

# 1 The Influence of Household Status on Financial Literacy and Investment 2 Awareness: A Study of Young Adults in Delhi NCR .

3

## 4 Abstract

5 Financial literacy and investment awareness are increasingly recognized as essential  
6 components of individual financial well-being, particularly among young adults who are  
7 beginning to engage with financial decision-making. This study examines the relationship  
8 between household status and the levels of financial literacy and investment awareness among  
9 individuals aged 16–22 years in the National Capital Region (NCR) of Delhi, India. The research  
10 further investigates whether differences exist between respondents belonging to business-  
11 oriented and salaried households. Primary data were collected from 104 respondents through a  
12 structured questionnaire administered using Google Forms and selected through convenience  
13 sampling. Investment awareness was measured using Likert-scale statements, while financial  
14 literacy was assessed through multiple-choice questions covering fundamental financial  
15 concepts. Correlation and regression analyses were employed to evaluate the relationships  
16 among the variables.

17 The findings reveal a positive association between household status and both investment  
18 awareness and financial literacy. For respondents from salaried households, household status  
19 demonstrated a statistically significant relationship with investment awareness, whereas the  
20 relationship was not significant among respondents from business households. In contrast,  
21 household status exhibited a significant positive relationship with financial literacy for both  
22 household groups. The combined analysis of all respondents further confirmed significant  
23 positive relationships between household status, investment awareness, and financial literacy.  
24 The results suggest that the socioeconomic and occupational environment of the household  
25 plays an important role in shaping financial knowledge and investment-related understanding  
26 among young adults. The study contributes to the growing literature on financial capability by  
27 highlighting the influence of household background on financial outcomes and provides insights  
28 for policymakers, educators, and financial institutions seeking to enhance financial literacy and  
29 investment awareness among youth.

30 **Keywords:** Financial Literacy, Investment Awareness, Household Occupational Status,  
31 Business Households, Salaried Households, Young Adults, Delhi NCR.

32 **JEL:** D14, G53, G41

## 33 Introduction

34 Financial literacy and investment awareness have become increasingly important in  
35 contemporary economies where individuals are expected to make complex financial decisions  
36 regarding savings, investments, credit, insurance, and long-term financial planning (Lusardi &

37 Mitchell, 2014). In developing economies such as Delhi and its surrounding areas, rapid  
38 urbanization, rising household incomes, and expanding investment opportunities have  
39 transformed the way households interact with financial systems. However, access to financial  
40 products alone does not necessarily ensure informed financial decision-making, as individuals  
41 often differ in their ability to interpret financial information and evaluate financial risk effectively  
42 (OECD, 2013).

43 Financial literacy broadly refers to the knowledge and understanding required to make informed  
44 and effective financial decisions, including budgeting, saving, debt management, and  
45 understanding financial risk (Hilgert et al., 2003). Investment awareness, on the other hand,  
46 focuses more specifically on an individual's familiarity with investment avenues, risk-return  
47 relationships, market instruments, and wealth creation strategies (Van Rooij et al., 2011). While  
48 these two concepts are closely connected, they are not identical. A household may possess  
49 basic financial literacy but still lack awareness regarding investment instruments beyond  
50 traditional savings methods.

51 For the purpose of this research, business families refer to households whose primary source of  
52 income is derived from self-owned businesses, trade, or entrepreneurial activities, whereas  
53 service families refer to households whose principal income is earned through salaried  
54 employment or service-based occupations. Families engaged in business activities are often  
55 involved in financial risk taking, capital allocation decisions, and profit-oriented planning as part  
56 of their daily economic environment. (Grable & Joo, 2004). In contrast, service-based  
57 households that primarily rely on salaried employment may demonstrate different financial  
58 priorities, often focusing on income stability, fixed savings, and low-risk investment behaviour  
59 (Bhushan & Medury, 2013). These differences may influence both the level of financial literacy  
60 and the extent of investment awareness within households.

61 The present study seeks to assess the level of financial literacy and investment awareness  
62 among individuals aged 16-22 years from two distinct household groups in the National Capital  
63 Region of Delhi, India: business families and service families in order to understand  
64 intergenerational transmission of financial knowledge through different household occupational  
65 environments. The study further attempts to examine whether occupational background  
66 significantly influences financial literacy and investment awareness and to analyze the  
67 relationship between these two variables through correlation and regression analysis.

68 The study is important for several reasons. First, understanding differences in financial  
69 behaviour across household groups can contribute to more targeted financial education  
70 initiatives, policy and interventions aimed at improving financial inclusion and responsible  
71 investment behaviour (OECD, 2013). Second, examining investment awareness in relation to  
72 financial literacy can help identify whether households possess the practical ability to translate  
73 financial knowledge into informed investment decisions (Van Rooij et al., 2011). Finally, the  
74 findings may provide useful insights for educators, policymakers, financial institutions, and  
75 researchers interested in strengthening household financial capability in urban India .

## 76 Literature Review

77 Over the past two decades, researchers across different countries have attempted to  
78 understand the determinants of financial literacy.

79 Research conducted by Organisation for Economic Co-operation and Development (OECD,  
80 2013) highlighted that financial literacy significantly influences household financial stability and  
81 responsible financial behaviour. The report found that individuals with greater financial  
82 knowledge tend to save more consistently, avoid excessive debt, and participate more actively  
83 in formal financial systems.

84 Studies examining demographic and occupational influences on financial literacy suggest that  
85 socio-economic background and professional exposure strongly shape financial behaviour.  
86 Chen and Volpe (1998) found that individuals with greater exposure to financial decision-making  
87 environments generally displayed stronger financial literacy levels and more confidence in  
88 investment-related decisions. Similarly, Hilgert, Hogarth, and Beverly (2003) observed that  
89 financially knowledgeable households are more likely to adopt responsible financial  
90 management practices such as budgeting, emergency savings, and investment planning.

91 Existing literature also suggests that occupational background affects risk perception and  
92 investment behaviour. Business-oriented individuals are often more familiar with financial  
93 transactions, market uncertainty, and capital management due to the nature of entrepreneurial  
94 activities. In contrast, salaried households may prefer safer and more stable financial  
95 instruments because of their dependence on fixed monthly income. Research by Grable and  
96 Joo (2004) indicated that individuals with entrepreneurial or self-employed backgrounds  
97 generally demonstrate higher financial risk tolerance compared to salaried individuals.

98 Family environment serves as a primary source of financial learning, influencing financial self-  
99 efficacy and subsequent financial behaviour (Kaur and Singh, 2024). The study suggests that  
100 regular exposure to financial discussions, decision-making processes, and money management  
101 practices within the household contributes significantly to an individual's financial capability.  
102 These findings support the argument that differences in household occupational backgrounds  
103 may lead to varying levels of financial literacy and investment awareness among young adults.

104 In the Indian context, financial literacy continues to remain uneven across various social and  
105 occupational groups despite increasing financial inclusion initiatives. Studies conducted by the  
106 Reserve Bank of India and other financial institutions have repeatedly highlighted limited  
107 awareness regarding investment products and long-term financial planning among Indian  
108 households. Agarwalla et al. (2015), in a study on financial literacy among young working adults  
109 in India, found that financial knowledge varied considerably depending on educational  
110 background, income levels, and work exposure. It can be concluded that parental financial  
111 socialization significantly influences students' financial literacy. (Subramaniam and Arjun, 2024)

112 A study by Bhushan and Medury (2013) examined the relationship between financial literacy  
113 and investment behaviour among salaried individuals in India and found that individuals with

114 higher financial literacy were more likely to invest in diversified financial products such as  
115 mutual funds, equities, and insurance schemes. The study concluded that financial literacy  
116 positively influences investment planning and risk assessment. These findings are particularly  
117 relevant to the present study because they suggest that occupational background and the  
118 nature of income generation may influence financial decision-making patterns and investment  
119 preferences.

120 Nidar and Bestari (2012) found that investment awareness and financial planning behaviour are  
121 influenced by income stability, occupation, educational attainment, and exposure to financial  
122 markets. Individuals who regularly engage with financial decisions tend to display a stronger  
123 understanding of investment opportunities and risk-return relationships.

## 124 **Literature Gap**

125 Despite the growing relevance of financial literacy in India, existing research has largely focused  
126 on students, women, working professionals, rural populations, or general demographic groups.  
127 There exists an important gap in understanding whether business families and service families  
128 differ significantly in their financial understanding, investment preferences, and financial  
129 decision-making capabilities. Specifically, there remains insufficient comparative research in the  
130 area of research, examining differences between business families and service families within  
131 urban Indian settings. Furthermore, there is a lack of study on the intergenerational transmission  
132 of financial knowledge through different household occupational environments.

133 The present study attempts to address this gap by comparatively analyzing the youth from  
134 business families and service families in Delhi NCR. By studying the relationship between  
135 financial literacy and investment awareness across these two household categories, the  
136 research aims to contribute to a deeper understanding of how occupational background may  
137 shape financial knowledge, investment behaviour, and financial decision making patterns.

## 138 **Objectives**

139 This study aims to investigate and evaluate the relation between the level of financial literacy  
140 and investment awareness among young adults aged 16-22 years and its variance between  
141 household groups with different occupational backgrounds, specifically business and salaried  
142 households in the NCR.

143 The primary objectives of the study are:

- 144 1. To understand the impact of household status (income and education level) of the  
145 respondents on their level of investment awareness
- 146 2. To understand the impact of household status (income and education level) of the  
147 respondents on their level of financial literacy

148 3. To examine the relationship between financial literacy and investment awareness among  
149 respondents.

150 Mentioned below are the primary hypothesis for the study:

151 For Objective 1:

152  $H_{01}$ : There is no significant relationship between household status and investment awareness.

153  $H_{11}$ : There is a significant relationship between household status and investment awareness.

154 For Objective 2:

155  $H_{02}$ : There is no significant relationship between household status and financial literacy.

156  $H_{12}$ : There is a significant relationship between household status and financial literacy

157 For Objective 3:

158  $H_{03}$ : There is no significant relationship between household status and investment awareness

159  $H_{13}$ : There is a significant relationship between household status and investment awareness

160  $H_{04}$ : There is no significant relationship between household status and financial literacy.

161  $H_{14}$ : There is a significant relationship between household status and financial literacy

## 162 **Research Methodology**

163 This study adopts a quantitative research approach and uses a survey research design to  
164 examine the relationship between financial literacy and investment awareness and to assess  
165 differences across households with varying occupational backgrounds.

166 Primary data was collected through a structured self-administered questionnaire developed  
167 using Google Forms. The responses were collected using the convenience sampling method  
168 and data collection was conducted during May 2026. A total of 104 respondents between the  
169 ages of 16 and 22 years participated in the study. Responses were obtained from various parts  
170 of the National Capital Region (NCR) of Delhi, including Delhi, Gurugram, Noida, Faridabad,  
171 and Bahadurgarh.

172 The questionnaire consisted of three sections. The first section collected demographic  
173 information, including income, educational level and household occupational background.  
174 Based on this information, respondents were categorized into business owning households and  
175 salaried (service) households. The second section measured investment awareness using  
176 Likert-scale (1-5) where a higher score reflects higher level of investment awareness, allowing  
177 respondents to indicate their level of agreement regarding various investment-related topics.

178 The third section assessed financial literacy through multiple-choice questions (MCQs) to  
179 evaluate respondents' understanding of fundamental financial concepts.

180 The collected data were compiled and analyzed using correlation and regression to examine the  
181 relationship between the two dependent variables (investment awareness and financial literacy),  
182 and compare outcomes between respondents from business-owning and salaried households.  
183 The only independent variable is the individual's household occupational status.

## 184 **Result And Analysis**

185 Household status is based on income and education level of the respondents. The respondents  
186 are divided into two groups based on their occupation - service or business. Then for each  
187 group, Pearson's method of correlation and linear regression has been conducted to analyse  
188 the relationships.

### 189 **Discussion for Objective 1**

190 This section evaluates the relationship between household occupational status and investment  
191 awareness.

192 Investment awareness was measured using scores calculated from survey responses. Similarly,  
193 the respondents' household status was derived from combined income and education level  
194 scores, where higher income and education levels yielded higher scores.

195 For a primarily entrepreneurial household, the correlation coefficient value is 0.21, indicating a  
196 weak positive relation between the dependent variables. Although there is a positive relation,  
197 there is no statistical significance ( $p= 0.190$ ,  $p>0.05$ ). The regression coefficient is positive,  
198 indicating that each unit increase in household status will result in investment awareness  
199 increasing by 0.15 units.

200 Table 1: Regression Analysis: Household Status and Investment Awareness (Entrepreneurial)

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	17.99824194	5.581395	3.224685362	0.002592814
Investment Awareness	0.150365832	0.112824	1.33274729	0.190551238

201 Source - Author's own estimation (Note : \* $p<0.10$ , \*\* $p<0.05$ , \*\*\* $p<0.01$ )

202 For primarily salaried households, the correlation coefficient value is 0.27, suggesting a weak  
203 positive relation. The p-value ( $p=0.028^{**}$ ,  $p<0.05$ ) shows high statistical significance. The  
204 positive regression coefficient indicates that a one unit increase in household status results in  
205 an 0.19 unit increase in investment awareness.

206 Table 2: Regression Analysis: Household Status and Investment Awareness (Salaried)

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	15.96428	4.38989	3.6366	0.000563509
Investment Awareness	0.191317	0.085112	2.247836	0.02815318**

207 Source- Author's own estimation (Note : \*p<0.10, \*\*p<0.05, \*\*\*p<0.01)

208 The relationship between household occupational background and investment awareness  
 209 was found to be statistically significant for respondents from service households but not  
 210 for respondents from business households. The relationship was significant among  
 211 service households but insignificant among business households. Therefore, evidence  
 212 supporting  $H_{01}$  is mixed.

### 213 Discussion for Objective 2

214 This section evaluates the relation between household status and financial literacy.

215 Financial literacy was measured using scores calculated from survey responses. Similarly, the  
 216 respondents' household status was derived from combined income and education level scores,  
 217 where higher income and education levels yielded higher scores.

218 Within the predominantly business focused household, the correlation coefficient is 0.39,  
 219 indicating a positive and moderate association. Using the regression analysis, it can be  
 220 concluded that the data holds high statistical significance as  $p=0.011^{**}$ . The regression  
 221 coefficient is positive, indicating that each unit increase in household status will result in an  
 222 increase in investment awareness by 0.29 units.

223 Table 3: Regression Analysis: Household Status and Financial Literacy (Entrepreneurial)

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	19.38969	2.312508	8.384700903	3.59E-10
Financial Literacy	0.291409	0.109241	2.667590383	0.011165812**

224 Source- Author's own estimation (Note : \*p<0.10, \*\*p<0.05, \*\*\*p<0.01)

225 Within the service oriented households, there is a positive correlation (0.45). The regression  
 226 analysis with  $p=0.0001^{***}$  reveals pronounced statistical evidence. A positive relationship  
 227 between an individual's primary source of household income and financial literacy was observed

228 with the model predicting a 0.40 increase in financial literacy for each additional unit increase in  
 229 status.

230 Table 4: Regression Analysis: Household Status and Financial Literacy (Salaried)

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	17.11954	2.177741	7.861147	6.89E-11
Financial Literacy	0.402578	0.099395	4.050281	0.000144702***

231 Source- Author's own estimation (Note : \*p<0.10, \*\*p<0.05, \*\*\*p<0.01)

232 The relationship between household occupational background and investment awareness  
 233 was found to be statistically significant for respondents from service households and  
 234 respondents from business households. Therefore, H<sub>02</sub> is rejected.

235 **Discussion for Objective 3**

236 Apart from the segregated analysis, merged responses of all the respondents irrespective of  
 237 their occupation have been measured to show the combined values. The result shows that the  
 238 correlation coefficient value is 0.25 for household status with degree of investment awareness  
 239 and 0.43 between status with financial literacy. The regression result proves to have highly  
 240 robust significance with p=0.008\*\*\* and p=0.0000043\*\*\* respectively. The positive regression  
 241 coefficient indicates that a one unit increase in personal status is associated with 0.37 unit  
 242 increase in investment awareness and 0.35 unit increase in financial literacy.

243 Table 5: Combined Regression Analysis of all respondents: Household Status, Investment  
 244 Awareness, and Financial Literacy

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	40.97165783	3.592057	11.40618	6.43E-20
Investment Awareness	0.372073363	0.138769	2.681237	0.008556074***

245

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	18.16268733	1.571149361	11.56012775	2.96E-20

Financial Literacy	0.352897601	0.072644317	4.857883085	0.000004299***
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246 The combined regression analysis demonstrates statistically significant relationships between  
 247 household occupational background and both investment awareness and financial literacy.  
 248 Consequently,  $H_{13}$  and  $H_{14}$  are accepted.

## 249 Conclusion

250 This study examined the levels of investment awareness and financial literacy amongst  
 251 individuals aged 16-22 years in the National Capital Region of Delhi, India and investigated  
 252 whether household occupational background had any influence on the dependent variables.  
 253 Specifically, the study compared responses from business oriented and service oriented  
 254 households using correlation and regression analysis.

255 The findings of the study imply a positive relationship between the dependent and independent  
 256 variables. While the relationship between occupational background and investment awareness  
 257 displayed varying levels of statistical significance, financial literacy displayed a consistent and  
 258 significant association. The combined analysis further revealed that the economic environment  
 259 in which an individual is raised influences their financial knowledge and investment literacy.

260 Overall, it can be concluded using the findings that the household occupational status plays a  
 261 role in the depth of financial acumen of a person. Consequently, segregated analysis yielded  
 262 mixed results for  $H_{01}$  and led to rejection of  $H_{02}$ . Ultimately, the combined analysis resulted in  
 263 strict rejection of remaining null hypotheses ( $H_{03}$  and  $H_{04}$ ), providing evidence of significant  
 264 relationships between household occupational background, financial literacy, and investment  
 265 awareness.

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