

A Research Study on Promoting Investment Awareness and Identifying Optimal Investment Choices Regarding Investor Opportunities

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Abstract:

Individuals seek a secure and prosperous life, recognizing the role of financial resources in enhancing their appeal. As a result, they engage in various investment opportunities, viewing investment as the allocation of funds in anticipation of future positive returns. This research aims to explore the level of investment awareness among investors, focusing on understanding investment options and making informed decisions for optimal investment strategies. Drawing from secondary sources, this study employs both descriptive and applied research methods, shedding light on the opportunities and challenges faced by investors.

Keywords: Investments decisions, issues, investors, savings, Risk, Investment awareness, Investment options.

INTRODUCTION

Investing involves individuals saving their money in various forms like banks, real estate, mutual funds, or gold. The main objectives of investing are to generate profit, ensure security, maintain income stability, and promote appreciation. It is basically a way to earn anticipated returns from a portion of one's salary savings to prepare for livelihood after retirement. Simply put, investing is the commitment of funds to assets to be held over a certain time frame. Any income not used immediately and saved for the future can be considered as an investment. Investing essentially means making your money work for you.

Understanding investment and being financially literate are crucial for making informed and effective decisions related to finance. These skills and knowledge enable individuals to achieve their life goals and objectives. It's important to be aware that all investments carry some degree of risk, which may vary depending on the type of financial instruments and the duration of investment.

BENEFITS OF INVESTMENTS

Investing your money in various financial vehicles can bring about long-term financial growth and stability. When you decide to invest, you are essentially putting your money to work for you instead of just letting it sit in a savings account. Here are some the benefits of investments:

Higher potential returns: One of the primary benefits of investments is the potential for higher returns compared to traditional savings accounts. By investing in stocks, bonds, or mutual funds, you have the opportunity to earn a higher rate of return over time.

Diversification: Investing allows you to diversify your portfolio across different asset classes, reducing

your risk of losing all your money in a single investment. Diversification is key to minimizing risk and maximizing potential returns.

Tax advantages: Certain investment vehicles offer tax advantages that can help you save money in the long run. For example, contributions to retirement accounts are often tax deductible, allowing you to reduce your taxable income.

Beat inflation: Investing your money in assets that have the potential to grow over time can help you beat inflation. Inflation erodes the purchasing power of your money over time, so investing is a way to stay ahead of rising prices.

Build wealth: Over the long term, investing can help you build wealth and achieve your financial goals. Whether you are saving for retirement, a home, or your children's education, investing can help you grow your money faster than traditional savings methods.

Flexibility: Investing offers you flexibility in how you manage your money. You can choose from a wide range of investment options based on your risk tolerance, financial goals, and time horizon. Whether you prefer conservative investments or want to take on more risk for higher potential returns, investing can be tailored to your preferences.

By investing wisely and staying informed about market trends, you can take advantage of the benefits of investments and work towards a more secure financial future.

REVIEW OF LITERATURE

Murlidhar Ananda lokhande 2015: Author have attempted to find out the awareness of rural investors about various investment avenues, their preferences and considerations for investing money. The major focus of the study was on investigating whether there was difference between investment awareness level and educational qualifications of male and female rural investors.

Manjunath. S. Awalakki 2015: Found that salaried employees, investments were not increased as compared with the business persons. Unfortunately, it is true that employees think investments only at the time of retirements.

Prof. Priya Vasagadekar 2014: In this paper author have identified that pattern of investment awareness among Indian working women. Author has also suggested that Now- a days, women want to be financially independent & secure their future with enough funds. Thus the study was made an attempt to know the investment behaviour & patterns followed by working women in various sectors.

OBJECTIVE OF STUDY

Raising awareness regarding investment opportunities and making informed decisions for investments.

EFFECT OF INFLATION

Understanding inflation is closely linked to being informed about investments. The rise in prices directly impacts your cost of living by putting pressure on your savings and investments. This is because while inflation increases, the interest or savings from your income may not increase at the same pace. Investors face various challenges such as insufficient disclosure, insider trading, market manipulation, excessive subscription to shares, lack of transparency, investor complaints, and more.

Many employed individuals are aware of opportunities in the stock market and mutual funds but perceive them as high-risk endeavours. Investments involve handling money with the intention of either growing it at varying rates depending on long-term or short-term commitments, as well as the level of risk involved.

An 5% inflation rate means that you will need 5% more money next year to purchase the same item. Reflecting on how 5% inflation impacts the value of Rs. 1 lakh over an five-year period.

Impact of inflation & the importance of Investing

Amount in hand now	Rs. 1,00,000
After one year	Rs. 95,000
After two years	Rs. 90,250
After three years	Rs. 85,738
After four years	Rs.81,452
After five year	Rs.77,380

RESEARCH METHODOLOGY:

The research for the present study covers the various secondary sources such as internet, websites, magazines &, research articles from national & international journals.

Various books related to topic and other references were made.

TOP FIVE INVESTING ADVICES:

- Invest in yourself.
- Save money.
- Have less cash & more assets.
- Invest in what you understand.
- Invest for the long time.

INVESTMENT OPTIONS AVAILABLE IN INDIA

There are large numbers of investment avenues are available in the market of India.

- A. Post office saving schemes:** All the post office schemes is purely safe and no risk investment option. Recurring deposits, kisan vikas patra, senior citizen saving schemes are some of the best post office saving schemes.
- B. Insurance policies:** Insurance policies include life insurance with investment portion, pension scheme, and tax savings scheme. It provides moderate risk and return.
- C. Public provident fund and provident fund:** One can open its PPF account with any nationalized bank .PPF fixed tenure is 15 years and one can withdraw half of the amount after seven years. The interest income is not taxable and there is tax benefit under section 80C of the Income Tax Act.
- D. Bank deposits:** It is one of the most largely safe and secures type of investment option. Rate of interest is depends on the period of deposit. Current account, saving account, recurring account, fixed deposit account are the main types of bank deposits.
- E. Share capital:** Investment in share is highly risky investment but earn high rate of return. Knowledge of share market is essential requirement on the part of investors.
- F. Bonds and debentures:** Bond and debentures are the types of debt instruments which are issued by

the companies. Investment in bonds/debentures provides regular interval return.

- G. Real estate:** As the investment in real estate provides benefits in the near future over a period of time. It is one of the long term investments option and include huge amount of money. Risk and return on the real estate depends on factor associated with markets. It is subjected to capital gain tax also.
- H. Mutual funds:** Mutual funds are subject to market risk. It is scheme that pools the money from a number of investors and invests money in a different numbers of financial securities. Equity, debt, and balances fund, Index fund, fixed income funds etc. are the types of mutual funds.
- I. Pension funds:** This is one of the latest and important option of investment in India. Under this scheme the investor can invest in both equity and debt. Investor has a choice about the percentage which he has to invest in debt and equity. Till the age of 35 years exposure to equity and debt is 50%. The contribution is decided according to the age of the investor.
- J. Gold/Silver and precious articles:** Investment in metals gold/silver and precious article like painting, sculptures, coins, stamps etc are the common form of investment. It provides social status and liquidity. Investment in precious article and metals are less risky and for the long term. It provides liquidity at any time as they can be converting into cash on demand.

There are some investment options and schemes which provide the tax benefits to the investors. Such types of schemes must be promoted by the Government to encourage the investors to invest in these schemes which provides maximum tax benefits to them.

In some schemes, the entire investment is made tax free also.

There are many risk associated with investment types. Risk may be low, medium and high risk.

OPPORTUNITIES:

- Often viewed as the most favourable choice for achieving higher returns over an extended period.
- Exempt from taxes on long-term capital gains and dividends.
- Providing an opportunity for individuals with limited funds to invest in various schemes.
- A convenient method for both investors and businesses to temporarily safeguard their excess funds.

FINDINGS OF THE STUDY

- A variety of investment opportunities exist in India.
- Promoting investments in the stock market is crucial.
- It is advisable to combine savings and invest them in the most profitable options available.
- Numerous investment schemes are accessible in the market, which should be made known to potential investors to encourage saving and investment.
- Investors themselves should analyze and choose the most suitable options based on their needs after evaluating the pros and cons of different choices.
- Organizing various educational programs can help enhance awareness regarding the available investment opportunities.

CONCLUSION

The study ultimately asserts that investment is a necessity for all societal classes. In conclusion, creating investment awareness and exploring various options provide investors with the tools to make informed decisions and secure their financial future. By analysing opportunities and maximizing returns, investors can achieve their financial goals successfully.

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