

Twitter Thread by VatsRohit



VatsRohit
[@KesariDhwaj](#)



This is a result of credit fueled big ticket purchases of which buying a home is a big component. No amount of saving will cover the housing EMIs payable over one year. To this, add EMIs of 1 or 2 cars, and you've monthly EMIs running into 1 Lakh+. Now, add monthly house-hold +

One thing I've learnt from the Covid catastrophe is that the so many batch mates from engineering (and maybe school) have no savings. So many people with like 20 years of really affluent work experience are two months salary away from crowd funding to feed their families.

— Sidin (@sidin) [July 9, 2021](#)

+ expense, school fee and other sundry expenses and suddenly, you'll find a family unable to sustain itself w/o cash-flow for even 3-4 months. And most important of them all -
HAVING ASSETS IS NOT SAME AS HAVING CASH.

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+ From personal experience, I think this is what you need to do:

- Maintain between Rs 1-2 Lakhs in emergency cash at all times.
- Use your Credit Cards wisely. They can be good source of large credit in an emergency.
- Work out your monthly house-hold expenses and EMIs

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- Build a cash-reserve to cover your household expenses for a 6-month or 1-year period.
- Consider food, electricity, mobile/internet, your kids school fee, fuel, rent etc.
- Then work out your EMI obligations and see what level of reserves you can create for them.
- Maintain+

+ this back-up fund in cash/near cash assets.

- So, that you can utilize them as per requirement and are not subject to market forces.