

Abstract

The domain of household finance has garnered increased attention due to its ability to offer valuable insights through analyzing the financial decisions of the households which tend to impact a variety of macroeconomic and microeconomic outcomes. However, most of the literature is centered around developed countries; thus knowledge and understanding about various aspects of household finance in the context of developing and less- developed nations continues to remain sparse. Using the AIDIS 2013 dataset which is the only nationwide enquiry providing data on household assets, indebtedness and capital expenditure, we attempt to examine and understand the way Indian households allocate their resources in diverse assets at their disposal. As can be witnessed, households today are more directly involved in shaping financial choices than in the past. The ever-evolving nature of the financial field and frequent advancements in the fintech industry have enabled households to become sensitive and involved in taking financial decisions. Hence, using the Heckman Sample Selection Model , we also investigate the impact of social, economic and demographic factors on the likelihood of households investing in financial assets and the amount they allocate towards financial assets.

Keywords: household finance, financial assets, savings and investments