International Journal of Computer Information Systems and Industrial Management Applications
ISSN 2150-7988 Volume 18(2) 2026 pp. 1094-1100
https://doi.org/10.70917/ijcisim-2026-3533
Article

Financial Literacy and Investment Behaviour among Young Adults in Delhi NCR

Dr. O. P. Gupta[1], Sawan Kumar[2]*

[1]Professor & Pro Vice Chancellor, Department of Management, Shridhar University, Pilani, Rajasthan, India.
Email: provicechancellor@shridharuniversity.ac.in
[2]Research scholar, Department of Commerce, Shridhar University, Pilani, Rajasthan, India.
Email: 1986sawankumar@gmail.com
Corresponding Author: Sawan Kumar

Abstract: The modern financial economy renews the importance of financial literacy in determining individual financial decision-making, especially in young adults who are increasingly investing in financial markets. The current scholarly paper explores the correlation between financial literacy and investment behaviour among citizens between the ages of 18 to 35 in the Delhi NCR based on the secondary data gathered with respect to the well-established regulator reports, peer-reviewed journal articles, and academic surveys. The study provides an explanation of the extent of financial literacy, current trends of preference in the investment sector, and the resulting behavioural tendencies by synthesising existing literature. Empirical observation suggests the notion that, despite the increased exposure to the market due to the increase of fintech endpoints and the expansion of digital access, the level of conceptual financial literacy is still lacking among a significant portion of young investors. To this end, the study suggests educational and policy-based interventions to empower the financial capacity of young adults within the area.
Keywords: Youth, investment behaviour, financial literacy, Delhi NCR

1. INTRODUCTION

Financial literacy has been described as the knowledge, skills, and confidence one has to make sure that he/she makes well informed and effective decisions related to the management of his/her funds. It includes a holistic knowledge of fundamental financial notions, including budgeting, saving, borrowing, interest rates, inflation, insurance, taxation, investment planning and risk management. Financial literacy has emerged as a skill in life in a very dynamic financial environment. Those with sufficient financial literacy can organise their future, deal with uncertainty, prevent overdebting, and have short- and long-term financial security.

The value of financial literacy is even more intense when it comes to young adults. The 18 to 35 age group is a vital life phase as it is the time when people start earning, handling independent finances, and undertaking important financial decisions that revolve around education loans, career selection, savings, investment, and long-term objectives that include owning property at home and retirement. The developed financial habits at this early age tend to carry on in life. Thus, lack of financial literacy at this age may result in inadequate financial decisions, significant debts in the long run, and economic dependence. Over the past years, a significant change in the financial behaviour of young adults in India has been realised. Financial products have never been more accessible than they are today, following the fast development of digital opportunities and the large-scale adoption of smartphones, an increase in internet penetration, and the emergence of fintech platforms. Online mutual fund platforms, mobile-based trading applications and online banking services have greatly lowered the number of barriers to entry in terms of investment. Youths can now open demat accounts in a matter of minutes, make small investments (systematic investment plans), as well as access real-time financial data on social media and online services. This has seen a drastic increase in the retail investor involvement, especially those who are first-time and the youthful ones.

India's financial sector has witnessed unprecedented retail participation in recent years. According to the National Centre for Financial Education (NCFE), the overall financial literacy rate in India was only 27%, indicating that nearly three-fourths of the population lacks adequate financial knowledge despite increasing access to financial services. Delhi was among the top-performing regions, with a financial knowledge score of 83%, significantly higher than the national average. Simultaneously, the mutual fund industry has expanded rapidly. The Assets Under Management (AUM) of the Indian mutual fund industry increased from ₹13.82 trillion in May 2016 to ₹81.58 trillion in May 2026, representing almost a six-fold increase within a decade. The popularity of Systematic Investment Plans (SIPs) has also grown considerably. Monthly SIP contributions crossed ₹26,459 crore in December 2024, while SIP accounts exceeded 8 crore investors, demonstrating growing participation of retail and young investors in financial markets.

Being one of the most economically varied areas in India, Delhi NCR creates a special socio-economic context that is marked by high literacy rates, a large number of students, a groundbreaking level of professional schools, varied employment prospects, and leading digital platforms. These attributes provide favourable financial engagement. Nevertheless, inasmuch as the pool of young investors is growing, many studies indicate that a person may be involved, but not informed enough financially to start practising informed behaviour. Several young adults make inefficient investments without essential knowledge on the key concepts of risk-return trade-off, portfolio diversification, inflation adjustment, and long-term financial planning (Chhillar and Arora, 2020). This casts doubts as to whether the increment in financial access is actually being reflected in financial empowerment. It is against this backdrop that the current research aims to enhance the knowledge on the correlation between financial literacy and investment behaviour among young adults in Delhi NCR based on secondary evidence on the same by using credible academic and institutional materials.

Objectives of the Study

1. “To examine the level of financial literacy and investment behaviour of young adults in Delhi NCR based on existing secondary evidence and studies.”
2. “To identify the key factors influencing their financial decisions and to suggest measures for improving financial literacy and promoting responsible investment behaviour.”

2. REVIEW OF LITERATURE

An increasing body of literature in the academic and institutional circles has highlighted the significance of financial literacy as an indicator of financial well-being. According to the available research, it is always implied that the oblique level of financial literacy in India is medium-low, especially at the level of high financial literacy concepts. In the national-level assessment conducted by the “National Centre for Financial Education (NCFE, 2019)”, a relatively low percentage of the population was shown to have sufficient knowledge about some of the basic principles of financial education (inflation, compound interest, diversification of risks). These results suggest that basic knowledge about financial products could be present, but there could be less knowledge on the conceptual level. Such knowledge gaps tend to limit the ability of people to critically analyse the financial products and make good investment choices.

When we put our attention to the city of Delhi NCR in terms of the regional context, the same patterns can be noticed. In their comparative analysis of financial literacy in Delhi and NCR, Chhillar and Arora (2020) established that overall, respondents showed their familiarity with classical types of financial products, such as savings accounts, recurring deposits, and fixed deposits. Nevertheless, it was found that the knowledge and perception of market-related instruments like mutual funds, equity stocks, and bonds were significantly poorer. The authors pointed out that respondents were usually shallow in their understanding of such products, and this hampered their ability to use them to create long-term wealth. Significantly, the research also emphasised the impacts of educational background in influencing financial literacy, whereby members of commerce, management, and economics, but not other fields, indicated a higher level of financial literacy.

The NCFE Financial Literacy and Inclusion Survey (2019) reported that the overall financial literacy level in India stood at only 27%, despite significant improvements in financial inclusion. The survey further identified Delhi as one of the best-performing regions in terms of financial knowledge, with an achievement level of 83%. The rapid expansion of investment opportunities has not always been accompanied by adequate financial understanding. Studies indicate that while awareness of banking services is relatively high, understanding of investment diversification, inflation, risk-return trade-offs, and wealth management remains comparatively low among young adults. This knowledge gap often influences investment behaviour and portfolio decisions.

In a survey carried out on college students in Delhi NCR, Goswami (2018) added more details to the financial behaviour of young adults. The research found that even though the students were willing to become financially independent, especially as their interest in the activities in the investment field continued to be apparent, informal sources of information frequently influenced decision-making in investments. The vast majority of the respondents mentioned that instead of the active development of a system of financial education, they used the assistance of friends, relatives, social media influencers, and online forums. It was found that such reliance on informal sources of information led to speculative behaviour in the investment behaviour of the students, with most students valuing short-term returns more than financial planning in the long term. This paper has found that the lack of systematic financial education at the institutional level was one of the leading factors to such trends. Recent literature has focused on the growing nature of the impact of digital platforms on financial behaviour. Yadav (2024) discovered that online financial literacy is relevant to the regulation of saving and investment behaviour in the urban youth. The more people felt at ease using mobile banking applications, online investment sites and online financial instruments, the more likely they were to join the financial markets. But the study also highlighted that digital familiarity does not necessarily result in good financial decision-making. Having better conceptual understanding can, at times, in turn stimulate more access to financial technology, resulting in overconfidence and risky financial behaviour.

3. RESEARCH METHODOLOGY

The current research is conducted purely on the basis of secondary data, since the research design presupposes the current investigation by examining existing evidence and performing the synthesis of the findings. Secondary data have been acquired through trustworthy and publicly available resources, including peer-reviewed academic journal articles, conference papers, institutional reports, and publications published by the regulatory authorities, such as the NCFE and the SEBI. Scholarly platforms and academic databases were also searched to provide quality and authenticity of the sources applied. The study has taken a descriptive and an analytical method. The descriptive part will entail the presentation of the extant findings on financial literacy levels and investment behaviour among young adults in a systematic manner, but the analytical part will involve the interpretation of the obtained findings to outline patterns, relationships and gaps. The studies that made an explicit mention of the study methodology, sample composition and method of analysis were only included in the study; this increased the reliability and credibility of the conclusions made. The study aims to give a broad perspective of the issue, which has not been achieved by the small primary samples of researchers, which is likely to mislead the researcher about the issue.

4. FINDINGS AND DISCUSSION

The literature reviewed shows that financial literacy among young adults is moderate, especially with respect to higher levels of financial literacy, like investment risk, portfolio diversification and taxation. As NCFE (2019) states, basic knowledge of financial services has improved, but conceptual knowledge of financial products remains low. Analysis of the studies carried out in the city of Delhi NCR confirms this point, concluding that young people usually do not have a thorough understanding of where their money goes when investing through financial applications (Chhillar and Arora, 2020).

When it comes to investment behaviour, it is indicated that the young adults in Delhi NCR are becoming enticed with market-oriented instruments like mutual funds and equities. The use of systematic investment plans (SIPs) and online trading websites has tremendously increased among the younger generation in urban areas. Nevertheless, studies also indicate that frequent trading in the short-term perspective of making a quick profit is committed by many young investors, not knowing the value of diversification and financial planning in the long term (Goswami, 2018). Investment behaviour among young adults is determined by a number of factors. The level of education is quite important, since students with a background in commerce and management are likely to have a greater financial awareness. Participation is also strongly informed by the digital financial literacy of individuals, as those who are familiar with operating fintech applications tend to invest in financial markets (Yadav, 2024). Moreover, social issues like peer pressure, family views, and exposure to financial materials on social media play a major role in decision-making when it comes to investing. Another element that is evident in the studies that have been reviewed is the disparity between monetary engagement and monetary awareness. Although young adults are aggressively participating, they do not have sufficient knowledge of risk, taxation and long-term planning of wealth. The presence of this gap adds to the probability of making poor financial choices and even realising potential losses, thereby increasing the necessity of more severe financial education interventions.

Table 1. Key Indicators of Financial Literacy and Investment Growth in India.

Indicators	**Value**
Overall Financial Literacy Rate in India (NCFE, 2019)	27%
Delhi Financial Knowledge Score	83%
Mutual Fund AUM (April 2024)	₹57 Lakh Crore
Mutual Fund AUM (May 2026)	₹81.58 Lakh Crore
Monthly SIP Contribution (Dec 2024)	₹26,459 Crore
Monthly SIP Contribution (Mar 2026)	₹32,087 Crore
Growth in Mutual Fund AUM (2016–2026)	₹13.82 Trillion to ₹81.58 Trillion

Source: NCFE (2019), AMFI Reports, Reuters (2024)

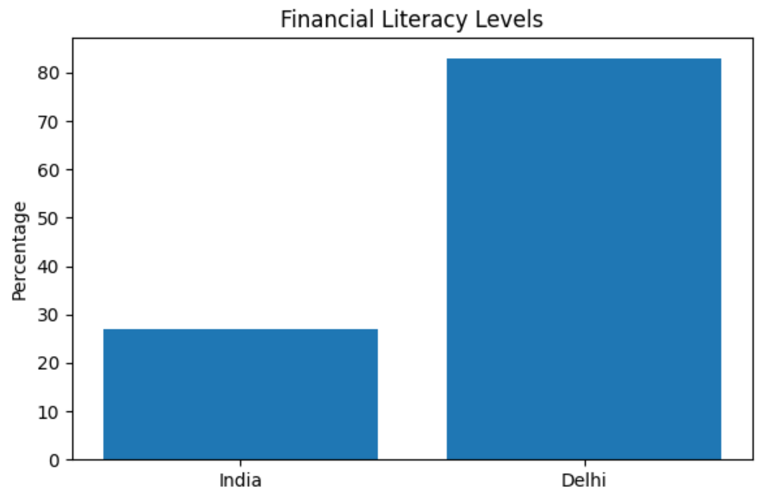

Figure 1. Financial Literacy Comparison (India vs Delhi NCR).

Source: NCFE Financial Literacy and Inclusion Survey (2019).

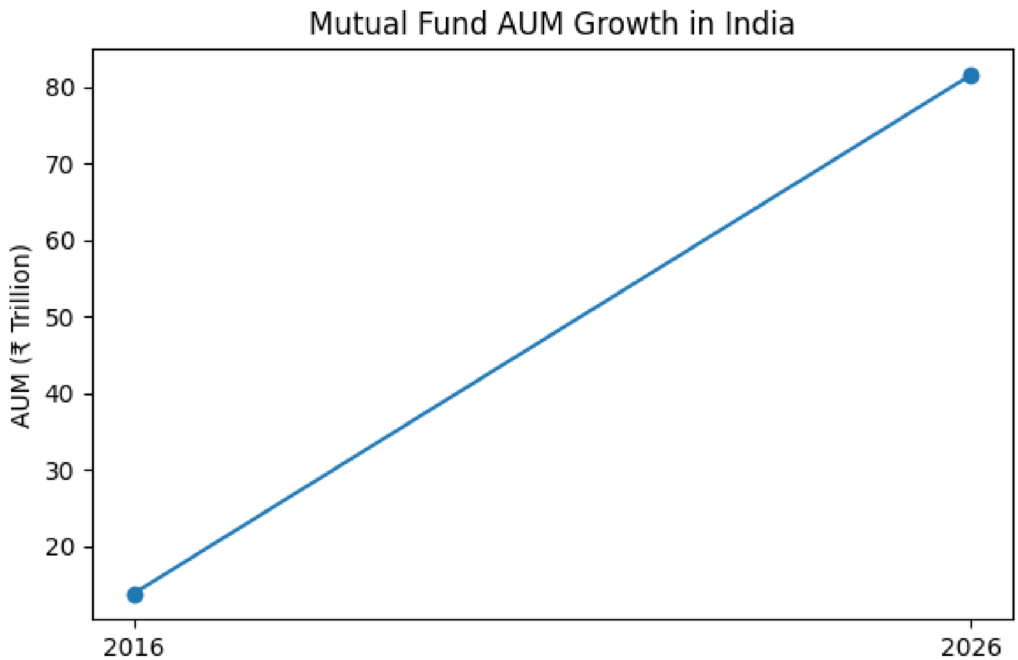

Figure 2. Growth in Mutual Fund Assets Under Management (2016–2026).

Source: AMFI Reports (2016–2026).

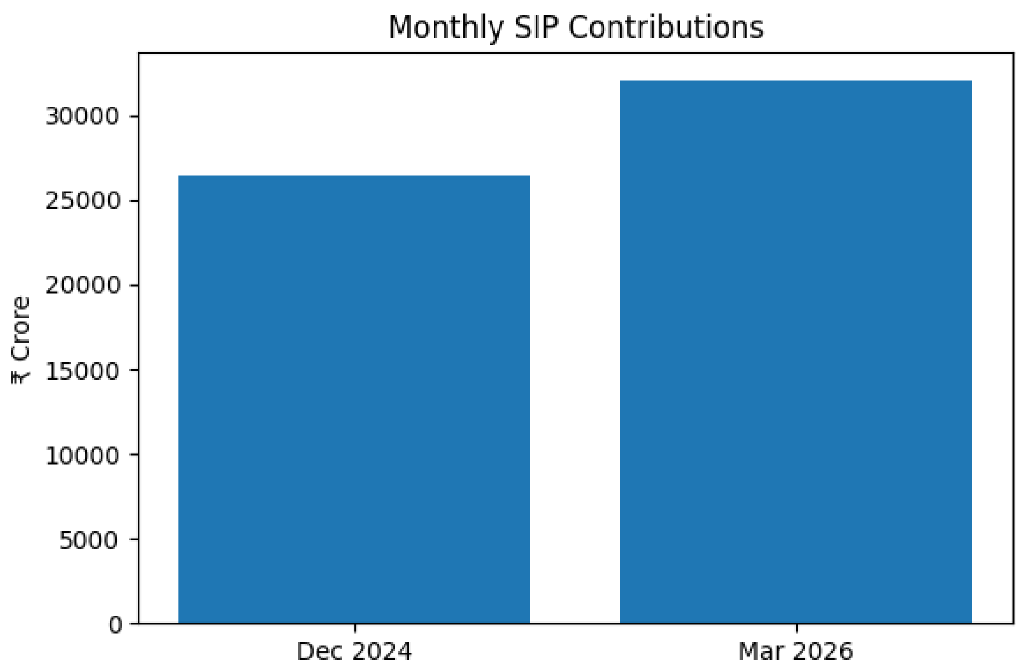

Figure 3. Monthly SIP Contribution Growth (Dec 2024–Mar 2026).

Source: AMFI Reports (2024–2026).

Recommendations

The conclusions made based on the literature analysis give a strong signal that the problem of financial literacy among young adults can only be reduced in a systemic and multi-dimensional way. Inculturation of financial education in the curriculum of formal education is one of the key steps towards this end. One way of making sure that young people have a conceptual understanding of financial concepts before they embark on making independent financial choices is by introducing structured financial literacy modules in school and university curricula. This ought not just be theoretical knowledge but involve practical aspects of learning the actual financial products, knowledge on reading financial statements and participation in simulated investment activities. The exposure to such learning by students at a young age will make them have more responsible financial habits. Other critical players in enhancing the finances of the youth include the regulatory bodies like the SEBI and the NCFE. As these institutions already have the awareness programs in place, the literature indicates that the respective initiatives may be extended, and they may be directed more specifically to college students and young professionals, especially in urban areas, e.g. in Delhi NCR.

Financial education programs can be greatly strengthened by workshops and webinars, certification programs and awareness campaigns within the campuses. The issue of the emerging power of fintech platforms is also a challenge and an opportunity. On the one hand, digital platforms have never made investing as accessible as it is now, and on the other hand, they have also made it easier to engage in uninformed financial behaviour. Hence, investment apps and fintech businesses need to be more responsible and educate users directly on their programs. Simple explanations of financial concepts, risk warnings and learning modules can help make the usage more educated since the advanced trading functionality is not offered to users until they get a brief explanation of the given issue. These practices can see to it that technological innovation is used to achieve, and not financial exploitation.

Last but not least, the literature emphasises constant monitoring and research. The surveys of the area, like the Delhi NCR ones, can provide valuable information regarding the changing financial behaviour and the level of financial literacy. Policy makers, educators and regulators can use these surveys to make more specific and effective interventions. Unless Evaluation is conducted regularly, financial literacy improvement efforts could be isolated from the real needs of the population.

5. CONCLUSION

The present study, based on a comprehensive review of secondary sources, provides valuable insights into the relationship between financial literacy and investment behaviour among young adults in Delhi NCR. The evidence clearly indicates that young individuals are increasingly engaging with financial markets, driven by improved digital access, greater awareness of investment opportunities, and changing aspirations toward financial independence. This growing participation represents a positive shift, as it reflects an emerging interest in financial planning and wealth creation among the younger generation.

However, the study also reveals that this increased participation is not always supported by adequate financial knowledge. Significant gaps persist in the understanding of key financial concepts such as risk-return trade-off, portfolio diversification, taxation, and long-term financial planning. These gaps expose young investors to the risk of poor financial decisions, speculative behaviour, and potential financial losses. The literature consistently emphasizes that without strong financial literacy, access to financial products alone cannot ensure financial well-being.

Strengthening financial literacy among young adults therefore emerges as an urgent priority. Formal education systems, regulatory institutions, and digital financial platforms must work collaboratively to create an environment in which young individuals are not only encouraged to participate in financial markets but are also equipped with the knowledge and skills necessary to do so responsibly. By fostering a culture of informed financial decision-making, it is possible to ensure that the growing engagement of young adults with financial markets contributes positively to their long-term economic security and overall well-being.

References

1. Chhillar, N., & Arora, S. (2020). Basic financial literacy: A comparative study at Delhi NCR. Asian Journal of Management, 11(4), 330–334. https://ajmjournal.com/HTMLPaper.aspx?Journal=Asian+Journal+of+Management&PID=2020-11-4-20
2. Goswami, M. (2018). A study on financial literacy among college students in Delhi/NCR. In Proceedings of XVIII Annual International Conference. https://internationalconference.in/XVIII_AIC/TS5B/Mani%20Goswami_455-460_.pdf

3. National Centre for Financial Education. (2019). Financial literacy and inclusion in India: Final report. NCFE. https://ncfe.org.in/wp-content/uploads/2023/12/NCFE-2019_Final_Report.pdf
4. Securities and Exchange Board of India. (2023). Financial education booklet. SEBI Investor Education. https://investor.sebi.gov.in/pdf/downloadable-documents/Financial%20Education%20Booklet%20-%20English.pdf
5. Yadav, M. (2024). Digital financial literacy, savings and investment behaviour: Evidence from urban India. Journal of Social and Economic Development. https://ideas.repec.org/a/spr/jsecdv/v27y2025i2d10.1007_s40847-024-00367-z.html