

Certificate of Publication

YMER

Open Access | Peer reviewed | Scopus Active 2025 | Care UGC Group- II Journal | ISSN - 0044-0477



Title

**IMPACT OF STOCK MARKET ON
YOUNG GENERATION**

Author

Dr. K. SURESH BABU, Associate Professor

From

Department of Commerce (Retail Marketing),
PSG College of Arts & Science, Coimbatore, India

Has been published in

YMER: VOLUME 24, ISSUE 03, MARCH - 2025



Scopus



OPEN ACCESS

Editor-in-chief


(James Gaskin)

IMPACT OF STOCK MARKET ON YOUNG GENERATION

Dr. K. SURESH BABU⁺¹ MRG KALYAAN⁺² S NITHIN AKASH ⁺³YASHWANT PRAJAPATI⁺⁴

^{1*} Associate Professor, Department of Commerce (Retail Marketing) PSG College of Arts & Science, Coimbatore, India. Email: srsbabu.2021@gmail.com

^{2*} UG Student, Department of Commerce (Retail Marketing), PSG College of Arts & Science, Coimbatore, India. Email: kalraina57@gmail.com

^{3*} UG Student, Department of Commerce (Retail Marketing), PSG College of Arts & Science, Coimbatore, India. Email: 1930nithin@gmail.com

^{4*} UG Student, Department of Commerce (Retail Marketing), PSG College of Arts & Science, Coimbatore, India. Email: yashkumr2004@gmail.com

Abstract

In recent years, the stock market has gained significant popularity among the young generation, largely due to the accessibility of online trading platforms, social media influence, and a growing awareness of financial independence. Young investors are increasingly participating in stock trading as a means to build wealth, achieve financial goals, and explore alternative income sources. However, this rising interest comes with both positive and negative impacts. On the positive side, early exposure to investing can enhance financial literacy, encourage savings, and promote long-term financial planning. Conversely, limited experience, emotional decision-making, and a tendency to chase quick profits can lead to financial losses and increased mental stress. Additionally, market volatility and misinformation on social media can further amplify risks. This paper aims to analyze the driving factors behind the youth's interest in the stock market, the overall impact on their financial stability, and the importance of promoting responsible investment practices.

Key words: The stock market shapes youth financial habits and investment mindset.

INTRODUCTION

The stock market plays a significant role in shaping the financial futures of individuals, and for the younger generation, its impact is increasingly profound. With technological advancements and the rise of digital trading platforms, young people today have unprecedented access to the stock market. Investing has become more mainstream, with platforms like Robinhood and eToro lowering the barriers to entry. This democratization of investing has empowered many young individuals to explore wealth-building opportunities that were once out of reach.

For younger investors, the stock market offers the potential for long-term financial growth, especially if they begin investing early. The concept of compound interest allows those who start investing at a young age to see significant returns over time. However, while the potential for gains is high, there are also risks involved, and a lack of financial literacy can lead to poor decision-making. This is particularly important for the younger generation, many of whom may not have been exposed to formal financial education.

Moreover, the stock market can influence the financial mindset and behaviors of young people. It has introduced a new way of thinking about money, savings, and investment strategies. Additionally, the rise of “social trading” and influencers discussing investment strategies online has shaped how young people approach the stock market. These trends have created both opportunities and challenges—while fostering financial independence and wealth- building, they also carry the risk of fostering speculative behavior and short-term thinking.

Review of Literature

Verma, K., & Bansal, R. (2022). Verma and Bansal’s study focuses on risk tolerance among Indian millennials investing in the stock market. Their research shows that younger investors tend to have a higher risk appetite compared to older generations, often seeking quick profits through aggressive trading strategies. Factors such as income level, financial goals, investment experience, and personality traits influence their risk tolerance. The study finds that while high risk can lead to high rewards, it also exposes young investors to significant losses if not managed carefully.

Rao, S., & Desai, V. (2022). This study examines the behavioral factors that influence stock market participation among young adults in India. Rao and Desai identify key psychological aspects such as overconfidence, herd behavior, fear of missing out (FOMO), and risk perception as major drivers of investment decisions. The research finds that young investors often rely on emotional cues rather than rational analysis, leading to impulsive buying and selling. The authors suggest that behavioral biases can significantly impact investment outcomes, especially for inexperienced youth. To minimize these effects, the paper emphasizes the need for behavioral finance education and tools that help young investors recognize and manage their biases for more stable and informed participation in the stock

market.

Mehta, S., & Chawla, N. (2021).Mehta and Chawla investigate the role of social media in encouraging stock market participation among Indian youth. The study reveals that platforms like Twitter, Instagram, and YouTube have become key sources of investment tips, stock analysis, and market news for young investors. Social media influencers and online communities significantly affect the financial decisions of young people, often pushing them towards trending stocks and high-risk trades. While social media spreads financial awareness, the research also warns of misinformation and hype-driven investments. Mehta and Chawla conclude that while social media is a powerful tool for financial engagement, it requires careful regulation and media literacy to ensure that young investors receive reliable, balanced, and accurate information.

Sharma, A., & Gupta, R. (2021).This study focuses on how stock market trends impact young investors in India. It analyzes the behavior of youth during market highs and lows, showing that young investors are highly influenced by short-term market movements. The research highlights that positive trends attract more youth into investing, while negative trends lead to panic selling. The study also identifies factors such as peer influence, media coverage, and lack of experience as key drivers of these reactions. Sharma and Gupta suggest that market education and awareness programs can help young investors manage their portfolios better and avoid emotional decision-making during volatile periods. The paper provides useful insights into how trends shape youth participation in the Indian stock market.

Kumar, V., & Singh, P. (2020).This research explores the link between financial literacy and stock market participation among Indian youth. It finds that young individuals with higher financial literacy are more likely to invest in the stock market and make informed decisions. The study shows that many young people lack basic investment knowledge, which leads to hesitation or mistakes in trading. Kumar and Singh argue that improving financial education through schools, universities, and digital platforms is essential to encourage responsible investing. The research concludes that financial literacy is a key factor in promoting confidence, reducing risk of loss, and increasing participation in long-term investments, which can contribute to better financial security for young investors.

OBJECTIVES

1. To evaluate the level of financial literacy among the young generation concerning stock markets.
2. To analyse the influence of social media and online platforms on stock market behavior.
3. To identify the potential risks and benefits of early exposure to investing.
4. To explore how the stock market shapes long-term financial attitudes and decision

making

DATA ANALYSIS AND INTERPRETATION

TABLE 1: Diversification in stock market investments

S.no.	Best diversification in stock market investment	No of respondents	Percentage
1.	Investing in multiple stocks to reduce risk	117	56.5
2.	Putting all money in one stock	27	13
3.	Avoiding high-risk stocks	47	22.7
4.	Investing only in bonds	16	7.7
Total		207	100

INTERPRETATION: The table interprets that 56.5% respondents are investing in multiple stocks to reduce risk, 13% respondents are putting all money in one stock, 22.7% respondents are avoiding high risk stocks and 7.7% respondents are investing only in bonds.

Majority (56.5%) of the respondents are investing in multiple stocks to reduce risk.

TABLE 2. Role of social media in causing sudden stock price fluctuations

S.no.	The role of social media in causing sudden stock price fluctuations	No of respondents	Percentage
1.	Very significant	37	17.9
2.	Significant	64	30.9
3.	Moderate	76	36.7
4.	No impact	30	14.5
Total		207	100

INTERPRETATON: The table interprets that 17.9% of the respondents are believe that social media is playing very significant role in price fluctuation, 30.9% of the respondents are believe that social media is playing significant role in price fluctuation, 36.7% of the respondents are believe that social media is playing moderate role in price fluctuation, 14.5 % of the respondents are believe that social media is playing no impact in price fluctuation.

Most (36.7%) of the respondents are think that social media causes stock price changes.

TABLE 3: Young individuals can handle financial losses

S.no.	Young individuals handle financial losses	No of respondents	Percentage
1.	Very Well	44	21.3
2.	Well	61	29.5
3.	Moderately well	69	33.3
4.	Poorly	33	15.9
Total		207	100

INTERPRETATON: The table interprets that 21.3% of the respondents believe that they handle financial losses very well, 29.5% of the respondents believe that they handle financial losses well, 33.3% of the respondents believe that they handle financial losses moderately well,15.9 % of the respondents believe that they handle financial losses poorly

Most (33.3%) of the respondents handle financial losses moderately well.

TABLE 4: Market fluctuations impacted your emotional resilience in financial decision-making

S.no.	Dealing with market fluctuations impacted emotional resilience in financial decision-making	No of respondents	Percentage
1.	Greatly improved	58	28
2.	Improved somewhat	87	42
3.	No impact	49	23.7
4.	Made me more anxious	13	6.3
Total		207	100

INTERPRETATION: 100 The table interprets that 28% of the respondents believe that market fluctuations has greatly improved emotional resilience in financial decision-making, 42% of the respondents believe that market fluctuations has somewhat improved their emotional resilience in financial decision-making, 23.7% of the respondents believe that market fluctuations has no impact in emotional resilience in financial decision-making, 6.3% of the respondents believe that market fluctuations has made them more anxious emotional resilience in financial decision-making

Most (42%) of the respondents believe that market fluctuations has somewhat improved their emotional resilience in financial decision-making.

FINDINGS

- Majority(56.5%) of the respondents are investing in multiple stocks to reduce risk.
- Most (36.7%) of the respondents are think that social media causes stock price changes.
- Most (33.3%) of the respondents handle financial losses moderately well.
- Most (42%) of the respondents believe that market fluctuations has somewhat improved their emotional resilience in financial decision-making.

SUGGESTIONS

- Incorporating Financial Education in Schools and Colleges
- Developing Youth-Friendly Investment Platforms
- Raising Awareness About Investment Risks and Scams
- Leveraging Technology and AI for Smarter Investin

CONCLUSION

The stock market has a profound impact on the young generation, offering opportunities for financial growth and economic stability. With the rise of digital platforms, young investors can easily participate in trading and investing. However, challenges such as lack of financial literacy, impulsive trading, and exposure to market volatility must be addressed. Encouraging financial education, responsible investing, and long-term wealth-building strategies can help young individuals make informed decisions. Leveraging technology, AI-driven financial tools, and regulatory support can further enhance their investment journey.

REFERENCE

1. **Verma, K., & Bansal, R. (2022).** Verma, K., & Bansal, R. (2022). Risk tolerance in stock investments: A study of Indian millennials. *Indian Journal of Business Management*, 50(6), 82-96.

2. **Rao, S., & Desai, V. (2022).** Rao, S., & Desai, V. (2022). Behavioral factors influencing stock market participation by young adults. *Indian Journal of Behavioral Finance*, 12(2), 22-37.
3. **Mehta, S., & Chawla, N. (2021).** Mehta, S., & Chawla, N. (2021). Social media and stock market engagement among Indian youth. *Journal of Digital Finance and Society*, 9(1), 15-28.
4. **Sharma, A., & Gupta, R. (2021).** Sharma, A., & Gupta, R. (2021). The impact of stock market trends on young Indian investors. *Journal of Indian Financial Studies*, 15(3), 45-59.
5. **Kumar, V., & Singh, P. (2020).** Kumar, V., & Singh, P. (2020). Financial literacy and stock market participation among Indian youth. *Indian Journal of Economics and Finance*, 20(4), 34-47.