BOARD for COMMUNITY DEVELOPMENT through EDUCATION
GOVERNMENT OF ANDHRA PRADESH
#C-202,Prime Hill Crest, Adj to DGP Office,Vaddeswaram,Tadepalli (M),
Guntur Dt.A.P.- 522 503,

E-Mail: bcde.ap.gov.in@gmail.com; Website: www.bcde.online;

COMMUNITY SERVICE PROJECT

Financial Literacy in the Local Community – Ways and Means to have Economic Planning

1. Project Overview

- The goal of this project is to promote financial literacy and economic planning among the local community.
- The project will include workshops, seminars, and other educational activities that focus on financial literacy, budgeting, savings, and investment.
- The project will be implemented in collaboration with local community organizations, financial institutions, and other stakeholders.

2. Project Objectives

- To increase the financial literacy of the local community.
- To promote responsible financial behavior, including budgeting, saving, and investment.
- To provide resources and tools for economic planning and decision-making.
- To enhance the financial security and stability of the local community.

3. Project Activities

- Conduct financial literacy workshops and seminars for various target groups, including youth, women, and entrepreneurs.
- Develop and distribute financial education materials, such as brochures, booklets, and online resources.
- Organize community events and activities that promote financial literacy, such as financial fairs or savings challenges.
- Provide one-on-one financial coaching and counseling services to community members.

- Partner with local financial institutions to offer financial products and services that are accessible and affordable to the local community.
- Collaborate with local employers to provide financial education and resources to employees.
- Conduct research and assessments to measure the impact of the project and identify areas for improvement.

4. Project Timeline

- Week 1: Project planning and coordination. Development of financial education materials and resources.
- Week 2-3: Conduct financial literacy workshops and seminars.
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- Week 4: Organize community events and activities.
- Week 5: Provide one-on-one financial coaching and counseling services.
- Week 6: Facilitating with Financial Institutions - Followup

5. Project Budget

- The project budget will depend on the scope and scale of the project, as well as the resources and funding available.
- Potential costs may include staff salaries, materials and supplies, rental of event space, and fees for guest speakers or trainers.
- Funding sources may include government grants, private donations, or corporate sponsorships.

6. Project Evaluation

- The project will be evaluated based on its impact and effectiveness in increasing financial literacy and economic planning among the local community.
- Evaluation methods may include surveys, interviews, focus groups, or other data collection methods.
- Findings will be used to identify successes and challenges of the project, as well as opportunities for improvement in future projects.

7. Project Sustainability

- The project will aim to develop sustainable models for financial literacy and economic planning that can be continued and expanded beyond the project timeline.

- Potential sustainability strategies may include partnerships with local financial institutions or employers, development of volunteer or mentor programs, or creation of online resources and tools.

Some tips for proper financial planning for low-income, middle-class, and high-income group people:

1. **Low-income group:**

- Create a budget and track expenses: Determine your monthly income and expenses, and track where your money is going. This can help you identify areas where you can cut back and save money.
- Build an emergency fund: Start saving a small amount of money each month for unexpected expenses, such as car repairs or medical bills. This can help you avoid relying on high-interest credit cards or loans.
- Look for ways to increase income: Consider taking on a part-time job or starting a side hustle to increase your income.
- Use credit wisely: If you need to use credit, try to pay off the balance in full each month to avoid high interest charges.

2. **Middle-class:**

- Set financial goals: Identify your short-term and long-term financial goals, such as saving for a down payment on a house or planning for retirement.
- Save for retirement: Contribute to your employer-sponsored retirement plan, such as a 401(k), and consider opening an individual retirement account (IRA) to supplement your savings.
- Pay off debt: Prioritize paying off high-interest debt, such as credit card balances or personal loans, to avoid accruing more interest charges.
- Invest wisely: Consider investing in low-cost index funds or exchange-traded funds (ETFs) to diversify your portfolio and potentially earn higher returns.
- Review insurance coverage: Review your insurance policies, such as health and life insurance, to make sure you have adequate coverage.

3. **High-income group:**

- Maximize retirement contributions: Contribute the maximum amount allowed to your employer-sponsored retirement plan and consider contributing to a backdoor Roth IRA or other tax-advantaged accounts.
- Diversify investments: Consider diversifying your portfolio with a mix of stocks, bonds, and other assets, and regularly review and rebalance your investments.
- Consider charitable giving: If you are financially able, consider donating to charitable organizations or setting up a donor-advised fund.
- Plan for estate and legacy: Work with an estate planning attorney to create a plan for your assets and consider setting up trusts or other vehicles to manage your wealth.
- Review tax strategies: Work with a tax professional to review your tax strategies and identify opportunities for tax savings or deductions.

Some common financial avenues for low-income, middle-class, and higher-income people in India:

1. **Low-income group:**

- Savings accounts: Many banks offer basic savings accounts with low or no minimum balance requirements.
- Microfinance institutions: Microfinance institutions provide small loans and other financial services to low-income individuals and small businesses.
- Government schemes: The Indian government has several schemes to support financial inclusion and welfare of low-income groups, such as Pradhan Mantri Jan Dhan Yojana and Pradhan Mantri Mudra Yojana.
- Small savings schemes: The government also offers small savings schemes like Post Office Savings Account, Post Office Monthly Income Scheme, Kisan Vikas Patra, etc.

2. **Middle-class:**

- Fixed deposits: Fixed deposits provide a guaranteed return and are a relatively safe investment option.
- Mutual funds: Mutual funds offer an opportunity to invest in a diversified portfolio of stocks, bonds, and other assets.

- Life insurance: Life insurance policies provide financial security to the family in case of an unfortunate event.
- Equity investments: Investing in stocks and shares can potentially provide higher returns over the long term.
- Real estate: Investing in property can provide a regular rental income and long-term capital appreciation.

3. Higher-income group:

- Stocks and shares: Investing in individual stocks or equity funds can potentially provide high returns over the long term.
- Bonds: Investing in bonds can provide a steady income stream and relatively stable returns.
- Private equity: Investing in private equity funds can provide access to high-growth startups and potentially high returns.
- Alternative investments: Investing in art, wine, or other collectibles can provide a potential hedge against market volatility and diversify the investment portfolio.
- International investments: Investing in foreign stocks, mutual funds or other instruments can provide access to global markets and diversify the investment portfolio.

ADDITIONAL INFORMATION

Updated: 1 Jan, 2022

You won't have any shortcut to double your money overnight because there's no magic in wealth creation. Wealth creation requires planning, patience, and early action. You will come to know about legitimate schemes to double your money.

Before we proceed you should first learn about the "Thumb Rule 72".

What Is Investment Thumb Rule Of 72?

Rule 72 or Thumb Rule of 72 is a simple formula to know how much time your invested money will take to become double in the amount on the fixed rate of return.

> *The Formula is – Divide 72 with the Rate of Return on your Investment (ROI).*

Let's understand with the example below –

Assuming your investment in a Fixed Deposit at an interest rate of 6% p.a.

According to **Rule 72**,

the formula is "72/Interest rate"

= 72/6 = 12 years.

This means if you invest Rs. 1 lakh in FD today, it will take 12 years to become Rs. 2 lakhs.

How To Double Money In 5 Years

If you want to double your money in 5 years, then you can apply the thumb rule in a reverse way.

Divide the 72 by the number of years in which you want to double your money. So to double your money in 5 years you will have to invest money at the rate of 72/5 = 14.40% p.a. to achieve your target.

If you look for secure investment options, there is no option that offers 14.40% returns. You can expect that return from mutual funds & the stock market but those are not secure investment options.

Top 10 Best Money Doubling Schemes In India 2022

#1. Tax-Free Bonds

Government issue Tax-Free Bonds to raise capital. Tax-Free bonds have a long-term maturity of 10 years to 20 years. You cannot liquidate the bonds before maturity.

You can expect a 5.50% to 6.50% rate of interest on Government Bonds. Bonds are a better deal than Fixed Deposits because your maturity corpus is tax-free as compared to a tax deduction on maturity amount in FDs.

You can double your money in 12-15 years based on the interest rates.

Tax-Free bonds are ideal for those people who come under tax bracket and want to invest for long term without putting money at risk (like stocks).

You would like to read – Highest paying government jobs in India

#2. Corporate Deposits/Non-Convertible Debentures (NCD)

Non-Convertible Debentures (NCDs) are good long term investment options for those who want to invest in safe instruments but want better returns as well. NCDs (or Corporate Deposits) offer better interest rates than other schemes ranging between 5.50% to 9%. Their rate of interest depends on their CRISIL or ICRA ratings.

Big companies issue NCDs to accumulate long-term capital. Its a kind of taking a loan from the public and paying interest in return.

Name	Fixed Deposit Interest Rate (%)	Tenure
Bajaj Finserv FD	6.15% - 7.00%	12 to 60 months
ICICI Home Finance FD	5.70% - 6.65%	12 to 120 months
HDFC Ltd. FD	5.50% to 6.35%	12 to 84 months
Mahindra Finance FD Scheme	5.70% - 6.45%	15 to 40 months
LIC Housing Finance FD	5.25% - 5.75%	1 to 5 years
Sundaram Finance Company FD	5.72% - 6.22%	12 to 36 months
Hawkings Cooker Ltd. FD	8.5% to 9.00%	12 to 36 months
PNB Housing FD	5.90% -6.70%	12 to 120 months
Shriram Transport Finance FD	7.25% - 8.09%	12 to 60 months
Kerala Transport Development Finance Corporation FD	6.00 %- 5.75 %	1 to 5 years

Interest rates (% p.a.) effective from 24th Aug 2020

Image Source: ETMoney.Com

NCDs offer good returns, liquidity, and low risk.

You can double your money in approx. 8-10 years by investing in NCDs.

#3. National Savings Certificates

National Savings Certificates is a fixed income investment offered by the Postal Department of India. These are one of the safest investment avenues. NSCs come with a fixed interest rate and fixed tenure i.e. for 5 years and 10 years. You can also get tax benefits as no TDS is deducted on the maturity amount and you can also get tax rebate up to Rs.1.50 lakhs u/s 80C.

Along with that, you can also use NSCs as collateral security to get a loan from banks.

The current interest rate on NSCs is 6.8%. Your money will be doubled in 10.5 years.

You may also like to read – 11 ways to earn money online for students in India

#4. Kisan Vikas Patra (Post Office Scheme To Double The Money)

Kisan Vikas Patra (KVP) is a certification scheme in which invested money gets doubled in around 10 years based on the interest rate. KVP is a financial product of the Post Office.

Currently, KVP offers a 6.9% interest per annum.

KVP is a safe investment as it is not subjected to market risks. Double the investment is guaranteed once the tenure ends.

KVPs are more flexible than PPF or Bonds as you can withdraw from the KVP scheme after 2 ½ years. KVP can be transferred from one person to another person easily.

It can be used as collateral security in banks against loans. You can check the full details of post office double money scheme here

Kisan Vikas Patra (KVP) Interest rate – 6.9%

Post office interest rates table 2022

Investment	Interest Rate
Post office savings account interest rate	4%
National savings recurring deposit (5 years)	5.8%
1 year fixed deposit	5.5%
2 year fixed deposit	5.5%
3 year fixed deposit	5.5%
5 year fixed deposit	6.7%
Kisan Vikas Patra	6.9%

#5. Public Provident Fund (PPF)

Public Provident Fund (PPF) is a long term and risk-free saving scheme by the government of India. This scheme offers a tax-exempted return on investment with an added interest of around 7.10% per annum.

You can double your amount in 10 years by investing in PPF.

You can open PPF account in the post office as well as in the banks. The PPF has a minimum tenure of 15 years, but you can extend the investment in blocks of 5 years each time.

You have to contribute at least once a year till maturity.

#6. Bank Fixed Deposits

Fixed deposits are the most widely used investment instrument in India. You can open FD in banks as well as Post Offices. You may get better interest rates in the post office as compared to banks.

FDs give you an annual return around 2.90% to 5.30% (0.5% to 1% higher for senior citizens). You can double your amount in more than 14 years.

You will have to pay tax on the maturity corpus if the interest accrued is more than Rs. 10,000. However, senior citizen can get tax exemption on the interest earned against HYPERLINK "https://simpleinterest.in/taxes/tds-on-bank-interest/"Fixed HYPERLINK "https://simpleinterest.in/taxes/tds-on-bank-interest/" deposits. The exemption is up to Rs. 50,000 of interest earned.

#7. Mutual Funds

Mutual funds are the most convenient way of investing in the markets when you do not have the time and expertise. You can take a little risk but rewards are good.

If you invest in equity mutual funds, you can expect a return in the range of 14% to 18%. Some funds like L&T India Value, Mirae Asset India, and ICICI Prudential Blue Chip has delivered return in the past.

You can double your income in 4-5 years.

The investment in mutual funds can be a lump sum or monthly SIP for an amount as low as Rs. 500.

#8. Stock Market

Stock investment is the best option for persons looking for growth and building wealth. Investing in direct stocks carries higher risks but returns are high. You may lose as much as 50% of the capital.

On the other side, if we talk about returns on individual stocks are high (>20%) for fundamentally strong companies over a longer period of time.

For example, Eicher Motors generated a 5-year CAGR of 28.77%.

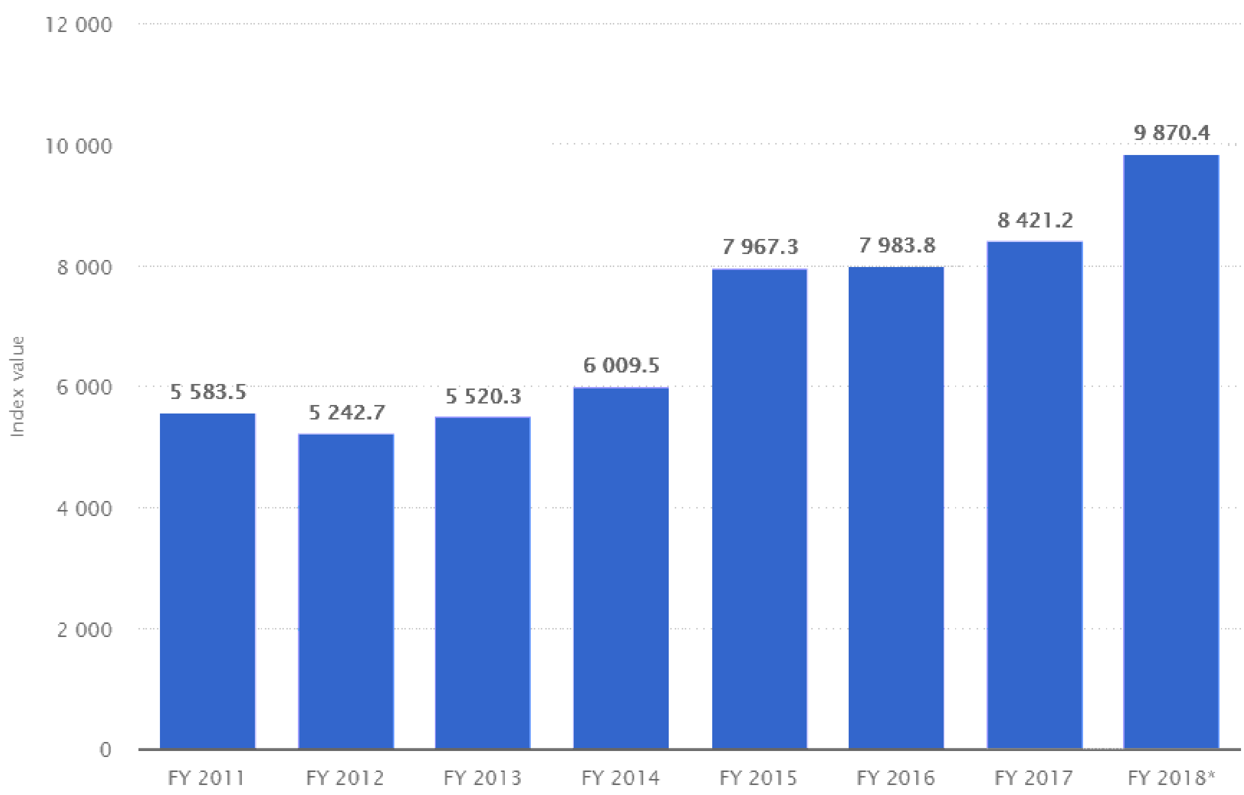

Image Source: Statista.Com

Currently, NSE has crossed 12000 mark. You can see NSE crossed double in the last 10 years. The last 1-year return of NSE is 12.40% and in the last 2 years generated a 26.5% return.

You can expect to double your money in 3.5 years, however, I would recommend investing for long-term (more than 5 years) in stocks.

#9. Gold/Gold ETFs

Love for the Gold is irresistible for Indian.

Gold has given consistent returns of around 10% in the previous years. A better way to invest in gold is to invest in Gold ETF and gold bonds.

You can also invest in Sovereign Gold Bond Scheme regulated by government and RBI. You will own gold in the 'certificate' format. The value of the bonds is assessed in multiples of the gold gram. The initial minimum investment is 1 gram of gold.

You would earn 2.5% interest per annum on the amount invested. The Lock-in period is 8 years.

You can double your amount in 8 years approx.

Check out – best HYPERLINK "https://simpleinterest.in/forex/best-forex-trading-app-india/"forex HYPERLINK "https://simpleinterest.in/forex/best-forex-trading-app-india/" trading apps in India

#10. Real Estate

The investment in residential real estate generates regular rental income and appreciation. You can get the benefit of owning an asset, have diversification and even save on taxes (tax exemption on home loan).

You can expect an annual return of 11%. The amount of property can be doubled in 6-7 years.

Real Estate investment requires huge capital to invest and return depends on multiple factors like location and other infrastructure developments in nearby regions.

Conclusion

Now you have come to know about 10 legitimate schemes to double your money in India. Let me know about your thoughts in the comments.