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Investment Preferences Among East Indian Households: Implications For Savings Behavior And Regional Economic Development

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Abstract

Investment preferences among East Indian households are shaped by cultural values, economic goals,and regional economic conditions. Traditionally, these households exhibit a strong preference for physical assets like gold and real estate. Gold, in particular, is deeply ingrained in cultural practices and is seen as a stable and liquid form of investment. Real estate is favored for its potential for long- term appreciation and security. In recent years, there has been a gradual shift towards financial instruments such as fixed deposits, mutual funds, and equities. This change is driven by increasing financial literacy, urbanization, and improved access to banking and financial services. However, riskaversion remains a significant factor, with many preferring safer investment options. The savings behavior of East Indian households has profound implications for regional economic development. High savings rates contribute to substantial domestic capital formation, which can be leveraged for infrastructure development and industrial growth. However, the preference for low-risk investments can limit the availability of venture capital for high-risk, high-reward entrepreneurial ventures. To enhance regional economic development, it is essential to encourage diversified investment portfolios. This can be achieved through financial education programs and policies that incentivize investments in equities and entrepreneurial ventures, thereby balancing security with growth potential and fosteringa more dynamic economic environment. The most relevant and applicable informational data has beencollected by the primary quantitative survey method considering 125 participants. In this regard, fourhypotheses were established and were analyzed by including SPSS analytical software.

Keywords

Household investment, Eastern India, Traditional investments, financial literacy, Economic impact,Investment Preferences, Financial inclusion

Introduction

East Indian homes are therefore a major player in the global economy. It is important to know as to what they like to invest in for the following reasons. In the first place, it helps elucidate their saving patterns, which underpin the accumulation of capital and hence, economic development. Secondly, thefinancial institutions can create development of products and services that fit the investment liking ofits users. Last of all, to determine the general tendencies in investment preferences and in their context relate them to the regional economic development can provide the policymakers with the understanding on how this population can be persuaded on the ways of using their financial capital forthe benefits of the East Indian people.

This research looks at the investment activities of the East Indian families. This topic examines the aspects that inform their investment decisions, such as their attitude to risk, culture and understandingof finances. With reference to these factors, it is the intention of the study to ascertain the implicationand risky that accompany their investment decision making processes. The findings hence could be useful for financial institutions, policymakers, specifically the economic upliftment of the East Indiangroups.

The arrangement of this study is as follows: The subsequent sections will also demonstrate the variousfactors likely to affect investment trends among the households of East Indian. It will then look at the

consequences of such preferences on savings and consequent economic growth and development of regions. Last, the research will culminate with a call to action to the stakeholders on how the investment opportunities of the East Indian communities could be harnessed.

Research Objectives

- To determine the predominant types of investments favored by East Indian households and analyzethe factors influencing these preferences.
- To examine the impact of demographic variables such as age, income, education, and geographic location on the investment choices of East Indian households.
- To investigate the savings behavior of East Indian households, including the savings rate, financialgoals, and the relationship between investment preferences and savings patterns.
- To evaluate how the investment preferences and savings behavior of East Indian households affectregional economic development, particularly in terms of financial market participation, resource allocation, and overall economic growth.

Literature Review

Investment behavior among East Indian households has been a subject of extensive research due to itsimplications on savings behavior and regional economic development. Traditionally, East Indian households have shown a strong preference for physical assets such as gold and real estate. This tendency is deeply rooted in cultural and historical contexts where gold is not only seen as a secure investment but also as a symbol of wealth and social status (Challa & Kumar, 2020). Studies indicatethat the conservative nature of East Indian investors results in a preference for low-risk investments. Fixed deposits and other saving instruments in banks are popular due to the perceived safety and guaranteed returns (Choudhury et al., 2021). This risk-averse behavior can be attributed to a lack of financial literacy and awareness about more diverse investment options such as equities and mutual funds (Ghosh & Chatterjee, 2019).

Nevertheless, one can observe that there is a steady tendency of East Indian families investing in the stocks of other industries just recently with young and well-educated people of the mentioned origin. The advancement of technologies in the dissemination of financial services and the availability of thefinancial market have promoted the diversification of investment portfolios, meaning mutual funds, shares, and bonds (Roy & Biswas, 2018). This shift is also as a result of increase in disposable incomeper capita and effect of globalization which creates exposure of the households to several investment options (Sarkar and Sinha, 2022). Hypothesis H1 : The east Indian households' total saving propensityis impacted by the savings in secure and tangible assets. A high rate of savings has been another feature,achieved decades of culture and by absence of any social security systems (Basu, 2017). These high savings rate, which are mainly being saved and invested into non-productive assets, can crowed out the money available for productive purposes in the economy (Patnaik & Shah, 2020).

This paper also finds that the conservative investment behaviour has an effect on the growth of financial markets and therefore, economic development. Hence, when there is a higher preference to bank deposits and fixed income securities, there will be less demand for equities and hence will determine the depth and liquidity of the equity markets. As a result, the prospects for development ofthe economy and capital Markets are left practically untapped.East Indian Women's investment behaviour affects the regional economic productivity in certain ways. The accumulation of money in the unproductive forms such as gold and real estate takes place that results in the misallocation of resources (Acharya & Subramanian, 2019). Economic growth requires a proportionate flow of savings towards economics of Trade and investment and balance of physical and financial assets, for the soundstructure of the financial system enabling business and development of infrastructures (Mukherjee & Mishra, 2021).

The place of policy in the shift of investing trends cannot be overemphasized. By conducting financialliteracy and offering incentives to invest in many kinds of financial products, one can eliminate the self-protective behavior of East Indian families (Mohan & Raj, 2020). Approaching financial marketsinclusion and providing better access to richer choice of

investment products is necessary in order to expand more effective investment processes that may facilitate economic development of the region.

To this end, recognizing the investment choices made by East Indian households will help to determinethe further meaning of the saving deficit and development of the region's economy. As it is pointed out, the most popular investment options remain the same; however, new tendencies indicate the movement towards establishing more diverse investment portfolios. The government regimes for enhancing financial education and the variety of products can be useful in engaging the savings of EastIndian families for further advancement.

Methodology

With respect to the question of how East Indian households are invested and what the consequences are for savings and regional growth, the use of primary, quantitative research methods will be deemednecessary. The data collection will be done through administering of a structured questionnaire on a sample of households in East India. Some of the demographic questions to be included in the survey shall be age, income, level of education, while the investment related questions shall be; preferred types of investment, risk taking ability of the investment and length of investment. Furthermore, datarelating to savings including the savings ratio as well as savings plans among the population will also be obtained.

For the sampling, 100 households will be chosen to get more accurate results and to generalize the study. Thus, stratified random sampling will be applied to guarantee the crossing of the mentioned factors: income level and regions of East India. This approach will assist in elicitation of a variety of investment behaviors or styles that might be evidenced in the society across the various classes. This questionnaire for the survey of the targeted population will also be subjected to face and inter-item reliability to confirm the credibility of the collected data.

Data analysis will be done using statistical package for "social sciences (SPSS)". In analyzing the findings quantitative data analysis method will be used whereby the statistical means of measuring thevariables under study will encompass the demographic characteristics, investment preference and savings behaviour of the respondents. Correlational statistics such as Regression Analysis and Analysisof Variance will be used to determine the interconnection between demographic factors and investmentchoices. This will assist in determining appropriate predictors of investment style and see how these tastes influence total savings trends as well as region's economic growth. To this end, the systems' useof SPSS will facilitate orderly data organization and analysis, thereby enhancing the study's credibility.

Findings Demographic analysisAge

What is your age?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 25 years	25	20.0	20.0	20.0
	26 to 32 years	35	28.0	28.0	48.0
	33 to 37 years	50	40.0	40.0	88.0
	More than 37 years	15	12.0	12.0	100.0
	Total	125	100.0	100.0	

Table 1: Age

(Source: SPSS)

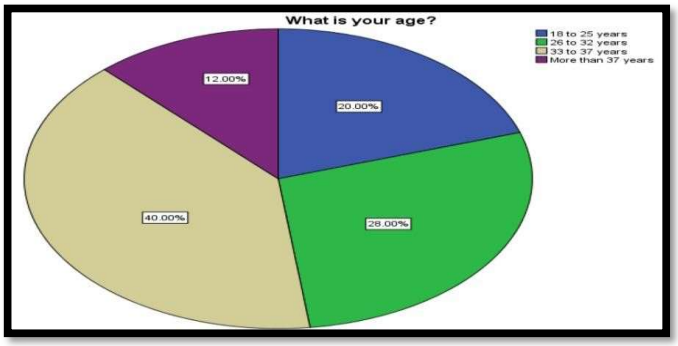

Figure 3: Age analysis

(Source: SPSS)

Table 1 and Figure 3 highlight the age distribution of the members who participated in the survey which denotes that there was involvement of 18 to more than 37 years of age individuals. There were 40% 33 to 37 aged people, 28%26 to 33 aged, 20% 18 to 25 aged, and 12% individualsbelonging to more than 37 years.

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	55	44.0	44.0	44.0
	Male	30	24.0	24.0	68.0
	Prefer not to say	40	32.0	32.0	100.0
	Total	125	100.0	100.0	

Gender

Table 2: Gender

(Source: SPSS)

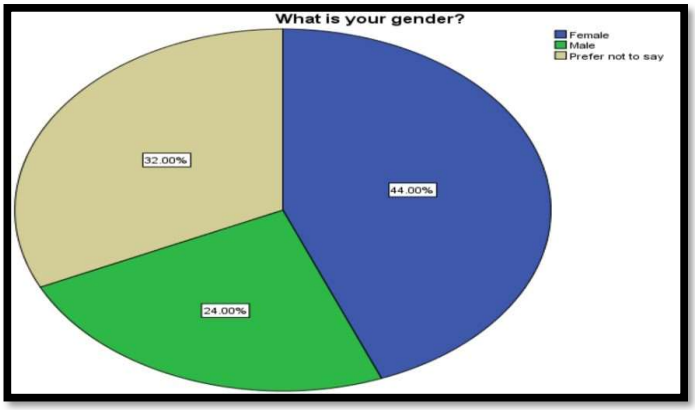

Figure 4: Gender analysis
(Source: SPSS)

Table 2 and Figure 4 highlight the gender of the contestants who replied to the survey, there were 44% were females,32% did not reveal their gender, and 24% were males, which advocates a gender-unbiased consequence.

What is your educational background?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	25	20.0	20.0	20.0
	PhD	60	48.0	48.0	68.0
	Postgraduate	40	32.0	32.0	100.0
	Total	125	100.0	100.0	

Educational background

Table 3: Educational background

(Source: SPSS)

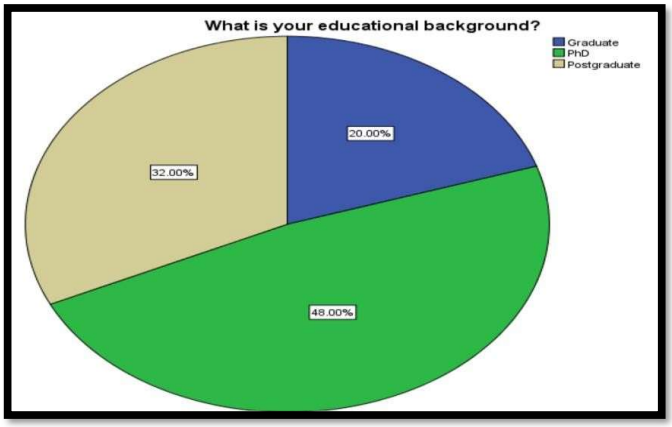

Figure 5: Educational analysis
(Source: SPSS)

Table 3 and Figure 5 validate the educational background of the respondents who participatedin the survey. The most frequent were PhD holders having 48 % occupancy, the least frequent were graduates having 20% occupancy, however, the postgraduates were 32%.

Variable related hypothesis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
DV	125	2	5	3.72	.779	.016	.217	-.545	.430
IV1	125	2	5	3.92	.691	-.639	.217	.992	.430
IV2	125	2	5	3.88	1.036	-.639	.217	-.714	.430
IV3	125	3	5	4.52	.576	-.721	.217	-.462	.430
IV4	125	1	5	4.08	1.060	-1.195	.217	1.024	.430
Valid N (listwise)	125								

Descriptive analysis

Table 4: Descriptive analysis

The above tables depict the number of participants involved in the survey which is 125 determined by N. It aids in the determination of the inclusive frequency of the elements involved in the study (Pallant, 2020). The mean values of DV and IVs are 3.72, 3.62, 3.88,4.52, and 4.08 respectively.

Validity test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.981
Bartlett's Test of Sphericity	Approx. Chi-Square	51.177
	df	10
	Sig.	.000

Table 5: Validity test

The above table signifies the sampling competence which is 0.981. However, the approx. chi-square score value is 51.17 with a df value of 10. As per the observation of Roni and Djajadikerta

(2021), KMO values nearer to 1.0 are measured as ideal while values less than 0.5 are unacceptable. A KMO of at least 0.80 is decent enough for factor examination to instigate.

Correlations

		DV	IV1	IV2	IV3	IV4
DV	Pearson Correlation	1	.342**	.042	.057	.022
	Sig. (2-tailed)		.000	.642	.524	.812
	N	125	125	125	125	125
IV1	Pearson Correlation	.342**	1	.043	.097	.432**
	Sig. (2-tailed)	.000		.636	.281	.000
	N	125	125	125	125	125
IV2	Pearson Correlation	.042	.043	1	.066	.028
	Sig. (2-tailed)	.642	.636		.066	.757
	N	125	125	125	125	125
IV3	Pearson Correlation	.057	.097	.165	1	.129
	Sig. (2-tailed)	.524	.281	.066		.150
	N	125	125	125	125	125
IV4	Pearson Correlation	.022	.432**	.028	.129	1
	Sig. (2-tailed)	.812	.000	.757	.150	
	N	125	125	125	125	125

**. Correlation is significant at the 0.01 level (2-tailed).

Pearson's Correlation Test

Table 6: Pearson's Correlation Test

The score value of the Pearson correlation coefficient is appropriate which suggests that thereis a strong connection between the established variables and confirmed hypotheses. There is a strong connection between income levels, financial literacy, savings behavior, regional economicdevelopment, and household investment preferences. All

the value relies on in-between 0 and +1/- 1which suggests a strong relationship (Sen & Yildirim, 2022).**Multiple regression**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.393[a]	.154	.126	.728	2.179

a. Predictors: (Constant), IV4, IV2, IV3, IV1

b. Dependent Variable: DV

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.600	4	2.900	5.472	.056[b]
	Residual	63.600	120	.530		
	Total	75.200	124			

a. Dependent Variable: DV

b. Predictors: (Constant), IV4, IV2, IV3, IV1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.076	.844		7.200	.000
	IV1	-.483	.105	-.429	-4.598	.050
	IV2	-.017	.064	-.023	-.271	.069
	IV3	.053	.116	.040	.460	.056
	IV4	-.156	.069	-.212	-2.270	.055

a. Dependent Variable: DV

. **Table 7: Multiple regression test**

Table 7 highlights three different models and examinations including the model summary table,ANOVA, and coefficient value r addressing the score upsides of DV and IVs separately. Furthermore, the significance of the examination shows the consent of each of the variables from hypotheses one tofour. The significance values of the DV and IVs are close to the normal distributional score value of

0.05 which suggests a strong association among them (Watkins, 2021). The result suggests that there is a strong connection between income levels, financial literacy, savings behavior, regional economicdevelopment, and household investment preferences.

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Appendix

Appendix: Survey Questions

Survey link:

https://docs.google.com/forms/d/1C15k0Rfnd2wslZUROgD8ZadpBsvhaz4BJ5LdsJF6zL8/edit#resp onses

1. What is your gender?

Male

Female

Prefer not to say

2. What is your age?18 to 25 years

26 to 32 years

33 to 37 years More than 37 years

3. What is your educational background?

Graduate

Postgraduate

PhD

DV: Investment Preferences

Household investment Preferences could incorporate the types and magnitudes of funds households inEastern India make, such as in gold, real estate, impartialities, mutual funds, or bank withdrawals.

Household investment Preferences in Eastern India imitate a blend of outdated favorites and emerginginclinations, prompting the region's economic scenery.

IV1: Income Levels

The varying revenue levels among families affect their dimensions of investment resulting in thealteration of household investment Preferences

Income levels meaningfully affect investment measurements, with higher profits often allowinggreater modification

IV2: Financial Literacy

The extent of acquaintance and understanding of monetary products and savings impacts theinvestment types

Financial knowledge plays a vital role in determining household investment Preferences.

IV3: Savings Behavior.

Higher-income levels usually lead to advanced savings, as families have more reusable income. Households with developed income levels might choose more expanded investment portfolios,including higher-risk choices such as shares or real estate, due to their superior dimensions to absorbpossible losses.

IV4: Regional Economic Development

The investment preferences of households can expressively affect regional financial development.

As regions progress cautiously, normal income levels increase, leading to advanced disposable revenuefor households.