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Various Investment Avenues In India

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Abstract

Today's period Savings and investments is very essential for secured financial future. This bare truth needs to be understood and analysed. Savings and Investment are considered as two very important concepts that measure the financial condition country. Investment is an type of activity that is engaged in by the people who have to do savings i.e. investments are made from their savings, or in other words it is the people invest their savings. A variety of different investment options are available that are Bank, Gold, Real estate, post services, mutual funds & so on much more. Investors are always investing their money with the different types of purpose and objectives such as profit, security, appreciation, Income stability. Investors invest their savings to enhance their future consumption possibilities by increasing their wealth. Investment decision requires proper financial planning. Various investment avenues are available in market with their distinct features. According to requirement of investors they invest some fund in financial instrument some in nonfinancial instrument. The study aimed to focus on various investment avenues available in India and comparatively study of them. At the time of investment investor considered liquidity, time, rate of return, risk, security etc.

Keyword – Investment, Investment option, Investment avenues.

Inroduction

In our country Investment environment contains the market which provides various investment vehicles to investors and places for transaction with these investment vehicles. Every investment vehicle differs with each other on the basis of risk and return. The choice of investment option depends on our goal, budget, risk tolerance capacity, etc. Thus, investment decision is a part of our economic life. Every people choose various option as there intrest, knowledge, affordable, risk, affordable etc. Everybody contract such decisions in different context at different time. Somebody earn more profit and some lose their money through investment but everybody invests for his future interests in the form of time, money and so on.

Research Methodolgy

For this research paper Secondary data collection method use for data collection. Various book of Investment , News Paper , information from web sites are use for data collection.

Investment Concept

Generally investment means an asset acquired or invested in to build wealth and save money from the hard earned income or appreciation. Investment meaning is primarily to obtain an additional source of income or gain profit from the investment over a specific period of time.

Difference Between Investment & Savings

Point of Difference	Investment	Saving
Meaning	Putting in financial products or assets with an expectation to earn profits in future.	Money is set aside after meeting all the expenses. Sacrifice the consumption amount.
Risk	High Risk	Low Risk
Goal	Wealth creation and capital appreciation.	For Future security.
Liquidity	Low liquidity in comparison to a savings fund.	Highly liquid, equivalent to holding cash.
Time	Long term, five years or more	Short term.
Products	Stocks, Bonds, Mutual Funds, Gold, Real Estate, etc.	Savings Account, Fix Diposits, Money Market Instruments

Some Investment Avenues

Our country many investment avenues available. Brief descriptions of the investment avenues are given below: Investment avenues can be classified into four groups.

1) Marketable Investments

2) Non-marketable Investments

3) Physical Assets.

4) Mutual Funds

1) Marketable investments

Marketable investments include equity shares, preference shares, convertible debentures, non-convertibles debenture, bonds of public sector units, savings certificates, Government securities etc. Equity shares and public sector bonds are the most common investment avenues among the marketable investments for the common man. Marketable debt securities are also short-term investments that a company usually plans to sell or redeem within a year. They are bonds bought from another company that are available to be sold without restriction within that year. And they usually have a strong secondary market on which to sell them for close to face value.

2) Non-marketable investments

Non-marketable investments include bank deposits, provident & pension funds, life insurance, post-office saving deposits and National Saving Certificates, Kisan Vikas Patra , private company's shares, etc. The post-office and savings banks deposits, recurring deposits and fixed deposits are most common and important among the non-marketable investments. Deposits in post offices and nationalized commercial banks are regarded as the less risky investment avenues. However, the rates of return in those investment avenues are comparatively less. The rate of return of fixed deposit in banks was high.

3) Physical Assets

Physical assets is that type of assets which is touchable. A physical asset is an asset that has a some monetary value and usually a physical form. Physical assets can typically always be transacted for some monetary value though the liquidity of different markets will vary. Physical assets are the opposite of intangible assets which have a theorized value rather than a transactional exchange value. Physical assets include house, car, building, land, flats, gold, silver etc. For the bulk of the investors the most important asset in their portfolio is a residential house. Generally physical assets are purchased to satisfy basic needs, like if an investor purchase a land or home then he and his family would be living there.

4) Mutual Fund

A mutual fund is an investment vehicle that pools funds from investors and invests in equities, bonds, government securities, gold, and other assets. Companies that qualify to set up mutual funds, create Asset Management Companies (AMCs) or Fund Houses, which pool in the money from investors, market mutual funds, manage investments and enable investor transactions. Mutual funds are managed by sound financial professionals known as fund managers, who have the expertise in analysing and managing investments. The funds collected from investors in mutual funds are invested by the fund managers in different financial assets such as stocks, bonds, and other assets, as defined by the fund's investment objective. Where and when to invest are some of the things taken care of by the fund managers, amongst many other responsibilities. For the fund's management, the AMC charges a fee to the investor known as the expense ratio. It is not a fixed fee and varies from one mutual fund to another.

Comparision between Various Investment Avenues

Every Investor while investing his money he choose some criterion for his investment such as liquidity, risk, period of investment, rate of return etc. While selecting investment avenues following are some major points to compare investment on it.

Comparison of Investment Option

Investment Types		Annual Return	Capital Gain	Risk	Liquidity	Tax Benefits
Marketable Investment	Equity	Low	High	High	High	Yes
	Debentures	High	Low	Low	Average	No
Non-Marketable Investment	Bank, Post	Low	Nil	Nil	Average	Yes
	L.I.C.	Nil	High	Nil	Average	Yes
Physical Assets	Real Estates	Low	High	Low	Average	Average
	Metal	Nil	Nil	Low	High	Average
Mutual Funds	Growth	Low	High	High	Yes	Average

Conclusion

From the above analysis, it can be seen that when accepting a variety of investment options, its liquidity, annual return, tax deduction, duration is considered. These criteria are different for each type of investment. Investing in the capital market carries high risk. But in bank, post, insurance this risk is less but annual return is less. Investments various option useful as per mentality of investor.

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