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INVESTEMENT PATTERN AMONG WOMEN EMPLOYEES IN SIVAGANGAI DISTRICT

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INTRODUCTION

Investment is an activity that is under taken by those who have savings can be defined as the excess of income over expenditure. However all savers need not be investors, for example an individual who sets aside some money in a box for a birth day present is a saver but cannot be considered an investors. On the other hand an individual who opens a savings bank account and deposits some money in a box does not make a saver a investors from a saver. The saver who puts aside money in a box does not expect excess return from the savings. However the saver who opens a savings bank account expects a return from the bank and hence is different as an investors. The expectation of return is hence an essential characteristic of investment.

An investor is earned or expect to earn additional monetary value from the mode of investment that could be in the form of physical or financial assets. A bank deposit is a financial assets. The purchase of gold would be physical assets. Investment activity is recognized when an assets is purchased with an intention to earn an expected fund flow or an appreciation in value.

An individual may have purchased a house a house with an expectation of price appreciation and may consider it as an investment. However investment need not necessarily represent purchase of physical assets. If a bank has advanced some money to a customer the loan can be considered as an investment of the bank. The loan instrument is expected to give back the money along with interest at a future date. The purchase of an insurance plan for its benefits and so on indicates an expectation in the future and hence may be considered as an investment.

In all the above examples it can be seen that investment involves employment of funds with the aim of achieving additional income or growth in value. The essential quality of an investment is that it involves the expectation of a reward. Hence investment involves the commitment of resources at present that thave been saved in the hope that some benefits will accrue from them in the future.

TYPES OF INVESTMENT

Investment may be classified as financial investment and Economic investment.

Financial Investment

In the financial sense, investment is the commitment of funds to derive future income in the form of interest, dividend premium, pension benefit or appreciation in the value of the initial investment. Hence, the purchase of shares, debentures. Post office savings certificates, and insurance policies are all financial assets. These activities are under taken by every one who desires a return and is willing to accept the risk from the financial instrument.

ECONOMIC INVESTMENT

Economic investment are under taken with an expectation of raising the current economy's capital stock than consists of goods and services. Capital stock is used in the production of other goods and services desired by the society. Investment in this sense implies the expectation of formation of new and productive capital in the form of new constructions, plant and machinery, investors and so on. Such investment generate physical assets and also industrial activity. These activities are under taken by corporate entities that participate in the capital market.

FINANCIAL AND ECONOMIC INVESTMENT

Financial investment and economic investments are related and dependent. The money invested in financial investment is ultimately converted into physical assets. Thus all investment result in the acquisition of some asset either financial or physical. In this sense markets (real and financial) are also closely related to each other. Hence the perfect financial market should reflect the progress pattern of the real market. Since in reality financial markets exist only as a support to the real market.

CHARATERISTICSW OF INVESTMENT

The Characteristics of economic and financial investment can be summarized as return, risk, safety and liquidity.

RETURN

All investment are characterized by the expectation of a return. In fact investment are made with the primary objective of deriving a return. The expectation of a return may be from income (Yield) as well as through capital appreciation is the difference between the sale price and the purchase price of the investment. The dividend or interest from the investment is the yield different types of investment promise different rates of return. The expectation of return from an investment depends upon the nature of investment auturity period, market demand and so on.

The purpose for which the investment is put to use influences, to a large extent, the expectation of return of the investors, investment in high growth potential sectors would certainly increase such expectation the longer the maturity period, the longer is the duration for which the investor parts with the value of the investment. Hence the investor would expect a higher return from such investment.

The market demand for funds also raises the expectation of return by the investors. The scarcity of fund supply pushes the return expectation of investors who tend to be very choosy among investment alternatives.

RISK

Risk is inherent in any investment. Risk may relate to loss of capital delay in repayment of capital, non-payment of interest or variability of returns. While some investment such as government securities and bank deposits are almost with our risk. others are more risky. The risk of an investment is determined by the investment maturity period, repayment capacity, nature of return commitment and so on.

The longer the maturity period greater is the risk. When the expected time in which the investment has to be returned is a long duration, say 10 years. Instead of five years , the uncertainty surrounding the return flow from the investment increases. The uncertainty leads to a high risk level for the investment with longer maturity rather than on an investment with shorter maturity.

The lower the payment capacity, higher is the risk. This factor is termed as the credit worthiness or value generation capacity of the investment, if the value generation capacity is lower then it increase the undertainly surrounding the recovery of future cash flows from that investment. Hence, risk is higher for such investments. Risk and the expected return of an investment are related. Theoretically the higher the risk, higher the expected return. The higher return is a compensation expected by investors for their willingness to hear the higher risk.

Safety

The safety of investment is identified with the certainly of return of capital with out loss of money or time. Safety is another feature that an investor desires from investment. Every investor expects to get back the initial capital on maturity with out loss and with out delay.

Investment safety is gauged through the population established by the borrower of funds. A highly reputed and successful corporate entity assures the investors of their initial capital. For example investment is considered safe especially when it is made in securities issued by the government of a developed nation.

Liquidity

An investment that easily saleable or marketable with out loss of money and with out loss of time. It is said to posses the characteristics of liquidity, some investment such as deposits in unknown corporate entities. Bank deposits, post office deposits, national savings certificate and so on are not marketable. There is no well established trading mechanism that helps the investors of these instruments to subsequently buy or sell them frequently from a market. Investment instruments such as preference shares and debentures are marketable. The extent of trading, however, depends on the demand and supply of such instrument in the market for the investors. Equity shares of companies listed on recognized stock exchanges are easily marketable. A well developed secondary market for securities increase the Liquidity of the instrument traded there in.

Investor tends to prefer maximization of expected return. Minimization of risk safety of funds and liquidity of investors.

IMPORTANCE OF INVESTMENT

Investment is importance because of financial independence, increases wealth, fulfilling person goals and reduces future risk.

FINANCIAL INDEPENDENCE

First and the foremost thing is an investment gives you financial freedom if we invest money from the beginning then we need not to worry about the future financial.

INCREASES WEALTH

Besides making you financially independent, investment makes you rich also as you invest more and more money for a long time, it will definitely make you either in the present generation, it is of almost importance to be rich as it gives more benefit in each and every aspect of your life.

FULFILLING PERSONAL GOALS

If you have a desire for having a luxurious apartment and a luxurious car of your own. Then it is above us that these desires may be fulfilled by a planned investment

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