Financial Literacy and Investment Behaviour of Young Investors: A Study of Bilaspur District

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***Abstract*—Financial literacy has emerged as a decisive factor shaping the investment choices of young individuals in an increasingly complex and digitally driven financial environment. This paper examines the level of financial literacy and investment behaviour among young investors, aged 18 to 30 years, in Bilaspur District, and investigates the relationship between the two variables. Using a descriptive and analytical research design, primary data were collected from 150 respondents through a structured, five-point Likert-scale questionnaire administered through convenience sampling. Data were analysed using descriptive statistics, frequency analysis, Pearson correlation, and linear regression in IBM SPSS. The findings reveal that young investors possess a moderate to high level of financial literacy and exhibit favourable investment behaviour, with a marked preference for long-term instruments such as mutual funds and Systematic Investment Plans (SIPs). Expected returns and financial knowledge emerged as the most influential factors guiding investment decisions, while wealth creation was identified as the dominant investment objective. A strong, statistically significant positive correlation ($r = 0.817$, $p < 0.01$) was observed between financial literacy and investment behaviour, and regression analysis confirmed that financial literacy significantly predicts investment behaviour, explaining 66.8 per cent of its variance ($R^2 = 0.668$). The study concludes that enhancing financial literacy through structured educational interventions can meaningfully improve the quality of investment decision-making among young investors, particularly in semi-urban and emerging regions such as Bilaspur District.**

***Index Terms*—financial literacy, investment behaviour, young investors, mutual funds, SIPs, Bilaspur District, financial decision-making**

I. INTRODUCTION

The financial sector has undergone a substantial transformation over the past decade, driven by technological advancement, globalisation, and expanding access to financial services. Digital platforms, mobile applications, and internet-based tools have become the preferred means of managing savings, transactions, and investments, fundamentally altering how individuals approach financial decision-making. As the range of financial products and investment avenues continues to diversify, individuals require sound financial knowledge to make rational and informed decisions. Financial literacy, understood as an individual's capacity to comprehend financial concepts such as inflation, interest rates, risk-return trade-offs, and diversification, and to apply this understanding to real-world financial decisions, has therefore become a critical component of personal finance.

Investment plays a central role in financial growth and long-term stability, as individuals commit resources across instruments such as fixed deposits, mutual funds, SIPs, shares, bonds, and real estate to build wealth and secure future goals. Among the population engaging with these instruments, young investors, typically defined as those between 18 and 30 years of age, constitute a growing and increasingly influential segment of financial markets. Improved access to information, greater technological exposure, and evolving financial conditions have encouraged this cohort to participate more actively in investment activities. Nevertheless, many young investors

continue to struggle with fundamental financial principles, and their investment decisions are frequently shaped by social media, peer influence, family advice, and prevailing market sentiment rather than by sound financial reasoning.

Bilaspur District, comprising urban, semi-urban, and rural populations with varying degrees of financial awareness and exposure, offers a distinctive setting in which to examine this relationship. Unlike metropolitan centres where financial education and advisory services are more readily accessible, Bilaspur represents an emerging environment in which financial awareness is still developing despite improvements driven by digital technology, government initiatives, and banking expansion. This creates a scenario in which individuals are increasingly willing to invest but may lack the requisite expertise to do so effectively. Given the limited body of research focused specifically on this region and on the 18–30 age group, the present study seeks to assess financial literacy levels, analyse investment behaviour, identify the key determinants of investment decisions, and examine the relationship between financial literacy and investment behaviour among young investors in Bilaspur District.

1.1. Statement of the Problem

Young people's expanding participation in financial markets reflects broader economic development, yet this involvement is accompanied by significant challenges rooted in inadequate financial understanding. Many young investors lack a firm grasp of fundamental investment concepts when they first enter the market, making it difficult to evaluate financial products, assess associated risks, and work towards long-term financial objectives. In the absence of structured financial education within academic curricula, young individuals often rely on informal sources such as social media, peers, and family, which may not always provide accurate or reliable guidance. Behavioural biases further complicate decision-making: some investors gravitate towards low-risk instruments such as fixed deposits out of caution, while others engage in high-risk speculative activity without adequate knowledge, and short-term gains are frequently prioritised over sustainable, long-term wealth creation. This disparity between financial competence and financial participation can result in suboptimal financial outcomes, underscoring the need for empirical investigation into how financial literacy shapes investment behaviour among young investors.

II. REVIEW OF LITERATURE

A substantial body of research has examined the relationship between financial literacy and investment behaviour across diverse contexts. Wang (2011) explored gender-based differences in mutual fund investment behaviour among younger generations and found that gender, income, knowledge, and experience significantly shaped investment decisions, emphasising the importance of financial education at home and in school for improving long-term financial well-being.

Studies focused specifically on Indian contexts have generally found that financial literacy among young investors is moderate, with continuing gaps in basic knowledge. Research examining investor buying behaviour in urban India reported that while fixed deposits remain a dominant preference, mutual funds and shares are gaining traction, reflecting a gradual shift away from traditional investment instruments as financial literacy improves. Similarly, an empirical study on the impact of financial literacy on the investment behaviour of young investors in India (2024) found a significant positive association between financial knowledge and sound investment decision-making, reinforcing the case for targeted financial education interventions.

Research conducted in Surabaya on young adults' investment decisions found that financial literacy and risk perception significantly influenced investment choices, indicating that improved financial understanding not only enhances technical knowledge but also shapes attitudes towards risk (Chandra & Pangkey, 2023). Tiwari and Puniyani (2024), in their analytical study of investment decision-making behaviour among Indian youth, similarly concluded that financial awareness plays a decisive role in guiding rational investment choices, while highlighting those social and behavioural factors continue to exert considerable influence on the investment decisions of young individuals.

Sharma (2026) examined the influence of financial literacy on youth investment decisions and found a consistent positive relationship between financial knowledge and investment competence, further supporting the view that structured awareness

initiatives can enhance investment quality. Malabasari and Kalagond (2026), studying financial literacy and investment behaviour among young adults using both primary and secondary data, found that while young individuals generally understand basic saving methods and simple financial products, their knowledge of advanced investment options, taxation, and long-term financial planning remains limited; concerns about financial loss and fraud were found to push young investors towards safer instruments such as savings accounts, fixed deposits, and mutual funds. Research on parental influence further suggests that family financial socialisation, alongside individual financial literacy, meaningfully shapes the investment behaviour of young adults.

Collectively, this literature indicates a consistent positive association between financial literacy and investment behaviour, though most existing studies concentrate on urban and metropolitan populations, examine the general population rather than young investors specifically, or are conducted at the national and global level. This leaves a discernible gap in region-specific understanding of financial awareness and investment patterns.

2.1. Research Gap

- Most previous studies have focused on urban and metropolitan settings, with limited research conducted in emerging regions such as Bilaspur District of Chhattisgarh.
- Prior research has largely examined investment habits of the general population rather than young investors aged 18–30 specifically.
- Existing studies have investigated individual factors such as risk tolerance, demographics, and investment preferences in isolation, with comparatively less focus on the direct relationship between financial literacy and investment behaviour.

Current investigations have also been conducted primarily at the national and global levels, resulting in a shortage of region-specific data on financial awareness and investment trends. The present study addresses these gaps by examining how financial literacy affects the investment behaviour of young investors in Bilaspur District, offering insights of practical relevance to policymakers, educators, and financial institutions.

III. OBJECTIVES OF THE STUDY

- To assess the level of financial literacy among young investors.
- To analyse the investment behaviour of young individuals.
- To identify the key factors that influence their investment decisions.
- To examine the relationship between financial literacy and investment behaviour.

3.1 Hypotheses

H_0 (Null Hypothesis): Financial literacy does not significantly affect investment behaviour.

H_1 (Alternative Hypothesis): Financial literacy significantly affects investment behaviour.

IV. RESEARCH METHODOLOGY

The study adopted a descriptive and analytical research design. The descriptive component evaluated respondents' financial literacy levels and investment behaviour, while the analytical component assessed the association and impact between the two variables. Both primary and secondary data were used: primary data were collected directly from respondents through a structured questionnaire, while secondary data were drawn from books, journals, research articles, and prior studies related to financial literacy and investment behaviour.

The target population consisted of young investors, aged 18–30 years, who either participate in or show interest in investment activities. A sample of 150 respondents was selected using the convenience sampling method. Data were collected through a structured questionnaire comprising demographic details and statements relating to financial literacy and investment behaviour, measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Financial literacy was treated as the independent variable and investment behaviour as the dependent variable. The collected data were coded and analysed using IBM SPSS, applying descriptive statistics, frequency analysis, Pearson correlation, and linear regression.

The study is confined to Bilaspur District and the 18–30 age group, and is cross-sectional in nature, representing the present situation rather than change

over time. The findings are subject to certain limitations: the relatively small, convenience-based sample may not be fully representative of the wider population, responses are self-reported and may carry personal bias, and the geographic scope restricts the generalisability of the findings to other regions.

V. DATA ANALYSIS AND INTERPRETATION

Data collected from 150 respondents were analysed to fulfil the study's objectives. The demographic and analytical results are presented below.

5.1 Demographic Profile of Respondents

Table 1: Demographic Profile of Respondents (N = 150)

Variable	Category	Frequency	Percentage (%)
Age Group	18–22 years	54	36.00
	23–27 years	62	41.33
	28–30 years	34	22.67
Gender	Male	60	40.00
	Female	90	60.00
Education	Undergraduate	40	26.67
	Graduate	36	24.00
	Postgraduate	74	49.33
Monthly Income	Below ₹10,000	66	44.00
	₹10,000–₹25,000	22	14.67
	₹25,001–₹50,000	22	14.66
	₹50,000 and above	40	26.67
Occupation	Student	86	57.34
	Salaried Employee	32	21.33
	Self-Employed	16	10.67
	Business	16	10.67

The demographic profile shows that the largest share of respondents (41.33%) fell within the 23–27 age bracket, and the sample was predominantly female (60%) and highly educated, with nearly half (49.33%) holding postgraduate qualifications. A large proportion of respondents (44%) reported a monthly income below ₹10,000, and students formed the majority occupational group (57.34%), indicating that most participants were at an early stage of their financial and investment journey.

5.2 Level of Financial Literacy

Table 2: Descriptive Statistics – Financial Literacy Indicators

Statement	N	Mean	Std. Deviation
Understands basic financial concepts (inflation, interest, risk)	150	4.12	1.146
Regularly manages and monitors income/expenses	150	4.12	0.996
Aware of investment avenues (mutual funds, SIPs, stocks, bonds)	150	4.16	0.970
Compares investment options before deciding	150	4.19	1.058
Believes financial literacy helps investment decisions	150	4.39	0.968

The results indicate that young investors in Bilaspur District possess a moderate to high level of financial literacy, with mean scores ranging from 4.12 to 4.39 on the five-point scale.

The highest mean score (4.39) was recorded for the belief that financial literacy helps investment decisions, suggesting that respondents strongly recognise the practical value of financial knowledge, even where their applied understanding of specific concepts is comparatively lower.

5.3 Investment Behaviour

Table 3: Descriptive Statistics – Investment Behaviour Indicators

Statement	N	Mean	Std. Deviation
Invests money regularly	150	3.87	1.197
Prefers long-term investments	150	4.31	0.983
Willing to take moderate/high risk	150	3.64	1.317
Makes investment decisions independently	150	3.92	1.256
Reviews investment performance regularly	150	4.05	1.146

Investment behaviour among respondents was found to be moderate to high, with mean scores ranging from

3.64 to 4.31. Respondents showed the strongest preference for long-term investments (mean = 4.31), while willingness to take moderate to high financial risk recorded the lowest mean score (3.64), suggesting a generally risk-averse orientation despite active and regular engagement with investment activities.

5.4 Factors Influencing Investment Decisions

Table 4: Key Factors Influencing Investment Decisions

Factor	Frequency	Percentage (%)
Expected Returns	46	30.67
Financial Knowledge	34	22.67
Market Trends	30	20.00
Advice from Family/Friends	24	16.00
Risk Level	16	10.66

Table 5: Preferred Investment Avenue and Objective

Category	Item	Percentage (%)
Preferred Avenue	Mutual Funds/SIPs	34.66
	Stock Market	28.00
	Bank Deposits	25.34
	Gold	12.00
Investment Objective	Wealth Creation	70.67
	Savings	28.00
	Tax Benefits	1.33

Expected returns emerged as the most influential factor shaping investment decisions (30.67%), followed by financial knowledge (22.67%) and prevailing market trends (20%), while risk level was rated the least influential factor.

Mutual Funds and SIPs were the most preferred investment avenue (34.66%), ahead of the stock market (28%) and bank deposits (25.34%), reflecting a preference for growth-oriented instruments.

Wealth creation was overwhelmingly identified as the primary investment objective (70.67%), well ahead of savings (28%) and tax benefits (1.33%), indicating that young investors in Bilaspur District are primarily motivated by long-term financial growth.

5.5 Relationship between Financial Literacy and Investment Behaviour

Table 6: Pearson Correlation between Financial Literacy and Investment Behaviour

Variables	Pearson Correlation (r)	Significance (p)	N
Financial Literacy ↔ Investment Behaviour	0.817**	0.000	150

A strong, positive, and statistically significant correlation was observed between financial literacy and investment behaviour ($r = 0.817$, $p < 0.01$), indicating that young investors with higher financial literacy tend to exhibit more favourable and informed investment behaviour.

Table 7: Regression Analysis – Effect of Financial Literacy on Investment Behaviour

Model Statistic	Value
R	0.817
R Square	0.668
Adjusted R Square	0.665
F (1, 148)	297.304
Significance (p)	0.000
Unstandardised Coefficient (β) – Financial Literacy	0.833
Standardised Coefficient (Beta)	0.817
t-value	17.243

The regression results confirm that financial literacy significantly predicts investment behaviour, explaining 66.8 per cent of the variance in investment behaviour ($R^2 = 0.668$). The overall model was statistically significant ($F = 297.304$, $p < 0.001$), and the standardised coefficient ($\beta = 0.817$, $t = 17.243$, $p < 0.001$) indicates that higher levels of financial literacy are associated with substantially more favourable investment behaviour. Accordingly, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1), that financial literacy significantly affects investment behaviour, is accepted.

VI. KEY FINDINGS

- Respondents were predominantly young adults aged 23–27 years (41.33%), female (60%), and highly educated, with nearly half holding postgraduate qualifications (49.33%).

- Young investors in Bilaspur District demonstrated a moderate to high level of financial literacy, with the strongest agreement recorded for the belief that financial literacy aids investment decisions (mean = 4.39).
- Investment behaviour was moderate to high overall, marked by a strong preference for long-term investments (mean = 4.31) but comparatively lower willingness to accept high financial risk (mean = 3.64).
- Expected returns (30.67%) and financial knowledge (22.67%) were the most influential factors shaping investment decisions.
- Mutual Funds/SIPs were the most preferred investment avenue (34.66%), and wealth creation was the dominant investment objective (70.67%).
- A strong, statistically significant positive correlation was found between financial literacy and investment behaviour ($r = 0.817$, $p < 0.01$).
- Regression analysis confirmed that financial literacy significantly predicts investment behaviour, accounting for 66.8% of its variance, leading to rejection of the null hypothesis.

VII. RECOMMENDATIONS

- Financial literacy modules should be introduced in school and college curricula to build financial awareness at an early stage.
- Young investors should be encouraged to diversify their portfolios across a broader range of investment instruments.
- Greater emphasis should be placed on long-term investment planning to support sustainable wealth creation.
- Financial institutions and advisors should provide structured guidance on risk management to reduce uninformed investment decisions.
- Government bodies and financial institutions should strengthen financial literacy and investor awareness initiatives at the regional level.
- Young individuals should be encouraged to develop consistent saving and investing habits aligned with long-term financial goals.

VIII. CONCLUSION

This study examined the effect of financial literacy on the investment behaviour of young investors in Bilaspur District and found that financial literacy exerts a substantial and statistically significant positive influence on investment decision-making. Respondents demonstrated a moderate to high level of financial literacy and generally favourable investment behaviour, characterised by a longer-term investment horizon, regular review of investment performance, and independent decision-making. Expected returns and financial literacy emerged as key determinants of investment choices, with Mutual Funds and SIPs identified as the most preferred investment instruments, and wealth creation as the primary investment objective, reflecting a long-term orientation towards financial growth and stability.

The strong positive correlation between financial literacy and investment behaviour ($r = 0.817$), together with the regression results confirming a significant predictive relationship, underscores the central role that financial knowledge plays in shaping sound investment practices. These findings highlight the importance of strengthening financial literacy among young investors through structured educational programmes, targeted training initiatives, and accessible financial advisory support. Such interventions can help foster more informed, rational, and responsible investment decision-making, thereby contributing to greater investment participation and long-term financial and economic development, particularly in emerging regions such as Bilaspur District.

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