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PunjiTimes

January-February, 2021

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From the
Editor's Desk

Financial literacy for women translates into a financially better future for the entire family.

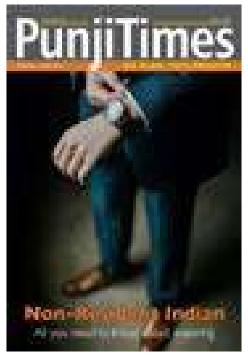
The importance of this statement can never be undermined. It has been globally recognized that the potential implications of gender differences in financial literacy are far-reaching on the society. Lower levels of financial literacy have the potential to reduce women's active participation within the economy; economic power within the household; transmission of knowledge to the next generation and to worsen existing social disparities

What one needs is a basic working knowledge of various financial instruments like bank deposits, mutual funds, savings schemes, Insurance products, net banking operations and simple mathematical calculations.

Through this issue of Punji Times, we have tried to give a synopsis of what financial knowledge a women needs to acquire for her financial wellbeing.

Best,

Team Meri Punji



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CONTENTS

GENDER EQUALITY IN FINANCIAL LITERACY

"Financial literacy for women translates into a financially better future for the entire family!"

Today's woman has many roles to fulfill that range from being a caring mother, a fantastic cook and home designer to being a working woman. The changing times have redefined the role of women that involves stronger financial literacy.

Financial independence is the key to happiness and confidence for the modern woman. It is not only important for women to earn well, it is equally important to invest this hard- earned money well, so that she is able to take care of herself and her family in times of contingencies.

There may be conditions when wives sometimes have to give up their careers to be with their better halves or stay alone with, it becomes even more pertinent to be financially literate. This is so typical of the armed forces.

Women by nature are super savers (look at the amount of money that was unearthed from our cupboards during demonetization drive!). Can we however, secure our children's or our own future by merely saving?

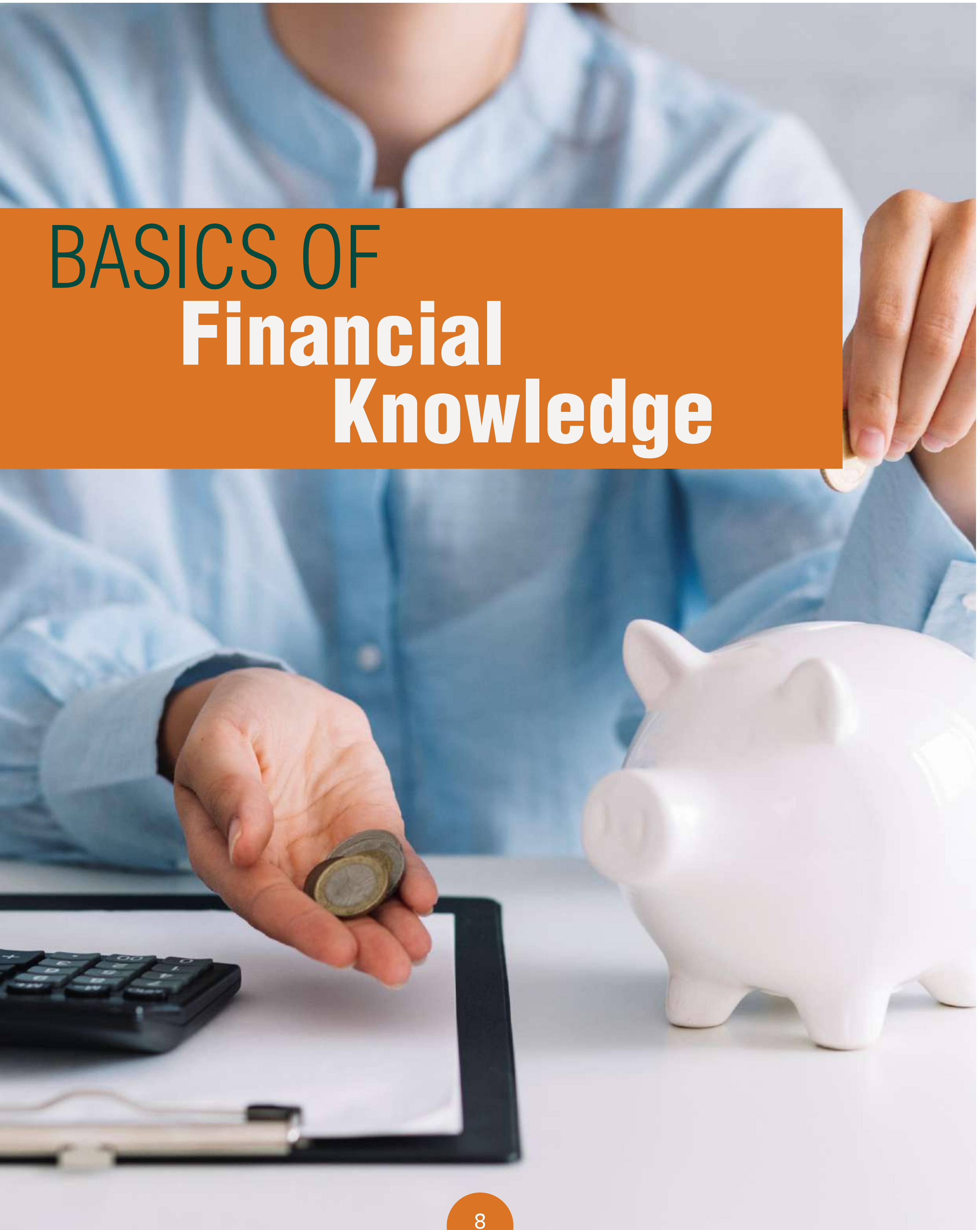
The first and the foremost thing to understand is the difference between Saving and Investing

Saving is putting aside money at a safe place, while investing is putting aside money in a financial instrument with the intention of generating a return over it. Saving just accumulates money for a rainy day, whereas investing helps to make our money grow! The power of compounding is the eighth wonder of the world that helps us to generate large corpuses by investing regularly over long time.

The challenge however is to choose the best investment option. As one goes about investing, there is a fear of not choosing the right thing or worse still losing money! So is it better to put all our money in Fixed Deposits at bank, buy a plot of land or invest in the share markets? The choice would very clearly depend on our requirements.

By doing prudent and timely planning, a corpus can be created for foreseeable expenses towards our children's requirements such as higher education, career set up and their wedding. These are very important because they can neither be postponed nor there be a compromise on the amount.

To boost female investor numbers, focus needs to be on educating more women, building awareness about investing, and starting investments at a young age for girls. Though an encouraging statistic is that in a recent study done in India showed that, almost 60 % of the women in the 18-25 age group make their own investment decisions.



BASICS OF Financial Knowledge

"What is Financial Knowledge?"

In today's progressive world, it is very crucial to understand what financial literacy is. To become independent, it is extremely essential for all women to be financial literate.

The term financial literacy conveys the ability to understand and efficiently use diverse financial skills, including personal financial management, budgeting, and investing. Financial literacy is developing financial skills and concepts.

To understand the Financial Literacy, please answer the below questions honestly-

- Do you know difference between mutual funds and SIP?
- Do you watch or follow the Budget?
- Do you make all household Bill Payments yourself?
- Do you know the circle rate of property in your area?
- Do you know the price of gold today?
- Do you know the exact break up of your salary?
- Have you taken a credit card yourself?
- Do you know the exact details of the financial documents you are signing?
- Have you bought a vehicle in your name without consulting anybody?
- Have u bought an insurance policy unassisted?
- Have you taken a bank loan and plan its repayment yourself?
- Do you know when your insurance premium is due?
- Do you know if your vehicle is insured and when is the premium due?
- Do you manage your finances unassisted?
- Do you know how to invest in mutual funds?
- Do you plan and make investment for your family?
- Do you fill your own income tax returns?

These routine matters are usually overlooked by women whether due to convenience or unintentionally. We are typically dependent on men in the family for these necessary decisions, and do not even realise that we make ourselves financial illiterate despite being equally educated. We follow the same traditional 'feminine trait' in financial matters. It is time to bridge the gap between men and women in regard to finally being financially independent.

Why is it important to be financially literate?

Financial literacy is a part of education. One who is financially literate can escape the financial frauds.

A strong and secured financial concept helps to achieve your various life goals, such as saving for education or retirement, using debt responsibly, and running a business.

The knowledge makes you financially aware and you are in a better position to plan your finances.

Various beneficial financial products and services are available in market, unless you are financially literate, you won't be able to understand and assess the products, and take benefit of the same.

It helps in household budgeting, learning how to manage and payoff debts, and evaluating time value of money.

Lack of financial knowledge may lead you to losses, victim of many financial frauds, you may accumulate unsustainable debts burdens, poor financial decisions and planning, poor credit, or other negative consequences. You are more likely to take poor spending decisions or lack of long-term preparation.

How can you become Financially Literate?

Becoming financially literate is all about becoming aware on your financial matters. You need to be aware on various financial subjects. Involve yourself in budgeting, managing and paying off debts, take interest in credit and investment products, take concern on financial matters and be independent.

You should involve yourself in creating a budget, keep track of your income and expenses, do the timely payments and plan to save money, check your credit report periodically, invest for your future and for your family. Understand your income and fix your long time financial goal, do your financial planning.

In conclusion, everyone is capable of achieving their desired goal, don't let stereotypes stand in your way, be financially literate!

FINANCIAL SECURITY FOR WOMEN'S

Women's Financial Security

Every woman should be her own Chief Financial Officer. The best protection any woman can have…is courage." In Indian context traditionally women managed household, whereas menfolk stepped out of the house to earn. Further the joint family system ensured presence of a man to take care of money matters. It was for these reasons, most women in India neither got an opportunity nor did a need arise to get involved in financial matters.

The societal fabric has changed. The joint family system has been replaced by nuclear families. Women are not just home makers; they are educated and professionally engaged as well. The concept of financial security has changed over time.

In the past, women used to get financial security through gold jewellery, share in ancestral property etc. Now, women need to think about financial security more in terms of financial products rather than just about traditional assets like gold. Women also face transitions in times of marriage, starting a new job, motherhood, divorce, widowhood, etc.

In order to ensure smooth transitions and financial security, it's important to be aware of common financial mistakes and risks to best avoid them.

The Most important aspect towards financial security is Budgeting

By making a budget, one can keep track of the monthly expenses, this will entail saving for retirement, buying property, or having a college fund for the children. On the other hand, not using a budget can lead to overspending and credit card debt.

Saving

Don't wait until it's too late. Saving for your future should be just as much of a priority as paying off debt. Women can't afford to only think short-term. Save for an emergency cash cushion. Otherwise, how can you leave an unpleasant job, an abusive marriage — any sort of bad situation — if you don't have money?

Get adequate financial security for yourself.

If you are an earning member of the family, then your absence has a cost to your family in the form of foregone income. While the loss of a person may be hard to fill, it could get worse for your family if there is financial uncertainty. The first step towards financial security is to get a term cover.

Ensure the health of your family is fully covered.

There is nothing like health insurance. Apart from the tax benefits, a health cover can help you meet the rising cost of hospitalization without disturbing your current finances. Nobody needs a degree in finance to be smart at managing money.

Women of all ages should be empowered to achieve their financial best.

Ultimately, money rule is simple: Spend less than you earn. Never give yourself an increase in standard of living — instead, increase your savings. Women have started their presence in every walk of life. Be it flying the fighter jets, in the space, in sub marines whereas they have already proved their metals in the corporate affairs.

Simplifying Financial Instruments and Investments

Mutual Funds

INTRODUCTION

Data available with a couple of broking firms suggest there has been a substantial rise in women traders and investors in recent months. For instance, Mumbai-based discount broker 5paisa.com claims its active female clients increased by 49% during the April-June quarter compared with March quarter of 2020. Although this is a positive development, women still comprise of a small percentage of total investors in India.

It will be a major achievement within the Indian investor community to witness increasing numbers of independent women investors as they are seasoned players in managing household finances.

There is a myriad of investment instruments that one can invest into in India. This article will cover the basics of Mutual funds.

What are Mutual Funds

A mutual fund is a pool of money managed by a professional Fund Manager. It is a trust that collects money from a number of investors who share a common investment objective. The Fund manager invests these funds into various financial instruments such as stocks and bonds. The income / gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies.

Who can invest

Indian residents above the age of 18, either individually or jointly are eligible to invest. NRI's can also invest as long as they adhere to the Foreign Exchange Management Act (FEMA).

A. Plan

When it comes to any type of investment, one must have a plan/ strategy in place. Investing without a goal is like racing without a finish line. A few steps that can be taken to make an investment plan are:

1. Identify Goals & Aspirations
2. Calculate investable corpus.
3. Chalk out investment strategy.
4. Invest in a disciplined manner.
5. Monitor your investments.
6. Do not invest in something you do not understand. (Keep it simple)

Goal setting is a practical approach of managing wealth based on key goals and the careful allocation of assets rather than responding to the whims of the financial markets.

B. Process

There are two basic requirements for one to invest in mutual funds.

1. Bank account in your name
2. KYC (Know Your Customer) Form

   A simple form and identity &

C. Types of Mutual Funds

Mutual fund categories are designed to allow investors to choose a scheme based on the risk they are willing to take and the investment term.
Mutual funds when categorized by Maturity period.

Open Ended Schemes allow investors to buy or sell units at any point in time. It does not have a fixed maturity date either.

Closed Ended Schemes have a stipulated maturity period and investors can invest only during the initial launch period known as the New Fund Offer (NFO).

Mutual Funds can be basically divided into 3 categories on the basis of type of asset classes in which they invest:

- **Debt Funds:** These funds invest in debt and money market instruments.
- **Equity Funds:** These funds invest purely in equities i.e. stocks/shares of companies.
- **Hybrid Funds:** This category of funds invests in both equity and Debt. Depending on the %age of Debt Equity holding, the funds are classified as Aggressive if equity exposure is more than 65% and Conservative if the Debt exposure is more than 65%

Benefits

1. **Diversification**
   Unlike stocks, mutual funds invest across asset classes and shares of several companies, thereby providing you with the benefit of diversification. This reduces the concentration risk to a great extent.
2. **Liquidity**
   Since most mutual funds come with no lock-in period, it provides investors with a high degree of liquidity. This makes it easier for the investor to fall back on their mutual fund investment at times of financial crisis. The redemption request can be placed in just a few clicks.
3. **Investment Handled by Experts (Fund Managers)**
   Fund managers are finance professionals who have an excellent track record of managing investment portfolios. Furthermore, fund managers are backed by a team of analysts and experts who pick the best-performing stocks and assets that have the potential to provide excellent returns for investors in the long run.
4. **Low Cost**
   Investing in mutual funds comes at a low cost, and thereby making it suitable for small investors. Mutual fund houses or asset management companies (AMCs) levy a small amount referred to as the expense ratio on investors to manage their investments. It generally ranges between 0.5% to 1.5% of the total amount invested.
5. **Tax-Efficiency**
   Gains in Mutual Funds are treated as capital gains and therefore unless withdrawn they are not taxable. Whereas in Bank FDs, interest earned is treated as income and is taxed every year whether it is withdrawn or not. Further the tax rate is much lower on gains earned through mutual Funds.

Simplifying Financial Instruments and Investments

Insurance

Insurance as a product is taken for protection against future contingencies. It was and still marketed to head of the family as being the bread winner if anything happens to him, the family can be financially secure.

With changing scenario woman are actively participating in household finances and becoming a part of major workforce. To manage and invest either the saved money or earnings, one needs to be aware about different investment avenues which better suits them.

Insurance now has many variants, which makes it eligible as an Investment and saving product. It can be associated with various life goals and requirement.

Let's understand the basic features of an Insurance product, these are as follows

1. An amount/cost is paid, called premium, against the consideration by Insurer to pay a large sum of amount upon contingency.
2. **Components of Insurance product**
   a. **Policy term –** Tenure of the insurance contract during which the risk cover/protection is provided. The tenure range is from 5 yrs. to 100 yrs.
   b. **Premium paying term –** Tenure for which the premiums needs to be paid.
   c. **Sum Assured –** Pre-decided Guaranteed amount for which the premium is paid.
   d. **Death Benefit –** Guaranteed amount paid in case of death during policy term.
   e. **Maturity Benefit –** Guaranteed/Non-guaranteed amount paid either during the policy term or at the end of policy term.

One needs to invest in Insurance based on 3 aspects

1. Financial security – One should have financial security for the family. For this Term plan is the best suited product, it provides financial protection and security to the family if some mishap happens to the Insured during the policy term. As the product does not carry any maturity value this provides higher risk cover against low premiums.

2. Protection for Self

a. **Health Insurance –** To cope with increasing medical cost and changing lifestyle it is important to have a health insurance product for self and family.

b. **Cancer care or critical illness Insurance –** These are policies which provide lump sum benefit on diagnosis of any of critical illness. The cost for these treatments is very high which can drain up the whole savings. This should be taken over and above a medical insurance as a medical insurance is not enough to deal with it.

3. Savings and Investment

a. **Traditional product –** These plans provides death benefit and maturity benefit. The maturity benefit is either guaranteed or participating (profit sharing) plans.

b. **ULIP (Unit linked insurance plan) –** It is an insurance cum investment product. A small part of premium goes into insurance i.e. risk cover and part goes into investment which invests in market linked investment products like stocks, bonds or mutual funds. The investment product is chosen by the policyholder. The maturity value is dependent on the products market performance. These plans have a benefit of partial withdrawal of funds after a period of 5 yrs.

Benefits of an Insurance product

1. It provides risk cover/death benefit.
2. It's a low risk product unlike shares, real estate investment products.
3. It provides tax free guaranteed and non-guaranteed returns.
4. It helps in achieving financial goals.
5. Creates legacy for the family.
6. Gives tax Benefit under Income Tax Act i.e. u/s 80C, 80 D, 10(10) D
7. If one is not able to continue the premium payment, the insurance company gives the benefit to revive the policy as per term and conditions and receive all the contractual benefits before expiry of the policy term.
8. In case of emergency one can surrender the policy; the amount is paid as per the rates defined.

Simplifying Financial Instruments and Investments

Other Options

In today's world, it is very important for women to be able to achieve a sense of financial equality and independence. Along with pursuing high-powered careers and becoming an integral part of a workforce, one must give a thought of becoming financially secure for the long term. And, this thought can be worked upon by making right investment.

Listed investment options:

Public Provident Fund

A public provident fund (PPF) account is a long-term investment option that falls under Exempt-Exempt-Exempt (EEE) category. It provides income tax deduction u/s 80C for the amount invested (subject to a limit of Rs 1.5 lakh a year). Interest received is exempt from tax and there is no tax on the amount received on maturity of the account either.

Available in post offices and banks, this scheme has a initial tenure of 15 years and thereafter extendable by 5 year for as long as one wants. The interest and capital is guaranteed by Government of India. Anybody can invest in PPF scheme whether you are a homemaker or a working woman.

Employees' Provident Fund

The Employees' Provident Fund is one of the best investment options for working women to avail of tax benefits and accumulate tax-free savings. It is contributory and participating scheme. That means that employee contributes a certain amount and that matched by the employer. The rate of interest is fixed by the govt of India. This scheme also enjoys all tax benefits as PPF.

Kisan Vikas Patra

Another systematic investment plan in India that is available in a certificate form at the post offices is the Kisan Vikas Patra. It offers an annual interest of 7.6% and is valid for a period of 9 years and 5 months. It is considered as one of the best short-term investment plans as the maturity value doubles the principal amount. The returns are high, guaranteed and risk-free.

National Savings Certificate

The National Savings Certificate (NSC) is one of the safest investment schemes, available in post-offices, that offers high returns. It has a maturity period of 5 years with no option to for premature withdrawal. except under circumstances, like the death of the certificate holder or joint holders, court orders, or forfeiture by an authorised Government officer. Ideal for working women, this scheme saves the cash for a specific time period and earn good interest on a regular basis.

Post-Office Time Deposit Scheme

Post-Office Time Deposit Scheme is amongst the most beneficial saving schemes in India as the returns are guaranteed on investment. The investment period ranges from 1 to 5 years, and the rate of interest depends upon the tenure of the scheme and is calculated quarterly but payable annually.

Sukanya Samridhi Scheme(for Girl Child)

Ideal for women having girl child aged between 0 to 10 years. This is a Govt Scheme and gives a fixed return. The scheme is active for 21 years or till the girl becomes married. 50% of this corpus can be withdrawn after the child completes 18 years for her higher education.

Bank Fixed Deposits

Bank fixed deposits are another good investment cum savings option that is available with both public and private sector banks. The investment amount and tenure are decided by the investor. The rate of interest on these deposits varies from bank to bank. With no maximum limit on the investments, fixed deposits can be broken, and the amount can be withdrawn before the maturity date as to when there is a requirement for money.

Real Estate

Investing in real estate is an expensive and need a large corpus. Home loans can be easily availed from both, public and private sector banks. For women, it has become easier to invest in the real estate owing to the home loans. One can easily pay the loan amount over a period of 10 to 20 years with interest. In addition to this, the house that you purchase can be rented further, so it can pay for itself and provide you with a regular monthly income.

Gold

Women love the yellow metal, however buying jewellery is not an investment in real sense. Value erosion due to making charges and impurities can be considerable. Buying gold in paper form is the best form of investment in gold. It is safe long term investment which will give returns just above inflation.

MARRIED WOMEN'S PROPERTY ACT

LIFE INSURANCE

We buy Life insurance cover to protect ourselves and our family members in case of any unfortunate event. We are also aware that an individual needs to buy adequate term plan if his family members are dependent on him/her.

Let's consider a scenario - Harish is a businessman and borrows some capital to expand his business. He has taken a Term Insurance Policy with his spouse as nominee. After his sudden demise, his creditors approached the court and asserted their right to get paid out of the proceeds of the Term Insurance policy.

In this example, though farish has taken a term insurance policy, his family has not benefited from it. The claim proceeds (death benefits) are given to his creditors.

In today's world, 'buying on credit' has become a common thing. Whether employed or self-employed, most of us buy on credit (home loan, personal loan, consumer loan etc.,). Along with this disputes in joint family after bread winner is an other problem.

In this kind of scenario, how to make sure that only your dependents receive the insurance policy claim proceeds.

MARRIED WOMEN'S PROPERTY ACT 1874 (MWP ACT)

MWP Act was created to protect the properties owned by women from relatives creditors and even from their own husbands. The Act has been created to protect women's rights even after marriage. MWP act is applicable for all married women of all religions. 'Section 6 of the MWP Act covers Life Insurance plans.

If you take an insurance policy under MWP Act, your life insurance policy is treated as a Trust and you can be assured that the policy money will be given to your nominee(s) only. The claim proceeds are free from creditors court and tax attachments.

Any married man can take a life insurance policy under MWP Act This includes divorced persons and widowers. The policy can be taken only on one's own name (the life assured has to be the proposer himself). Any type of plan (money back/ Term plan / Endowment etc.) can be endorsed to be covered under MWP Act. Even a mamed woman can buy MWP policy on her name with her children as beneficiaries.

Getting an Insurance Policy assigned under MWP Act is easy and inexpensive. At the time of applying a proposal (buying a policy), a separate MWPA form has to be filled by the proposer for it to be covered under MWP Act. You need to provide details of the beneficianes, the share of the benefits that are to be accrued to them and the trustees. Providing the trustee(s) names is not mandatory. However, existing life insurance policies cannot be assigned under MWP Act

The beneficiaries of such a policy can be:

- The wife alone
- The child/ children alone (both natural and adopted)
- Wife and Children together or any of them

Each policy under MWP Act is considered as a separate trust automatically (there is no need to create a trust). At the time of the proposal, you have to mention the names of the beneficiaries. You may also mention the names of trustees (not mandatory). The Beneficiary and the Thuntee can be the same person, however, you (the proposer)can neither be the beneficiary nor the Trustee. You have the option to change the trustees at any point in time. However, the beneficiaries of the plan once declared cannot bel changed, In case of a death claim, the insurance policy proceeds are given to the trust and cannot be claimed by the creditors.

Policies assigned under the MWP Act can be surrendered like other insurance policies upon the request of the policyholder co-signed by the Trustee (if appointed) and the beneficiary Surrender proceeds will be paid to the Trustee/Beneficiary.

Due to lack of awareness, very few policies are being taken under MWP Act. Life insurance is a tool to protect the dependent family members. If this purpose is to be achieved in its fullness, then having the life insurance plan covered under MWP Act is the easiest and the best way. So, the next time when you are buying a life insurance policy, suggest you to assign it under MWP Act. But, do not misuse the MWP Act with an intention to defraud your creditors.

The modern Indian woman is breaking age-old barriers and rising to meet new challenges everyday. She is embracing new responsibilities, both personally and professionally. So here are 10 things women should do to be financially strong and independent.

10 THINGS Women should do to be financially independent

1 Financial Planning

The first thing to do is define a clear and realistic financial goal, All your financial requirements, night from your child's education, to a comfortable retired life to securing your future against unforeseen circumstances, call for meticulous planning. It is critical to factor in inflation while drawing up your financial plan. If you are planning your child's education, you should be aware that a professional degree that costs Rs 4 lakh today, may cost Rs 20 lakh, 10 years from now, and hence, invest accordingly

2 Personal research

While a qualified financial planner can give you investment advice, the importance of doing your own research cannot be undermined. There is plenty of information available on the internet on the pros and cons of each financial instrument. For example, if you are looking at buying a medical cover for your family, there are websites that help you compare features and prices of various medical insurance products to help you make an informed decision.

3 Personalized financial plan

A common mistake among investors is to opt for a particular plan or product simply because others are doing so. An investment plan must be customized according to personal factors such as one's risk appetite, financial goals and life-stage needs.

4 Adequate time horizon

It is necessary to align the investment plan and the expected. time frame for getting returns out of it. It is irrational to expect immediate returns from a long term product The various investment instruments that are available in the market like insurance, mutual funds, FDs PPF, come with varying timelines For example, if you invest in a fixed deposit (FD), you may get your amount back in 2-5 years, depending on your lock in period. However, insurance is a long term proposition, and a person investing in an insurance plan will get the benefits after a longer period of time. Applying these know how will help you plan your investments accordingly.

5 Risk diversification

A smart investor would always ensure that the risk is distributed over a variety of instruments. A high risk instrument such as equity should ideally be balanced with a stable one such as bonds. Your investment portfolio should be a judicious mix of equity, debt. life insurance, commodities, real estate etc. At the same time. investment in each of these should be attuned to your financial goals and risk appetite.

6 Planning for unforeseen events

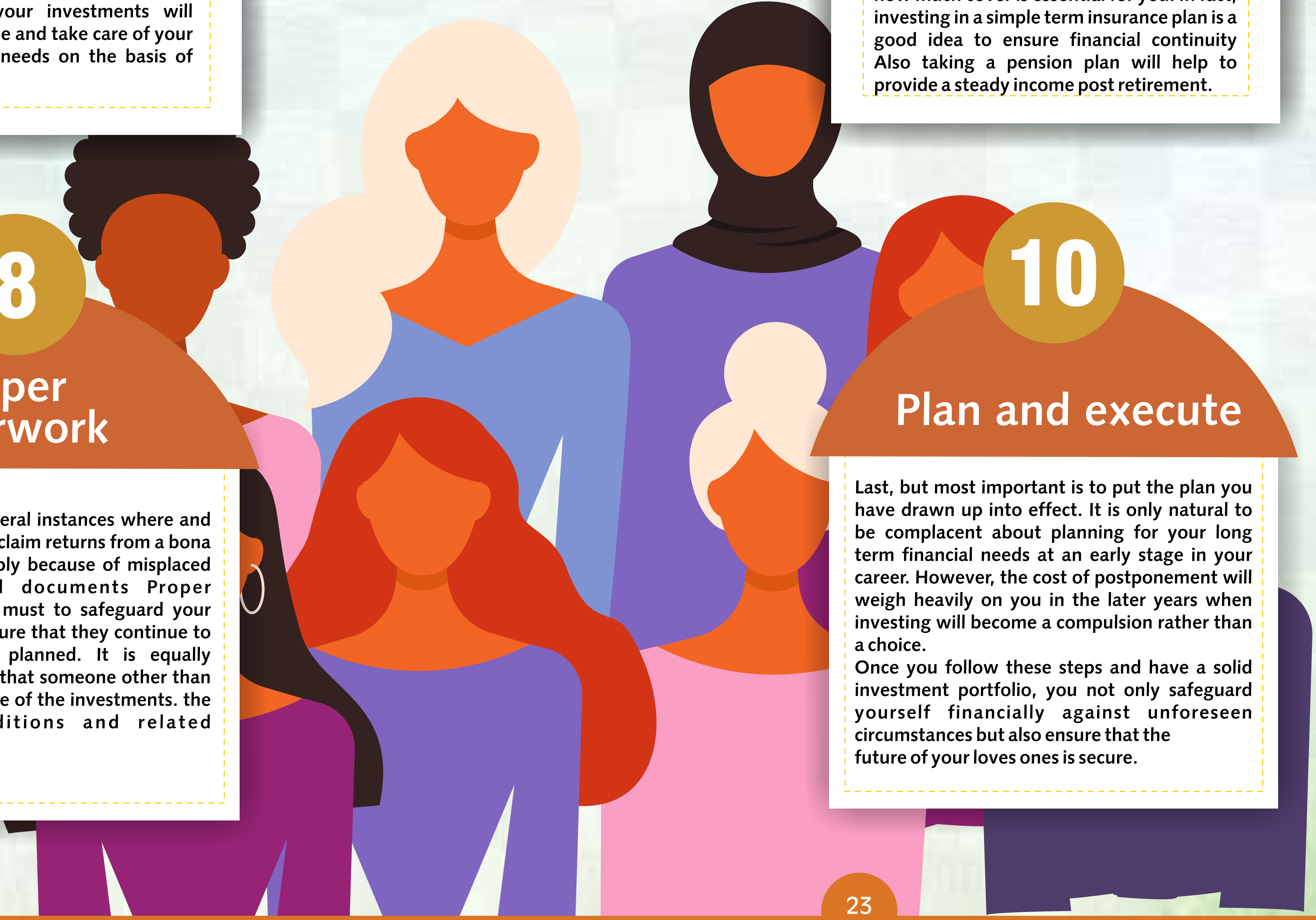
While you draw out your investment plan basis the current assessment of your future needs, the element of unexpected events must also be factored in. As a woman, it is crucial to be financially prepared to deal with unfortunate events. Today. sudden change in circumstances often force women to take sole responsibility of children, parents etc In such situations, your investments will come to your rescue and take care of your and your family's needs on the basis of your income alone.

7 Regularly track your investment

It common to become complacent and expect the returns to flow in, once the investments are done. However, it is every investor's responsibility to keep a tab on the performance of their portfolio. For example, if you have invested in a Mutual Fund through a broker, you must proactively enquire what stocks your money has been invested in and be aware of the performance of the same.

8 Proper paperwork

There have been several instances where and investor is unable to claim returns from a bona fide investment simply because of misplaced or wrongly-filled documents Proper documentation is a must to safeguard your investments and ensure that they continue to deliver returns, as planned. It is equally important to ensure that someone other than yourself is fully aware of the investments. the terms and conditions and related documentation.



9 Securing your future

Even if you are not the chief bread eamer, as a working woman you contribute to the income stream of your family and help in maintaining a certain lifestyle. This i makes it crucial for you to have adequate insurance to ensure that in your absence your family does not go through any financial stress. There are online tools on insurance websites that help. you decide how much cover is essential for you. In fact, investing in a simple term insurance plan is a good idea to ensure financial continuity Also taking a pension plan will help to provide a steady income post retirement.

10 Plan and execute

Last, but most important is to put the plan you have drawn up into effect. It is only natural to be complacent about planning for your long term financial needs at an early stage in your career. However, the cost of postponement will weigh heavily on you in the later years when investing will become a compulsion rather than a choice.
Once you follow these steps and have a solid investment portfolio, you not only safeguard yourself financially against unforeseen circumstances but also ensure that the future of your loves ones is secure.

COMMON QUESTIONS ON BANKS AND BANKING

1. **What is a Bank**
   A bank is a financial institution licensed to receive deposits and make loans.

2. **Types of banks: Banks are classified into six categories**
   - Public Sector Banks
   - Private Banking
   - Corporate Banking
   - Small Finance Banks
   - Co-operative Banks
   - Foreign Banks

3. **Types of accounts in a bank: Bank accounts are classified into four different types:**
   - Savings Account
   - Current Account
   - Recurring Deposit Account
   - Fixed Deposit Account

4. **What is Savings Bank Account:**
   An interest-bearing account paying a modest interest rate, however their safety and reliability make them a great option for parking cash for short-term needs.

5. **What is Current Bank Account**
   A business account that provides complete range of services without any limitations, however this account earns no interest.

6. **What is Recurring Deposit**
   A special term deposit which helps people with regular incomes to deposit a fixed amount every month and earn higher rate of interest.

7. **What is fixed Deposit**
   A deposit with a pre-specified tenure which provides investors a higher rate of interest than a regular savings account.

8. **How Safe is the Fixed Deposit**
   As safe as the Bank is and are free of market risks. Always use a bank of good repute and not that offers higher returns.

9. **What are bank charges:**
   The term bank charge covers all charges and fees collected by a bank from their customers.

10. **Who is Payee;**
    A payee is a party in an exchange who receives payment.

11. **Who is Payer?**
    A payer is a party who makes the payment.

12. **What is Demand Draft?**
    A demand draft is an instrument issued on the behest of the payer by a bank that guarantees the payee the amount mentioned on the draft.

13. **What is Cheque Book?**
    A Cheque is a printed instrument that is issued by a bank to its customer. The cheque is linked to a specific account and used to withdraw or transfer money.

14. **Difference between Cheque and Demand Draft:**
    A cheque is issued by the account holder and it is directive to the bank to transfer funds of a certain amount to a specified individual subject to availability of funds in the account holder's account. Demand Draft is an instrument issued by the bank on behest of customer and is not subject to availability of the funds. The bank collects the funds from the customer prior to issuing the Draft.

15. **Endorsement of "Account Payee" on Cheque.**
    This endorsement is done to avoid frauds or misuse of cheques. The cheque cannot be cashed at a bank counter, the amount will only be paid by depositing it into the account of the payee.

16. **What is at-par cheque?**
    An at-par cheque is payable at any branch of the issuing bank, without any excess charges to the bearer of the cheque.

17. **What is Debit Card?**
    A debit card is a plastic payment card that can be used instead of cash when making purchases. The money is immediately transferred directly from the cardholder's bank account when performing any transaction.

18. **What is Credit Card?**
    Credit card is a small plastic card issued by a bank, building society, etc., allowing the holder to purchase goods or services on credit.

COMMON QUESTIONS ON BANKS AND BANKING

19. **What is the difference between Debit Card and Credit Card?**
Debit cards allow bank customers to spend money by drawing on funds they have deposited at the bank. Credit cards allow consumers to borrow money from the card issuer up to a certain limit in order to purchase items or withdraw cash.

20. **Why it is beneficial to use Credit card than a Debit Card?**
Credit card is safer as if debit card information falls into the wrong hands, a criminal has direct access to all the money in your checking account. Whatever is spent fraudulently is immediately gone from your balance, and you're out the cash until the situation is sorted out as compared to credit card. By credit card it is easy to manage fluctuation of income & expenditure. It also gives rewards on every spending and build credit score of the individual.

21. **What is ATM stands for?**
The acronym ATM is a banking-related term that means 'automated teller machine.

22. **Is it safe to take out money from ATM?**
It is not every time safe to withdraw cash from ATM. There is no software integrity control, antivirus in ATM machine. There are many ways to hack ATMs – using counterfeit card readers, hidden cameras, ATM skimming etc.

23. **Necessary documents a person requires to open an account in a bank:**
    - Photographs
    - Self-attested PAN card copy
    - Self-attested Address proof

24. **What is Overdraft.?**
An overdraft is an extension of credit from a lending institution that is granted when an account reaches zero. The overdraft allows the account holder to continue withdrawing money even when the account has no funds in it or has insufficient funds to cover the amount of the withdrawal.

25. **What is INR account?**
The NRE account is an Indian rupee-denominated account, offering complete security. These accounts can be in the form of savings, current, recurring, or fixed deposits. The foreign currency you deposit into the account is converted to INR.

26. **What is RTGS?**
Real-time gross settlement systems are specialist funds transfer systems where the transfer of money or securities takes place from one bank to any other bank on a "real-time" and on a "gross" basis.

27. **What is NEFT**
National Electronic Funds Transfer (NEFT) is an electronic funds transfer system maintained by the Reserve Bank of India (RBI). NEFT enables bank customers in India to transfer funds between any two NEFT-enabled bank accounts on a one-to-one basis.

28. **How to transfer money outside India? There are 4 steps to send the money abroad:**
    - Choose your desired currency & amount. Select currency and denomination you need to carry along.
    - Enter transaction details. Enter remittance purpose with remitter and beneficiary details.
    - Make online payment.
    - KYC and fulfilment of Remittance

29. **What is Dormant Account?**
A dormant account is an account that has had no financial activity for a long period of time, except for the posting of interest.

30. **What is Demat Account?**
Demat Account is short for dematerialisation account and makes the process of holding investments like shares, bonds, government securities, Mutual Funds, Insurance and ETFs easier, doing away the hassles of physical handling and maintenance of paper shares and related documents.

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WE PLAN, YOU PROSPER

Every individual is unique and so are his or her investment needs. Investment planning must always be aligned with one's goals. Hence, our approach is to help you chalk out an investment strategy that is best fit for 'you'.

We see ourselves as educators rather than advisors. Our endeavor is to build awareness about the various kinds of investment products in the market. After all, an informed decision is always a better decision.

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