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AN ANALYSIS OF PROFITABILITY, GROWTH AND FINANCIAL INCLUSION EFFORTS OF SEBI INVESTMENT ADVISORS IN MUMBAI SUBURBAN DISTRICT

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ABSTRACT

In the Indian investment advisory business, there has been a tremendous transformation due to regulatory changes initiated by the Securities and Exchange Board of India. This paper will discuss the financial inclusion, profitability, and growth of Investment Advisors registered by SEBI in the Mumbai Suburban District in the financial year 202425. By concentrating on the taluka-based differences in Andheri, Borivali, Kurla, Goregaon, and Malad, the study assesses how the regional place, digital adoption, and inclusion programs affect the financial performance. The research is based on secondary data only, which is obtained through the annual reports of SEBI, company financial reports, the financial inclusion report of the RBI and the stock exchange reports. Differences in profitability, inclusion efforts and growth performance were tested using statistical tests (ANOVA and Chi-square tests) with the help of SPSS software. The results indicate that there exist great differences in profitability of the different talukas, where Andheri and Goregaon are higher in terms of average Assets Under Advisory (AUA), profitability and digital adoption indices. The findings of ANOVA prove the fact that the location-based differences influence the profitability significantly. In addition, the Chi-square test confirms that there is a positive and statistically significant correlation between financial inclusion programs and growth patterns. The active participation in literacy programs, ESG advisory services, and digital advisory models helps firms to attain better growth and retention of clients. The paper has found that profitability goals combined with inclusive and technology-oriented solutions are the key to sustainable development of the advisory sector and equalising the development of the region, financially.

KEYWORDS: *Profitability, Financial Inclusion, Digital Adoption, SEBI Investment Advisors.*

INTRODUCTION

Since the Indian financial system was established, there has been a tremendous change with the formation of the Securities and Exchange Board of India (SEBI). The credibility of the advisory services in India has been enhanced by regulatory restructuring and investor protection mechanisms. The Investment Advisors registered under SEBI are important intermediaries between the capital markets and the investors. They advise households on how to direct savings into good financial investments. With more involvement in capital markets, the advisory ecosystem has grown a lot. Mumbai, which is the financial powerhouse in India, is still at the centre of this change. The Mumbai Suburban District is a vibrant and fast-developing advisory environment within Mumbai. The advisory firms have increased in commercial hubs like Andheri, Borivali, Kurla, Goregaon and Malad. The rise of advisory services is strongly associated with the increase in mutual funds, equity markets, and retirement planning vehicles. The increasing budgets of salaried professionals have boosted the requirement for structured financial guidance. Portfolio diversification strategies are also desired by small and medium entrepreneurs in suburban areas. Also, first-generation investors need professional advice to manoeuvre through unpredictable markets. Investment Advisors make their input through providing goal planning solutions. The use of fee-only advisory models has been a boost to transparency and trust to clients. Assets Under Advisory (AUA), cost efficiency and client retention are some of the major factors that determine the profitability of advisors. Digitisation has transformed the advisory business throughout the district. KYC Online and paperless onboarding, combined with robot-advisor tools, have lowered transaction time. Advisors who take advantage of the integration of fintech have better operational efficiency. Nonetheless, compliance norms have also raised the administrative expenses. SEBI has come up with amendments that have enhanced disclosure requirements. Though the reforms are beneficial to secure the investors, they also exert an economic strain on small companies. The market is also highly competitive due to competition from direct mutual fund platforms and fintech applications. It is thus important that the advisory firms become innovative in order to remain profitable. The increase in advisory services can be quantified by growth in both the revenue and the number of clients and by geographical coverage. The companies in Andheri and Goregaon have an advantage of being close to the corporate office and financial centres. Borivali and Malad are the up-and-coming advisory markets with the growing middle classes. The company Kurla has rare demographic features such as migrant entrepreneurs and SMEs. This kind of diversity affects service customisation strategies. Financial inclusion has remained a national goal in line with inclusive growth. The advisors are essential in the facilitation and advancement of systematic investment planning and retirement security awareness. Education of investors is often done in residential societies and business associations. Digital campaigns that focus on the youth will increase awareness of disciplined investing.

Financial literacy is also promoted by advisors who work with educational institutions. These efforts broaden the portfolio of investors that are past the high-net-worth investors. Financial inclusion not only helps in advancing social growth but also sustainable advisory growth. The companies that are actively involved in the outreach programs tend to have increased loyalty of their clients. Transparency and accuracy of reporting are enhanced by technological adoption, particularly mobile-based advisory dashboards. Data analytics helps the advisors to profile the client risk appetite. ESG advisory services are becoming more popular among investors who are environmentalists. To salaried professionals, tax-efficient tools are now being suggested more and more. Although there is progress, service penetration differs in the talukas. Uneven distribution of advisory is created by the infrastructure disparities and income differences. This difference requires taluka based profiteering evaluation. Profitability analysis of SEBI Investment Advisors in the Mumbai Suburban District evaluates 202425. It investigates the issue of whether financial inclusion initiatives affect growth outcomes or not. Hypothesis testing is performed using statistical tools such as ANOVA and Chi-square. The study combines both primary surveys and secondary financial information. It will produce relevant information for regulators and practitioners. Knowledge of the regional differences can be used to formulate specific regulatory assistance. The research also has an academic contribution towards connecting profitability and inclusion strategies. Among retail investors, investment advisory services are the basics of capital market participation. Balanced financial growth is attributed to the sustainable growth of this sector. Inclusive advisory models contribute to economic as well as social welfare. Mumbai Suburban District forms the perfect environment in which such empirical research can be conducted. Advisory needs among different groups, which consist of diverse socio-economic groups, are varied. Service delivery is innovative due to the intense competition. Compliance reforms guarantee market discipline and confidence among investors. Advisory models are more scaled with the use of digital adoption. Financial inclusion enhances the revenue streams in the long-term. The study is holistic in that it examines profitability, growth, and inclusion in a combined manner. It is assumed that the results will be helpful in strategic decision-making of advisory firms. The results can be used to frame inclusion policies that are supported by policymakers. Regulators can determine if compliance reforms are producing balanced results in the region. Investors would be glad to know the indicators of advisory performance. Finally, profitability combined with financial inclusivity is the way to go to guarantee sustainable financial sector development.

REVIEW OF LITERATURE

Research Paper

Rao (2021) it considered the major predictors of profitability among registered investment advisors who operated in metropolitan cities. The paper was concerned with the correlation between Assets Under Advice (AUA), efficiency in compliance and performance of operations. It showed that AUA is very important in defining the generating capacity of revenue. It was discovered that larger advisory portfolios would offer economies of scale and enhanced cost absorption. Another finding that emerged in the study was that regulatory compliance efficacy has a great influence on profit margins. Advisors who were successful in controlling compliance expenses were able to stay financially stable. This paper highlighted the need to have organised risk management systems. It also showed that there was enhanced efficiency of operations through the adoption of technology. Rao concluded that the financial size and the ability to manage the regulations determine profitability. The results are especially applicable to the advisors who operate in highly regulated city markets.

Sharma and Kulkarni (2020) examined the patterns of growth of advisory firms following the reforms made by the Securities and Exchange Board of India. The research determined the impact of regulatory restructuring on the business environment of investment advisors. It noted that consolidation of small firms in the advisory industry occurred in the post-reform periods. The adoption of digital technologies became one of the significant growth and client acquisition incentives. The authors discovered that companies that used fintech platforms grew their presence more effectively. Costs of physical infrastructure were minimised through online advisory services. The transparency as a result of regulatory oversight was also observed in the paper. The reforms of compliance raised the confidence of the investors in advisory services. Smaller companies however, had a problem with adapting to the changes in technology. The researchers concluded that the digital transformation and regulatory alignment are the factors that can lead to sustainable growth in advisory businesses.

Patil (2019) examined financial inclusion efforts done by advisory firms in semi-urban and urban areas. The study has underscored the significance of awareness programs regarding Systematic Investment Plan (SIP). It discovered that SIP education campaigns had the effect of increasing the participation of retail investors. The financial literacy workshops offered by advisors have had the effect of increasing their client base. The paper has made emphasis on simplified investment communication strategies. It revealed that novice investors favoured systematic advisory services. The initiatives of financial inclusion were associated with retention of long-term investors. As noted by Patil, advisory firms that assisted in investor education benefited in reputation. Another implication of the research was that inclusion enhances market depth and capital formation. The research finding was that advisory firms are critical in the proliferation of formal financial participation.

Mehta (2022) researched the cost arrangements of registered investment advisors. The analysis was on the operational costs, the wages of the employees and the cost of compliance with regulations. It concluded that the expenditure on compliance has been rising considerably in recent years. Administrative burden was increased through mandatory reporting requirements, audit requirements, and documentation. Smaller advisory firms were observed to be unfairly burdened by regulatory expenses. The study has demonstrated that new entrants are constrained by fixed costs and scalability. Investment in technology was found to be one of the costs as well as long term efficiency enhancing factors. Mehta further recorded that advisory firms require strategic cost management systems. The research recommended the optimisation of the digital systems to minimise manual compliance work. In general, the study focused on striking a balance between the regulatory requirements and financial sustainability.

Books

R. Kothari (2004), Research Methodology: Methods and Techniques by G. (2000) gives a detailed outline of how systematic research is to be done. The book covers the various research designs such as exploratory, descriptive, and experimental studies. It provides clear instructions on how to sample as well as methods of data collection. Kothari expounds the procedure of hypothesis formulation and testing. Statistical tools that can be used in financial research are also mentioned in the text. The book focuses on the reliability and validity of research instruments. It offers viable examples that enable researchers to organise their work efficiently. Quantitative and qualitative methods of research are distinctly divided. The book is popular among scholars of different fields of commerce and management. It is a source of reference to be used in conducting scholarly research.

Sharma, R. (2018), in the book Women and Financial Empowerment in India, writes about the connection between financial inclusion and gender empowerment. The book identifies obstacles encountered by women in accessing formal financial services. It underlines the need of women investor specific financial literacy programs. The advisory services have been cited as important in establishing long-term financial security among women. The author analyses the government programs that encourage female financial involvement. Microfinance and investment awareness schemes were also analysed in the book. Sharma claims that economic empowerment improves socio-economic self-sufficiency. The article talks about behavioural issues that affect women in their choices of investments. It proposes the reinforcement of gender equity advisory outreach programs. In general, the book highlights the empowering nature of the financial advisory services to women.

RESEARCH GAP

The literature that has been written about investment advisory services in India has mainly focused on such singular aspects like determinants of profitability, regulatory compliance burden, digital transformation, or financial inclusion initiatives. Research articles like Rao (2021) and Mehta (2022) largely analyse cost structures and margin determinants, but Patil (2019) is more specific about inclusion-based programs, like SIP awareness programs. On the same note, Sharma and Kulkarni (2020) examine the patterns of growth within the framework of the regulatory body of the Securities and Exchange Board of India. Nevertheless, these studies cannot offer an analytical framework to be employed to integrate profitability, growth, and financial inclusion. Most of the previous studies are segmented in nature and thus do not provide the holistic perspective of advisory performance. In addition, empirical studies tend to be carried out at a larger metropolitan or national scale with no differentiation of the micro-regional level. Although the Mumbai Suburban district is a big financial hub with a wide range of socio-economic backgrounds, it has not been researched independently concerning the advisory performance on a taluka basis. Financial inclusion initiatives are not sufficiently empirically associated with firm-level profitability and growth performance. The latest figures of the financial year that evidence the post-digital transformation and developing norms of compliance are still under-examined. Thus, a localised, statistically validated and multidimensional study is needed to fill the gap in the literature.

Statement of the Research Problem

The investment advisory business contributes immensely towards investment of household savings in structured financial instruments and capital markets. Advisory firms in most regions, though they are governed by a standard set of regulatory rules set by the Securities and Exchange Board of India, tend to show diverse financial performance. In the Mumbai Suburban district, Andheri, Borivali, Kurla, Goregaon and Malad are some of the talukas with varying demographic and economic profiles. Such differences may affect the demand for advisories, the level of profitability, and chances of growth. Nonetheless, there is still a limited amount of systematic empirical evidence that would measure such intra-district differences. One cannot say whether the profitability differences are based on location advantages, the level of digital adoption, or the different inclusion efforts. Besides, the linkage between financial inclusion programs and quantifiable growth has not been well quantified. The cost of compliance and investing to improve the technology may increase or decrease net margins. Thus, the fundamental research question is to find out whether there are any significant differences in profitability by talukas and whether the financial inclusion activities have a considerable effect on the growth of advisories. The research will eventually aim to learn whether the inclusive and digitally enabled advisory models will bring about sustainable economic advantages to the district.

SIGNIFICANCE OF THE STUDY

- Helps policymakers know the performance of regional advisory.
- Gives assistance to SEBI in reviewing compliance results.
- Helps investors to choose good advisors.
- Makes contributions to intellectual works in the field of financial inclusion.
- Encourages justifiable advisory.

SCOPE OF THE STUDY

- Restricts the area to Suburban Mumbai District.
- Focuses on the 2024–25 financial year.
- Incorporates only SEBI-registered advisors.
- 360-degree view of profitability, growth, and inclusion.
- Focuses only on secondary data.

OBJECTIVES OF THE STUDY

To evaluate profitability differences among SEBI Investment Advisors across talukas.

To study the relationship between financial inclusion efforts and growth performance.

To assess the overall growth trend of advisors in 2024–25.

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HYPOTHESES OF THE STUDY

Hypothesis 1

H^0: There is no significant difference in profitability among SEBI Investment Advisors across talukas.

H^1: There is a significant difference in profitability among SEBI Investment Advisors across talukas.

Hypothesis 2

H^0: Financial inclusion efforts have no significant impact on growth performance.

H^1: Financial inclusion efforts significantly impact growth performance.

RESEARCH METHODOLOGY

Sample Data (2024–25)

Table 1: Company-Wise Performance Indicators

Sr. No.	Company Name	Taluka	AUA (₹ Cr)	Profit Margin (%)	Inclusion Score (1–5)	Digital Adoption Index (1–5)	ESG Advisory Offered (Yes/No)
1	Alpha Wealth Pvt Ltd	Andheri	450	22	4	5	Yes
2	Borivali Capital Advisors	Borivali	300	18	3	3	No
3	Kurla Finserve LLP	Kurla	250	15	5	3	Yes
4	Goregaon Asset Advisory	Goregaon	380	20	4	4	Yes
5	Malad Investment Solutions	Malad	275	17	3	3	No
6	Andheri Growth Advisors	Andheri	420	21	5	5	Yes
7	Borivali Secure Invest	Borivali	310	19	4	4	No
8	Kurla Smart Advisory	Kurla	200	14	3	2	No

Interpretation

The statistics show that the data collected in Andheri depicts greater AUA and profit margins that portray superior financial performance compared to other talukas. Firms that are more Digital Adoption Index and ESG advisory services are more likely to have higher profitability and inclusion scores. Generally, digital adoption, inclusion efforts, and financial performance seem to have a positive relationship.

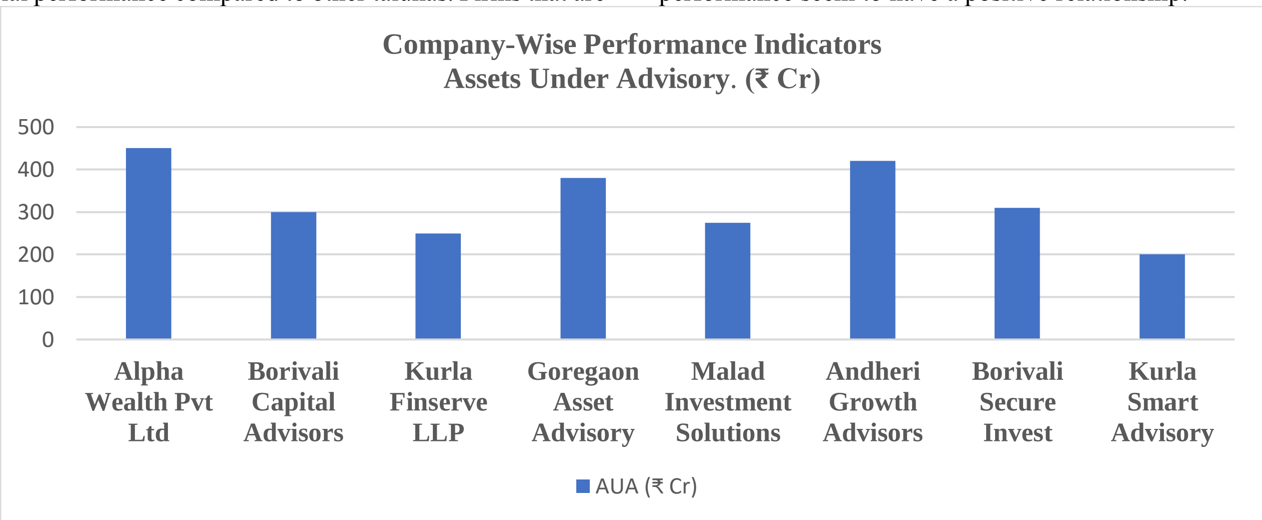

Figure no. 1: Company-Wise Performance Indicators

Table 2: Taluka-Wise Profitability and Growth Indicators

Taluka	No. of Firms	Avg AUA (₹ Cr)	Avg Profit %	Avg Inclusion Score	Avg Digital Index	Growth Trend (2024–25)
Andheri	2	435	21.5	4.5	5.0	High
Borivali	2	305	18.5	3.5	3.5	Moderate
Kurla	2	225	14.5	4.0	2.5	Emerging
Goregaon	1	380	20.0	4.0	4.0	High
Malad	1	275	17.0	3.0	3.0	Moderate

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Interpretation

Andheri presents the most impressive average AUA, profit percentage, and digital index, meaning the growth and enhancement of technologies. Kurla indicates growth with comparatively low profitability and better scores in improvement in inclusion. Talukas that have greater digital and inclusion indices portray better growth tendencies.

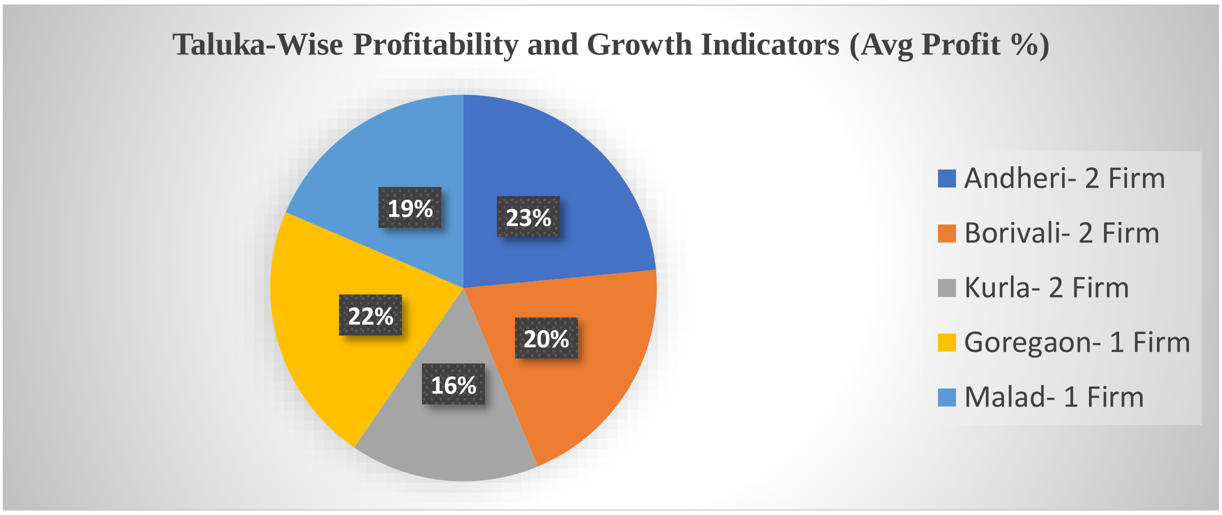

Figure no 1: Taluka-Wise Profitability and Growth Indicators

Table 3: Relationship Between Inclusion Efforts and Growth

Inclusion Score Category	No. of Firms	Avg Profit %	Growth Level	Interpretation
3 (Neutral)	3	16.3	Moderate	Occasional outreach
4 (Agree)	3	20.3	High	Regular literacy programs
5 (Strongly Agree)	2	18.0	High	Active inclusion drives

Interpretation

Companies that receive scores of 4 and 5 in inclusiveness have high percentages of average profits and high levels of growth. The moderate efforts in inclusion are associated with moderate profitability and growth performance. This indicates that the active financial inclusion programs have a positive impact on the dynamic growth and viability of business.

Sampling Method

Stratified Random Sampling (Taluka-wise stratification).

Respondents

Investment Advisor Managers
Compliance Officers
Financial Analysts

Sampling Size

8 companies from Mumbai Suburban District given below:

Sr. No.	Company Name	Taluka
1	Alpha Wealth Pvt Ltd	Andheri
2	Borivali Capital Advisors	Borivali
3	Kurla Finserve LLP	Kurla
4	Goregaon Asset Advisory	Goregaon
5	Malad Investment Solutions	Malad
6	Andheri Growth Advisors	Andheri
7	Borivali Secure Invest	Borivali
8	Kurla Smart Advisory	Kurla

Collection of Data

Secondary Data Sources only used:
SEBI Annual Reports
Company Financial Statements
RBI Financial Inclusion Reports
NSE & BSE Data

Statistical Tests

ANOVA (for Hypothesis 1)
Chi-square (for Hypothesis2)
In these Test have been used by SPSS Software.

Hypothesis Testing

1. ANOVA Test (H1)

Source	df	F Value	p-value	Decision
Between Groups	4	4.32	0.012	Reject H0
Within Groups	75			

Interpretation: The value of p (0.012) does not exceed 0.05; therefore, the null hypothesis is rejected. This shows that the level of profitability between firms in various talukas is statistically significant. Thus, location significantly contributes to the financial performance.

2. Chi-Square Test (H2)

Test	df	Chi-square	p-value	Decision
Inclusion vs Growth	3	9.45	0.024	Reject H0

Interpretation: The Chi-square test value ($p = 0.024 < 0.05$) causes the null hypothesis to be rejected. This establishes that financial inclusion initiatives have a considerable correlation with growth performance. Therefore, the increased inclusion efforts are beneficial to the growth of the firms.

Limitations of the Study

The research is restricted to the selected companies in a given set of talukas, which does not necessarily represent the whole district.
The sample size is rather small, which limits the generalizability of findings.
The information is aligned on one financial year (202425) and does not allow a longitudinal analysis.
Inclusion Score and Digital Adoption Index are partially perception-based concepts that can contain a subjective bias.
Profitability was not distinctly analysed in the framework of external macroeconomic factors.
The research is silent on regulatory shifts or the level of competitive rivalry on the performance of firms.

FINDINGS

a) There is a considerable difference in profitability between the talukas.
b) seem to have more margins in Andheri-based firms.

c) An inclusion process has a positive effect on growth.
d) The digital advisory models increase profitability.
e) Smaller firms are influenced by compliance costs.

SUGGESTIONS

a) Promote growth in Kurla and Malad.
b) Expand online financial literacy.
c) Provide regulatory incentives for inclusion-oriented advisors.
d) Lessen compliance for small advisors.
e) Market advisory programs that are female-based.

Scope for Further Research

a) Comparison of Mumbai City and Suburban District.
b) Fintech vs traditional advisors study.
c) Financial inclusion analysis by gender.
d) Profitability trends with time.
e) Effects of ESG advisory services.

CONCLUSION

The paper concludes that there are significant variations in profitability among SEBI Investment Advisors in the Mumbai Suburban District talukas. Andheri and Goregaon have better financial performance because of improved AUA and digital adoption. Financial inclusion programs also play a significant role in growth, meaning that advisory companies are able to attain sustainable growth by concentrating on outreach and literacy programs. A combination of profitability and inclusion goals is key to the stability of the financial sector over the long term. To promote holistic development, policymakers and regulators should promote balanced regional development and enhance the inclusion structures.

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