Finance Management: Learn It Before You Earn It

From Stipend to Financial Independence

A practical roadmap for building financial confidence from your first income



ARTH INVEST MART
GROW WITH US...

CA Jeenal Sangoi Savla

Key Takeaway

Kishan

- Believed in growing money through investment.
- Used his money to build a business/farm and productive assets.
- His money generated additional income and multiplied over time.
- He understood that money should be put to work.
- His approach was focused on investment, growth, and long-term wealth creation.

Ramesh

- Believed in saving money rather than investing it.
- Kept his money safely instead of using it to grow.
- His savings lost value over time because of inflation.
- When prices increased, his saved money could buy less.
- He had to start again after realizing the limitation of only saving.
- His approach was focused on security and saving.



Laying the Foundation

Every strong financial life is built on four interconnected pillars. Neglect one, and the structure weakens.

Budgeting

Track every ₹ . A budget is not a restriction — it's a blueprint revealing where money goes and where it should go.

Saving

Pay yourself first. Consistent saving, even in small amounts, builds the foundation for everything that follows.

Investing

Make your money work. Investing transforms savings into a growing asset that compounds over time.

Debt Management

Eliminate bad debt first. High-interest credit cards and personal loans silently drain your wealth.

The 50–30–20 Rule

A simple framework to balance spending, enjoying, and saving — especially when you're building your financial foundation.

50% — Needs

Rent, groceries, bills, transport, medical, education, minimum EMI payments

₹20,000 stipend → ₹10,000

30% — Wants

Dining out, entertainment, shopping, travel, hobbies, gadgets

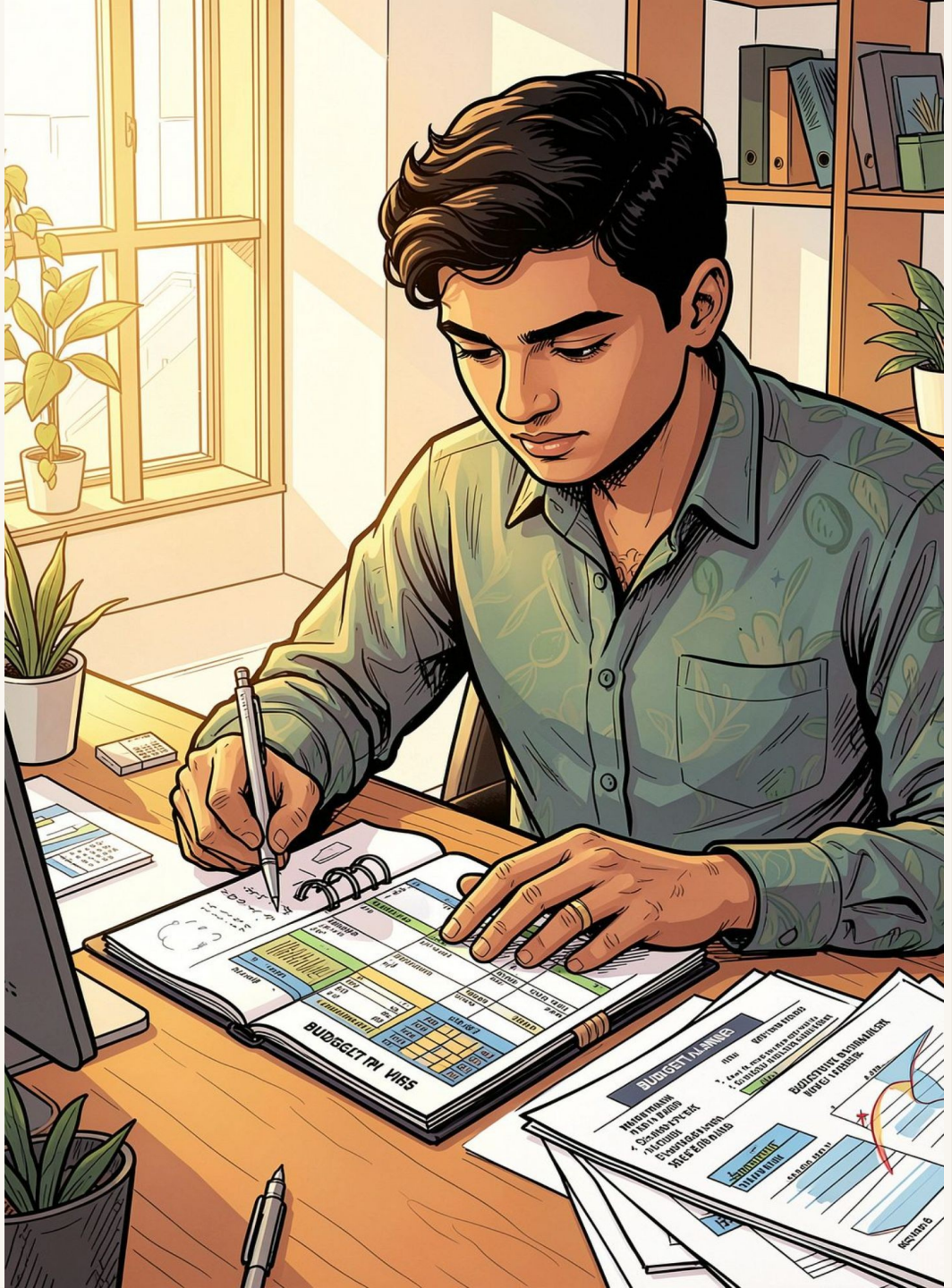
₹20,000 stipend → ₹6,000

20% — Invest

SIPs, mutual funds, retirement, financial goals

₹20,000 stipend → ₹4,000

💡 This is a guideline, not a strict formula — especially when starting with a small stipend. The key is to enjoy your income without letting lifestyle expenses control your finances.



The 40 % EMI Rule

The Rule

Never commit more than 40% of your take-home pay to debt obligations. This keeps you liquid and in control.

The Trap

Exceeding this limit forces a cycle of borrowing to cover living costs — stalling your path to independence.



The Freedom

Capping debt at 40% reclaims the remaining 60% to fuel your emergency fund, investments, and long-term wealth.



The Rule of 70: Inflation

The Concept

This rule estimates how many years it takes for prices to double (or your money's purchasing power to halve) at a fixed annual inflation rate. Divide **70 by the annual rate**.

The Calculation

If inflation is 3%, your money's value will be cut in half in roughly 23 years (70 / 3). It underscores the silent erosion of purchasing power.

The Imperative

To achieve financial independence, your investments must consistently outpace this inflation rate, ensuring your wealth grows in real terms.

The Rule of 72 : Double Your Money



No. of years required to double your money at a given rate, you just divide 72 by interest rate.

For example : if you want to know how long it will take to double your money at 8% interest, divide 72 by 8 & get 9 years.

Rate Of Interest	No of Years required to double your money
6 %	12 Years
8%	9 Years
12%	6 Years
15%	4.8 Years
18%	4 Years
25%	2.88 Years

Time Is Your Asset

Start early — compounding does the heavy lifting.

Small Shifts, Big Gaps

A 2% difference compounds into massive wealth gaps over decades.

Double-Edged Sword

High-interest debt doubles too — use this rule to escape it.

How to Invest ?

A balanced portfolio aligns asset allocation with age, time horizon and risk tolerance. Using strategies like the "**100 – Age = Equity and balance in Debt"** rule, invest in growth equities (Large Mid & Small Cap) with Defensive assets (Corporate Debt) to generate high returns while protecting capital on the path to Financial Independence

Category	Role & Strategy	Expected Returns	Risk Profile	Investment Horizon
Large Cap	Core Growth & Stability	11 % - 13 % CAGR	Moderate	3 – 5 Years
Mid Cap	Accelerated Growth	14 % - 16 % CAGR	High	5 – 7 Years
Small Cap	High alpha Generation	17 % - 20 % + CAGR	Very High	7 + Years
Corporate Debt	Yield & Capital Defense	7 % - 9 % fixed	Low	1 – 3 Years

Goals Based Investing

Align your investments with your time horizon to meet specific financial objectives effectively.

Short Term (0–3 years)

Focus on liquidity for immediate needs: emergency fund, upcoming travel, or a new gadget.

Medium Term (3–7 years)

Plan for significant life events: higher education costs, a down payment on a home, or a car purchase.

Long Term (7+ years)

Strategize for enduring prosperity: retirement, financial independence, and generational wealth creation.

The core principle: your investment strategy should be dictated by your goal, not the market's whims.



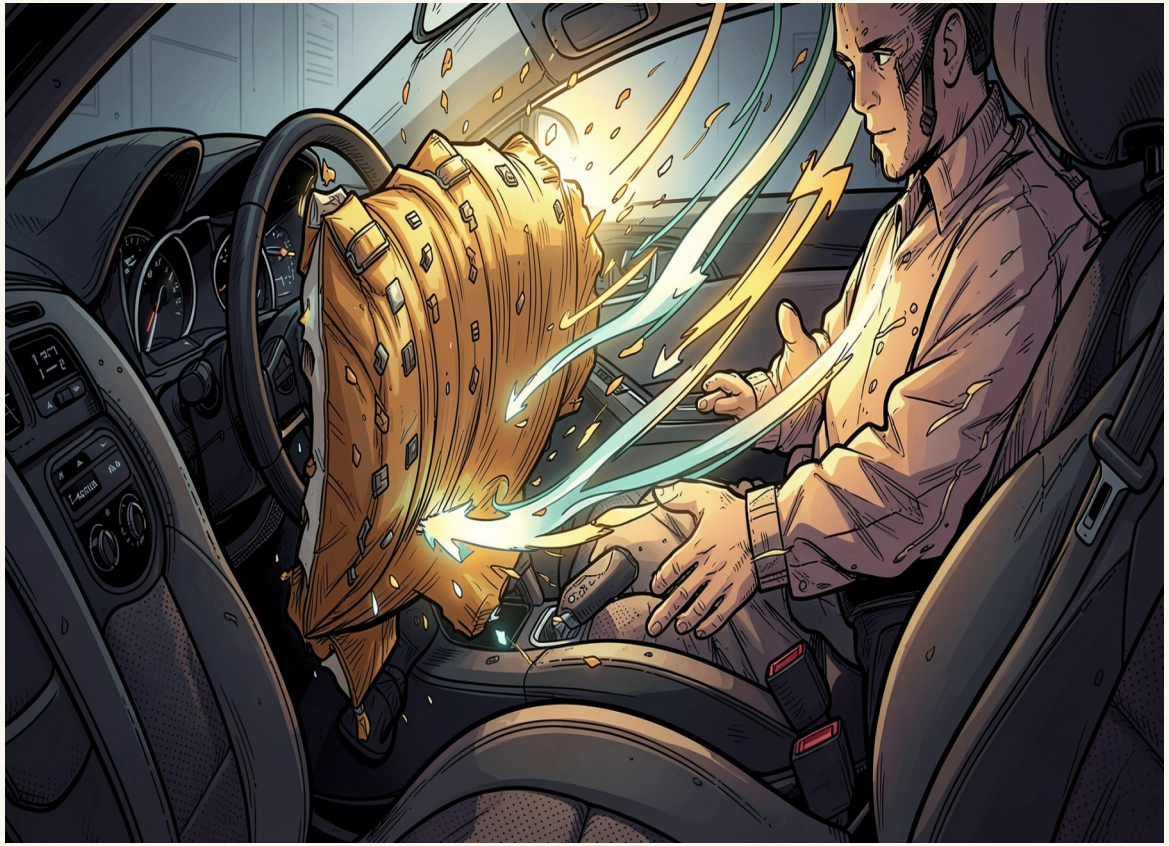
Emergency Fund – Your Financial Airbag

An emergency fund of **6 months of living expenses** is the barrier between a temporary setback and a financial catastrophe.

- Medical emergency
- Relocation
- Sudden loss of stipend
- Family emergency

Where to keep it:

- Saving Account
- Sweep FD / Suitable highly liquid instruments



➡ Stops the cycle of returning to debt when life throws unexpected shocks

➡ Gives you the confidence to make bold career and life decisions

➡ Keep in mind that emergency money is not investment money

Term Insurance – Protect Your Family's Financial Future

Term insurance provides financial protection to your dependents in case of your premature death.
Term Insurance should be 20 times of your annual income. For example, if your annual income is ₹ 10 Lakh, a ₹ 2 Crore cover represent 20 x annual income.

Why Start Early?

Lower Premiums

Premiums are generally lower when you are younger

Secure Future Responsibilities

Early planning helps secure future family responsibilities

Income Protection

Provides protection against loss of income

Review your cover regularly — The right amount depends on income, liabilities, dependents, future goals, existing assets, and inflation.

Protecting Your Health & Future

Health insurance, or mediclaim, is a cornerstone of financial independence, safeguarding your savings from unforeseen medical emergencies and ensuring access to essential

Financial Security

Prevents medical debt from depleting your assets, allowing you to maintain long-term financial goals.

Access to Care

Ensures you can receive timely diagnostics, treatments, and specialist consultations without compromise.

Peace of Mind

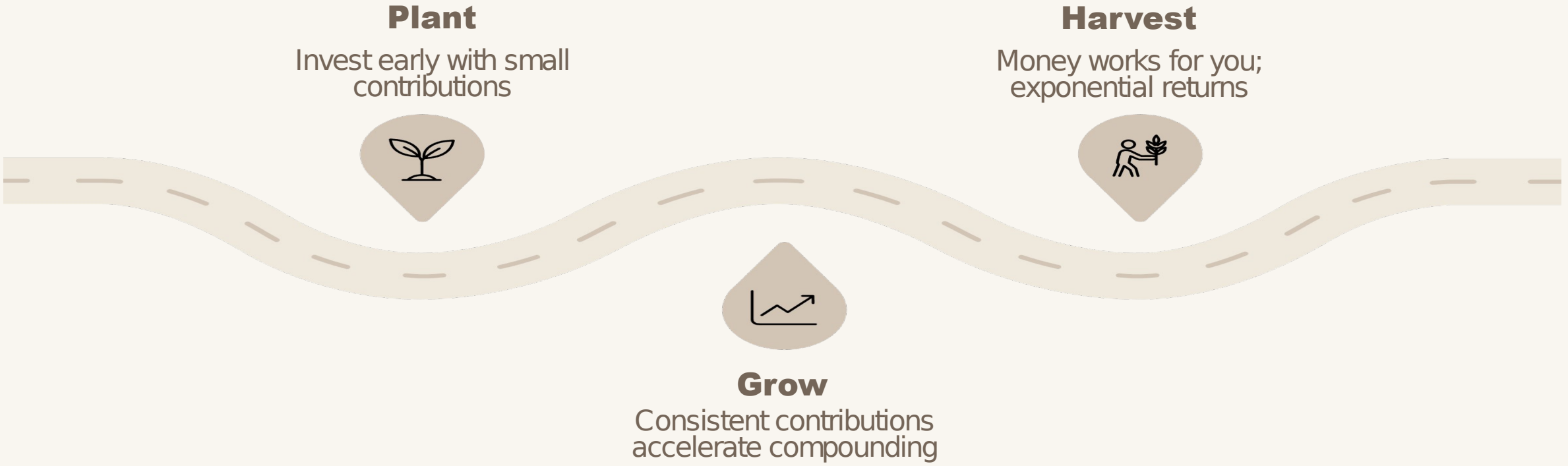
Reduces stress during health crises, letting you focus on recovery rather than worrying about costs.



Tax Advantages

Benefit from potential tax deductions on premiums, further optimizing your financial planning.

The Math of Compounding



Time is your greatest asset. Starting early — even with small amounts — creates exponential growth that no late-stage sprint can match.

Stocks & Index Funds

Broad market exposure with historically strong long-term returns

Bonds

Stability and income, especially as you near your FI target

Real Estate

Tangible assets generating rental income and appreciation

India's Capital Market in 5 Numbers

Behind every market index is a bigger story — 1.4 billion people, rising incomes, and a rapidly expanding investor base. Three structural forces are reshaping India's capital markets: **Demography → Digitalisation → Financialisation.**

23.77Cr

Demat Accounts

Total investor accounts as of August 2026

10.02Cr

Active SIP Accounts

Contributing monthly SIP accounts — a first-time milestone

₹32,297Cr

Monthly SIP Contribution

Systematic monthly investments in August 2026

₹87.08L Cr

Mutual Fund AUM

Total assets under management as of August 2026

₹8.5L Cr

DII Equity Inflows

Net domestic institutional investment in FY26

India's Demographic Dividend

India's median age is rising from ~24 (2011) to ~29 today, projected to reach ~36 by 2036. The dependency ratio is falling from ~65% to ~54% — but the dividend is an **opportunity, not a guarantee.**

Young Population

Largest working-age cohort globally

Workforce & Income

Employment, skills & participation determine outcomes

Savings & Investment

Rising incomes fuel capital formation

Capital Markets

Deeper markets fund Indian businesses

Capital Market Flywheel



The Demat Revolution

23.77 Crore Demat Accounts

India's demat base reached **23.77 crore** by August 2026 — up 33 lakh accounts in a single month.

CDSL	19.1 Crore
NSDL	4.67 Crore
Total	23.77 Crore

Key distinction: Total demat accounts ≠ active investors. NSE active clients stood at ~4.6 crore — participation is broad but uneven.

India has moved from **financial exclusion to financial participation** — but participation is still very uneven.



FPI vs DII: Two Different Capital Logics

FPI — Foreign Portfolio Investors

- Driven by global risk appetite & US Treasury yields
- Responds to dollar strength & emerging market sentiment
- Can reverse quickly during global stress events
- Historically dominant in Indian equity markets
- Foreign money is sensitive to global macro events

DII — Domestic Institutional Investors

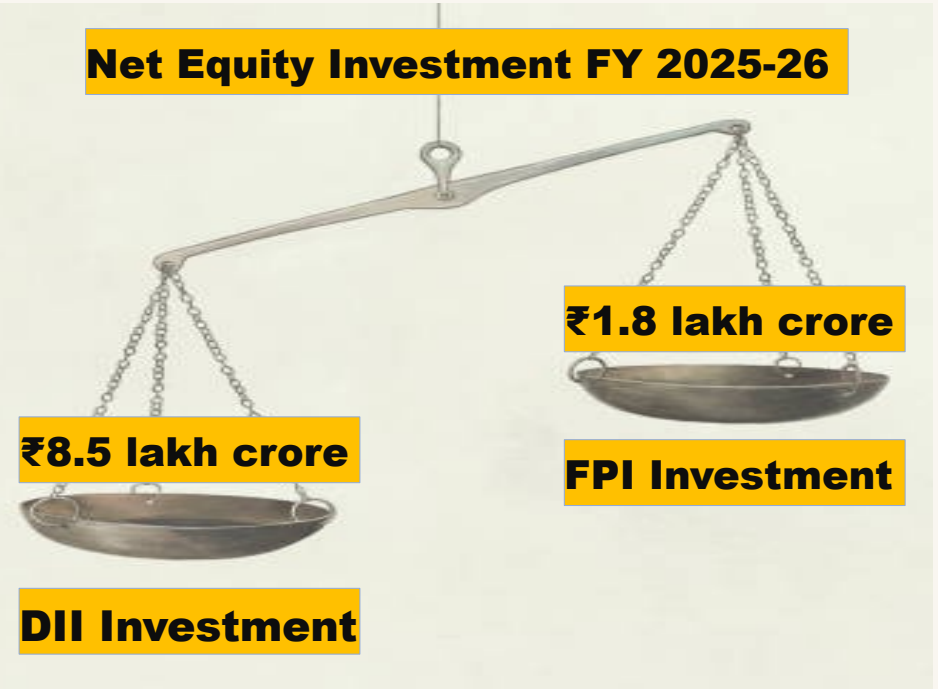
- Rooted in Indian household savings & SIP flows
- Linked to mutual funds, insurance & pension pools
- More stable, less sensitive to global macro shocks
- Now the primary stabilising force in Indian markets
- Domestic money is increasingly linked to India's own savings & financialisation story

A Structural Shift in Ownership

For decades, Indian equity markets were heavily influenced by foreign institutional money. That equation is changing fundamentally.

Domestic capital is now a **stabilising force** — not just a supplement to foreign flows.

- DII ownership in NSE-listed companies: **17%**
- FPI ownership has declined to: **15.8%**



Major Stock Market Crashes / Declines

History shows that market downturns, while often severe, are an inherent part of capital markets. Understanding these past events provides crucial context for navigating present and future volatility.

Year	Event	Direction	Decline
1992	Harshad Mehta Scam	▼	-53.58%
2001	Dot-com Crash	▼	-39.57%
2001	Ketan Parekh Scam	▼	-38.55%
2008	Global Financial Crisis	▼	-64.55%
2015	China Crash	▼	-25.00%
2020	COVID-19 Pandemic	▼	-39.40%
2022	Russia–Ukraine War	▼	-14.49%
2026	Middle East Conflict	▼	-15.43%

History shows: market declines and crashes have occurred repeatedly as part of m

2 Year Stock Market Returns

Over the past two years, global equity markets have exhibited highly divergent performance. While many developed and emerging economies navigated periods of significant volatility, inflation, and geopolitical headwinds, some markets demonstrated remarkable resilience and growth.

No	Country / Market	2 Years Returns
1	South Korea	+160.0%
2	Taiwan	+110.4%
3	Japan	+65.4%
4	United States (US)	+33.9%
5	United Kingdom (UK)	+28.4%
6	China	+23.8%
7	France	+3.7%
8	India	-13.0%

The SIP Revolution

The Indian investor is moving from saving in **physical assets** to investing through **financial assets** — and increasingly doing it systematically.

₹32,297 Cr / Month

Monthly SIP contribution in August 2026

10.02 Cr Accounts

Contributing SIP accounts — crossed for the first time

₹87.08 Lakh Cr AUM

Total mutual fund industry assets under management

28.35 Cr Folios

Total folios; ~21.62 Cr are retail-oriented equity & hybrid schemes

SIP Investment Limits

The minimum SIP amount typically starts at ₹100 to ₹500 per month for most mutual funds, though some micro-SIPs or daily plans can start as low as ₹10 per day. There is no maximum limit on how much you can invest in a SIP, though individual schemes may occasionally cap specific lump-sum or institutional limits



The Power of Time

A monthly SIP of ₹10,000 at 12% annual returns can build a life-changing retirement corpus — but when you start is everything.

Starting Age	Duration	Total Invested	Final Corpus @ 12% p.a
20 Years	40 Years	₹ 48 Lakhs	₹ 9.79 Crores
30 Years	30 Years	₹ 36 Lakhs	₹ 3.53 Crores
40 Years	20 Years	₹ 24 Lakhs	₹ 99.91 Lakhs

Key Insights

- A 20-year head start (age 20 vs. 40) creates a 10x difference in final wealth
- Starting at 20 yields 2.77x more than starting at 30, despite only ₹12L extra invested
- Compounding accelerates in the final decade — patience is your greatest asset
- Staying invested through market cycles is the ultimate retirement strategy

The best time to start was yesterday. The second best time is today.

Navigating Volatility: India's Long-Term Growth Trajectory

Despite global uncertainties and short-term market fluctuations, India's economic fundamentals remain strong, promising significant long-term wealth creation for patient investors.

Market Headwinds & Global Factors

- FII allocation to India recently saw a 12-22% shift, indicating changing global sentiment.
- History shows regions like Korea and Taiwan experienced periods of zero returns for 3-4 times (e.g., 2015-2025), Emphasizing the importance of long-term perspective.
- Recent market volatility: March '26 saw a 12% fall, followed by a 7% increase in April '26.
- Geopolitical events, like the Russia-Ukraine conflict, caused unexpected crude oil spikes to $104/barrel, impacting global economies.

India's Ambitious Growth & Opportunity

- India is on track to become a 30 trillion-dollar economy by 2047.
- Progress towards the $30T economy goal completed.
- Remaining potential for growth and expansion.
- These figures underscore immense opportunities. The key is to stay invested and benefit from India's structural growth story.

Year	GDP
1947	$ 20 Billion
1967	$ 50.13 Billion
1987	$ 279.03 Billion
2007	$ 1.22 Trillion
2026	$ 4.15 Trillion

1991 v/s 2026 Data

Indicator	1991	2026	Transformation
GDP	$ 2070 Billion	$ 4 Trillion	15 x
Forex Reserves	$ 2.8 Billion	$ 786 Billion	280 x
Gold Reserves – RBI	350-360 Tonnes	880 tonnes	2.5 x
Stock Market Capitalisation	$ 48 Billion	$ 5 Trillion +	100 x
Demat Accounts	0	238 Million	Entirely New
Listed Companies	6200	8000 +	Much Broader Market

Income Tax Slab for FY 2026-27

New Tax Regime

Income Range (₹)	Tax Rate
Up to ₹4,00,000	Nil
₹4,00,001 – ₹8,00,000	5%
₹8,00,001 – ₹12,00,000	10%
₹12,00,001 – ₹16,00,000	15%
₹16,00,001 – ₹20,00,000	20%
₹20,00,001 – ₹24,00,000	25%
Above ₹24,00,000	30%

Rebate u/s 87A: Full tax rebate up to ₹60,000, making taxable incomes up to ₹12 lakh completely tax-free

Old Tax Regime

For Individuals Below 60 Years

Income Range (₹)	Tax Rate
Upto ₹ 2,50,000	Nil
₹2,50,001 – ₹5,00,000	5%
₹5,00,001 – ₹10,00,000	20%
Above ₹10,00,000	30%

Rebate u/s 87A: Full tax rebate up to ₹12,500, making taxable incomes up to ₹5 lakh completely tax-free

For Senior Citizens (60 to 80 Years)

Income Range (₹)	Tax Rate
Upto ₹ 3,00,000	Nil
₹3,00,001 – ₹5,00,000	5%
₹5,00,001 – ₹10,00,000	20%
Above ₹10,00,000	30%

For Super Senior Citizens (Above 80 Years)

Income Range (₹)	Tax Rate
Upto ₹ 5,00,000	Nil
₹5,00,001 – ₹10,00,000	20%
Above ₹10,00,000	30%

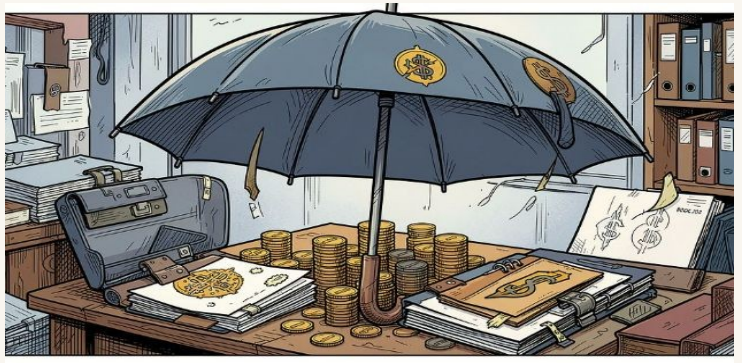
Building the System

Financial independence isn't achieved through willpower — it's built through systems that run automatically.



Automate Everything

Set up automatic transfers to savings and investments. Make financial independence the default — not a monthly decision.



Protect Your Build

Insurance and tax efficiency preserve what you earn. A single uncovered event can undo years of progress.



Shift to Security

As you near FI, transition assets from growth to income and stability — building a sustainable, worry-free future.

Thank You

CA Jeenal Sangoi Savla

9819431171

ARTH INVEST MART

GROW WITH US...