionals' saving and investment behaviour and satisfaction with investment agency financial services. IT workers know about bank deposits and government securities but think equities and mutual funds are risky Basha et al. (2022). The study proved that a substantial correlation between these components and stock market awareness. Investor feelings of principal security, liquidity, income stability, approval, and transferability across many investment outlets prospects are generally seen as dangerous, but the necessary rate of return and risk tolerance influence choices (Kumar, 2022). How information sources, investment goals, technology, and professional training affect investment awareness (Shankar & Bhatt, 2022).

Economic reforms and liberalization have accelerated the growth of the Indian capital market, affecting investment companies. The personal aspects to decide how investors profit from their savings and social structure (Arti & Inderjeet, 2022). Combining conventional and modern investments involves investing in bank deposits, post office savings, insurance, the stock market, bonds, gold, silver, real estate, mutual funds, and cryptocurrency. Growth, dividends, interest, and capital appreciation are investor goals. Other possibilities have low risks and moderate rewards compared to typical investments with balanced risk and return (Sakthivelu & Karthikeyan, 2023). Increased per capita income and the transition from joint to nuclear households have affected individual investment patterns in India post-liberalization. Investors know their investing possibilities, prefer tax-saving investments, and behave rationally. Safety, liquidity, return, maturity, investor age, and fund size influence investing decisions (Savitha, 2023).

The present study attempts on the decision-making processes of salaried investors in Pune, India, between stock market investments and alternative avenues such as mutual funds, real estate, and fixed deposits and to identify the critical behavioural biases and cognitive factors influencing salaried investors' investment choices and assess how these factors differ between stock market investments and alternative investment avenues. The study also aims to help policymakers, practitioners, and investors understand the complex dynamics of investment preferences and choices in Pune, India. Hence, this study examines how the factors contribute to the investment preferences between the stock market and alternative avenues.

III.   OBJECTIVES AND METHODOLOGY

This research analysed the behavioural patterns of salaried investors in Pune, India and compared their preferences for the stock market versus alternative investment avenues; a descriptive analysis was conducted. The study involved a sample of 150 salaried individuals selected through convenience sampling to ensure representation across various age groups, income levels, and professional backgrounds. Primary data was collected using a structured questionnaire to capture comprehensive information about the respondents' investment behaviours and preferences. The questionnaire was divided into several sections: Age, gender, income level, education, and professional background; Types of investments (share market, real estate, mutual funds, fixed deposits, cryptocurrencies, etc.) currently held;

Risk tolerance, investment goals (short-term vs. long-term), frequency of investments, and sources of investment advice; Knowledge about different investment avenues, understanding of market dynamics, and familiarity with financial products and the factors influencing investment decisions, such as past experiences, market trends, peer influence, and perceived security.

IV. ANALYSIS AND DISCUSSIONS

The data is analysed using descriptive statistical methods to find patterns and trends. Essential analytical techniques included figuring out the prevalence of various investment preferences and behaviours among the respondents and exploring relationships between demographic variables (such as age and income) and investment choices.

Table 1: Demographics of the behavioural patterns of salaried investors in Pune, India

Demographic Information	Categories	Frequency	Percentage
Age Group	18-25	20	13.30%
	26-35	50	33.30%
	36-45	40	26.70%
	46-55	25	16.70%
	56 and above	15	10.00%
Gender	Male	90	60.00%
	Female	55	36.70%
	Other	5	3.30%
Income Level	Below ₹ 3,00,000	20	13.30%
	₹ 3,00,000 - ₹ 6,00,000	30	20.00%
	₹ 6,00,000 - ₹ 10,00,000	50	33.30%
	₹10,00,000 - ₹15,00,000	30	20.00%
	Above ₹ 15,00,000	20	13.30%
Education	High School	15	10.00%
	Bachelor's Degree	70	46.70%
	Master's Degree	50	33.30%
	Doctorate	10	6.70%
	Other (please specify)	5	3.30%
Professional Background	IT/Software	50	33.30%
	Finance/Banking	30	20.00%
	Healthcare	20	13.30%
	Education	25	16.70%
	Manufacturing	15	10.00%
	Other (please specify)	10	6.70%

Source: Primary Data

According to demographic data table 1, the sample is diverse in age, gender, income, education, and profession. People aged 26 - 35 and 36 - 45 are the majority, followed by 46 - 55. Males outnumber females, with a minor percentage identifying as 'Other'. The sample has a somewhat even income distribution, with a considerable fraction falling between ₹ 6,00,000 and ₹ 10,000,000. Many have bachelor's and master's degrees, but few have doctorates. Professional backgrounds vary, with the IT/Software and Finance/Banking sectors stood for the most, followed by the healthcare and education sectors. This broad sample allows a complete analysis of salaried investors' investing decisions and behavioural biases in India across demographic divisions.

Table 2: Cross-Tabulation of the behavioural patterns of salaried investors in Pune, India

Age Group vs. Preference for Stock Market Investment

Age Group	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
18-25	2	4	5	6	3	20
26-35	1	4	10	20	15	50
36-45	3	5	6	15	11	40
46-55	2	5	5	6	7	25
56+	2	2	4	3	4	15
Total	10	20	30	50	40	150

Age Group vs. Preference for Real Estate Investment

Age Group	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
18-25	5	6	5	3	1	20
26-35	4	6	10	18	12	50
36-45	4	6	8	14	8	40
46-55	5	5	10	3	2	25
56+	2	7	7	2	2	15
Total	20	30	40	40	25	150

Income Level vs. Preference for Stock Market Investment

Income Level	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Below ₹3,00,000	3	4	5	5	3	20
₹3,00,000 - ₹6,00,000	2	5	7	10	6	30
₹6,00,000 - ₹10,00,000	2	5	7	22	14	50
₹10,00,000 - ₹15,00,000	2	4	5	8	11	30
Above ₹15,00,000	1	2	6	5	6	20
Total	10	20	30	50	40	150

Income Level vs. Preference for Real Estate Investment

Income Level	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Below ₹3,00,000	6	6	4	2	2	20
₹3,00,000 - ₹6,00,000	5	6	8	7	4	30

₹6,00,000 - ₹10,00,000	4	7	11	20	8	50
₹10,00,000 - ₹15,00,000	3	6	9	5	7	30
Above ₹15,00,000	2	5	8	6	2	20
Total	20	30	40	40	25	150

Source: Primary Data

The above table 2 depicts that the 26-35 age group is most engaged in stock market investments, with 70% (35 from 50) agreeing or strongly agreeing. Younger respondents (18-25) are less inclined to invest extensively in stocks, with 45% (9/20) agreeing or strongly agreeing. With 46.7% (7/15) agreeing or strongly agreeing, older respondents (56+) are less engaged. For 26-35 and 36-45, 60% (30 out of 50) and 55% (22 out of 40) agree or strongly agree that real estate investments are preferable. The youngest (18-25) and oldest (56+) groups prefer real estate the least, with 20% (4/20) and 26.7% (4/15) agreeing or strongly agreeing. Higher-income groups (₹6,00,000+) tend to invest more in the stock market. In the ₹ 6,00,000-₹ 10,00,000 group, 72% (36 out of 50) strongly agree or agree. Lower-income groups (below ₹ 3,00,000) are less involved, with only 40% (8/20) agreeing or strongly agreeing. Income boosts real estate investing preference. 56% (28 out of 50) agree or strongly agree in the ₹ 6,00,000 - ₹ 10,00,000 range. Lower-income respondents (below ₹ 3,00,000) have a modest preference, with only 20% (4/20) agreeing or strongly agreeing. Generally, younger, and lower-income respondents invest less in stocks and real estate. Higher-income and middle-aged respondents invest more in these areas. Age and income appear to influence investing choices, with higher-income and middle-aged groups choosing riskier and longer-term investments.

CONCLUSION

This study provides a comprehensive analysis of the behavioural patterns of salaried investors in Pune, India, highlighting their preferences and decision-making processes in the context of share market investments and alternative avenues. The findings reveal that socioeconomic factors, risk tolerance, and market conditions significantly influence investment decisions. Younger investors and higher-income investors are more inclined towards the stock market. In comparison, older and lower-income investors prefer safer, more traditional investment options like real estate and fixed deposits. The study finds critical behavioural biases, such as overconfidence and herd behaviour, which impact investment choices differently across various demographics. These insights can help financial advisors, policymakers, and investors better understand and navigate the complex dynamics of investment behaviour. Addressing these behavioural biases and enhancing financial literacy can improve the investment strategies and financial planning frameworks for salaried investors, ultimately contributing to more informed and effective investment decisions.

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