

**IQAC S.K. Somaiya College of Arts, Science & Commerce  
Vidyavihar**

**Financial Literacy series**

**09-03-2023**

**Basics of Investment**

**Hello all,**

Did you know that savings & investment are 2 distinct terms. Savings are setting aside surplus income or making provisions for future expected expenditures or needs. Investment refers to creating or generating assets. Assets may take different forms like financial bonds, debentures & shares and real assets like land, plant & machinery to start a production unit/business. Investors have different goals such as earning a return, growth of assets, appreciation in the value of the asset and investments can also act as a source of additional income, example, rental income from property/house.

The aspects that need to be considered to ensure favourable investments are interest rates, price levels, diversification, risk mitigation, and indexes.

Please note investment & insurance are NOT the same. Insurance is a measure for providing against losses that may occur due to unforeseen emergencies or contingencies such as accident, death, disability, losses on account of natural calamities like earthquakes, floods etc. Insurance is meant for protection, security.