



राष्ट्रीय वित्तीय शिक्षा केन्द्र
National Centre for Financial Education
एक आर्थिक रूप से जागरूक और सशक्त भारत
A financially aware and empowered India



राइडि

Management

Strategies



DELHI PUBLIC SCHOOL
JAIPUR

ACKNOWLEDGEMENT

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We should go and meet Suman today regarding our financial problems.

Yes, You are correct. Our financial problems are too much for us to handle alone. Lets go.



Deepak and Lata go to meet Suman at her office. Suman was Deepak's childhood friend and now she was a certified financial planner.



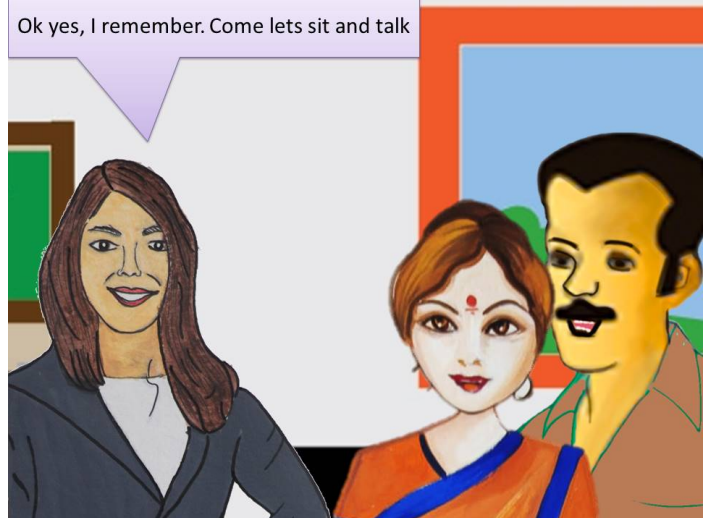
Hi! How are you both.

Hi

Hi! We are fine. We came to meet you regarding our financial problem.



Ok yes, I remember. Come lets sit and talk



Yes, now tell what is your plan for investments.

Nothing specific, that is why we are here for your guidance.



Ok, when we talk of investment first thing that we should look at is risk

Risk! What type of Risk are we talking about.



There are many risk in the market today, such as..



CREDIT RISK

Credit Risk

Not being able to recover the amount from the borrower



Interest Risk

No certainty on future interest rate



Market Risk

No certainty on the movement of stock market



Regulatory Risk

Changes in tax benefits

Industry Risk

No certainty on industry prospects



Re – Investment Risk

Not able to invest the interest earned



Liquidity Risk
Investment is blocked and withdrawal is not possible when needed



Company Risk
No certainty on company performance



Ok then, lets make a note of some Investment options and Risk Associated



Post Office Deposits **No Risk**



Bank Deposit

Small risk of Bank failure in which case invested amount is protected upto Rs.500,000 per bank per depositor.



PPF/EPF

Liquidity risk is there. Pre mature withdrawal not possible . However, partial withdrawal is possible after 5 years.



Stocks

Value of Investment fluctuates depending on the movement of stock market and also performance of the company.

Debt Mutual Fund

Returns are variable and subjected to market risk



Liquid Mutual Funds

Returns are variable and subjected to market risk

Equity Mutual Funds

Value of Investment fluctuates depending on the movement of stock market and are subjected to market risk



No Risk
=
No Return



Ignore Risk
=
All Loss



Manage Risk
=
Wealth Creation

We cannot eliminate the possibility of RISK but with Systematic planning we can minimise its impact.