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### EXPLORING INVESTOR ATTITUDES AMONG SALARIED PROFESSIONALS IN MUMBAI'S SUSTAINABLE FINANCIAL MARKETS

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**“The four most dangerous words in investing are: this time it’s different”**

**– John Templeton**

*The adoption of sustainability principles is positioned as an innovative strategy capable of addressing emotional gaps and financial instability. Analogous to the notion that temporary separation from loved ones can yield enduring emotional returns, directing resources toward eco-friendly investments is deemed a pathway to lasting financial stability. John Templeton's cautionary words, "this time it's different," underscore the importance of a discerning mindset in sustainable finance, cautioning against the misconception that prioritizing sustainability leads to fundamentally different outcomes. Managing the shift of capital from conventional to sustainable investment practices is seen as a potential source of substantial long-term returns, contributing not only financially but also to positive societal and environmental impacts.*

*Examining the financial markets as drivers of economic growth, this study investigates the perspectives of employed individuals in Mumbai on their participation, delving into factors influencing their investment decisions. The primary research goal is to scrutinize the attitudes and beliefs of salaried investors, considering their experiences and risk tolerance. Through probing viewpoints, the study aims to reveal drivers and obstacles shaping investment choices, contributing to a deeper understanding of investor behavior. Additionally, the research explores the impact of financial literacy on risk perception and portfolio allocation, alongside assessing the influence of financial advisors on investor perceptions and selections. Ultimately, the study aims to provide a comprehensive insight into investors' attitudes, enhancing financial market efficiency, and indirectly addressing sustainable investment attitudes by exploring the role of environmental, social, and ethical considerations in shaping investment choices.*

*Keywords: Financial Market, Investment Decision, Financial Literacy, Portfolio Allocation, Investor Perception, Sustainable Financial Market*

#### **INTRODUCTION**

In today's vibrant and interconnected global economy, financial markets play a crucial role in shaping the fortunes of individuals and organizations alike. The economic development of any country depends upon the well-organized financial market. These markets serve as a foundation for capital allocation and offer a wide range of investment opportunities for investors to grow their wealth through diverse investment instruments of varying risk and return profile. Accordingly, understanding how investors perceive and approach these financial markets is very important in navigating the complexities of the investment landscape.

The financial market which comprises various instruments like stocks, bonds, commodities, currencies, and variety of derivative instruments, are not only platforms for capital mobilization but also mirrors of the socio-economic landscape. The ebbs and flows of these markets often reflect prevailing sentiments, investor confidence, and economic conditions. Understanding the mindset of investors, their perceptions, and their response to market fluctuations becomes crucial in predicting market dynamics and the potential outcomes of investment decisions.

The perception of investors is shaped by a number of factors, including but not limited to risk tolerance, market experience, financial literacy, past experience, socio-cultural influences, and macroeconomic indicators. The interplay of these variables can give rise to diverse investment strategies, ranging from conservative approaches

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focused on capital preservation to aggressive approaches aimed towards maximizing returns. Therefore, understanding these intricacies can shed light on the mechanisms behind portfolio diversification, asset allocation, and risk management.

In the dynamically changing era, investor perception is also linked to the emergence of digital technologies and the growing prominence of algorithmic trading, robo-advisors, and other fintech solutions. The advent of these innovations has revolutionized the investment landscape, presenting both opportunities and challenges for market participants. Understanding how these advancements impact investor perception can help to foster an environment that promotes investor confidence and stability.

The top global ESG (Environmental, Social, and Governance) funds exhibit a diversified portfolio across various sectors. In the Information Technology sector, commonly held stocks include Microsoft, Applied Materials Inc, Cadence Design Inc, Adobe Inc, and Texas Instruments. Energy holdings encompass Oneok Inc, Hess Corporation, Cheniere Energy, Chevron Corporation, and ConocoPhillips. Within Communications, Alphabet, Discovery Inc, Electronic Arts, Cable One, and Verizon Communications Inc are prominent. Financials are represented by Charles Schwab Corp, CME Group, Marsh and McLennan Inc, Moody's, and BlackRock. Consumer Discretionary includes V.F Corp, Nike Inc, The Home Depot, BorgWarner, and Hasbro. In Healthcare, holdings feature Thermo Fisher Scientific, Danaher Corp, Agilent Technologies, Cerner Corp, and Becton Dickinson. Materials sector holdings consist of Ecolab Inc, Linde Public Company, International Flavours and Fragrance, Ball Corporation, and Newmont Corporation. Real Estate holdings involve American Tower Corporation, Equinix Inc, Digital Realty Trust, Boston Properties, and Prologis. Utilities sector holdings include American Waterworks, Eversource Energy, Consolidated Edison, Centerpoint Energy, and Sempra Energy. These ESG funds prioritize companies that align with sustainable and ethical practices across a broad spectrum of industries.

### TOP GLOBAL ESG FUNDS: MOST COMMONLY HELD STOCKS



MSCI Top 5 Common Holdings in ESG Funds By Sectors (2020)

Name of The Sector	1	2	3	4	5
Information Technology	Microsoft	Applied Materials Inc	Cadence Design Inc	Adobe Inc	Texas Instruments
Energy	Oneok Inc	Hess Corporation	Cheniere Energy	Chevron Corporation	Conoco Phillips
Communications	Alphabet	Discovery Inc	Electronic Arts	Cable One	Verizon Comms Inc
Financials	Charles Schwab Corp	CME Group	Marsh and McLennan Inc	Moody's	Blackrock
Consumer Discretionary	V.F Corp	Nike Inc	The Home Depot	Borgewarner	Hasbro
Healthcare	Thermo Fisher Scientific	Danaher Corp	Agilent Technologies	Cerner Corp	Becton Dickinson
Materials	Ecolab Inc	Linde Public Company	International Flavours and Fragrance	Ball Corporation	Newmont Corporation
Real Estate	American Tower Corporation	Equinix Inc	Digital Realty Trust	Boston Properties	Prologis
Utilities	American Waterworks	Eversource Energy	Consolidated Edison	Centerpoint Energy	Sempra Energy

Source: MSCI ESG Funds Report 2021

### **The India Story of ESG:**

The Indian Green, Social, and Sustainability (GSS) debt market is experiencing notable developments in 2022, marked by significant policy initiatives and market trends. The Union Budget's announcement of a domestically issued sovereign green bond is poised to stimulate further issuance from public and private sector entities, influencing the domestic green bond markets immediately. Policy developments are creating frameworks aligning with international best practices, focusing on assessing, disclosing, and mitigating risks related to Environmental,

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Social, and Governance (ESG) factors. The government's emphasis on a green transition, as seen in initiatives like the National Hydrogen Policy and sustainable agriculture, reinforces India's commitment to environmentally conscious finance. The intention to join the Sovereign Green Bond Club in 2022 signals India's ambition to become a green finance hub, attracting both public and private capital. Despite most GSS deals originating offshore, actions by the Ministry of Finance's Sustainable Finance Task Force aim to strengthen the domestic market, with utility-scale renewable energy expected to dominate amid robust auction mechanisms and banking support. Solar rooftop and electric vehicles are identified as promising development prospects in the medium term, benefiting from future green bond initiatives. Interest rate movements may impact issuance volumes, but the overall trajectory signals a dynamic and promising future for sustainable finance in India.

INDIAN ESG FUNDS: THE HOLDINGS AND INVESTMENT CRITERIA				
ESG Funds: The India Story				
Fund Name	Inception Date	Equity holding (Nos)	AUM (in Crores)	Investment Criteria
Aditya Birla Sun Life ESG Fund - Direct Plan	Dec-20	40	1074	Invest 60-80% in large remaining in small and medium caps ESG compliant companies. Can invest in ESG focused international companies up to 35% of Net Assets
Axis ESG Equity Fund - Direct Plan	Feb-20	51	2133	Minimum 80% investment in stocks with high ESG scores- Schroders Inputs driven process
ICICI Prudential ESG Fund - Direct Plan	Oct-20	29	1920	High ESG score Focus
Invesco India ESG Equity Fund - Direct Plan	Feb-21	33	739	Minimum 80 % in Equity ESG compliant companies. Can invest in ESG focused international companies up to 30% of Net Assets
Kotak ESG Opportunities Fund - Direct Plan	Dec-20	40	1817	Invest 60-80% in large remaining in small and medium caps ESG compliant companies. Can invest in ESG focused international companies up to 35% of Net Assets
Mirae Asset ESG Sector Leaders Fund of Fund - Direct Plan	Nov-20	51	139	Invest in stocks in proportion similar to Nifty 100 ESG Sector Leaders Index
Quant ESG Equity Fund - Direct Plan	Oct-20	26	25	Uses VLTR +Q2 framework with 40% to 60% investment in ESG focused stocks, International exposure allowed 35 % of net assets
Quantum India ESG Equity Fund - Direct Plan	Jul-19	45	50	Targets sustainable companies that value ESG factors
SBI Magnum Equity ESG Fund - Direct Plan	May-18	41	4251	Invests 80% in ESG focused stocks and 20% in other equity/debt money market instruments

Source: Value Research, Morningstar

The surge in ESG funds in India, primarily launched post-2019, has resulted in a remarkable 4.7-fold increase in assets under management (AUM) within a span of two years. While the current size of ESG investments in India remains relatively small on a global scale, the growth has been robust. Notably, these funds exhibit a diverse range of exposures to carbon-intensive sectors, such as oil and gas, suggesting a lack of a definitive link to decarbonization strategies. However, as the global momentum towards net-zero policies gains traction, it is anticipated that decarbonization will become a prominent theme for certain funds, offering increased opportunities for sustainable investment strategies in the future.

Companies across various sectors, including IT giants like Infosys and Wipro, construction material leader Ultratech, electric equipment manufacturer Havells India, and paint industry player Asian Paints, are exemplifying a significant paradigm shift by seamlessly combining financial success with environmental and social responsibility. These corporations have not only demonstrated impressive financial returns, with notable 1-year returns ranging from 66.35% to 105.44%, but have also made substantial strides in sustainability. Achievements such as achieving carbon neutrality, investing in renewables, promoting gender diversity, implementing renewable energy solutions, and focusing on low-carbon products showcase a commitment to comprehensive environmental and social initiatives. These companies are setting new standards, illustrating that success in the corporate world can be intertwined with responsible and sustainable business practices, providing a model for others in their respective industries to follow.

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### TOP ESG PERFORMERS



Top Performers: Companies That "Acted" on ESG

Company	Sector	1 Year Return (28/09/2021)	ROE	Effort
Infosys	IT	66.35%	25.34	India's sustainability leader Infosys has achieved carbon neutral across Scope 1,2,3 emissions in fiscal FY21. The company also achieved ~50% of the company's electricity needs in India is met through renewables and reduced educed 84.5% of its absolute Scope 3 emissions. On Social front 2.02 mn users are learning on Infosys Wingspan platform and Infosys workforce is comprised of 38.6% women. The The Infosys Board is comprised of 22% women with proportion of spending on local suppliers (in India) was nearly 71% in the year.
Wipro	IT	105.44%	19.66	Just like Infosys Wipro too has made considerable impact. On Environmental level Wipro's 35 % of India offices are using renewable energy. The company has 18 Green Buildings and has saved over 206 million units of Energy over last 10 years. 41% of our water is recycled avoiding 9,775 Mn liters over last 10 years and 574,110 tons of GHG emissions avoided over last 10 years . The company has 35% Women of the total workforce that comes from 132 nationalities. It also had 578 employees
Ultratech	Construction Materials	93.41%	12.36	Following its low carbon roadmap, the company has launched low carbon products such as Portland Pozzolona Cement (PFC) Super and Composite Cement which have a lower clinker factor compared to Ordinary Portland Cement (OPC) and as part of green energy portfolio increased the share of renewable energy with effective capacity of more than 148 MW renewable power source. It has also reduced lead distance for procurement of raw materials through local suppliers at various units
Havells India	Electric Equipment	101.33%	20.17	Havells eliminated the use of trace Kr-85 radioactive isotope from the entire CMI (ceramic metal halide) lighting range a few years back. No product of Havells now has radioactive components. In addition to this, the company has four zero water discharge facilities, two renewable energy initiatives -- biomass and solar lamps -- and four resource conservation initiatives across all its plants.
Asian Paints	Paints	72.88	24.15	Asian has launched a project NEW (N- natural resource conservation, E- energy and emission reduction, W- waste reduction). Under this project the company has achieved 184.5 % water replenishment, 57.2 % of total energy is now renewable energy, 56% reduction in hazardous waste disposal compared to 2013-14, 75.9% reduction in specific affluent generation and achieved over 199000 participants were trained at the Asian Paints Colour Academy

Source: AMSEC Research, Respective Sustainability reports, Media Reports, Moneycontrol.com

### Need of the Study

Studying investors' perceptions towards investment in the financial market is important for several reasons, as it provides valuable insights into the behavior and decision-making processes of investors. Investor perceptions contribute to the field of behavioral finance, which explores the psychological biases and emotional factors that influence investment decisions. This knowledge can help investors and financial professionals make better decisions. It helps in understanding why investors make certain decisions in the financial markets. This knowledge can be used by financial analysts, policymakers, and investment advisors to better cater to the needs and preferences of investors. Investor perceptions are closely linked to their risk tolerance and risk perception. A study on this topic can help identify the factors that influence these perceptions, which is crucial for effective risk management in financial markets. It also provides insights into the asset classes and investment vehicles that investors are more likely to favor during different market conditions. Financial institutions and investment firms can use insights from investor perception studies to design new financial products and services that align with investors' preferences and objectives. It also informs financial institutions about the development of investor education programs. Educating investors about the realities of the financial markets can help them make more informed and rational investment decisions. The study responds to the need for a more resilient, informed, and socially responsible financial ecosystem by delving into the intricacies of investor behaviour, preferences, and perceptions.

### Purpose of the Study

The purpose of the study entitled **"Investors Perception towards Investment in Financial Market: A Study amongst Salaried Employees in Mumbai"** is to investigate and understand how salaried investors perceive and evaluate the opportunities, risks, and various factors that influence their decisions to invest in financial instruments such as stocks, bonds, mutual funds, or other assets within the financial markets. The study also aimed at analyzing the impact of Covid-19 pandemic on the investment perception of salaried investors. The research will help researchers and policymakers gain insights into the behavior and decision-making processes of investors. This understanding can be valuable for designing policies and investment products that align with investor preferences and needs. The findings of the present research will inform investment professionals, financial advisors, and individual investors about how to develop effective investment strategies and asset allocation decisions.

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### RESEARCH METHODOLOGY

#### **i. Objectives of the Study**

- a. To identify the investment preference of salaried employees of various financial investment avenues.
- b. To identify the risk profile of salaried employees.
- c. To identify the factors influencing the investment perception of salaried employees of investing in financial market.
- d. To identify the influence of Covid-19 pandemic on investment preference of salaried employees.

#### **Hypothesis**

H<sub>01</sub>: There is no significant in the investment preference of salaried employees of Mumbai city.

H<sub>02</sub>: There is no significant difference in the risk preference of salaried employees of Mumbai city.

H<sub>03</sub>: There is no significant difference in the factors influencing risk perception of salaried employees of Mumbai city.

H<sub>04</sub>: There is no significant importance of financial literacy for investment in financial market for salaried employees of Mumbai city.

H<sub>05</sub>: There is no significant difference in the level of confidence of salaried employees of Mumbai city in the financial market's predictability and stability.

H<sub>06</sub>: There is no significant impact of Covid-19 pandemic on the investment preference of salaried employees of Mumbai city.

**ii. Research Design-** This study employs an exploratory research design to investigate investor attitudes towards various factors among salaried professionals in Mumbai's sustainable financial markets. The research adopts a quantitative approach, utilizing a survey method as the primary research technique. The data collection process revolves around a systematically structured and transparent questionnaire to gather relevant insights.

**iii. Sampling Design:** For selecting the sample various demographic factors like age, gender, occupation, marital status, educational qualification and income will be used. With an increase in age the income is also expected to increase. Thus, investors of various age groups possess different investment goals, risk profile, investment choice etc. With a review of literature, it has been observed that gender also influence investment preference of the investor. Some researchers have proved that while male are more risk takers, women on the other hand are risk averse. Marriage increases the responsibilities of a person and hence his investment preferences also change. Investor's ability to understand financial market, risk and return profile of various investment avenues increases with an improvement in his/her educational qualification. And at last income has a positive correlation with savings as proved by Keynes in his theories. As income increases savings are also expected to increase and this also affects the investment preferences of the investors.

**iv. Sample Design:** Out of the 260 questionnaires distributed in and around Mumbai to individuals who meet the criteria of being both salaried employees and investors for at least the past year, 200 respondents successfully completed the survey for the purposes of this study.

**v. Method of Data Collection:** Primary data is collected through a structured questionnaire created on Google form.

**vi. Statistical Tool:** Measures of Central Tendencies will be used for analysis of data.

**vii. Sampling Technique** – Convenience sampling

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### LIMITATIONS

1. The present study is conducted on salaried employees only. Hence the result shows perception of only salaried employees and not the general perception of all investors.
2. The study is conducted in Mumbai city only. The result shows perception of investors of a particular city only. It can further be extended to cover a large area.
3. Due to time constraint the sample size was taken as 200 only. A large sample size can reveal more generalized results.
4. Results are based on the information provided by the respondents in the questionnaire. Hence the accuracy of results depends on correctness of the information.
5. Only salaried employees are considered for the purpose of present study. So the results are true only for a particular section of investors.
6. Reluctance of the investors to provide complete information about them can affect the validity of the responses.

### LITERATURE REVIEW

**Arthi (2022)** carried out a study with the objective of finding out the investor's perception towards investment in Equity market in India. The aim of the researcher was to identify the major factors that contribute towards investor's perception in Equity. Primary data was collected through a structured Questionnaire. The results showed a positive impact between various Market factors and the Equity Investors' Investment decisions. Among the various investment avenues available for the investment, investor prefers the investments based on their risk return preference. Debentures/Bonds were ranked as the first preferred investment avenue. Post office savings schemes were ranked as the second preferred investment avenue. Equity was ranked as the third preferred investment avenue.

It is essential to the growth of the mutual fund industry that investors have a widespread readiness to accept mutual funds as a solid investment. When investing in mutual funds, it is essential to determine the factors and considerations that influence the investment decisions made by investors. **Gawande et al. (2022)** conducted a study to find the perception of the investors towards the mutual fund and to analyze the investors' behaviour towards mutual funds. The results showed that investors' perceptions of risk, individual investments they hold, the characteristics of mutual fund features, and the quality of fund management were found as elements that effect investors' views of mutual funds. **Sharma and Priya (2018)** highlighted that in the current scenario it is very important to identify needs of mutual funds investors, their preference for mutual funds schemes and its performance evaluation. The researchers conducted their study with an objective to know the perception of investors towards investment in mutual funds. The findings of the study revealed that the major factors that influence buying behavior of mutual funds investors are fund characteristics, creditability, convenience, success factors, and fund family.

**Madhu and Vanishree (2022)** conducted a study on investor's perception towards investing in domestic and foreign stock market. The results showed a significant relationship among the investment experience group and investment decision of the investors in the domestic and foreign stock market while no statistical significance was found between demographic factors and investment behavior of investors towards domestic and foreign stock market.

**Sowmya and Reddy (2016)** in their research explored investor's perception towards investments in various investment avenues. Investor's perception differs on the basis of different demographic factors like age, gender, occupation, qualification and income levels. The findings implicated that investor preferring to investing in bank deposit showed higher likelihood to make their investment avenues than higher risk. Regular income was prime

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objective of investment and it was followed by more income/ profit, capital appreciation and safety return of capital and interest respectively.

**Priyadharisini & Lakshmanan (2019)** in their study ascertained the factors influencing investors towards stock market decision and identify the perceptions of investors for factors affecting volatility towards stock market. The results indicated that the main factors influencing investor's perception are return on investment and short term profitability.

**Shalini et al. (2012)** in their research attempts to examined the relationship between investor's preference on various attributes and perceived satisfaction on different financial instruments. The results showed a strong relationship between perceived preference and perceived satisfaction of financial instruments among retail investors. Irrespective of the age, income level and occupation, people still have great faith on government securities, bank and post office deposits. This shows that people do not get secured feeling towards other instruments like mutual funds, derivatives etc.

**Vipparthi and Margam (2012)** revealed that the investors' perception is dependent on the demographic profile and assesses that the investor's age, marital status and occupation has direct impact on the investor's choice of investment. The study further revealed that female segment are not fully tapped and even there is low target on higher income people. It revealed that Liquidity, Flexibility, Tax savings, Service Quality and Transparency are the factors which have a higher impact on perception of investors.

**Ravichandran (2008)** in his research has stated that younger generation investors are willing to invest in capital market instruments and that too very highly in derivatives segment. Although the knowledge of the investors in the derivative segment is not adequate, they tend to take decisions with the help of brokers or through their friends and were trying to invest in the market. He also pointed that friends and relatives followed by brokers are the most influential persons to pull the investors into the capital market.

### DATA ANALYSIS AND INTERPRETATION

#### 1. Demographic Variables of the Respondents:

**Table 1:** Demographic Variables of the Respondents

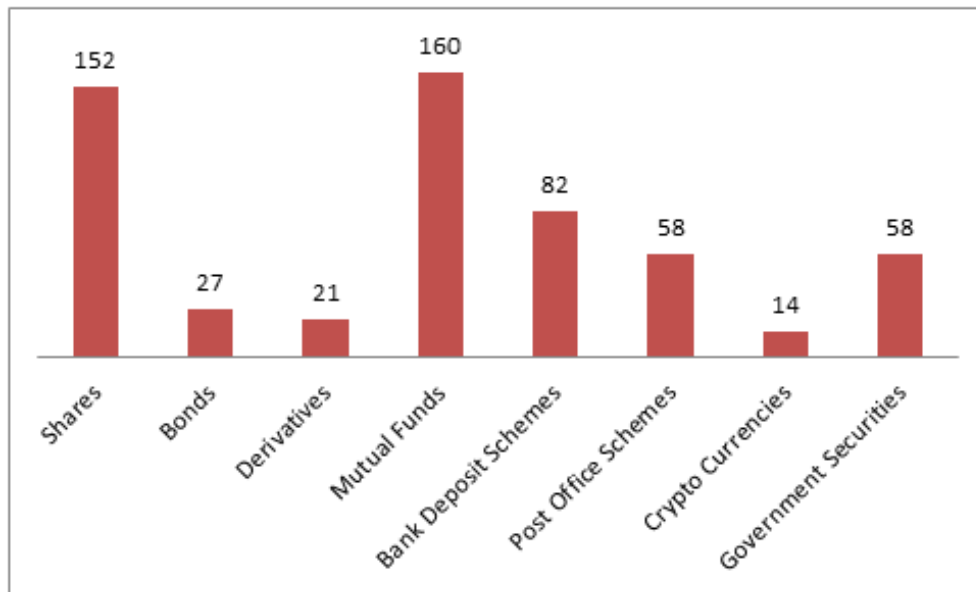
Demographic Factors		N	%
Age	< 30 years	66	33
	30-40 years	60	30
	40-50 years	47	23.5
	50-60 years	21	10.5
	Above 60 years	6	3
Gender	Male	98	49
	Female	102	51
	Transgender	0	0
Occupation	Government Employee	32	16
	Private Employee	102	51
	Business	11	5.5
	Professional	34	17
	Any Other	21	10.5
Marital Status	Married	123	61.5
	Unmarried	73	36.5
	Divorcee	2	1
	Widow/Widower	2	1
Educational Qualification	Below X	0	0

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	X Pass	2	1
	XII Pass	2	1
	Graduate	43	21.5
	Post Graduate	85	42.5
	Ph.D.	23	11.5
	Professional(CA/CS/CMA)	45	22.5
Annual Income	Below Rs.1,00,000	24	12
	Rs.1,00,000 to Rs.5,00,000	45	22.5
	Rs.5,00,000 to Rs.10,00,000	62	31
	Rs.10,00,000 to Rs25,00,000	54	27
	Above Rs.25,00,000	15	7.5

*Source:* Primary Data (Survey of Salaried Employees)

**2. Type of Financial Instrument Selected by Respondents for Investment**



**Figure 1:** Financial Instruments Selected by Respondents for Investment

*Source:* Table 2

Investor’s preference and risk tolerance plays a major role in deciding an investment avenue. Recent studies showed that the youth is more inclined to risky financial securities such as shares, derivatives or mutual funds. Figure 1 represents financial instruments selected by the respondents for investment. It is cleared from the figure that mutual funds and shares are the most preferred financial instruments. This is at par with the current trend of the financial market with number of de-mat accounts at a record high level of above 11.5 crores. Bank deposit schemes stood as the third preferred financial instrument for investment. This shows a paradigm shift in the investment preference of the investors from a traditional outlook of depositing money in banks and post-office schemes to schemes with high risk-return profile like mutual funds and shares. This trend indicates that the new generation investors are willing to take more risk while investing money.

**RESULT:**

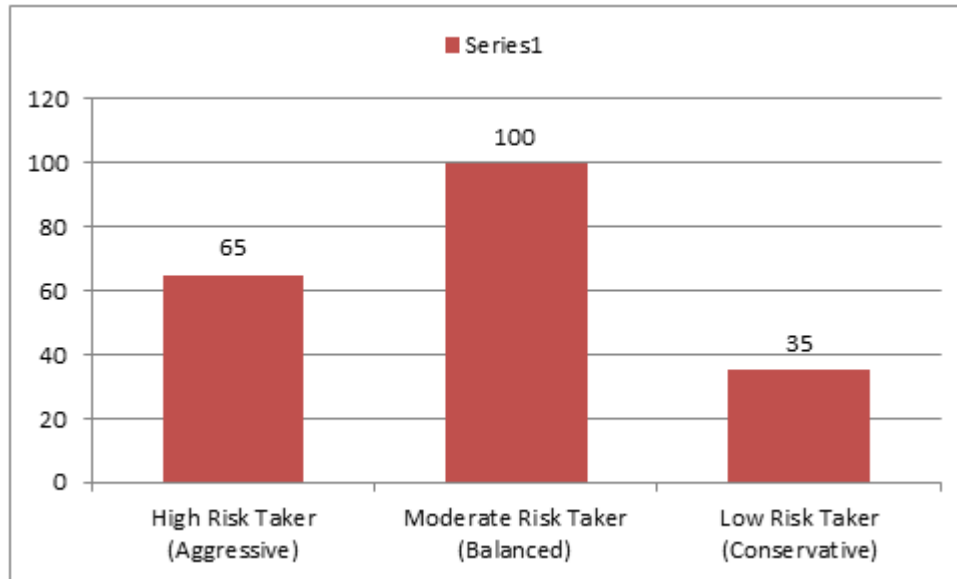
Based on figure 1 the quoted hypothesis “H<sub>01</sub>: There is no significant in the investment preference of salaried employees of Mumbai city” is rejected as the highest frequency or the Modal frequency is 160 for Mutual funds.



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This value largely differs from other frequencies. This shows that most of the investors prefer mutual fund as an avenue for investment among the salaried employees in Mumbai city.

### 3. Investment Style of Respondents



**Figure 2:** Investment Style of Respondents

*Source: Table 3*

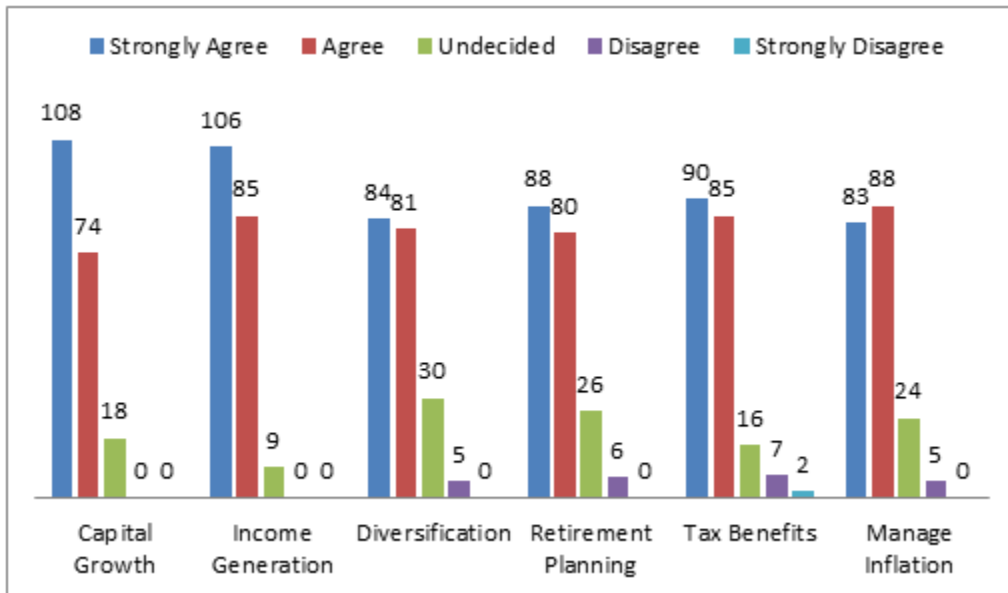
Figure 2 shows investment style or risk bearing capacity of the respondents. Out of 200 respondents 100 (50%) are moderate risk taker, while 65 (32.5%) respondents are high risk taker. Only 35 (17.5%) investors have conservative outlook in their investment behavior. This shows that the investment style of investors is shifting from a low risk taker to a moderate or high risk taker. The obvious reason behind this shift is the expectation of a high return.

#### **RESULT:**

Based on figure 2 the quoted hypothesis “ $H_0$ : There is no significant difference in the risk preference of salaried employees of Mumbai city” is rejected as the highest frequency or the Modal frequency is 100 for Moderate Risk Taker. This value largely differs from other frequencies. This shows that most of the investors are moderate risk taker among the salaried employees in Mumbai city.

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**4. Factors Influencing Perception of Understanding and Decision of Investing of Respondents in Financial Market**

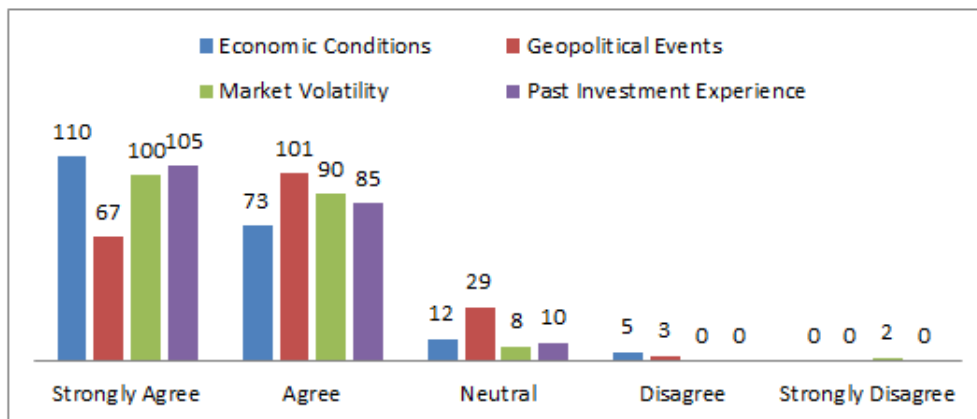


**Figure 3:** Factors Influencing Perception of Understanding and Decision of Investing of Respondents in Financial Market

*Source: Table 4*

Figure 3 shows the factors which influence the investment decision of respondents in financial market. Amongst the six factors identified which may influence the investment decision of an investor, a majority of the investors were agreed on these factors. Capital growth and income generation emerged to be the most important factors which influence the decision of investing money in financial market. This indicates that apart from capital growth investors are looking at financial market as an additional source of income. This will help the investors to manage inflation as well as to plan their retirement also.

**5. Factors Influencing Risk Perception of Respondents in Financial Market**



**Figure 4:** Factors Influencing Risk Perception of Respondents in Financial Market

*Source: Table 5*

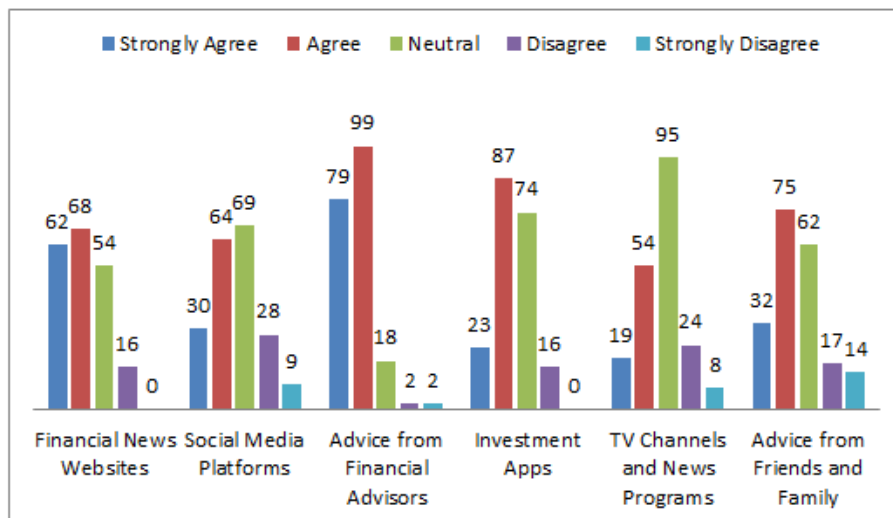
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Figure 4 shows factors influencing risk perception of respondents in financial market. Risk perception is subjective and can change over time as circumstances evolve and as investors gain more experience and information. Individual investors may weigh these factors differently based on their unique circumstances and preferences. More than 80 percent of the respondents are either strongly agree or agree that the selected factors influence their risk perception in financial market. Economic condition is the topmost factor influencing the risk perception of investors in financial market followed by past experience and market volatility. Economic condition of a country affects the entire financial market and contributes to systematic risk. Investors learn from their past experience and it helps them to analyze risk in future.

**RESULT:**

Based on figure 4 the quoted hypothesis “H<sub>03</sub>: There is no significant difference in the factors influencing risk perception of salaried employees of Mumbai city” is rejected as the highest frequency or the Modal frequency in case of strongly agrees investors is 110 for the factor Economic Conditions. This value largely differs from other frequencies.

**6. Factors Helpful while taking Investment Decision by Respondents in Financial Market**

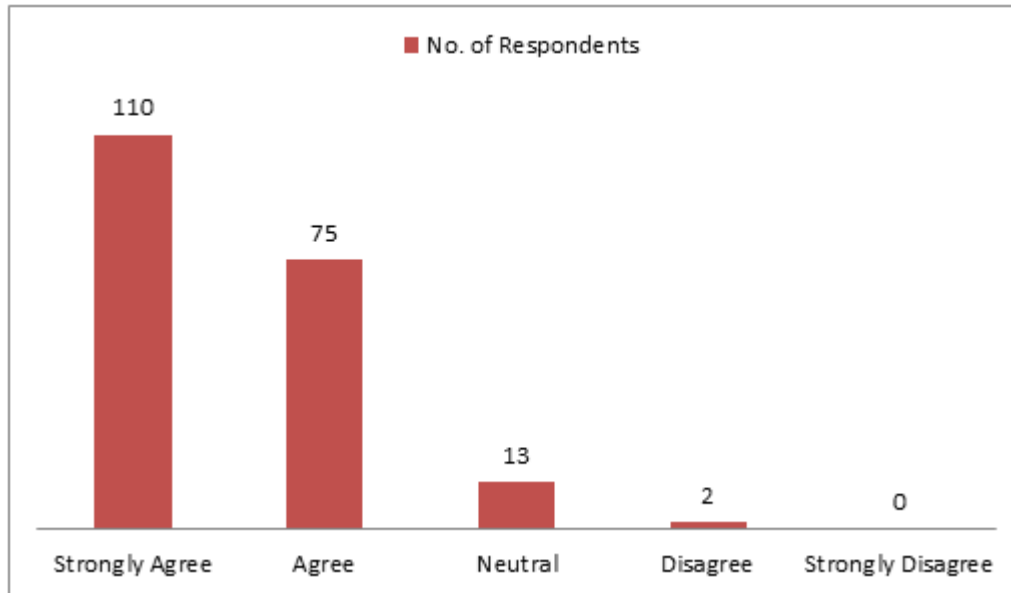


**Figure 5:** Factors Helpful while taking Investment Decision by Respondents in Financial Market

*Source: Table 6*

It is not easy for individual investors to take investment decision with their own. For this they use several sources. A combination of advices from these sources helps an investor to select an investment avenue which suits to his/her investment objectives. Figure 5 shows factors helpful while taking investment decisions by respondents in financial market. Advice from financial advisors emerged to be the most helpful factor to take investment decision. 89 percent of the respondents are either strongly agreed or agreed that advice from financial advisors are helpful while taking investment decision. Financial news websites also proved to be a supportive source to take investment decision. TV channels and news programs are the least influential source which helps in taking investment decision.

### 7. Importance of Financial Literacy for Investing in Financial Market



**Figure 6:** Financial Literacy is Essential for Investing in Financial Markets

*Source: Table 7*

Figure 6 shows the perception of respondents about importance of financial literacy for investing in financial markets. 110 respondents or 55 percent of total respondents strongly agree that financial literacy is essential for investing in financial markets while other 75 respondents or 37.5 percent are agree for the same. This shows the paramount importance of financial literacy for salaried employees to invest their money in financial market. Financial literacy can help investors in various ways like risk management, goal achievement, reduction in cost of investment, avoiding scams and frauds, adaptation to changing market conditions etc. It can be said that financial literacy is a critical foundation for successful investing. Therefore, it's essential for individuals to invest in their financial education to navigate the complexities of the financial markets effectively.

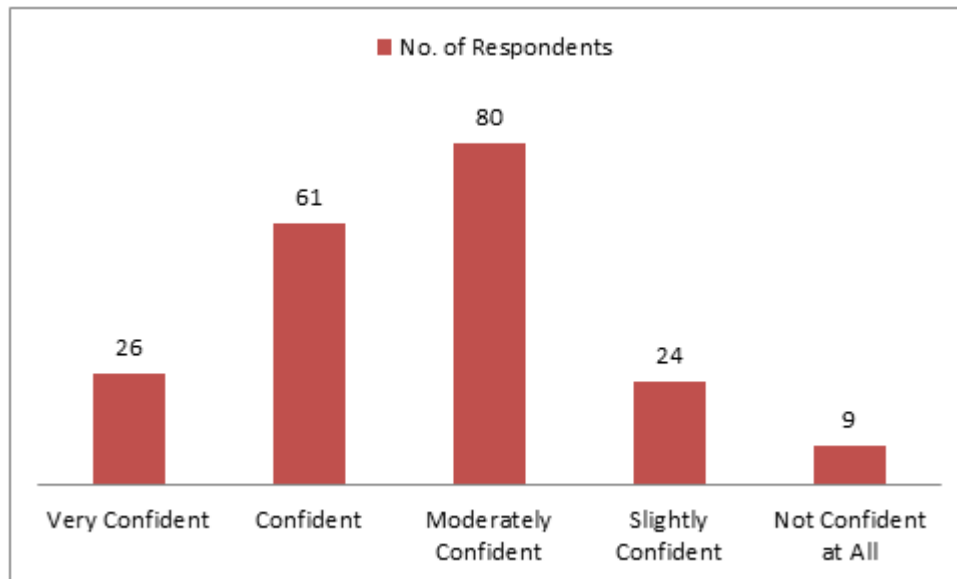
### RESULTS

Based on figure 6 the quoted hypothesis “ $H_{04}$ : There is no significant importance of financial literacy for investment in financial market for salaried employees of Mumbai city” is rejected as the highest frequency or the Modal frequency is 110 for strongly agree. This shows that most of the investors strongly agree that financial literacy is important for investment in financial market.

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### 8. Level of Confidence of Respondents in the Financial Market's Predictability and Stability



**Figure 7:** Level of Confidence of Respondents in the Financial Market's Predictability and Stability

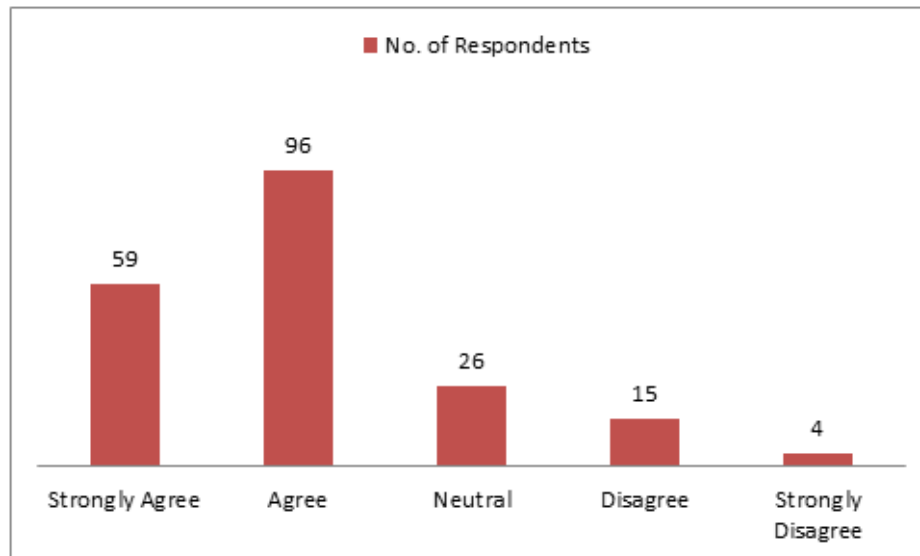
*Source: Table 8*

Figure 7 shows the level of confidence of respondents in the financial market's predictability and stability. Investor's confidence level in predicting financial market's stability can vary widely amongst the investors and depend on range of factors. These factors may be economic condition, financial literacy, past experience, excess to information etc. The study shows that 87 respondents or 43.5 percent of salaried employees were either very confident or confident on their level of confidence in financial market's predictability and stability and another 80 respondents or 40 percent were moderately confident. Only 9 respondents or 4.5 percent of the investors were not confident at all on their level of confidence in predicting financial market.

#### **RESULTS**

Based on figure 7 the quoted hypothesis " $H_{05}$ : There is no significant difference in the level of confidence of salaried employees of Mumbai city in the financial market's predictability and stability" is rejected as the highest frequency or the Modal frequency is 80 for moderately confident investors. This shows that most of the investors are moderately confident about their level of confidence in predicting financial market. This value largely differs from other frequencies.

### 9. Impact of Covid-19 Pandemic on Investment Perception of Investors



**Figure 8:** Does Covid-19 Pandemic Influence Investment Perception of Respondents in Financial Market

*Source: Table 9*

Figure 8 shows the influence of Covid-19 pandemic on investment perception of respondents in financial market. It is clear that the COVID-19 pandemic had a significant impact on the investment perception of investors in the financial markets. 77.5 percent of the respondents are either strongly agreed or agreed that Covid-19 pandemic has influenced their investment perception in financial market. Only a small portion of 9.5 percent respondents either disagree or strongly disagree that the pandemic has influenced their investment perception in financial market. Covid-19 has taught people the importance of savings and investment. It brought about changed investment priorities, and accelerated digitalization. After the pandemic, investors became more attuned to economic and health-related factors, with a focus on long-term planning and sustainability. The pandemic also underscored the importance of understanding behavioral biases and the need for adaptability in the face of unprecedented global events.

#### RESULTS

Based on figure 8 the quoted hypothesis “ $H_{06}$ : There is no significant impact of Covid-19 pandemic on the investment preference of salaried employees of Mumbai city” is rejected as the highest frequency or the Modal frequency is 96 for agreed investors. This shows that most of the investors are agreed that Covid-19 pandemic has an impact on their investment preference.

#### FINDINGS OF THE STUDY

- 98 percent of the investors hold either a graduate degree or a higher level degree. This shows a high level of literacy amongst the salaried employees in Mumbai.
- 65.5 percent of the investors have their annual income in the range of Rs 5 lakhs or more. This shows that per capita income in Mumbai is much more than national average of Rs2 lakhs.
- Mutual funds and shares are most preferred financial instruments. Covid-19 pandemic has significantly changed the preference of investors. Number of Demat accounts in India has crossed a mark of 115 million. High returns of stock market and equity mutual fund schemes and awareness programs of Asset Management Companies have played a significant role in changing the investment pattern of investors. Systematic investment plan has become the best investment choice in these days.

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- 50 percent of the salaried employees are moderate risk taker while another 32.5 percent are high risk taker. Only 17.5 percent of the investors were found to be in the category of low-risk taker or risk averse investors. This shows an increase in the risk appetite of the investors.
- Capital growth and income generation emerged to the foremost factors influencing the investment decision of salaried employees.
- Economic condition and past investment experience are the main influencing the risk perception of investors in financial market.
- Amongst the selected sources which helps an investor to take investment decision advice from financial advisors emerged to be the most helpful factor.
- Financial literacy emerged to be an essential element for investing in financial market. It gives a better understanding to compare various financial avenues and helps investors to analyze risk-return trade off. This a positive sign for a sustainable financial market. Financial literacy is essential for sustainability of financial market.
- A large portion (43.5%) of salaried employees was found confident in predicting the financial market. But the number of very confident investors is just 13 per cent. For a sustainable financial market a large number of investors must be confident in predicting the financial market.
- 77.5 percent salaried employees were agreed that Covid-19 pandemic has influenced their investment perception in financial market.

### **SUGGESTIONS**

1. There is an increasing trend among the investors to invest their money in riskier assets like shares and mutual funds. A large part of investors were agreed that financial literacy is essential for investment in financial market as lack of knowledge may result into losses. Hence more awareness and educational programs must be organized by stock brokers and mutual fund companies for the investors to increase their level of financial literacy.
2. Increasing flow of funds also increases the chances of frauds. Market regulator like SEBI must have a close watch on the stock market so as to keep retail investors safe from being a victim of any fraud.
3. As Covid-19 pandemic has significantly influenced the investment perception of the investors so newer products must be launched by financial institutions to cater the changing requirements of the investors.
4. For sustainability in financial market government should provide green financial incentives such as tax breaks or subsidies for green and sustainable investments. Also green finance funds should be established to support projects with positive environmental impacts.
6. Market regulators must frame policies that penalize unsustainable practices and reward sustainable initiatives.
7. Market participants must invest in training programs for financial professionals to enhance their understanding of sustainable finance.
8. Government must support the development of financial technology (fintech) solutions that promote sustainability.

### **CONCLUSION**

In this study, we delved into the complex environment of investors' opinions of financial market investments. We discovered some important findings through extensive research and analysis that shed light on the elements influencing investor mood and opinions.

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Financial knowledge among investors, risk appetite, and investment preferences have all evolved throughout time. Some of the causes driving this paradigm shift include investment awareness programs, business news channels, social media, investment apps, and financial advisor advice. Technological advancements have simplified the investment process. Such inventions must continue in the future. The regulatory structure of the financial market increases investor trust. As a result, regulatory authorities such as SEBI, RBI, and IRDAI must constantly monitor the functioning of the financial market and act not only to eliminate scams but also to promote market development.

Financial decisions are subjective, and hence differ from one investor to the next. Different investors have various investment goals. As we end our study, it is clear that investor perceptions of financial market investing are diverse and vulnerable to alter based on a variety of factors that fluctuate over time. Understanding these characteristics is critical for both ordinary investors and financial professionals as they navigate the complicated landscape of financial markets.

By positioning the adoption of sustainability principles as an innovative strategy to address emotional gaps and financial instability, the research addresses a crucial intersection of individual well-being and financial decision-making. This insight into how eco-friendly investments can serve as a pathway to lasting financial stability provides valuable guidance for individuals seeking a harmonious balance between financial gains and emotional wellness. Furthermore, the study draws on historical caution, emphasizing the need for a discerning mindset in sustainable finance.

Moreover, the study's exploration of the shift of capital from conventional to sustainable investment practices presents a compelling narrative of potential long-term returns. Beyond financial gains, this shift is positioned as a catalyst for positive societal and environmental impacts, aligning investments with broader sustainable development goals. Scrutinizing the attitudes and beliefs of salaried investors in Mumbai offers valuable insights into the factors shaping their investment decisions, contributing to a deeper understanding of investor behavior that is instrumental for financial analysts, policymakers, and practitioners.

Additionally, the study's examination of the impact of financial literacy on risk perception and portfolio allocation contributes to improving financial education initiatives, empowering individuals to make more informed and strategic investment choices. In assessing the role of financial advisors, the research offers insights that can refine advisory practices and ensure effective guidance, especially in the context of sustainable finance. Overall, the study has the potential to foster a more resilient, informed, and socially responsible financial ecosystem in Mumbai and beyond by influencing individual decisions and guiding market practices.

Sustainable financial market initiatives globally have seen an upswing, and it's plausible that Mumbai has been following these trends. Potential developments may include increased issuance of green bonds and sustainability-linked bonds to fund environmentally friendly projects, as well as the growth of sustainable investment funds in Mumbai. Impact investing platforms might have emerged, connecting investors with projects addressing local sustainability challenges, while companies in Mumbai could be incorporating sustainability into their Corporate Social Responsibility (CSR) initiatives. Government-led policies supporting sustainable finance, such as tax incentives and subsidies, may be in place, and the adoption of standardized ESG reporting could enhance transparency in the financial sector. Furthermore, Mumbai's financial institutions may be actively involved in financing renewable energy projects, aligning with the global push towards clean energy solutions. For the most current and specific information, it is recommended to consult local financial sources and sustainability organizations in Mumbai.

In line with the global theme and in alignment with its global parent, S&P, CRISIL Ratings Ltd in India has announced the introduction of a new step-down subsidiary named CRISIL ESG Ratings & Analytics Ltd for the year 2023. This subsidiary is strategically focused on the business of Environmental, Social, and Governance (ESG) ratings.



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As part of this initiative, the company has also unveiled ESG ratings in its yearbook, which comprehensively covers the latest global and domestic developments in the ESG landscape. The yearbook delves into crucial aspects such as the incorporation of climate risks by global financial institutions, the de-carbonization efforts in hard-to-abate sectors within India, the implications of transitioning from BRR to BRSR for Indian companies, insights garnered from their ESG roundtable, and a thorough examination of ESG trends based on the scores and data of over 575 Indian companies. This strategic move underscores CRISIL Ratings Ltd's commitment to staying at the forefront of ESG considerations and facilitating a comprehensive understanding of the evolving landscape for both domestic and global stakeholders.

### **FUTURE DIRECTIONS**

- 1. Behavioral Finance and Decision Making:** Researchers can investigate the psychological aspects influencing investment decisions among salaried employees, exploring behavioral biases, heuristics, and emotional factors.
- 2. Impact of Sustainable Investment:** Researchers can investigate the long-term impact of sustainable investments on financial markets, assessing their performance, risk, and resilience compared to traditional investments. They can also analyze the role of regulatory frameworks in promoting sustainable finance, assess the effectiveness of current policies, and propose recommendations for enhancing regulatory measures.
- 3. Innovation in Sustainable Financial Instruments:** Researchers can investigate the development and performance of innovative financial instruments, such as green bonds, social impact bonds, and sustainable indices, and assess their contribution to fostering sustainable practices.
- 4. Global Perspectives on Salaried Employee Investment:** Research can be conducted on comparing the investment patterns among salaried employees across different countries and regions, considering cultural, regulatory, and economic variations.
- 5. Social and Cultural Influences:** Researchers can explore the influence of social and cultural factors on investment choices, considering the role of family, peer networks, and societal norms in shaping financial decisions.

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### Annexure 1: List of Tables

**Table 2:** Type of Financial Instruments Selected by Respondents for Investment:

Sr. No.	Option	No. of Respondents	Percentage (%)
1	Shares	152	76
2	Bonds	27	13.5
3	Derivatives	21	10.5
4	Mutual Funds	160	80
5	Bank Deposit Schemes	82	41
6	Post Office Schemes	58	29
7	Crypto Currencies	14	7
8	Government Securities	58	29

*Source:* Primary Data (Survey of Salaried Employees)

**Table 3:** Investment Style of Respondents

Sr. No.	Option	No. of Respondents	Percentage(%)
1	High Risk Taker (Aggressive)	65	32.5
2	Moderate Risk Taker (Balanced)	100	50
3	Low Risk Taker (Conservative)	35	17.5

*Source:* Primary Data (Survey of Salaried Employees)

**Table 4:** Factors Influencing Perception of Understanding and Decision of Investing of Respondents in Financial Market:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
Capital Growth	108	74	18	0	0
Income Generation	106	85	9	0	0
Diversification	84	81	30	5	0
Retirement Planning	88	80	26	6	0
Tax Benefits	90	85	16	7	2
Manage Inflation	83	88	24	5	0

*Source:* Primary Data (Survey of Salaried Employees)

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**Table 5:** Factors Influencing Risk Perception of Respondents in Financial Market:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Economic Conditions	110	73	12	5	0
Geopolitical Events	67	101	29	3	0
Market Volatility	100	90	8	0	2
Past Investment Experience	105	85	10	0	0

*Source:* Primary Data (Survey of Salaried Employees)

**Table 6:** Factors Helpful while taking Investment Decision by Respondents in Financial Market:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Financial News Websites	62	68	54	16	0
Social Media Platforms	30	64	69	28	9
Advice from Financial Advisors	79	99	18	2	2
Investment Apps	23	87	74	16	0
TV Channels and News Programs	19	54	95	24	8
Advice from Friends and Family	32	75	62	17	14

*Source:* Primary Data (Survey of Salaried Employees)

**Table 7:** Is Financial Literacy Essential for Investing in Financial Markets:

Sr. No.	Option	No. of Respondents	Percentage(%)
1	Strongly Agree	110	55
2	Agree	75	37.5
3	Neutral	13	6.5
4	Disagree	2	1
5	Strongly Disagree	0	0

*Source:* Primary Data (Survey of Salaried Employees)

**Table 8:** Level of Confidence of Respondents in the Financial Market's Predictability and Stability:

Sr. No.	Option	No. of Respondents	Percentage(%)
1	Very Confident	26	13
2	Confident	61	30.5
3	Moderately Confident	80	40
4	Slightly Confident	24	12
5	Not Confident at All	9	4.5

*Source:* Primary Data (Survey of Salaried Employees)

**Table 9:** Influence of Covid-19 Pandemic on Investment Perception of Respondents in Financial Market:

Sr. No.	Option	No. of Respondents	Percentage (%)
1	Strongly Agree	59	29.5
2	Agree	96	48
3	Neutral	26	13
4	Disagree	15	7.5
5	Strongly Disagree	4	2

*Source:* Primary Data (Survey of Salaried Employees)