



Inovative Insights #5

Financial Literacy



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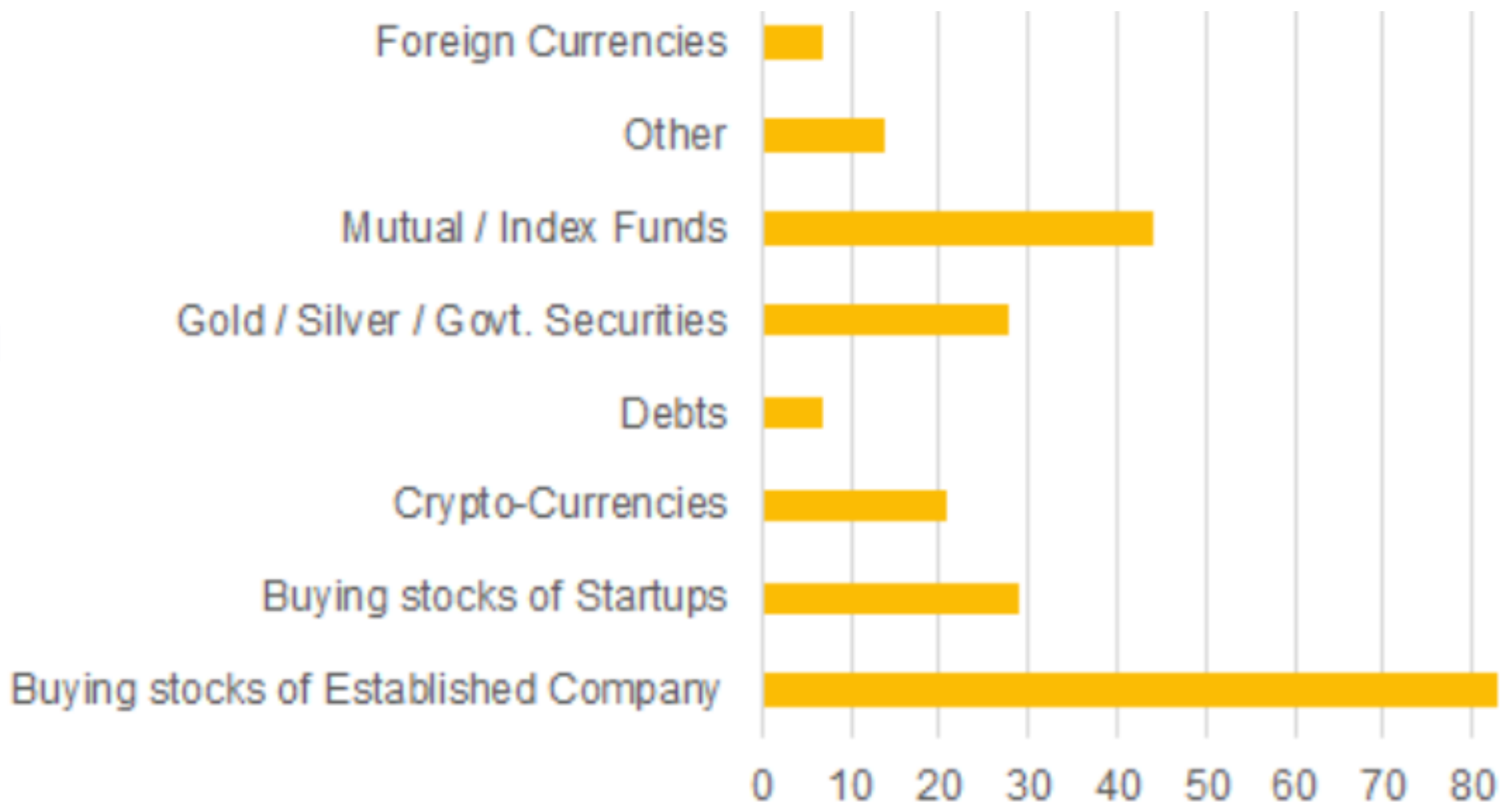
Preference While Investing

First Preference in Investments made:

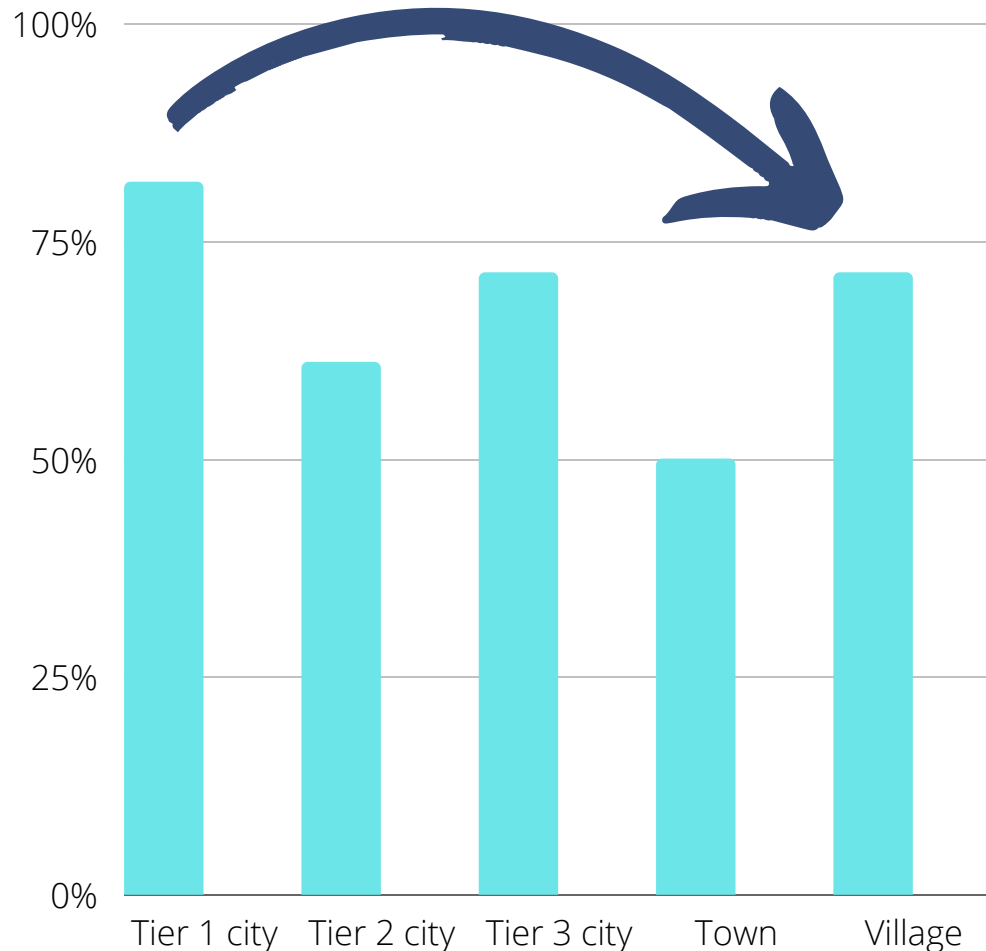
Commerce:
Buying stocks of
Established
Company

Science: Buying
stocks of
Established
Company

Humanities:
Buying
Mutual/Index
funds



Area Wise Interest in Investing



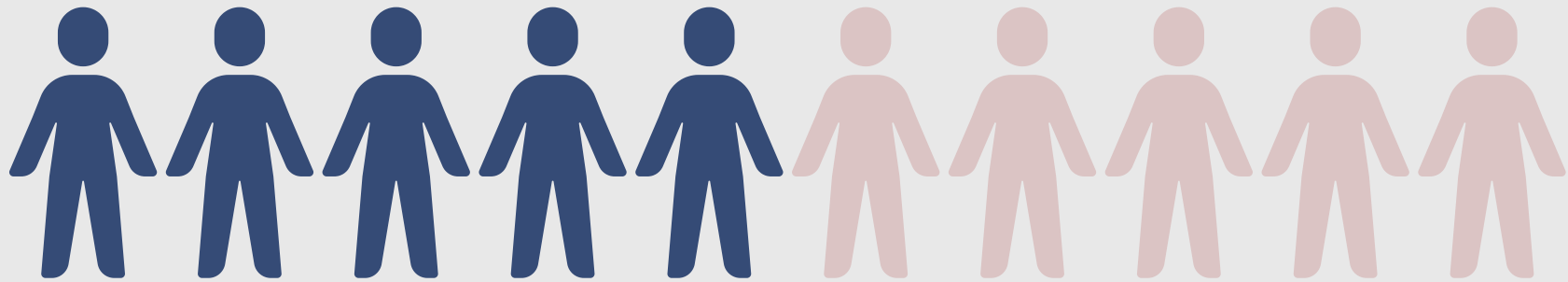
There is a general trend that people in Tier 1 Cities are more inclined towards investing but, this trend slows down when we go from urban to rural areas. In our analysis we found that village people are more into investing the possible reasons could be:

- Small sample size and not reaching majority rural population
- Sudden riches in the financial market are attracting them
- Getting more wealth and stabilizing their position by having a passive source of income

Preference according to the area

Place of living	First Preference	Second Preference
Tier 1	50% in established stocks	40.9% in mutual or index funds
Tier 2	44.44% in established stocks	38.88% in mutual or crypto
Tier 3	71.4% in established stocks	42.8% in startup stocks
Town	37.4% in established stocks	50% in crypto or gold silver
Village	71.4% in startup stocks	57.14% in established stocks

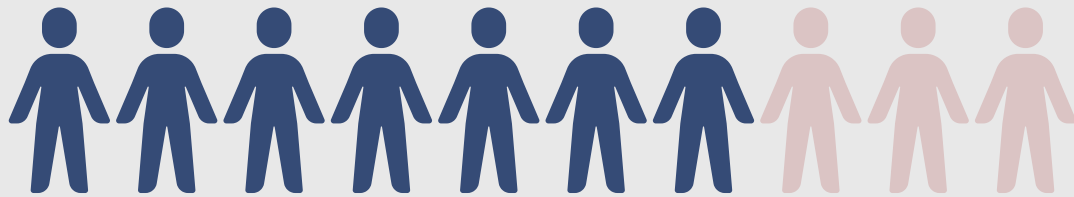
Inclusion of Children in Financial Matters by Family



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Children are included in their financial matters by their parents.

Field of Study and interest in Investment



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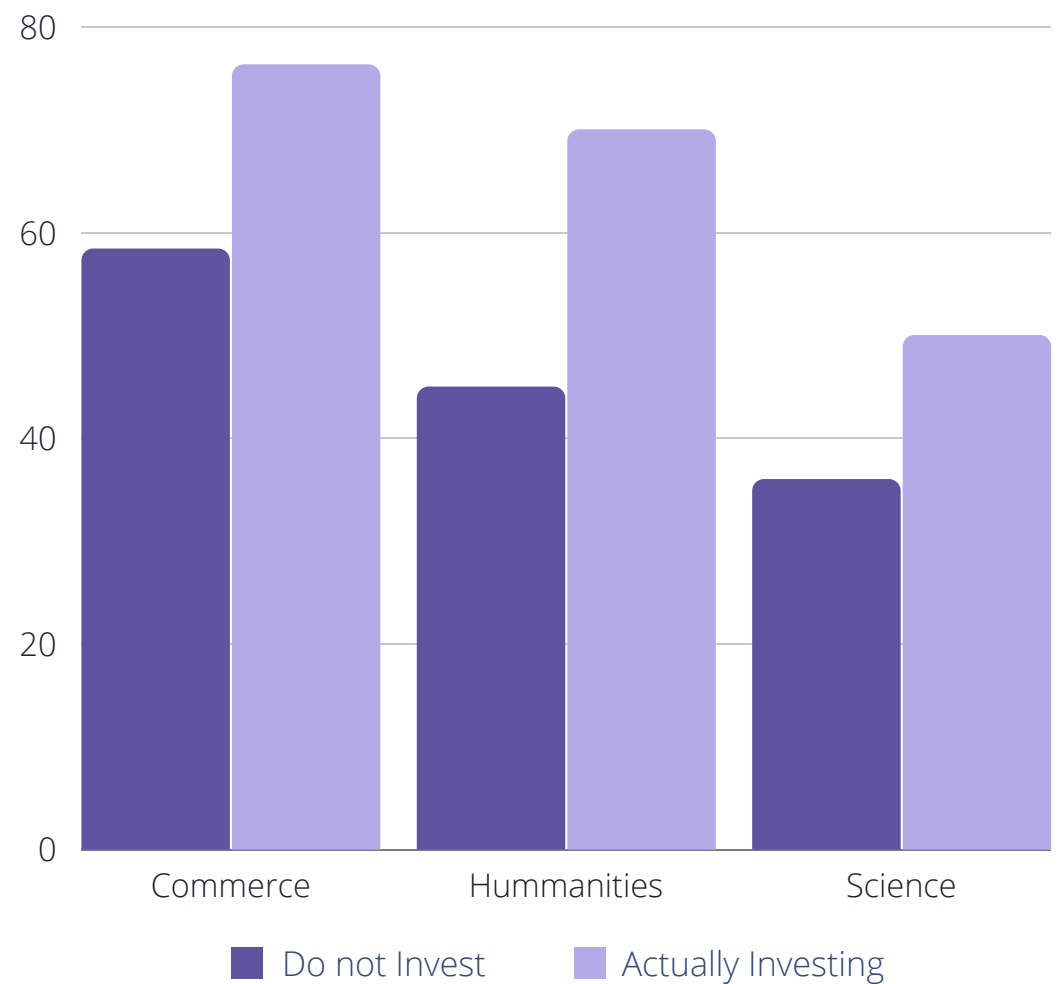
People are interested in investing

Commerce students are more inclined in getting financial knowledge and even after they start investing their quest for knowledge is still high, similar goes for the humanities students though there is a small difference.

**Humanities include: Humanities and Law

**Commerce include: Commerce, Economics and Statistics

**Science include: Science, Computer and Mathematics



The graph shows the number of people who are interested in learning about investments under 2 categories that is Actually investing and not actually investing.

Break Down of Risk Taking Abilities

47%

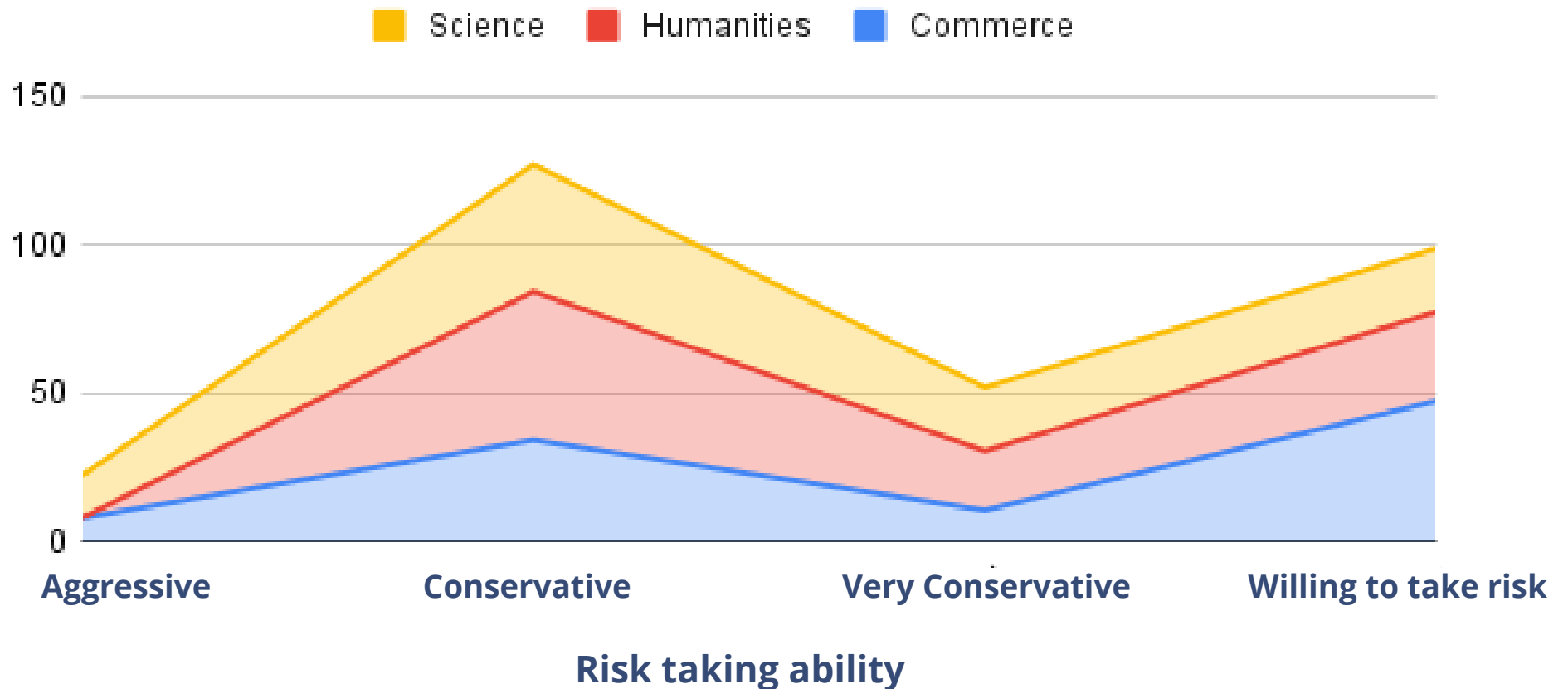
of commerce people are willing to accept a moderate level of risk to achieve higher returns

50%

of Humanities people are Conservative but willing to accept a small amount of risk.

43%

of Science people are Conservative but willing to accept a small amount of risk.



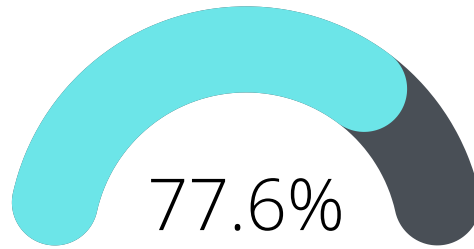
AT A GLANCE

- 52% of the Commerce, students think about the possible gains before investing.
- 70% of the Humanities, students think about the possible gains before investing.
- 58% of the Science, students think about the possible gains before investing.
- Town and Tier 3 citizens are more towards making short term money to beat inflation and become financially independent.
- People living in Tier 1 cities invest it as a necessity for wealth creation and becoming financially independent.
- Every 3rd person faces an issue of decision making when it comes to the possible gains while investing.

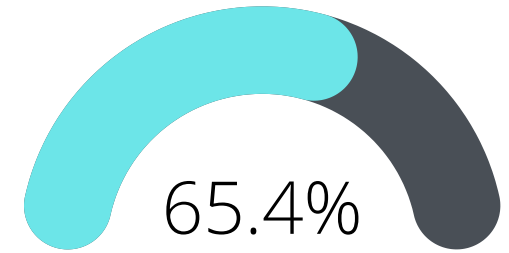


Gender Wise scope of Investment

77.67% of males are interested in investing. Out of which only 52% are investing

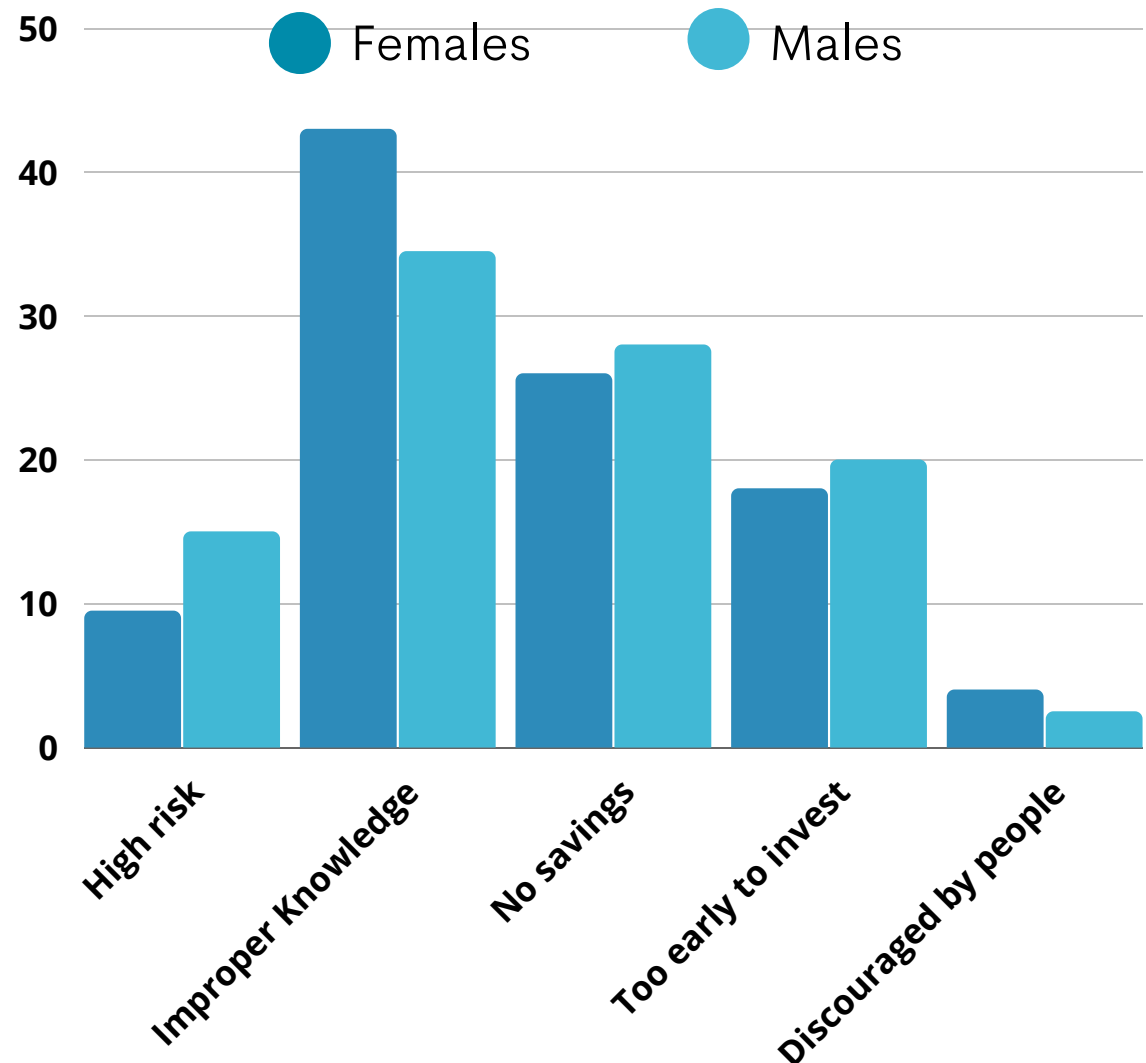


65.54% of females are interested in investing. Out of which only 20% is investing



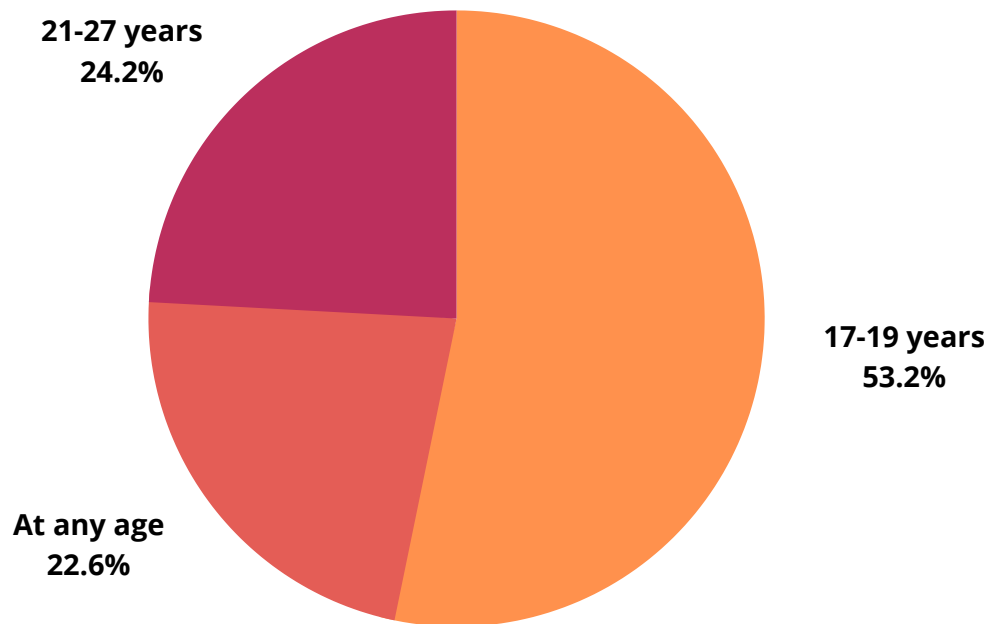
Since our responses were majorly restricted to college students, we could conclude that about 44% of the people do not have appropriate savings to invest despite of being interested.

Majorly people don't invest as they do not possess proper knowledge of the subject matter. These are about 64.3% of the total respondents.



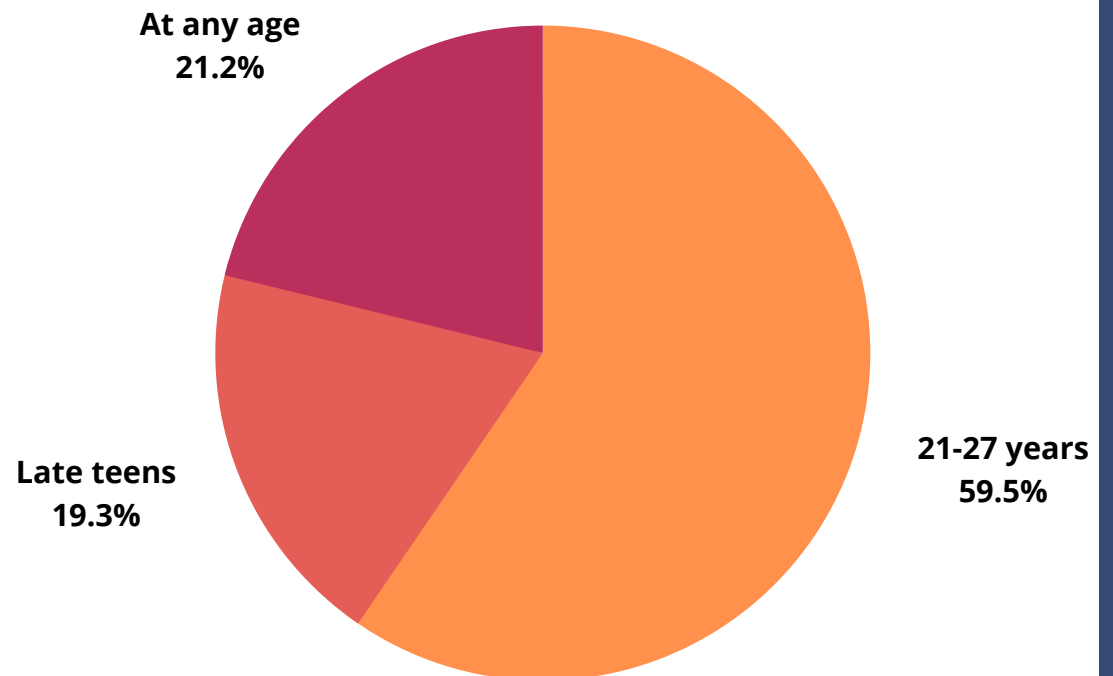
The graph shows the reasons for people not Investing

Right Age to Invest



Of the people who have started investing, 53.2% believe that Late Teens (17-19 years) is the right age to start investing. 22.6 % believe that the right time is now, i.e. one may start investing at any age, followed by 24.2% people who believes that 21-27 years of age is the right age to start investing.

However, of those who haven't started investing, 59.5% believe that one must start investing at the age of 21-27 years, followed by 21.2% of people who believe that the right time to start investing is now, i.e. at any age and 19.3% of people believes that late teens is the right age to invest.

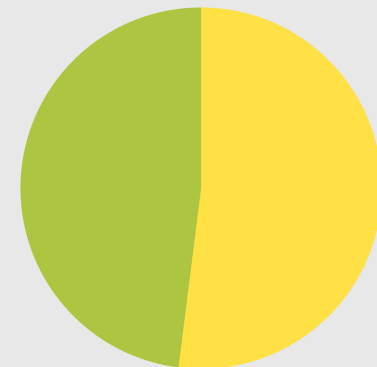


Of the people who have started investing, strongly believe that investment should be started at an early age, compared to those who have not started yet.

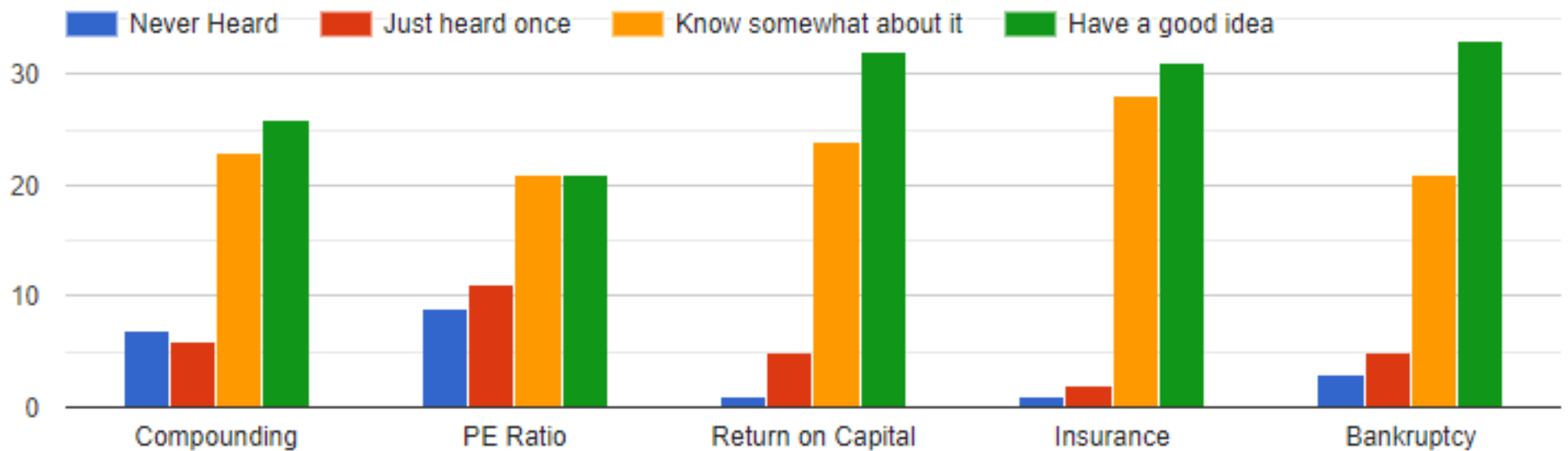
Knowledge about Finance and Investment

About 50% of people possess the basic knowledge about finance and investment

No
48%



Yes
52%

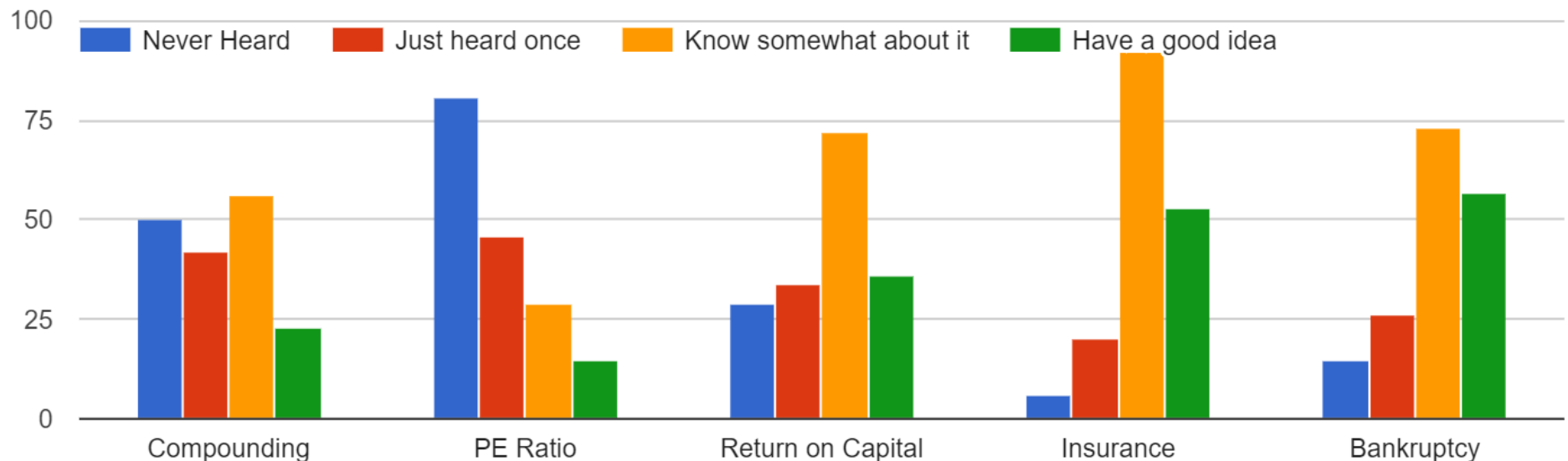


From this, we can observe that most of the respondents who are **investing** currently are familiar with the basic investment terms. Though a fraction of them are investing without proper knowledge.

Knowledge about Finance and Investment

Compounding, PE ratio and Return of Capital are the least known terms. Half of the respondents have never heard about PE ratio and about 30% people have never heard about Compounding.

Insurance and Bankruptcy are the most know subject by the respondents not investing.



From this, we can observe that of the people who are **not investing** a significant among those have never heard of the basic terms and even if they have heard about it only a minor fraction of people have a good idea about these. From this we can infer that lack of knowledge is a significant factor for people not investing.

Resources for Basic Knowledge

- Of the people who are investing (60%), reading books, newspapers, magazines, etc. contribute the most towards their knowledge; on the other hand, social media is the basic source of knowledge for those who are not into investing, i.e. 52%.
- Family and Friends are the next best source for getting knowledge.
- More than 50% of the people who are interested in investing are doing some online courses. This is also a significant contributor to their knowledge.

Reading is the most efficient way to learn and invest, though other experiences can also be crucial.



The graph shows the sources of knowledge for people who are interested in learning about investments.

Industry Preferences

According to the analysis 43.52% of respondents prefer IT as the most profitable industry/ the industry they would like to invest in, followed by Pharmaceutical, Banking and FMCG (17.64%, 13.52% and 12.35% respectively).

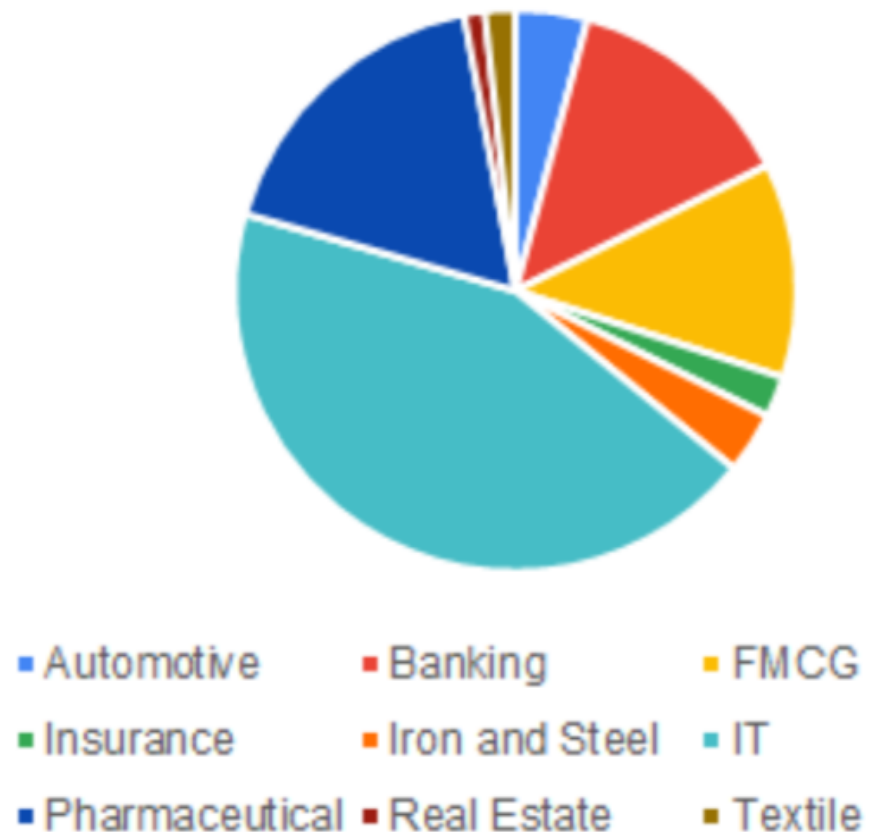
Real estate was the least popular industry with just 0.01%.

Possible reasons for preferring IT sector can be: Shift to online medium in the pandemic, and other industries sustaining the pandemic by its products or service. Many also believe that the future is of AI and technology.

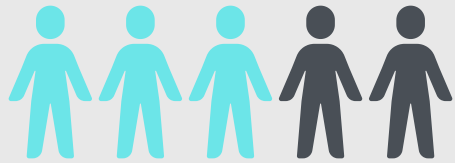
Seeing the need and demand for new medicines and other medical equipment, the respondents feel that pharmaceutical industry is the next best profitable industry after IT.

Real Estate is the least popular, which can be attributed because of the slump and the Covid-19 restrictions

Industry Preference

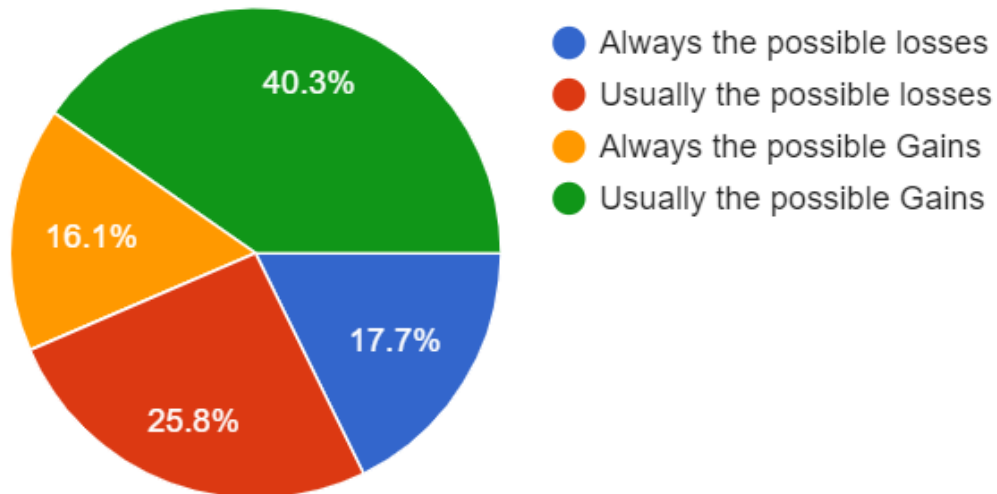
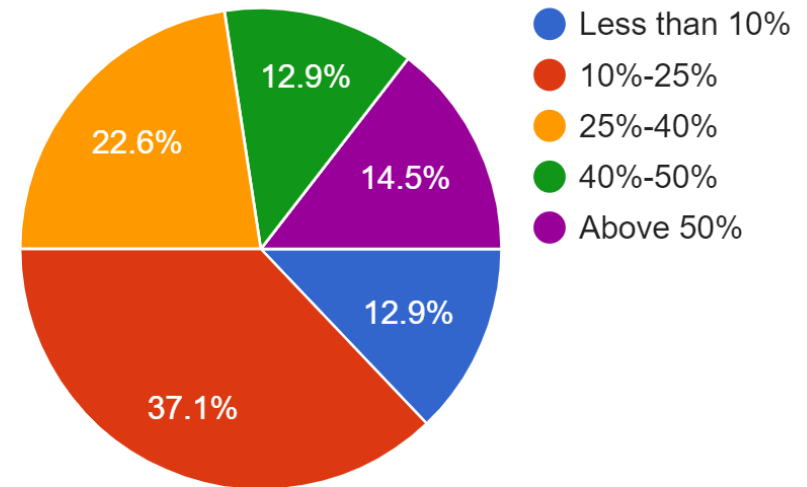


General Insights



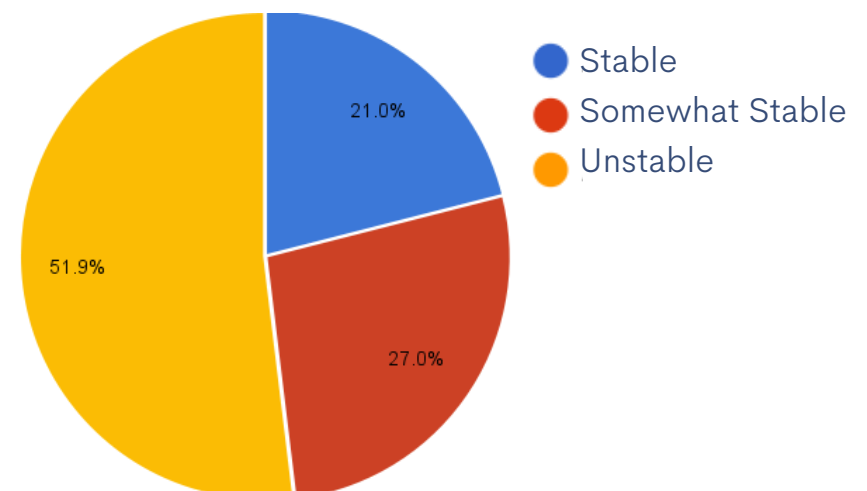
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People believe that about 10-40% of the savings must be invested.



56% People think about the possible gains than the losses. This shows that there is a general tendency to look at the possible gains first than the possible losses

More than 50% of the respondents have unstable source of income, and only 1/5 th of them have stable income

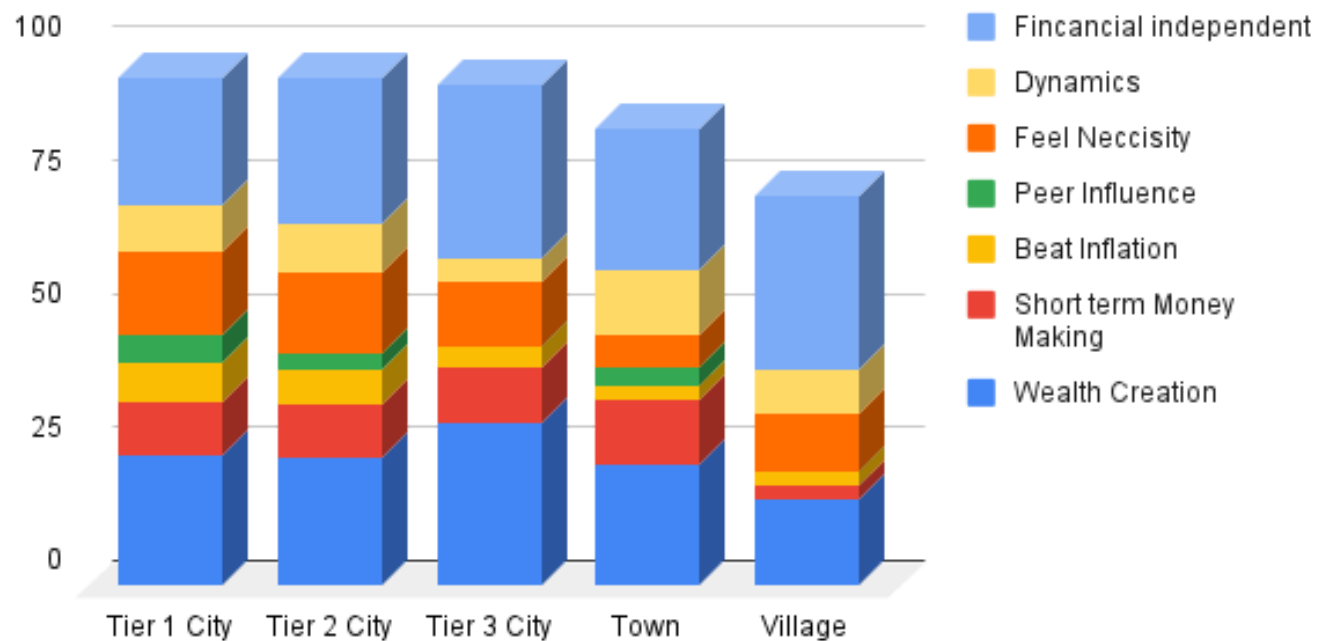


Amazing Facts

- Most people gain their basic knowledge of finance from family, friends, and books.
- 66.12% of investors among respondents have started investing in less than a year, seeing the bull run market has experienced in the past year.
- The teenagers who have just started investing tend to allocate more value towards directly or indirectly buying stocks to get capital appreciation.
- There is a trend that people who tend to save are inclined towards investment (88.71%).
- As per the survey, the new-age investors tend to have a conservative approach but are willing to take some risk. Almost 33.3% of these investors had this approach.



How People view Investments



Main reasons for Investment

People Living in Town and Tier 3 cities are more towards making short term money to beat inflation and become financially independent. But people living in Tier 1 cities invest it as a necessity for wealth creation and becoming financially independent.

In our analysis,

- Out of those who are investing, villagers are into buying stocks of startups that is they are looking for higher returns with a considerable amount of risk. Another reason is they are not planning to shift investments, rather fix it in a particular startup which then remains for at least 5 years.
- On the other hand, people living in towns and Tier 2 cities, invest in Cryptocurrencies which usually are seen as short term trading to earn huge amounts of profits.

Gender Wise Interest in Investing

77.67% of males are interested in investing.



65.54% of females are interested in investing.



48% of males who are interested in investing don't actually invest.



80% of females who are interested in investing don't actually invest.

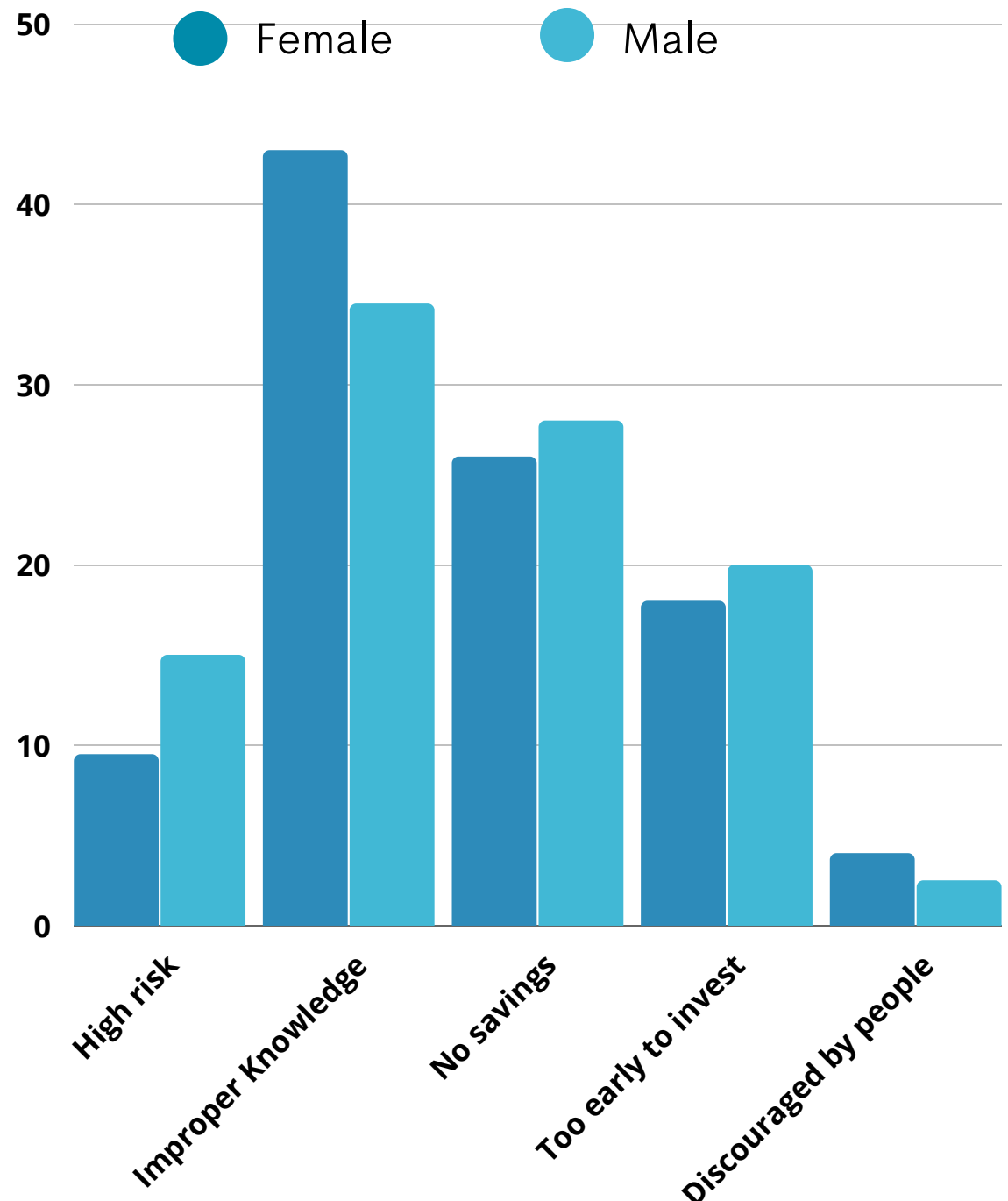


Males are more financially aware as compared to females. Of all those who are interested, 80% of females are not actually investing whereas males percentage of not investing is quite less i.e. 48%.

Reasons behind Investment Decisions

Since our responses were majorly restricted to college students, we could conclude that about 44% of the people do not have appropriate savings to invest and despite having interest they do not invest and let the money make money for them

Majorly people don't invest as they do not possess proper knowledge of the subject matter, people including, these are about 64.3% of the total respondents.



The graph shows the reasons for people not Investing