

Inflation & Compounding — In Plain Language

Two forces quietly shape every rupee you save: one shrinks it, one grows it. Understand both and you'll know exactly where to keep your money.

महंगाई पैसा घटाती है, चक्रवृद्धि ब्याज पैसा बढ़ाता है — दोनों को समझें

1 THE TWO FORCES, EXPLAINED SIMPLY

Inflation shrinks what your money buys

Prices rise every year, so the same ₹100 buys a little less next year. This isn't your money disappearing — it's losing power quietly, especially cash kept idle.

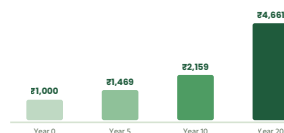
₹100 today buys: 

Same ₹100, after 5 yrs of 6% inflation: 

≈ ₹75 worth of buying power left — a quiet 25% loss.

Compounding grows your money on its own

When savings earn interest, and that interest earns more interest, growth speeds up every year — like a snowball rolling downhill. The longer you leave it, the faster the last few years grow.

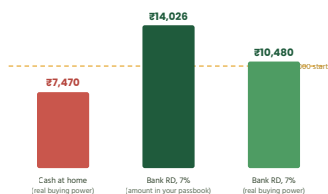


A single ₹1,000 at 8% interest, left untouched, grows nearly 5× in 20 years.

2 SAME ₹10,000, FIVE YEARS LATER — CASH VS. BANK

Where would you rather keep it?

₹10,000 today, kept 5 years, with inflation running at 6% a year



Cash quietly loses value. A bank return above the inflation rate is the only way savings actually grow in real terms.

₹1,000 growing at 8% a year

The power of leaving it untouched

YEAR	VALUE	GAIN SO FAR
Start	₹1,000	—
Year 1	₹1,080	+₹80
Year 3	₹1,260	+₹260
Year 5	₹1,469	+₹469
Year 10	₹2,159	+₹1,159
Year 20	₹4,661	+₹3,661

3 THREE LESSONS TO REMEMBER

01

Start early, not big

₹500/month started at 25 beats ₹1,000/month started at 35. Time does more work than the amount.

02

Idle cash is losing value

Money sitting at home isn't "safe" from inflation — it's guaranteed to buy less each year it sits still.

03

Chase returns above inflation

A scheme paying less than the inflation rate is shrinking your money slower — not growing it. Compare rates before you park savings.