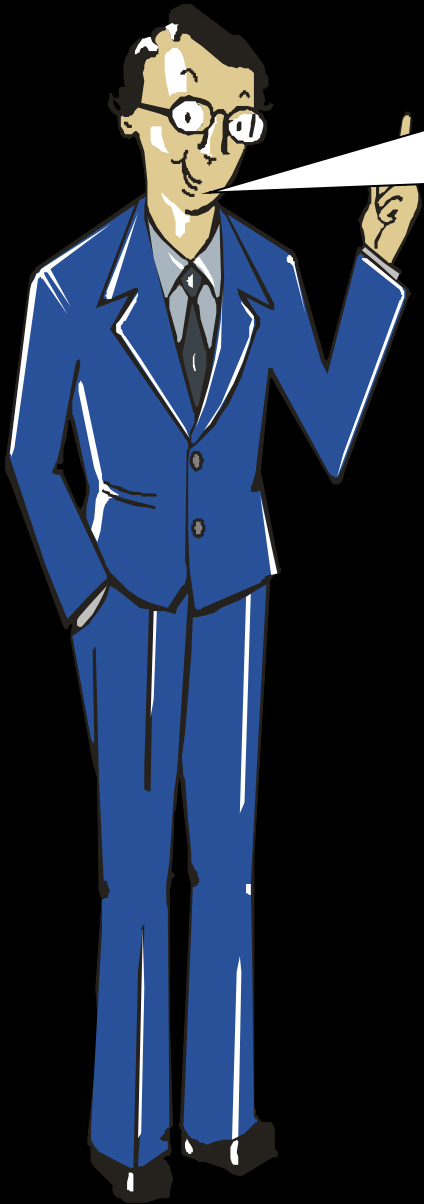


Understanding how “Investments”
help the economy



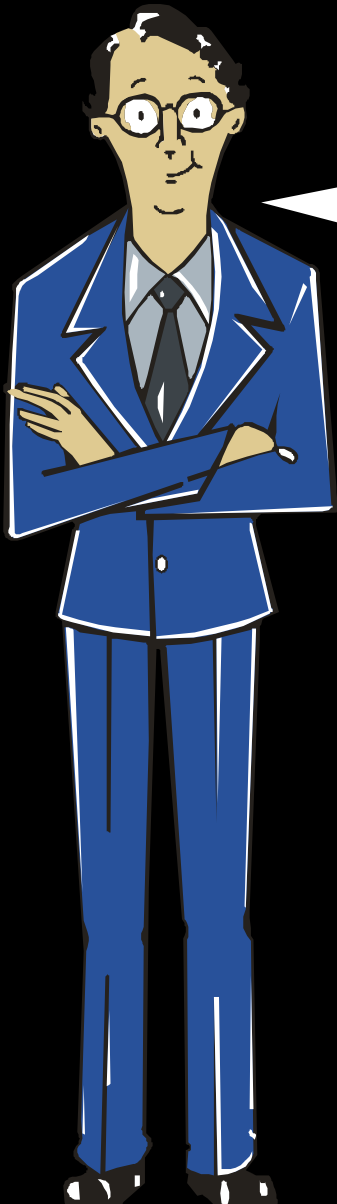
Most of us work for a living. But what do we do to the income that we earn? Many of us simply keep the money in the form of cash



Did you know that just by keeping
money as cash at home we are not
helping our economy?

Sounds confusing????

Let me throw some light on this

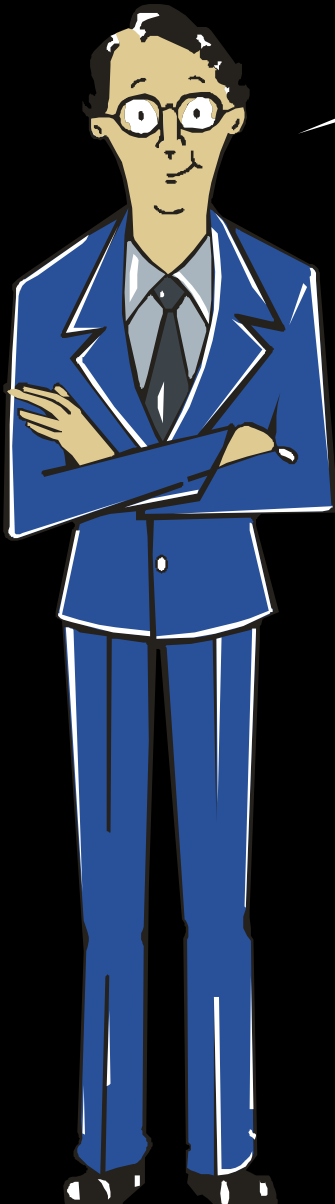


Let's say there is a community of people living in a particular area. Let's also assume that these people have their houses around a huge piece of barren land. So in a sense their houses run around the periphery of the barren land



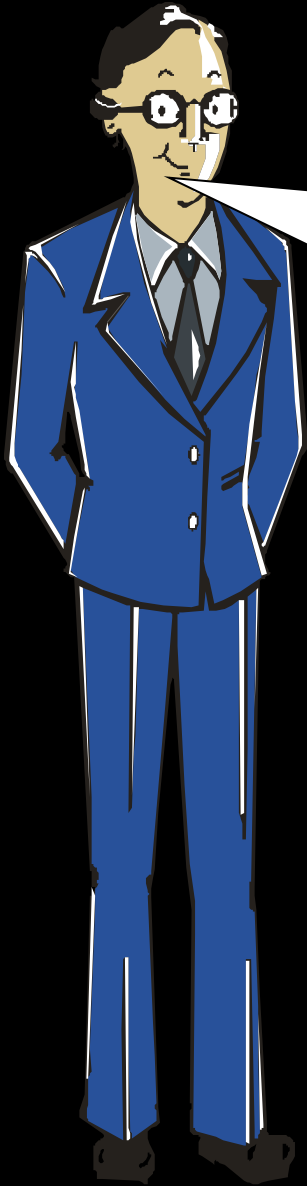
Now

- Most of these people love their homes.
- They all have flower pots in their homes which they water without fail
- They also love to keep their floors clean and wash it daily.

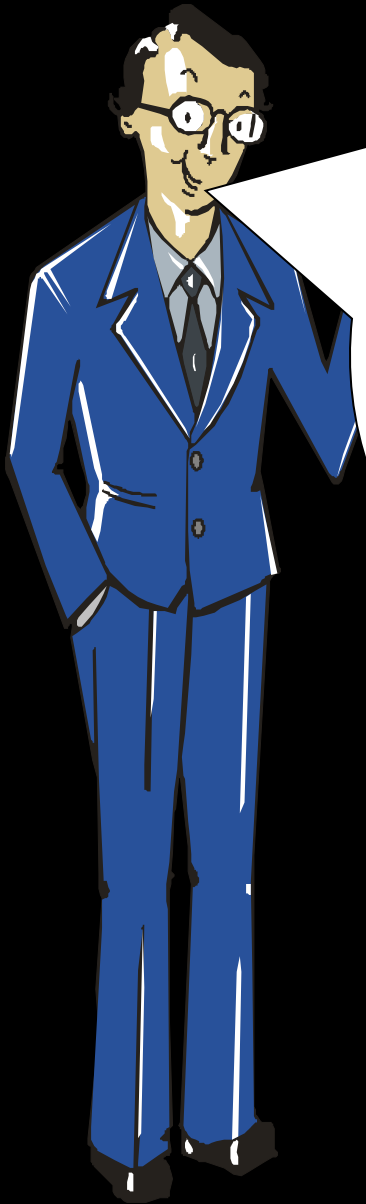


But

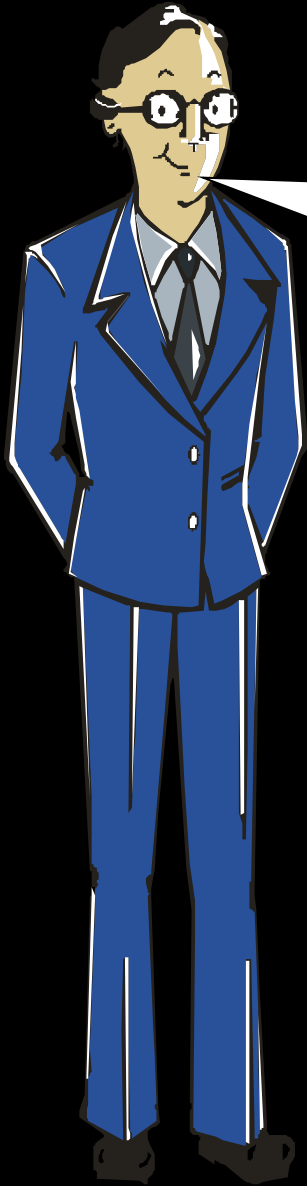
- They never bother to walk out of their homes and water the barren land nearby
- So the field continues to be barren and of no use to anyone



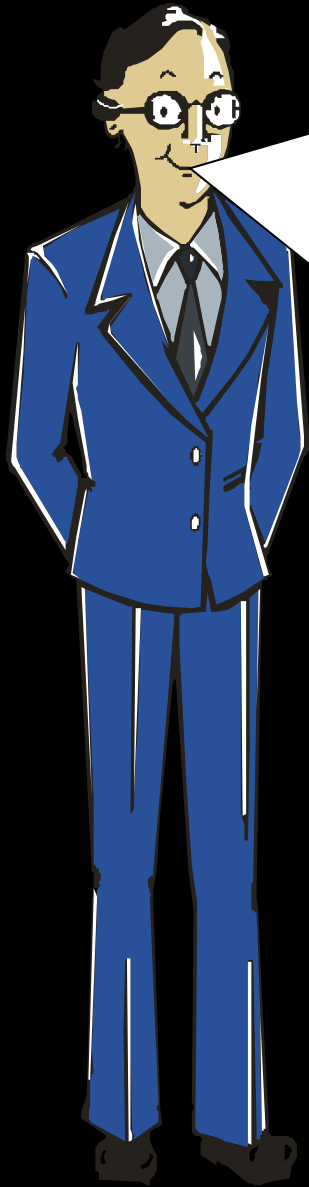
Then one day a wise man comes to town. The people of the town look towards him for solutions to their day to day problems. He tells them “Just water the barren land daily”. Most people are amused with this strange recommendation. How would watering the barren land help them



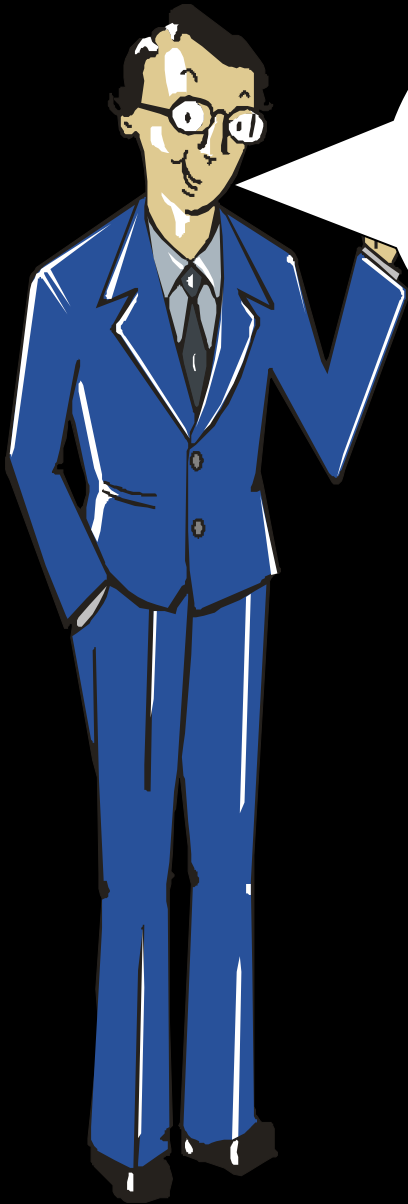
Nevertheless from the very next day the people make it a point to water the barren land. They do this on a daily basis. Slowly as time goes by, the people see plants grow on the barren land. Over time these plants grow and become trees. They bear fruits and vegetables in very large quantities. The people not only consume the fruits and vegetables but also sell the produce in the market and earn out of it.



The wise man revisits them. He finds out that all the residents are extremely happy. They tell him that not only are they enjoying the fruits from the garden but are also earning from the same.



The wise man tells them that the field at the center of their houses was like the economy of the country and the water that was provided was like the money in our pockets. Just as the regular watering of the barren land converted it into a garden full of fruits and vegetables in the same manner regular investments in the economy provides the money needed by the economy for creating wealth.



Thus the wise man successfully convinces the residents that they should not save money as cash or near cash but instead invest the same in stocks, mutual funds, bonds etc for the sake of creating wealth for themselves as well as the nation.

Hope this story has clarified the role of
investments in nation building

Please give us your feedback at
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