

 MONTHLY DIGEST
July'25 edition

The Dream Home Drift

Why Our Aspirational Lives Are Delaying Real Goals

India's Consumption Boom: Are we Spending our Way Out of the Dream?

India is in the grip of a consumption boom. From queues at luxury malls to Instagram reels glorifying staycations and calling ₹70-lakh income per year the new middle class, aspirational living has gone mainstream.



What was once considered indulgent is now essential. But beneath the surface, a quiet shift is unfolding: we're saving less, spending more, and leaning heavily on credit to sustain this lifestyle.

This move, from mindful money habits to consumption-led living, has real consequences, especially for young, upwardly mobile Indians chasing success without a safety net.

Are We Becoming a Nation of Spenders?

Everywhere you look—packed cafes, overflowing malls, jaw-dropping online sales—India's consumption boom is in full swing. But beneath the buzz, a deeper shift is unfolding in how we manage our finances.

Consumption spikes when economies cross the \$3,000 per capita income mark. India is just shy of that at \$2,800, yet our spending already seems ahead of our earnings.

According to the CareEdge Household Finances Report (June 2025),



Gross domestic savings fell to 30.7% of GDP in FY24, down from 32.2% in FY15



Household savings dropped to 18.4% of GDP—the lowest in a decade

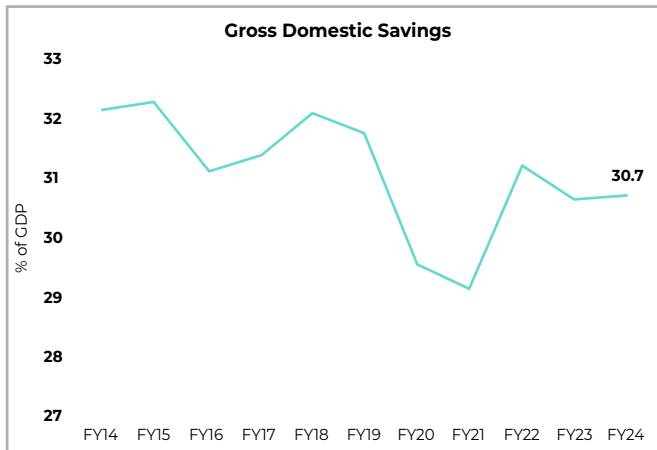


Household debt has doubled over the past ten years, rising to 6.2% of GDP

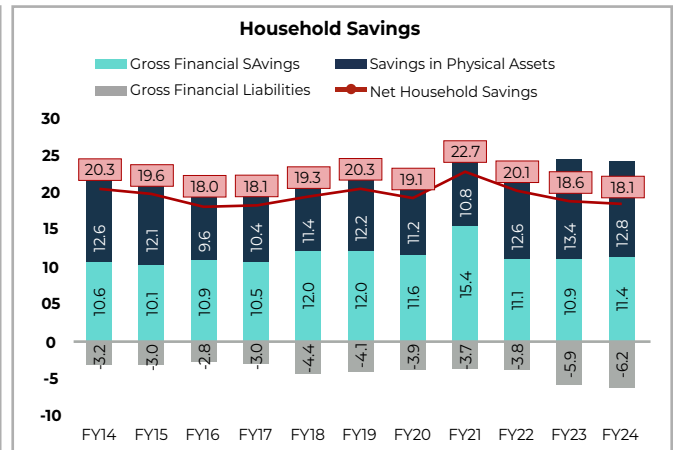
What does this mean? We're spending more, saving less, and relying on credit to make up the difference.

Domestic Savings Scenario

Declining Savings and Rising Household Leverage

CareEdge
 RATINGS


Source: MOSPI, CEIC, CareEdge



Source: MOSPI, CEIC, CareEdge

- Gross domestic savings declined to 30.7% of GDP in FY24 from 32.2% in FY15.
- Household savings fell for the third consecutive year, reaching 18.1% of GDP in FY24.
- Gross financial liabilities of household rose sharply to 6.2% of GDP in FY24, nearly doubling over the past decade.

Incomes are rising, yes—but the financial buffer that helps us handle uncertainty or work toward big goals is wearing thin. For many families, long-term wealth-building is taking a backseat to short-term lifestyle upgrades.

This isn't just about percentages. It's about a mindset shift—from saving to spending—that feels good now but may leave us less prepared for the future.



India: A Tale of Two Extremes

Last month saw two surprising reports representing the two extremes of India. The first report highlighted increased spending, while the other discussed rising real estate prices and how home ownership is becoming increasingly unaffordable for ordinary Indian households.

While there is no denying that real estate prices are booming in India, what would make homeownership further out of reach for young Indians is the combination of high prices and low savings.

How Rising Consumption is Hurting the Home ownership Dream

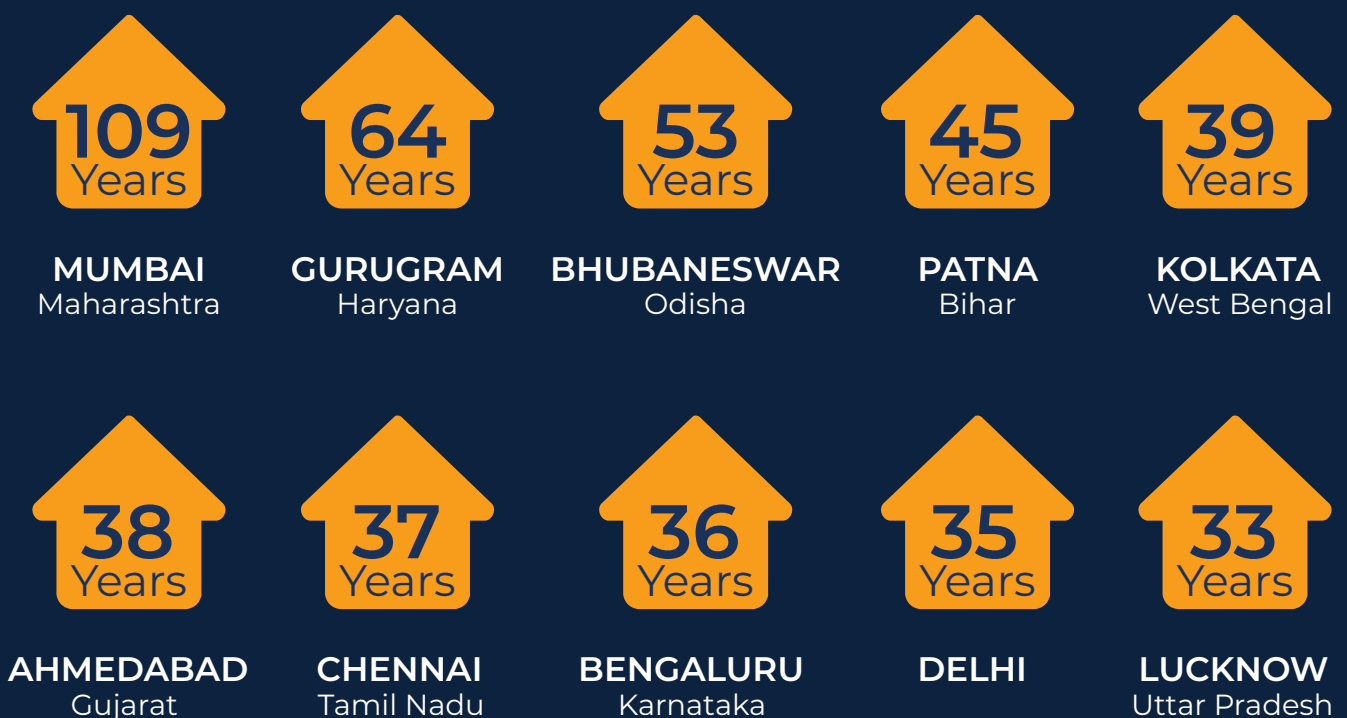
Owning a home has long symbolized stability and success in India. But for today's urban middle class, that dream is getting harder to reach. Rising consumption, falling household savings (now just 18.4% of GDP), and soaring property prices are making homeownership increasingly elusive.



With easy credit and lifestyle inflation eating into monthly budgets, many are stuck juggling high-interest debt instead of building long-term wealth. This hurts not just savings but also credit scores, making home loans harder to secure.

In Mumbai, even a top 5% earner saving ₹3.2 lakh a year would need 109 years to afford a modest flat. The math isn't much better in Delhi or Bengaluru.

YEARS OF SAVING TO BUY A HOUSE



Source: Times Of India

How to Realign Your Financial Strategy to Reclaim Control

1. Boost Income Through Career Growth

Invest in upskilling—certifications, tools, domain expertise, etc. Explore side hustles like freelancing or consulting. More income means more room to save, invest, and move closer to owning a home.

2. Curb Lifestyle Inflation

As income rises, keep lifestyle upgrades modest. Limit spending growth to 2–3% for every 10% income hike, and channel the rest into savings. This builds your home-buying fund faster.

3. Prioritize Affordability Over Perfection

Your first home doesn't have to be your dream home. Buy what fits your budget. With time and career growth, you can upgrade using built equity and higher income.

4. Explore Beyond Metros

Tier 2 and 3 cities offer lower prices, better appreciation, and rising infrastructure. Buying early in these markets can build equity for a metro move later—if that's your goal.

Remember: Homeownership isn't a race. It's a long-term commitment that requires patience, planning, and intelligent trade-offs. The goal isn't just to own a house, it's to do so without compromising your future.

The Holy Grail to Homeownership: Compound Interest

Compound interest, the eighth wonder of the world (as per Einstein), is a quiet force—one that works for you when you invest, and against you when you borrow. When it comes to long-term goals, such as buying your dream home, compounding can be your best ally. The secret isn't luck or market timing; it's consistency, discipline, and time.

How to Build ₹50 Lakh in 10 Years for a Home Down Payment

Whether you're a conservative saver or a moderate risk-taker, here's how compounding can help you reach that ₹50 lakh target, depending on the asset class and return potential:

Investment Type	Monthly Investment	Total Invested (10 Years)	Corpus at 10 Years
Conservative (FDs, G-secs @ 6%)	₹32,300	₹38.7 lakh	₹50 lakh
Balanced (Debt funds @ 8%)	₹29,000	₹34.8 lakh	₹50 lakh
Medium-Aggressive (Investment Grade Corporate Bonds @ 12%)	₹23,400	₹28 lakh	₹50 lakh
Aggressive (Debt + Equity @ 14%)	₹20,700	₹24.8 lakh	₹50 lakh

Small changes in returns = big difference over time.

Start with what you can. Whether it's through SIPs, corporate bonds, or hybrid funds, the key is to stay consistent. Let the power of compounding do the heavy lifting.

Fixed Income: The Unsung Hero of Wealth Building

You don't need high-risk equity bets to hit big goals. A medium-aggressive strategy using 10–12% yielding corporate bonds can offer the ideal mix of growth and stability.

Why it works



Capital protection from
rated issuers



Steady interest that
compounds over time



Better post-tax returns
than FDs



Low volatility—significant for
planned goals like home buying

In a high-interest economy like India, fixed income isn't just safe—it's smart. Invest consistently, and that goal of owning a home will be well within your reach.

Final Words: Resist the Swipe, Respect the Save

Real wealth isn't loud—it's built through patience, discipline, and smart choices. It's not what you earn, but what you keep and grow that counts. Pause before every swipe. Focus on compounding, not consumption. Because the real flex is being ready for your dream home—on your terms, with zero compromise.



Expert Views



Indian Bond Market 2025 Trends

Retail investors are entering, infrastructure is driving demand, and yields are shifting fast in the Indian bond market, and smart capital is paying attention. How do these trends affect your next move?

[Read More](#)

U.S. Fiscal Turmoil Could Drive Capital to Indian Bonds

A shaky US fiscal outlook is causing global ripples and India's bond market is feeling the tremors. If you're wondering how American debt drama could affect your Indian debt strategy, connect the dots here.

[Read More](#)

Investment Grade Bonds for Risk-averse Investors

Investment-grade bonds are offering investors calm amid chaos. Backed by strong balance sheets and better ratings, they strike a balance between return and risk. Interested in where they fit in your portfolio strategy for 2025?

[Read More](#)

Jiraaf in the News



Corporate bonds in India: From institutional stronghold to broader participation

Retail and HNIs are stepping into India's corporate bond market like never before. Policy reforms, improved access, and stable yields are changing the game. This shift from institutional dominance to broader inclusion is reshaping fixed income investing in India. Here's what's driving the transformation.

[Read More](#)

Bond market awakening in 2025: India catching up with global capital flows

A soft landing, lower inflation, and credible fiscal signals are making India a magnet for fixed income. In 2025, the bond market is catching up to global flows, with foreign participation hitting new momentum. Want to see why global capital is shifting toward India?

[Read More](#)

India's bond market grows at 25% CAGR in 10 years: Jiraaf data shows surge in private sector issuances

A 25% CAGR over ten years—that's how fast India's bond market has expanded. But what's even more striking is the rise in private issuances. Jiraaf data highlights how corporate India is reshaping the debt market. Want to know what's behind the surge and why it matters now?

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Thank you!

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