

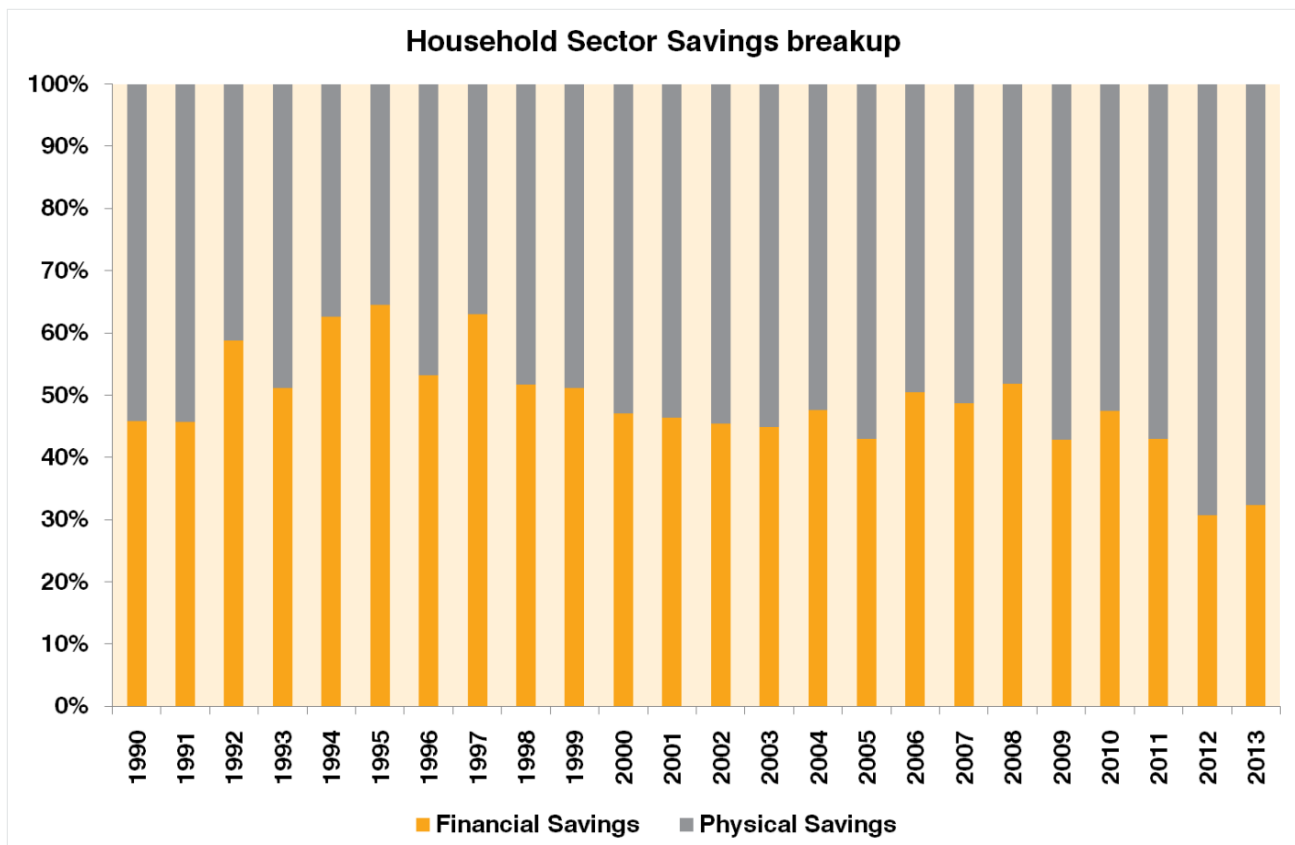
ReWISE

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Household Sector Savings-India

Composition of Household Sector Savings

- India, household sector savings¹ having the highest share of around 70% in total domestic savings comprises of savings in form of physical assets and financial savings.
- Savings in form of physical assets include real estate, gold and account for around 68% of total household sector savings.
- Financial savings share in total household sector is around 32% and comprises of savings in form of currency, bank deposits, shares & debentures, LIC etc.
- Chart below shows household sector breakup (as % to total household savings) over the years.



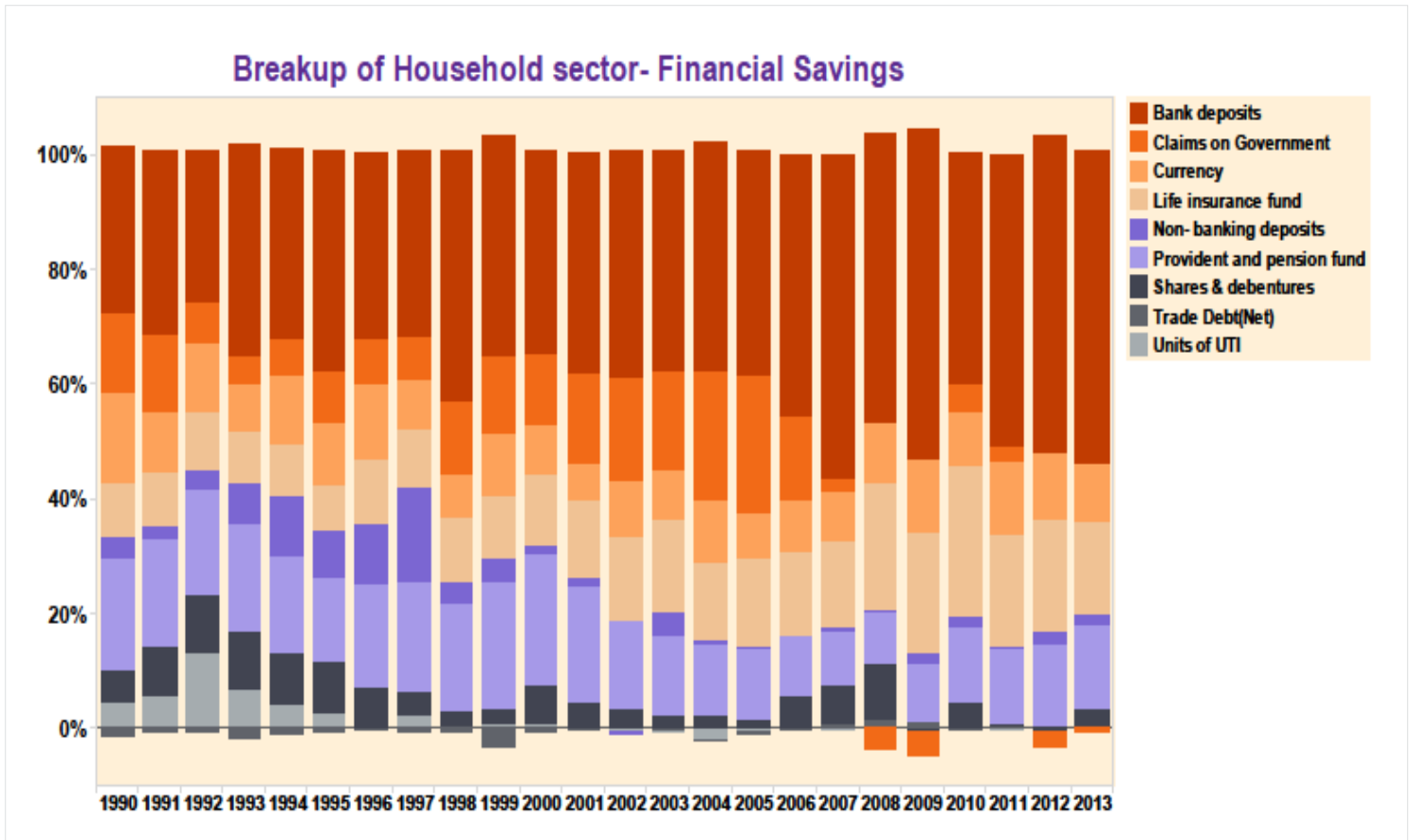
Source: RBI

¹ Refer to ReWISE on Domestic Savings Rate-India

- From chart above, we can observe that, savings in form of physical assets has been the preferred mode of savings for Indian household sector.
- Financial savings has increased over years but post 2008 has been declining.

Household sector financial savings

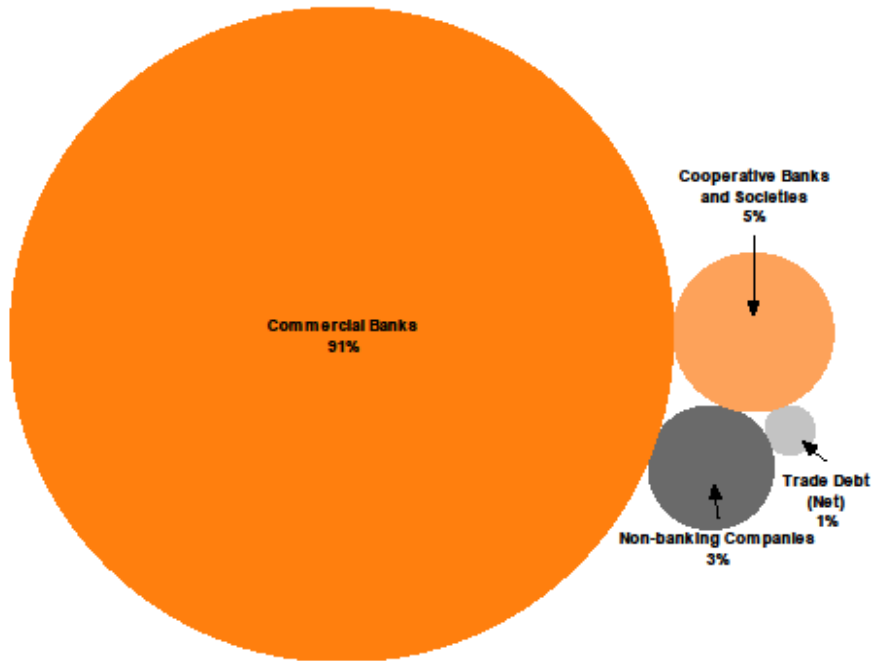
- Chart below shows breakup of household sector financial savings (as % of gross financial savings).



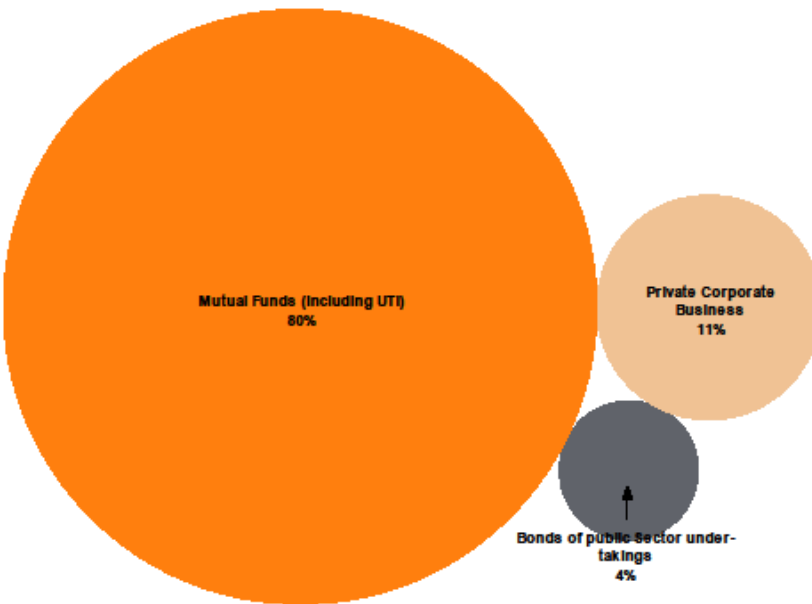
Source: RBI

- From chart above, we can observe that, bank deposits savings has the highest share in gross financial savings of around 54% followed by LIC savings of around 16% share.
- Claims on government (include investments in government securities and small savings fund) show negative share which means there is more withdrawal than savings.
- Savings in form of bank deposits share has increased from 29% in 1990 to 54% in 2013.
- Household savings in shares & debentures has been mostly between 2% to 10%, with 2008 having the highest share of 10%.
- Post 2008, household savings in shares & debentures has fallen to 0% in 2009 and was 3% in 2013.
- Under shares & debentures, savings in mutual funds has highest share of around 80% followed by savings in private corporate business of around 11%.
- The breakup household sector financial savings into deposits and shares & debentures can be seen in the charts below.

Breakup of financial savings in deposit (as % of total financial savings deposit)



Breakup of financial savings in shares & debentures (as % of total financial savings shares & debenture)



Source: RBI, data for FY2013

For any further clarification contact mahvash.ariyanfar@idfc.com

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