

Emerging Investment Avenues – A Conceptual Framework

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Abstract:

Investor's idea towards various investment alternatives differ widely from customer to customer. And it is determined by several demographic, economic and cognitive factors. Investment of hard earned money is made by investors for financial security in future on such investments. But before taking any investment decision and choosing any financial avenue, they follow a process of cognitive decision making which guides them towards selection of avenue. Investors sometimes are not having knowledge about different avenues available and thus face problems to make a good investment decision. Thus this conceptual framework helps to bring out the various alternative avenues available for the investors and the various decision making strategies including different options available this year has been discussed in this article in the investor's perspective.

Keywords: demographic, cognitive, avenue, financial security, investor perspective

Introduction:

Saving and investing are the two pillars of financial stability. While we all work hard to earn money, saving and investment is an art to master. While saving is done to meet unplanned and planned expenses, Investment is all about making your money earn for you, and give you the rewards through future returns. Investment planning needs a careful analysis of the return and time frame to be done before the actual investment process. Investment is investing money in to a company or enterprise, hoping that it will be successful and pay you back with even more money. Individuals that has surplus of cash are liking after an investment opportunity that satisfy the highest return during the investment period with reasonable associated risk on the expected return after maturity. The decision making process is a cognitive process which results in the selection of a course of action among several alternatives

REVIEW OF LITERATURE:

Priti Mane [1] discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. These research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and

investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual

Objectives of the study:

In the light of above background the present research paper focuses on the following objectives

- 1.To study the various investment avenues available in capital market.
- 2.To understand the factors affecting different investment decisions.
- 3.To analyze the best decision making procedure from various investment alternatives.

Methodology:

The study is mainly based on secondary resources of information the main resources of information are as journals (international/national) newspapers, research articles and website etc

Definition and Meaning of Investment

Investing is a technique of building wealth, but it's not only for the wealthy. Anyone can start investing, and various flexible vehicles make it easy to begin with small amounts, and building a portfolio eventually. In fact, what differentiates investing from gambling is that it takes time--it requires patience. Investing is the act of committing money or capital to an endeavor, with the expectation of obtaining an additional income or profit.

Reasons for Investment

In order to build wealth, you should invest your money. If you don't invest, you will miss out on opportunities to increase your financial worth. Needless to say, you have the potential to lose money in investments, but if you invest wisely, the potential to gain is higher. If not invested, the buying power of your money will depreciate overtime.

Wealth Creation - Investing your money will allow it to grow. Most investment vehicles, such as stocks, certificates of deposit, or bonds, offer returns on your money over long term. This return allows your money to compound, earning money on the money already earned and creating wealth over time

Criteria for Selection of Investment Avenues.

- Security
- Liquidity
- To Counter Inflation
- Increase in wealth

Best Investment Options to invest in India for 2018 :

- a) **Invest in Specific Theme based Stocks:**

Not all stocks are going to perform well. Government of India is expected to increase its spending in Rural Sector in Budget 2018. I would be recommending in the next few days some of the best rural theme based stocks to invest in India..

b) Invest in Best Equity Mutual Funds for Medium to Long Term:

Large cap funds have provided moderate returns in 2017. Midcap and small cap funds have performed well, however over heated now. Investing in good midcap/small cap mutual funds is a key.

Invest in Sector Mutual Funds including Infra Funds

If you are looking for short term gains of 1-3 years, invest in **some of the best Infra Mutual funds**, Good Banking and Financial Mutual Funds and a few Top Sector Based Mutual Funds. Best sector mutual funds recommended by us last year gave as high as 70% returns in 1 year. Some of the best sector funds are IDFC Infra Fund, L&T Infra Mutual Fund, Aditya Birla SL Infra Fund, ICICI Banking and Financial Services Fund, Reliance Banking Fund etc., One should note that sector funds are high risk and high return. You should invest in these funds only if you are willing to take such high risk. Investment in Sector Funds is one of the best investment plans to get highest returns.

d) Planning to Save Tax, Invest in ELSS Funds in 2018

ELSS Funds has been giving highest returns among the various tax saving options. The funds recommended by us last year has yielded returns in the range of 40% to 50% in 1 year. These funds have given more than 20% annualized returns in the last 5 years. Some of the best ELSS Funds to invest for 2018 are Axis Long Term Equity Fund, Reliance Tax Saver Fund etc., and Invest in these ELSS Funds instead of traditional investment options like NSC, PPF or other options which can fetch you only up to 8% returns.

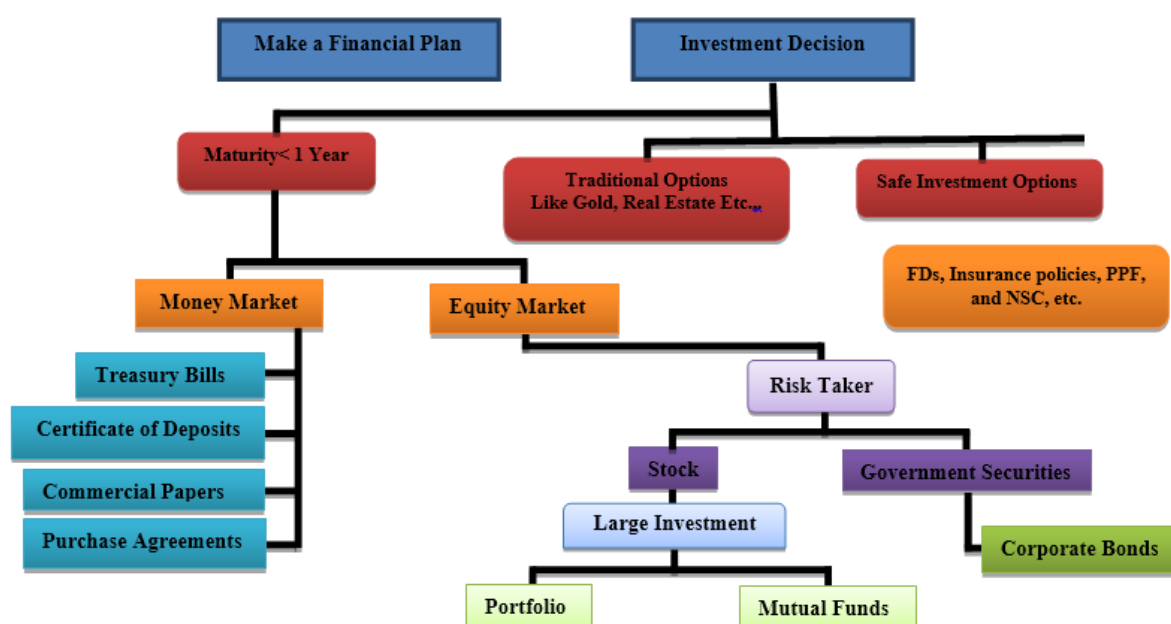
c) Investment in Fundamentally Strong IPOs

There are 40 odd companies that came for IPOs in India in 2017. Out of this approx. 70% of the IPOs are listed with premium on day-1. Some of the IPOs like Salazar Technologies, Astron Paper, D-Mart and CDSL IPO's have created amazing wealth for investors on Day-1. Some of the IPO's like Apex Frozen Foods, Dixon Technologies, AU Small Finance Bank have provided good returns between 30% to 50%, however owing to investor interests; they zoomed to over 80% later. This proves that quality IPO's can always zoom in future even if they are not providing high listing gains. Investors can invest in quality IPO's through some of the best blogs that analyses the IPOs. Keep reading our reviews

IPO's for some of the best IPOs to invest. Investing in IPOs would be one of the good investment options in 2018.

PROPOSED MODEL FOR DECISION MAKING:

The following figure explains about the various decision making factors available for investment in the current scenario. Thus the proposed chart illustrates the investment decision roadmap for selecting the suitable financial investment avenues from different available instruments present in the market.

TABLE-1

Source:

Proposed Model of Investors Decision Making**a) Treasury Bills**

Issued by the government of India for up to 6 months maturity, the most liquid instrument in the money market with no risk associated.

b) Certificate of Deposit (CD):

Following are the main instruments in capital markets

1) Stocks

- It is an equity claim on the net income and assets of a corporation, stocks have the following advantages:
- Relatively low commission costs, easy to buy and sell on the spot price.
- Can gain dividends and has potential capital gain.
- It has a proven track record of being a reward in investment over time.
- It is considered a risky investment with unlimited potential.

Fixed Deposit

Fixed deposit in banks forms a major vote in terms of the safest investment in India. The most important reason for this is its ability to provide a reasonable return and the money invested is locked in safely. You can always be assured of the returns. The time period for a Fixed Deposit may range from 15 days to more than five years.

Insurance Policy Investment :

After fixed deposit in banks, another popular choice of people in the list of the best investment option in India for 2016 is Insurance Policy Investment. An excellent feature about this option is that you can get profits which are risk-free. Insurance policy range from variety of types and provide different types of coverage. Insurance policies like LIC, Home insurance, car insurance and Health insurance are few examples of such type of investment options.

II. Money market

This market has instruments with short terms to maturity less than 1 year with the least price fluctuations and the least risky instruments follow the main money market instruments.

a) Treasury Bills b) Certificate of Deposit c) Commercial Papers.

Conclusion:

An individual has many options of savings and investment where he has to balance between security, ROI and liquidity. Small investors can enter through SIP and mutual funds, wherein HNIs can operate through portfolio management services providers. Insurance products provide security to successors with a reasonable yield on investment. Banks provide risk free return on investment (covering inflation rate). Successful investment is hard but doesn't require genius. In fact, Warren Buffet once quipped "success in investing doesn't correlate with I.Q. once you are above the 25 level, what you need is the temperament to curtail the urge that get the people into trouble in investing." Hence, an investor should not hatch all eggs in one basket.

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