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A Detailed Study about Investment Avenue/Alternatives

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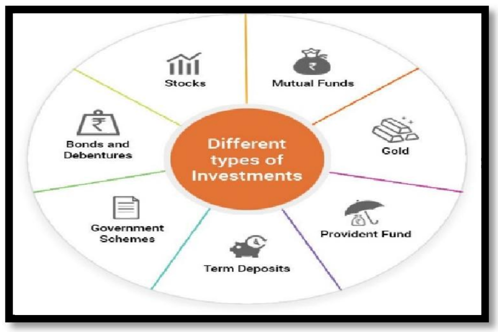
Abstract: *It is details study about the investment alternatives available for an individual or a company with respect of their age, occupation and income. Diversification of alternative investments is sometimes utilized to reduce total investment risk. Investing in various alternatives provides the investor with tax benefits and security, as well as the ability to stay in the market for an extended period of time.*



Keywords: occupation and income.

I. INTRODUCTION

There are numerous investing options open to an Indian investor. An investor can choose one or more of the greatest investment possibilities available to him or her. The selection of investment options is also influenced by a person's age, income, dependents, and so on. Various investment outlets and alternatives include stock markets, debentures or bonds, money market instruments, mutual funds, life insurance, real estate, precious metals, derivatives, and non-marketable securities. All investment alternatives are distinguished by their various characteristics in terms of risk, return, period, and so on.

1.1 Objectives

To Achieve Maximum Return: - Investments are made with the primary goal of generating returns. As a result, the first and most important criteria for effective investment is a high rate of return on investment. Annual income (dividends, interest) as well as capital gain or loss (difference between selling and acquiring price) can be received as returns.

To Minimize Risk: - The risk of an investment is related to the possibility that actual returns will be smaller than expected returns. It is also known as expected return variability. Risk can refer to capital loss, interest/dividend loss, capital payback delay, return fluctuation, and so forth. The risk and profits of an investment are linked. The higher the risk, the higher the expected return. Although the degree of vary from investment to investment, determining how much risk is involved in the investment is critical.

To Assure Safety: - The assurance of capital return without loss of money or time is implied by investment safety. Another aspect that an investor seeks in his investment is safety. Every investor expects to admit his capital back at maturity without loss or detention. Government investments are more secure than private sector investments.

To Assure Liquidity: - An investment's liquidity refers to its marketability. The capacity of an investment to be turned into cash through sale or transfer is referred to as its liquidity. Simply put, liquidity implies having your money

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available whenever you need it. If the investment could be converted into cash with minimal time loss, it would assist the investor in meeting emergencies.

To Ensure Tax Benefits: - Some investments offer tax benefits while others do not. Tax benefits available to an investment can be in one of the following forms:

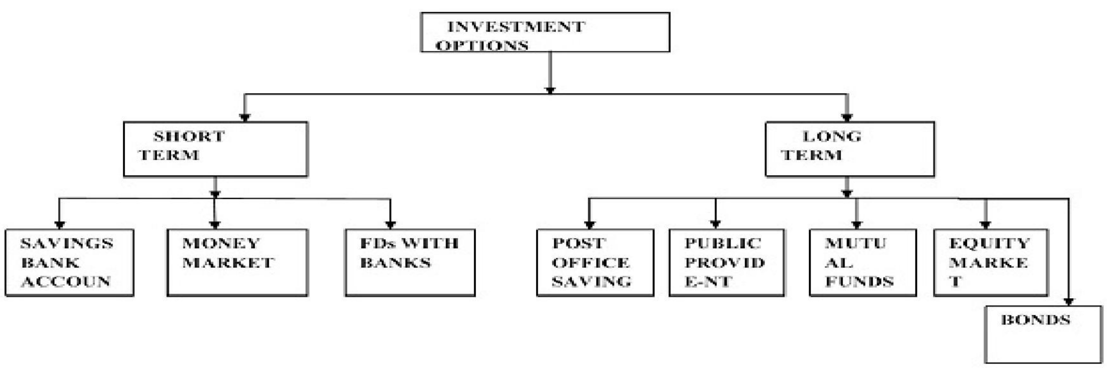
investments can offer tax benefits on initial deposits.

investments can offer tax benefits on returns generated.

investments can offer tax benefits when redeemed on maturity.

To Ensure Time: - The time it takes to create a reasonable rate of return on an investment is an important issue for the investor. The investment horizon should correspond to the time periods in which your cash must be invested or how long it would take to create the targeted return.

Explanation



Equity: Please keep in mind that equity investments should only be made for the long term (more than 5 years) in order to earn decent returns. The risk of investing in equities is high, as are the returns. You can dabble in the stock market in three ways.

Directly by purchasing and selling shares on the BSE/NSE stock exchanges.

Take the Mutual Fund route, where you can choose from equity diversified, balanced, tax-saving ELSS funds, thematic, exchange traded, or index funds.

Purchasing ULIPs (insurance plans) through their equity funds.

Debt: Debt investment can be done for both the short and long term. The risk is very low, and thus the return is also very low. Debt investing can be accomplished in the following ways:

Fixed Deposits, NSC, PPF, NPS, Bonds, KisanVikasPatra, and Senior Citizen Saving Schemes are all options.

Another option is to invest in debt mutual funds (balanced, floating rate, gilt, liquid, and liquid plus).

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Traditional insurance policies (money back, whole life, endowment) and ULIP debt portions can also be used as a mechanism.

Insurance: Insurance is important because it is designed to pay different types of claims depending on the policy that is in place. There are two types of insurance:

Life Insurance: One of the most important aspects of anyfinancial planning endeavor is life insurance. It helps to protect your family's financial stability in the event of an unfortunate incident.

Type of Life Insurance:

Term Insurance

Endowment Policy

Money Back Life Insurance Policy

Group Life Insurance

Unit Linked Insurance Plan

General Insurance: Because tangible assets are susceptible to damage, it is necessary to protect the economic value of the assets. General insurance products are purchased for this purpose because they provide protection against unforeseeable contingencies such as asset damage and loss. General insurance products, like life insurance, have a premium component:

Type of General Insurance:

- Motor Insurance
- Health Insurance
- Travel Insurance
- Marine Insurance
- Commercial Insurance

Real estate: This is another long-term investment with a high risk and a low liquidity factor. The ease with which you can sell your investment for cash quickly is defined as liquidity. Property investing can be accomplished by:

Purchasing apartments and land in residential or commercial areas.

Alternatively, you could invest in Real Estate Mutual Funds.

Mutual fund: A mutual fund is a professionally managed investment vehicle that pools money from various investors to buy stocks. They have the option of investing in a variety of securities. Mutual funds can invest in gold, stocks, bonds, or a mix of the three. They can be dealt with aggressively or quietly. The fund director selects the securities that will induce returns,

whereas unresistant finances, also known as exchange traded finances, invest in indicators. Equity collective finances ar e classified grounded on their request capitalization or assiduity exposure. for example, invest in debt mutual funds because of their consistent returns and low risk. Fixed-income securities such as corporate and government bonds, as well as treasury bills, commercial paper, and other money market instruments, are held by the funds. Debt mutual funds, on the other hand, are neither risk-free nor guaranteed.

Debenture/ bonds: They are long-term investments that generate a predictable cash flow stream based on the interest rate set when the investment is made. They believe they are less dangerous. The risk level of debentures or bonds is determined by the identity of the issuer. Government securities, savings bonds, and public sector unit bonds are some examples.

Fixed deposits: For good reason, fixed deposits are a popular investment option in India. They are referred to as low-risk investments because they guarantee a fixed rate of return for a set period of time. FDs are available from financial institutions. A deposit's interest rate may vary between deposits and over time. While FDs have a lock-in period, most financial institutions continue to provide loans and overdrafts during that period.

Invest in gold: While gold jewelry is the most traditional form of investment for Indians, it raises security concerns as well as the high cost of making charges.' While buying gold coins or biscuits is an option, gold ETFs may be a better choice. Investing in gold paper through exchange-traded funds (ETFs) is a more secure and cost-effective option. If you are interested, you can also learn how to check the purity of gold. Despite the common misconception that jewelry is a liquid asset, many inexperienced investors are duped into purchasing duplicate or mixed pieces of jewelry without conducting adequate research or from a shady jeweler.

II. CONCLUSION

Investment possibilities come in a wide variety and are all negotiable. A high risk/high reward possibility exists with equity. Due to its quick maturity, commercial paper is preferred by businesses and financial institutions. Opportunities for market investments abound, but to take advantage of them, investors must move quickly. Before making an investment, this knowledge is too valuable.

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