International Journal of Creative and Open Research in Engineering and Management
ISSN: 3108-1754 (Online)
Volume 02 Issue 09 September-2026 | Impact Factor: 3.5

Investment Pattern of Small Investors and Financial Advisory Services in India: An Empirical Study

1. **KOPPU DEEPTHI** (24UJ1E0098), Student of 2nd Year MBA,
Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad, Telangana – 501 401.

2. **M RAJITHA**, Assistant Professor Dept of MBA,
Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad – 501 401.

How to Cite this Article:

DEEPTHI, K. (2026). Investment Pattern of Small Investors and Financial Advisory Services in India: An Empirical Study. International Journal of Creative and Open Research in Engineering and Management, <i>02</i>(9), 1-9. https://doi.org/10.55041/ijcope.v2i8.048

https://doi.org/10.55041/ijcope.v2i8.048

Abstract

Investment behaviour among small investors has changed considerably with increasing financial awareness, technological advancement, and the availability of diverse financial products. This study investigates the investment preferences of small investors and evaluates the contribution of financial advisory services to investment decision-making in India. A descriptive research design was adopted using primary data collected from 100 respondents through a structured questionnaire. Percentage analysis was employed to interpret the collected information. The findings indicate that investors mainly prefer bank deposits and mutual funds while recognising the importance of professional financial guidance, financial literacy, and diversified portfolios for achieving long-term financial stability and wealth creation.

Keywords

Small Investors, Investment Behaviour, Financial Advisory Services, Financial Literacy, Portfolio Diversification.

1. Introduction

Investment has become one of the most significant financial activities for individuals seeking long-term wealth creation and economic security. In India, the investment environment has evolved considerably due to financial sector reforms, technological innovation, increasing financial awareness, and the expansion of investment opportunities. Small investors constitute a substantial segment of the financial market and actively participate in various investment avenues to achieve their financial objectives. Their investment decisions not only improve personal financial well-being but also contribute to capital formation and national economic development. Small investors allocate their savings among different financial instruments according to their financial goals, expected returns, and willingness to accept investment risk. Conventional investment avenues such as bank deposits, insurance policies, provident funds, post office savings schemes, government securities, and gold continue to attract investors seeking stable returns and capital protection. Simultaneously, market-linked products including mutual funds, equity shares, systematic investment plans (SIPs), and exchange-traded investment products have gained increasing acceptance because of their potential to generate superior long-term returns. This gradual shift reflects the changing investment outlook of Indian investors.

Investment behaviour is shaped by several demographic, financial, and psychological factors. Income level, educational background, occupation, age, investment horizon, expected return, liquidity requirements, and risk tolerance significantly influence investment preferences. Investors possessing higher financial knowledge generally evaluate investment alternatives more effectively and construct diversified portfolios aligned with their financial objectives. Conversely, inadequate financial literacy often results in conservative investment decisions and limited participation in market-linked financial products. Therefore, improving financial awareness has become essential for promoting informed investment decisions.

Technological advancement has transformed investment management in India. Digital banking services, mobile investment applications, fintech platforms, and online trading systems have simplified investment transactions while providing investors with instant access to market information, portfolio monitoring, and financial planning tools. These developments have reduced transaction barriers and encouraged wider participation among retail investors. The increasing adoption of digital investment platforms demonstrates the growing acceptance of technology-enabled financial services across different investor groups.

Despite the availability of numerous investment opportunities, many individuals encounter difficulties in selecting appropriate financial products because of market uncertainty, product complexity, behavioural biases, and insufficient understanding of investment risk. Under such circumstances, professional financial advisory services play a significant role in supporting investors throughout the investment process. Financial advisors analyse investors' financial objectives, income, existing assets, liabilities, and risk-bearing capacity before recommending suitable investment strategies. Their guidance assists investors in portfolio diversification, risk management, retirement planning, tax planning, and long-term wealth creation.

The financial advisory industry in India has expanded rapidly with increasing investor awareness and greater demand for professional financial planning. Advisory services improve investor confidence by providing customised recommendations, continuous portfolio monitoring, and financial education. These services also encourage disciplined investment practices and assist investors in responding effectively to changing market conditions. Enhanced regulatory oversight and technological innovations have further strengthened the credibility and accessibility of financial advisory services across the country.

The present study examines the investment pattern of small investors and analyses the contribution of financial advisory services to investment decision-making in India. The study evaluates investor preferences, awareness regarding financial products, investment objectives, risk perception, and the influence of professional advisory services on portfolio selection. The findings provide meaningful insights for investors, financial institutions, advisory organisations, policymakers, and researchers seeking to strengthen financial literacy, improve investment practices, and promote sustainable financial growth.

2. Literature Review

Previous research has established that investment behaviour is influenced by financial literacy, income, risk tolerance, market awareness, and professional guidance. Early studies reported that Indian retail investors generally preferred low-risk investment avenues such as bank deposits and insurance because of their safety and stable returns. Researchers also observed that demographic characteristics including age, education, and occupation significantly influence investment decisions. Financial awareness was identified as an important factor that enables investors to evaluate investment alternatives and develop suitable investment strategies.

Recent studies indicate an increasing preference for mutual funds and equity investments due to their potential for higher long-term returns. Portfolio diversification has become a widely accepted strategy for balancing investment risk and return. Several researchers concluded that financial advisors assist investors by providing personalised investment recommendations, portfolio management, and risk assessment, thereby improving overall investment performance. Studies further reveal that technological advancements, digital investment platforms, and online advisory services have enhanced investor participation and accessibility to financial markets. The literature consistently concludes that financial literacy and professional financial advisory services contribute significantly to informed investment decisions and long-term wealth creation.

3. Research Objectives

1. To examine the investment pattern of small investors in India.
2. To identify the factors influencing investment decisions among small investors.
3. To assess investors' awareness of different investment avenues.
4. To evaluate the role of financial advisory services in investment planning and decision-making.
5. To suggest measures for improving investor awareness and financial advisory services.

4. Research Methodology

The study adopted a descriptive research design to analyse the investment behaviour of small investors and the contribution of financial advisory services. Primary data were collected through a structured questionnaire administered to small investors, while secondary information was obtained from books, journals, research articles, financial magazines, annual reports, and relevant websites. Convenience sampling was employed to select respondents, and the final sample consisted of 100 small investors representing different occupations and income categories. The collected data were organised systematically and analysed using percentage analysis, which was the only statistical technique employed in the original project. The study focused on variables such as investment preference, financial awareness, risk tolerance, investment objectives, and utilisation of financial advisory services. The findings were interpreted based on percentage distributions to understand prevailing investment patterns and the influence of financial advisors on investment decisions.

5. Data Analysis

Table 1. Preferred Investment Avenue

Investment Avenue	Respondents	Percentage (%)
Bank Deposits	28	28
Mutual Funds	24	24
Stocks	18	18
Insurance	16	16
Gold	14	14
Total	**100**	**100**

Interpretation: Bank deposits emerged as the most preferred investment avenue, followed by mutual funds. This indicates that small investors primarily favour investment options that provide stability while also offering opportunities for moderate long-term returns.

Table 2. Primary Investment Objective

Investment Objective	Respondents	Percentage (%)
Wealth Creation	32	32
Capital Safety	28	28
Regular Income	18	18
Tax Benefits	12	12
Retirement Planning	10	10
Total	**100**	**100**

Interpretation: Wealth creation represents the principal objective of most respondents, followed by capital protection. The findings indicate that investors seek a balance between wealth accumulation and financial security while selecting investment opportunities.

Table 3. Utilisation of Financial Advisory Services

Response	Respondents	Percentage (%)
Frequently	34	34
Occasionally	36	36
Rarely	18	18
Never	12	12
Total	**100**	**100**

Interpretation: Most respondents either frequently or occasionally utilise financial advisory services, indicating that professional guidance plays an important role in investment planning and portfolio management among small investors.

6. Results

The study reveals that bank deposits and mutual funds remain the most preferred investment avenues among small investors. Wealth creation is the primary investment objective, followed by capital preservation. Most respondents exhibit moderate risk tolerance and possess satisfactory awareness of available financial products. Financial advisors serve as an important source of investment information and significantly influence investment decisions. The increasing utilisation of financial advisory services reflects growing confidence in professional guidance. Investors also recognise the value of financial literacy, portfolio diversification, and digital investment platforms in achieving improved investment outcomes and long-term financial security.

7. Suggestions

Financial institutions should strengthen investor education programmes to improve financial literacy and awareness of investment opportunities. Advisory firms should provide personalised financial planning based on investors' income, financial objectives, and risk tolerance. Regular portfolio reviews and transparent communication can enhance investor confidence and satisfaction. Investors should diversify their investments across multiple financial instruments to minimise risk and improve long-term returns. Digital financial platforms should continue to expand educational resources that enable investors to make informed decisions. Regulatory authorities should encourage ethical advisory practices that strengthen investor protection and improve the credibility of financial advisory services.

8. Conclusion

The study demonstrates that small investors increasingly recognise the importance of systematic investment planning and professional financial guidance in achieving financial security. Traditional investment avenues continue to attract investors because of their safety, while mutual funds and other market-linked products are gaining acceptance due to their wealth creation potential. Financial advisory services significantly influence investment decisions by improving financial literacy, encouraging portfolio diversification, and supporting disciplined investment behaviour. The findings confirm that professional advisory support enables investors to align their financial decisions with long-term objectives while managing investment risks effectively. Strengthening investor awareness and improving the quality of financial advisory services will further contribute to sustainable wealth creation and a more inclusive financial ecosystem in India.

References

1. Gupta, R., & Sharma, P. (2018). *Investment behaviour of retail investors in India*. Journal of Financial Studies, 10(2), 45–58.
2. Kumar, S., & Verma, A. (2018). Financial literacy and investment decision-making among individual investors. *International Journal of Finance and Economics, 6*(1), 32–41.
3. Patel, M., & Shah, R. (2020). Financial advisory services and investment performance. *Indian Journal of Financial Management, 8*(3), 66–78.
4. Joseph, T., & Nair, K. (2020). Financial literacy and long-term investment decisions. *Journal of Investment Research, 9*(2), 51–63.
5. Prasad, V., & Kiran, S. (2023). Digital technology and retail investment behaviour in India. *International Journal of Business Analytics, 12*(1), 84–97.
6. Jain, R., & Malhotra, P. (2024). Emerging trends in financial advisory services in India. *Journal of Wealth Management Studies, 15*(1), 21–36.