

An Empirical Study on Achieving Financial Goals and Wealth Creation through Equity Mutual Funds: A Perspective on Financial Literacy of Gen Y

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Abstract: *Gaining financial success and accumulating wealth is a prime issue for young adults (Gen Y). Equity mutual funds offer a good investment vehicle because of their diversification and long-term growth prospects. Financial literacy, however, is important to guarantee that investors make rational and well-informed decisions. Financial illiteracy may result in adverse investment decisions, impacting wealth creation and financial stability. This research examines the relationship between investment behaviour, financial literacy, and the accumulation of wealth by Gen Y investors. It provides insights that are useful for policymakers, financial advisors, and young investors to improve financial education and encourage sound investing. With enhanced financial literacy, Gen Y can have better investment decisions, reach their financial objectives, and establish a stable financial future.*

Keywords: Financial Goals, Wealth Creation, Equity Mutual Funds, Financial Literacy, Investment Strategies, Risk and Return, Systematic Investment Plan (SIP)

I. INTRODUCTION

Financial independence and wealth generation are critical objectives for young adults (Gen Y) as they transition through their professional and personal lives. In the rapidly evolving economic landscape of the present, informed financial choices are vital to ensuring long-term stability and growth. Equity mutual funds have become a favourite investment choice because of diversification, expert management, and the possibility of high returns. Nonetheless, investment in these funds demands a clear grasp of financial principles and market forces. Financial literacy is essential in determining investment behaviour, allowing individuals to evaluate risks, make sound decisions, and achieve optimal returns. Even with numerous investment options, most young investors lack adequate financial knowledge, which results in poor investment choices and foregone opportunities for wealth creation. This research investigates the association between financial literacy, investment behaviours, and wealth generation of Gen Y. This research endeavours to offer actionable advice that can be used to improve the financial strategy of young investors while providing important recommendations for policymakers and financial planners. With the improvement in financial literacy, Gen Y can invest more wisely, attain their monetary objectives, and ensure a good future.

OBJECTIVES OF THE STUDY:

- To investigate the impact of financial literacy on investment choices among Gen Y investors.
- To study the role of equity mutual funds in the creation of wealth and achievement of financial goals among young adults.
- To determine investment behaviour and preference of Gen Y towards equity mutual funds.
- To evaluate the difficulties experienced by young investors in the absence of financial awareness and knowledge.
- To offer concrete suggestions on how to enhance financial literacy and encourage prudent investing amongst Gen Y.



II. LITERATURE REVIEW

Gupta, S., & Mishra, P. (2024). The Role of Financial Literacy in Shaping Investment Choices Among Indian Youth. *Journal of Financial Management and Decision Making*, 12(3), 89-98. This research investigates how financial literacy influences the investment choices of Indian youth, with a particular focus on mutual funds. The findings indicate that financial literacy plays a key role in guiding young investors toward more informed and diversified investments. The study recommends increasing financial education initiatives in schools and colleges. The conclusion emphasizes the importance of financial literacy in fostering prudent investment decisions.

Patel, S., & Gupta, M. (2023). Understanding Financial Literacy and Mutual Fund Adoption Among Young Investors. *Indian Journal of Financial Planning*, 8(1), 54-64. This research examines the understanding of financial literacy and its effect on mutual fund adoption among young Indian investors. The findings show that higher financial literacy levels lead to greater adoption of mutual funds for wealth creation. The study recommends integrating mutual fund education into high school and college curriculums. The conclusion stresses the need for early financial literacy to drive investment adoption.

Sharma, G., & Agarwal, S. (2022). The Impact of Financial Literacy on Investment Behaviour: A Study of Young Investors in India. *Indian Journal of Business Finance*, 15(2), 75-88. This research examines the influence of financial literacy on the investment behaviour of young Indian investors. The findings show that better financial knowledge is correlated with higher participation in equity mutual funds. The study recommends enhancing financial literacy programs to promote smart investment choices. The conclusion concludes that financial literacy is crucial for encouraging goal-oriented wealth creation.

Mohta, A., & Shunmugasundaram, V. (2021). Financial Literacy Among Millennials. *International Journal of Economics and Financial Issues*, 12(2), 61-66. This research assesses the financial literacy of millennials in India, particularly in relation to mutual fund investments. The study finds that many millennials are unaware of the potential of mutual funds for wealth creation. It recommends targeted educational initiatives, particularly in urban and semi-urban areas. The study concludes that increasing financial literacy is key to empowering millennials to make informed investment decisions.

III. RESEARCH METHODOLOGY

This research has a descriptive and analytical research design to analyse the effect of financial literacy on investment choices and wealth generation among Gen Y investors.

Data Collection:

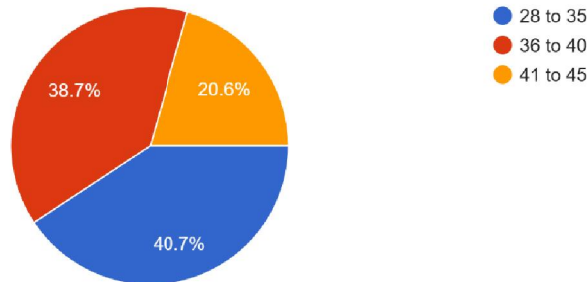
- **Primary Data:** Primary data: The data is collected by the survey method. The survey has been done through questionnaire by Google form.
- **Secondary Data:** The sources of secondary data include research papers, financial statements, government publications, mutual fund reports, and other relevant financial documents.
- **Sample Size:** The sample size for this research consists of 200 respondents.
- **Sampling Method:** The method is simple random sampling by considering the responses from Vadodara city only.
- **Statistical Tools Used for Analysis:** Graphical method and percentage method have been used for analysis data.
- **Scope and Limitations:** The research is conducted on Gen Y investors in equity mutual funds, with limitations in data availability and sample accuracy.



IV. DATA INTERPRETATION

What is your age group ?

199 responses

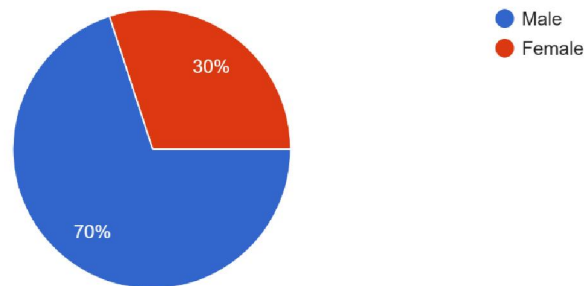


INTERPRETATION

The majority of respondents belong to the 28-35 age group (40.7%), followed by the 36-40 age group (38.7%), and the 41-45 age group (20.6%). This shows a higher representation of younger age groups.

What is your gender?

200 responses



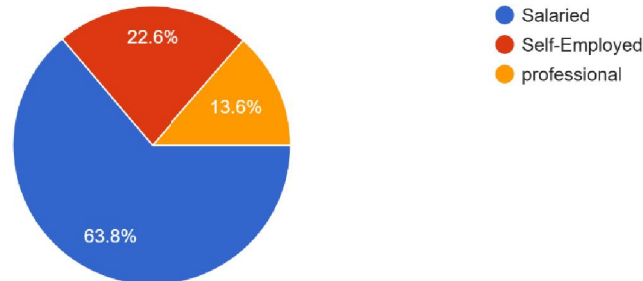
INTERPRETATION

The survey received 200 responses, with 70% male (140 respondents) and 30% female (60 respondents). This indicates a higher participation of males compared to females.



What is your occupation ?

199 responses

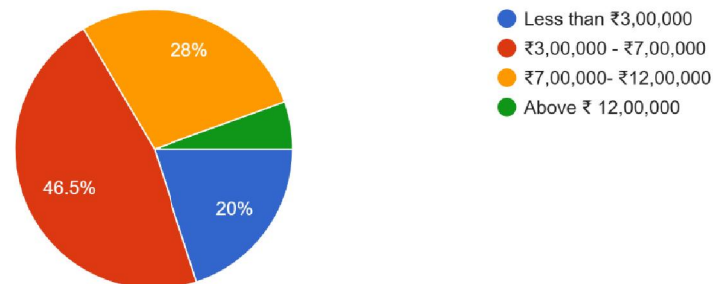


INTERPRETATION

The majority of respondents are salaried (63.8%), followed by self-employed (22.6%) and professionals (13.6%). This indicates that most participants have stable jobs, with fewer in self-employment or specialized professions.

What is your annual income?

200 responses

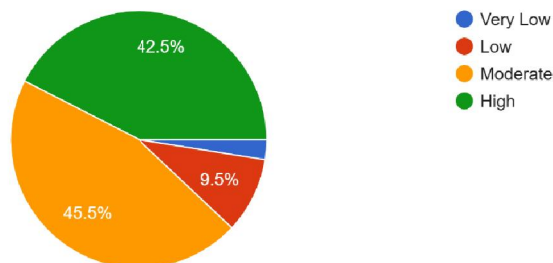


INTERPRETATION

The majority of respondents (46.5%) have an annual income between ₹3,00,000 – ₹7,00,000, followed by 28% earning ₹7,00,000 – ₹12,00,000. Around 20% earn less than ₹3,00,000, while only a small portion falls in the above ₹12,00,000 category. This indicates a significant concentration of individuals in the mid-income range.

Rate Your Level Awareness About Equity Mutual Funds

200 responses

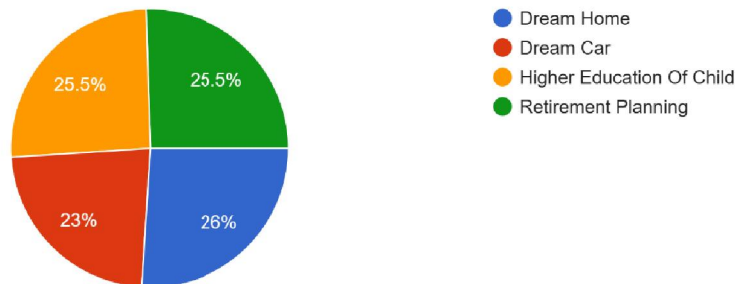


INTERPRETATION

The survey results indicate that the majority of respondents have a moderate (45.5%) or high (42.5%) level of awareness about equity mutual funds. A smaller portion of participants reported low (9.5%) awareness, while very few had very low awareness. This suggests that most individuals surveyed are familiar with equity mutual funds, but there is still room for further education.

What Is Your Financial Goals ?

200 responses

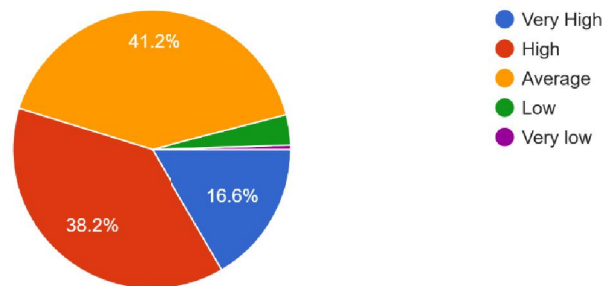


INTERPRETATION

The survey shows that financial goals are almost evenly distributed, with "Dream Home" (26%) and "Retirement Planning" (25.5%) being the top priorities. "Higher Education of Child" (25.5%) and "Dream Car" (23%) also hold significant importance, indicating a balanced focus on both short-term and long-term financial aspirations.

Rate The Importance Of Financial Advisor In Your Journey Of Wealth Creation Through Equity Mutual Funds .

199 responses



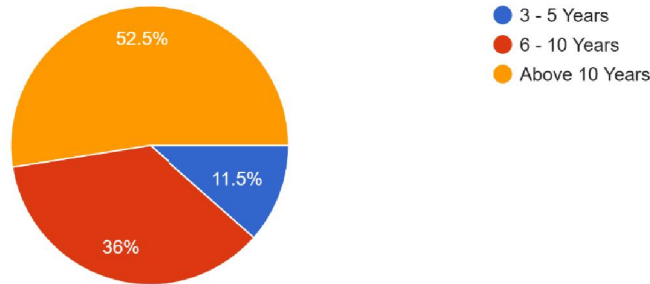
INTERPRETATION

The majority of respondents (41.2% average and 38.2% high) consider financial advisors important in wealth creation through equity mutual funds. This indicates that while expert guidance is valued, some investors feel confident managing their investments independently.



What is the ideal investment horizon for equity mutual funds to maximize wealth creation?

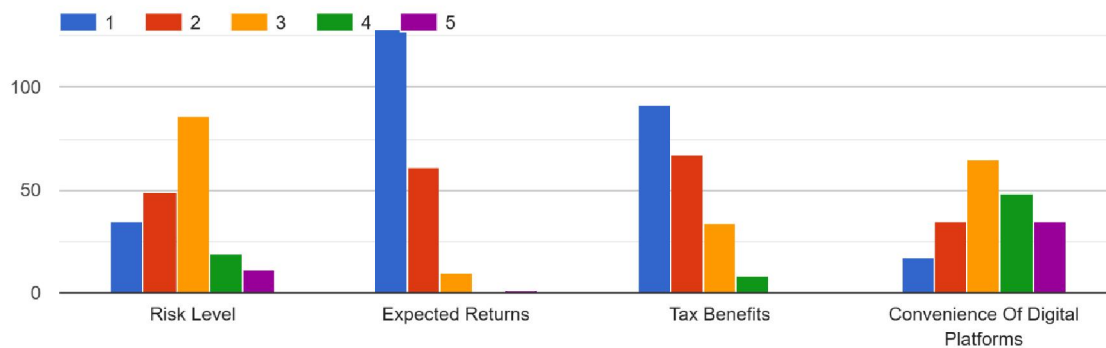
200 responses



INTERPRETATION

The majority of respondents (52.5%) believe that an investment horizon of over 10 years is ideal for maximizing wealth creation through equity mutual funds, while 36% prefer 6-10 years. This highlights the preference for long-term investing to achieve higher returns and financial growth.

Rank the factors influencing your investment decisions (1 = Most Important, 5 = Least Important)



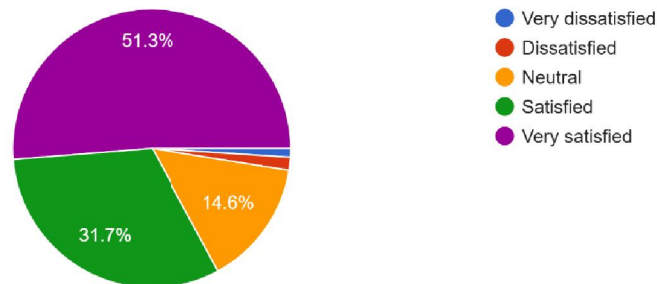
INTERPRETATION

The chart indicates that expected returns are the most influential factor in investment decisions, followed by tax benefits and risk levels. Convenience of digital platforms ranks lower, suggesting that investors prioritize financial gains over ease of access.



On a scale of 1 to 5, how satisfied are you with your current equity mutual funds portfolio?

199 responses

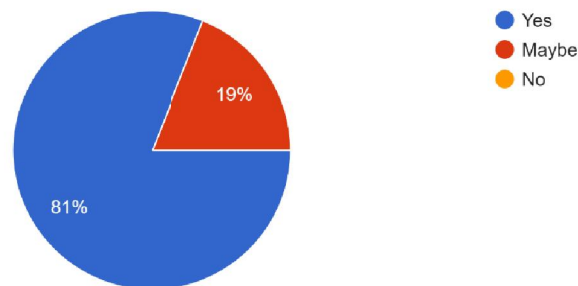


INTERPRETATION

The majority of respondents (51.3%) are very satisfied with their equity mutual funds portfolio, while 31.7% are satisfied, indicating strong overall contentment. Only a small percentage express dissatisfaction, suggesting that most investors are achieving their expected returns.

Do you believe mutual funds are suitable for goal-oriented wealth creation?

200 responses



INTERPRETATION

A significant majority (81%) of respondents believe that mutual funds are suitable for goal-oriented wealth creation, highlighting strong investor confidence. Meanwhile, 19% are uncertain, indicating the need for more awareness or financial guidance. Notably, no respondents outright rejected mutual funds, reinforcing their credibility as a wealth-building tool.

V. FINDINGS

The survey indicates that most respondents are professional youths, who are mostly salaried workers, with a large number of them being in the middle-income level. This indicates that investment in mutual funds is mostly led by stable earners who are interested in long-term financial improvement. Equity mutual fund awareness is typically high, with participants overwhelmingly showing a sound grasp of the investment environment. Financial objectives are fairly evenly divided, with the top priorities including homeownership, retirement savings, and children's education. This reflects a well-balanced attitude towards wealth accumulation for both long-term and short-term requirements.



Expected returns are the strongest driver of investment choices, followed by tax advantages and risk levels. Most investors target a long investment horizon of more than 10 years, with strong emphasis on the accumulation of wealth over time. Further, most of the respondents are satisfied with their mutual fund investments, attesting to the efficacy of such investments in achieving money needs. Mutual fund investor confidence is high, with a very large majority finding them appropriate for wealth creation towards goals. There are still some uncertain respondents who reflect the necessity of more financial guidance and education.

VI. CONCLUSION

The financial institutions need to emphasize raising awareness through educational initiatives and expert advice. Easy investment knowledge can enable uncertain investors to take informed decisions. As long-term investment is the focus, stressing SIPs and emphasizing compounding benefits can reinforce investor commitment. Risk and return communication needs to be transparent. With expected return and tax advantage being considerations, mutual fund providers must provide customized investment plans. Retirement, education, and wealth creation solutions will appeal to more investors. Adding AI-powered tools to digital investment platforms and making fund tracking transparent will make it more accessible. An easy and well-informed investment experience will enhance confidence among investors.

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