



## SAVING AND INVESTMENT PATTERN OF YOUTH IN MUMBAI

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**ABSTRACT** Channelizing one's savings into investments is important for the growth of a developing economy. Value of a rupee tomorrow is less than the value of a rupee today. Investments are a great opportunity for people to get returns and earn more. Without investments, cash flows in the economy are less and lead to a stagnant economy. Large volumes of investments lead to economic stability, improved capital flows and most importantly leads to development and opportunities to increase one's income. The research project studies the savings and investment pattern among youth aged between 15- 30 years in Mumbai. The research also includes the preference of investment channels, parameters considered before investing, initiatives undertaken by the government and the financial literacy levels among the youth in Mumbai. Primary data was gathered by survey method with quantitative data being collected. The objectives of the research were (1) To study the pattern of saving and investments among the youth in Mumbai. (2) To find out the factors that affect the investment among the youth in Mumbai. (3) To analyze the problems faced by the youth in investing. (4) To know the financial literacy rate among the youth in Mumbai. (5) To know about the initiatives taken by the government in order to boost investments and saving. The study found that the youth are not being able to save every month. Only around 23% of our sample size were able to save every month. Majority of the people only save up to 5000 a month as their income levels are low and the youth likes to spend in the moment. Out of those who were able to save almost half the people never invest the main reason being lack of knowledge about the financial market and others preferring cash in hand. The most popular channel of investments was mutual funds followed by equity shares and savings accounts. The most important factor the people considered before investing was the rate of return and the major problems faced were the fear of incurring losses. Financial literacy levels were found to be low which seems to be a matter of concern as Mumbai is the financial capital of the nation. Wrong guidance by others while investing was also a problem faced by some of the youths. Awareness programs should be promoted regarding investments and the benefits and risks involved and all the avenues available. Increase in awareness and financial literacy would lead to an increase in volumes of investments which would complement growth of the economy.

**KEYWORDS :** Savings, Investments, Financial literacy

### INTRODUCTION

With increase in per capita income and westernization, the savings and investment pattern has gone under a drastic change. Robust savings rate coupled with capital mobilization plays a significant role in the economic growth.

While the initial policies in India were socialistic in nature but the current policies are more market driven giving a free rein to the economy. The increase in per capita income and GDP growth were accompanied with improvement in rate of investment and savings. With the increase in standard of living, the youth have been empowered with more purchasing power. The financial goals of Baby Boomers (1946-1964) and Gen X (1965-1980) were not very lofty, they aimed for job security and retirement benefits. Millennials have different aspirations and it is reflected in their investment savings pattern. When it comes to saving habits, a 2015 study by ICICI Lombard found that Indian millennials spend 69% of their monthly income, and out of that, they spend 50% on family and household (ICICI Lombard GIC Survey, 2015).

According to a study (LinkedIn, 2015)-

- Only 40% millennials have brokerage accounts
- 60% had not started saving for retirement
- 86% consider social-media as a must have for financial information
- 68% had at least one credit card
- 52% had personal loans
- Gen Y has a greater affinity to debt-related funds
- Millennials have higher investment risk profile

Financial Literacy is the ability to understand the basic financial concepts have knowledge and skills required to make informed and effective financial planning using the available resources. In India, financial literacy is still not a priority like other developed nations.

Hence, in this study we would like to study the savings, invest pattern

and the financial literacy rate in Mumbai.

### Literature Review

*Mrs. Kulvinder Kaur Batth (2016)* makes an attempt to understand the level of financial knowledge and the factors responsible among the younger generation, also she wants to emphasize on the need for imparting financial literacy among the younger generation. The research was conducted on primary data and the data has been collected by a well-constructed questionnaire. It was filled by 150 respondents. Hypothesis testing has also been conducted on the data. The findings of the research present that family education is the strongest factor playing a larger role among the financial literacy of youth. The results also show a positive and favourable opinion of the respondents wherein the larger response is towards the eagerness to learn and explore more about the financial management

*Mr. Masud Jariah (2004)* along with his fellow mates wants to examine what kind of financial problems students encounters. Primary data was collected of 1500 college going students, along with questionnaire they were asked to indicate 10 financial education topics they are interested in attending. Further, 13 variables were used to determine the findings of the research. Descriptive statistics were used on the data. For the findings data revealed that respondents did not have sufficient knowledge and skills about managing their financial affairs. Financial education should be introduced at the college level or earlier to prepare students to manage their finances effectively. Various approaches and learning channels can be utilized to achieve this objective and however effective financial management will contribute to improving the quality of life and sustainable consumption

*Prof Sanket. L Charkha, Dr Jagdeesh. R Lanjekar (2018)* have studied the investment preference among salaried people working in different sectors with special reference to Pune city. They have also studied the mode of investments of the respondents in various investment avenues

and also analyzed the pattern of investment and saving among salaried investors. Primary data was collected by conducting a survey among 60 people by using convenient sampling technique via a questionnaire. Various statistical tools like table, percentage, diagram and charts were used. Chi-square was used to test the hypothesis. It was concluded that there was significant relationship between income level and awareness about investment avenues. There is no significant relation between gender and investment awareness. Out of the 60 respondents, 73.3% were aware about investment avenues while 26.7% were not aware. The main objectives of the investors were high returns followed by security on investments. The most preferable investment options were mutual funds and bank deposits followed by insurance and stock market. *Ajeesh P.P.(2019)* has studied the saving habits of the youth in the Thrissur District. Convenience sampling method was used for this study with a sample size of 100 young adults. Ranking method, Rating technique were used. Correlation was used as a tool for data analysis. The findings of the study indicated that the youth's saving decisions were majorly influenced more by family and relatives. Increased cost of living and low income had minimized their savings. Most of the youth in this area aren't highly aware of the capital market.

*Karan Sabharwal (2016)* has studied the saving habits of undergraduate and post graduate students in the universities of Delhi/NCR. The study was done to know the general behavior of students towards savings and their preference towards various saving methods. For this purpose, personal survey method was used for data collection. The study finds that although many students realize the importance of saving money and have a positive attitude towards the same, the amount that they are actually able to save is very little due to self-control problems and wanting to live in the present. Studies showed that saving habits can be developed through financial literacy and policies can be framed to encourage saving habits among students.

*Zainal Azhar, Juliza, Nor Azilah, Amirul Syaifiq (2017)* have studied the level of investment awareness among the youth and various factors affecting the same. The primary data was collected by sending 120 questionnaires among young adults around Selangor, Malaysia. The studies show that many respondents felt that the general awareness on investment still seems to be lacking. The results of the study also indicate that two factors, namely financial literacy and personal interest played a major role in affecting the investment awareness of the younger generation and influencing their decision to invest in some specific financial instruments.

*Mr. Sudarshana Saikia* has studied the savings and investment pattern of selected college going students belonging to the age-group of 7-25 years in the city of Mumbai who have just begun to earn. The study also looks into the basic financial literacy amongst the youth; how they go about educating themselves, and how do they look at risk, returns and various modes of investments and what determines the same. Primary data was collected using a survey method. The information generated during data collection was both qualitative and quantitative. The study finds that safety and security, which were always important reasons for investment, are still influential in determining the direction of investment. Returns on investment was the most considered factor followed by risk. The study shows that young investors were aware about the investment options but were not sure about how to go about it in newer ways.

*Prof. CA Yogesh P Patel, Prof. CS Charul Y Patel* studied the behavioural pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives. It also aims to provide an insight into factors considered for an appropriate investment. Primary and Secondary data was collected for the research. A questionnaire was framed consisting of 20 closed end questions and open- end questions covering the personal and demographic profile, the awareness related to methods, modes, reasons of saving and investment and other related data were collected. The study finds that the reason why youngsters want to invest is to multiply their savings and get maximum tax rebate. It shows that youngsters are no more interested in traditional investments to play safe but at the same time they take calculated risk by investing in mutual funds which is the most favoured form of investment.

*Priya Vasagadekar (2014)* has studied the awareness level of Indian Women in the field of saving and investments, this study has been carried out in the city of Pune. The author has tried to find out

investment habits and the investment instruments used by the women. The author has also tried to find out the risk bearing capacity of Indian women. Working women were interviewed using a structured questionnaire. The hypothesis was on the lines of Women being unaware about investments and rely on their husbands for investment decisions, and the findings suggested that the hypothesis was true to a large extent.

*AkshathaPrabhu, K.S Shilpashree, Mahesh B.S (2017)* have tried to analyse the investment pattern of investors in Dakshina Kannada and the popularity of different product. The primary data was collected by survey method by sending the questionnaire to 50 investors who belonged to different demographic groups. The findings suggest that the people of Kannada are not that aware about the financial products and tend to take less risks, so they invest in traditional investment instruments like Gold and FDs.

*Abhijeet Birari & Umesh Patil (2014)* studied the spending and savings habit of youth in the city of Aurangabad. The study finds that significant difference exists in the spending habits of students belonging to different education levels. The study finds that most of the youth in the sample spend a large portion of the money on consumable goods and that due to lack of awareness, the amount of money saved or invested is very little. *P.Jeevitha & R.Kanya Priya (2019)* worked on different modes of savings in youth of Coimbatore to find out that they save for emergency and most of their spending consists of transportation and studies. The paper used statistical techniques to analyse the savings and spending pattern. With the western influence increasing, youth have started spending more than their incomes.

*Mebin John Mathews (2017)* has studied the spending and saving pattern of college students in Idukki District. For the study purpose, the samples of 50 college students were selected for the study by using convenience random sampling method with the support of friends, relatives and references groups. The study finds that the majority of the students are not having savings habit. If the students are aware about it, they will definitely save their part of earnings. If they invest their saving into the productive channel it will be used to develop individual earnings and others can avail the loan from that particular channel.

*Dr. Rupinder Kaur Ghumman (2017)* studies the money management patterns among young married couples of Chandigarh to evaluate the emerging trends in their saving and investment avenues. The data was collected through interview schedule from 200 young married couples (100 males and 100 females). The respondents were highly qualified, financially well off and female respondents were contributing almost equally towards the family income. The study proved useful in sensitizing the youngsters towards evaluating their saving and investment avenues and satisfaction derived thereof. The study finds that young couples become financially responsible once they get married and do not indulge anymore in earn and burn policy. Savings up to 20% were reported by majority of respondents. There is a shift from traditional avenues of savings such as bank and post office saving schemes to provident funds, insurance policies and SIP (systematic investment plans). Most respondents believe that their saving and investment pattern was 'just optimum'. Almost all respondents were reportedly satisfied with their saving and investment practices.

*Dr. Madhavi Karanam, R.Shenbagavalli (2019)* have studied the investment pattern of the millennial generation (20-35 years) to know the relationship and the major influencer with respect to their pattern of investments. To measure the association, a descriptive research was conducted with a sample of 350 working professionals in and around Chennai with the help of a structured questionnaire. The correlation analysis was used to examine the association among age, income, occupation and the pattern of investment which indicates positive relationship among the level of income and occupation and a very high association between the profession and the investment choices. Occupation is a major influencer with respect to risk-return perspective and the investment choice. Income is the base on which investment options are suggested as well as decided. Working professionals in Chennai have overall shown preference towards, stocks, mutual funds and real estate as their most preferred avenues of investment.

#### Research Problem

To study the savings and investment pattern among youth in Mumbai.

#### Objectives –

- To study the pattern of saving and investment among the youth in

Mumbai.

- To study the factors that affect the investment decisions of the youth in Mumbai.
- To study the problems faced by the youth in investing.
- To study the financial literacy rate among youth in Mumbai.
- To know about the initiatives taken by the government in order to boost investment and saving.

**Research Methodology**

**Research Design**

The research undertaken is a pure research which has been done in order to add on to the body of knowledge. The research design used for the study is descriptive research. Descriptive research includes a structured approach to collection of data. As the name implies, the objective of these studies is to provide a comprehensive and detailed explanation of the phenomena under study. The data collected in this study is quantitative in nature and is collected through survey method. The study undertaken is Cross sectional in nature (Single cross-sectional study), and hence is carried out at a single moment in time and thus applicability is most relevant for the current period.

The parameters/variables being studied in this project like amount of savings/investment are quantitative in nature, and hence a descriptive research had to be carried out. The study also involves different scales, some of which are comparative scales and some are non-comparative scales. In order to study the data obtained from these scales, a descriptive approach is adopted so that statistical tools can be applied on this data and conclusions can be made.

**Sampling Design**

Non-probability sampling method has been used for carrying out the study. Under non probability sampling method, Convenience sampling has been done which means samples have been selected as per the convenience of the researchers. The samples have been selected randomly, and no criteria was there for selecting the samples.

The target population for this research is 'Youth in Mumbai' and 232 samples were surveyed out of which 194 people belonged to our target category. These samples were selected at random and were asked to fill a survey (structured questionnaire). Their responses have been used as primary data. This sample population of 194 people represents the target group of 'Youth in Mumbai'.

**Data Collection Method**

The method of data collection used is Survey method. A survey is a structured/ formulized questionnaire which is asked to all the respondents in the same order. Here 80%-85% of the questions are closed ended. Particularly in this research the method used was a webpage survey. The application used for the same was Google Forms, on which the survey was made and the link was circulated to the samples based on convenience.

Webpage survey was adopted because it is economical as well as less time consuming. Also, the webpage surveys are more convenient for formatting and these surveys can be circulated easily among the sample population.

**Data Analysis**

In this research a few statistical tools have been applied on the data, in order to analyse the data and simplify its interpretations. The tools used in the research are mentioned below: -

1. Mean – In this research, arithmetic mean has been applied in case of certain data where it was necessary to know the average for the data, for example the ratings on a scale of 1 to 5 for importance of different parameters for investment.
2. Median – In this research, median has particularly been used in cases where mean could not be applied because the upper-class interval of a particular class was infinite (for example the investment level above 20000). Median means the centermost value in a particular series of data.
3. Mode – Mode refers to the value with the highest frequency. In this research mode has been extensively used in a lot of areas. Mode has been used to find out the patterns and most popular option among the respondents. For example, in order to find out the most popular investment tool, we have used mode, so that the value with the highest frequency can be concluded to be the most popular.

**Findings**

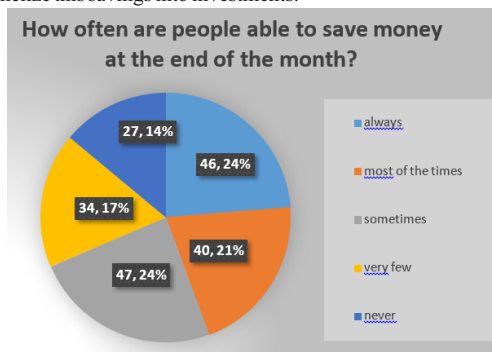
Through surveys which formed the primary research of this paper,

along with the backing of secondary data, there have been several findings in this research paper. These findings have been classified as per the research objectives and examined in detail under each category. Out of the total 232 respondents only 194 respondents that is 83.62% belonged to the category of age between 15-30 and located in Mumbai. So, in this research, a sample of 194 respondents has been examined and conclusions are made based on their responses.

**Pattern of savings and investments**

Savings: -

From the data collected in the primary research, it has been observed that 13.92% of the youth in Mumbai is never able to save money at the end of a month. Hence this 13.92% of the population gets automatically eliminated from the opportunity of making investments. Also 17.53% of the population is able to save very few times. Which indicates that almost 30% of the youth in Mumbai is not able to save money. This is because it is observed that the youth prefers to spend money in the present and enjoy, rather than saving it. Also, the cost of living in Mumbai is very high, and hence people find it very difficult to save. It was found that 23.71% of the population is always able to save money at the end of a month and 20.62% is able to save most of the times. Hence this is the population which has the opportunity to channelize this savings into investments.



Source – Primary Data

Chart no. 6.1.1

The median amount of savings which a person of the target population is able to make is Rs.2630 a month. Out of the total sample population 69.59% of the population saves up to Rs.5000 a month and 10.82% of the population saves between Rs.5000-10000. Only 3.61% of the population saves between Rs.10000-20000 and only 2.58% of them save above Rs.20000. This indicates that although a majority of the youth maybe able to save money, but their savings are not significant in amount as 69.59% of them save only up to Rs. 5000. The reasons for such low savings are same as explained above that the preference of youth is more towards consumption and spending and also because overall cost of living in Mumbai is very high.

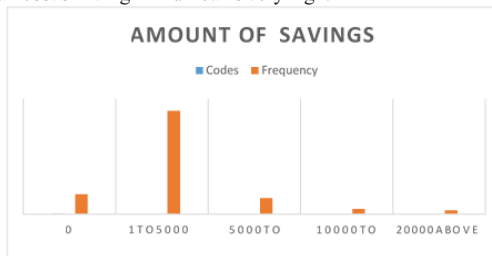


Chart no. 6.1.2

Source – Primary Data

Investments: -

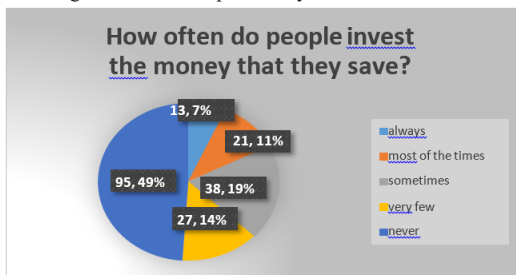
It was found that 48.97% of the youth never invests the money that they save, and 13.92% invest very few times. This shows that more than 60% of the youth stays away from investments. Also close to half of the total sample population has never invested their savings. Only 6.7% of the youth invests regularly, which is not a good enough number for a growing economy. When we asked the respondents about the reasons why they don't invest we got to know that the youth prefers to have liquidity in terms of cash in hand rather than investments as 39.46% of the sample said so. 34.96% of the population said that they did not have knowledge about making investments, which shows lack of financial literacy among the youth in Mumbai. The second reason is particularly not good because Mumbai is a metropolitan city and is also called as the financial hub of India, if in Mumbai 34.96% of the population says

that they don't have adequate knowledge about investments then the scenario in the interior parts and less developed parts of India would be even worse. Also 13.61% of the sample population said the reason why they don't invest is because they are not interested in investing, which shows an ignorant attitude among the youth of Mumbai.



(Chart no. 6.1.3) (Source – Primary Data)

From the primary data, it can be determined that median investment made by each person who invests money is Rs. 3574. Out of the remaining sample population that actually invests money, 59.57% of the people invest only up to Rs. 5000 a month, and 20.21% of the population saves between Rs. 5000-10000 a month. Only 5.32% of the population invests more than 20000 a month. This figure is actually low, and should increase, which will in turn lead to an increase in productive savings. The primary reason why the median amount of investment is so low is because the median savings are also very low. However, since the majority of the sample population is youth, we can understand that the overall income level which they earn is low, hence savings are low and investments are low, which is a form of cycle in which the youth is stuck. However, it can be noted that those who have made effective investments have been able to increase their overall income earning capacity, which further led to more investments, hence more earnings which shows a positive cycle.



(Chart no. 6.1.4) (Source – Primary Data)

**Investment avenues and time frame: -**

Different people have different time frames in mind when it comes to investment. It was found that 38.24% of the youth in Mumbai prefers to make investments for more than a year, this shows that those who are investing prefer to have a long-term investment approach which is a good sign as it leads to a saving habit. When the youth invests for a longer period, the capital infused by them in the markets stays in the market for a longer period which is overall beneficial for the economy. 17.65% of the population invests for a period between 6 months to a year. The median time of investment for each individual comes to 8 months.

Through this research it was found that Mutual funds, Equity shares and fixed deposit accounts in banks are the most popular investment instruments among the youth in Mumbai. People also like to keep their money in saving bank accounts in different banks where they get minimal return on their money, but the benefit is that there is no risk involved in keeping their money in the savings account. From the responses of the sample population it was found that 20.56% of the population and 20.56% of the population found equity shares and mutual funds to be their favourite instruments respectively. It was also seen that debentures, government bonds, gold bonds and preference shares were the least preferred investment options chosen by the population.

**(INVESTMENT INSTRUMENTS WHERE PEOPLE INVEST)**

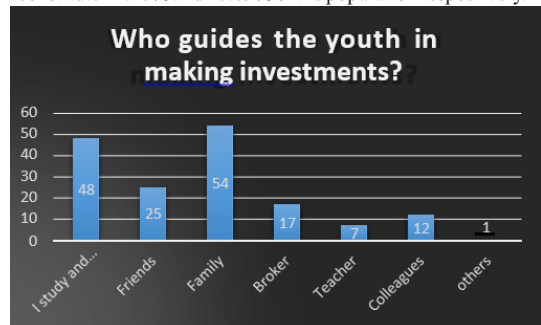
Responses	Frequency	Percentages
FD in bank	44	16.85%
RD in bank	18	6.89%
Savings Account	46	17.62%

Equity Shares	42	16.09%
Preference Shares	4	1.53%
Mutual Funds	55	21.07%
Government Bonds	2	0.76%
Insurance Policies	10	3.83%
Gold	19	7.27%
Gold Bonds - RBI	2	0.76%
Commodities	5	1.91%
Post Office Account	8	3.06%
Debentures	3	1.14%
Others	3	1.14%
TOTAL	261	100%

(Table no. 6.1.1) (Source – Primary Data)

**Factors Affecting Investment**

- **Different Parameters of investment:** - In this research, the importance given to different parameters of investments by the Youth in Mumbai was determined. Our research has found that Rate of return is the most important parameter on the basis of which they make investment decisions. Close to 40% of the population has said that for them Rate of return is the most important parameter. Hence Rate of return which an investment instrument provides, affects the investment decisions to a great extent. Also, it has been found that the youth always evaluates and compares the attractiveness of different investment instruments, and invests in the one providing higher rate of return.
- **After rate of return, the next most important parameter is the safety of the investment.** 29% of the population are of the opinion that their investment decision is affected highest by the safety of investment. The youth feels that they are more likely to invest in an instrument which is safer rather than on the basis of rate of return. Hence it can be observed that close to 70% of the population feels that rate of return and safety of investment are the most important parameters which affect an investment decision.
- **Sources of Guidance/Advise:** - People prefer to take advice from different sources before making investment decisions. From the primary research, it was found that 32.08% of the people are advised by their family members who have an influence on their investment decisions. On the other hand, it was also found that 30.19% of the people prefer to study and collect information on their own before making investment decisions, which indicates that 30.19% of the youth in Mumbai is not influenced by anyone, and they make their investment decision on their own. The people who are affected by their friend's advice and broker's advice constitute 14.47% and 10.69% of the population respectively.



(Chart no. 6.2.1) (Source – Primary Data)

- **Television advertisements:** - It is believed that television advertisements of mutual funds or insurance policies can influence the investment pattern of youth to a great extent, but in this research, it was found that 50% of the youth is not at all affected or influenced by TV ads of mutual funds. On the other hand, 28.72% of the youth is affected by these ads and 21.28% is not sure whether they are affected by these ads. Television ads are one of the most popular sources of promotion these days, but in case of investment instruments, it is not effective in affecting the investment decisions of the youth in Mumbai.
- **Peer pressure:** -In the survey carried out in this research, the respondents were asked to rate the effect of peer pressure on their investment decision on rating scale of 1- 5, with 1 being the least and 5 being the highest influence on their investment decisions. It was found that the mean for this data came up to 2.81 on a scale of 1



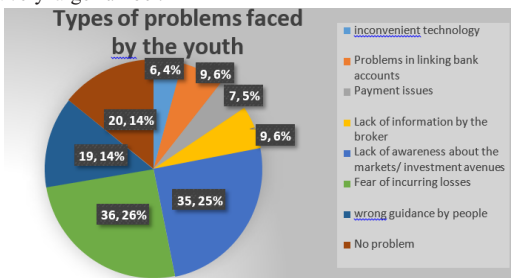
to 5. This shows a moderate amount of influence by the peer pressure on the investment decisions. This figure represents that the youth does not blindly get influenced by their peer's opinions, they make their own calculated decisions for making investments and also take advice from their peers. In the same way we also took the ratings for the influence of a broker on people's investment decisions. The average rating on a scale of 1 to 5 came up to 2.23 for the effect that a broker has on the investment decisions, this once again shows independent decision making and that the youth does not get carried away by what their broker is advising them. They put their own thinking into it when it comes to investment, which is a very progressive sign.

- Study of the markets: - In this research it was also found that 29.79% of the population studies the markets and reads about the new government and RBI policies most of the times before making an investment, whereas 22.34% of the population always does this. This shows that more than 50% of the youth who makes an investment will study the market and then invest his or her money, and not just invest without knowing about where they are investing or what is the condition of the market at the time when they are investing. Other than this 27.66% of the population reads sometimes, and not regularly. 59.57% of the population's investment decision gets affected according to what they have studied or read about the markets or government policies. This is very good sign as it shows that the youth in Mumbai who is investing money, is actually learning about investing and all the investment instruments. They are studying the markets and then making an informed decision, and hence the chances of them incurring a loss in the future is very less as they know exactly where they have put their money. The knowledge that they are gaining will help them increase their income by the way on productive investments.

**Problems Faced While Investing**

When asked if there any problems faced while investing, only 21.28% of the investors claimed that they face no problems. This shows that majority of 78.72% of the people are facing various kind of problems while investing. This is a huge number which shows that there is room for improvement so that people can invest without any hassle. Making the investment process easier will attract a larger number of investors promoting growth and proper channelization of savings.

When asked what are the main issues faced by the investors, 28.93% of the people said that they have lack of awareness about the financial market which further proves that the financial literacy levels are very poor among the youth as mentioned above. 29.75% of the people said that they fear incurring losses. As the youth does not save enough, it is natural for them to be skeptical about investments and fear losses. Investing money always has a risk factor but when the savings are very less, the youth is scared of losing that amount unlike adults who even after investing have savings kept aside which they do not invest. About 18.18% of the population said that they face problems like linking their bank accounts, inconvenient technology and payment issues. It is not a very large number but in today's day and age being technologically advanced, such issues should be negligible and this can be improved upon. About 15% of the people said that they are given wrong guidance by people. The youth should only take advice from their trusted sources and gain some financial knowledge themselves as they are investing. Given that the investment market is sometimes unpredictable, this is not a very large number.



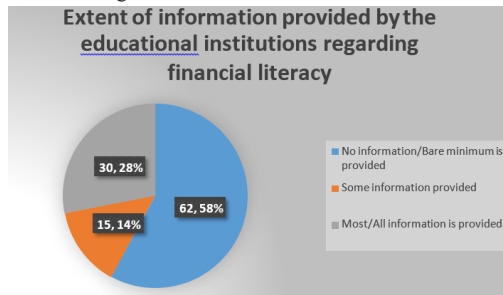
(Chart no. 6.3.1) (Source – Primary Data)

**Financial Literacy Among Youth In Mumbai**

Financial literacy comprises of the knowledge and skills necessary to make sound financial decisions. Individuals can achieve financial literacy through financial education. Financial education is the process

through which consumers and investors can improve their understanding of financial, concepts, products and risks. (Reserve Bank of India, 2012).

According to a study (Shetty & Thomas, 2015), it has been observed that majority of the students in Mumbai had a moderate to low level of financial understanding based on their responses although they believed managing finances as one of the most important activity. Many of the students felt they didn't pose the required skills to make sound financial decisions. Out of all the respondents, 62% of the total students were of the opinion that colleges do not provide for sufficient information and skills needed by them to manage personal finances. However, a majority of the students from the commerce background did agree to the fact that they observed a positive change in their attitude towards financial investments after studying subjects related to finance in their course. Hence it is very clear that academics can play a major role in enhancing the financial literacy of the students and should be encouraged in all courses.



(Chart no. 6.4.1) (Source – Primary Data)

In this study (Pareek & Dixit, 2016), it has been observed through a survey that even if the youth had a good understanding of financial concepts, when they were asked to apply these concepts practically, they weren't able to do so.

Hence, more than just looking into increasing financial literacy from a theoretical aspect, steps need to be taken to also increase the practical/application knowledge regarding finance.

Government policies to boost investment and saving among youth in Mumbai

- Sovereign Gold Bond Scheme- Sovereign gold bonds were introduced by the Government of India in 2015 under the Gold Monetization Scheme. Gold bonds are to be issued every month. The issues are offered in tranches by the Reserve Bank of India in consultation with the Government of India

**Some of the advantages of investing in gold bonds are:**

- Gold bonds can also be treated as collateral for loans
- The payment for the bonds can be made with cash up to a maximum of Rs.20,000 or demand draft, cheque or through e-banking
- These bonds are eligible to be converted into DEMAT form
- Gold bonds can be treated as a form of security as they are issued in the form of the Government of India stock
- The gold bonds which you invest in will be not subjected to tax. The tax benefit is given to the interest you will receive from the investment

This initiative was taken to raise money in the capital market and reduce investment in physical gold (Bank Bazaar, 2019)

- Securities and Exchange Board of India (SEBI) proposed direct overseas listing of Indian companies and various other regulatory changes in December, 2018
- Bombay Stock Exchange (BSE) announced weekly futures and options contracts on Sensex 50 index from October 26, 2018
- The Government of India introduced India Post Payments Bank (IPPB), to provide every district with one branch which will help increase rural penetration. As of August 2018, two branches out of 650 branches are already operational (India Brand and Equity Foundation, 2019).

**CONCLUSION**

The study undertaken has given greater insights about the investment

behaviour of the youth in Mumbai. A clear observation was that most youth is not able to save due to a spend thrifty nature and a few who save are not able to have a substantial amount in hand after the month.

The number of people who are able to convert their savings into investments are even lesser because most of the youth is not aware about how to go around investing. A major part of the population does not have knowledge which shows a clear opportunity for Investment Companies to tap into this segment and make the most out of it. Time frame of investment impacts the economy in a great way since higher the time period, the better it is for the growth of economy. A positive sign here is that the youth that invests is mainly into long term investments which helps them grow their money as well. Mutual funds have emerged as one of the most liked and used instruments among the youth. It is because of the constant awareness that has been created through advertisement campaigns. Equity shares are equally famous among the youth mainly due to a lot of exposure at the student level is given regarding the equities.

Be it the seniors or youth, rate of return remains the priority parameter before investing. It is natural since investment is undertaken with a view to earn returns. An astonishing fact was that the youth also wants to be safe with their investments. Today, where the youth is seen as the powerhouse for the upcoming years and their natural behaviour of being risk takers and impulsive, "safety of investment" being one of the important parameters for them is something unexpected.

Some interested youth are not able to invest due to several issues that they face. To get rid of it, the government can come up with more initiatives to make sure that youth is also getting involved in the investment industry. It will help the investors as well as the market condition due to inflow of capital.

Financial literacy among the youth of Mumbai is lagging as compared to other cities of the world. One of the main reasons is lack of information in the academic syllabus of the students. Leave out science and art students, even commerce students are not well informed about financial instruments.

The initiatives that government has taken so far are not really enough to generate awareness among the youth, the various initiatives are good but mainly targeted at existing investors, nothing is being done greatly to bring in a new bunch of investors.

#### Recommendations

- For the Government-
  - o Government should come up with more campaigns regarding the lesser used investment treatment.
  - o More digitisation should be brought in the procedure of investment to attract youth.
- For the investment companies-
  - o In the advertising campaigns the target audience should be the youth who is able to save but not invest.
- For the youth-
  - o Seek more information by utilising the online resources and financial newspapers.
  - o Those who are not able to save should understand the importance of investment and increase their savings.
- Educational Institutions-
  - o The educational curriculum of colleges and high schools should be focused on informing students about investment as an important factor of wealth management.
  - o Practical knowledge should be shared along with theory.

#### Limitations Of The Study

- The study is restricted to Mumbai only, so the conclusions cannot be generalised.
- Non – probability sampling is used; hence the sample population may not be the true representative of the actual population.
- The study is cross-sectional in nature. Hence the relevance of the study is for a short period of time and may change in the future.
- The study does not focus on gender wise savings and investment patterns.

#### Appendix

#### Questionnaire

#### Section – 1

1. Age-
  - 15-30
  - Above 30
2. Where do live currently-
  - Mumbai
  - Any other city
3. Occupation-
  - Student
  - Working

#### Section – 2 (Only for people who are from Mumbai and aged between 15-30 years)

4. Are you able to save money at the end of the month?
  - Always
  - Most of the times
  - Sometimes
  - Very few times
  - Never
5. How much do you generally save?
  - 0
  - 1-5000
  - 5000-10000
  - 10000-20000
  - 20000 and above
6. Do you invest money that you save?
  - Always
  - Most of the times
  - Sometimes
  - Very few times
  - Never
7. Why don't you invest money that you save?
  - I do not have knowledge about investments
  - I feel investing money is risky
  - I prefer to have cash in hand
  - Other

#### Section – 3

8. How much money do you generally invest?
  - 0
  - 1-5000
  - 5000-10000
  - 10000-20000
  - 20000 and above
9. What time frame do you have in mind for investing money?
  - Intraday (Trading of Shares)
  - Up to 1 month
  - Up to 3 months
  - Up to 6 months
  - Up to 1 year
  - More than a year
10. Where do you invest?
  - Fixed Deposits in Bank
  - Recurring Deposits in Bank
  - Savings Account in Bank
  - Equity Shares
  - Preference Shares
  - Mutual Funds
  - Government Bonds
  - Insurance Policies
  - Gold
  - Gold Bonds of RBI
  - Commodities
  - Post Office Account
  - Debentures
11. On the basis of the options selected above, rate the following parameters on a scale from 1 to 5 (5 being the best and 1 being the worst)
  - Rate of Return
  - Liquidity of the Investment
  - Safety of Investment
  - Risk Factor (5 being less risky and 1 being riskier)
  - Time period (Blockage Period)
  - Stability
  - Tax Benefits
12. Which parameter do you consider to be the most important while investing?
  - Rate of Return

- Liquidity of the Investment
- Safety of Investment
- Risk Factor
- Time Period (Blockage Period)
- Stability
- Tax Benefits

13. Who helps you in making investment decisions?

- I study and collect information
- Friends
- Family
- Broker
- Teacher
- Colleagues

14. Has the promotion of investments and SIPs these days on various advertising platforms influenced you to invest?

- Yes
- No
- Maybe

15. How much does peer pressure affect your decision? (Rate on a scale from 1 to 5, with 5 being the highest and 1 being the lowest)



16. How much does your broker influence your decisions? (Rate on a scale from 1 to 5, with 5 being the highest and 1 being the lowest)



17. Do you study market conditions, government and RBI policies before investing?

- Always
- Most of the times
- Sometimes
- Very few times
- Never

18. Does studying of market conditions affect your investing decisions?

- Yes
- No
- Maybe

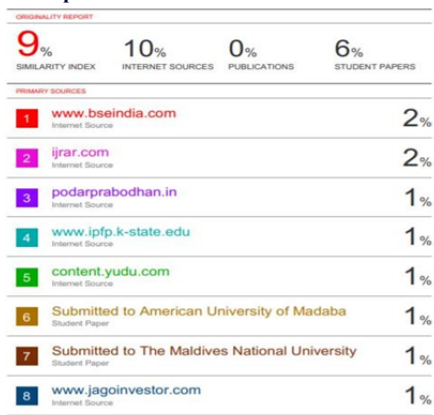
19. What are the problems you face while investing?

- Inconvenient technology
- Problems in linking bank account
- Payment issues
- Lack of information by the broker
- Lack of awareness about markets/ investment avenues
- Fear of incurring losses
- Wrong guidance by peers
- No problem

INCLUSION FOR. *Episteme*, 1-6.

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**Plagiarism Report**



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