

Middle Income Group Of Urban India And Assessment Of Its Wealth Generating Capabilities.

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Abstract: Urban middle income household is in constant stress related to saving and investment in assets providing good returns in long run considering their constant increasing cost of living. This paper focuses on the middle-income savings for their emergency and achieving its investment goals. Saving provides short term security and liquidity, whereas investment provides long term wealth generation. Study covers Urban household from various categories of employment namely salaried, self-employed, and business class individuals, who faces day to day challenges in having trade-offs in their financial decisions due to increase in cost of living and Inflation. Research tries to explore the recent national trend and survey-based analysis to find out the frequency of savings, proportion of income saved, their preference of different financial instrument for the investment and to check whether it generates future wealth or not. Paper even tries to focus on barriers like disposable income, risk taking capacity of investors, lack of trust in the financial instruments, limited financial knowledge of investment and constraints related to digital access for the investment. Where traditional studies analyses saving and investment pattern separately, paper focuses on proportion of household saving diverted towards the long-term wealth generation considering the importance of availability of technology related to Finance, SIP, savings behaviour, digital inclusion and trust in shaping investment decisions.

Findings of the paper aims to provide detailed insight about the evolving financial behaviour among the urban India household post pandemic, where it is found that household practices safety and cautious behaviour in investment at the same time participation in format markets is increasing.,

Keywords: Urban household, Investment, Technology

Introduction

Cities have a consistent, significant influence on monetary decisions, impacting all aspects of everyday life. This is acutely felt by India's urban, middle-income earners, especially in the gap between fixed expenses and the long-term aspirations of wealth accumulation and

financial security. Starting point of research about the needs of families which is urgent as well as real and have to be fulfilled within budget. Urban families have list of monthly as well as yearly expenses but at the same time they to fulfil long term goals by doing saving and investment for example buying home, education of children , retirement funds by considering long term inflation and economic situation.. The need to 'stay within budget' is a reality for all families saving and investing. Savings are designed to cover essential, shorter-term needs, and investments to grow surplus capital into long-term wealth. This means the same income source must cover all three. Safety, growth, and the need to 'stay within budget' must be balanced and not lost from sight.

Household behaviour is a key driver of capital formation in India. Beyond the home, their behaviour is vital because household saving is the largest part of the national total saving. Hence, their behaviour is fundamental in the capital pool that finances investment in the wider economy. Important and clear patterns have recently been evident in official statistics on household saving. Financial household net savings, in FY23, fell to around 5.3 percent of GDP, while saving in physical assets increased above the pre-pandemic average. This shift in savings behaviour has consequences on the distribution of funds between market-based savings instruments and real assets, such as gold and housing. The advent of mobile technology and easy access to investment systems has led to a significant rise in SPs, and mutual funds in urban households. However, many households continue to Favor real assets and cash for high certainties, reflecting strong income and product trust, and stability. Urban middle-class families are under unique and significant pressure as they cope with high rent, EMIs, health, education expenses, and other important spending while finances in the long term, thus, in their case, the influence on cap saving in the design of this study case is significant.

This demographic slice has been chosen to be studied because it constitutes a huge portion of the population, is diverse, and faced with informal finance, and increasing expenditures and cost-of-living inflations, it makes trade-offs monthly in really pronounced ways around saving and investing. This segment includes salaried personnel in the private and public sectors, and is self-employed, or in the business tier for large urban agglomerations. They have access, but only use formal banking, e-wallets, and insurance superficially. This allows for interesting investigations on the depth of financial use as opposed to surface access. The All-India Debt and Investment Survey evidence for million plus agglomerations indicates that income, educational attainment, and employment type significantly and consistently shape the urban population's use of formal financial accounts and instruments, digital technology, and insurance, while also influencing borrowing patterns concerning formal and informal credit. This self-same research also pointed gaps in use on the basis of gender and employment, and self-employed households being directly interactive in financial transactions, informal loans, and female headed households suffering deep account and formal credit borrowing gaps reveals the pivotal importance of incorporating the lived conditions and urban situations of diverse cohorts in the analysis of saving and investing.

Focus of paper is practically about the finding out the saving patterns and actual allocation of income to the savings and way in which choices made for the investment preferences. As well paper tries to find out the amount of investment done for the wealth generation and amount of savings done to meet the contingencies .Barriers of digital access and financial knowledge are also noted as possible overrides that facilitate the movement from savings to investments.

The design captures one primary strength of this work. It goes beyond asking the questions "Do households save?" or "Do households invest?" It measures the savings 2 investment conversion rate and explores the role of costs, loans, knowledge, and digital inclusion in urban contexts.

Having both savings and investments is important for families and is balancing for budgetary needs. Savings accounts are for quick access possible emergencies. Investments are for value growth over time as steady contributions and time provide interest and compounding growth. Saving accounts allow you to access your money, which prevents you from investing and losing your money. Investing in funds, equities, bonds, and REITs appreciates your value in time as you earn income and your value appreciates and compounds over time. These various dimensions focus on gains and loss minimization in order for value to grow. The expected gains with liquidity, accessibility, and value avoidance drive

money to accounts, funds, insurance, and savings accounts as deposits while higher value for longer periods achieve goals like bonds, equities, and funds. This funds and investment's structure and focus shifts with life events.

Gold as well as real estate continue to be valuable assets and status symbols for families. In the years following the pandemic, there has been a shift towards tangible savings. It is really important to understand the causes of shift among the household among the different age group and income categories instead of assuming same kind of market investment done by them.

Recent nationwide patterns suggest the context for this study as they highlight a complicated, but manageable blend of behaviours in US cities post-2020, after uncertainty stemming from the pandemic first caused families to move into safe financial assets and insurance products, followed by a time when net financial saving decreased while physical saving increased as families shored up and re-organized their balance sheets. Urban people also vastly increased participation in this possible outer behaviour in terms of urban people increased SIP participation and increased reach of financial technologies, which potentially indicated the formation of either new financial behaviours or built trust, or shift in behaviour around finance, or simple habit balance out against an otherwise cautious stance that may indicate stable core of steady rate investor encroaching on a much larger group of people who prefer safety first until material buffers felt safe.

Again, this blend in the behaviour reports shows doesn't preclude, and should signal to the 3 researcher that different households face different risk and earning paths on income path, but trust comes to really matter when a household is trying to make a financial product choice in our urban lives where time is short and attention is given, simple filters tend to win out. The study considers those behavioural signals as important context and seeks to measure those, directly, through actual behaviour signals getting reported rather than some broad assumptions and retains focus to urban middle-income realities that necessarily decide when and how money moves into growth assets.

A key contribution of this Paper is examining the actual conversion of savings to investments, rather than just documenting saving rates or the presence of investments as standalone counts. Wealth grows not from saving alone but from the steady fraction of that saving which finds its way to growth assets that remain invested over time. When we look into literature it clearly distinguishes the savings and investment but none is talking about the proportion of savings to be invested considering the long term wealth generation. In literature there is no clear bifurcation about how much amount is to be kept for day to day need and EMIs and all where as this paper focuses on how these questions to be solved. The questionnaire tried to fetch the responses from the household proportion of savings from income is invested in MFs, equities, bonds or any other available financial instruments, which will enable to find out amount conversion of savings into investment and kind of investments done, use of digital technology, self knowledge and barriers in making investment. Survey also tries to find out the reaction of investors whenever there is rate cut or any policy change in the context to whether they stay invested for the long term or their investment pattern changes.

From the habits of savings of urban families their history of savings can be found out. Safety is the first rule for any type of urban families considering all types of emergencies. Which depicts that investing for long term comes in bucket once they allocate their budget without any harm to their buffer as well when the financial product is safe and easy to make use of. It is for this reason the study closely considers how defaults, SIPs, and low effort actions are associated with greater investing shares across groups. Advisors, and apps, are helpful in as much as they keep messages stable during anxious times, and they frame choices and actions according to the limited time and attention families can spare....so that good intentioned actions may become steady habit actions and not merely one-off actions. The results chapter will discuss if the simple supports we observe translate to reliable predictors of greater conversion of savings into investments, which both correspond to product design and household planning context in urban India.

LITERARY REVIEW:

Chiplunkar Y., Kundu S., Shrivastava S., & Agarwal R., in the Study on household spending, savings and investments during COVID-19 in the year 2020 present a real time, empirical perspective of how middle-income Indian households changed their saving and investment behaviour during the unique uncertainty of the COVID-19 pandemic. Through the use of panel surveys and in-depth interviews, the authors demonstrate a pronounced shift to precautionary savings and a realignment of consumption, away from discretionary and towards essential spending. Households have moved quickly to accumulate liquid assets in the form of cash and fixed deposits, rather than more volatile or market-linked assets. This body of research also captures psychological states such as more risk-averse behaviour and a greater desire for funds to be easily accessible, further confirmed by the fact that even experienced market participants reduced their equity exposures and SIPs. The paper situates this behaviour in economic and social contexts alongside health risk, job insecurity and perceptions of safety wrt the local community. Added to new insights, was the apparent inequality in investment behaviour among income stratifications - clearly for upper-income respondents investment commitments remained or increased while lower-income and lower-middle respondents focused on survival and liquidity

Das, S. K. in Investment behaviour of middle-class households: An empirical analysis in 2012 employs cross-sectional survey analysis to examine what underpins investment decisions of Indian urban middle-class residents. The article finds that while income and education are statistically predictive of increased flows into mutual funds and equities, there remains a consistent psychological "irrationality" behind the attraction to gold and bank deposits. Leveraging logistic regression, the paper establishes a strong but rarely-quantified importance of family recommendations and peer behavior in overweighting safe assets even among aspiring households. Das's research breaks down respondents by life stage and finds a generational differential in risk tolerance with overall youth and dual-career households being the most likely to experiment with new financial products.

Das S., & Vivek P. in Discretionary savings and investment behaviour of the Indian middle class in 2017 provide a longitudinal perspective on the variability of discretionary saving and investment in the Indian middle class. The authors implement an innovative method, combining quantitative surveys with life history interviews, to demonstrate how significant life events (inheritance, migration, major expenses) relate to sudden movements in investment portfolios. This work shows that episodic shocks are frequently the proximate causes for consideration, where households stop or speed up risky benefit based on considerations of stability.

Global Findex Database. (2017). Measuring financial inclusion and the fintech revolution is an important data source, offering a global and comparative perspective of the growth of financial inclusion and digital finance over the past decade. The report clearly shows substantial growth in account ownership, digital payments, and formal savings in India since 2014, indicating both policy success and continuing demographic and regional exclusions. The report's strength is in its specificity, allowing researchers the chance to systematically study the gaps by gender, income, education, employment, and rural/urban location. The Findex is widely used and cited in both academic and policy circles for assessment, evaluation, and benchmarking against the progress of government programs like Jan Dhan Yojana or the adoption of UPI for digital payments and transactions. The report also helps frame questions around trust and usability, introducing the Findex as a mainstay for those modelling the potential reach of limitations of fintech strategy. Additionally, the Findex also includes multiple cross-section cycles which lend themselves to time-series analyses around behavioural change over time. The Findex not only has an academic "benign" purpose, but it has also been used to further reform India's digital and financial inclusion policy.

Hazra A., & Mitra N. in Economic analysis of household savings behaviour: Insights from India in 2024 review national panel data, analysing household savings through more sophisticated econometric methods. The authors identify household specific factors such as the level of income, education levels, gender and family structure as key variables in modelling positive savings rates. The authors elaborate on policy innovations (e.g., Jan Dhan and DBT) that affect household savings with

considerable depth. One distinguishing feature of the findings is their estimation of marginal effects which offers policymakers the ability to estimate the impact of specific programs, e.g., subsidy or interest rates.

IJNRD. Savings and investment pattern in Indian households – A conceptual framework: This conceptual review serves as a first step into the household savings and investment research space. We bring together a wide array of the previous studies to generate a theoretical structure that integrates economic, behavioural, and social factors. The framework explores the role of tradition, peer effects, risk tolerance, and product complexity on household saving decisions. By making a conceptual map, we are inviting future research to consider multiple dimensions - not just household income or return - when modelling saving behaviour. The contribution of this work is that it offers a formalization of concepts, often neglected in both practice and research, such as cultural inertia and intergenerational effects, as valuable research and practice variables. Using this framework, planners and policy-makers will have direct links to design surveys, interventions, and outreach in varied Indian contexts.

Kumar R. in Economic analysis of household savings behaviour in India in 2019 provides a comparative analysis at scale between urban and rural households around savings rates, product choice, and financial literacy. His results confirm that there is not only an increase in the percentage saved with urbanization, but also a diversification into products linked to the market. Equally, Kumar shows that education is a significant mediator of this process- absent of education, high-income urban households can remain risk averse. The analysis also discusses local banking institutions and informal sectors including chit funds and neighbourhood saving groups links as alternative financial safety nets.

Sadavarte B., & Arora A. in Saving and investment patterns of Indian households in 2018 use a mixed methods approach involving stratified sampling, this study maps the intersection of savings and investment strategies with gender, education, and occupation. The authors stress the barriers of low trust in financial intermediaries and high complex product offerings to financial inclusion. The authors document how local marketing, peer effects, social contagion, and other constructs lead households to ramp up their use of savings and “riskier” higher return investments.

Sadavarte B., & Arora A in A study on saving and investment pattern of Indian households in 2019 build on previous research, this study employs a longitudinal design to study how saving and investment behaviours change over time. The research investigates how specific targeted financial literacy interventions and community demonstration projects impact behaviour and supports the findings that change takes time and multiple experiences, rather than just information workshops. The study shows that families are not wildly jumping from secure products to market products in dramatic leaps, but instead are migrating from one product to another, most often after multiple experiences of peers.

Saini P. in A study on trends and patterns of households’ savings and investments in 2019 examines the aggregate macro- and micro-drivers of financial behavior at the household level, particularly the importance of social networks and family advice. The research illustrates that, both in contexts of intergenerational knowledge transfer and neighbours learning in the moment, both the financial products used and the amount invested can be influenced.

Schaner S. in the persistent power of behavioural change: Long-run impacts of temporary savings subsidies for the poor in 2018 field experiment provides strong evidence that even short-term incentives (e.g., small subsidies for saving) can initiate long lasting habit-forming behaviour in low-income households. Over several years of follow up with participants, the paper indicates sizable increases in regular saving months after the subsidy was eliminated. The findings merit serious consideration to inform policy on the cost/benefit of pilot programs and behavioural nudges.

Sharma A., & Gupta N. in Analytical study of saving, investment and borrowing behaviour of Indian households in 2019 utilize a combination of primary survey data and secondary administrative data to explore the relationship between saving, investment, and borrowing. They have even thrown light that respondents are ready to borrow also when investment is productive or hedging risk may fetch them more amount in future.

Sharma D. in Decoding financial behaviour: An analysis of urbanised households in India using AIDIS 77th round in 2024 have used the large dataset to find out the involvement of urban household in saving and dependency of their different financial goals on the availability of banking services. They have tried to find out how people's financial goals and behaviour differs considering the size of city and availability of digital technology. To complete the study they have made combination of primary data as well available secondary data

Sharma D. in Unveiling saving and credit dynamics: Insights from financial diaries and surveys among low-income households in unauthorized colonies in Delhi in 2024, study has been conducted by doing field work and making use of daily diary and conducting group interviews to find out the saving habits and extent of use of informal channels available for the investment in the urban area. Research highlighted that group savings done on different name under informal set up is also very popular due to its ease and provides social and economic security.

Singh R. in Urban household financial patterns in Ghaziabad district in 2018, the study has established the link and connection between the age, income and occupation and its impact on the decision related to saving and investment decisions. By making use of chi square test and use of analysis author has highlighted the financial behaviour at Urban level and huge set of data and its analysis which can be used by the city planner. In general, the research indicates an ongoing reliance on deposits and government-sponsored savings programs, while localized gentrification showed signs of slow adoption of market adjusting savings products by wealthier and more educated households.

Sinha V., & Das S. in Saving and investment behaviour of middle class households in Nagpur in 2016 emphasize Nagpur's middle-class, witnessing the gradual evolution from solely safe savings (FDs, RDs) to partially diversified portfolios. Key turning points are noted as age, education, and local bank marketing, with increased sensitivity for households that were younger and better educated.

Soman D., & Cheema A. in E-wallets and the digitalization of financial behaviour in 2011 explores how people behave differently when they use e-wallets and digital banking account balances rather than cash or traditional payments. They conclude that digitalization of payments reduces transaction friction but also has a subtle effect on people's perception of saving and spending, and often lead to more saving, and a broader range of product adoption.

SSRN Study on saving income and investment behaviour of middle-class households in Nagpur in 2021 uses sophisticated analytical methods like logit regression and chi square testing, the topic studied is differences in saving and investing rates aligned with income volatility and policy changes. They find that although saving behaviour is somewhat stable, the willingness to engage in riskier investments is highly responsive to macroeconomic and policy shifts.

Tripathi M., & Verma S. in Savings and investment pattern in Indian households: Trends, challenges and prospects in 2022 present a comprehensive and critical review that weaves together macro-level statistical trends with micro-level behavioural drivers, and surveys the most important regulatory, product, and psychological barriers that continue to constrain more investment in India. The researcher has used the comprehensive method to help to create strategies that work at different levels for making investment decisions by Urban as well as rural Population.

Yadav K. in Financial behaviour of urban middle-income households: Survey framework and hypotheses in 2024, the ideas of author is revolving around providing more financial literacy to make investors enable to take sound decision as in his analysis it was found that more informed investor has taken better financial decision as compare to those who were having limited knowledge. Author has made combination of quantitative as well qualitative methodology and has made careful test whether concepts are reliable and valid by making careful choice of group of respondents. Combining his prior research and current study gives better insight related to saving and investment decision by the investor after providing financial knowledge.

RESEARCH METHODOLOGY:

Under suitable methodology for this study data were collected using a questionnaire instrument which was circulated online in order to study the variables related to the study and to check their relations, correlations, impact and influences on each other under different environments. The population cum target audience related to this topic is from Urban locality specifically having access or connected to Insurance, Banks and digitally sound.

For the data collection objectives, a structured instrument were designed to collect number based inputs from the target respondents related to domestic earnings, expenses on health and medical activities, investment on protection through insurance related government strategies and policies and other applicable mechanisms.

For data collection purposes stratified random sampling technique is used considering participants in terms of age, income levels, educational levels and occupation types. Sampling size is 225 considering urban demographics included age categories, income structure and occupations.

3.1 Objectives:

The objectives for this research paper are as follows:

To examine the saving behaviour of middle-income households in India and the prominent factors that drive their overall saving/investment decision.

To classify the popular saving instruments chosen by the middle-income group and their motivations and preferences behind them.

To evaluate the level of financial literacy and access to digital platforms and their effect on saving and investment patterns.

To assess how rising living costs and EMIs impact the capacity and willingness to save and invest.

To evaluate the changing composition of financial and physical forms of savings in households.

To identify barriers and challenges that prevent middle-income households from converting savings into wealth-generating investments.

3.2 Research Problem

The central issue of this research is the observation that many urban middle income households save, but do not transfer enough savings into growth (i.e. investment) assets, which inhibits wealth creation even when total savings appear consistent across months or years.

3.3 Research Gaps

A main gap, however, is that most studies focus on who saves and who invests, but do not actually measure the conversion rate of savings to investments, which is the one measure that connects the monthly habit to long-term net worth in a direct and usable way.

A next gap is that financial literacy is thought to lead to better investment, however evidence of the middle-income group is inconsistent, therefore this study incorporates short knowledge checks and connects them to actual shares of investing, rather than only intent.

A third gap is that barriers like fear of loss, low surplus and trust are documented as being relevant barriers to investment, but they have not been measured against shares of savings invested, therefore this study documents those barriers and tests their relationships to conversion across income and employment groups.

A fourth gap is that behaviour under duress is not generally associated with portfolio, however we ask about reactions to rate cuts, market declines and EMIs in relation to holdings and flows from city households.

3.4 Hypotheses:

Null Hypothesis (H01): The proportion of savings invested in wealth-generating assets does not differ by monthly income group.

Null Hypothesis (H02): Middle-income households do not show a preference for traditional saving instruments over market-linked investments.

Null Hypothesis (H03): Financial literacy is not associated with the proportion of savings invested in market-based investments.

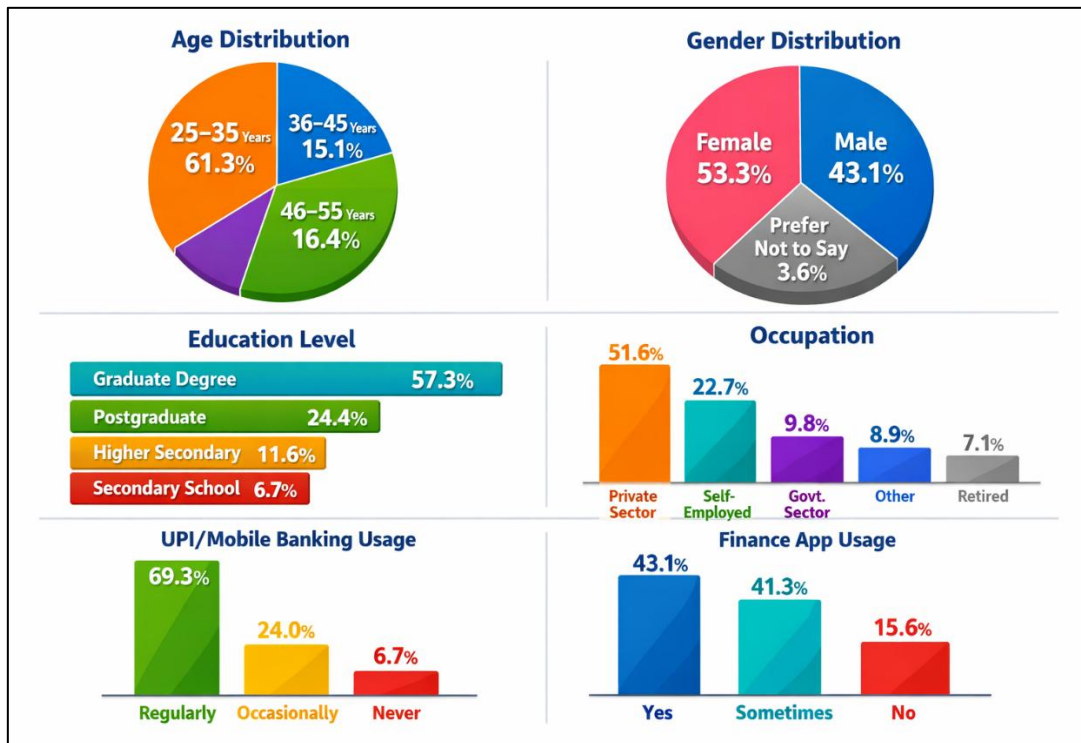
DATA ANALYSIS & INTERPRETATION:

Table 01: Demographic data

Dimension	Categories	Count	%
Age Group	25–35 years	138	61.30%
	36–45 years	34	15.10%
	46–55 years	37	16.40%
	Above 55 years	16	7.10%
Gender	Female	120	53.30%
	Male	97	43.10%
	Prefer not to say	8	3.60%
Education Level	Graduate Degree	129	57.30%
	Postgraduate Degree or higher	55	24.40%
	Higher Secondary (12th)	26	11.60%
	Secondary School	15	6.70%
Occupation	Salaried (Private Sector)	116	51.60%
	Self-employed / Business Owner	51	22.70%
	Salaried (Government Sector)	22	9.80%
	Other	20	8.90%
	Retired	16	7.10%
UPI/Mobile Banking	Regularly	156	69.30%
	Occasionally	54	24.00%
	Never	15	6.70%
Finance App Usage	Yes	97	43.10%
	Sometimes	93	41.30%
	No	35	15.60%
Total Respondents		225	100%

Diagram 01: Demographic Data

Middle Income Group Of Urban India And Assessment Of Its Wealth Generating Capabilities.



Source: Primary

4.1 Hypothesis Testing:

1. Income & Proportion of Savings Invested

Null Hypothesis (H0): The proportion of savings invested in wealth-generating assets does not differ by monthly income group.

Alternate Hypothesis (H1): Higher monthly income levels are associated with a higher proportion of savings invested in wealth-generating assets.

Table 02: Test for hypothesis checking

Test	Statistic	p-value	Effect Size
Kruskal-Wallis	$H(5) = 28.09$	< 0.001	$\eta^2 = 0.109$ (Medium)
Chi-Square	$\chi^2(15) = 59.81$	< 0.001	$V = 0.298$ (Moderate)

Key Pattern:

Income Group	Invest <25%	Invest 25-50%	Invest >50%
Below ₹50K	74.3%	7.9%	0.0%
₹1L-1.5L	63.3%	20.0%	10.0%
₹1.5L-2L	52.0%	16.0%	24.0%
Above ₹2.5L	40.0%	40.0%	15.0%

Source: Primary

2. Saving Instruments & Preferences

Null Hypothesis (H0): Middle-income households do not show a preference for traditional saving instruments over market-linked investments.

Alternate Hypothesis (H1): Middle-income households prefer traditional saving instruments (FDs, RDs, gold) over market-linked investments.

Table 03: Hypothesis checking

Test	Statistic	p-value	Decision
Binomial Test	$z = 8.43$	< 0.001	Reject H_0
Chi-Square GoF	$\chi^2(2) = 127.28$	< 0.001	Reject H_0
Income Group Comparison	$\chi^2(4) = 4.07$	0.396	No difference across groups

Among 77 middle-income respondents (₹50K–₹2L):

Instrument Preference	n	%
Traditional Only (FD, RD, Savings A/C, PPF, Gold)	71	92.2%
Both Traditional + Market-Linked	4	5.2%
Market-Linked Only	0	0.0%

Source: Primary

The result is unambiguous: 100% of middle-income respondents with a clear preference chose traditional instruments as their primary saving vehicle. Not a single respondent chose market-linked instruments (MFs, equity, etc.) as their primary savings tool.

While middle-income earners do invest in market-linked assets (from our earlier analysis, ~80%+ report some investment), they overwhelmingly keep their primary savings in traditional instruments. The preference for traditional instruments is equally strong across ALL income groups (92–96%) — this is not unique to middle income ($\chi^2 p = .396$, not significant across groups).

3. Financial Literacy & Proportion of Savings Invested

Null Hypothesis (H0): Financial literacy is not associated with the proportion of savings invested in market-based investments.

Alternate Hypothesis (H1): Higher financial literacy is positively associated with a higher proportion of savings invested in market-based investments.

Table 04: Multi-dimensional hypothesis testing against the cross tabulation

No.	Test	Statistic	p-value	Decision
1	Spearman (Literacy × Investment)	$\rho = -0.014$	0.834	Not significant
2	Spearman (Knowledge × Investment)	$\rho = +0.129$	0.056	Not significant
3	Kruskal-Wallis (Literacy groups)	$H = 10.47$	0.015	Significant
4	Chi-Square (Knowledge × Investment)	$\chi^2 = 29.20$	< 0.001	Significant
5a	Partial ρ (Literacy Income, Age)	$\rho = +0.064$	0.349	Not significant
5b	Partial ρ (Knowledge Income, Age)	$\rho = -0.005$	0.942	Not significant

Finding	χ^2	Cramér's V
Income vs Savings (strongest)	79.08	0.342
EMI Impact vs Savings	65.64	0.312
Income vs Investment	59.81	0.298
Age vs Financial Knowledge	37.00	0.291
Age vs Saving Frequency	48.63	0.268
Education vs Fin. Knowledge	7.06	Not significant
Gender vs Market Fall Reaction	10.90	Not significant

Source: Primary

10 out of 12 tests were statistically significant ($p < 0.05$)

Gender $\times$ Financial Knowledge

Income $\times$ Savings Proportion

Age $\times$ Market Fall Reaction

Education $\times$ Financial Knowledge

Finance App Usage $\times$ Investment Amount

Kruskal-Wallis H Tests (multi-group comparisons):

Test	η^2	Interpretation
Savings by Income	.209	Large effect — income is #1 savings predictor
Investment by Income	.109	Medium
Save Frequency by Age	.084	Medium
Literacy by Education	.000	Not significant!

Income is the strongest predictor of both saving and investing

Age > Education for financial discipline

Gender confidence gap: Males self-rate higher, but females perform equally on objective tests

Finance apps $\leftrightarrow$ confidence, not competence ($\eta^2 = 0.467$ with self-rated knowledge only 0.152 with literacy)

Table 05: Kruskal-Wallis H Tests

Test	H Statistic	df	p-value	η^2 (Effect)	Result
Financial Knowledge across Age Groups	17.058	3	0.0007	0.070	Significant
Savings Proportion across Income Groups	49.872	5	0.0000	0.209	Significant
Investment Amount across Income Groups	28.089	5	0.0000	0.109	Significant
Literacy Score across Education Levels	1.377	3	0.7110	0.000	Not Significant

EMI Impact Perception across Occupations	3.261	4	0.5151	0.001	Not Significant
Saving Frequency across Age Groups	20.689	3	0.0001	0.084	Significant

Source: Primary

Table 06: Test to predict savings proportions

Model 1: Predicting Savings Proportion						
$R^2 = 0.2398$, $Adj. R^2 = 0.2107$, $F = 8.241$ ($p < .001$), $n = 218$						
Predictor	B	β (Std.)	SE	t	p-value	Sig
(Intercept)	0.8586		0.4004	2.144	0.0320	*
Income	0.1693	0.3582	0.0437	3.870	0.0001	*
Age	0.1297	0.1423	0.0748	1.735	0.0827	n.s.
Education	0.1178	0.1011	0.0765	1.539	0.1238	n.s.
Fin. Knowledge	0.1325	0.0847	0.1174	1.129	0.2590	n.s.
Gender (Male)	-0.1353	-0.0734	0.1248	-1.084	0.2782	n.s.
Finance Apps	-0.0139	-0.0108	0.0915	-0.152	0.8791	n.s.
EMI Impact	-0.0710	-0.0643	0.0733	-0.969	0.3325	n.s.
Literacy Score	0.0347	0.0338	0.0690	0.503	0.6149	n.s.

Table 07: Test to predict Investment amount

Model 2: Predicting Investment Amount						
$R^2 = 0.3624$, $Adj. R^2 = 0.338$, $F = 14.847$ ($p < .001$), $n = 218$						
Predictor	B	β (Std.)	SE	t	p-value	Sig
(Intercept)	0.2929		0.2277	1.286	0.1984	n.s.
Income	0.0703	0.1878	0.0315	2.236	0.0254	*
Age	0.1988	0.2751	0.0546	3.638	0.0003	*
Education	-0.0068	-0.0073	0.0559	-0.121	0.9037	n.s.
Fin. Knowledge	-0.1385	-0.1118	0.0844	-1.641	0.1008	n.s.
Gender (Male)	-0.3859	-0.2643	0.0902	-4.278	0.0000	*
Finance Apps	0.2338	0.2282	0.0663	3.528	0.0004	*
Savings Proportion	0.2213	0.2792	0.0501	4.418	0.0000	*
Literacy Score	-0.0584	-0.0718	0.0478	-1.221	0.2220	n.s.

Model 3: Predicting Self-Rated Financial Knowledge						
<i>R² = 0.3384, Adj. R² = 0.3163, F = 15.342 (p < .001), n = 218</i>						
Predictor	B	β (Std.)	SE	t	p-value	Sig
(Intercept)	0.5806		0.2146	2.706	0.0068	*
Income	0.0143	0.0472	0.0263	0.542	0.5877	n.s.
Age	0.1593	0.2732	0.0432	3.686	0.0002	*
Education	-0.0006	-0.0008	0.0460	-0.013	0.9896	n.s.
Gender (Male)	0.0225	0.0191	0.0751	0.300	0.7644	n.s.
Finance Apps	0.3418	0.4135	0.0494	6.926	0.0000	*
UPI Usage	0.0337	0.0340	0.0656	0.514	0.6073	n.s.
Literacy Score	0.1151	0.1754	0.0410	2.806	0.0050	*

Table 08: Test to proactive Market Behaviour

Model 4: Proactive Market Behaviour						
<i>McFadden R² = 0.114, Nagelkerke R² = 0.1878, AIC = 264.29, Accuracy = 70.2%, n = 218</i>						
Predictor	B	OR	SE	z	p-value	Sig
(Intercept)	-3.2985	0.037	1.2002	-2.748	0.0060	*
Income	-0.3408	0.711	0.1255	-2.715	0.0066	*
Age	0.7654	2.150	0.2298	3.331	0.0009	*
Education	0.3540	1.425	0.2167	1.634	0.1023	n.s.
Fin. Knowledge	-0.2621	0.769	0.3304	-0.793	0.4276	n.s.
Gender (Male)	0.0085	1.009	0.3524	0.024	0.9808	n.s.
Finance Apps	0.2790	1.322	0.2515	1.109	0.2673	n.s.
Literacy Score	0.5594	1.750	0.1912	2.926	0.0034	*
EMI Impact	0.3159	1.372	0.2013	1.569	0.1166	n.s.

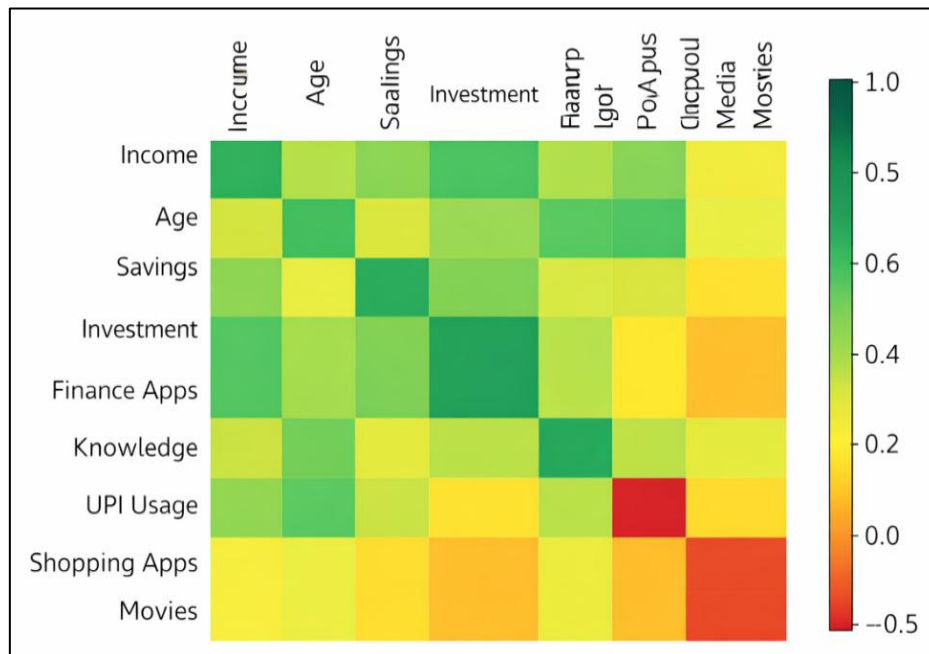
Source: Primary

Table 09: Chi-Square Tests of Independence ($\alpha = 0.05$)

Association Tested	χ^2	df	p-value	Cramér's V
Gender vs Financial Knowledge	26.077	4	0.0000	0.245
Gender vs Investment Amount	20.447	6	0.0023	0.213
Income vs Savings Proportion	79.080	15	0.0000	0.342
Income vs Investment Amount	59.809	15	0.0000	0.298
Age vs Financial Knowledge	37.002	6	0.0000	0.291
Age vs Saving Frequency	48.626	15	0.0000	0.268
Education vs Financial Knowledge	7.059	6	0.3154	0.127
Finance App Usage vs Investment Amount	18.616	6	0.0049	0.203

UPI Usage vs Finance App Usage	15.042	4	0.0046	0.183
EMI Impact Perception vs Savings Proportion	65.638	12	0.0000	0.312
Financial Knowledge vs Market Fall Reaction	21.633	6	0.0014	0.223
Gender vs Market Fall Reaction	10.897	6	0.0916	0.156

Diagram 02: Multivariate graphical analysis on their correlations



Source: Primary data

Interpretation:

Heatmap shows correlation between different variables related to financial behaviour and digital usage for the savings and investment. Income has positive correlation with variables like savings, Investment, use of apps to take financial decisions which represents that respondents with high income saves more and in turn resulting into higher investment making sufficient use of various application of finance.

Saving and investment shows strong positive correlation indicating that respondents who have regularity in their savings are reflected to more inclination towards the investment indication discipline in saving supports the higher level of investment

There's is positive correlation found between the financial apps and level of investment. Ease of use of financial apps has not only increased the investment but also accessibility and awareness regarding investment has also increased resulting in more opportunities for the investment

Age shows moderate positive correlation with respect to saving, investment, knowledge, which indicates that older respondents possess better knowledge related to saving and investment as which is resulting into informed and improved financial practices.

Financial literacy has positive correlation resulting into higher and Informed financial management representing further positive moves in direction of saving, investment and usage of apps related to finance, indication of smart Investment decision.

UPI usage doesn't give any clear correlation, showing mixed results, having slightly positive relation with age whereas complete negative correlation with some entertainment variables, showing

digital payment has more impact on ease of payment rather than financial capabilities.

There's negative correlation between the usage of shopping app and movie apps with finance related decision, indicating negative correlation between shopping and movie related apps to savings and investment, resulting into no financial growth.

Very strong negative correlation appearance was between the UPI usage and shopping apps and movie related app, shows that respondents who focuses more on entertainment and shopping related activities have different digital behaviour pattern in comparison to the respondents who has financially focused use of digital apps for saving and Investment

FINDINGS:

Income as the strongest predictor

Determines both the likelihood and the amount of household investment.

Higher income → greater engagement in investment activities.

Statistical confirmation

Relationship is significant across **chi-square tests, ANOVA, and regression analysis.**

Results are consistent across different methods.

High-income households

Invest at larger and more varied levels.

Allocate a bigger share of savings into investments.

Highest income group invests **3× more** than the lowest income group.

Low-income households

Prefer traditional, low-risk savings products.

Motivated by limited surplus and risk concerns.

Lower probability of engaging in investment.

Financial literacy and digital adoption

Reinforce investment behaviour but remain secondary to income.

More evident among middle- and high-income households.

Saving-Investing Link

Households that save more also tend to invest more.

Saving habits vs Investment activities are positively related.

Debt Burden Effect

Higher EMI-to-income ratios → lower saving and investing.

Demonstrates the impact of credit obligations on financial planning.

Financial Literacy Influence

Higher literacy scores → greater proportion of savings invested.

Effect remains significant even after controlling for other factors.

Result of Regression Analysis: For Income saving following are the predictors:

Income

Education

Gender

EMI burden

Financial literacy score

Strongest Predictors

Equated Monthly Income and Score of Credit load surface as the most significant bases of savings performance.

Model Performance

Indicates large part of variance in keeping rates.

Among the **urban middle-income households**, analysis shows account for significant differences in savings behaviour

FUTURE SCOPE SUGGESTIONS & RECOMMENDATIONS:

Financial Literacy Campaigns

Go beyond awareness → fill knowledge gaps, demystify products.

Target lower-income and lower-literacy groups.

Use local language, illustrations, real-life scenarios, case studies.

Consider low digital skills; collaborate with community orgs, schools, employers.

Managing Household Debt Burden

Financial counselling, debt restructuring, responsible lending.

Employers/community orgs: wellness programs, salary advances, low-interest loans.

Behavioural Archetype Engagement

Tailor strategies to saver types:

Conservative savers → emphasize safety, trust.

Balanced planners → focus on diversification, goals.

Aggressive investors → advanced tools, personalized advice.

Use segmentation for incentives (tax benefits, matched contributions, loyalty rewards).

Continuous Monitoring & Evaluation

High-resolution, real-time data collection.

Research partnerships with academics, think tanks, industry.

Transparency, accountability, stakeholder input.

Clear measures of success and feedback mechanisms.

CONCLUSION:

A broad methodology to economic well-being should be implemented, acknowledging that saving and investing are only mechanisms of a pronounced financial environment. Economic policies must associate with and pair programs in health, education, housing, and social securities, constructing collaborations rather than employment among these segments. Financial and Economic insertion should be seen not as a final point, but as a corridor to expansive social and efficient emancipation.

Referring the central affecting factors identified in this study and applying the mentioned policies, larger inclusivity can be possible, encouraging a maintainable financing culture. Eventually, this will adopt long-lasting financial autonomy and expanding social mobility among town middle-income family circles in India.

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