Financial Literacy

> Read the information below in Assamese, Bengali, Gujarati, Hindi, Kannada, Malayalam, Marathi, Meiteilon (Manipuri), Nepali, Odia (Oriya), Punjabi (Gurmukhi), Sanskrit, Tamil, Telugu, or Urdu by selecting your preferred language using the translation tool in the top left corner of the screen.

https://www.youtube.com/embed/_EqC2iGwdDs?si=qMkR8HJ6IEdlqnBa

https://www.youtube.com/embed/6BkMSuG2rSU?si=xWS_fmq_Kf_8Tl1S

https://www.youtube.com/embed/H460zDY5mVI?si=HrC2a1tgs9kFcDyJ

Financial literacy

- Introduction to Financial Literacy
- Key Points:
  - What is financial literacy?
  - Importance of managing money effectively.
  - How it impacts your life (budgeting, saving, and investing).

Saving

- WHAT IS SAVING?
- Savings = income minus expenses
- No or very little income generated on savings
- Helps you during emergencies
- Budgeting helps cut down unwanted expenses and increase savings

- Expenses = income minus savings

Investment

- WHAT IS investment?
- Savings generating income
- Interest – amount charged for the period of borrowing
- Simple interest & compound interest
- Short-term / long-term
- LUMPSUM / REGULAR

Simple interest vs compound interest

Lumpsum investment of Rs.10,000 for 10 years at 10% p.a. interest

Year	Simple Interest	Value at year end	Compound Interest	Value at
1	1,000	11,000	1,000	11,000
2	1,000	12,000	1,100	12,100
3	1,000	13,000	1,210	13,310
4	1,000	14,000	1,331	14,641
5	1,000	15,000	1,464	16,105
6	1,000	16,000	1,611	17,716
7	1,000	17,000	1,772	19,487
8	1,000	18,000	1,949	21,436
9	1,000	19,000	2,144	23,579
10	1,000	20,000	2,358	25,937

Principles of investing

- Invest early – lumpsum investment
- Compounding works better if you start investing early and invest for a longer term

Principles of investing

- Invest early & regularly – regular investment
- Compounding works better if you start investing early and invest for a longer term

Principles of investing

- Invest early
- Compounding works better if you start investing early and invest for a longer term

Particulars	A	B
Start Age	25	35
End Age	55	55
Investment per month	₹ 3,500	₹ 7,000
Rate of Return	12% p.a.	12% p.a.
Corpus accumulated	₹ 1,07,83,406	₹ 64,39,001

Investment avenues

Instrument	Risk	Return	Term	Duration	Avg expe return
Recurring Deposit / Fixed Deposit	Low	Low	Short term	Upto 3 years	5.5-6% p.
Liquid / Ultra short term debt mutual funds	Low	Low	Short term	Upto 3 years	5-7% p.a.
Equity Mutual Funds / ETFs	High	High	Long term	> 8 years	12-15% p
Equity Shares	High	High	Long term	> 8 years	12-15% p

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