

The scooter is the first EMI. It is rarely the last

Published by OnerightAI · 5 min read

Maxim: *Earn the Ferrari before you buy it* — after Dhirendra Kumar

Luxury is not the problem. Buying it with money you have not yet earned is. This festive season, it is worth knowing where the first easy EMI tends to lead.

The right time to buy an expensive toy is not the day the bank approves the loan.

India is shopping. Dealers sold more vehicles last month than in any September before, [FADA reported](#) this month, though it warned that last year's weak base flatters the jump and the real festive test comes in October. Personal loans were growing at 16.9% a year in August, up from 11.9% a year earlier, and gold loans were up more than 80%, on RBI data [reported by Outlook Money](#). The new iPhone comes with a no-cost EMI. So does almost everything else in the showroom.

Dhirendra Kumar of Value Research put the principle neatly in an [August column](#): "Spending is not the opposite of saving." The mistake, he argued, is spending ahead of where you actually are in life, and the Ferrari belongs to the day "you become the person who has earned it". The hard part is knowing which day that is. The data on young borrowers suggests many people are guessing early.

The ladder

Picture a 24-year-old in her second job. This Navratri she buys a scooter on EMI; the down payment is small and the instalment feels like a phone bill. She is in a crowd. Borrowers aged 30 or under took 43% of new two-wheeler loans in the first half of 2026, according to TransUnion CIBIL's latest vehicle-credit report, [summarised by Outlook Money](#) this week.

The same report followed what happens next. Of people who took a two-wheeler loan in the second half of 2022, 68% had taken another credit product by late 2025; among borrowers aged 18 to 35 it was 71%. The most common next rung was a consumer-durable loan for the television or the fridge, followed by personal loans and credit cards. None of these is reckless on its own. Together they turn a salary into a set of instalments that must be paid before anything is saved.

That is the real cost of buying early. It is not the interest on any one loan. It is that the habit of borrowing for wants arrives before the habit of investing for goals, and the first habit tends to crowd out the second. By the time the promotion comes, the larger salary is already spoken for.

A household habit, now a national one

Add up millions of such ladders and you get the RBI's view of the country. Household debt reached 45.5% of GDP in the RBI's latest Financial Stability Report, above its five-year average of 42.9%, and loans other than home loans now make up 58.4% of what households owe, [Outlook Money reported](#) in July. The central bank has flagged the growing share of borrowing that pays for depreciating things such as vehicles. Its December 2025 report noted that stress was elevated among unsecured borrowers with loans from five or more lenders, as Vivek Kaul [pointed out in The India Forum](#).

Cards tell the same story. The share of card users holding three or more cards rose to 22% from 12%, and one in two young new cardholders opened another card within a year, a TransUnion CIBIL study

found, [Business Today reported](#). The RBI has tried to cool this before. In November 2023 it made banks hold more capital against personal loans and cards, and personal-loan growth [slowed sharply through 2024](#). It has since picked up again.

High income does not settle the question either. A study by economists including Annamaria Lusardi found that 15.7% of American football players filed for bankruptcy within 12 years of retiring, and that a long, well-paid career gave surprisingly little protection, [CBS Sports reported](#). Income is a flow. Having earned the Ferrari is about the stock: what you own after the bills, the goals and the emergencies are covered.

Spending from strength

Kumar's idea turns into a simple test, and it is useful because it asks about you, not the object. Could you pay for it from money you have already saved, without touching your emergency fund or the investments meant for a goal? If the only way to afford it is an instalment, you are not buying the thing. You are buying the feeling of having it early, and paying interest for the privilege.

The second test is time. A scooter or a phone is often worth less than its outstanding loan within a year or two, while the EMI runs on. If the instalments will outlast the pleasure, wait. Waiting has a cost too, but it is usually smaller than people think, and the item is often cheaper by the time you can pay for it outright.

The third test is the ladder itself. Before signing for the next loan, pull your free credit report and count the lenders you already owe. If the list is growing faster than your savings, the next purchase should be the one you postpone. None of this means a life without treats. It means treats bought with money that has already done its work.

If you do one thing: Before any purchase you plan to finance this festive season, ask whether you could pay for it in cash from savings that are not earmarked for anything else. If not, put the EMI amount into a recurring deposit or SIP for the same number of months, and buy it outright at the end.

The Ferrari is a fine thing to want. So is the scooter, the phone and the holiday. The difference between a reward and a burden is mostly timing. Spend from strength, not from anticipation.

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