

Personal Finance –

Upright Opportunities with contrasting ways

- Himanshu Garg | AMRG & Associates



"If you would be wealthy, think of saving as well as getting more returns."

Time has changed the manner of investing but planning it systematically is still a crucial factor for the importance of investments. Finance is no longer only a need for investors but also important for those who want to systematically invest in the market for higher returns and also helps in beat inflation to fulfill the future Financials goals.

Some investors prefer to invest in Finance with High returns by taking High risks and some with Low returns by taking Low risk depends on the Investor's capacity to take a risk. Personal finance deals with multiple ways to manage income and provides a blueprint for:-

- Income- Salaries, Bonus, Pensions & Dividends, etc.
- Spending- Taxes, Rent, Food, and Travel, etc.
- Investments- Stocks, Bonds, Mutual Funds & Real Estate.
- Savings- Physical Cash & Saving Bank Accounts.
- Protection Plans – Life Insurance & Health Insurance, etc.

All of the above areas of personal finance can be wrapped into a Budget or a Formal Financial plan by Investors

The financial Planning Process also involves Assessments, Goals, Plans Development, Execution, and Monitoring & reassessment.

There is a common dilemma of every person "where to invest." The "high return and low risk" combination will always be like finding a pond in the middle of a desert. In reality, the relation between these two is directly proportional. The Golden Rule of Investment is "higher the risk is higher the expectation of return and a vice versa."





There are two types of Investments:-

Parameter	Active Investments	Passive Investments
Meaning	It requires dynamically change assets in a portfolio depending on Market & Economic Conditions and requires enough time and knowledge to make active Investments.	Not requires enough time and hands to invest and is known as Buy-and-Hold-Strategy and is suitable for those who cannot spare time to manage their Investments.
Suitable for Persons	Having Deep Knowledge of Finance	Everyone
Risk Involved	High	Low
Return Potential	High	Low
Example	Equity Investments	Fixed Deposits & PPF

In India, investments are of two categories – Financial and Non-Financial assets.

Financial Assets are categorized into **market-linked** (high risk yielding variety) and **Fixed Income products** (low risk yielding variety).

Market-linked securities involve investments in Mutual funds, Stocks, Derivatives, and Options, etc., which are linked with the market and are highly risky as compared to fixed income products.

Fixed Income Products are those which pay investors fixed interest or dividend payments until their maturity date. On the maturity date, the principal amount is repaid. Most common of these are Government/ Corporate bonds, Bank Fixed deposits, Recurring deposits, Public Provident funds, Unit linked insurance Schemes, etc.

Non- financial assets consist of gold, treasury bills, real estate, commodities, etc.

The most renowned policy of the arena is "**Life Insurance Policy.**" It is a popular investment alternative among Investors. The high stake of Life Insurance Company (LIC) is itself an indicator of this mass preference.

It provides to the Investors the trust with a considering **Lucrative Return**. The public is more attracted to insurance policies due to their Simplicity and safe nature. Investors invest a lump sum or monthly/ Quarterly fixed amount for a fixed period in it. The Older generation is more attentive towards this scheme as it is considered a safe alternative for persons having no pension and plan investment for retirement purposes.





India is the country known for its 'Unity in Diversity' then how personal finance choices can be behind in this way. Investment preferences linked with diversity like age, gender, income, etc. some of the following are:

Age Group Diversity :

Older generations are risk-averse and generally rely more upon fixed-income investments such as fixed deposits or Kisan Vikas Patra or Life insurance schemes. They prefer less to invest in risky ventures and market-linked schemes.

Gender Diversity:

When gender diversity is considered, the women tend to favor more secure options for investment such as Fixed Deposits, Gold ornaments, and the likes of men are more inclined towards high-yielding options such as shares, stocks, real estate, etc.

Educational Diversity:

If we consider educational diversity, the lesser educated generally invest in physical assets and fixed deposits, etc. While the educated Investors make the most of the knowledge of the markets and options and invest in the most lucrative options which include anything like stocks, ventures, or physical assets as per prevalent market conditions.

Income Diversity:

The people having more income are better off with higher disposable income and can avail better professional assistance in planning the investments for higher returns. If it comes to investments with Income Tax, Section - 80C, 80D absorbs bucket of investments in terms of Deductions. Creating a pool of Investments on one side and a saving tax on another is a very favourable factor for the Investors. It's not less than a wholesome situation. So it's an Investors choice to invest in 80C for tax benefits or to go for high returning investments with no tax benefits.



AMRG Take:



Personal Finance is a matter of individual judgment and circumstances prevailing around. Individual investor needs to select from the multiple investment opportunities to gain a lucrative return on their hard-earned money while minimizing the risk revolving around such investments. There is no code to investing, the same can be planned by doing due analysis, taking financial analysis, and making a well-informed choice.



NEW DELHI
18A, IInd Floor,
North Avenue Road,
West Punjabi Bagh,
New Delhi - 110026.

Rajat Mohan
Senior Partner
rajm@amrg.in
Priyanka Sachdeva
Partner - GST
priyanka@amrg.in



INTERNATIONAL BRANCH - AUSTRALIA
Unit 9, 14-15 Junia Avenue,
Toongabbie NSW 2146,
Sydney, Australia

Megha Gandhi
Director - Australia
amrg@amrg.in



MUMBAI
Shop No-14, Adarsh
Nagar Building No-4,
Kolbad, Thane West,
Thane-400601

Madhu Mohan
Founding Partner
amm@amrg.in
Kiran Awasthi Raghavendra
Partner - Insurance and Compliance
amrg@amrg.in



CHANDIGARH, PUNJAB

Navdeep Sarpal
Partner - Assurance and Compliance
amrg@amrg.in



DEHRADUN
Villa No. 12, Upper Crest Avenue,
Jakhn, Rajpur Road, Dehradun,
Uttarakhand, India, 248001

Swati Ghoshal
Partner - Risk Advisory and compliance
swati@amrg.in



INTERNATIONAL DESK - USA
Wiener & Garg LLC,
6000 Executive Boulevard,
Suite 520 | Rockville,
MD 20852 | 301.881.4244
D: 240.833.4002

Subhash Garg
Wiener & Garg LLC
amrg@amrg.in



GURUGRAM
204, 2nd Floor, Time Center, Golf
Course Road, Sector 54, Gurugram,
Haryana 122002

Gaurav Mohan
CEO
gaurav@amrg.in



INTERNATIONAL BRANCH HONG KONG
Hong Kong Address - Flat B,
Floor 1, Tower - 7, Yee Mei Court,
South Horizons, ap lei chau,
Hongkong

Divya Malhotra
Director - Hong Kong
amrg@amrg.in