Saving and Investment Pattern of Youth in Mumbai

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***Abstract*—Redirecting savings into investments is crucial for the advancement of a developing economy. The worth of a rupee in the future is inferior to the worth of a rupee today. Investments provide an excellent chance for individuals to gain returns and increase their earnings. Without investments, cash circulation in the economy diminishes, resulting in stagnation. A significant amount of investments promotes economic stability, enhances capital flows, and most importantly, fosters development and opportunities for income growth. The levels of financial literacy were discovered to be low, which raises concerns given that Mumbai is the financial hub of the country. Some youths also faced challenges due to incorrect guidance from others when it came to investing. It is essential to promote awareness programs that cover investment opportunities along with their associated benefits and risks. Enhancing awareness and financial literacy would likely lead to a rise in investment volumes, thereby supporting economic growth.**

***Index Terms*—Youths, financial, financial literacy, savings, investment.**

I. INTRODUCTION

As per capita income rises and western influences grow, the patterns of savings and investments have undergone significant changes. A strong savings rate combined with effective capital mobilization contributes significantly to economic growth. Although India's original policies were socialistic, the country's present policies are more market-driven and allow the economy more freedom. Improvements in the rates of savings and investment coincided with increases in GDP growth and per capita income.

The youth now have more purchasing power as a result of the rise in living standards. Baby Boomers (1946–1964) and Gen Xers (1965–1980) had modest financial objectives; they wanted retirement benefits and employment security. The investment savings pattern of millennials reflects their diverse ambitions. The capacity to comprehend fundamental financial ideas and possess the knowledge and abilities needed to make wise financial decisions with the resources at hand is known as financial literacy. Therefore, we would like to examine the savings and investing patterns in this study and Mumbai's degree of financial literacy

II. LITERATURE REVIEW

Mrs. Kulvinder Kaur Batth (2016) endeavors to comprehend the level of financial knowledge and the factors influencing the younger generation, and she also aims to stress the importance of providing financial literacy to the younger generation. The research employed primary data, with the information gathered through a carefully designed questionnaire. This was completed by 150 participants. Hypothesis testing has also been performed on the data. The research findings indicate that family education is the most significant factor contributing to the financial literacy of youth. The results also reveal a positive and favorable perspective among the respondents, with a significant inclination towards the desire to learn and explore more about financial management.

Mr. Masud Jariah (2004) and his classmates aim to investigate the types of financial issues students face. Primary data was gathered from 1500 college students, who were also asked to indicate 10 financial education topics they would like to learn about through a questionnaire. Additionally, 13 variables were analyzed to ascertain the research findings. The data was analyzed using descriptive statistics. The findings indicated that participants lacked adequate knowledge and skills in managing their financial matters. Financial education should be integrated at the college level or sooner to equip students with the ability to handle their finances appropriately. Multiple strategies and learning methods can be employed to accomplish this goal; however, effective financial management will aid in enhancing the quality of life and encouraging sustainable consumption.

III. RESEARCH METHODOLOGY

The research conducted is pure research that has been performed to contribute to the body of knowledge. The research design employed for the study is descriptive research. Descriptive research involves a systematic approach to data collection. As indicated by its name, the aim of these studies is to present a thorough and detailed account of the phenomena being examined. The data gathered in this study is quantitative and obtained through the survey method. The study conducted is cross-sectional in nature (single cross-sectional study), and therefore is executed at one specific moment in time, making its relevance most pertinent for the present period.

The parameters/variables examined in this project, such as the level of savings/investment, are quantitative, therefore a descriptive research was necessary. The study encompasses various scales, with some being comparative scales and others being non-comparative scales. To analyze the data collected from these scales, a descriptive approach is utilized so that statistical tools may be employed on this data, and conclusions can be drawn.

IV. SAMPLING DESIGN

The non-probability sampling method has been utilized for conducting the study. Within the non-probability sampling method, convenience sampling has been employed, which signifies that samples have been chosen based on the researchers' convenience. The samples have been randomly chosen, and there were no criteria for the selection of the samples. The target population for this research is 'Youth in Mumbai' and 232 samples were surveyed, of which 194 individuals were part of our target category. These samples were randomly selected and were requested to complete a survey (structured questionnaire). Their answers have been utilized as primary data. This sample group of 194 individuals represents the target demographic of 'Youth in Mumbai'.

V. DATA COLLECTION

The method used for data collection is the Survey method. A survey consists of a structured/formalized questionnaire that is presented to all respondents in the same sequence. In this instance, 80%-85% of the questions are closed-ended. Specifically for this study, the approach taken was a webpage survey. The tool utilized for this was Google Forms, where the survey was created and the link was distributed to the samples based on convenience. A webpage survey was chosen because it is cost-effective and also requires less time. Furthermore, webpage surveys are more convenient for formatting, and these surveys can be easily shared with the sample population.

VI. FACTORS AFFECTING INVESTING

Different Parameters of investment: - In this study, the significance assigned to various parameters of investments by the Youth in Mumbai was assessed. Our study has revealed that Rate of return is the most crucial parameter on which they base their investment decisions. Nearly 40% of the population indicated that for them, Rate of return is the most vital parameter. Therefore, the Rate of return provided by an investment instrument significantly influences their investment choices. Additionally, it has been observed that the youth consistently evaluates and contrasts the appeal of different investment instruments, opting for those that offer a higher rate of return.

Following rate of return, the next most significant parameter is the safety of the investment. 29% of the population believes that their investment decision is most influenced by the safety of the investment. The youth perceives that they are more inclined to invest in an instrument that is safer as opposed to solely focusing on the rate of return. Thus, it can be seen that nearly 70% of the population considers that rate of return and safety of investment are the most essential parameters that influence an investment decision. - Individuals tend to seek guidance from various sources prior to making investment choices. According to the primary research, it was discovered that 32. 08% of individuals receive advice from family members who impact their investment choices. Conversely, it was also discovered that 30. 19% of individuals choose to research and gather information independently before making investment choices, which suggests that 30. 19% of the youth in Mumbai are not influenced by others, and they make their investment decisions independently.

The following are some benefits of purchasing gold bonds:

- Additionally, gold bonds may be used as loan collateral.
- Cash up to Rs. 20,000, demand drafts, checks, or e-banking can all be used to pay for such bonds.
- It is possible to convert these bonds into DEMAT form. Since gold bonds are issued as Government of India stock, they can be regarded as a type of security. You won't have to pay taxes on the gold bonds you purchase.
- The interest you will earn from the investment is eligible for the tax benefit.
- The goal of this project was to decrease investment in physical gold and increase capital market funding (Bank Bazaar, 2019).
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- In December 2018, the Securities and Exchange Board of India (SEBI) proposed a number of regulatory changes, including the direct overseas listing of Indian companies.
- Beginning on October 26, 2018, the Bombay Stock Exchange (BSE) issued weekly futures and options contracts on the Sensex 50 index.
- In order to boost rural penetration, the Indian government established India Post Payments Bank (IPPB), with one branch in each district. Out of 650 outlets, two were already open as of August 2018 (India Brand and Equity Foundation, 2019).

VII. CONCLUSION

This study emphasizes how important investments are in promoting economic growth, particularly among Mumbai's youth. Even though Mumbai is the financial hub, there is still a lack of financial knowledge, which causes people to make poor investment choices. According to the study, the two most important variables for young investors are the rate of return and investment safety. A significant percentage of people prefer to make their own well-informed investment decisions, even if many rely on family for advice. Increasing financial literacy through awareness campaigns can enable young people to make prudent investments, which will ultimately support a stronger and more vibrant economy.

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