



Analyzing Household Investment Choices And Their Economic Impact In Eastern India: A Comprehensive Review

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ABSTRACT

This comprehensive review analyzes household investment choices and their economic impact in Eastern India. The study examines various investment options, including real estate, gold, fixed deposits, and equities, and their prevalence among households in the region. By assessing socio-economic factors such as income, education, and risk tolerance, the review identifies patterns and preferences in investment behavior. The analysis also explores the broader economic implications of these choices, including effects on local development, financial markets, and regional economic stability. Additionally, the review considers the role of government policies and financial literacy initiatives in shaping investment trends. Through a synthesis of empirical data and existing literature, the study aims to provide insights into how household investments can drive economic growth and development in Eastern India. The findings highlight the need for targeted financial education programs and policy interventions to enhance investment outcomes and promote sustainable economic development in the region. In Eastern India, household investment selections imitate a complex interchange of income levels, financial knowledge, admission to financial amenities, and cultural stimuli. While outdated investments such as gold and real estate persist, there is a possibility for divergence into impartialities and mutual funds with targeted interferences. However, the key information has been composed by the primary quantitative survey method with the assistance of 125 participants. In this regard, four hypotheses were established and were analyzed by including SPSS analytical software.

Keywords-Household investment, Eastern India, Traditional investments, Financial literacy, Economic impact, Financial inclusion, etc.

Introduction Background of the study

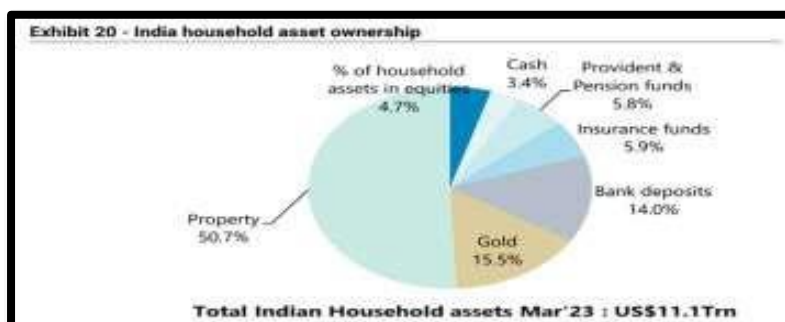


Figure 1: Household asset ownership of India

(Source: Influenced by Davis et al. 2019)

Comprehending the investment decisions of citizens of Eastern India is significant to appreciating the financial elements in Eastern India. This locale, described by assorted financial circumstances, presents novel investment conduct affected by different elements including pay levels, instruction, social practices, and admittance to monetary administrations (Mani, 2020). However, the investment decisions made by families not only mirror their monetary security and development prospects but additionally have huge ramifications for the more extensive financial scene. These choices influence local economic development, impact market drifts, and contribute to the mitigation of poverty and abundance creation.

The above figure highlights the savings of the Indian household which have seen a sturdy rise in current years. The household's investments stood at ~\$800 billion in the monetary year 2022-23. As per the notion of Bannor et al. (2020), the majority of the Indian domestic asset's possession includes speculation in properties and gold having a share of over 50% and 15.5%. Coming to values, the % portion of values in Indian family resources has dramatically increased from March 2013 to March 2023.

Problem statement

The research pursues to demonstrate the significant problems of comprehending the selections of the household investments done by the people living in Eastern India and their vital influence on the level of the economy. Furthermore, despite important economic evolution, the behaviors of people in the eastern region of India to invest remain principally outdated and risk-averse, impeding the ability for higher revenues and economic modification. However, inadequate financial literacy and admittance to varied financial tools worsen this problem (Mani et al. 2019).

The research aims and objective Aim

The research study aims to highlight household investment choices and their economic impact in eastern India.

Objective

RO1: To analyze the factors that influence household investment choices and their economic impact in eastern India.

RO2: To highlight the role of household investment choices in eastern India.

RO3: To inspect the challenges related to household investment choices and their economic impact in eastern India.

RO4: To measure the recommendations to circumvent the challenges related to household investment choices and their economic impact in eastern India.

Research Question

RQ1: What are the factors that influence household investment choices and their economic impact in eastern India?

RQ2: What is the role of household investment choices in eastern India?

RQ3: What are the challenges related to household investment choices and their economic impact in eastern India?

RQ4: What are the approaches that decrease the hurdles of household investment choices and their economic impact in eastern India?

Significance of the study

This study is substantial as it sheds light on the asset behaviors of families in Eastern India, offering perceptions of their financial impact. Moreover, understanding these outlines can notify targeted monetary education, policy interferences, and approaches to encourage diversified investments, fostering provincial economic development and financial insertion (Kumar Vaid et al. 2020).

Literature review

Critical assessment of household investment selections and their economic influence in eastern India

In Eastern India, the household investment assortments highlight a vital area of examination due to their reflective economic insinuations. Traditional favourites for investments such as gold and real estate are intensely rooted in social performs and perceived safety. This effectively reflects a risk-averse method among Indian families (Khera et al. 2022). This factor often restricts the fund allocation in the direction of higher risks and profit options such as impartialities and mutual funds, which are vital for investment market expansion and economic evolution. According to the analysis of Malik & Maheshwari (2019), different groups of income level individuals have different levels of financial literacy which is directly connected to the patterns of investment selection. Inadequate availability to financial facilities further compels investment selections, principally in rural areas where investment set-up may be insufficient.

The economic impact of these speculation behaviors is considerable, while outdated investments offer constancy, they may delay wealth gathering and financial vitality associated with more expanded portfolios (Hastings & Mitchell, 2020). Addressing these trials requires targeted interferences, including improved economic education initiatives, better-quality banking approachability, and policy trials that incentivize wider contributions in capital marketplaces. Consequently, Eastern India can solve its financial potential and attain sustainable expansion goals by promoting a balanced method of investment and nurturing financial insertion (Hoda et al. 2019).

Theoretical inspection of Behavioral Finance Theory:

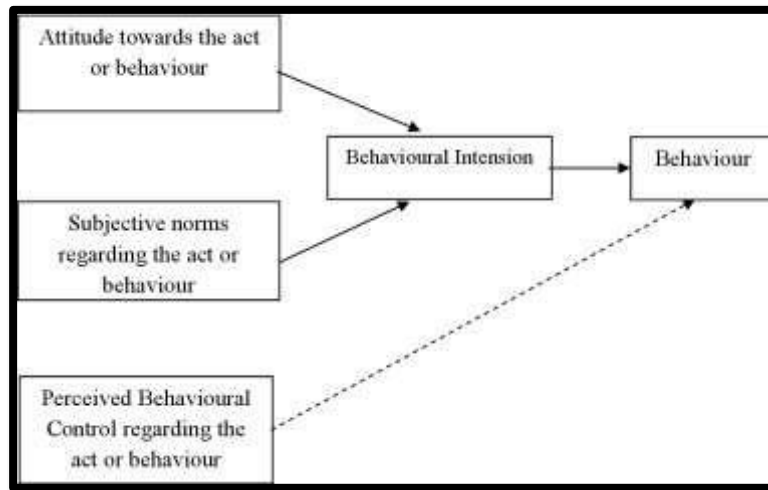


Figure 2: Behavioural Finance Theory

(Source: Influenced by Gomes et al. 2021)

The Behavioral Finance Theory is crucial in grasping family speculation decisions in Eastern India. Moreover, this hypothesis looks at how mental variables and mental predispositions, such as risk avoidance, pomposity, and group conduct, impact monetary choices. With regards to Eastern India, behavioral finance makes sense of the inclination for conventional speculations like gold and land, seen as more secure choices. These predispositions frequently lead to underinvestment instruments in possibly better-return monetary instruments like values and common assets. It can be better to understand the unwillingness to expand investments and the requirement for tailored monetary education to alleviate these biases by incorporating this theory (Yue et al. 2021).

Literature gap

There is a requirement for inclusive, region-specific informational data that integrate socio-cultural influences with financial variable quantity to deliver a holistic interpretation of speculation behaviors. There is a prominent gap in the comprehension of the role of developing monetary technologies and their potential to change traditional speculation behaviors (Bricker et al. 2021). In addition, limited research discourses the influence of recent economic strategies and financial literacy agendas on these selections.

Methodology

In this analytical examination study, the examiner has utilized descriptive design and deductive approach to deal with drawing the enlightening information applicable to the strategies and approaches to improve employee engagement in the working environment (Pallant, 2020). Additionally, the information was gathered from essential sources by directing essential quantitative examination as an overview investigation. There were 125 respondents against 13 questionnaires that were provided to collect the primary data in the real-time context. However, the collected data were analyzed with the involvement of the SPSS analytical software.

Hypothesis development

Alternative hypothesis (H1): There is a strong association between Income Levels and Household Investment Choices of people in eastern India

Alternative hypothesis (H2): There is a significant interrelatedness between the Financial Literacy and Household Investment Choices of people in eastern India

Alternative hypothesis (H3): There is an effective connection between Access to Financial Services and Household Investment Choices of people in eastern India

Alternative hypothesis (H4): Cultural Influences and Household Investment Choices of people in

eastern India are positively correlated

Table 1: Age

What is your age?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 25 years	10	8.0	8.0	8.0
	26 to 32 years	23	18.4	18.4	26.4
	33 to 37 years	72	57.6	57.6	84.0
	More than 37 years	20	16.0	16.0	100.0
	Total	125	100.0	100.0	

(Source: SPSS)

Findings Demographic analysis Age

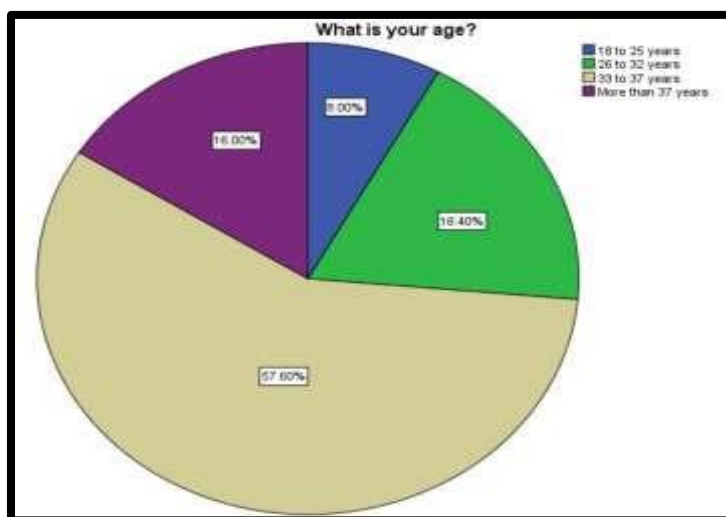


Figure 3: Age analysis

(Source: SPSS)

The above figure and table shed light on the age of the participants which indicates that there were different age members from 18 years of age to more than 37 years. The highest frequent were the people aged 33 to 37 years 57.60%, and the least frequent were from the age of 18 to 25 years 8%.

Table 2: Gender

What is your gender?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	58	46.4	46.4	46.4
	Male	52	41.6	41.6	88.0
	Prefer not to say	15	12.0	12.0	100.0
	Total	125	100.0	100.0	

(Source: SPSS)

Gender

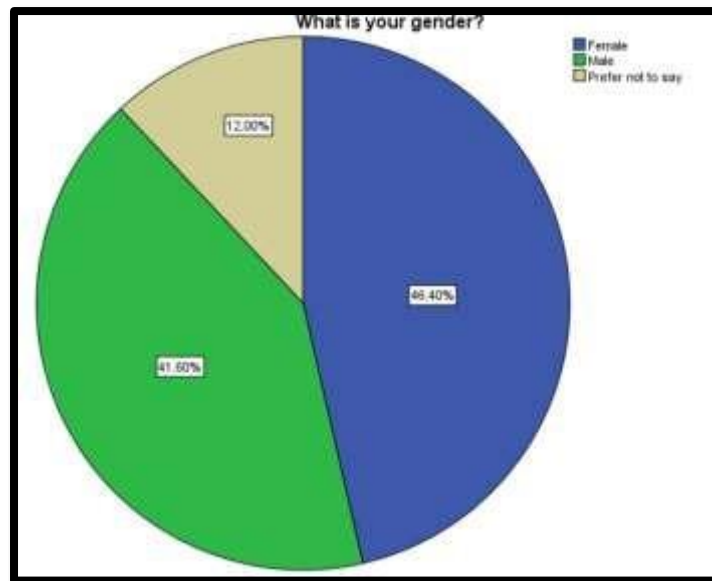


Figure 4: Gender analysis

(Source: SPSS)

The above-highlighted table and figure depict the gender of the respondents which suggests that there were males, females, and other gender groups. The most frequent were the females 46.4% and the least frequent were other gender groups who preferred not to reveal their gender identity 12%. On the other hand, there were 41.60% males.

Educational background

Table 3: Educational background
What is your educational background?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	10	8.0	8.0	8.0
	PhD	64	51.2	51.2	59.2
	Postgraduate	51	40.8	40.8	100.0
	Total	125	100.0	100.0	

(Source: SPSS)

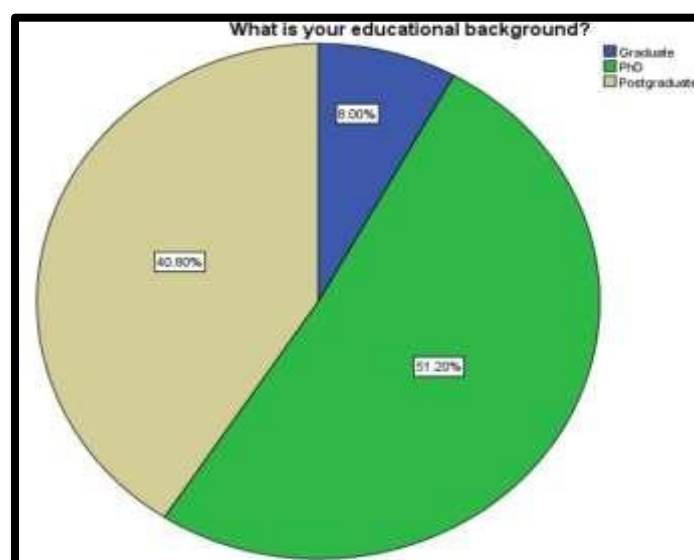


Figure 5: Educational analysis

(Source: SPSS)

Table 3 and Figure 5 validate the educational background of the respondents who participated in the survey. The most frequent were PhD holders having 51.2 % occupancy, the least frequent were graduates having 8% occupancy, however, the postgraduates were 40.80%.

Table 4: Descriptive analysis

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
DV	125	1	5	3.80	.793	-1.597	.217	4.334	.430
IV1	125	2	5	4.19	.800	-.746	.217	.025	.430
IV2	125	2	5	4.11	.764	-.744	.217	.565	.430
IV3	125	2	5	4.05	.841	-.924	.217	.110	.430
IV4	125	1	5	3.98	.818	-1.394	.217	3.773	.430
Valid N (listwise)	125								

Variable related hypothesis Descriptive analysis

The above tables represent the number of members involved in the survey which is 125 determined by N. As per the statement of Watkins (2021), it helps in the determination of the comprehensive occurrence of the factors involved in the study. The mean values of DV and IVs are 3.80, 4.19, 4.11, 4.05, and 3.98 respectively.

Table 5: Validity test

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.968
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	68.661
	10
	.000

Validity test

The above table denotes the sampling competence which is 0.968. However, the approx. chi-square score value is 68.66 with a df value of 10. KMO values nearer to 1.0 are measured ideal while values less than 0.5 are unacceptable. As per the comment of Roni and Djajadikerta (2021), a KMO of at least 0.80 is decent enough for factor examination to instigate.

Table 6: Pearson's Correlation Test

Correlations						
		DV	IV1	IV2	IV3	IV4
DV	Pearson Correlation	1	.252**	0.85	.013	.194*
	Sig. (2-tailed)		.005	.860	.886	.030
	N	125	125	125	125	125
IV1	Pearson Correlation	.252**	1	.352**	.213*	.266**
	Sig. (2-tailed)	.005		.000	.017	.003
	N	125	125	125	125	125
IV2	Pearson Correlation	.016	.352**	1	.217*	.056
	Sig. (2-tailed)	.860	.000		.015	.535
	N	125	125	125	125	125
IV3	Pearson Correlation	.013	.213*	.217*	1	.201*
	Sig. (2-tailed)	.886	.017	.015		.025
	N	125	125	125	125	125
IV4	Pearson Correlation	.194*	.266**	.056	.201*	1
	Sig. (2-tailed)	.030	.003	.535	.025	
	N	125	125	125	125	125

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

* . Correlation is significant at the 0.05 level (2-tailed).

Pearson's Correlation Test

The value of the Pearson correlation coefficient is confident which proposes that there is a robust and positive association between the established variables and confirmed hypotheses. There is a strong connection between income levels, financial literacy, access to financial services, cultural influences, and household investment selections.

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.392 ^a	.153	.125	.742	1.794

a. Predictors: (Constant), IV4, IV2, IV3, IV1
b. Dependent Variable: DV

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.972	4	2.993	5.439	.054 ^b
	Residual	66.028	120	.550		
	Total	78.000	124			

a. Dependent Variable: DV
b. Predictors: (Constant), IV4, IV2, IV3, IV1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.835	.645		4.392	.000
	IV1	.388	.097	.392	3.998	.054
	IV2	.153	.099	.148	1.550	.045
	IV3	-.036	.077	-.043	-.468	.664
	IV4	-.289	.086	-.298	-3.352	.049

a. Dependent Variable: DV

Table 7: Multiple regression test

Multiple regression

Table 7 highlights three different models and examinations including the model summary table, ANOVA, and coefficient value representing the score values of DV and IVs respectively. Furthermore, the significance of the examination shows the consent of each of the variables from hypotheses one to four. The significance values of the DV and IVs are close to the normal distributional score value of 0.05 which suggests a strong correlation among them (Sen and Yildirim, 2022). The result suggests that there is a strong connection between income levels, financial literacy, access to financial services, cultural influences, and household investment selections.

Discussion

In deliberating household investment selections and their financial impact in Eastern India, it's vital to deliberate the interplay of several influences. As per the notion of (), income levels meaningfully affect investment measurements, with higher profits often allowing greater modification into riskier but hypothetically higher-yielding possessions such as impartialities and mutual funds. Financial knowledge plays an essential role, as families with better monetary information may opt for more expanded portfolios and comprehend the insinuations of different speculation options. In addition to this, access to financial amenities also outlines speculation behaviors; sections with better banking substructure and speculation advisory amenities tend to see more varied speculation selections.

As per the comment of (), cultural influences, such as preferences for perceptible possessions such as gold and real domain due to cultural standards or historical performance, further influence investment pronouncements. In Eastern India, comprehending these dynamics is essential for representatives aiming to endorse economic development and monetary inclusion. Furthermore, techniques focusing on improving monetary proficiency, extending admittance to different monetary items, and addressing social discernments around speculation can hypothetically inspire more balanced and growth-oriented speculation behaviors among households in the province.

Conclusion

From the above discussion, it can be concluded that financial literacy improvement, banking infrastructure expansion, and lecturing cultural insights can stimulate wider economic growth and wealth conception.

Additionally, policy procedures aimed at indorsing diversified speculation portfolios and refining financial presence are vital for connecting the region's financial potential and certifying sustainable expansion in Eastern India.

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Appendix

Appendix: Survey Questions

Survey link:

https://docs.google.com/forms/d/11XOjI9CU13_gur5_k391SIRonEPiFqUMrWCQ_FLaaUU/edit#responses

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: Household Investment Choices

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

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

IV1: Income Levels

The varying revenue levels among families affect their dimensions of investment resulting in the alteration of household investment choices

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

IV2: Financial Literacy

The extent of acquaintance and understanding of monetary products and savings impacts the investment types

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

IV3: Access to Financial Services

Availability and approachability of banks, financial consultants, and speculation platforms play a huge role in affecting household investment selections

Areas with better admittance to banking services, speculation advisors, and monetary markets tend to understand more spread speculation portfolios among families.

IV4: Cultural Influences

Traditional practices and beliefs affect investment preferences in the region.

Cultural influences, such as preferences for perceptible possessions such as gold and real domain due to cultural standards or historical performance, further influence investment pronouncements”