



Financial Literacy & its impact on Investment Behaviour for Effective Financial Planning

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Keywords:

Investment Behaviour, Financial Instruments, financial literacy, Decision making, financial goal.

Abstract

Purpose – The purpose of this research paper is to understand & study the financial literacy & its impact on investors for effective financial planning for future.

Design/Methodology/Approach – Descriptive & causal research having 150 MCD school teachers as respondents for the study. The data was analysed using the descriptive statistics, rank order & chi square test to check the impact of certain key attributes of financial literacy & investment behaviour.

Findings – Key finding that emerged highly relevant includes the impact of awareness for financial investment instruments based on level of knowledge, level of interest, level of commitment which plays a very crucial role for making an investment decision for a particular financial instrument.

Research Limitations/Implications – This study covers only a limited segment of investors i.e. MCD school teachers, further advancement in the study can be carried out with different segments of investors.

Practical Implications: Financial market companies can work upon to create awareness related to technical details of various financial instruments so that the enhanced literacy level leads to better understanding of financial instruments as per financial goal of each investor.

Originality/Value – The study is descriptive in nature to analyse the impact of financial literacy & investment behaviour for pre-purchase decision-making attributes which triggers the complex buying behaviour financial investment instruments associated with financial planning process.

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Introduction

Financial literacy or financial education can broadly be defined as “providing familiarity with an understanding of financial market products, especially rewards and risks, in order to make informed choices”. Viewed from this standpoint, financial education primarily relates to personal finance to enable individuals to take effective action to improve their financial well-being and avoid distress in matters that are financial.

Financial literacy goes beyond the provision of financial information and advice. The focus of any discussion on financial literacy is primarily on the individual, who usually has limited resources and skills to appreciate the complexities of financial dealings with financial intermediaries on a day-to-day basis.¹

Investment is defined as the process of purchase of financial instruments or other items of value with an expectation of favourable future return as defined by investorwords.com. Similarly saving is being defined the approach by which the money is kept aside for having a return expectation in future comparatively lesser in comparison to investment.

Saving and investment behaviour has always been a very fascinating approach for an investor. It has been highly valued fact that the difference in the objectives of financial education programmes in the developed and developing countries has been a crucial criterion for the exposure and judgemental knowledge for retail investors for investment decision making. In the developed countries, financial literacy is linked to consumer protection. Better information disclosure, they believe, would go a long way in strengthening regulatory standards for consumer protection.

An international Organisation for Economic Co-operation and Development (OECD) study was published in late 2005 analysing financial literacy surveys in OECD countries. The outcome of these studies showed that in Australia 67 per cent of respondents indicated that they understood the concept of compound interest, yet when they were asked to solve a problem using the concept only 28 per cent had a good level of understanding. In contrast to British survey found that consumers do not actively seek out financial information. The information they do receive is acquired by chance, for example, by picking up a pamphlet at a bank or having a chance talk with a bank employee. The Canadian survey found that respondents considered choosing the right investments to be more stressful than going to the dentist. A survey of Korean high-school students showed that they had failing scores – i.e. they answered fewer than 60 per cent of the questions correctly - on tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against it. A survey in the US found that four out of ten American workers are not saving for retirement. .

Thus, we can understand the financial literacy as a process of understanding financial products to make informed decisions in financial market which revolves around the investment and saving approach of an investor.

On the basis of financial literacy the investment behaviour of an investor can be defined as the structured & systematic process and mechanism by which investors behave for various investment instruments based on the analysis & understanding of their investment goals.

Importance of Financial Literacy

Financial wellbeing of any individual investor is directly or indirectly related to his or her level of financial literacy. The literacy not only encompasses the approach to understand a basic financial instrument but also involves the complex process by which an investor selects a

¹ Reserve Bank of India (RBI) website, retrieved from <http://www.rbi.org.in/scripts/PublicationsDraftReports.aspx>

particular financial product on the basis of his future financial goals. Thus it is highly important to understand the basic financial instrument for securing your financial future.

In the recent years, investment instruments in the financial markets have become increasingly complex; this has significantly increased the importance of financial literacy. Besides, the information asymmetry between the markets and investors is becoming increasingly difficult to make informed decisions. Thus, financial literacy is considered an important adjunct for promoting financial inclusion and ultimately, financial stability.

To understand financial planning, a person should be financially literate who can understand the importance of preparing household budgets, cash-flow management and asset allocation to meet financial goals. Most people invest money for future needs but the approach is to save surplus money without preparing household budgets, without prioritising personal financial goals, without properly allocating investments in different asset classes and without understanding the real rate of return along with risk associated with the instrument and tax applicability of the instrument without analysing the liquidity impact becomes extremely difficult for an investor to make an effective decision for investment.

Financial wellbeing of any individual investor is directly or indirectly related to his or her level of financial literacy. The literacy not only encompasses the approach to understand a basic financial instrument but also involves the complex process by which an investor selects a particular financial product on the basis of his future financial goals. Thus it is highly important to understand the basic financial instrument for securing your financial future.

Hence the investment behaviour of an investor is directly or indirectly related to the literacy level of an investor based on their key attributes such as level of knowledge, level of interest, level of commitment which plays very crucial role for making an investment decision for a particular financial instrument.

Rationale for selecting MCD School Teachers

The investment awareness and financial literacy has always been a very significant approach for informed financial decision making process for every person. With the changing developments and inculcation of the Capital market and financial wellbeing as a part of school curriculum and financial inclusion reform by Government of India, it was inherently felt to review and analyse the investment behaviour of the MCD school teachers in the Delhi Region comprising of MCD School teachers from Teacher Training program conducted in Delhi region as a mandatory activity for teachers skills and pedagogy development program.

MCD school teachers from across the Delhi region were invited to participate in the program hence a structured similarity of participants was easily available to collect the data as the research requirement and objectives of the study from the segment involved in imparting financial literacy to students in their classroom.

Review of Literature

Financial literacy has been studied in many countries from different aspects. Hussein A. *Hassan Al -Tamimi and Al Anood Bin Kalli-(2009)* found that financial literacy of UAE investors is well below the needed level. Besides this, it also analyses the relationship between the financial literacy and the influence of the factors that affect the investment decisions. A significant difference in the level of financial literacy was **also** found between the respondents according to their gender. Women were found to have lower level of financial literacy than men.

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Also, the result indicates that there is significant relationship between financial literacy and investment decisions.

Kelly and Williamson (1968) regressed per capita household saving against per capita household income for five household age groups in Indonesia. They found that the age of the head of the household is an important determinant of household saving in rural households and that the average and marginal saving rates rose with the share of agricultural income and the presence of positive interaction between wealth and saving. However, Shultz (2005) who analyzed the demographic determinants of savings in Asia found no significant relationship between savings and age composition.

The Australian Government² established a National Consumer and Financial Literacy Taskforce in 2004, which recommended the establishment of the Financial Literacy Foundation in 2005. The foundation created an educational website titled "Understanding Money" shortly thereafter the task force also recognised the need for a social marketing campaign. In 2008 the functions of the Foundation were transferred to the Australian Securities and Investments Commission (ASIC). The Australian Government also runs a range of programs (such as Money Management) to improve the financial literacy of its Indigenous population, particularly those living in remote communities.

In developed countries (OECD to be precise), there is greater focus on educating an average family — helping it balance its budget, build assets, save for children's education and retirement planning. Financial literacy there takes the form of guiding consumers through the maze of complex financial products, taking confident financial decisions and safeguarding their financial interests, and resisting marketing pitches of financial companies by asking the right questions.

In Indian context, Gupta (1991) conducted first comprehensive study on the profile, perceptions and preferences of small investors followed by a series of studies conducted by Securities and Exchange Board of India (SEBI).

In India, financial literacy is seen as a means to achieve financial inclusion. The thrust is on rural areas. This is not surprising, given that 5.7 lakh out of the six-lakh villages don't have a bank branch. There is, however, a strong case for extending the efforts of financial inclusion to urban areas as well. The Economic Survey 2009-10, says that poverty ratio in urban areas is 25.7 per cent which is only somewhat lower than the 28.3 per cent poverty ratio in rural areas. Today, there are many complex financial instruments available in the country and there is need to take serious initiatives (by regulators, public and private companies) to make more and more people financially literate so that there is no mis-selling in the market.

Otoo (1999) finds the influence of stock prices on consumer confidence and found positive effects, while the opposite relationship was not true. Chopin and Darrat (1999) concluded that the investor sentiment does contain some strong predictive power for some macro-economic variables.

Gupta (1970) using annual time series data from India analyzed the determinants of saving. He found that permanent income hypothesis is a better fit in the urban areas in India where as in the rural area saving behaviour is more in accordance with the absolute income hypothesis. He found that marginal propensity to save is an increasing function of income at lower level of development.

Mitra (2001) in its report on investor protection emphasized the need for a specific Act to protect investors' interests. The committee wanted SEBI to be the only regulatory authority with the wide ranging powers of investigation and prosecution.

Archana v. Hegde, Deborah j. Cassidy (2009) interviewed twelve kindergarten teachers in their study, and a constant comparative method was used to analyze the interviews. This study

² <http://www.understandingmoney.gov.au/Content/Consumer/About/>

included a focus on academics vs. play, the importance of worksheets, the importance of groups for socialization, and the difficulties of implementing a play-based curriculum.

The study concludes that today, the teaching community has stated realizing the importance of money and money's worth. They are initiated to prepare a budget for the proposed expenses and compare it with the actual expenses met by them, so that they are not influenced by other tempting and fashionable expenses.

Chaiubey and Dimri identify the investment perceptions and their behaviour for designing effective investment policies. Analysis indicates the shifting trend of investors from post office and other government investment schemes to investments in banks, mutual funds and equity etc.

Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), examine –Analysis of Income and Savings Pattern of Government and Private Senior Secondary School Teachers.|| The study concluded that the major source of income of Government teachers is salary while tuition fee for private teachers. Mostly Government & Private teachers both used Bank Deposits and Life Insurance for investing their savings. Government school teachers received more perks in comparison to private teachers. The main objective of savings of Government teachers is an emergency and security while for private teachers is children education and purchase of consumer durable.

In their study, Brown and Cliff (2004) investigate investor sentiment and its relation to near-term stock market returns. They suggest that many commonly cited indirect measures of sentiments are related to direct measures (surveys) of investor sentiment. However, past market returns are also an important determinant of sentiment. Although sentiment levels and changes are strongly correlated with contemporaneous market returns, the tests in their study show that sentiment has little predictive power for near-term future stock returns. Finally, the evidence does not support the conventional wisdom that sentiment primarily affects individual investors and small stocks.

James M. Poterba(2000), in his article, "Population Age Structure and Asset Returns: An Empirical Investigation" investigates the association between population age structure , particularly, the share of population in the saving years is motivated by the claim that the ageing of population in the United States is a key factor in explaining the recent rise in asset values. It also addresses the associated claim that asset prices will decline when the large cohort reaches retirement age and begins to reduce its asset holdings.

Mani Fischer and Gerhardt (2007) look extensively at individual investor investment decision making and find that individual investor investment decisions deviate from recommendations of financial theory. They report that these deviations lead to considerable welfare losses. They, therefore, conclude that financial advice is a potentially correcting factor in investment decision making process and construct a simple model to capture its very impact on individual investors' investment success, measured in risk-adjusted return and wealth.

Goel Sweta, Mukta and Sharma Dr. Rahul (2009) revealed that performance of the mutual fund schemes depends upon their past performance. Therefore, investors must look at the past performance before investing in any scheme. Mutual fund companies also, should track their past record for improving the performance of their schemes. The income, equity and liquid schemes with lower expense ratios are better for the investors. Hence all these factors make the backbone of any financial literacy.

S. Mathivannan and Dr. M. Selvakumar (2011) studied on|| saving and investment pattern of school teaches – A study with reference to Sivakasi Taluk, Tamil Nadu. The study concludes that today, the teaching community has stated realizing the importance of money and money's worth. They are initiated to prepare a budget for the proposed expenses and compare it with the actual expenses met by them, so that they are not influenced by other tempting and fashionable expenses.

Rajarajan V3, (2009), conducted a study entitled, "Investors Life Styles and Investment Characteristics", with the objective of analyzing the investors life styles and to analyse the investment size, pattern, preference of individual investors on the basis of their life styles. Data was collected from 405 investors in Madras using questionnaire method. The investors were classified into 3 groups viz., active investors, individualists and passive investors. Cluster Analysis, Correspondence Analysis and Kruskal Wallis Test were used to study the association between lifestyle groups and the various investment related characteristics. The study revealed that the level of expenses, earnings and investment were associated with the size of the household. Shanmugam (2000) studied a group of 201 investors to examine the factors influencing investment decisions. The objective of this study is to find out sources of information used by investors and factors influencing share investment decisions. His study revealed that financial newspaper comments are relied upon by most of the investors. Further, the analysis also leads to the conclusion that psychological and sociological factors dominate the economic factors in investment decision making.

R. Goymda & Y. Josephine (2005) provided an overview of para-teachers in India. It traced its origins of para-teacher schemes in the country and analyses the changing policy context wherein poorly paid and trained para-teachers on contract were increasingly being recruited in place of regular teachers in government schools. Drawing upon available research studies, the authors drew attention to the detrimental implications that para-teacher programmes had for professionalization of teachers, the quality of schooling and equity concerns in education. Bennet and Selvam, (2011) found out that SPERTEL risks influenced the value of equity shares in the market. The market factors influenced the stock selection Decision of Retail Investors in India. Bennet et al (2011) carried out a study and found that most of the investors expect the stock prices to go up to a degree greater than most of their investments.

Investment behaviour of investors is undoubtedly a center of attraction for both domestic and international investors. The reason may be attributed towards free economy, structures regulatory framework and close eye of the statutory bodies (Das, 2011).

Shaik et al⁴ conducted a study to know the investment pattern and investment objectives of Investors of Andhra Pradesh. They applied Average Rank analysis and Average Score analysis and concluded that the investment choices and objectives vary with respect to demographic variables.

Krishnan and Brooker (2002) analyze the factors influencing the decisions of investor who use analysts' recommendations to arrive at a short-term decision to hold or sell a stock. The results indicate that a strong form of the analyst summary recommendation report, *i.e.* one with additional information supporting the analysts' position further, reduces the disposition error for gains and also reduces the disposition error for losses as well.

Kurtz and Clow (1998) model is a synopsis of the elements considered to comprise the pre-purchase decision-making phase for services and builds upon established work in the field of services marketing and is therefore used as the framework for this study.

Srivastava Aman(2007),⁴ in his study, " An Analysis of Behavior of Investors in India", highlights the changes in the Indian business environment since post liberalization and emerging trends like increase in the number of IPOs, investments by DIIs , FIIs, which lead to the change in the perception of retail investors in the Indian Stock Market over the last 15 years. This study also attempts to measure the expectations and confidence of retail investors in the Indian stock market.

Sachithanatham et al. (2007) found that the educative reforms and attractive reforms were statistically significant but they had negative influence over money invested by the investors at the Indian Capital Market. In India, numbers of investment avenues are available for the

investors. Some of them are marketable and liquid while others are non marketable and some of them also highly risky while others are almost risk less.

Geeta and Ramesh, (2011) studied that the investors have to choose proper avenue among them, depending upon his specific need, risk preference, and return expected on investment.

Chen and Volpe (1998) examined the financial literacy of 924 college students from 13 colleges in USA. Also; they investigated the relationship between the financial literacy level and gender, age, nationality, race, income, work experience, academic discipline and class rank. The result of the study indicated that subgroups of academic discipline, class rank, and years of work experience were significantly different in terms of financial literacy level. Non -business majors, women, and students in the lower class ranks, under age 30, and with little work experience have lower levels of knowledge.

Objectives of the Study

- To understand the financial literacy level of the individuals investors in Delhi Region.
- To study the impact of financial literacy on investment behaviour.
- To analyse the investment behaviour pattern for investment decision.

Research Methodology

Research Design: Descriptive Research design is used to describe characteristics of a population or phenomenon being studied in this research paper. Descriptive research generally precedes explanatory research. Main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic.

Sample Design: The method of Systematic sample selection of the respondents during the Teachers Training Program for MCD school teachers conducted by Department of Education, Delhi Government.

Sampling Technique: Systematic sampling was used for the research paper respondent's data collection. It is a statistical method involving the selection of elements from an ordered sampling frame. Systematic sampling is to be applied only if the given population is logically homogeneous, because systematic sample units are uniformly distributed over the population. The sample of population for the study was selected as the MCD School teachers in Delhi Region through a Teacher Training program conducted in Delhi region Department of Education, Delhi Government. The total data for 150 respondents was collected through structured questionnaire. Out to total 150 respondents the data for the 135 respondents was complete as the 15 questionnaire data was incomplete & was missing.

Data

A structured questionnaire was developed for the study and analysis of financial literacy level & investment behaviour of the individuals investors. It consisted of 54 questions excluding the demographic data of the individual investors in Delhi region.

The questionnaire examines the financial literacy of the individual investors by asking the basic questions about their level of knowledge, level of interest, level of commitment which plays a very crucial role for making an investment decision for a particular financial instrument. The questionnaire also includes the aspect to understand the awareness level of individual investors based on their current investment in these instruments.

Profile of the Study respondents

Apart from 54 questions asked to check the basic financial literacy & investment behaviour of the respondents, demographic data has also been collected which is shown below.

- The descriptive statistics regarding the duration of investment in various financial instruments shows that 40% of the respondents are investing from less than 1 year, 22.2% respondents with 1-3 years of investment, 20.7% of respondents with 3-7 years of duration & only 17 % respondents are with investment duration of more than 7 years.
- The descriptive statistics regarding annual investment shows that 42.2% of the respondents invest annually between Rs. 1, 00,000 to Rs. 1, 50,000 followed by 31.1% of respondents investing between Rs. 50,000 to Rs. 1, 00,000 and 23.7% of respondents investing less than Rs. 50,000 followed by just 3% of respondents investing above Rs.1, 50,000.
- It is clearly evident that 68.9% of respondents are less than 30 years in age, 13.3% respondents are with age 30 to 40 years, 10.4 % of respondents with age between 40 to 50 years and only 7.4% of respondents above 50 years.
- Out of 135 respondents the 70.4 % of respondents were female & 29.6 % of respondents were male.
- The 38.5 % of respondents are Graduate, 34.1 % of respondents are Post Graduate, followed by 27.4% of respondents have professional qualification.

Hence from these demographic statistics it becomes evident that the age, education, gender, annual income, duration of investment & amount of investment are interconnected to each other in one or the other way round.

Findings & Analysis

- For the Level of awareness & current preference for financial products:

Financial Instruments	financial products you are aware of (SUM)	RANK	financial product you hold at present (SUM)	RANK	RISK LEVEL (SUM)	RANK
Savings Account	135	1	130	1	106	2
Current Account	110	4	0		73	
Demat Account	46		4		102	3
Recurring Deposit	32		2		51	
Flexi Recurring	18		1		47	
Fixed Deposit	118	3	26	5	80	5
Term Deposit	47		8		64	
Life Insurance	135	1	55	3	101	4
Pension Fund	52		13		66	
Public Provident Fund	96		43	4	56	
Mutual Fund	46		3		75	6
Stocks & Shares	63		0		138	1
Gold ETF	8		8		46	
Credit Card	97		25		N/A	
Debit Card	122	2	90	2		
Home Loan	109	5	22	6		
Personal Loan	82		17			
Vehicle Loan	83		12			
Health Insurance	104	6	17			
General Insurance	70		12			

- From the data collected from 135 respondents after the compilation & sum analysis for the level of awareness for financial instruments it becomes evident that Saving account(Σ 135) & Life Insurance(Σ 135) stood at Rank-1 followed by Debit card (Σ 122) as Rank-2 & Fixed Deposits(Σ 118) at Rank-3.
- From the second set of information it becomes clear that the financial instrument that the respondent's holds at present have saving account (Σ 130) at Rank-1, Debit card (Σ 90) at Rank-2, Life Insurance (Σ 55) at Rank-3 followed by PPF (Σ 43) at Rank-4.
- From the respondents level of risk it becomes clear that they consider Stocks & shares (Σ 138) at Rank-1, even considers Saving Account (Σ 106) at Rank-2 followed by Demat Account (Σ 102) at Rank-3.

From the above data it becomes significantly evident although respondents have the awareness of certain financial instruments but their level of understand, level of knowledge & level of interest for these financial instruments is doubtful as the process of differentiation on the basis of key factors such as risk, return, liquidity, tax planning is not reflected leading to provide a big scope for the advancement to be made in financial literacy for various financial instruments.

Level of Knowledge

It was being analysed on the basis of these dimensions such as when it comes to Managing Money (i.e., understanding how to budget, make informed financial decisions, etc.) shows that 54.1 % of respondents are somewhat unknowledgeable, Personal finance Skills have 68.9% of respondents as somewhat unknowledgeable, Financial Saving Instruments have 61.5% of respondents as somewhat unknowledgeable, Financial Investment Instrument have 68.1% of respondents as somewhat unknowledgeable, Tax Saving Instruments have 44.4% of respondents as somewhat unknowledgeable and at last Tax Planning Instruments have 68.1% of respondents as somewhat unknowledgeable. Hence it becomes evident that the level of knowledge for these various attributes is nearly around 45% which highlights a significant requirement to develop the mechanism for investors to increase their level of knowledge for these financial instruments.

Level of Interest

It was being analysed on the basis of these dimensions such as Saving for Retirement shows that 78.5% of respondents are highly interested, Building a financial plan shows that 75.4% of respondents are highly interested ,Saving for Education shows that 81.5% of respondents are highly interested ,Saving and managing debt shows that 71.9% of respondents are highly interested ,How to start investing (writing goals/ putting money aside/ investment knowledge) shows that 71.8% of respondents are highly interested ,How the stock market works shows that 43% of respondents are highly interested ,Type of investments (stocks, bonds, mutual funds, GICs) shows that 46.7% of respondents are highly interested ,Buying a home shows that 68.2% of respondents are highly interested ,Saving to move out from home shows that 43.0% of respondents are highly interested ,Buying a car shows that 63.0% of respondents are highly interested ,Investing money safely shows that 85.2% of respondents are highly interested ,How to work with a financial advisor shows that 73.3% of respondents are highly interested ,Investment risk and return shows that 63.7% of respondents are highly interested ,The time value of money (compound interest) shows that 85.9 % of respondents are highly interested. Hence it gives the clear reflection that respondents are highly interested if the right level of understanding is developed for the better financial literacy & investment behaviour for different financial instruments.

Level of Commitment

It was being analysed on the basis of these attributes such as Before I buy something I carefully consider whether I can afford it shows 97.0% of respondents strongly agree, I tend to live for today and let tomorrow take care of itself shows 63.7 % of respondents strongly disagree, I find it more satisfying to spend money than to save it for the long term shows 63.7 % of respondents strongly disagree, I pay my bills on time shows 57.7% of respondents strongly agree ,I am prepared to risk some of my own money when saving or making an investment shows 57.7% of respondents strongly agree ,I keep a close personal watch on my financial affairs shows 81.4% of respondents strongly agree ,I set long term financial goals and strive to achieve them shows 51.1% of respondents strongly disagree ,Money is there to be spent shows 61.5% of respondents strongly disagree ,I consult financial advisor before making any investment shows 52.6% of respondents strongly disagree ,I update myself regularly about financial market instruments shows 55.6% of respondents strongly agree ,Before I buy something I carefully consider whether I can afford it shows 82.9% of respondents strongly agree ,I keep a close personal watch on my financial affairs shows 71.9% of respondents strongly agree ,I find it more satisfying to spend money than to save it for the long term shows 71.1% of respondents strongly disagree ,I consider several products from different companies before making the decision to buy it shows 75.6% of respondents strongly agree. Hence it is clearly indicated that the financial literacy and investment behaviour is strongly interconnected to the level of commitment for financial planning process of investors.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	76.764 ^a	9	.000
Likelihood Ratio	89.790	9	.000
Linear-by-Linear Association	37.495	1	.000
N of Valid Cases	135		

- From the above value it can be inferred that there the amount of money invested annually is having highly significance for the duration for which the investment was made.

Correlation

		Age	Duration of Investment
Age	Pearson Correlation	1	.783**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	121.215	112.741
	Covariance	.905	.841
	N	135	135
Duration of Investment	Pearson Correlation	.783**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	112.741	171.037
	Covariance	.841	1.276
	N	135	135

- It becomes highly significant that the duration of investment & also the age of investor have a positive correlation during making the investment decision for a particular financial instrument.

Conclusion

From the study it can be inferred that there exist a huge scope for imparting and carrying out the financial literacy for different sections of society to develop an insight for taking the effective investment decision by keeping in mind the various attributes that contributes toward the development of investment behaviour.

It also show that the financial literacy and awareness related to various financial instruments can help an investors to take a valid informed decision for securing the financial future of self and dependents. The level of knowledge, level of interest and level of commitment for financial planning process plays a very crucial role in life of every investor which even provide a huge scope on behalf of market regulators and also on behalf of companies to spread the financial literacy in a simplified manner so that it help an investor to plan for future in an everlasting manner. The demographic factors such as age, gender, education level, amount of investment, duration of investment also play a very important role in preparing a road map for financial planning process. Hence at the end we can conclude that an effective financial literacy helps an investor to develop an insight for analysing their investment behaviour.

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ANNEXURE

Statistics

		Q55_Annual Income	Q56_Duration of Investment	Q57_invest annually	Q58_Age	Q59_Gender	Q60_Qualification
N	Valid	135	135	135	135	135	135
	Missing	0	0	0	0	0	0
Mean		1.67	2.15	2.24	1.56	1.70	1.89
Median		1.00	2.00	2.00	1.00	2.00	2.00
Mode		1	1	3	1	2	1
Std. Deviation		.800	1.130	.851	.951	.458	.807
Variance		.639	1.276	.723	.905	.210	.652
Range		2	3	3	3	1	2
Minimum		1	1	1	1	1	1
Maximum		3	4	4	4	2	3
Percentiles	25	1.00	1.00	2.00	1.00	1.00	1.00
	50	1.00	2.00	2.00	1.00	2.00	2.00
	75	2.00	3.00	3.00	2.00	2.00	3.00

Q55_Annual Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than Rs.3,00,000	72	53.3	53.3	53.3
Rs.3,00,000 to Rs.5,00,000	35	25.9	25.9	79.3
Rs.5,00,000 to Rs.8,00,000	28	20.7	20.7	100.0
Total	135	100.0	100.0	

Q56_Duration of Investment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	54	40.0	40.0	40.0
1 - 3 years	30	22.2	22.2	62.2
3 - 7 years	28	20.7	20.7	83.0
More than 7 years	23	17.0	17.0	100.0
Total	135	100.0	100.0	

Q57_Invest Annually

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 50,000	32	23.7	23.7	23.7
Rs.50,000 to Rs.1,00,000	42	31.1	31.1	54.8
Rs.1,00,000 to Rs.1,50,000	57	42.2	42.2	97.0
Above Rs.1,50,000	4	3.0	3.0	100.0
Total	135	100.0	100.0	

Q58_Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 30 yrs	93	68.9	68.9	68.9
30 to 40 yrs	18	13.3	13.3	82.2
40 to 50 yrs	14	10.4	10.4	92.6
above 50 yrs	10	7.4	7.4	100.0
Total	135	100.0	100.0	

Q59_Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	40	29.6	29.6	29.6
Female	95	70.4	70.4	100.0
Total	135	100.0	100.0	

Q60_Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Graduate	52	38.5	38.5	38.5
Post Graduate	46	34.1	34.1	72.6
Professional Qualification	37	27.4	27.4	100.0
Total	135	100.0	100.0	