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Outlook

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MONEY

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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**

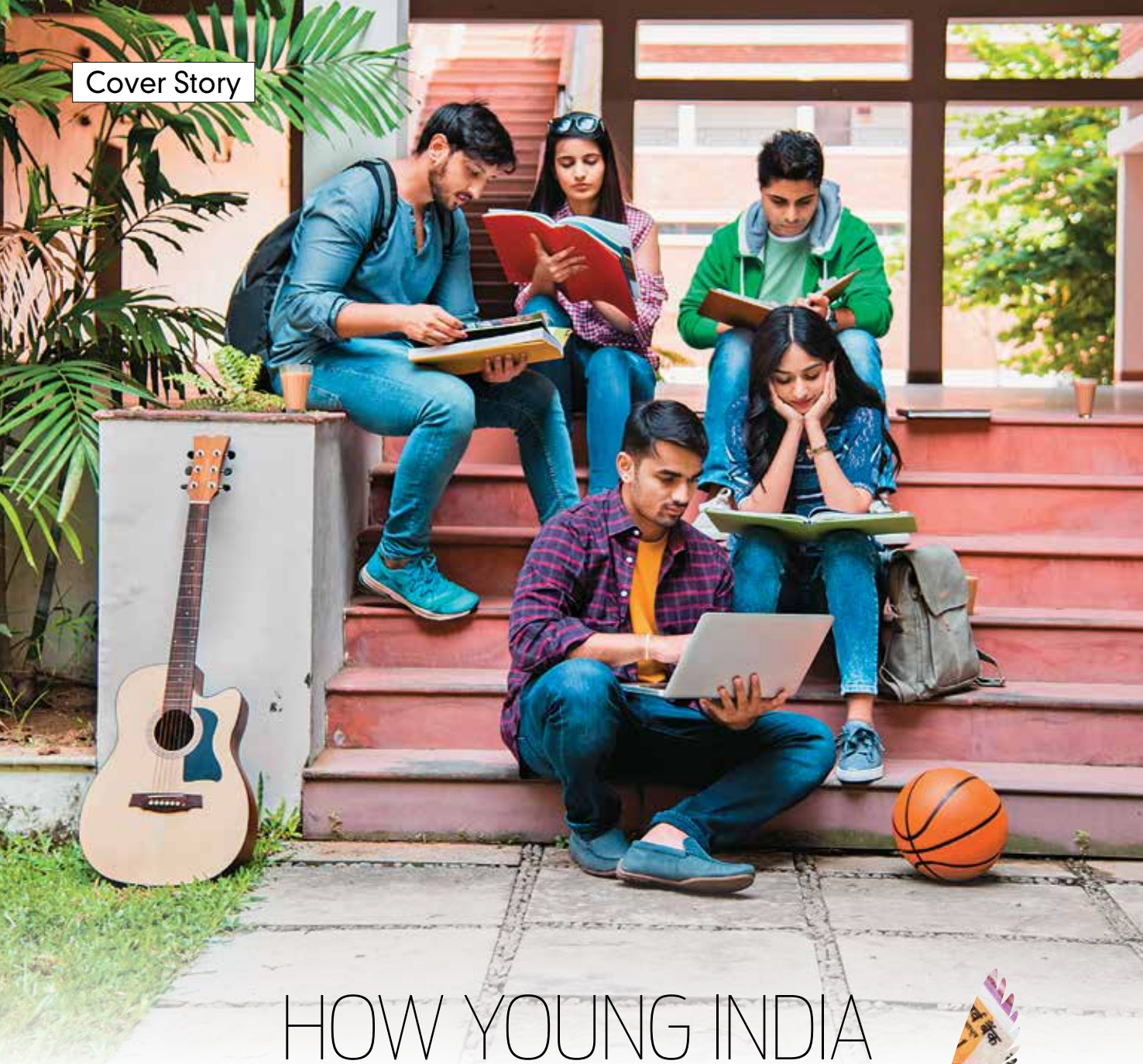


Ayushmann Basu
sought freedom
from 9-5 a few
months ago to
follow his dreams

Special Story

**Planning For Your
Education Abroad**





HOW YOUNG INDIA SAVES & INVESTS

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



Outlook Money Team

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.

Amount Of Savings

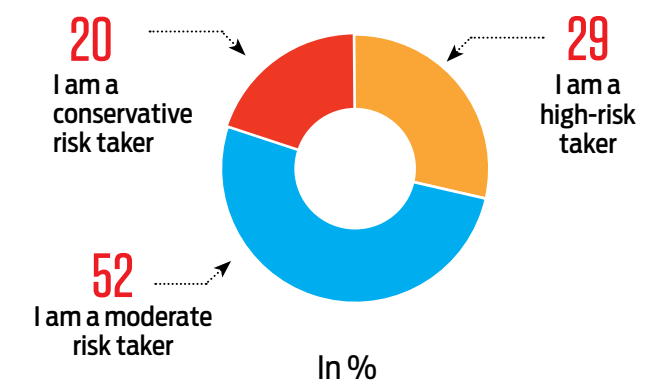
Q. What proportion of your monthly income do you usually save or invest?

Proportion of monthly income (%)	Respondents (%)
10	16
20	19
30	25
40	15
50	12
60	7
More than 60	7

► 60% respondents saved only 30% or less of their monthly income

Investment Style

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



- More than 50% respondents like a balance between returns and safety
- Western India shows inclination toward high-risk investments

Investments

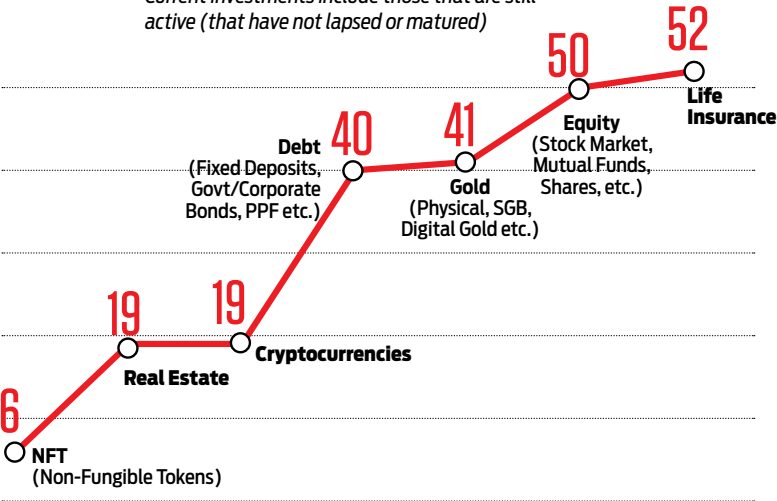
When it comes to investing, life insurance and equity are the two most popular instruments, with shares of 52 per cent and 50 per cent, respectively, followed by debt instruments and gold. This shows that even though life insurance is not always recommended for investment, it remains a preferred choice. 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.

Overall Distribution

Q. In which financial products are you currently invested?

Current investments include those that are still active (that have not lapsed or matured)



▶ Life insurance and equity are the most invested instruments; Inclination for insurance increases with age

Equity: A resilient economy and rising financial awareness are nurturing equity culture in India. When it comes to the maximum amount invested, equity stands out 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).



Debt: Among debt instruments, fixed deposits and recurring deposits

together command the leading position, with 65 per cent share, followed by small savings schemes at 38 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



Equity Investment

Q. Which types of equity instruments do you currently invest in?

Among Equity Investors	
Direct Equity (Company shares)	57
Equity-based Mutual Funds	48
Global Stocks & Funds (Internationally-listed shares, mutual funds)	43
Alternative Investment Funds	18
Others	3

▶ Direct equity and mutual funds are the most invested instruments under equity

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.



Gold Investment

Q. Which types of gold-based instruments do you currently invest in?

Among Gold Investors



▶ Physical gold is the most-used form among gold-based instruments ▶ Women are more inclined towards physical gold

Debt Investment

Q. Which types of debt instruments do you currently invest in?

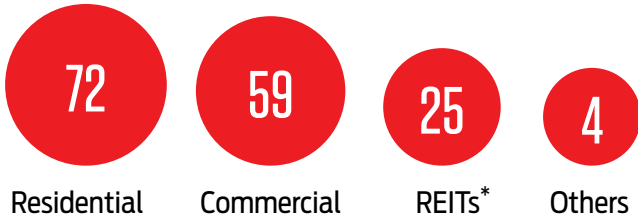
Among Debt Investors	
Fixed Deposits/Recurring Deposits	65
Small Savings Schemes e.g. Post Office/NSC	38
Govt/Corporate bonds	27
PPF/SSY	20
Others	8

▶ FD/RD are the most used investments in debt products
▶ Preference for small saving schemes is higher in southern India

Real Estate Investment

Q. Which types of real estate assets do you currently invest in?

Among Real Estate Investors



▶ Residential properties are the most common form of investment within real estate

*Real Estate Investment Trusts

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.



Protection

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

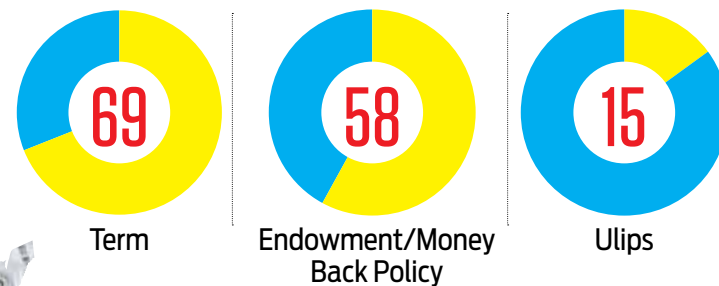
themselves or by their employers. But the quantum of cover is alarming. About 70 per cent of the respondents have a cover of less than ₹5 lakh, which may not be enough in certain cases, given rising medical inflation.

Life Insurance: Among life insurance products, term insurance takes the lead, with 69 per cent respondents buying it, followed by endowment plans (58 per cent). However, close to 50 per cent of the respondents have a sum assured equal or less than their annual income. Experts suggest taking a cover of at least 10 times one's annual income, as a rule of thumb.

Life Insurance

Q. Which types of life insurance policies do you currently have?

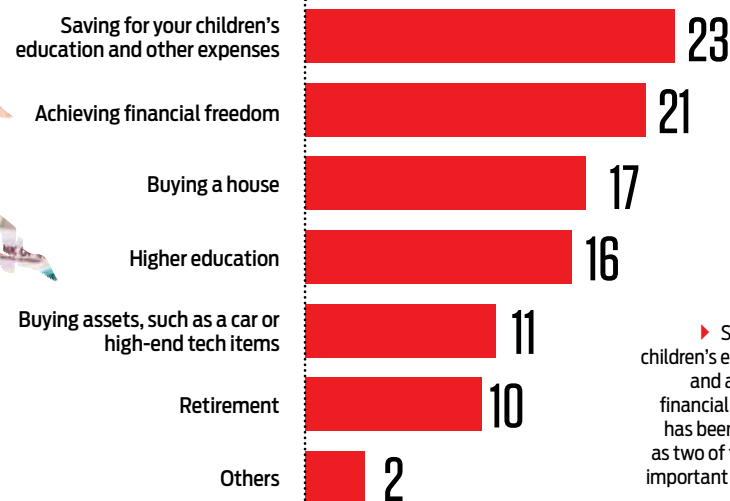
Among Life Insurance Policyholders



► 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

Q. Which financial goals are the most important for you?



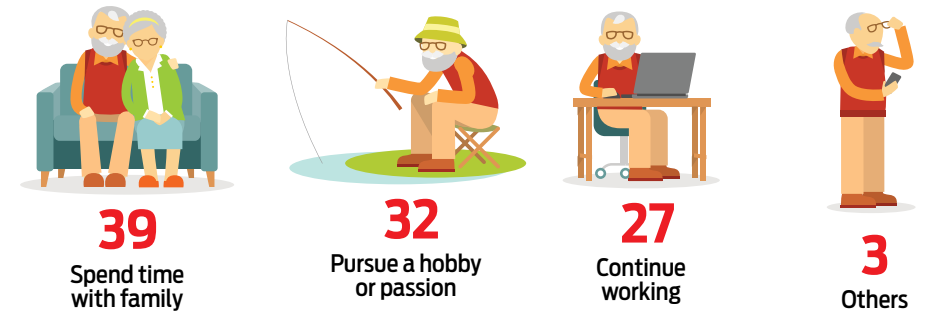
► Saving for children's education and achieving financial freedom has been marked as two of the most important financial goals

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.

Retirement

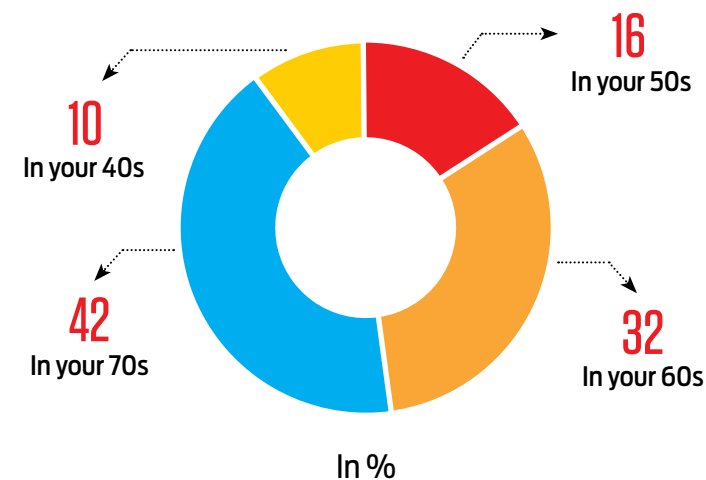
Q. What do you want to do after retirement?



► 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

Retirement Planning

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



► 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

Financial Freedom

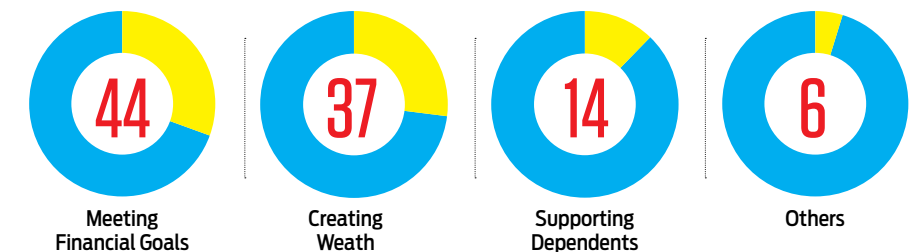
Q. How do you define financial freedom?



► Being able to meet life goals and living a comfortable life resonated with the majority of the respondents

Purpose of Investments

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



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