1. Introduction:

Investment is the employment of Funds with an aim of getting returns on it. Simply said, it is use of money to earn more money. Investment means the purchase of a financial product or other item of value with an expectation of favourable future returns.

Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current Consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in asset depending on their risk and return demands.

Financial Education is becoming increasingly important, not only to the investors, but it has also become essential for average family that is trying to balance its budget. It has to plan for funding of children’s education and do a proper tax planning to reduce its tax burden that takes away a big chunk of its annual income. It is known fact that each one is responsible for managing his/her own finances given the limited resources that they have at their disposal. With the growing sophistication of financial markets; tax payers are not just choosing between the interest rates on different avenues of savings, but are also confused about the increasing number of investment avenues which are complex and equally risk, something not all investors understand far away from their understanding. Choosing the right investment avenue and instrument is thus a challenging task. The fact of the matter is the responsibility and risk for financial decisions and investment lies with the concerned individual. While returns are important, risk cannot be ignored given the fact that many of their decisions are also aimed at tax savings. But does the average tax payers takes this into account or is only influenced by the various niceties of the plethora of investment opportunities which he has. The question that arises here is does he consider the tax savings instrument only in its restricted sense or look at them as an avenue of increasing his returns and wealth. There are

Opportunities in investment instruments, but the average tax payer only considers them in that restricted sense.
The study tries to find out matters beyond just tax savings; which of course is a major reason of all the investment decisions of the individual. This certainly calls for improving the level of financial literacy among retail investors. Retail investors need to make informed financial decisions about the returns and risk profile before purchasing an investment / tax saving product.

A Retail Investor is an individual who purchases securities for his or her own personal account rather than for an organization. Retail Investors typically trade in much smaller amounts than Institutional Investors such as mutual funds, pensions, or university endowments.

Individual Investors who buy and sell securities for their personal account, and not from another company or organization. They are also known as an "Individual Investor" or "Small Investor".

Retail investors buy in much smaller quantities than larger institutional investors.

Financial literacy is one of the importance concept in the recent years, as financial markets have had been very complicated and as there is surely a information gap between markets and the common person, leading to difficulties in making correct financial choices. India had been one of the world’s most efficient and regulated financial markets. It has one of the highest savings rate in the world. While people in India prefer to save, the savings are not invested in a wise manner. A majority of Indian population do not use modern financial products. Unless the common person becomes informed and literate about the changes in the financial markets and products and protects himself from financial distress, wealth creation for the common man and the economy will remain a distant dream.

The employment of funds is what we call investment and it is with the aim of getting returns on it these are the funds which have been saved from the current consumption with a motive to earn benefits for the future. The main elements of investment are returns risk and time.

Retail Investors invest in tax savings product without fully understanding the benefits of a particular investment, rather the investment is done only to bridge the gap between what has been invested and the maximum available investment for Income Tax benefit.
This Phenomenon should be avoided, each investment should get its due credit, when an individual retail investors requires a particular level of investment, it should be made as per the requirement, and not as per Income Tax requirement.

The various investment avenues which a retail investors have are many, but if we concentrate on a few like Insurance premium, Public Provident fund (PPP), National Saving Certificate (NSC’s), We will be able to give justice to the investment and take the maximum advantage from each one of them.

Each Investment which has been selected should get its dues and all its benefits should be availed off.

Investing is a wide spread practice and many have made their fortunes in the process. The starting point in this process is to determine the characteristics of the various investments and then matching them with the individual needs and preferences. All personal investing is designed in order to achieve certain objectives. These objectives may be tangible such as buying a car, House etc. and intangible objectives such as social status, security etc. Similarly, these objectives are safety, profitability, and liquidity. Personal or individual objectives may be related to personal characteristics of individuals such as family commitment, status, dependents, educational requirements, income, consumption and provision for retirement etc.

2. Statement of the problem:

There are two explanations for why consumers have trouble with financial decisions;

1. People are financially illiterate since they lack understanding of simple economic concepts and cannot carry out computation; which makes them choose a suboptimal option,

2. Impatience or present bias.
They choose immediate gratification instead of taking advantage of larger long term payoffs.

3. Lack of well defined target for investment which creates an environment of compulsion investment rather that a well thought of a plan.