



Factors influencing investment decisions in the LIC IPO - A comparative study of investors and non-investors in Nainital district, Uttarakhand

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Abstract

The LIC IPO is one of the largest public offering in India and drew significant interest from retail investors. This study examine the factors influencing investment decision in the LIC IPO, with a comparative analysis of investor and non-investor in Nainital district. It focuses on key elements such as brand image, government backing, expected returns, risk perception, social influence and financial literacy. Primary data were collected from 300 respondents, consisting of 150 investor and 150 non-investor through a structured questionnaire. Purposive and convenience sampling technique were adopted for the study. The collected data were analysed using statistical tool such as mean, standard deviation and ANOVA. The findings reveals that government backing and lic strong brand image are the most influential factors affecting investment decisions. Significant difference were observed between investors and non-investors in terms of awareness and perception.

Keywords: LIC, LIC IPO, investment, financial literacy, retail investors, market awareness

Introduction

The Life Insurance Corporation of India is one of the most trusted and largest insurance organisation in India. In May 2022, LIC launched its initial public offerings IPO which attracted attention from both retail and institutional investors. Being a government backed entity with a strong brand reputation, the LIC IPO was expected to generate high investor participation across different section of society. However investment decision are not solely based on brand value or government backing. They are influenced by many factors such as risk perception, returns, market condition and financial knowledge.

Statement of problem

In Nainital district there exist a variation in investment behaviour where some individuals invested in the LIC IPO while other did not. It is important to understand the underlying factors that influenced these decisions. Therefore, this study aims to identify and compare the factors affecting investment decision of investor and non-investors in the LIC IPO in Nainital district.

Review of Literature

Mohammad Shafi 2014 ^[2] – show that biases such as herding, overconfidence and cognitive error often affect decision making. Investors are also influenced by age, income education, risk tolerance, past performance of the organisation and advice from family and friends. Rational analysis and behavioural biases shape investment decision in IPOs and stock markets.

Khursid Gill et al 2018 ^[3] – it focuses on overconfidence bias, which restrict a broader understanding of investor behaviour. Investor's decisions are influenced by many psychological factors.

D.sneha 2021 ^[4] – compared the rural and urban perception of lic policyholders. Indian insurance market highly dominated by Life insurance Corporation of India. Low level of financial literacy create considerable information gap. Therefore there is a strong need to implement more

education and awareness for consumer in fast expanding market

Surender Joshi 2023 ^[1] – investors influenced by subjective values and psychological biases which can affect their decision making. A more detailed review of prospectus improve decision quality and academic qualification and relevant experiences tend to make more informed and favourable investment decisions in IPOs.

Rakesh and Dr. Manoj Kumara NV 2025 ^[5] – show that investment decision in LIC are mainly influenced by factors such age, income, education and occupation. Customer prefer LIC because it perceived safety, tax benefit and brand reputation. The agents, advertisement and policy clarity significantly affect investor's behaviour.

Research Methodology

- 1. Research Design:** The study is based on descriptive research, as it aim to describe and analyse the factors influencing investment decisions and compare the behaviour of investor and non-investors.
- 2. Sampling:** The study employed a non-probability purposive sampling technique to identify individual who are aware of the LIC IPO. The respondents were classified into two groups; investor and non-investor. Data were collected using well-structured questionnaire from 300 respondents In Nainital district comprising 150 investors and 150 non-investors.

Objectives of the Study

- To identify the major factors influencing investment decisions regarding the LIC IPO among investors and non-investors in Nainital District.
- To compare the perceptions, awareness, and attitudes of investors and non-investors toward the LIC IPO.
- To examine the impact of demographic and socio-economic factors (such as age, income, education, and occupation) on investment decisions related to the LIC IPO

Hypothesis for the study

H01: There is no significant difference in the factors influencing investment decisions between investors and non-investors regarding the LIC IPO in Nainital district.

H02: There is no significant difference in the level of awareness and perception of the LIC IPO between investors and non-investors in Nainital district.

H03: Demographic and socio economic factors do not significantly influence investment decision related to the LIC IPO in Nainital district.

Scope of the study

The study is limited Nainital district and focuses only on investment behaviour related to LIC IPO.

Data Analysis and Interpretation

1. Demographic profile

Variable	Category	Investors (140)	Non-Investors (160)	Total	Percentage (%)
Gender	Male	88	98	186	62.0
	Female	52	62	114	38.0
Age	Below 25 years	18	35	53	17.7
	25–35 years	48	42	90	30.0
	36–45 years	38	40	78	26.0
	46–55 years	24	30	54	18.0
	Above 55 years	12	13	25	8.3
Marital Status	Single	55	75	130	43.3
	Married	80	80	160	53.3
	Other	5	5	10	3.4
Education	High School	15	30	45	15.0
	Intermediate	20	35	55	18.3
	Graduate	55	55	110	36.7
	Postgraduate	35	30	65	21.7
	Professional Degree	15	10	25	8.3
Occupation	Government Employee	30	30	60	20.0
	Private Employee	35	35	70	23.3
	Business/Self-employed	25	30	55	18.3
	Student	20	35	55	18.3
	Retired	15	20	35	11.7
Monthly Income	Homemaker	15	10	25	8.4
	Below ₹25,000	25	60	85	28.3
	₹25,001–₹50,000	35	45	80	26.7
	₹50,001–₹75,000	30	25	55	18.3
	₹75,001–₹1,00,000	30	20	50	16.7
Residence	Above ₹1,00,000	20	10	30	10.0
	Urban	85	85	170	56.7
Investment Experience	Rural	55	75	130	43.3
	Less than 1 year	20	45	65	21.7
Investment Experience	1–3 years	40	45	85	28.3
	4–6 years	35	35	70	23.3
	More than 6 years	30	15	45	15.0
	No experience	15	20	35	11.7

Interpretation

The demographic profile of respondent’s shows that majority of participants are male 62%, indicating higher male participation in investment decision. In qualification graduates forms a largest group, reflecting a moderate to high level of financial awareness among respondents, and most of the respondents belong to the 25-35 year age group. Rural respondents slightly outnumber urban respondent, indicating better financial awareness in urban areas. Most respondents fall under the lower and middle income age group, which reflect the retail investor dominance in the LIC IPO study.

Investment Profile

1. Investment in LIC IPO

Investment in LIC IPO	Frequency	Percentage (%)
Invested	140	46.7
Not Invested	160	53.3
Total	300	100

The table shows that out of 300 respondents, 46.7% invested in LIC IPO, while 53.3% did not invest. This indicate that

partially higher proportion of respondents refrained from investing. The result suggest that despite LIC being a highly trusted and reputed government organisation, more than half of the respondents showed caution. This may due to factor such as risk, lack of adequate information, limited financial literacy or preference for safer investment alternatives.

2. Preferred investment avenues

Investment Avenue	Frequency	Percentage (%)
Fixed Deposit	190	63.3
Mutual Funds	150	50.0
Shares	120	40.0
Gold	160	53.3
Real Estate	100	33.3
Insurance	140	46.7
Others	20	6.7

Fixed deposit are the most preferred investment avenue, followed by gold and mutual fund this indicate that respondent prefer safer and low risk investment option, showing a conservative investment approach.

3. Source of Investment Information

Source	Frequency	Percentage (%)
Financial Advisor	110	36.7
Friends/Relatives	80	26.7
Social Media	95	31.7
Television/Newspapers	100	33.3
Stock Broker	60	20.0
Internet	85	28.3
Others	10	3.3

Financial advisor and traditional media such as television and newspaper are the most trusted source of investment information.

However social media and internet also play a significant role, indicating growing digital influence on investment decision.

4. Mean standard deviation and ranking factors influencing investment decision regarding the LIC IPO

Statement	Mean	Standard Deviation (SD)	Rank
Awareness of LIC IPO features	3.82	0.86	10
Understanding of investment risk	3.74	0.91	13
LIC's brand image influenced decision	4.42	0.63	2
Government ownership increased confidence	4.55	0.58	1
Expected good returns	4.18	0.71	5
LIC IPO considered a safe investment	4.21	0.69	4
Financial knowledge influenced decision	3.97	0.79	8
Family members influenced decision	3.41	0.95	18
Friends/colleagues influenced decision	3.38	0.97	19
Financial advisors/brokers influenced decision	3.79	0.88	12
Media advertisements influenced opinion	3.65	0.90	15
Compared with other investment alternatives	4.08	0.74	6
Market conditions affected decision	3.88	0.82	9
Willingness to take financial risk	3.52	0.94	17
Regularly collect investment information	4.02	0.76	7
Income level influenced decision	3.61	0.89	16
Education helped understand LIC IPO	3.81	0.84	11
I believe investing in IPOs is a good long-term investment strategy	4.24	0.68	3
Satisfaction with investment/non-investment decision	3.69	0.87	14
Likely to invest in future IPOs	3.95	0.80	8

Above table presents the ranking of the factor influencing investment decision regarding the LIC IPO based on the mean score. Among all the factors government ownership increased confidence obtained the highest mean 4.55 and was ranked first, indicating that government backing was the most influential factor in investment decision. LIC's brand image and good reputation ranked second 4.42, followed by the belief that investing in IPO's is a good long term investment strategy.

5. Hypothesis testing

H01: There is no significant difference in the factors influencing investment decisions between investors and non-investors regarding the LIC IPO in Nainital district.

Factors	Sum of square	df	Mean	F- Value	P-Value
Between groups	42.85	1	42.85	8.92	0.003
Within groups	1420.30	298	4.76		
Total	1463.15	299			

5. Findings, Suggestions and Conclusion

5.1 Findings and Suggestions

Investment decisions regarding the LIC IPO were influenced primarily by government support, LIC's strong brand image and investor's financial awareness. Most belonged to the 25-35 years age group and were graduated. Male showed higher participation in the investment

decisions. Although LIC enjoys a high level of public trust, a slightly higher proportion of respondents did not invest in the IPO, reflecting caution in investment behaviour and preference for safer investment avenues. Financial advisors, television, newspapers and digital media emerges as most important source of investment information. The study also revealed significant difference between investors and non-investors in terms of awareness and perception and confirmed that demographic and socio economic factors significantly influence customer decision.

Based on these findings, it is recommended that financial literacy and investor awareness programmes be strengthened, authentic digital financial education be promoted, financial advisory service should be made more accessible to investors while they should also encouraged to understand risk returns trade off and diversify their investment beyond traditional option.

Conclusion

Investment decision in the LIC IPO are influenced by a combination of financial, psychological and socio economic factors. Government ownership and brand image of LIC emerged as the most dominant factor influencing investment decisions. However, a majority of people did not invest in the LIC IPO, indicating careful investment behaviour and risk tolerance. Despite LIC being a trusted government backed organisation, investment decisions are not rely on

brand trust but are influenced by awareness, financial knowledge, financial level and risk perception. Strengthening financial awareness and education can further improved rational decision making among retail investors.

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