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A study of best investment options with respect to opportunities for the investors

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Abstract

Investment is the most important aspect in the human life the best habit is to save the money for using in the emergency of the future requirements. The major options for investment are available to the investors he has to decide upon best option for investing his or her hard and fast money in best possible scheme so that he gets good returns and financial stability is achieved. The paper is decent contribution in creating the awareness about the investment options and how to take proper decision for the investment of the extra funds we have with us. The various plans are taken in to consideration to study the best option for the investment decision.

Keywords: investment, investor, finance, issues, risk, mutual fund, provident fund

1. Introduction

Investing is essential to achieve your goals. It is the only way to make your future better. By making investments, you are also saving and accumulating a corpus for a rainy day. Apart from that, making regular investments forces you to set aside a sum regularly, thereby helping you in a sense of financial discipline in the long run.

2. Impact of Inflation and the Importance of Investing

Inflation, in simple terms, is a surge in the price of materials and services. It decreases the worth of your money and reduces your purchasing power. When there is a rise in the inflation rate, you buy fewer things with the same amount of money. You have no control over the inflation rate. If you are to stay ahead of inflation, you need to have more money to purchase the extent of the goods you intend to in the future with the money you have today. But, money doesn't grow on its own. If your money has to grow, then it has to earn returns. To earn returns, you need to invest. Therefore, making investments is necessary to tackle inflation. Inflation at the rate of 8% means that you need 8% more money than what you have to purchase the same item next year. Here's how inflation at 8% reduces the worth of Rs 1 lakh over eight years:

Impact of Inflation and the Importance of Investing

Amount in hand now	Rs 1,00,000
After one year	Rs 92,000
After two years	Rs 84,640
After three years	Rs 77,869
After four years	Rs 71,639
After five years	Rs 65,908
After 6 years	Rs 60,636
After 7 years	Rs 55,785
After 8 years	Rs 51,322

It is very important to earn inflation-beating returns, if not, you may not be able to afford materials and services in the future from the savings you are making now.

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3. Types of Investments

You have numerous investment options to choose from. You have to assess your requirements and risk profile before deciding to invest in any particular investment option. Investments are broadly divided into active and passive. Active investment requires you to dynamically change assets in your portfolio, depending on the market and economic developments. You need to have enough time and knowledge of investments to indulge yourself in active

investments. Equity investments are the best example of active investments. On the other hand, passive investments do not require you to be hands-on with your investments. You invest your money and stay invested for a certain duration of time. It is also referred to as the buy-and-hold strategy of investment. This strategy of investment is advisable for those who can't spare time to manage their investments. The following table shows the major differences between active and passive investments:

Differences between active and passive investments

Parameter	Active Investments	Passive Investments
Suitability	Individuals with an in-depth understanding of finances	Everyone
Cost of investment	Higher as you frequently trade securities (mostly equities) in your portfolio	Lower as you buy and hold securities for a longer period
Risk involved	Higher as you frequently buy and sell securities	Lower as you hold securities for a longer time
Return potential	Higher	Lower

You have to choose to adopt either an active or passive strategy after you have assessed your requirements and risk tolerance level. The minimum risk at various age and

parameter is to be very clearly found out for the selection of the Investments options available with you to decide.



Source: <https://financialmentor.com/inve>.

4. How should I plan my investments?

The first step in planning your investments is to figure out the right investment that fits your profile and needs. Here are a few things to keep in mind when planning your investments:

- Choose investments carefully after doing adequate research
- Don't fall for quick-buck schemes that promise high returns in a short time
- Review your stock and mutual fund investments periodically
- Consider the tax implications on returns you earn on your investments
- Keep things simple and avoid complicated investments that you don't understand

All above options are to be scientifically and seriously studied before making investment decision.

5. Popular Investment Options in India

1) **Direct Equity:** Direct equity, commonly referred to as investing in stocks, is probably the most potent investment vehicle.

- 2) **Mutual Funds:** Mutual funds have been around for the past few decades, and are gaining popularity amongst millennials. A mutual fund pools investment from various individual and institutional investors who have a common
- 3) **Fixed Deposits:** Fixed deposits are an investment option offered by banks and financial institutions under which you deposit a lump sum for a fixed period and earn a predetermined rate of interest. years.
- 4) **Recurring Deposits:** A recurring deposit (RD) is another fixed tenure investment that allows investors to invest a fixed amount every month for a pre-defined time and earn a fixed rate of interest. Banks and post office branches offer RDs. averse investors.
- 5) **Public Provident Fund:** Public Provident Fund (PPF) is a long-term tax-saving investment vehicle that comes with a lock-in period of 15 years.
- 6) **Employee Provident Fund:** Employee Provident Fund (EPF) is another retirement-oriented investment vehicle that helps salaried individuals get a tax break under the provisions of Section 80C of the Income Tax Act, 1961.
- 7) **National Pension System:** The National Pension System (NPS) is a relatively new tax-saving investment option. Investors subscribing under the NPS scheme

will mandatorily stay locked-in until their retirement and can earn higher returns than PPF or EPF. This is because the NPS offers plan options that invest in equities as well. The maturity corpus from the NPS is not entirely tax-free, and a part of it has to be used to purchase an annuity that will give the investor a regular pension.

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Popular Investment Options in India

6. Future scope of the Investment for the Investors

The Investment are always better to safeguard our future in terms of financial aspects The proper planning and proper financial investment decision will give better returns to the investors

7. Conclusion

The Investor awareness and knowledge about investment options is very important to take the proper and correct investment decision. This paper is a decent contribution in creating awareness about the investment options and how to take proper investment decision also reduce the financial risk. The advantages and disadvantages are to be compared with our own available funds for the investment. The Risk avoidance strategies have to be followed to safeguard our financial assets in the long term.

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