

## DEMOGRAPHIC INFLUENCES ON IPO INVESTMENT BEHAVIOR: AN EMPIRICAL ASSESSMENT

---

Harsh Mohan Preenja\*  
Shilpa Mishra\*\*

### ABSTRACT

*The growth of the Indian capital market has sparked increasing interest in Initial Public Offerings (IPOs) as an investment avenue. However, participation among retail investors remains varied across different demographic and socio-economic segments. This study aims to examine the association between selected variables—age, gender, marital status, native place, monthly income, and yearly savings—and IPO investment behavior. A primary survey was conducted among 200 respondents from Jhansi using a structured questionnaire. Convenience sampling was employed, and the data were analyzed using cross-tabulation and Pearson's Chi-Square test. Findings indicate that age ( $\chi^2 = 19.150$ ,  $p = 0.001$ ), gender ( $\chi^2 = 13.898$ ,  $p = 0.000$ ), native place ( $\chi^2 = 11.948$ ,  $p = 0.008$ ), and yearly savings ( $\chi^2 = 13.546$ ,  $p = 0.009$ ) have a significant association with IPO participation. In contrast, marital status and monthly income did not show statistically significant influence. The study highlights that young, male, semi-urban or Tier 2 city residents with higher savings are more inclined to invest in IPOs. These findings suggest the need for targeted awareness programs, simplified investment platforms, and inclusive financial education to boost retail investor engagement in the primary market.*

**KEYWORDS:** *IPO Investment, Retail Investors, Chi-Square Test, Financial Behavior, Age and Gender, Savings, Urban-Rural Participation, India, Demographic Analysis.*

---

### Introduction

Initial Public Offerings (IPOs) have become an attractive investment route for retail investors aiming to gain early access to promising equity. The interest in IPOs has grown substantially in India in recent years. However, this interest is not distributed evenly across the population and is often shaped by socio-demographic factors such as age, gender, income, marital status, and geographic location.

Behavioral finance research suggests that investment behavior is significantly influenced by individual characteristics, including risk-taking capacity, gender, and life stage. For instance, gender-based differences in investment have been observed, where men tend to show more overconfidence and higher risk tolerance than women (**Barber & Odean, 2001**). Age is another determinant, with younger investors usually displaying greater willingness to take risks compared to older individuals, who may prefer safer investment options (**Grable & Joo, 2004**).

Psychological factors, along with financial knowledge and experience, play a vital role in shaping investor behavior. As **Baker and Ricciardi (2014)** point out, investors' decisions are often a blend of rational analysis and emotional responses. Additionally, geographical differences such as urban versus rural residence also impact financial access and awareness. People from urban areas are generally more informed and exposed to capital markets, which can enhance their participation in IPOs (**Sahadevan, 2019**).

---

\* Research Scholar, Management, Department of Banking, Economics and Finance, Bundelkhand University, Jhansi, India.

\*\* Assistant Professor, Department of Economics and Finance, Bundelkhand University, Jhansi, India.

In recent times, the overall participation of retail investors in IPOs has significantly increased. According to the Securities and Exchange Board of India (SEBI, 2023), there was a more than 50% rise in retail subscriptions to IPOs between 2019 and 2023, highlighting growing interest in primary markets. In this context, the present study aims to investigate how demographic variables such as age, gender, marital status, native place, and monthly income influence the interest in and frequency of IPO investments among 200 respondents. The study attempts to identify key trends and behavioral patterns that can help financial educators, policymakers, and market intermediaries design targeted strategies to increase informed participation in capital markets.

### Statement of the Problem

Despite the growing popularity of IPOs in India, participation among retail investors remains uneven across demographic and financial segments. Factors such as age, gender, income, marital status, savings, and native place may influence IPO investment behavior, yet their impact is not clearly understood at the regional level. This study seeks to explore these associations to identify gaps and opportunities for improving retail engagement in the primary market.

### Objective of the Study

- To analyze the association between key demographic variables (age, gender, marital status, native place, and income) and respondents' interest in Initial Public Offerings (IPOs).
- To examine the variation in IPO investment frequency across different socio-demographic groups

### Literature Review

Over the years, researchers have paid increasing attention to how individual investors make financial decisions, especially in the context of Initial Public Offerings (IPOs). **Mittal and Vyas (2008)** were among the early scholars to explore this area in the Indian context. Their study revealed that many retail investors tend to base their investment choices on emotional comfort and the influence of peers, rather than on careful financial analysis. They also found that factors like age and occupation significantly affect the type of investments people prefer.

Building on the behavioral side of investing, **Rao and Venkateswarlu (2013)** focused specifically on investor awareness in relation to IPOs. They noted that interest in IPOs varies widely across different age and education groups, with younger and more educated individuals showing greater participation. This trend was attributed to better internet access and exposure to financial knowledge among the younger demographic.

Further insights came from the work of **Palanivelu and Chandrakumar (2015)**, who studied salaried individuals and highlighted the importance of income and financial literacy in shaping investment decisions. Their findings indicated that people with higher earnings and better financial understanding were more inclined to invest in IPOs and equity markets, viewing them as effective tools for long-term wealth creation.

**Chandra and Kumar (2017)** added another dimension to the discussion by examining the role of behavioral biases in investment decisions. Their study showed that investors often deviate from logical decision-making due to tendencies such as herd behavior and overconfidence. They also emphasized the influence of demographic factors like marital status and native place in shaping such behaviors.

Most recently, **Jain and Sehgal (2021)** examined IPO participation in India's Tier 2 and Tier 3 cities. They reported a noticeable increase in IPO subscriptions from these areas, driven by the ease of using mobile trading apps and the influence of financial content on social media. However, the study also highlighted the continued gaps in investor education and awareness, particularly in semi-urban and rural regions, suggesting the need for more inclusive financial literacy efforts.

### Research Methodology

The present study is **descriptive and analytical in nature**, aiming to examine the relationship between demographic factors and respondents' inclination towards Initial Public Offerings (IPOs), along with the frequency of their participation.

- **Study Area and Sample Size:** The research was conducted in Jhansi city, focusing on individual investors residing in the region. A total of 200 respondents were selected to participate in the study.

- **Sampling Technique:** To collect data efficiently, the convenience sampling method was employed. This non-probability sampling technique was chosen due to its suitability for reaching available and willing participants within a limited time frame.
- **Data Collection Tool:** A structured questionnaire was used to collect primary data from the respondents. The questionnaire included both closed-ended and categorical questions focusing on demographic details and IPO investment behavior.
- **Key Variables:** The study examined the following independent demographic variables: Age group, Gender, Marital status, Native place (Urban Tier 1, Tier 2, Semi-Urban, Rural), Monthly income. These were analyzed in relation to the dependent variables like interest in IPO investment and frequency of IPO investment
- **Statistical Tools and Techniques:** To analyze the data cross-tabulation was used to explore the distribution of IPO interest and investment frequency across different demographic groups. The Chi-Square test of independence was applied to determine whether significant associations existed between demographic variables and IPO-related behaviors.

### Data Analysis

**Table 1: Have you previously invested in IPOs?**

	Frequency	Percent
Yes	73	36.5
No	127	63.5
Total	200	100

Table 1 shows that out of 200 respondents, 36.5% have invested in IPOs, while 63.5% have not, indicating moderate engagement with the primary market. The high number of non-investors suggests a gap in awareness or accessibility, highlighting the need for targeted investor education and simplified processes to boost participation.

**Table 2: Age (In Years) \* Have you previously invested in IPOs? Crosstabulation**

		Have you previously invested in IPOs?		Total
		Yes	No	
Age (In Years)	20-30	36	86	122
	30-40	12	23	35
	40-50	15	11	26
	50-60	10	3	13
	above 60	0	4	4
Total		73	127	200

Table 2 interpretes that IPO investment tends to increase with age and experience, peaking between 40–60 years, where individuals likely have more disposable income and financial knowledge. However, the bulk of participants are aged 20–30, suggesting a strong untapped potential among younger, digitally native individuals who may need more education and confidence to invest. This trend highlights the importance of targeted financial literacy programs for young investors and continued engagement of older, experienced individual.

**Table 3: Gender-wise Distribution of IPO Investment Experience**

		Have you previously invested in IPOs?		Total
		Yes	No	
Gender	Male	51	54	105
	Female	22	73	95
Total		73	127	200

This table 3 shows that male investors show higher IPO participation than females, indicating a gender gap possibly due to differences in risk preference, financial independence, or market exposure.

**Table 4: Marital Status-wise Distribution of IPO Investment Experience**

		Have you previously invested in IPOs?		Total
		Yes	No	
Marital Status	Married	30	34	64
	Unmarried	43	91	134
	Divorcee	0	2	2
Total		73	127	200

Table 4 shows that the married individuals show higher IPO participation, possibly due to greater financial stability and long-term planning, while the unmarried group, though larger, invests less—likely due to short-term goals or lower risk appetite.

**Table 5: Native Place-wise Distribution of IPO Investment Experience**

		Have you previously invested in IPOs?		Total
		Yes	No	
Native Place	Urban tier 1 metro city	14	12	26
	Urban Tier 2 City	30	33	63
	Semi- Urban	25	69	94
	Rural	4	13	17
Total		73	127	200

Table 5 shows that the IPO participation is higher among urban residents, especially in Tier 1 and 2 cities, likely due to better access and awareness. Semi-urban and rural respondents show lower involvement, possibly due to limited exposure and risk aversion.

**Table 6: Monthly Income-wise Distribution of IPO Investment Experience**

		Have you previously invested in IPOs?		Total
		Yes	No	
Monthly Income	Low Income	17	50	67
	Medium Income	39	54	93
	High Income	17	23	40
Total		73	127	200

Table 6 shows IPO participation increases with income level. Low-income individuals are less likely to invest in IPOs — possibly due to risk aversion or limited financial capacity. Both medium and high-income groups show higher engagement with IPOs, suggesting a correlation between financial capacity and investment activity.

**Table 7: Yearly Savings-wise Distribution of IPO Investment Experience**

Yearly Savings (₹ '000)	Invested in IPOs	Not Invested	Total
0–1 lakh	39	87	126
1–2 lakh	8	17	25
2–3 lakh	20	11	31
3–4 lakh	1	5	6
4–5 lakh	5	7	12
<b>Total</b>	<b>73</b>	<b>127</b>	<b>200</b>

Table 7 shows that IPO investment tends to rise with higher savings, especially in the ₹2–3 lakh bracket. Most non-investors fall in the lowest savings group, while extreme brackets have too few respondents for clear trends.

**Table 8: Chi-Square Test Summary: IPO Investment Study**

Variable	Chi-Square Value	df	p-value (Asymp. Sig.)	Interpretation
Age vs IPO Investment	19.150	4	0.001	Significant association
Gender vs IPO Investment	13.898	1	0.000	Significant association
Marital Status vs IPO Investment	5.246	2	0.073	Not statistically significant
Native Place vs IPO Investment	11.948	3	0.008	Significant association
Monthly Income vs IPO Investment	5.386	2	0.068	Not statistically significant
Yearly Savings vs IPO Investment	13.546	4	0.009	Significant association

- **Interpretation of Chi-Square Test Results:** Table 8 shows the Chi-Square test to examine the relationship between various demographic and financial variables and respondents' past investment in Initial Public Offerings (IPOs), based on a sample of 200 individuals. The analysis highlights which factor significantly influences IPO participation.
- **Age and IPO Investment:** A significant association was found between age group and IPO investment ( $\chi^2 = 19.150$ ,  $p = 0.001$ ). Younger individuals, particularly those in the 20–30 age group, displayed higher levels of IPO participation. This suggests early involvement and growing interest among young investors in equity markets.
- **Gender and IPO Investment:** The gender variable also showed a highly significant relationship with IPO investment behavior ( $\chi^2 = 13.898$ ,  $p = 0.000$ ). Male respondents were more likely to have invested in IPOs compared to females, indicating a clear gender gap in capital market participation.
- **Marital Status and IPO Investment:** No statistically significant association was observed between marital status and IPO investment ( $\chi^2 = 5.246$ ,  $p = 0.073$ ). However, unmarried individuals exhibited a slightly higher tendency to invest, possibly due to more flexible financial responsibilities.
- **Native Place and IPO Investment:** There is a significant relationship between native place and IPO investment experience ( $\chi^2 = 11.948$ ,  $p = 0.008$ ). Respondents from Urban Tier 2 cities and semi-urban areas showed higher levels of engagement with IPOs, indicating increased capital market access and interest beyond metropolitan areas.
- **Monthly Income and IPO Investment:** The association between monthly income and IPO participation was not statistically significant at the 5% level ( $\chi^2 = 5.386$ ,  $p = 0.068$ ). Nonetheless, participation was relatively higher among medium and high-income groups, though low-income respondents were also present among IPO investors.
- **Yearly Savings and IPO Investment:** A significant relationship was found between yearly savings and IPO investment ( $\chi^2 = 13.546$ ,  $p = 0.009$ ). Investors with higher savings were more likely to have invested in IPOs. Interestingly, a substantial number of participants with lower savings (below ₹1 lakh annually) were also engaged in IPOs, indicating interest across income segments.

### Findings

The study, conducted on 200 respondents, highlights meaningful patterns in IPO investment behavior based on demographic and financial variables. Out of the total sample, 73 individuals (36.5%) had previously invested in IPOs, indicating a moderate level of market engagement.

A statistically significant association was found between age and IPO investment ( $\chi^2 = 19.150$ ,  $df = 4$ ,  $p = 0.001$ ), with younger respondents (particularly aged 20–30) showing the highest participation. This suggests a trend of early entry into capital markets among younger individuals. Gender also showed

a highly significant relationship ( $\chi^2 = 13.898$ ,  $df = 1$ ,  $p = 0.000$ ), with male participants more likely to have invested in IPOs than females, highlighting a persistent gender gap in retail investment behavior.

Marital status, though showing some trend differences, did not display a statistically significant association with IPO participation ( $\chi^2 = 5.246$ ,  $df = 2$ ,  $p = 0.073$ ). Interestingly, unmarried respondents were slightly more involved, possibly due to greater financial autonomy or flexibility.

The native place of respondents was found to have a significant impact on IPO investment ( $\chi^2 = 11.948$ ,  $df = 3$ ,  $p = 0.008$ ). Individuals from Urban Tier 2 cities and semi-urban areas reported higher participation, reflecting growing financial inclusion and digital accessibility in non-metro regions.

When examining monthly income, the association with IPO investment was not statistically significant ( $\chi^2 = 5.386$ ,  $df = 2$ ,  $p = 0.068$ ), though medium- and high-income groups showed relatively greater involvement. This indicates that income alone may not determine IPO participation. However, yearly savings demonstrated a strong and significant association ( $\chi^2 = 13.546$ ,  $df = 4$ ,  $p = 0.009$ ), with higher-savings individuals showing greater engagement. Notably, even respondents with low annual savings (₹0–1 lakh) showed considerable interest, reflecting the democratization of IPO access through low-cost online platforms.

### Suggestions

Based on the analysis, several measures can be recommended to enhance retail participation in IPOs. Firstly, targeted financial literacy programs should be conducted, especially for women, rural, and semi-urban populations, to improve awareness and confidence in capital market instruments. The use of digital platforms should be further encouraged by simplifying the IPO application process through mobile apps, which can particularly appeal to younger, tech-savvy investors. Additionally, financial institutions can design investment options suited to low and moderate savers, offering flexibility and trust to bring them into the investment fold. Early engagement with youth through capital market education in schools and colleges can foster a generation of informed investors. Finally, specific campaigns aimed at bridging the gender gap—such as women-focused IPO webinars, financial advisory support, and incentives—can help increase female investor participation and inclusiveness in the market.

### Conclusion

This study aimed to explore the association between various demographic and financial factors—such as age, gender, marital status, native place, monthly income, and yearly savings—and IPO investment behavior among 200 respondents from Jhansi. The findings reveal that age, gender, native place, and yearly savings significantly influence individuals' likelihood to invest in IPOs, whereas marital status and monthly income showed no statistically significant association.

The analysis highlights that young, male respondents from semi-urban or Urban Tier 2 regions with moderate-to-high yearly savings are more inclined to participate in the IPO market. Despite the rise of digital platforms and greater financial accessibility, a large proportion of the population still remains outside the IPO investment space—especially women, low-income groups, and rural residents.

Overall, the study suggests a growing but uneven participation in IPOs, emphasizing the need for targeted awareness programs, simplified investment processes, and inclusive financial education. Enhancing retail investor engagement across all segments will be crucial in ensuring broader financial inclusion and deepening capital market participation in India.

### References

1. Baker, H. K., & Ricciardi, V. (2014). *Investor behavior: The psychology of financial planning and investing*. Wiley.
2. Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics*, 116(1), 261–292. <https://doi.org/10.1162/003355301556400>
3. Chandra, A., & Kumar, R. (2017). Determinants of individual investor behavior: A behavioral finance perspective. *International Journal of Economic Perspectives*, 11(1), 101–110.
4. Grable, J. E., & Joo, S. (2004). Environmental and biophysical factors associated with financial risk tolerance. *Journal of Financial Counseling and Planning*, 15(1), 73–82.
5. Jain, A., & Sehgal, P. (2021). Retail investor participation in IPOs from non-metro cities: Opportunities and challenges. *Indian Journal of Finance and Banking*, 5(3), 55–65.

- 234 Inspira- Journal of Modern Management & Entrepreneurship (JMME), Volume 15, No. 02, April-June, 2025
6. Mittal, M., & Vyas, R. K. (2008). Personality type and investment choice: An empirical study. *ICFAI Journal of Behavioral Finance*, 5(3), 6–22.
  7. Palanivelu, V. R., & Chandrakumar, K. (2015). A study on preferred investment avenues among salaried people. *International Journal of Management Research and Review*, 5(2), 132–139.
  8. Rao, P. R., & Venkateswarlu, M. (2013). Awareness and preferences of investors towards IPOs in Indian capital markets. *Indian Journal of Research in Management, Business and Social Sciences*, 1(1), 34–41.
  9. Sahadevan, K. G. (2019). *Capital markets and investments: An Indian perspective*. PHI Learning.
  10. Securities and Exchange Board of India (SEBI). (2023). *Annual Report 2022–23*. <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=1&smid=0&cid=0>.

