The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

AMRITSAR BRANCH OF NIRC
NEWSLETTER JANUARY 2021

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"समोऽहं सर्वभूतेषु न मे द्वेष्योऽस्ति न प्रियः।
ये भजन्ति तु मां भक्त्या मयि ते तेषु चाप्यहम्।"

"All beings are the same to me; Neither hateful nor dear are they to me;
But those who worship me with love and devotion,
And they are ever with me, and in them I abide."

From the Desk of the Chairman...

Dear Students

जय श्री राम

I hope that this communication finds you in best health & spirits. This month we have entered into new decade 2021 - 2030. 2020 might be known as year of great transformation, now we are forced to do things differently and digitally, we can foresee the changing shape of future. India is on threshold of starting the largest vaccination program. A vaccination usually takes 5 to 25 years to develop. For COVID-19 we compressed it to 9 months. Country is proud of contribution of its scientists and technicians.

Amritsar Branch of NIRC of ICAI has always been front runner for the digital initiatives, more and more student led activities, knowledge sharing sessions for members. Despite of COVID-19 pandemic we achieve the following milestones:

- ✓Getting NOC from Amritsar Improvement Trust for title of Branch to be registered.
- ✓Revamped Website with added features and introducing first ever E-directory of members.
- ✓MOU with Khalsa College for extending the necessary support to deliver guest lectures to students of Khalsa College.
- ✓Recognition of exemplary work for welfare of the society during the COVID-19 pandemic from the CSR committee of the ICAI.
- ✓Theme-based E-Newsletter for members and students.
- ✓Career Councelling, MCS, Advanced ITT for students and knowledge sharing sessions for members with finest faculties.
- ✓Virtual meetings for members and students to virtual celebration (E-Celebration) of CA day, Virtual Games Competition, Social Distancing Bhangra by Members, Aalok-Festival of Lights were some digital initiatives.

Members, Since the last date for making declaration under Vivad se Vishwas Scheme has been extended to 31st January 2021 from 31st December 2020. I humbly request you to ask your clients to avail the golden opportunity to settle the income tax disputes through Vivad Se Vishwas Scheme 2020. Together we should contribute our share of taxes timely and play a vital role in building India of dreams. CA a two letter word is a matter of pride, dignity and accountability and we being an integral partner in nation building always stand shoulder to shoulder with the income tax department and let us make this scheme a success.

I along with my entire executive team express heartfelt gratitude for love, support and guidance you have been pouring on us.

"I don't believe in taking the right decisions, I take decisions and make them right"-Rattan Tata.

Have a wonderful decade Ahead…

Stay Safe Stay Healthy

January, 2021

With Warm regards.

CA SANJAY ARORA
B.Com., F.C.A., D.I.S.A., (ICAI)
Chairman, 2020-21
Amritsar Branch of NIRC of ICAI

From the Desk of the Secretary...

Dear Students

Warm Greetings,

"All Power is within you ; you can do anything and everything." - Swami Vivekanand.

Happy New year and Happy Makar Sakranti to all of you. We with immense delight present our members another edition of Newsletter for the month of January 2021.

We have entered in the year 2021 with good hopes for the future leaving behind all the bad experiences of Pandemic faced during the year 2020. I hope all of us will start this year with positive vibes and will attain our desired goals in the upcoming future without much wait.

As we know all of us are still busy in our Tax and other audits even in this month because of Govt is very hard to give further relaxation in extension of due dates after short extension of 15 days.

During the month of December 2020, Amritsar branch organized two CPE Hour programs i.e Virtual CPE meetings as per demand of members one of which was conducted on 2nd December on the Topic of GST ITC intricacies by eminent speaker CA Bimal Jain and Guest of Honour of the event was IRS Asstt Commissioner CGST Sh Dilmil Singh Soach. Secondly another important Virtual CPE meeting of Two hours was organized on Penal Discussion of Vivad se Vishwas Scheme 2020. Guest eminent speakers of the event were Past President CA Ved Jain, Central council member and Vice Chairman Direct Taxes Committee of ICAI CA Parmod Jain and CA Rohit Kapoor. We are going to organize some important CPE Virtual meetings by some reknowned experts and speakers of Income Tax and GST in upcoming period. Further more a New year party was also organized by Amritsar branch at the end of December and we hope that members enjoyed in this event and relieved from work loads. Team Amritsar branch is continuously making untiring efforts to ensure the betterment of profession and for the benefits of members. Amritsar branch is standing wholeheartedly with members and students 24 by 7.

Dear Students,

Students your November 2020 exams are over and some students will be under preparation for Jan 2021 Exams. It was very good untiring efforts of the ICAI behind the organization of this exam which was finished peacefully and successfully. Students, Best of luck for your upcoming results. In the end of December NICASA team organized a LITFEST for CA students and Students participated in this event with good number of strength and enjoyed the event.

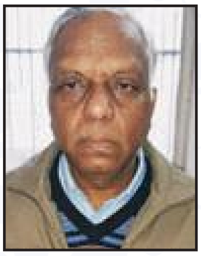
Many ideas grow better when transplanted into another mind than the one where they sprang up. William Arthur said "Opportunities are like sunrises,if you wait too long, you can miss them." Persistence can change failure into extraordinary achievement. Every one of you is going through a challenge to crack this a very noble Professional CA course. Work hard, develop the habbits of self motivate and set your goals for the future, you just need to do dedicated working for exams. In upcoming period, we will hopefully bring some students activities as per demand of students.

Stay Safe and Stay Healthy

With Warm regards.
Sd/-
CA Shashi Pal
Editor in Chief
Secretary, ICAI Amritsar Branch

January, 2021

Secretary



CA VINOD KUMAR MUNDRA

OUR MENTORS

CA Vinod Kumar Mundra a fellow member of ICAI is a practising Chartered Accountant. Born in November 1952 he passed his matriculation examination from Punjab School Education Board in 1966 and B.Com from Khalsa College, Amritsar in 1972. After graduation, he joined his articleship in a reputed firm of Chartered Accountants at Mumbai. He passed his CA Inter & then Final examination in May 1975, both in first attempt, prior to completion of his training in October 1975. He got 22nd rank all over India in CA (Final).

In 1975, he joined his first job at OCM Amritsar and later shifted in May 1977 to Modi Rubber Ltd. as an Accounts Officer. In May 1979, he initially started his own independent practise and then joined as a partner in M/S Sehgal Khanna Mundra Mehra & Co., Chartered Accountants, Amritsar. It is since then he is actively working in the profession for the last 45 years. His son Ritesh Mundra ,following the footsteps of his father, is also a Chartered Accountant and is engaged in his own business.

CA. NAND KISHORE KHANNA

OUR MENTORS

CA. Nand Kishore Khanna a Fellow Member of ICAI and a practicing Chartered Accountant. He is a Commerce Graduate and Qualified Chartered Accountancy in the Year 1978.He got 40th Rank in CA Final Examinations. His son Nikhil Khanna, daughter-in-law Ankita Khanna, daughter Rashi Khanna & son-in-law Rajat Bhatia are also the Chartered Accountants. He started his Professional Journey as Sole Practicing Chartered Accountant in the name of M/s Khanna Varma & Co. He has diversed 42 years of post-qualification experience spreading across various sectors, Government departments and Industries including the field of Auditing, Taxation, Law, Banking and Finance.

He is an active member of BYS for last 17 years and spreading awareness of Yoga and meditation in members and society. He has consistently maintained strong Professional Ethics at work and has been an exemplary and visionary mentor for all his fellow members and articles.

Urged E-Invoicing Mechanism

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After being deferred twice in 2020, now starting from 1st January 2021, E-invoicing will bring businesses with an Annual Turnover exceeding 100crores under its radar. Banks, Airlines, Insurance Companies, Armed forces & Telecom Service providers, GTA, a regd. Person supplying passenger transportation services, a regd. Person supplying by way of admission to the exhibition of cinematographic films in multiplex, a SEZ unit are exempt from mandatory issuing of E –Invoices. It has been finalized after consultation with trade/industry as well as ICAI. It is a great step forward as it has many advantages both for business and the tax administration. Under that system E-Invoices generated by one software can be read by any other software, thereby eliminating the need of fresh data entry – which is a norm and standard expectation today.

Invoice generated by each software may look more or less same, however, they can't be understood by another computer system even though business users understand them fully. For example, an Invoice generated by SAP system cannot be read by a machine which is using 'Tally' system. Likewise there are hundreds of accounting/billing software which generate invoices but they all use their own formats to store information electronically and data on such invoices can't be understood by the GST System if reported in their respective formats. Hence a need was felt to standardize the format in which electronic data of an Invoice will be shared with others to ensure there is interoperability of the data. The adoption of standards will in no way impact the way user would see the physical invoice or electronic invoice. All these software would adopt the new e-Invoice standard wherein they would re-align their data access and retrieval in the standard format.

The e-invoice system being implemented by tax departments across the globe consists of two important parts namely:-

- ❖ Generation of invoice in a standard format so that invoice generated on one system can be read by another system.
- ❖ Reporting of e-invoice to a central system.

The basic aim behind adoption of e-invoice system by tax departments is ability to pre-populate the return and to reduce the reconciliation problems. Adoption of e-invoice by GST System is not only part of Tax reform but also a Business reform as it make the e-invoices completely inter-operable eliminating transcription and other errors.

<u>Other derived benefits of introduction of e-invoice from GST perspective:-</u>

- ❖ Complete trail of B2B invoices
- ❖ System level matching of input credit and output tax
- ❖ One time reporting on B2B invoice data in the form it is generated to reduce reporting in multiple formats
- ❖ Substantial reduction in input credit verification issues as same data will get reported to tax department as well to buyer in his inward supply (purchase) register
- ❖ Elimination of fake invoices

Work-flow:- The flow of the e-invoice generation, registration and receipt of confirmation can be logically divided into two major parts.

a) The first part being the interaction between the business (supplier in case of invoice) and the Invoice Registration Portal (IRP).

b) The second part is the interaction between the IRP and the GST/E-Way Bill Systems and the Buyer.

E-invoices must be issued to IRP (Invoice Registration Portal) in JSON format. Once the e-document is submitted, the IRP carries out the validation of the e-invoice. Validation is based on completion of data in all mandatory fields, validity of GSTIN of both buyer and supplier, validity of Invoice number and financial year. If IRP response is positive, the invoice is digitally signed and assigned a unique number. Also to confirm the authenticity of e-invoice, a QR code is also generated in order for the supplier and buyer. The IRP will also send the signed e-invoice to the recipient of the document on the email provided in the e-invoice. In case of a negative response, an error message displayed stating the reason for the rejection.

Part I: Flow from Supplier (commonly known as seller) to IRP.

- Generation of the invoice by the seller in his own accounting or billing system. The invoice must conform to the e-invoice schema (standards) that is published and have the mandatory parameters. The seller's software should be capable to generate a JSON of the final invoice that is ready to be uploaded to the IRP. The IRP will only take JSON of the e-invoice.
- Generate the unique Invoice Reference Number (IRN).The 3 parameters which will be used to generate IRN (hash) are Supplier GSTIN, Supplier's invoice number and, financial year (YYYY-YY).
- Upload the JSON of the e-invoice (along with the hash, if generated) into the IRP by the seller. The JSON may be uploaded directly on the IRP or through third party provided Apps.
- The IRP will also generate the hash and validate the hash of the uploaded json, if uploaded by the supplier. The IRP will check the hash from the Central Registry of GST System to ensure that the same invoice from the same supplier pertaining to same Fin Year is not being uploaded again. On receipt of confirmation from Central Registry, IRP will add its signature on the Invoice Data as well as a QR code to the JSON. The QR code will contain GSTIN of seller and buyer, Invoice number, invoice date, number of line items, HSN of major commodity contained in the invoice as per value, hash etc. The hash computed by IRP will become the IRN (Invoice Reference Number) of the e-invoice. This shall be unique to each invoice and hence be the unique identity for each invoice for the entire financial year in the entire GST System for a taxpayer. [GST Systems will create a central registry where hash sent by all IRPs will be kept to ensure uniqueness of the same].
- It involve sharing the uploaded data with GST and e-way bill system. More details are given in Part-B below.
- It involve returning the digitally signed JSON with IRN back to the seller along with a QR code. The registered invoice will also be sent to the seller and buyer on their mail ids as provided in the invoice.

Part II: Flow from IRP to GST System/E-Way Bill System & Buyer

- It shows how e-Invoice data would be consumed by GST System for generation of e-way bill or populating relevant parts GST Returns, stated above.
- It will be to share the signed e-invoice data along with IRN to the GST System as well as to E-Way Bill System.
- The GST System will update the ANX-1 of the seller and ANX-2 of the buyer, which in turn will determine liability and ITC.
- E-Way bill system will create Part-A of e-way bill using this data to which only vehicle number will have to be attached in Part-B of the e-way bill.

The e-invoice shall not be accepted in the GST System unless all the mandatory items are present.

Significant points on E-invoice System

- E-invoicing applies only to B2B invoices and not B2C invoices. Thus B2B invoices requires both e-way bills and e-invoices, whereas B2C invoices only require e-way bills to be generated (wherever applicable).
- There will be no separate invoice formats required for Traders, Medical Shops, Professionals and Contractors, same e-invoice schema will be used by all kinds of businesses. The schema has mandatory and non-mandatory fields. Mandatory field has to be filled by all taxpayers. Non-mandatory field is for the business to choose. The mandatory fields are those that MUST be there for an invoice to be valid under e-Invoice Standard. The optional ones are those that may be needed for the specific business needs of the seller/business. These have been incorporated in the schema based on current business practices in India.
- Exports would also require e-invoice compliance. The e-invoice schema also caters to the export invoices as well.
- The maximum Number of line items supported by e-invoice is 100.
- Businesses not be required to generate e-invoices on the GST portal or the e-invoice portal or the IRN portal. They will continue to generate e-invoices on their internal systems- whether ERP or their accounting / billing systems or any other application.

The e-invoicing mechanism only specifies the invoice schema and standard so as to be inter -operable amongst all accounting/billing software and all businesses.

- The e-invoice have columns to show invoice currency, the seller can display the currency. Default will be INR.
- Time limit for e-invoice uploading for registration will be notified by the Government. Without registration of e-invoice the same will not be valid.
- It will not be possible to add transporter details, the transporter details must be entered in the E-Way bill system only.
- The serial number of invoice will be unique for a GSTIN for a Fin Year.
- Supplier has to keep the IRN against each of its invoice. It will be advisable to keep the same in the ERP as invoice without IRN will not be a legal document.
- E-invoice generated is also not required to be signed again by the taxpayer as the e-invoice will be digitally signed by the IRP after it has been validated.
- The e-invoice has a provision for capturing discount at line item level.
- The QR code will be provided to the seller once he uploads the invoice into the Invoice Registration system and the same is registered there. Seller can at his option may print the same on Invoice.
- You will we be able to provide the address and bill-to party and PAN details in the e-invoice as placeholders are provided for the same in the schema.
- There is a mechanism and placeholders to provide discounting on item level as well as total discounts on the invoice value.
- There is an option for linking multiple invoices in case of debit note/ credit note.
- E-invoice system has a reverse charge mechanism reporting as well.
- It will be possible to allow invoices that are registered on invoice registration system/portal to be downloaded and/or saved on handheld devices. IRP System after registering the invoice, will share back

digitally signed e-invoice for record of supplier. It will also be sent to the email address of recipient provided in the e-invoice.

- Seller cannot place their LOGO in the e-Invoice Template as there will not be a place holder provided in the e-invoice schema for the company logo. This is for the software company to provide in the billing/accounting software so that it can be printed on his invoice using his printer. However, the Logo will not be sent to IRP. In other words, it will not be part of JSON file to be uploaded on the IRP.

- It will it be possible to print the e-invoice for both the seller as well as the buyer, using the QR code as well as signed e-invoice returned by the Invoice Registration Portal (IRP).

- E-invoices generated through GST system can't be partially cancelled. It has to be fully cancelled. The e-invoice mechanism enables invoices to be cancelled. This will have to be reported to IRN within 24 hours. Any cancellation after 24hrs could not be possible on IRN, however one can manually cancel the same on GST portal before filing the returns.

- Amendments to the e-invoice are allowed on GST portal as per provisions of GST law. All amendments to the e-invoice will be done on GST portal only.

Latest Update (29^{th} Nov 2020)

The maximum amount of fraud happens in B2C invoices as no ITC is involved. As of now e-invoicing is not applicable on B2C transactions. However, the law requires certain entities to whom e-invoicing applicable having turnover exceeding 500 crores to generate and print dynamic QR code for B2C invoices as well. This requirement has come into force from 1st December 2020, but CBIC issues a notification seeking to waive the penalty imposed on non-compliance of the dynamic QR code provisions between 1st Dec 2020 and 31st Mar 2021, provided the eligible person complies with these provisions from 1st April 2021.

Concept of Tax Information Exchange Agreement in India with Tax Havens and Secrecy Jurisdictions.

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There is a great and importance of Tax Information Exchange Agreement in India because as per section 90(1) of Income Tax Act, 1961, Government of India i.e. Central Government can enter into Double Taxation Avoidance Agreement with other countries so as to avoid double taxation of income in both the countries. The basic concept behind DTAA is to ensure that there should not be undue hardship in the hands of tax payers i.e. income earned in one country should not be taxed twice because of source and residence criteria in both countries and most importantly DTAA contains article usually article no. 26 which deals with Exchange of Tax Information which provides for various tax and financial information about the resident persons who have invested or have any significance financial presence in that territory to the other territory.

But what about other countries where there is no provision of income tax for taxing the income i.e. Tax haven Countries and Secrecy Jurisdictions.

Yes, there are many countries and territories which exist in the world where there is no provision of taxation like Bermuda, Bahamas, British Virgin Islands, Cayman Islands, and Argentina etc. In such cases DTAA are of no use as there is no double taxation as income will be taxable only in one country or territory. Also if there is no DTAA, there would be no exchange of Tax Information between the countries which results in tax evasion as person resident in one country can easily park their unaccounted money and wealth in other countries with which India has no DTAA, thereby leading to no exchange of Tax Information. Therefore the concept of TIEA's emerged so that India can easily have an access to sensitive information about their resident persons in other countries.

India has taken proactive steps to combat the menace of illicit funds generated both as a result of tax evasion and corruption. Firstly, the government of India increased the cooperation with other countries by entering into tax treaties i.e. DTAA's and Tax Information Exchange Agreements and secondly laying down anti avoidance regime like section 94A in jurisdictions where there is a lack of effective exchange of information.

Accordingly, India has entered into TIEA's with certain countries like Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Jersey etc. The move is in line with the decision taken in G-20, which took up the issue of Tax Havens and Tax Evasions. In this way concept of TIEA's introduced in India. TIEA's proved to be a boon for Indian Tax Administration by providing sensitive financial information about the residents of India who has accumulated wealth outside India in these countries.

Happy Reading
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Wealth Creation, Maintenance & Growth

MUSKAN MINDA
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WHAT IS WEALTH CREATION

Wealth creation means anything which could be maintained, owned and controlled, and have monitory value or have the potential to create the monitory value. Assets and resources could be tangible like a house, car, furniture, machinery etc. or any intangible like copyrights, goodwill, patents, trademarks etc. For an organization, the building, machinery, the land, inventory etc. are the wealth formation and creation strategies. But the employees are not assets, though they possess the potential to create monitory value. Employees are not assets because the company don't have ownership of them or have sufficient control over them. They are called as resources of a company.

Wealth Creation Strategies and Ideas:

How to build wealth? This is one of the major questions where people are searching for the answer. Here we will define various ways of wealth creation tips as well as wealth creation strategies which will help you manage your personal finance and do retirement planning. Wealth creation and accumulation is the dream of every individual. Here are a few ideas for wealth creation:

1. Starting a Business:

These days, there is an entrepreneurship boom in India. Everybody seems to begin or wants to begin, at least, his own business. Business and Commerce could be a very good asset if it is executed well. For return on investment, the sky is the limit. It is a very sensitive thing to deal with since risks are very high and it requires heavy involvement of business owner but it proves to break even and generate profit eventually.

2. Real Estate Assets:

One of the finest wealth creation idea for any individual is assets in terms of real estate properties. Why so? Since real estate properties are the most valued and appreciating assets which people generally possess. Investing in real estate could be one of the best way to create assets and accumulate wealth. In the last fifty years, the prices of real estate properties have tremendously grown which had never happened before it.

3. Deposits and Investments:

Investments and Deposits are those assets which make money grow without much involvement of owning it. Most life insurance covered products are designed in such a way that the person buying it could accumulate the money to the maximum. For some plans, wealth accumulation is the prime focus. The deposits also help in increasing the money. Typical examples of such assets are - recurring deposits, fixed deposit. Debentures, Demat, bonds, PPF, and mutual funds. Gold and commodities.

4. Loan as an Asset:

In the first instance, loan seems to be a liability, but it could be classified into an asset. There is a huge possibility that by using loan money, an individual can develop a system from which he can earn more than the loan repayment. For example – starting a profitable business using loan money and buying a real estate property which can give higher returns than the loan repayment. The loan could become assets when an individual is taking a loan as well as an individual is giving a loan. It is an asset for the giver as he'll earn interest income out of it.

5. Trademarks, Patents, Copyrights:

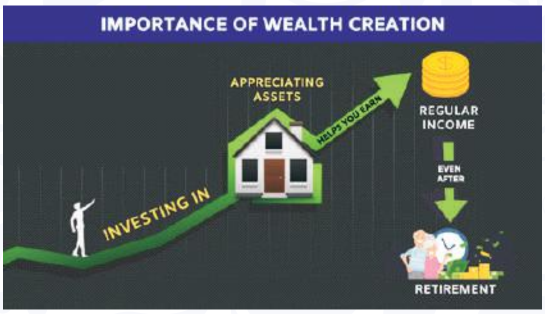
The renowned pharmaceutical company Pfizer has traded its patent product on values three times more than the competition. This occurred because that company has got patent for its products and creations because of which no other corporation could claim that name. Hence, the products of that company are seen as a brand product or original product while products from companies in competition are taken as fake products. This is the power and authority of wealth accumulation and creation like patent, trademarks and copyrights.

HOW TO CALCULATE WEALTH?

Wealth is said to be generated by any financial decision if the present value of future cash flows relevant to that decision is greater than the costs incurred to undertake that activity. Increase in wealth is equal to the present value of all future cash flows less the cost/investment. In essence, it is the net present value (NPV) of a financial decision. Increase in Wealth = Present Value of cash inflows – Cost. Where,

$$\text{Present Value of Cash Inflows} = \frac{CF_1}{(1+K)^1} + \frac{CF_2}{(1+K)^2} + \ldots\ldots\ldots + \frac{CF_n}{(1+K)^n}$$

WHY IS IT IMPORTANT?



Wealth creation is a procedure of investing in multiple asset classes and categories that eventually help in meeting one's maintenance needs. Hence, wealth creation as an investment strategy plays a substantial role.

No one knows what the future expects for them. Hence, it is better to start scheduling for the future from today. Starting savings and investments early will help in the creation of wealth in the long term. Short term reserves will not always amount to the creation of wealth.

Each one of us will reach a point where we are unable to work any longer or earn an income. Planning for a secure livelihood in the future is what wealth creation is all about.

Everyone likes to enjoy a relaxed retirement in a peaceful home in the countryside or a beautiful beach house. Everyone wants financial independence at a young age? But not many can afford it? What if there is a possibility to retire just the way we dreamt of?

The key to all these queries is investing primarily to create wealth.

REASONS WHY WEALTH CREATION IS SIGNIFICANT:

1. Regular income

Investments and savings in assets will help in generating alternate sources of income i.e, creation of wealth. Therefore, during retirement, these investments will be an additional source of income that will help one in retiring peacefully and have financial independence. Also, in a situation of health crisis or emergencies, such investments will help in addressing the contingencies.

2. Retirement planning

The benefits of investments are realized to a greater extent during the post-retirement years. Having a separate retirement deposit will help depositors in living a stress-free and healthy retirement. Retirement is the period where one's savings or investments do the work for them. To generate one such fund, it is vital to start early and invest in a regular manner.

2. Goal-based investing

Goal-based investing is the best way to measure one's financial success. To do so, one should list down all the goals along with timelines and start investing towards them. Beginning small and early will aid in wealth creation. Having a separate investment fund for each goal will help in achieving them sooner. Therefore, aligning investments to financial goals will help individuals to create wealth.

WEALTH MAINTENANCE -

The monetary capital maintenance concept is echoed in conventional or historic cost accounting. Monetary capital maintenance concept assumes a stagnant unit of measurement to determine the income by comparing the end-of-the-year capital with the beginning capital. Changes in the price levels during the period is not recognised.

The Goals of Shareholder Wealth Maximization

Who owns a corporation? Shareholders do. These are the businesses, individuals and institutions that have an ownership interest in a company after acquiring shares of that company's stock. Even if your business entity is a one-party concern, you are the shareholder based on your invested interest in your business. As shareholders own the firm, they are owners of the profits of the firm.

Shareholder capital and wealth is the apt goal of a business firm in an industrial society, whereby there is the private possession of goods and services by individuals. Those i ndividuals own the means of production by the business to make money. The profits from the businesses in the economy accrue to the individuals.

Shareholder Wealth Maximization 101:

When business administrators try to capitalize on the wealth of their firm, they are trying to escalate the company's stock price. As the stock price rises, the value of the firm rises, as well as the shareholders' wealth.

Grow Your Wealth in 2021:

Figuring out how to capitalize on money can be a real challenge. There's certainly no shortage of data on investing available in the digital age. However, too much information can be over whelming. Right? That's why we made a guide to help you get a solid grasp of investing. We structured the information in a way that is comprehensive yet not overly complicated.

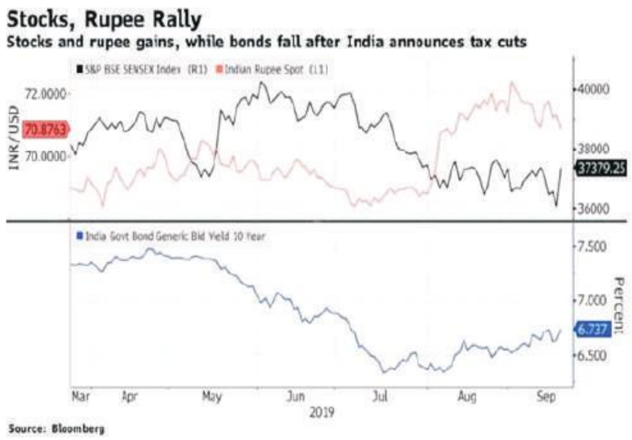
1. The Stock Market

The most common and perhaps most valuable place for a financier to put their money is into the stock market.

When one purchases a stock, then one will own a small portion of the company it has bought into.

When that company profits, the one whose shares had been bought, they may then pay you a portion of those profits in the form of dividends based on the number of shares of stock you own.

As the value of the company develops over time, so do the worth of the shares one owns, meaning that one can sell them at a later date for a profit.



2. Investment Bonds

When one acquires a bond, one is essentially loaning money to either a business or the government (for Indian investors, this is typically the Indian government, though one can buy foreign bonds as well).

The government or the company which is selling you the bond will then pay you interest income on the "loan" for the bond's lifecycle.

Bonds are considered 'less risky' than equity stocks, however, their potential for returns is also much lower as well.

3. Mutual Funds

Rather than purchasing a single stock, mutual funds enable you to purchase a pool of stocks in one acquisition. The stocks in a mutual fund are handpicked and managed by a mutual fund manager or an agent.

These mutual fund managers or agents charge a percentage based fee as one invests in mutual funds on the value of assets being managed by them.

Most of the time, such management fee makes it difficult for investors to beat the market when they invest in mutual funds. Most mutual fund investors don't beat the stock market.

4. Savings Accounts

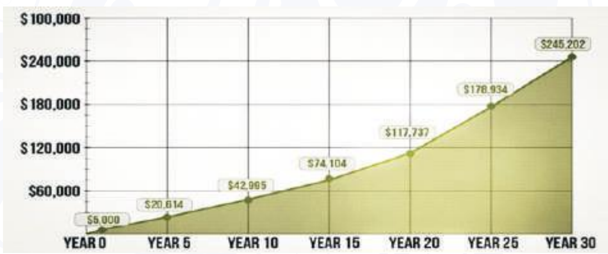
By far, the minimum risky way to invest your money is to put it in a savings account and allow it to collect interest income. However, low risk means low returns. The risk of putting your money into a savings account is negligible, and there are little to no returns.

Still, savings accounts in today's time also play a huge role in investing as they allow you to stockpile a risk-free sum of money that you can use to purchase other investments or use in times of emergencies so you don't touch your other investments

5. Physical Commodities

Physical commodities are such reserves that you physically own, like gold or silver commodity. These act as a safeguard against tough economic times.

Say you start investing when you're 16... As impractical as it may sound to start financing and investing that young, say you got a small bequest and you decided to capitalize it—if you put Five thousand Dollars in an account with an interest rate of 7% and contribute an extra Two Hundred Dollar a month, after thirty years you'll have a little over $284,000.



GOVERNMENT INITIATIVES

There might be some deficiency in the revenue collection by the government due to the cut in the corporate tax rate, pandemic, the slowdown of the economy

- Now to fulfil the deficiency the government either has to increase its revenue or decrease its expense. There are generally 2 ways to do this, either increase the tax or it will try to attack black money but, the money collected from such processes will not be able to compensate for the deficiency. So what the government might do, that it will adopt the step of introducing helicopter money (it's a technical term for printing notes). These are the various ways by which the government can increase their income but it will also focus on decreasing its expenses, but technically such decrease in government expenditure is not possible because this has a direct effect on the GDP and the whole purpose of increasing the GDP will go in vain.
- Now what government can do is disinvestment i.e. it can sell its own company – Air India, BSNL, etc. which are a kind of white elephants, but then selling is also not that easy due to various disagreement among the employee and because of the risk of the employee. So maybe this can be one of the biggest ways the government could cover up the money and help in the process of wealth generation, maintenance and growth.

CONCLUSION :

Creating, generating assets, accumulating and investing wealth is not that difficult in today's scenario. Indian Government has taken many initiatives like "Make in India", **"Startup India"**, and "Skill India" which help a common man of India to move forward in a big way and can help in wealth creation and accumulation for self and the nation. Creating wealth and accumulate it for your future protection. Hence, wealth creation is the process whereby an individual invests in various asset classes to fulfil its investment needs. Then such wealth is maintained and maximized and the aim of growing such investments is undertaken. Wealth creation is easy when done right. Discipline to investing is the key to create wealth. Early investment will help in multiplying returns by taking advantage of the rule of compounding. When wealth creation is aligned along with financial or life goals, it helps investors to stay driven and motivated.

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