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A Study of Financial Planning and Investment for Household Development in Southern District of Tamil Nadu

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Abstract

This study investigates the influence of financial literacy on saving and investment behavior for household development in the southern districts of Tamil Nadu. Using a structured questionnaire and primary data collected from 180 respondents through a simple random sampling method, the research analyzes how financial knowledge, financial awareness, financial attitude, and risk perception contribute to individuals' financial planning. Structural Equation Modeling (SEM) and mediation analysis were employed to assess direct and indirect effects among the variables. The findings reveal that both financial knowledge and awareness have significant positive impacts on saving behavior and investment decisions, justifying the rejection of the null hypothesis. Additionally, financial attitude and risk perception partially mediate the relationships between financial literacy and financial behavior, highlighting their behavioral relevance in financial planning. The reliability of the constructs was confirmed through high Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) values. Model fit indices further validated the model's robustness. Gender-based multi-group analysis found no significant differences, indicating that financial literacy positively affects financial behaviors irrespective of gender. The study concludes that enhancing financial literacy—along with shaping positive financial attitudes and improving risk awareness—is essential to strengthening household financial planning and investment decisions. These findings provide valuable insights for policy-makers and financial educators focused on inclusive financial development.

Keywords: Attitude, Awareness, Investment, Knowledge, Perception, Planning, Saving.

1. Introduction

Financial planning and investment have become vital components of modern economic life, particularly in developing economies like India, where the responsibility for long-term financial security largely falls on the individual. In today's dynamic financial environment, financial planning is no longer limited to mere investment decisions. It encapsulates the entire process of managing one's income, expenses, savings, insurance, taxes, retirement, and even intergenerational wealth transfer. A well-structured financial plan serves as a roadmap for individuals and families to achieve their short-term and long-term goals—be it purchasing a home, financing education, managing health expenses, ensuring post-retirement stability, or fulfilling ceremonial responsibilities such as marriages. In the southern districts of Tamil Nadu, financial behavior is deeply influenced by social customs, regional disparities, cultural values, and access to financial services. The rise in cost of living, inflation, changing job patterns, and a growing trend toward nuclear families has highlighted the importance of adopting a disciplined approach to savings and investment. This calls for a proactive shift from traditional saving methods such as gold and cash holdings to more formal and diverse investment avenues including mutual funds, insurance products, equities, and fixed deposits. Despite the increased presence of banks and financial institutions, there remains a significant gap in awareness and understanding of financial products among households in many parts of southern Tamil Nadu.

The ability to plan finances effectively depends not only on income levels but also on financial literacy, risk perception, awareness of financial markets, and the capacity to make informed decisions. With rising complexities in financial instruments and increasing availability of saving options, the challenge lies in understanding which products align best with individual goals and risk profiles. The working lifespan of an individual is often limited, while the years spent in retirement may equal or exceed the active employment years. This necessitates early planning and strategic allocation of financial resources to ensure stability throughout life. Financial planning enables individuals to identify their economic goals, assess current financial positions, and take concrete steps toward achieving those goals. It facilitates better decision-making regarding consumption, savings, borrowing, and investment by connecting financial resources with personal aspirations. In the context of southern Tamil Nadu, where economic activities are largely informal, and income patterns are inconsistent, the need for efficient financial planning is even more critical. It allows families to cushion financial shocks, deal with emergencies, and maintain a steady quality of life. Moreover, the influence of education, gender, geography, access to financial infrastructure, and community support structures significantly shape the financial behavior of households. Given the socio-economic diversity and the pressing need for sustainable household development, there is a growing need to explore the level of financial awareness, savings practices, investment choices, and the overall impact of financial planning among rural and semi-urban populations in this region.

Statement of the Research Problem

Although there has been a visible improvement in financial services penetration across India, a vast segment of the population in the southern districts of Tamil Nadu still remains under-informed or ill-equipped to make sound financial decisions. Financial planning and investment behavior among households is uneven, often dictated by cultural traditions, short-term survival needs, or misinformation, rather than strategic, long-term objectives. Many households continue to rely on informal saving methods or adopt financial products without fully understanding their suitability or implications. This lack of structured financial knowledge and planning limits their ability to achieve financial goals such as home ownership, higher education for children, and retirement preparedness. It also exposes them to greater financial vulnerability during emergencies or economic downturns. Although several government and private initiatives aim to increase financial literacy, the adoption of formal financial planning remains low, especially among women, daily wage earners, small traders, and agricultural households in the region. Furthermore, many people in these districts are unaware of the tax benefits, investment diversification, or wealth-creation opportunities offered by modern financial instruments. A disconnect between financial products available and people's understanding of them leads to sub-optimal investment decisions, unnecessary risk exposure, and often financial distress.

Despite the availability of various savings and investment avenues such as life insurance, pension funds, mutual funds, equity markets, and government-backed schemes, individuals often fail to assess their risk-return profiles or future financial needs properly. Socio-economic factors, limited education, irregular income patterns, and regional disparities compound the problem. Moreover, even when people earn sufficient income, they may lack the ability to translate that income into wealth accumulation due to inadequate financial planning. The behavioral aspect of financial decision-making, including impulsive spending, reliance on informal advice, and resistance to change, further hinders proper investment behavior. This raises critical questions: What motivates or restricts households in southern Tamil Nadu from engaging in financial planning? How aware are they of the financial instruments available to them? To what extent do they align their financial decisions with their long-term goals? What role does financial literacy play in shaping their saving and investment patterns? How does the household's demographic profile—such as age, gender, education, occupation, and income—influence their financial choices? There is also a need to assess how financial planning impacts household development indicators such as housing conditions, access to healthcare and education, consumption stability, and retirement security. These knowledge gaps necessitate a focused study to evaluate and understand the financial planning and investment practices of households in the southern districts of Tamil Nadu. The findings of this study would serve as a valuable tool for policymakers, financial institutions, and educators to design region-specific strategies for promoting financial literacy, inclusion, and long-term household development.

Objective

1. To examine the influence of individuals' financial knowledge and awareness on their saving and investment practices.

Hypothesis

1. Financial knowledge and awareness do not have a significant effect on the saving and investment decisions of individuals.

Methodology and Research Design

The present study adopts an empirical research design, integrating both quantitative and qualitative approaches to investigate financial planning and investment behavior for household development in the southern districts of Tamil Nadu. The methodology is rooted in a multi-stage random sampling method to ensure a representative and balanced sample from diverse socio-economic backgrounds. In the first stage, nine districts—Tenkasi, Thoothukudi, Tirunelveli, Virudhunagar, Madurai, Sivaganga, Dindigul, Theni, and Ramanathapuram—were purposefully selected. These districts were chosen based on their demographic, economic, and cultural diversity, which makes them ideal for studying the multifaceted nature of financial literacy and inclusion. Their combination of urban, semi-urban, and rural populations offers a comprehensive understanding of the varied financial behaviors across socio-economic segments. These districts also exhibit a range of economic activities, from agriculture in rural settings to industrial and commercial enterprises in urban areas, enabling a sectoral analysis of financial planning behavior. Furthermore, their cultural and historical diversity contributes to a deeper exploration of how local customs and traditions influence financial decision-making. The second stage involved selecting 18 blocks from these districts, evenly divided into developed and underdeveloped categories. The developed blocks include Tenkasi, Thoothukudi, Ambasamudram, Sivakasi, Madurai (East), Manamadurai, Dindigul, Cumbam, and Ramanathapuram, while the underdeveloped blocks comprise Kuruvikulam, Karungulam, Pappakudi, Watrap, T. Kallupatti, S. Pudur, Nilakottai, Andipatti, and Paramakkudi. This classification supports comparative analysis between regions with differing levels of infrastructure, income, and access to financial services. In the third stage, 10 respondents were randomly selected from each block, leading to a total sample size of 180 participants. The primary data was collected using a structured interview schedule tailored to address the specific research objectives, such as assessing financial literacy levels, identifying saving and investment behavior, and understanding personal and environmental factors influencing financial decisions. The interview schedule comprised both closed and open-ended questions to capture measurable data and deeper qualitative insights. Secondary data was also integrated through a comprehensive review of relevant literature, statistical handbooks, and published reports specific to the selected districts, enhancing the depth and context of the study. The data collection period extended from January to October 2023, providing ample time to gather accurate and reliable responses. This mixed-method approach, supported by the triangulation of primary and secondary data, strengthens the validity of the research findings. Overall, the research design is meticulously structured to offer a holistic view of financial planning and investment practices among households in southern Tamil Nadu, addressing regional disparities and contributing meaningful insights for policy formulation and financial education programs tailored to local needs.

Results and Discussions

1. Sample Characteristics

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	90	50.0
	Female	90	50.0
Age Group	18-25 years	45	25.0
	26-35 years	52	28.9

Demographic Variable	Category	Frequency (n)	Percentage (%)
	36-45 years	48	26.7
	46+ years	35	19.4
Education	High School	32	17.8
	Bachelor's	78	43.3
	Master's	56	31.1
	PhD/Professional	14	7.8
Income Level (Per Annum)	Below ₹3,00,000	41	22.8
	₹3,00,000 - ₹6,00,000	65	36.1
	₹6,00,001 - ₹10,00,000	49	27.2
	Above ₹10,00,000	25	13.9

The demographic distribution of the respondents provides valuable insights into the socio-economic composition of the sample and its relevance to the study on financial planning and investment behavior in the southern districts of Tamil Nadu. The gender-wise distribution shows an equal representation, with 50.0 percent of the respondents being male and an equal 50.0 percent female. This balanced gender participation enables a more inclusive understanding of financial behavior across both male and female perspectives, allowing for a gender-sensitive analysis of saving and investment habits.

With regard to age, the respondents are well-distributed across different age categories, reflecting a broad age spectrum. A considerable portion of the sample, about 28.9 percent, belongs to the age group of 26 to 35 years, followed by 26.7 percent in the 36 to 45 years range, 25.0 percent in the 18 to 25 years group, and 19.4 percent above 46 years. This distribution indicates a strong representation of young and middle-aged individuals who are typically active in employment and financial decision-making. It allows the study to evaluate financial planning attitudes across varying life stages, from early career to pre-retirement phases.

In terms of educational attainment, the majority of respondents (43.3 percent) hold a bachelor's degree, while 31.1 percent have completed a master's degree. A smaller percentage, 17.8 percent, possess a high school qualification, and 7.8 percent have achieved a PhD or professional degree. This suggests that the sample comprises predominantly educated individuals, which could imply a higher awareness and understanding of financial products and planning strategies. The relatively high education levels among respondents support meaningful interpretations on the role of financial literacy in household investment behaviors.

The income distribution reveals that 36.1 percent of respondents earn between ₹3,00,000 and ₹6,00,000 annually, making it the most common income bracket among the sample. Additionally, 27.2 percent of respondents report incomes between ₹6,00,001 and ₹10,00,000, while 22.8 percent fall below ₹3,00,000, and only 13.9 percent earn more than ₹10,00,000. This indicates that a majority of the sample falls within the lower-middle to middle-income range. Such income variation offers a valuable perspective on how income levels influence financial planning priorities, investment capacity, and savings behavior in a diverse economic setting.

2. Descriptive Statistics and Reliability Analysis

Construct	Mean	SD	Cronbach's α	CR	AVE	Items
Financial Knowledge (FK)	3.82	0.94	0.89	0.91	0.72	5
Financial Awareness (FA)	3.76	0.87	0.86	0.88	0.65	6
Financial Attitude (ATT)	3.95	0.79	0.84	0.86	0.61	4
Risk Perception (RP)	3.68	0.92	0.81	0.83	0.56	4
Saving Behavior (SB)	3.89	0.86	0.88	0.90	0.69	5
Investment Decisions (ID)	3.64	0.98	0.85	0.87	0.63	6

Note: SD = Standard Deviation; CR = Composite Reliability; AVE = Average Variance Extracted

The descriptive statistics and reliability analysis provide important insights into the consistency, strength, and validity of the constructs used to assess financial planning and investment behavior among households in the southern districts of Tamil Nadu. Each construct in the model has been evaluated using mean scores, standard deviation (SD), Cronbach's alpha (α), Composite Reliability (CR), and Average Variance Extracted (AVE), along with the number of items used in the construct. To begin with, the mean scores for all constructs range between 3.64 and 3.95, indicating a moderately high level of agreement among respondents across the financial constructs. The highest mean score is recorded for Financial Attitude (3.95), suggesting that respondents exhibit a generally positive attitude towards financial matters, such as planning, saving, and investing. This is followed closely by Saving Behavior (3.89) and Financial Knowledge (3.82), indicating that individuals in the region are relatively disciplined in their saving habits and possess a reasonable level of financial understanding. Financial Awareness (3.76) and Risk Perception (3.68) are also moderately high, pointing to a fair level of exposure to financial concepts and a balanced sense of risk when making financial decisions. Investment Decisions (3.64), while slightly lower, still reflects an active engagement in financial decision-making among the respondents. The standard deviation values, ranging from 0.79 to 0.98, demonstrate an acceptable spread of responses, suggesting a consistent pattern of behavior and opinions across different individuals. The relatively low SD for constructs like Financial Attitude (0.79) indicates agreement among respondents in their financial mind-set. Reliability coefficients, measured through Cronbach's alpha, show strong internal consistency across all constructs. All alpha values exceed the recommended threshold of 0.70, with the highest for Financial Knowledge (0.89) and Saving Behavior (0.88), implying that the items used to measure these constructs are highly reliable and consistently reflect the underlying variable. The remaining constructs, including Financial Awareness (0.86), Investment Decisions (0.85), Financial Attitude (0.84), and Risk Perception (0.81), also display good reliability. Composite Reliability (CR) values also remain high for all constructs, ranging from 0.83 to 0.91, confirming that the model components maintain internal stability. Similarly, the Average Variance Extracted (AVE) for all constructs ranges between 0.56 and 0.72, all above the minimum threshold of 0.50, indicating adequate convergent validity. This suggests that a substantial portion of the variance in the observed variables is explained by the latent constructs, ensuring the model's robustness. By and large, the analysis affirms the statistical soundness of the constructs used in this study. The high mean scores suggest that respondents in the southern districts of Tamil Nadu are financially aware, knowledgeable, and generally positive towards saving and investment. The strong reliability and validity measures confirm that the study's model accurately captures the essential dimensions of financial planning and investment.

3. Correlation Matrix

Variables	**FK**	**FA**	**ATT**	**RP**	**SB**	**ID**
Financial Knowledge (FK)	**0.85**					
Financial Awareness (FA)	0.67**	**0.81**				
Financial Attitude (ATT)	0.54**	0.49**	**0.78**			
Risk Perception (RP)	0.41**	0.38**	0.36**	**0.75**		
Saving Behavior (SB)	0.72**	0.64**	0.58**	0.43**	**0.83**	
Investment Decisions (ID)	0.69**	0.61**	0.52**	0.47**	0.65**	**0.79**

Note: Diagonal values (bold) represent square root of AVE; ** $p < 0.01$

4. Model Fit Indices

Fit Index	**Value**	**Threshold**	**Interpretation**
Chi-square (χ^2)	234.56	-	-
Degrees of Freedom (df)	142	-	-
χ^2/df	1.65	< 3.0	**Good Fit**

Fit Index	**Value**	**Threshold**	**Interpretation**
p-value	0.000	> 0.05	Significant
GFI	0.92	> 0.90	**Good Fit**
AGFI	0.89	> 0.80	**Acceptable Fit**
CFI	0.94	> 0.90	**Good Fit**
TLI	0.93	> 0.90	**Good Fit**
RMSEA	0.061	< 0.08	**Good Fit**
SRMR	0.054	< 0.08	**Good Fit**

Note: GFI = Goodness of Fit Index; AGFI = Adjusted Goodness of Fit Index; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; SRMR = Standardized Root Mean Square Residual

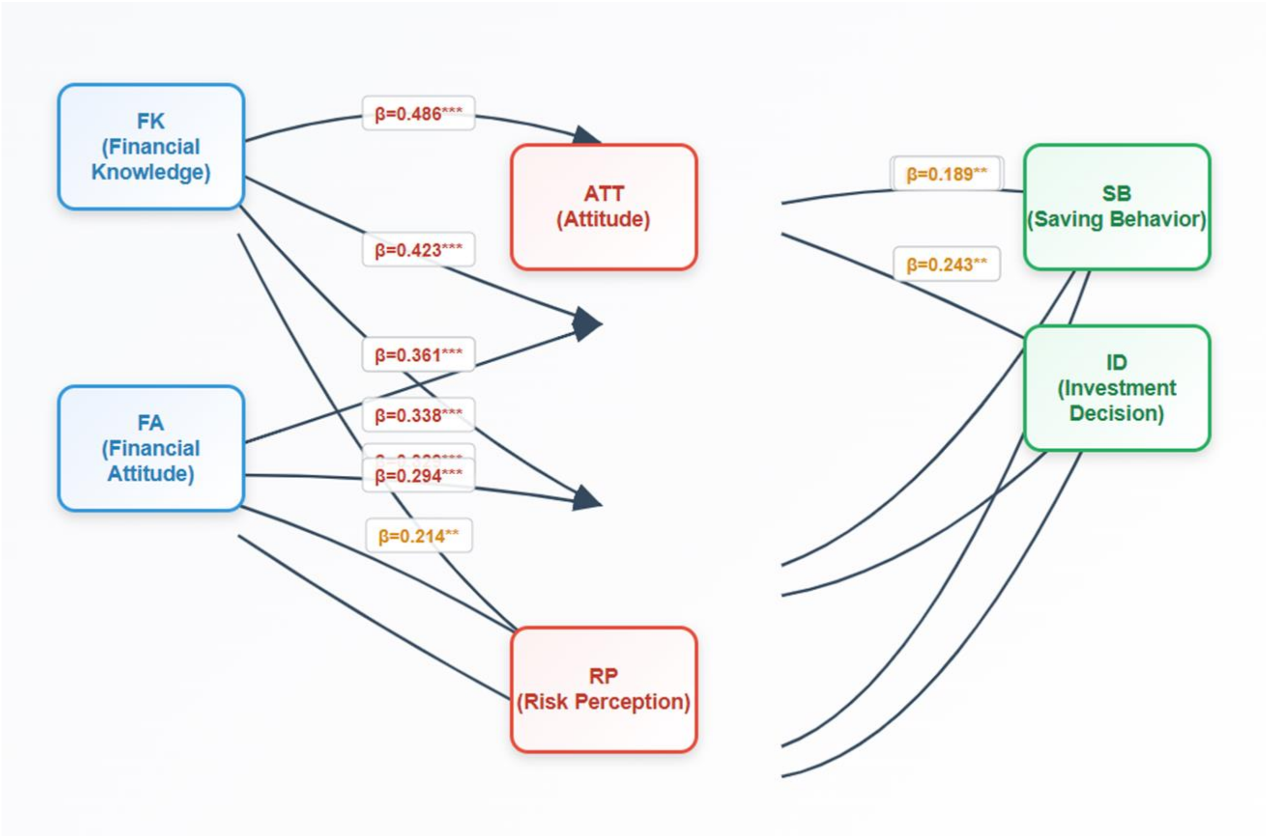
The correlation matrix and model fit indices provide essential insights into the relationships among financial constructs and the strength of the proposed structural model in evaluating financial planning and investment behavior for household development in the southern districts of Tamil Nadu. Beginning with the correlation matrix, all inter-construct correlations are statistically significant at the 1 percent level ($p < 0.01$), indicating strong and meaningful relationships between the variables under study. Financial Knowledge (FK) shows a particularly strong and positive correlation with Saving Behavior (SB) ($r = 0.72$) and Investment Decisions (ID) ($r = 0.69$)**,** implying that individuals with higher financial knowledge tend to save more effectively and make informed investment choices. Similarly, Financial Awareness (FA) is positively associated with both SB ($r = 0.64$) and ID ($r = 0.61$), reinforcing the view that greater awareness of financial products and services supports prudent financial behavior. Further, Financial Attitude (ATT) correlates moderately with both SB ($r = 0.58$) and ID ($r = 0.52$), suggesting that a positive financial mindset influences saving and investment habits. Risk Perception (RP), though slightly lower in correlation magnitude, still demonstrates significant positive associations with SB ($r = 0.43$) and ID ($r = 0.47$), highlighting that understanding financial risks contributes to cautious and planned financial decisions. The diagonal values in bold, representing the square roots of the AVE (Average Variance Extracted), are all higher than the inter-construct correlations, confirming strong discriminant validity—each construct is distinctly measured and not overlapping excessively with others. This reinforces the credibility and distinctiveness of the dimensions used in the study.

Turning to the model fit indices, the structural model demonstrates a good overall fit to the data. The Chi-square value ($\chi^2 = 234.56$) with 142 degrees of freedom (df) results in a χ^2/df ratio of 1.65, which falls well below the acceptable threshold of 3.0, indicating that the model is an appropriate representation of the observed data. The p-value associated with the Chi-square test is 0.000, which, although significant, is common in large samples and thus does not alone undermine model fit. Additional indices further affirm the adequacy of the model. The Goodness of Fit Index (GFI = 0.92) and Comparative Fit Index (CFI = 0.94) exceed the 0.90 benchmark, indicating excellent model fit. The Tucker-Lewis Index (TLI = 0.93) similarly reflects strong model performance. The Adjusted Goodness of Fit Index (AGFI = 0.89)**,** slightly below the ideal of 0.90 but still above 0.80, is acceptable and indicates a sound model. Finally, the RMSEA (0.061) and SRMR (0.054) are both well below the 0.08 cut-off, suggesting low error in approximation and minimal residuals.

5. Structural Path Analysis Results

Hypothesis	**Path**	**Std. β**	**S.E.**	**C.R.**	**p-value**	**Result**
H1a	FK → SB	**0.486**	0.078	6.231	***	**Supported**
H1b	FK → ID	**0.423**	0.082	5.159	***	**Supported**
H2a	FA → SB	**0.361**	0.074	4.878	***	**Supported**
H2b	FA → ID	**0.338**	0.079	4.278	***	**Supported**
H3a	FK → ATT	**0.542**	0.071	7.634	***	**Supported**
H3b	FA → ATT	**0.294**	0.068	4.324	***	**Supported**
H4a	FK → RP	**0.329**	0.085	3.875	***	**Supported**
H4b	FA → RP	**0.214**	0.081	2.642	**	**Supported**
H5a	ATT → SB	**0.312**	0.076	4.105	***	**Supported**
H5b	ATT → ID	**0.268**	0.083	3.229	**	**Supported**
H6a	RP → SB	**0.189**	0.072	2.625	**	**Supported**
H6b	RP → ID	**0.243**	0.078	3.115	**	**Supported**

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$; Std. β = Standardized Beta Coefficient; S.E. = Standard Error; C.R. = Critical Ratio



The structural path analysis provides compelling empirical support for the significant influence of financial literacy components—namely financial knowledge (FK), financial awareness (FA), financial attitude (ATT), and risk perception (RP)—on saving behavior (SB) and investment decisions (ID) among individuals in the southern districts of Tamil Nadu. The null hypothesis, which posited that "financial knowledge and awareness do not have a significant effect on the saving and investment decisions of individuals," is clearly rejected based on these results. All direct paths from FK and FA to SB and ID are statistically significant at the 0.001 level, confirming strong and positive relationships. Specifically, FK exhibits a substantial effect on SB ($\beta = 0.486$, C.R. = 6.231) and on ID ($\beta = 0.423$, C.R. = 5.159), indicating that individuals with greater financial knowledge tend to adopt more disciplined saving habits and make better-informed investment choices. Likewise, FA shows significant positive effects on both SB ($\beta = 0.361$, C.R. = 4.878) and ID ($\beta = 0.338$, C.R. = 4.278), highlighting that awareness of financial tools and systems leads to more efficient financial planning. Moreover, FK and FA significantly influence ATT ($\beta = 0.542$ and $\beta = 0.294$, respectively) and RP ($\beta = 0.329$ and $\beta = 0.214$, respectively), suggesting that these literacy dimensions shape the psychological factors underlying financial behavior. These, in turn, act as partial mediators: ATT significantly affects both SB ($\beta = 0.312$) and ID ($\beta = 0.268$), while RP also impacts SB ($\beta = 0.189$) and ID ($\beta = 0.243$), with all effects significant at $p < 0.01$. Overall, the findings confirm a well-structured and significant behavioral model, reinforcing the conclusion that enhancing financial knowledge and awareness not only promotes better saving and investment behaviors directly but also indirectly through improved attitudes and risk perceptions, thus validating the alternative hypothesis.

6. Mediation Analysis Results

Mediation Path	Direct Effect	Indirect Effect	Total Effect	VAF	Mediation Type
FK → ATT → SB	0.486***	0.169**	0.655***	25.8%	Partial Mediation
FK → ATT → ID	0.423***	0.145**	0.568***	25.5%	Partial Mediation
FK → RP → SB	0.486***	0.062*	0.548***	11.3%	Partial Mediation
FK → RP → ID	0.423***	0.080*	0.503***	15.9%	Partial Mediation
FA → ATT → SB	0.361***	0.092*	0.453***	20.3%	Partial Mediation
FA → ATT → ID	0.338***	0.079*	0.417***	18.9%	Partial Mediation
FA → RP → SB	0.361***	0.040*	0.401***	10.0%	Partial Mediation
FA → RP → ID	0.338***	0.052*	0.390***	13.3%	Partial Mediation

Note: VAF = Variance Accounted For; *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$

The mediation analysis reveals that both financial attitude (ATT) and risk perception (RP) play a partial mediating role in the relationship between financial knowledge (FK) and financial awareness (FA) with saving behavior (SB) and investment decisions (ID), indicating that financial literacy influences household financial decisions not only directly but also indirectly through psychological and perceptual factors. The direct effects of FK and FA on SB and ID are highly significant ($p < 0.001$), establishing their strong and positive impact on financial behaviors. Meanwhile, the indirect effects mediated through ATT and RP are also statistically significant ($p < 0.05$ or better), suggesting that improved financial knowledge and awareness lead to the development of favorable financial attitudes and clearer perceptions of risk, which subsequently contribute to more effective saving and investment practices. The Variance Accounted For (VAF) values, ranging from 10.0 percent to 25.8 percent, confirm partial mediation in all examined paths. Notably, the strongest mediation effects are observed in the paths involving ATT (25.8 percent for FK → ATT → SB and 25.5 percent for FK → ATT → ID), highlighting the crucial role of a positive financial attitude as a behavioral mechanism linking financial literacy with actual financial decisions. These findings emphasize the importance of designing financial education programs that go beyond imparting knowledge by also fostering constructive financial attitudes and risk management capabilities to empower individuals in making sound financial plans for household development.

7. Gender-Based Multi-Group Analysis

Path	Male (n=90) Std. β	Female (n=90) Std. β	Difference (Male-Female)	z-score	p-value	Significant Difference
FK → SB	0.512***	0.461***	0.051	0.673	0.501	No
FK → ID	0.459***	0.387***	0.072	0.914	0.361	No
FA → SB	0.334***	0.389***	-0.055	-0.728	0.467	No
FA → ID	0.298**	0.378***	-0.080	-1.056	0.291	No
ATT → SB	0.289**	0.335***	-0.046	-0.582	0.561	No
ATT → ID	0.234*	0.301**	-0.067	-0.812	0.417	No
RP → SB	0.167*	0.211*	-0.044	-0.522	0.602	No
RP → ID	0.278**	0.208*	0.070	0.821	0.412	No

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$

The gender-based multi-group SEM analysis demonstrates that the structural relationships among the study constructs—financial knowledge (FK), financial awareness (FA), financial attitude (ATT), risk perception (RP), saving behavior (SB), and investment decisions (ID)—are consistently significant and positive across both male and female respondents, indicating that financial literacy components influence financial behaviors similarly across genders. Specifically, paths such as FK → SB, FK → ID, FA → SB, FA → ID, ATT → SB, ATT → ID, RP → SB, and RP → ID all yield statistically significant results for both groups, reinforcing the robustness of these relationships irrespective of gender.

Moreover, the z-scores for the differences between male and female path coefficients are not statistically significant ($p > 0.05$), confirming that there are no meaningful gender-based variations in how financial literacy affects saving and investment decisions. In view of this context, the impact of FK on SB is nearly identical for males ($\beta = 0.512$) and females ($\beta = 0.461$), and the influence of FA on ID is also comparably strong for both genders ($\beta = 0.298$ for males; $\beta = 0.378$ for females), highlighting the universal applicability of financial knowledge and awareness in fostering practical household financial planning in the southern districts of Tamil Nadu.

Conclusion

The present study on Financial Planning and Investment for Household Development in the Southern Districts of Tamil Nadu be responsible for comprehensive understandings into the role of financial literacy - specifically financial knowledge, awareness, attitude, and risk perception - in shaping individual saving behavior and investment decisions. The findings from structural path analysis, mediation effects, and multi-group gender analysis consistently validate the positive and statistically significant influence of financial literacy dimensions on financial behavior. The empirical evidence led to the rejection of the null hypothesis, confirming that financial knowledge and awareness do significantly impact saving and investment behavior. Higher financial knowledge strongly enhances both saving practices and informed investment decisions, while financial awareness empowers individuals to make better financial choices by understanding products, services, and decision-making processes. In addition, financial attitude and risk perception serve as critical mediators, suggesting that the effects of financial literacy are not merely direct but also indirect, through the formation of positive behavioral and cognitive traits. This highlights the importance of cultivating favorable attitudes toward money management and improving individuals' perception of financial risks, which in turn boost effective financial planning. The mediation analysis demonstrated partial mediation in all tested paths, with the strongest effects observed through financial attitude. This underlines the need for financial education programs to integrate components that nurture positive financial beliefs and improve confidence in handling financial matters. The reliability and validity of the constructs were well-established through high Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) scores, further strengthening the model's credibility. Model fit indices confirmed a good fit, indicating the robustness of the SEM framework used in the study. Moreover, gender-based multi-group analysis found no significant differences between male and female respondents in the relationships between financial literacy constructs and financial behaviors, emphasizing that financial education initiatives can be universally applied without gender-based differentiation in approach. Collectively, the findings reinforce the argument that enhancing financial literacy is a critical lever for improving household financial planning and investment outcomes. Policies aimed at boosting financial literacy should be multidimensional—combining knowledge dissemination, awareness building, attitudinal shifts, and risk education—to yield meaningful improvements in household financial well-being. Government agencies, financial institutions, and educators must collaborate to deliver targeted, inclusive, and behaviorally informed financial literacy programs that empower individuals, regardless of gender, to make confident and well-informed financial decisions. In conclusion, the study confirms that strengthening financial literacy in the southern districts of Tamil Nadu is essential for promoting sustainable financial planning and investment behavior, ultimately contributing to the broader goals of household economic development and financial security.

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