Small Freedoms

Small steps of financial prudence can free you from niggling worries in the short term. To achieve true financial freedom, plan and persist.

Outlook-Toluna Independence Day Youth Survey

Ayushmann Basu sought freedom from 9-5 a few months ago to follow his dreams.

Planning For Your Education Abroad
On the 75th year of India’s Independence, a survey conducted by Outlook and Toluna shows that young India is willing to take risks, but at the same time is focused on its goals.

Young India is willing to take moderate-to-high risk for better returns, unlike their conservative predecessors, according to the findings of the Outlook-Toluna Independence Day Youth Survey, carried out jointly by Outlook magazine and Toluna and released in July 2022.

As many as 80 per cent of the respondents said they were willing to take moderate-to-high risk. Not surprisingly, the youth from the western part of the country showed higher inclination towards high-risk investments. Compared to the national average of 29 per cent, 36 per cent of respondents in the west zone were willing to take higher risk.

However, the quantum of savings among the youth is not that high, with 60 per cent of the respondents saving only 30 per cent or less of their monthly income. The survey also showed that women saved more than men—16 per cent of female respondents saved 50 per cent or more of their monthly income.

The survey was carried out among roughly 1,800 respondents across the country.

### How Young India Saves & Invests

#### Investment Style

Q. From the options below, please indicate your investment style, considering the risks involved.

- I am a high-risk taker
- I am a moderate risk taker
- I am a conservative risk taker

#### Amount Of Savings

Q. What proportion of your monthly income do you usually save or invest?

<table>
<thead>
<tr>
<th>Proportion of monthly income (%)</th>
<th>Respondents (%)</th>
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<tbody>
<tr>
<td>10</td>
<td>16</td>
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<td>20</td>
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- 60% respondents saved only 30% or less of their monthly income
- More than 50% respondents like a balance between returns and safety
- Western India shows inclination towards high-risk investments

Outlook Money Team
Investments

When it comes to investing, life insurance and equity are the two most popular instruments, with shares of 52 per cent and 50 per cent, respectively, followed by debt instruments and gold. This shows that even though life insurance is not always recommended for investment, it remains a preferred choice. Around 41 per cent people invest in debt instruments, such as fixed deposits, government bonds and Public Provident Fund (PPF), while 40 per cent prefer to invest in gold. Cryptocurrencies and real estate come next, with 19 per cent share each. However, if you take the quantum of investments in different assets, equity tops the list, followed by debt instruments, life insurance and gold.

Equity: A resilient economy and rising financial awareness are nurturing equity culture in India. When it comes to the maximum amount invested, equity stands at 30 per cent. Within equity type, direct equity (company shares) is the most popular instrument (57 per cent), followed by equity mutual funds (48 per cent).

Cryptocurrencies: These have found favour among young investors, with higher inclination from the age group of 18-21 years. Twenty per cent of respondents have invested in them.

Gold: Traditionally, Indian women prefer to invest in gold, either in the form of jewellery or coins. The survey shows that 69 per cent women invest in gold compared to 46 per cent men. Overall, 57 per cent respondents prefer to invest in physical gold, followed by 24 per cent in digital gold. Merely 7 per cent respondents invest in gold exchange-traded funds (ETFs).

Real Estate: Residential properties are the most common form of investment, with 72 per cent investing in them, followed by commercial properties at 59 per cent.

Methodology

The Outlook-Toluna Independence Day Youth Survey interviewed 1,804 people between the age of 18 and 35 years. The investments part of the survey was conducted only among working professionals. The survey was conducted across 40 metros and non-metro cities, including Delhi, Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad, Ahmedabad, Pune, Jaipur, Lucknow and Indore.

The respondents constituted 54 per cent men and 46 per cent women. Among age groups, 27 per cent each were 18-21 years and 22-25 years, 30 per cent were 26-30 years and 20 per cent were 31-35 years. Thirty per cent of the respondents were from the north, 27 per cent each from the south and west and 21 per cent from the east. All interviews were conducted online using a standard, structured, self-filled questionnaire.
Post Covid, people have realised the importance of emergency savings and health insurance. Data from the survey proves that.

**Emergency Funds:** Overall, 89 per cent of the respondents said they keep an emergency fund for contingencies. Interestingly, women outshine men here too, with 92 per cent keeping emergency money aside. Savings bank accounts and FDs are the most preferred instruments for keeping emergency money.

**Health Insurance:** As far as health insurance is concerned, 77 per cent have a health policy, either funded by themselves or by their employers. But the quantum of cover is alarming. About 70 per cent of the respondents have a cover of less than ₹5 lakh, which may not be enough in certain cases, given rising medical inflation.

**Financial Planning**

Most respondents said they invest to meet their financial goals and to create wealth. Their definition for financial freedom aligns with that thought. Though it varies from people to people, the majority of the respondents to the survey defined financial freedom as being able to meet their life goals and living a comfortable and debt-free life.

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**Life Insurance**

Which types of life insurance policies do you currently have?

Among Life Insurance Policyholders

- Term insurance is the most acquired; Life insurance, especially endowment and Ulips, are seen to be on the lower side among 18-21 year age group

**Goal Distribution**

Which financial goals are the most important for you?

- Saving for your children’s education and other expenses
- Achieving financial freedom
- Buying a house
- Higher education
- Buying assets, such as a car or high-end tech items
- Retirement
- Others

**Financial Freedom**

Q. How do you define financial freedom?

- Financial freedom is about being able to meet all your life goals
- Financial freedom is about living a comfortable life
- Financial freedom is about being able to retire early
- Financial freedom is about having no debt
- Others

**Retirement Planning**

At what age do you think you would be able to retire?

- In your 50s
- In your 60s
- In your 70s
- In your 80s

- Majority of respondents think they would be able to take retirement in their 60s
- However, in eastern India, the age to retire is a bit later than in other regions

**Purpose of Investments**

Q. What according to you should be one’s purpose of making investments?

- Meeting Financial Goals
- Creating Wealth
- Supporting Dependents
- Others

- Meeting financial goals stands out as the major objective of investment, followed by wealth creation

**Retirement**

Q. What do you want to do after retirement?

- Spend time with family
- Pursue a hobby or passion
- Continue working
- Others

- People have called out spending time with family to be their main plan after retirement
- People in the older age group have an inclination towards pursuing a hobby as well