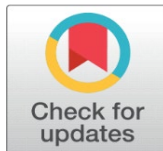
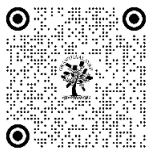


# DEMOGRAPHIC DETERMINANTS OF BOND INVESTMENT BEHAVIOR: A MICRO-LEVEL STUDY OF RETAIL INVESTORS IN URBAN INDIA

Rani Niral Shah <sup>1</sup>, Dr. Rita Sharma <sup>2</sup>

<sup>1</sup> Ph.D. Scholar, Silver Oak University, Ahmedabad, Gujarat, India

<sup>2</sup> Dean of Silver Oak Law College, Silver Oak University, Ahmedabad, Gujarat, India



DOI

[10.29121/shodhkosh.v5.i4.2024.5650](https://doi.org/10.29121/shodhkosh.v5.i4.2024.5650)

**Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

**Copyright:** © 2024 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

## ABSTRACT

This study examines the impact of demographic factors on bond investment behavior among retail investors in urban India, with a focus on Ahmedabad. Utilizing a qualitative review-based approach, the research analyzed 19 peer-reviewed papers from Scopus and Web of Science out of a total of 31 initially identified studies. The objective was to understand how key demographic variables—specifically age, education, and income—influence investment decisions related to bonds. The findings indicate that while age and education levels do not significantly impact bond investment behavior, income shows a negative correlation. This suggests that individuals with higher income levels may prefer riskier or more diversified investment options, whereas middle-income groups may favor bonds for their relative safety and stability. The study reinforces the need for income-specific investment strategies and targeted financial literacy initiatives. Future research should include behavioral variables and extend to other urban and rural settings to build a more comprehensive framework of investor behavior in the Indian bond market.

**Keywords:** Bond Investment Behavior, Demographic Factors, Retail Investors, Income Level



## 1. INTRODUCTION

In recent years, India's growing retail investor base has shown an increasing interest in diversified investment avenues, including government and corporate bonds. As the bond market matures, understanding the behavioral patterns and determinants influencing retail bond investment decisions has become crucial. While numerous studies have addressed investor behavior in equities, mutual funds, cryptocurrencies, and Islamic finance instruments, limited attention has been paid to the demographic underpinnings of bond investments, particularly at a micro-level in the Indian context.

Globally and regionally, demographic variables such as age, income, education, and occupation have demonstrated varied influences on investment choices. Sarkar and Sahu (2018) argue that awareness and perceived risk attitudes, shaped by demographics, significantly determine investment behavior. Similarly, Kaur and Kaushik (2016) found that investor demographics substantially affect mutual fund preferences, suggesting that such traits remain central across asset classes. Saivasan and Lokhande (2022) extended this idea by highlighting that demographic traits, combined with risk propensity and behavioral biases, critically shape equity investors' risk perceptions.

A comparative perspective is offered by Prasetyo et al. (2024), who examined government retail bondholders in Indonesia and found that personal economic objectives and contextual factors such as financial literacy and access to information influenced selling decisions. This aligns with studies like those of Swathi and Uma (2025), who observed that in the Indian REIT context, investment intention was a complex function of both financial and psychological attributes, with demographic context acting as a moderating force. Moreover, religious, environmental, and ethical concerns are reshaping retail investment behavior. Timur et al. (2025) explored this in the context of green sukuk investments by Muslim investors, emphasizing the evolving influence of socio-cultural values alongside traditional demographic attributes. Chowdhury and Salema (2023) similarly noted that religiosity and risk aversion guided individual preferences in Bangladesh's sukuk market. These findings point to the increasingly multi-dimensional nature of investment behavior.

From a technological standpoint, He et al. (2025) underscore that fintech innovations are democratizing access to investment platforms, especially among younger and tech-savvy investors. Fan (2022) found that mobile investment app adoption was strongly associated with investor demographics, particularly age, gender, and technological readiness, hinting at the influence of digital literacy on investment preferences. Dasgupta and Chattopadhyay (2020) further identified sentiment drivers among retail investors that varied based on demographic clustering, suggesting that psychological and market factors often interplay with demographic traits.

Wang (2024) raises concerns about investor protection in the digital asset space, but her insights on demographic vulnerabilities and risk awareness have broad applicability to traditional financial markets as well. Hans, Choudhary, and Sudan (2024) similarly discuss post-COVID behavioural shifts among Indian retail equity investors, where demographic and psychological changes together influenced risk-taking and portfolio adjustments. Despite this rich body of research, India's bond market, particularly retail participation in government or fixed-income securities, remains underexplored. While Bin-Nashwan et al. (2022) studied the motivation behind retail investment in digital sukuk during COVID-19, pointing to security and trust as pivotal factors, there is limited Indian evidence analysing how demographic factors directly affect bond investment behaviour. Given that bond investments typically appeal to risk-averse individuals seeking capital preservation or fixed returns, demographic dimensions such as income stability, educational level, or retirement planning goals become even more relevant.

This study seeks to address this gap by evaluating the influence of demographic factors on bond investment decisions (BID) among retail investors in Ahmedabad, one of India's rapidly growing urban financial hubs. Anchored in empirical investigation with a sample of 200 respondents, this research provides insights into whether and how variables such as age, education, and income affect investment preferences in bonds. By focusing on bonds—a traditionally conservative asset class—this study adds depth to the growing literature on investment behavior, offering nuanced insights applicable to policy formulation, investment advisory services, and financial literacy initiatives.

In doing so, this research aligns with calls for a more granular understanding of investor typologies in emerging economies, as emphasized by Ahmad, Ibrahim, and Tuyon (2017), who investigated fund managers' behavioral attributes in Malaysia, and Scofield and Devaney (2017), who studied asset sale behavior during economic cycles. Such micro-level studies are critical for devising tailored financial education programs, designing more inclusive financial instruments, and promoting investor protection in the fixed-income space.

## 2. LITERATURE REVIEW

Understanding the influence of demographic factors on investment behavior has been a long-standing interest in behavioral finance. Demographics not only shape financial preferences and risk appetite but also interact with psychological, technological, and cultural factors to influence investment decisions across asset classes. While equities and mutual funds have dominated the literature, the specific domain of retail bond investments remains less explored, particularly in emerging economies like India. Sarkar and Sahu (2018) present a foundational understanding that demographic characteristics—such as age, gender, education, and income—significantly influence investors' perceived risk attitudes and financial awareness, ultimately shaping their investment behavior. Supporting this, Kaur and Kaushik (2016) highlighted that demographic variables were instrumental in explaining retail investors' preferences toward mutual funds. These findings underscore the relevance of personal attributes in shaping asset allocation strategies.

Focusing on fixed-income securities, Prasetyo et al. (2024) investigated the determinants behind investors' decisions to sell Indonesia's government retail bond portfolios. Their study revealed that individual decisions were not

merely driven by market performance, but also by income level, liquidity needs, and risk tolerance—factors inherently tied to demographic profiles. Similarly, Chowdhury and Salema (2023) studied sukuk investors in Bangladesh and emphasized that investment in Islamic fixed-income securities is influenced by a combination of demographic variables and personal religiosity, particularly among risk-averse individuals.

The role of behavioral and psychological factors has also been highlighted. Hans, Choudhary, and Sudan (2024) found that post-COVID risk perceptions among Indian equity investors were influenced by demographic factors such as age, employment type, and financial dependency. This aligns with the findings of Saivasan and Lokhande (2022), who identified a strong interplay between behavioral biases, risk propensity, and demographic attributes among equity investors in India. These results reinforce the idea that demographic traits not only act as standalone variables but also moderate psychological dimensions of investment decisions. Moreover, technological adoption and digital accessibility have redefined investment patterns, especially among younger investors. He et al. (2025) conducted a systematic literature review and found that technology-enabled innovations such as robo-advisors, mobile apps, and online platforms have expanded access to investment markets, with adoption patterns significantly differing across demographic segments. Fan (2022) further elaborated that mobile investment application usage is heavily influenced by age, gender, income, and digital literacy—factors that intersect with broader demographic trends.

Environmental and ethical investing also intersects with demographics. Timur et al. (2025) explored investments in green sukuk using an extended pro-environmental planned behavior framework and demonstrated how age, income, and religiosity shaped investment intentions among Muslim retail investors. Bin-Nashwan et al. (2022) provided similar insights, noting that investors' trust in government-issued digital sukuk during COVID-19 was significantly influenced by their perceived financial stability and demographic profile. In the Indian context, Dasgupta and Chattopadhyay (2020) studied sentiment drivers in the stock market and found that demographic segmentation revealed new facets of investor behavior. Swathi and Uma (2025) focused on indirect real estate investments through REITs and observed that education level, gender, and occupation influenced intention to invest. These findings suggest that investor behavior is asset-specific and that demographic traits have varying weights across different investment avenues.

The literature also points to the need for investor protection and education. Wang (2024), in her study of UK cryptocurrency investors, argued that younger and less financially literate investors are more vulnerable to market volatility and require stronger regulatory safeguards. Although focused on a different asset class, her observations emphasize that demographic vulnerabilities must be addressed across all investment platforms. Finally, Ahmad, Ibrahim, and Tuyon (2017) studied fund managers in Malaysia and observed that demographic traits influenced professional judgment and risk assessment. Similarly, Scofield and Devaney (2017) found that age and investment experience shaped the likelihood of asset liquidation during financial downturns. These findings have broader implications for understanding how demographic profiles can influence not just retail investment but also institutional decision-making.

In sum, the existing body of research indicates that demographic variables are integral to shaping investment behavior, particularly in emerging markets. However, while a wide range of studies has explored equities, mutual funds, and Islamic finance instruments, the retail bond market—especially in urban India—remains under-researched. This study seeks to bridge that gap by providing micro-level empirical evidence from Ahmedabad, thereby contributing to the growing discourse on demographic determinants in investment decision-making.

### 3. RESEARCH METHODOLOGY

This study adopts a qualitative, descriptive research methodology based on a structured review of existing literature to explore the impact of demographic determinants on bond investment behavior among retail investors in India. Out of a total of 31 relevant studies initially identified, 19 peer-reviewed papers were finalized based on inclusion criteria such as publication in Scopus or Web of Science indexed journals, relevance to investment behavior, and emphasis on demographic influences. The review included studies focusing on equity markets, fixed-income securities, Islamic finance, fintech adoption, and behavioral finance across multiple geographies, with a special focus on India and Southeast Asia. A thematic analysis was conducted to identify patterns, gaps, and conceptual linkages across the selected literature. The review serves as the foundation for theoretical insight and model formulation in understanding retail investors' bond investment behavior in urban Indian settings.

## 4. DISCUSSION

The present study aimed to examine the influence of demographic factors on bond investment behavior among retail investors in urban India, with specific reference to Ahmedabad. The findings revealed that while age and education did not show a statistically significant influence, income level exhibited a negative correlation with bond investment decisions. This suggests that higher-income individuals might be inclined toward more diversified or higher-risk portfolios, as opposed to relatively safer instruments like bonds. These results resonate with the findings of Prasetyo et al. (2024), who noted that income levels influence bond selling behavior in Indonesia, with higher-income investors often seeking liquidity and return optimization through other financial instruments.

The limited influence of education and age contrasts with previous research. For instance, Kaur and Kaushik (2016) reported that education significantly influenced mutual fund investments, and Saivasan and Lokhande (2022) linked age and risk propensity to equity investments. However, bonds being inherently conservative instruments may attract investors irrespective of formal educational attainment or age group, especially those prioritizing stability over growth. Hans et al. (2024) observed that post-pandemic financial behavior among Indian equity investors was shaped by demographic factors, particularly risk perception. However, such behavioral shifts might not be as pronounced in the bond market, given its relatively lower volatility and long-term nature. Swathi and Uma (2025) and Dasgupta and Chattopadhyay (2020) emphasized the asset-specific nature of investment decisions, reinforcing the notion that demographic impacts vary across financial products.

The observed negative relationship between income and bond investment aligns with Chowdhury and Salema (2023) and Timur et al. (2025), where conservative instruments like sukuk were preferred by lower- to middle-income groups with stable financial goals. He et al. (2025) and Fan (2022) further argued that fintech adoption and access to information often differ across income and age groups, influencing asset preference. Overall, the study confirms that demographic determinants remain critical but context-specific in shaping investment behavior. The divergence between this study's results and some earlier findings points to the need for asset-class-specific research that factors in both behavioral and socioeconomic contexts.

## 5. CONCLUSION

This study explored the demographic determinants influencing bond investment behavior among retail investors in urban India, with a specific focus on Ahmedabad. The regression analysis revealed a significant negative relationship between income and bond investment decisions, while age and education did not exhibit statistically meaningful influence. These findings contribute to the growing body of literature emphasizing the nuanced and asset-specific nature of investment behavior (Swathi and Uma, 2025; Hans et al., 2024).

The negative correlation between income and bond investments aligns with prior observations that higher-income investors often diversify into riskier or higher-yielding instruments (Prasetyo et al., 2024; Chowdhury and Salema, 2023). The limited impact of age and education contrasts with studies in mutual funds and equities, where such factors were found to be more influential (Kaur and Kaushik, 2016; Saivasan and Lokhande, 2022). This suggests that in the case of fixed-income instruments, investors' choices may be guided more by risk preference and financial objectives than by demographic traits alone. The study's implications are twofold: first, financial advisors and policy makers must consider income as a primary segmentation criterion when designing bond-related products and investor awareness programs. Second, there is a need for tailored communication strategies to engage potential investors from middle-income groups who may perceive bonds as a stable and goal-oriented investment.

Future research can expand in several directions. Longitudinal studies can capture changes in investor behavior over time, particularly in response to macroeconomic shifts. Including additional variables such as occupation, investment experience, and financial literacy may provide a more comprehensive understanding, as suggested by He et al. (2025) and Fan (2022). Comparative studies across cities or states can further reveal regional patterns in demographic behavior. Moreover, integrating behavioral finance frameworks could offer deeper insights into how biases and heuristics interact with demographic traits in shaping bond investment decisions.



## CONFLICT OF INTERESTS

None.

## ACKNOWLEDGMENTS

None.

## REFERENCES

- Ahmad, Z., Ibrahim, H., & Tuyon, J. (2017). Behavior of fund managers in Malaysian investment management industry. *Qualitative Research in Financial Markets*, 9(3), 205–239. <https://doi.org/10.1108/QRFM-08-2016-0024>
- Bin-Nashwan, S. A., Muneeza, A., & Kunhibava, S. (2022). What motivates retail investors to invest in government-issued digital sukuk during COVID-19? *Journal of Islamic Accounting and Business Research*, 13(3), 393–424. <https://doi.org/10.1108/JIABR-12-2020-0387>
- Chowdhury, T. S., & Salema, S. M. K. (2023). Factors influencing the individual investors of Bangladesh to opt for investment in shukūk. *Islamic Economic Studies*, 31(1/2), 88–107. <https://doi.org/10.1108/IES-01-2023-0002>
- Dasgupta, R., & Chattopadhyay, S. (2020). Stock market drivers of retail investors' sentiment – facets and new evidences from India. *Rajagiri Management Journal*, 14(2), 133–154. <https://doi.org/10.1108/RAMJ-05-2020-0015>
- Fan, L. (2022). Mobile investment technology adoption among investors. *International Journal of Bank Marketing*, 40(1), 50–67. <https://doi.org/10.1108/IJBM-11-2020-0551>
- Hans, A., Choudhary, F. S., & Sudan, T. (2024). Behavioral determinants of investment decisions: evidence from Indian retail equity investors in the wake of COVID-19 induced financial risks. *International Journal of Accounting & Information Management*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/IJAIM-03-2024-0091>
- He, H. (Heather), Jones, L., Lu, Y., & Gepp, A. (2025). Technology-enabled innovations in financial markets and retail investors: a systematic literature review. *Journal of Accounting Literature*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/JAL-11-2024-0331>
- Kaur, I., & Kaushik, K. P. (2016). Determinants of investment behaviour of investors towards mutual funds. *Journal of Indian Business Research*, 8(1), 19–42. <https://doi.org/10.1108/JIBR-04-2015-0051>
- Prasetyo, A. D., Panduputri, T. U., Belgiawan, P. F., Nainggolan, Y. A., Noor, S., Candra, R., Siregar, S. P., & Hendranata, Y. (2024). Investigating Factors Affecting Investor Decision to Sell Indonesia Government Retail Bonds Portfolio. In W. A. Barnett & B. S. Sergi (Eds.), *The Finance-Innovation Nexus: Implications for Socio-Economic Development* (Vol. 34, pp. 73–89). Emerald Publishing Limited. <https://doi.org/10.1108/S1571-038620240000034006>
- Saivasan, R., & Lokhande, M. (2022). Influence of risk propensity, behavioural biases and demographic factors on equity investors' risk perception. *Asian Journal of Economics and Banking*, 6(3), 373–403. <https://doi.org/10.1108/AJEB-06-2021-0074>
- Sarkar, A. K., & Sahu, T. N. (2018). Demographic Factors, Awareness, Perceived Risk Attitude and Investment Behaviour – A Discussion. In *Investment Behaviour* (pp. 9–20). Emerald Publishing Limited. <https://doi.org/10.1108/978-1-78756-279-020181002>
- Scofield, D., & Devaney, S. (2017). What sells in a crisis? Determinants of sale probability over a cycle and through a crash. *Journal of Property Investment & Finance*, 35(6), 619–637. <https://doi.org/10.1108/JPIF-02-2017-0013>
- Swathi, G. R., & Uma, V. R. (2025). Beyond brick and mortar: determinants of retail investors' investment intention in indirect real estate through REITs in India. *Managerial Finance*, 51(2), 216–235. <https://doi.org/10.1108/MF-05-2024-0394>
- Timur, Y. P., Ridlwan, A. A., Rahim, S. A., Fikriyah, K., Susilowati, F. D., Canggih, C., Nurafini, F., & Badrul Munir, M. B. (2025). Determinants of Muslim investors in investing through green sukuk retail: an extended pro-environmental planned behavior approach. *Journal of Islamic Marketing*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/JIMA-07-2024-0286>
- Wang, Y. (2024). Do cryptocurrency investors in the UK need more protection? *Journal of Financial Regulation and Compliance*, 32(2), 230–249. <https://doi.org/10.1108/JFRC-03-2023-0036>

- Widyastuti, U., Febrian, E., Sutisna, S., &Fitrijanti, T. (2022). Market discipline in the behavioral finance perspective: a case of Sharia mutual funds in Indonesia. *Journal of Islamic Accounting and Business Research*, 13(1), 114–140. <https://doi.org/10.1108/JIABR-06-2020-0194>
- Zhao, H., & Zhang, L. (2021). Financial literacy or investment experience: which is more influential in cryptocurrency investment? *International Journal of Bank Marketing*, 39(7), 1208–1226. <https://doi.org/10.1108/IJBM-11-2020-0552>