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Neoteric Avenues of Investment

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Abstract: This study focuses on the financial lives of those who understand investments and how they differ from speculation and gambling. Investing can help boost overall economic growth and prosperity by raising individual wealth. It benefits not just the individual but also the business, the economy, the corporate sector, and society as a whole. With more income but less risk, the investment's motto "prevention is better than treatment" is anticipated. This study examines the availability of new investment opportunities in the Indian economy. The younger generation is experimenting with these opportunities and taking more risks because they want to earn a higher return on their investments. These new investment opportunities include crypto currencies and real estate investment trusts (REITs), gold exchange-traded fund, non-fungible tokens, infrastructure investment trust and ESG portfolio. The government also aims to improve these types of investments to make them more appealing to foreign investors.

Keywords: investment, speculation, gambling, new avenues, return, risk.

Introduction: People and money have always been intertwined. If there isn't enough money, there will always be a problem; if there is, it will turn into savings. However, having too much money does not harm anyone. Everyone desires money since it allows us to meet our needs. But rather than merely saving it, we should invest it and put it somewhere else so that it grows and we can make returns.

Therefore, now that we know how crucial it is to invest money, the question of where to do so arises. There are various venues available nowadays where we can invest; this article is reviewing what investment is and how and where we can invest?

***Meaning of investment*:** Investment is the activity in which people place money in order to increase their income and capital. It is a process in which present consumption is forgone in order to increase return in the future. The three dimensions of investment are as follows: 1. today's offering (fund) 2. Waiting period 3. Potential profit.

Value added in exchange for longer waiting and financial sacrifice. Long-term investments that require sacrificed funds yield greater future returns. Economists and financial experts have defined investment. An investment is a financial item that is purchased with the expectation that it will increase income or be sold at a profit at a later date.

In financial term, an investment is **a financial asset bought with the idea that the asset will provide income further or will later be sold at a higher cost price for a profit.[1]** According to financial view financial asset must be bought for future income, income in the form of interest, dividends, rent, premiums, pension benefits or the appreciation of the value of their principal capital. To the financial investor it is not important to invest for productive use but it must be sold at higher rate for profit. Most investment is considered to be transfers of financial assets from one person to another. In economist term, an investment is **the purchase of goods that are not consumed today but are used in the future to generate wealth.** Which consist of goods and services that are used in the production of other goods and services. To the economist good purchased for productive use and its use for new construction, new product, and new equipment. Human capital and raw materials are employed in investment according to economist. The financial and economist meaning of investment are related to each other as they both forced in invest today n gain in future, and in both activity saving of individuals which flows into the capital market and institution. But in this article we study investment in the view point of finance.

*Definition of investment*_[2]

- According to fischer and Jordan – "An investment is a commitment of funds made in the expectation of some positive rate of return. If the investment is properly undertaken the return will be commensurate with the risk the investor assumes."
- According to F. Amling- "Purchases of financial assets that produces a yield that is proportional to the risk assumed over some future investment period".

Investment v/s speculation – according to definition and meaning we find that investment activity is very vast and it include all the activity of buying and selling of securities in financial sense but it is not similar to speculation to explain the difference between investment and speculation first explain meaning of speculation.

Speculation –In the world of finance, speculation refers to the act of conducting a financial transaction that has substantial risk of losing value but also holds the expectation of a significant gain or other major value. With speculation, the risk of loss is more than offset by the possibility of a substantial gain or other recompense.[3]

Let's explain some difference between investment and speculation-

1. Return
2. Risk
3. Relationship of risk and return
4. Time factor

1. Return –In investment return mean reward of money these reward are also called yield. In Investment investor invest because of achieving capital gain and long term profit. Whereas speculator wants profit through price change. The motive behind investment is to achievement of regular return with capital gain. If security has been bought after proper analysis, investigation and review of market for stable return over period of time, it is termed as investment. Whereas buying securities when they are available at low price and selling them at high price it is termed as speculation. Fundamental analysis is done in investment and technical analysis is for speculation. **[4]**
2. Risk – In investment management risk refer as possibility of incurring loos in financial transaction. Risk means either loos of profit or lower return than expected. The degree of risk varies according to selection of securities some are risky security and some are non-risky securities. In investment investor search those type of security those are generate lower risk with higher return but as I know there are positive relation between risk and return and investor find these type of security by proper analysis. The risk in case of investment is thus considered to be low and in case of speculation risk to be high because they select securities as low price and sell them in high price. Risk is present in both but with different degree. No investment completely free from risk even in non- risky securities there are some risk which cannot minimize these are parching power risk, interest rate risk and inflation risk . systematic risk can't be eliminate it is present in investment and speculation both only high and low risk are there for general indicator to help in understanding the difference between the term investment and speculation.[4]
3. Relationship of risk and return – In investment process we can't eliminate risk and return we can't ignore risk by achieving return. The relationship between risk and return are positive in sense of investment means higher the risk and higher the return but in case of speculation risk may be higher as compare to return and in investment return may be higher than risk. it's all depend on securities which are selected and time duration.[5]
4. Time factor – time factor play an important role in investment and speculation if a person expects fast return the it is a speculating and if a person except return in long term then it termed as investment. Time is divided in to 3 period long term, medium term and short term. Generally Speculator invests in short term and investor invests in long term. This is because speculator seeks opportunities promising very large return, and quick return. In this process he assumes risk in proportionate to disserted return. An investor is normally found to evaluate the worth of a security whereas the speculator is found to be watching market fluctuation in the price of assets he purchased.**[5]**

Investment v/s Gambling.

Gambling – gambling is the act or activity of betting money for fun and thrill. It is an activity which involves more risk toearn more earning activity like horse race, casino, and lotteries.

Investment – investment aims to generate profits that will either be reinvestment or provide financial securities infuture.[6]
Here are some points which explain the difference **[7]**

Definition-

Investment is an activity of financial market which include buying and selling of financial instruments forearning capital gain.

Gambling is an activity of fun and thrill for achieve more money.

Objective – Objective of investment is to accomplish capital gain, long term profit, stability and safety of return.Objective of gambling is for fun, excitement or trill.

Nature – Scientific and market research is required for investment it is a planned activity.Gambling is unplanned act.

Risk – Investment is a less risky activity then gamblingGambling is more risky then investment

Analysis – Fundamental analysis is a base for investmentThere will be no analysis for gambling

Period – Investment is a long term activityGambling is a quick activity

Return – Interests, dividend, with low return for investment suddenly return quick return

After analyzing investment, speculation and gambling it is important to know where to invest and what are the avenuesavailable in the market so that we can invest our savings and so here are some instruments in which we can invest.

Direct investment – individual makes their own choice and take their own investment decisions. It can be further dividedinto 3 parts..

1. ***Fixed principal investment***- principal and maturity amount are known with certainty; example are cash ,saving bank account, saving certificate, government bond , corporate bond and corporate debenture
2. ***Variable principal investment*** – the maturity amounts are not known with certainty; examples are equityshares, preference shares, convertibility, and debenture and preference share.
3. ***Non-security investment***- this is not traded on a public exchange as stock and bond are.; examples are realestate, mortgages, commodities, business venture, gold, life insurance etc.

Indirect investment- the individual investors have no control over the amount invested. The investment is incorporated in the particular organization. These organizations manage the funds on behalf of investors with the help of experts. Examples of indirect investment are: - pension fund, provident fund, insurance, unit trust of India.

Investment can be divided by transferable and nontransferable securities.

Transferable financial securities- the securities which are negotiable in the capital market for example- equity share, preference share, debenture, saving certificates, government securities, and money market securities.

Non-transferable financial security – the securities which are not transferable to the other party are also called non negotiable securities for example- deposits, government saving schemes like employee provident fund ,public provident fund, national saving certificate and other government scheme.

Apart from these investments individuals also invest in mutual fund, real estate, gold, silver and financial derivatives.
This is a new era and young generation found new avenues for generating money, as there is missing some new avenues. Famous avenues are Real estate investment trusts (REITs), gold exchange-traded fund, crypto currencies, non-fungible tokens, infrastructure investment trust and ESG portfolio. Investors have to invest in these type of new avenues also to diversify their investment.[8]

Conclusion- Indians are traditionally attracted towards saving investments, most are not aware about the investment areas and many investors have fear about investment in risky securities. Therefore it is recommended for various financial institutions to adopt a broad advertising strategy in order to enable the investor to know the various investment avenues. New avenues are riskier side but new generation get attracted towards it and they want to take more risks as they want more return. New avenues enhance flow of money toward economy and generate more opportunity to attract foreign investors. Government should take appropriate steps to persuade the investors to invest in above mentioned new era avenues.

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