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A STUDY ON SAVINGS AND INVESTMENT:RISK AND OPPORTUNITIES

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Abstract

This study investigates the intricate relationship between savings, investment, risk, and opportunities in contemporary financial landscapes. With financial markets becoming increasingly complex and interconnected, understanding the dynamics of savings and investment has become paramount for individuals, businesses, and policymakers alike.

The first part of the study delves into the concept of savings, examining the various motivations behind saving behavior and the factors influencing individuals' decisions to save. It explores traditional saving instruments such as savings accounts, as well as newer forms such as robo-advisors and digital wallets, highlighting the evolving nature of saving practices in the digital age.

Moving on to investment, the study elucidates the diverse array of investment vehicles available to investors, ranging from stocks and bonds to real estate and alternative assets. It analyzes the risk-return tradeoff inherent in different investment options and discusses strategies for constructing well-diversified investment portfolios tailored to investors' risk preferences and financial goals.

Finally, the study identifies emerging opportunities in the savings and investment landscape, including technological innovations such as blockchain technology and peer-to- peer lending

platforms, which are reshaping traditional financial systems and offering new avenues for wealth accumulation and capital deployment.

By synthesizing theoretical insights with empirical evidence, this study provides valuable insights into the complex interplay between savings, investment, risk, and opportunities, offering practical recommendations for individuals and organizations seeking to navigate the dynamic world of finance effectively.

Introduction of Topic:

The developing countries in world, like India face as seen the enormous task of findingsufficient capital to utilize in their development efforts. Most of countries find it difficult at at stage to get out of the vicious circle of poverty that is prevailing of low income, low saving, low investment, low employment etc and the list goes on. With high capital output ratio, that is observed India needs very high rates of investments that would take and make leap forward in her efforts continues of attaining high levels of growth.

The major features that is seen in an investment are safety of principal amount, liquidity, income and its stability, appreciation and lastly easy transferability. A different variety of investment avenues in abundance and types are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings. All the investors invest who wish to invest , invest their surplus money in the above mentioned avenues that are available based on their risk taking attitude and capacity bearing.

Key Differences between Savings and Investment

The differences between savings and investment are explained in the following points:

Period

Savings are typically for small financial objectives to be met in short periods of time,say about 1-3 years! If you're looking forward to buy mobile phone or to go on a small domestic vacation in near future, saving might be a good option to meet such objectives. On the other hand, investing is typically a long term plan for bigger financial goals. Say you're planning for your child's education or wedding or your comfortable retired life which is due in about 5 or more years ahead from now, investing from now can make these goals achievable by the time of need.

Access to money

At time of critical need of money savings serve as handy cash. You have all the access to your money in savings. You may withdraw a part of your savings or the whole amount as per your wish but at times, you end up spending money you have easy access to. In case of investing, access to your money depends on the kind of investments you make. Open ended equity mutual funds schemes allow you to redeem your investments any time. If the investment period in equity mutual funds scheme is more than one yearthe capital gain is exempted from tax liabilities. Government of India also provides tax rebate for equity linked saving schemes (ELSS) u/s 80C of Income Tax Act 1961.

Risk

If you have savings in reputed banks your money is safer in the bank accounts than at home. Hence risk of losing money in savings is very low compared to any investments. Besides this, your savings are also entitled to interest. Investing mediums may involve risk of possible potential returns pertaining to the term of investment or the market situations. Investing in equity market comes with an inherent risk. One might lose money if not invested in quality stocks with long term growth potential companies. Hence it is advisable to avail services of expert financial advisors. Risk in investing varies according to the channels of investments. If your money is invested in good quality companies with long term views, then short term ups and downs should not affect your outlook towards such investments. Mutual fund provides the scheme details thereby indicating the possible risk involved. Investing wisely may give returns muchhigher than savings in the long run.

Returns

In case you invest in bank fixed deposits, on an average, you may earn interest upto about 8-9%. Interest on savings accounts is often much lower. However, the investments in equity based mutual fund schemes carry much higher potential for long term value growth. Quality investments have higher potential returns than regular savings if compared for a long term of about 5-10 years.

Choice

The right thing is to first identify your purpose. Why do you want to save or invest yourmoney? Check whether your goals are short term or long term. It's always wise to savemoney for small term goals, emergencies and casual expenses as it provides quick access. This makes it easier to meet small goals. But in the long run, consider your changing needs, limited income sources and inflation; savings may fall short for bigger financial goals. Remember you are planning for future. It's advisable to start investingat a young age but it's never too late. Savings are for the present and investments are for the future. Investments are made typically for bigger financial goals which may seem impossible now but would be possible in the time to come if they are wisely

planned today. Investing smartly is the key to meet such goals. To conclude, your dreams don't follow inflation rates. It is recommended to save for small term goals but investing simultaneously may make it simpler achieve your long term dreams.

Investment Option Available:

There are a large number of investment instruments available today. The people has to choose proper avenue among those available, depending upon their specific need, risk preference, and return that are expected. Different Investment avenues can be broadly categories under the following heads.

1. Equity
2. Debt
3. Mutual Funds
4. Debentures
5. Fixed Deposits
6. Company Fixed Deposits
7. Post Office Savings
8. Public Provident Fund
9. Real Estate
10. Insurance
11. Gold/Silver/Others

1. Equity:

Fixed return instruments, as the name suggests, offer investors a predetermined (fixed)rate of return during the investment tenure. Since fixed return instruments are considered to be safe and secure, they are typically preferred by investors with low-risk appetite.

On the other hand, in the case of market-linked investments such as equity investments, returns are neither fixed nor assured but dependent on the performance of the underlying asset. Market-linked instruments can further be subdivided into two key categories equity investment and non-equity investments. In the case of equity investment, the amount is basically invested in the stocks and equity derivatives of listed and unlistedcompanies.

A major chunk of non-equity investments is channelled into bonds (government or corporate) as well as a range of money market instruments such as treasury bills, certificate of deposits, commercial papers, repurchase agreements, etc.

Since market movements play a crucial role in the performance of equity investmentsas well as non-equity investments, these investments feature a significant element of risk. In the following sections, various aspects of investments made into equities will be discussed in greater detail.

Types of Equity Investments

As mentioned in the previous section, equity investments comprise a basket of investment options. Each option has a unique set of risks and rewards. The following are some of the key types of equity investment options available to investors in India.

Shares

Shares have been around for over three centuries now (the first was issued by the Dutch East India Company in the early 18th century). Shares are units of partial ownership ofthe company one has invested in and such investor is called as a shareholder of the company. Profits of the company are ideally distributed in proportion to the shareholding of each investor in the company.

Shares are traded on designated stock markets (exchanges) such as the National StockExchange (NSE) and Bombay Stock Exchange (BSE) if they belong to listed companies. Shares can belong to unlisted companies too and may be privately exchanged through off-market transactions.

The overall performance of a company along with its comparative performance with respect to its peers impacts the price of its shares either positively or negatively. As long an investor manages to buy at a low price and sell at a higher price, shares can generate profits, if the opposite happens, a loss is incurred.

Though the potential profits are high in case of the equity investments as compared to other investment products, the risks are often equally high. Shares of companies that have assets featuring a higher valuation are termed as large market capitalization (large cap) companies. Smaller companies that have lower capitalization value are designated as mid cap and small cap companies.

Futures and Options

Apart from the cash market where equities are bought and sold, an investor can also trade equities in the derivative market. A derivative is a financial security which derives its value from the underlying equity asset. In the derivative market, an investor can either invest in futures or options contracts.

Future and Options (F&O) contracts basically allow the investor to buy or sell the underlying stock at the current price but defer the delivery to a predetermined future

date. While in case of a futures contract, both the parties (buyer and seller of the futures contract) are legally obligated to execute the agreement at a specified date, the options contract gives the investor the right but not obligation to execute the agreement as perthe agreed price at any time during the contract.

Being a derivative, the performance of thisequity investment is specifically dependant on the performance of the underlying equity i.e. stock or index they are derived from. Essentially, an F&O investor buys units of a futures contract by estimating whether the price/value of the underlying share/index will go up or down in the future. Thus F&O is basically a bet that the investor is making with respect to movements of the underlying asset/index.

F&O contracts can be used by the investor either to earn money by speculating price movements of the underlying stock or to hedge current investments. F&O allows an investor to buy or sell equities of a company in large quantities by just depositing a small amount of margin money. This way, these leveraged products have the potential to earn higher returns as compared to equity. But the higher returns opportunity comes at the cost of higher risk exposure. Additionally, F&O contracts have short expiry dates typically up to 3 months, which makes these unsuitable for long term creation of wealth. It is therefore advisable to tread with caution while dealing with F&O segment.

2. **Debt:**

When it comes to investing, you have two primary options: equities and debt instruments. Equities are things you own, such as stock or real estate. Debt instrumentsrepresent a loan from which you expect to receive a return of your principal with interest, such as a bank certificate of deposit or a municipal bond. In some cases debt instruments can also produce a capital gain or loss.

Treasury Securities

The federal government provides the safest place for your debt investments through the sale of Treasury bonds, bills, notes and other government-backed securities, because the interest and principal are backed by the full faith and credit of the UnitedStates government. The difference between these debt securities involves their maturity dates. Treasury notes might mature in a few days, while Treasury bills have varying maturity dates ranging from two to 10 years. Treasury bonds extend for 30 years. The interest on U.S. Treasury bonds, bills and notes is exempt from state income tax but is taxable on your federal income tax return.

Bank Deposits

You might not think of your savings account as an investment vehicle, but it is. A debtinvestment involves loaning your money to an institution or organization in exchange

for the promise of a return of your principal plus interest. When you put money into your bank account, you are loaning money to the bank in exchange for a stated rate ofinterest. Since you can take money out of your demand deposit accounts any time youwant, the interest rate is typically quite low. You can usually get a higher interest rate by agreeing to keep your money on deposit for a longer period, such as in a certificateof deposit. Bank deposits have the added protection of being insured up to maximum limits by the Federal Deposit Insurance Corporation.

Bonds

Bonds are a common form of debt security. Just as the federal government borrows money by selling Treasury bonds, local municipalities and corporations borrow money by selling bonds. Municipal bonds typically have the added benefit of payinginterest that is free from federal income taxes. Corporate bonds are fully taxable at both the federal and state level but usually pay a higher interest rate than either municipal or government bonds. Corporate and municipal bonds carry a higher investment risk, as they are not backed by the federal government or insured by the FDIC.

Considerations

The primary way you earn money from debt investments is through collecting interestpayments, but some debt instruments trade in the secondary market and can produce either capital gains or losses. For example, a bond with a face value of $1,000 will be redeemed by the issuer for $1,000 upon maturity, but its market price will fluctuate before maturity based on changes in the prevailing interest rate and in the issuer's credit rating. The market price of debt securities tends to move in the opposite direction of interest rates, so if prevailing interest rates rise, the market value of the debt security typically falls. If you buy a bond for less than its face value and later redeem it for its face value, the difference is a taxable capital gain, even if the securityis a tax-free municipal bond.

3. **Mutual Funds:**

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintainedto match the investment objectives stated in its prospectus.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a

vast number of securities, and performance is usually tracked as the change in the totalmarket cap of the fund—derived by the aggregating performance of the underlying investments.

Mutual funds pool money from the investing public and use that money to buy other securities, usually stocks and bonds. The value of the mutual fund company depends on the performance of the securities it decides to buy. So, when you buy a unit or share of a mutual fund, you are buying the performance of its portfolio or, more precisely, a part of the portfolio's value. Investing in a share of a mutual fund is different from investing in shares of stock. Unlike stock, mutual fund shares do not give its holders any voting rights. A share of a mutual fund represents investments inmany different stocks (or other securities) instead of just one holding.

That's why the price of a mutual fund share is referred to as the net asset value (NAV)per share, sometimes expressed as NAVPS. A fund's NAV is derived by dividing the total value of the securities in the portfolio by the total amount of shares outstanding. Outstanding shares are those held by all shareholders, institutional investors, and company officers or insiders. Mutual fund shares can typically be purchased or redeemed as needed at the fund's current NAV, which—unlike a stock price—doesn't fluctuate during market hours, but it is settled at the end of each trading day. Ergo, theprice of a mutual fund is also updated when the NAVPS is settled.

What Is a Mutual Fund?

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The average mutual fund holds over a hundred different securities, which means mutual fund shareholders gain important diversification at a low price. Consider an investor who buys only Google stock before the company has a bad quarter. He standsto lose a great deal of value because all of his dollars are tied to one company. On the other hand, a different investor may buy shares of a mutual fund that happens to own some Google stock. When Google has a bad quarter, she loses significantly less because Google is just a small part of the fund's portfolio.

Types of Mutual Funds

Various types of Mutual Fund schemes exist to cater to different needs of differentpeople. Largely there are three types mutual funds.

1. Equity **or** Growth Funds

- These invest predominantly in equities i.e. shares of companies
- The primary objective is **wealth creation** or **capital appreciation**.
- They have the potential to generate higher return and are best for long term investments.
- Examples would be
    - "Large Cap" funds which invest predominantly in companies that runlarge established business
    - "**Mid Cap funds**" which invest in mid-sized companies. funds whichinvest in mid-sized companies.
    - "Small Cap" funds that invest in small sized companies
    - "Multi Cap" funds that invest in a mix of large, mid and small sized companies.
    - "Sector" funds that invest in companies that are related to one type ofbusiness. For e.g. Technology funds that invest only in technology companies
    - "Thematic" funds that invest in a common theme. For e.g. Infrastructurefunds that invest in companies that will benefit from the growth in the infrastructure segment
    - Tax-Saving Funds

2. **Income** or **Bond** or **Fixed Income Funds**

- These invest in Fixed Income Securities, like Government Securities or Bonds,Commercial Papers and Debentures, Bank Certificates of Deposits and Money Market instruments like Treasury Bills, Commercial Paper, etc.
- These are relatively **safer investments** and are suitable for **Income Generation**.
- Examples would be **Liquid Funds**, Short Term, Floating Rate, Corporate Debt, Dynamic Bond, Gilt Funds, etc.

3. **Hybrid Funds**

- These invest in both Equities and Fixed Income, thus offering the best of both, **Growth Potential** as well as **Income Generation**.
- Examples would be Aggressive Balanced Funds, Conservative BalancedFunds, Pension Plans, Child Plans and Monthly Income Plans, etc.

4. **Debentures**:

When it comes to corporate finance, **company debentures** are loan instruments for medium to a long term of period. These are offered by both large companies and thegovernment. Debentures mainly work on the reputation of the issuing authorities and at a fixed interest rate. Authority bodies issue debentures when they seek to borrowmoney from the public at a predetermined rate of interest.

Types of Debentures

There are several **types of debentures** available in the market.

- **Secured debentures**

When **company debentures** are secured against assets of the concerned company,these are called secured or mortgage debenture.

If the security is on assets of the issuing company, then it is called fixed chargedebentures. Contrarily, if the security is not specific but generic assets of the organisation, it is called a floating charge debenture.

Secured **debentures examples** are such as company or factory building. If the company gets insolvent, the loan amount needs to be cleared before selling the property. These are divided into two further categories –

- **First mortgage or preferred debenture**

First mortgages or preferred debentures' obligations are justified first with preferencein time of realisation of the assets.

- **Second mortgage or ordinary debenture**

After fulfilling the first mortgage debentures debt, second mortgage or ordinary **company debentures** will be serviced in the event of realisation.

- **Unsecured debentures**

Unsecured debentures are created only out of the credibility of the company, and theydon't carry securities against any assets of the concerned company. Therefore, the relevant organisation doesn't offer any protection on the rate of paying interest or on paying off the loan amount to the holders.

Features of Debentures

As an investment avenue, debentures carry some lucrative features. Few **features ofdebenture** include –

- As the return is determined with a fixed rate of income and the investment is secured with the charge of the company's assets, this is a preferred investment option. Fixed return at lower risk is the preferred investment avenue for all.
- Holding **company debentures** don't imply any ownership of the company. Therefore, debenture holders don't possess the right to vote or control the management of the issuing authority. Yet, in case of default return, they canavail legal steps against the organisation.
- With a higher face value, debentures come with a better return than shareinvestment.
- In the event of liquefying the company, debenture holders get preferences in terms of repaying the borrowing amount.
- Irrespective of having profit or loss, the concerned company is bound to returnthe obligations at a predetermined rate of interest to the debenture holders.

5. **Fixed Deposits:**

In India, Fixed Deposits are one of the most popular ways to save money. They are asafe investment, offer good returns, and are easy to open.

So, what exactly is a Fixed Deposit?

In a Fixed Deposit, you put a lump sum in your bank for a fixed tenure at an agreedrate of interest. At the end of the tenure, you receive the amount you have invested plus compound interest.

FDs are also called term deposits.

Interest rates

Interest rates on FDs are fixed when you open the deposit and the rate depends on the term that you wish to hold it for. It is generally in between 4-7 % varies according to various factors.

Secure investment

A Fixed Deposit offers guaranteed returns. Unlike market-led investments where returns fluctuate over time, the returns on an FD are fixed when you open the account.Even if interest rates fall after you open a Fixed Deposit, you will continue to receive the interest decided at the start. FDs are considered much safer than investments in other assets like equity.

Return on investment

Your return on an FD will depend on the interest rate and the type of deposit you choose. You can opt for a monthly or quarterly pay-out of interest or the reinvestmentoption, which will give you the benefit of compounding.

Flexible Tenures

Bank offers Fixed Deposit in flexible tenures ranging from 7 days to 10 years.

Loan against FD

While FDs are fixed for an agreed tenure, you can take a loan against it when you need funds. Bank offers loans against FD in the form of an overdraft, and you can get up to 90% of your FD amount. The benefit is that your FD continues to earn interest,you don't have to prematurely withdraw your FD, and end up paying a penalty.

6. Company Fixed Deposits:

A company FD or company term deposit is nothing but a type of FD that is issued by companies such as finance companies, housing finance firms or other types of NBFCs.Company fixed deposits are a great way to raise funds from the general public for many firms/companies. These time deposits are usually rated for their credibility by a number of rating agencies such as ICRA, CARE, CRISIL, etc.

Top company FD schemes Interest Rates 2021: (1-year tenure)

Company	Regular FD Rates	Senior Citizen FD Rates
Kerala Transport Development Finance Corporation Limited	5.75% - 6.00%	6.00% - 6.25%
Mahindra Finance	5.70% - 6.45%	5.95% - 6.70%
LIC HFL	5.10% - 5.60%	5.35% - 5.85%
Gruh Finance Limited	3.00% - 5.75%	3.75% - 6.50%
ICICI Home Finance	5.70% - 6.65%	5.95% - 6.90%
Shriram City	7.25% - 8.25%	7.65% - 8.65%

Benefits of Company FDs

- **Higher interest rates:** The best thing about a company FD is the interest rate. The rates paid are comparatively much higher than what is paid for an average bank FD.
- **Periodic interest payment options:** There are a number of interest payout options to choose from such as monthly, quarterly, half-yearly, and yearly.
- **Credit ratings:** Almost all company FDs are rated by autonomous agencies such as ICRA, CRISIL and CARE. This offers customers a chance to go for a well rated FD.

Disadvantages of Company FDs

- **Risky:**Unlike bank FDs that come with a certain guarantee and deposit insurance, company FDs may be risky. This is what is referred to as 'default risk'. Though this may be the last resort, it is better to be fully aware of the riskfactor before making an investment in such an FD scheme. This risk may be mitigated to some extent by going for a well-rated company scheme and doing some background verification.
- **No tax benefit:** The interest that is earned on these types of FDs will be fullysubject to tax. The tax treatment will be the same and there will be no difference, even when it comes to TDS.

How to choose a company FD

- **Check credit rating:** All fixed deposits offered by the various companies come with a credit rating issued by institutions like CRISIL. These ratings willhelp you determine if you should invest with them or not.
- **Check interest rates offered:** It is important that you check and compare interest rates before opting for one. Certain NBFCs offer higher interest rateswhen compared to other for the same tenure.
- **Check the minimum and maximum amounts:** Since most of the companies define what the minimum and maximum amount that can be put in an FD is, itis best to check it. In case you wish to start an FD with Rs. 25,000 but the company you choose allow a minimum of Rs. 50,000 then you will be in a soup.

7. **Post Office:**

All the post office investment schemes are tax-exempt under **Section 80C**, i.e. tax exemption up to Rs. 1,50,000 is allowed. Some small saving schemes offered by PostOffice are Public Provident Fund (PPF), Sukanya Samriddhi Yojana (SSY), National Savings Certificate (NSC), Post Office Time Deposit for a 5 Year Term, and Senior Citizen Savings Scheme (SCSS).

Note: *The interest rates are* ***reviewed every quarter*** *by the Government for theseschemes.*

Investing in Post Office Time Deposit, Post Office Recurring Deposit, Post Office Monthly Income Scheme, National Savings Certificate (NSC) and Kisan Vikas Patra(KVP) in a given quarter will carry the rate in that quarter for the lock-in entire tenure of the savings scheme.

For Public Provident Fund (PPF) and Sukanya Samriddhi Yojana, the revised rate willbe applicable in the concerned quarter and so on.

Small Savings Scheme	Interest Rate	Tax Deduction on Investment?	Interest Taxable
Post Office Savings Account	4.0%	No	Yes
Post Office RecurringDeposit	5.8%	No	Yes

Post Office Monthly Income Scheme	6.6%	No	Yes
Post Office Time Deposit (1 year)	5.5%	No	Yes
Post Office Time Deposit (2 year)	5.5%	No	Yes
Post Office Time Deposit (3 year)	5.5%	No	Yes
Post Office Time Deposit (4 year)	6.7%	Yes	Yes
Kisan Vikas Patra (KVP)	6.9%	No	Yes
Public Provident Fund (PPF)	7.1%	Yes	No
Sukanya Samriddhi Yojana	7.6%	Yes	No
National Savings Certificate	6.8%	Yes	No
Senior Citizens Savings Scheme	7.4%	Yes	Yes

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Post Office Savings Account

- This account is like a savings account with a bank, except that it is held with apost office.
- Only one account can be opened with one post office and can be transferredfrom one post office to another.
- You can also open an account in the name of a minor. The interest rate is **4%** and is fully taxable. However no TDS is deducted on the same.

- Under the non-cheque facility, minimum balance which is required to be maintained is Rs.50/-
- However a deduction of Rs 10,000 per annum is available on your total savingsaccount interest including post office savings interest under Section 80TTA of the Income Tax Act, 1961.

Post Office Monthly Income Scheme (POMIS)

- Unique scheme which offers guaranteed fixed monthly income on the lumpsum investment made by the investor
- Any resident individual can open the MIS account in a single or joint holdingpattern. A minor can also invest in this scheme. If minor is of more than 10 years, then he can even operate the account
- Minimum limit for investment is Rs. 1500 and maximum investment limit is Rs. 4.5 lakhs in single holding account and Rs. 9 lakhs for joint accounts underthe Monthly Income Scheme of Post Office
- Currently ,the MIS interest rate in post office is **6.6%** per annum payable monthly with the maturity period of 5 yearsFor example, Mr. Suresh invests Rs. 2,00,000 in Post Office Monthly Income Scheme. He will receive Rs. 1068every month as an interest for 5 years. He will receive back the deposit on completion of the tenure. Amount so received monthly can also be further invested in post office recurring deposits.
- Investors can hold multiple accounts with maximum investment of Rs. 4.5 lakh by combining balances in all the accounts. Joint accounts will have equal shares from all holders. If we continue with the above example, Mr. Suresh would be able to open a joint account with his wife for a maximum amount ofRs. 2.5 lakh
- The scheme also offers liquidity by allowing investors to withdraw the depositafter 1 year. However, there will be a penalty of 2% on deposit if withdrawn between 1 year-3 years and 1% penalty on withdrawals after 3 years
- Accounts are transferable from one post office to another across the country

There is no major tax benefit in this scheme. Interest received on a monthly basis is a part of the taxable income. There is no TDS on the interest payout and deposits are exempt from wealth tax. This Scheme is a preferable choice for risk-averse investorslooking for regular monthly income.

Post Office Recurring Deposit

- Post office RD is basically a monthly investment for a fixed period of 5 yearswith an interest rate of **5.8%** per annum (compounded quarterly).
- On completion of the fixed tenure of five years, RD account with Rs. 10,000 invested every month will fetch you Rs. 3,256.48

- Post Account RD helps a small investor by allowing them to invest as little asRs.10 per month and any amount in multiples of Rs.5. There is no upper limitfor the investment.
- Joint accounts can also be opened by two adult individuals. Account can alsobe opened in the name of minor. Multiple accounts can also be opened.
- RD can be transferred from one post office to another.
- There is default fee of 5 paise for every 5 rupee in case if you miss on anymonthly investment.
- The account offers flexibility by allowing a partial withdrawal upto 50% of thebalance after a year.

There is no TDS on interest from post office RD. However, income is taxable in the hands of investor as per their individual tax slab. It's one of the best investment choices for every investor who is looking for risk-free investment avenue to save some amount every month systematically.

Post Office Time Deposit

- Post office time deposit comes with different tenure options for investment.Current rate of interest applicable is below:

Tenure	**Rate (w.e.f. 1.04.2021)**
1 year Time Deposit	5.5%
2 year Time Deposit	5.5%
3 year Time Deposit	5.5%
5 year Time Deposit	6.7%

- The minimum amount that can be invested is Rs. 200. There is no upper limit.There is no restriction on the number of accounts one can hold.
- Accounts can be opened in single holding or joint holding pattern. An investment in the name of minor is also allowed.
- Accounts can be transferred from one post office branch to another across India.
- Once the time deposit is matured, it will automatically renew for the sametenure again with the prevailing rate of interest on the day of maturity.
- There is a **tax benefit** for the investment made in the 5 year post office timedeposit. The investment qualifies for the deduction under Section 80C of The Income Tax Act, 1961.

Kisan Vikas Patra

- KVP offers an interest rate of **6.9%** compounded annually. It can be purchased from any post office.
- The invested amount doubles every 124 months (10 years and 4 months).
- Investment is available in denominations of Rs.1,000, Rs. 5,000, Rs.10,000 and Rs. 50,000. Investment comes with the minimum limit of Rs.1,000 and with no maximum limit.
- Certificates are easily transferable and can be endorsed to third person.
- Certificate is comparatively liquid in nature as it offers encashment facility after 2.5 years of investment.

There is no tax deduction on the principal amount invested and interest on the KVP is also taxable. The scheme is thus not tax-efficient. It works for new and small investors from remote areas who do not have access to other financial products.

Senior Citizen's Savings Scheme

- The minimum age of entry is 60 years for SCSS. Someone who has taken voluntary retirement after 55 years of age can also open this account within a month of receiving the retirement benefits. The amount invested in such casesshould not exceed the value of corpus received on retirement.
- Maximum limit of investment allowed per individual (combined balances in allaccount) is Rs. 15 lakhs. The investment amount can be in multiples of Rs.1000.
- An individual can hold multiple accounts in his name or in joint holding withhis spouse.
- Current rate of interest offered is **7.4 %** per annum payable on the first working day of each quarter. The deposit has a maturity period of 5 years. For an instance, if you invest Rs. 12 lakh in this scheme today, you willbe receiving quarterly interest of Rs. 94,800.
- The scheme also allows premature withdrawals of deposits after a year with apenalty of 1.5%. Penalty of 1 % is levied after 2 years of deposit.
- Account can be extended for three more years after the scheme matures.
- Investments are eligible for tax deduction under Section 80C of The IncomeTax Act. However, tax will be deducted at source if the amount of interest exceeds Rs.10,000 in a year.

National Savings Certificate (NSC)

- The NSC has a maturity period of 5 years. The NSC rate of interest is 6.8% perannum compounded half-yearly but payable at maturity. That means, your investment of Rs. 100,000 will yield you Rs. 1,38,949 after 5 years.

- There is no maximum limit on investment with a minimum amount of investment of Rs.100. Investments can be done in denominations of Rs.100,Rs. 500, Rs. 1,000, Rs. 5,000 and Rs.10,000.
- The NSC Certificate can be purchased in single holding or on behalf of aminor.
- Investment in NSC is tax deductible under Section 80C of The Income Tax Act. Interest on NSC is deemed to also be reinvested under Section 80 C andhence tax deductible, except interest in the final year of the NSC.
- NSC certificates can be pledged as security for availing bank loans.
- Certificates are transferable. Transfer from one person to another person isallowed only once during the investment tenure.

NSC is a risk-free and tax efficient saving scheme for long-term and traditionalinvestors with no risk appetite.

Sukanya Samriddhi Scheme

- Sukanya Samriddhi is a scheme introduced for the benefit of the girl child. Itcurrently offers an attractive interest rate of **7.6%** per annum compounded annually.
- The minimum amount of investment is Rs.1000 and maximum of Rs.1,50,000in a financial year. You have to invest at least the minimum amount every year for 15 years from the date of account opening. Thereafter the account will continue to earn interest till maturity.
- Investment in the Sukanya Samridhhi Account is tax deductible under Section80 C up to Rs 1.5 lakh per annum. The interest on the Sukanya Samriddhi Account is also tax free and the maturity amount is tax free.
- Investment will mature after the completion of 21 years from the date of opening the account or upon marriage of the girl child after attaining the age of 18. The account will also have to be closed if the girl child becomes an NRI orloses her Indian citizenship.
- Sukanya Samriddhi account can be opened only in the name of girl child by her parents or legal guardians. Girl’s age should be 10 years or less on the date ofopening the account.
- Multiple accounts cannot be opened in the name of one girl child. A parent/guardian can open maximum of two accounts in the name of twodifferent girl children.
- There will be a penalty of Rs.50 if minimum amount is not deposited in a financial year.
- Premature closure can only be done by a girl child on attaining the age ofmajority that is 18 years for the purpose of marriage or higher education.
- Girl can also avail partial withdrawal facility (not more than 50% of thebalance) after attaining the age of 18 years.
- Parents/guardian can avail a tax benefit for the invested amount under Section 80C of The Income Tax Act. Maturity proceeds are paid to the girl child andare completely tax free in her hands.

This scheme has gained lot of popularity especially in rural India. It's a good means toprovide financial security to the next generation of women in the country.

8. Public Provident Fund:

Public Provident Fund (PPF) was introduced in India in 1968 with the objective to mobilize small saving in the form of investment, coupled with a return on it. It can also be called a savings-cum-tax savings investment vehicle that enables one to builda retirement corpus while saving on annual taxes. Anyone looking for a safe investment option to save taxes and earn guaranteed returns should open a PPF account.

What is a PPF account?

Public Provident Fund (PPF) scheme is a long term investment option that offers an attractive rate of interest and returns on the amount invested. The interest earned and the returns are not taxable under Income Tax. One has to open a PPF account under this scheme and the amount deposited during a year will be claimed under section 80Cdeductions.

How to open a PPF account

A PPF account can be opened with either a Post Office or with any nationalised bank like the State Bank of India or Punjab National Bank, etc. These days, even certain private banks like ICICI, HDFC and Axis Bank among others are authorized to provide this facility. You need to submit the duly filled application form along with the required documents i.e. the KYC documents like identity proof, address proof, and signature proof. Post submitting these documents you can deposit a prescribed amounttowards the opening of the account.

What is the interest rate on PPF?

The current interest rate is 7.1% p.a. (for the quarter 1 July 2021 to 30 September 2021; continued from the previous quarter) that is compounded annually. The FinanceMinistry set the interest rate every year, which is paid on 31st March. The interest is calculated on the lowest balance between the close of the fifth day and the last day of every month.

Four essential features of PPF

- **Tenure:** The PPF has a minimum tenure of 15 years, which can be extended inblocks of 5 years as per your wish.

- **Investment Limits:** PPF allows a minimum investment of Rs 500 and a maximum of Rs 1.5 lakh for each financial year. Investments can be made in alump sum or in a maximum of 12 instalments.
- **Opening Balance:** The account can be opened with just Rs 100. Annual investments above Rs 1.5 lakh will not earn interest and will not be eligible fortax saving.
- **Deposit Frequency:** Deposits into a PPF account has to be made at least onceevery year for 15 years.
- **Mode of deposit:** The deposit into a PPF account can be made either by way ofcash, cheque, Demand Draft or through an online fund transfer.
- **Nomination:** A PPF account holder can designate a nominee for his accounteither at the time of opening the account or subsequently.
- **Joint accounts:** A PPF account can be held only in the name of one individual.Opening an account in joint names is not allowed.
- **Risk factor:** Since PPF is backed by the Indian government, it offers guaranteed, risk-free returns as well as complete capital protection. Theelement of risk involved in holding a PPF account is minimal.

Who is eligible to invest in PPF

- Any Indian citizen can invest in PPF.
- One citizen can have only one PPF account unless the second account is in thename of a minor.
- NRIs and HUFs are not eligible to open a PPF account.

Loan against PPF

- You can take a loan against your PPF account between the 3rd and 5th year.
- The loan amount can be a maximum of 25% of the 2nd year immediatelypreceding the loan application year.
- A second loan can be taken before the 6th year if the first loan is repaid fully.

PPF withdrawal

As a rule, one can **fully withdraw** the PPF account balance only upon maturity i.e. after the **completion of 15 years**. Upon completion of 15 years, the entire amount standing to the credit of an account holder in the PPF account along with the accruedinterest can be withdrawn freely and the account can be closed.

However, if account holders are in need of funds, and wish to withdraw before 15 years, the scheme permits **partial withdrawals** from year 7 i.e. **on completing 6 years**.

An account holder can **withdraw prematurely**, up to a **maximum of 50% of the amount** that is in the account at the end of the 4th year (preceding the year in which the amount is withdrawn or at the end of the preceding year, whichever is lower).Further, withdrawals can be made only **once in a financial year**.

9. Real Estate:

The Indian real estate market is the second largest employer in the country, while the agriculture sector takes the first place. The real estate sector may have taken a hit dueto demonetization and recent government policy decisions, but the industry is well poised to grow in the next 10 years. The Indian real estate market's growth is well complemented by a growing demand for office space and the growth of corporate environment. It remains the most sought-after investment avenue for Indian citizens.

Why Real Estate?
Strong market fundamentals

The last year was bad for the Indian real estate sector in terms of overall valuation dueto demonetization and more interference of the government in cash transactions. But because of strong fundamentals, price correction and rising demand in the housing sector, it is very likely that the real estate sector will lead the revival of India economic growth in the coming years.

Regulatory reforms

The introduction of regulatory reforms like RERA and GST in April 2017, coupledwith the effects of demonetization have begun to shape up the sector with new standards of accountability, transparency and delivery. These reforms will further have a positive impact on the revival of the Indian real estate sector, resulting in pricecorrection and increasing the investment potential of the sector.

Buyer's market

While demonetization had an adverse affect on the real estate business, it also resultedin slashing land prices, making it a perfect market for new buyers. As the housing sector provides heavy discounts, home loan interest rates are at all-time low. Due to the amendments in the FDI policy by the government, there has been a steady revival of interests from global investment fraternity, too.

Government schemes

Government schemes like PMAY-CLSS and the announcement of 'Housing for All' scheme have also given a boost to the real estate sector. In addition to these schemes,the government has also made affordable housing projects GST exempt. This means that an investor can save a huge amount of tax on real estate investments.

Investment Avenues in Indian Real Estate

You can invest in real estate either through a residential or -commercial property.

Residential real estate

You can invest in the residential real estate by adopting a 'value investing' strategy in ready to move projects. As urban towns have seen an increase in their share from 23%to 29.7% over the last decade and the number of metro cities have risen from 35 to 53,investing in residential properties at present can allow you to earn rental income and higher returns through appreciation. The urbanization growth is likely to reach 50.3% by 2050 as a result of development in India, which will further increase the profit margin in the residential sector.

Commercial real estate

For commercial real estate, the rental value in retail space has risen to 27% in metrosonly over the last four years, providing higher returns because of rising demand andsupply shortfall. Total sales surpassed the 64 lakh crore mark in 2016 and are poised to double in size by 2020. The consumer expenditure is also estimated to increase to 231 lakh crore from the 40 lakh crore in 2017, making it a safe and profitable investment option.

10. Insurance:

Savings Plans or Saving and Investment Plans in India are financial products that provide the opportunity to create wealth for the future. Every individual has dreams and goals that go beyond the bare necessities of life. To fulfil these, one often needssavings that have been accumulated over a period of time. Savings and investment plans help you to save your income in a systematic manner to fulfil various goals.

A savings plan is an insurance plan that combines a savings and a life cover under a single plan. The premium payments are divided into two where one portion is used tobuild a savings corpus, while the other portion is used for providing life cover to the policyholder and their family. People choose savings plans because they offer guaranteed returns as a death benefit or on maturity.

An investment plan is a Unit-Linked Insurance Plan or ULIP that combines the benefits of investments and a life cover under a single plan. A part of the premiums paid towards the plan is invested in market-linked investment instruments, while the other part is used to provide life cover to the policyholder and their family. Though ULIPs are moderate to high-risk plans, they are mainly chosen for their potential foroffering higher returns.

Savings and investment insurance plans also act as a great means to plan yourretirement and to invest in your children's future.

Detailed Guide to how Savings and Investments Plans WorksLife Insurance Savings Plans

The policyholder pays a premium towards securing a Guaranteed Savings Plan. The premium can be paid as a single, lumpsum pay or for a limited period or for the entirepolicy tenure.

The premium is used by the insurance company for two aspects – offer life cover andinvest in no-risk, non-market-linked avenues for guaranteed returns.

The life cover continues till the entire term of the policy. If the policyholder dies during the policy term, this is the sum assured that the authorised beneficiary will receive.

The money invested accrues interest as per pre-determined rate of interest and the guaranteed amount is paid out at specified intervals and on maturity.

The insurance company also pays certain bonuses, such as Accrual Bonus. Loyalty Bonus, Booster Bonus and Maturity Bonus to the policyholder.

Unit Linked Insurance Plans – ULIPs

The policyholder pays a premium towards the ULIPs. The premium payment modes could be – Single Pay, Limited Pay or Regular Pay.

The insurance company invests the money in market-linked investment avenues, also known as funds.

The policyholder gets to choose the type of funds they wish to invest in based on theirrisk appetite. Equity funds are for high-risk investors, debt funds for low-risk and hybrid funds for medium-risk investors.

Life cover is available for the entire policy term and is the sum assured that theauthorised beneficiary receives on policyholder's demise.

The invested money grows based on market forces and the accumulated amount ispaid to the policyholder on maturity.

If the policyholder dies, either the life cover sum assured (minus any partial withdrawals) or the accrued amount of investment (the fund value) or 105% of totalbase premiums paid till date, whichever is higher, is paid to the beneficiary.

Top Features of the Savings and Investment Plans in India

Life Cover:

Savings and Investment Plans offer a sum assured as life cover which isapplicable for the entire policy period.

Returns on Money Invested:

The winning feature of Savings and Investment Plans is that, contrary to pureinsurance plans, these plans offer extensive returns on the invested premium.

Maturity Benefits:

The policyholder receives maturity/survival payouts if they survive the entire policyterm.

Why Should You Opt for Savings and Investment Plans?

Whether you wish to send your child abroad for higher education or go for a Europeanholiday in the next 5 years, all your financial goals require you to invest in advance.

Your income is limited while your needs are many. Apart from your basic and immediate needs that you may spend a considerable amount of your income on, youhave long term needs that need planning in advance.

It is recommended that before using up your income for monthly consumption, you save for future expenditure first. This often poses a problem as your immediate needs could seem never-ending. That’s why you need to think of wealth building rather than just savings. Investment plans help you utilize your savings and grow them over time for future needs and goals.

Benefits of Savings and Investments Plans

It is important to have a robust monetary fund to meet emergency or future financial needs. To accumulate this fund, it is essential to save or invest a part of one's income. With a savings plan, one can ensure guaranteed returns at the end of the plan's tenure to fulfil their financial goals and ensure a steady flow of income, while an investment plan can offer high returns that can help an individual grow their wealth and also fulfiltheir financial requirements.

Additionally, having the benefit of a life cover also makes a savings and investmentplan ideal for protecting one's family against financial burdens.

These are some of the main benefits that a savings and investment plans can offer:

Saving for Future Goals

When it comes to fulfilling future goals such as buying a new home, child's education,retirement planning etc., savings are a must. Without long-term saving plans, it is difficult to balance short term needs and future goals. ULIPs help you save systematically and help you plan for these future goals.

Family's Protection

ULIP is a life insurance plus investment plan that offers a life cover to the policyholder. In case of an unfortunate death, the dependant family of the policyholderwill still be financially secured.

Good Returns

Unlike other investment plans, ULIP gives you the advantage of switching between funds depending upon their performance. This helps you to get a higher return on yourinvested amount by monitoring the growth.

Flexibility

ULIPs let you choose the premium amount, as per your requirements. They also giveyou the option of selecting funds as per your choice. Many ULIPs also offer the possibility of increasing your premiums during your premium paying term. One canopt for a particular plan based on their financial goals and risk appetite.

Liquidity

No matter what your premium paying term or policy term is, after the lock-in periodof 5 years with your ULIPs, you can fully or partially withdraw funds from your account when you are in need of urgent funds.

Systematic Savings

ULIPs give you the benefit of putting aside a chunk of your income and save it forfuture use.

Wealth Accumulation

ULIPs not only let you save your earnings, but also help in growing wealth byallocating it to market-linked funds.

Tax Benefit under Section 80C

Premiums paid for Savings and Investment Plans are deductible from taxable income under Section 80C. The maturity amount received is also tax-free subject to conditionsunder Section 10(10D) of the Income Tax Act, 1961.

What Are The Different Types Of Savings & Investment Insurance Plans?

Guaranteed[1] Return Plans

As the name suggests, a guaranteed returns plan gives you assured returns on completion of the maturity period. This assurance and predictability of cash flows make your long-term financial plans easier to manage and execute. You can even optfor monthly savings plans for regular income. You can feel secure to have funds whenyou need them.

What are the benefits of buying a guaranteed[1] return plan?

Less Risk

Although certain short-term investments may give higher returns, a guaranteed[1] returns plan is comparatively less risky than them. It wouldn't be wise to trade off returns with liquidity in investment avenues like equity and related instruments. Whileother investments to market risks, a guaranteed[1] returns plan is subject to no such conditions. Hence, this is a much safer investment for a family.

Tax Benefits[3]

Along with safety and security, choosing a guaranteed[1] returns plan also lets you availtax benefits[3]. While planning for your taxes, it is advisable to choose instruments that serve two purposes: not only would they help you save tax[3] but would also provide thelong-term benefits in terms of savings or protection, in line with your financial plans.

Flexible Premiums

A guaranteed[1] returns plan makes provisions for flexible premiums. Based on yourincome and liquidity levels, choose the amount and mode of premium payments.

Flexible Time Period

In your portfolio, a guaranteed[1] returns plan takes the place that you want it to take. Itallows you to choose your own maturity period; you can choose for how long you want to pay the premium and maturity period. This allows for every individual buy a plan which is most convenient to him and falls within his financial goals.

Endowment Plans

An endowment plan is a type of life insurance policy which gives you the dual benefitof a life cover and future savings. It enables systematic savings and over a period of time which would help you in getting a lump sum amount on surviving the policy term.

An endowment policy most often gives you guaranteed returns and hence is good forthose who do not wish to take higher investment risks. The policyholder gets his/her sum assured on a fixed date in future as per the policy terms and conditions. However,in case of sudden death of the policyholder, the insurance company will pay the sum assured (plus the bonus, if any) to the nominee of the policy. Besides, it is also useful to secure yourself or your family post-retirement or to meet various financial needs such as funding for children's education and/or marriage or buying a house.

Why should you buy an Endowment Policy?

Guaranteed Returns

Endowment policies offer low returns available with low risk. It offers the dual benefitof death cover and savings feature. These policies offer upfront guaranteed returns, and they are not linked to the market’s performance. The guaranteed returns such as guaranteed additions remain fixed and are payable on death or maturity (as applicable).

Bonus

The insurance company usually declares bonuses, depending on how the investmentshave performed. When an insurance company makes profits from its investments, it distributes a part to its policyholders at the end of each financial year. The profits or surplus of a life insurance company is determined after the valuation of its assets and liabilities. Under an endowment policy, Simple Reversionary Bonus and Terminal Bonus are added to the sum assured and payable on death or maturity under the policy. Simple Reversionary Bonus is declared annually and accrued to be payable ondeath or maturity claim. Terminal Bonus a type of loyalty bonus and is paid only at the time of maturity of the policy.

Long-term Financial Planning

An endowment policy yields high returns when you maintain it for a long term. Whenyou buy an insurance endowment plan, the benefits are payable, only in case of deathor maturity claim. Surrendering the policy is not advisable, as it provides you meagre returns. You are required to choose a policy term that helps you to achieve savings and fulfil your financial objectives.

Premiums Benefits

With endowment policies, a portion of the premium amount goes towards the mortality component and the remaining amount of the premium is invested to earn returns. Under this policy, you can avail death or maturity benefit as a lump sum of sum assured plus accrued bonuses and/or guaranteed additions, as applicable under thepolicy chosen. This policy ensures financial cover for your family plus builds a corpustill the maturity of the policy. It is a 360-degree financial plan that provides you & your family a complete financial cover.

UNIT LINKED INSURANCE PLANS (ULIPS)

A unit linked insurance plan (ULIP) is a life insurance plan with an additional feature of investing your money in the market for future financial goals. This means that you get the dual benefit of protecting your family as well as securing your own future.

A ULIP also provides tax benefits as the premium or amount invested into the ULIP isexempted from tax under Section 80C. The amount received on maturity of this investment plan, is also tax exempted under Section 10(10D) of the Income Tax Act, 1961 subject to certain conditions.

If the total annual premiums paid for ULIP investments are below ₹2.5 lakhs in a given financial year, the maturity benefits earned are completely exempted from taxation under Section 10(10D). However, if the total annual premium exceeds ₹2.5 lakhs, then the maturity benefits will be treated as Long Term Capital Gains (LTCG) and taxed accordingly. This taxation is applicable for policies bought on or after1st February 2021.

For all policies purchased before 1st February 2021, the maturity benefits areexempted from taxation.

Why should you buy an ULIP Plan?

Market-linked investments

ULIPs offer you an opportunity to invest in market-linked investment avenues forwealth accumulation.

Dual benefit of life cover and investments

You enjoy the benefits of growing your wealth through market investments, whileassuring a secured financial future for your family with life insurance cover.

Choice between long-term and short-term investment plans

With a lock-in period of just 5 years, ULIPs offer you an ability to opt for a short-term investment plan for short-term financial goals. Or you can choose to stay invested forthe long-term by choosing a longer policy tenure.

Liquidity

ULIPs allow for partial withdrawals from the fund after the lock-in period, makingULIPs a highly liquid financial instrument.

Suitable for all risk-appetites

ULIPs offer a choice of funds for investment – equity funds for high-risk investors, debt funds for low-risk investors and hybrid or balanced funds for mid-risk investors. Thus, no matter your risk-taking capabilities, you can choose a ULIP investment thatsuits your specific needs.

When Should buy the Savings and Investment Plans

Though there is no perfect time to invest in a savings and investment plan, it is recommended that one should start at an early age. When you begin earning an income, investing in a savings and investment plan enables you save or invest over along period of time that will, in turn, help you increase your financial corpus.

11. Gold/Silver:

From an investment point of view, precious metals have been a much-coveted commodity for ages. Silver and gold are highly sought-after not only because of their lustrous beauty, but also because they are a lucrative investment option. Though, as aninvestment, silver is not as popular as gold, it is in fact, a smart and practical investment these days. However, as it is under the constant shadow of gold, price of silver is influenced by every single move in the gold market and the currency. However, if youare considering silver as an investment option then you would be happy to know that it has the potential to yield handsome returns. In recent years, a significant increase in supply and demand has been noticed for this precious metal. Hence, investing in silvercan be a wise choice.

Owing to its astounding features like high conductivity of electricity and heat, ductility, malleability and the fact that it is comparatively cheaper, silver has plenty of usage in trade as well as industries.

About Silver Bars and Silver Coins: The Investment Options

Silver, as an investment option, can be availed as silver coins, bars, jewellery, utensils, ornaments etc., though silver bars are the best bet in terms of purity. They tread at the basic price of silver and are available at a lower cost than the other forms of silver like coins or jewellery. You can also avail these as bullion- an investment-oriented form of silver. These bullions may be found in shapes such as bar, round, or triangle, and can be bought depending upon the weight of silver. Considering the storage requirement of the investors, silver bars are designed in different forms. You can avail them at .995 purity and higher.They are available in different shapes, weighing 1, 5, 10 or 100 ounces or Kgs as per the retailer.

Silver as coins is expensive and can be obtained from banks, jewellery shops, or private dealers. Coins are mostly used as gifts during religious activities. In festivals like Diwali, gifting silver coins is considered auspicious. Owing to its quality or purity, banks charge a higher premium for selling coins. Coins are measured in ounces, grams, tolas or other metrics.

Silver or Gold? Debate is On

Both gold and silver are precious metals. But which one should you buy?

In a country like India, where gold is adored and coveted, it is quite difficult to take-over its reputation. Gold is an obvious choice for Indians at any time and more so during the wedding season. Silver, somehow, is not venerated the way gold is, and hence is restricted to the “not-so-well-off” section of the society. Probably this is why the uppermiddle class or richer sections of the society are unaware of the trend in silver and its potential returns. To them, investing in a precious metal means buying only gold.

Though it is true that gold has given outstanding returns in the past and is still maintaining the same, silver has taken a lead in the returns earned. Naturally, you are wondering how silver has taken over gold in terms of returns. Here is how: if we compare in terms of our population, 90% would know that in 2010, gold gave a returnof 25%; very few know that silver gave a return of 80-85% in the same financial year.

Recent Hike in Silver Price

The hike in silver prices is a fairly recent development. As you already know, one of the biggest causes of rising in silver prices is its massive use in various industries. It is a precious asset and is going to gain more value in the long run. Owing to the returns,its popularity is rising day by day and so is its price.

Talking from the investment point of view, it is a long-term investment option that cangive good returns. Precious metals are bought with the purpose storing up assets for future and to fence against financial instability and inflation. Hence silver, as bars andcoins, is quite popular with the Indian public, especially the rural population and is rapidly gaining price in the market.

Concisely Put!

Using precious metals as an investment has been a trend for ages. Silver, though not aspopular as gold, has now started a trend amongst investors. This is because of its limitedsupply and an unprecedented demand from industries all over the globe. Considering the rise in prices, silver investment can be a good option for long-term investors. Hence, a large number of people have started opening up to the idea of a silver-lined future.

Research Methodology

Objective and Scope of Study:

a. To study the investment preference among the salaried people working indifferent sectors in Surat City, Gujarat, India.
b. To know the factor that are influencing investment behavior of the peoples.
c. To analyze the pattern of investment and saving among the salaried investors.
d. To find the problems that are faced by the investors.
e. To know the mode of investments of the salaried respondents in various investment avenues.

Scope of the Study:

This study is focusing on the preference of Investments by salaried class people in Surat city only and it will be helpful to identify the different and better investment options that are available in the market.

Review Of Literature:

V.R.Palanivelu & K.Chandrakumar (2013) examined the Investment choices of salaried class in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.

Avinash Kumar Singh (2006) the study analyzed the investment pattern of people inBangalore city and Bhubaneswar & analysis of the study was undertaken with the help of survey method. After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues & the risk associated with that.

Karthikeyan (2001) has conducted research on Small Investors Perception on Post office Saving Schemes and found that there was significant difference among the fourage groups, in the level of awareness for kisan vikas patra (KVP), National Savings

Scheme (NSS), and deposit Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the level of awareness among investors in the old age group was higher than in those of young age group.

Sandhu and Singh (2004) The study was based on structured primary data. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.

Manish Mittal and Vyas (2008) Investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. Over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision. This paper classifies Indian investors into different personality types and explores the relationship between various demographic factors and the investment personality exhibited by the investors.

Sonali Patil (2014) studied preferred investment avenues among salaried people withreference to Pune City, India. A sample size of 40 investors has been taken from the Pune City, India. The result of finding showed 60% investors were aware about the investment avenues whereas 40% were unaware.

Research Design: This project is based on exploratory study as well as descriptive study. The Descriptive research is here carried out to describe about the phenomenon. This study is hence done to understand the investment behavior of the different salaried groups and its approach towards investment avenues.

Sampling Unit: Sampling unit implies that who are the respondents from the salaried class people/Investor.

Sample Size: Sampling size is 60 for convenience i.e. 60 people fill the questionnaire for the survey.

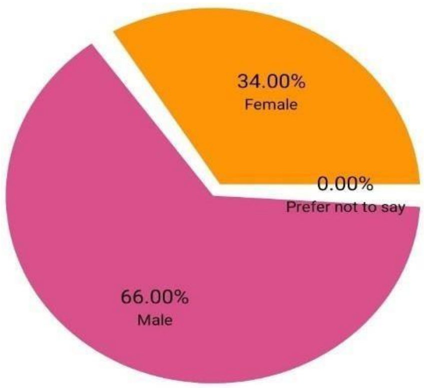
Sampling Technique: Sampling technique is the technique used to select the sample size. Convenient sampling technique used in this research. In this, Investors were taken according to the convenience of the research study.

Sampling design: Since the information is to be taken from Investors, a questionnaire has prepared for studying the saving habits and investment pattern of salaried class people at Surat.

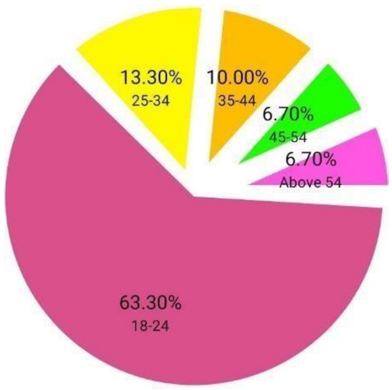
Data collection source: The study based on both secondary and primary data. The secondary information will be collected from different published materials vis. Books, Journals, magazines & websites etc. And primary data will be collected by communicating with respondents through a structured questionnaire. The study was done with the help of primary data using the questionnaire as a tool to assess the investment and its behavior. Since the basic aim of the survey is to allow each and every person to list his or her opinion about the investment avenues. The secondary data wascollected through various webs and published data sources.

Data Analysis

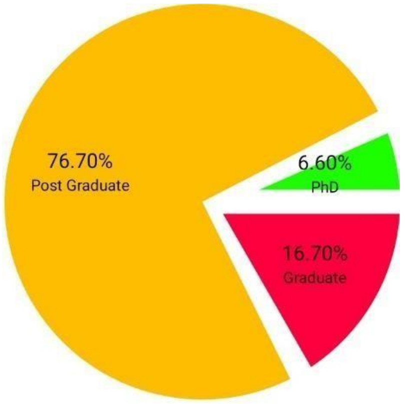
1. Gender:



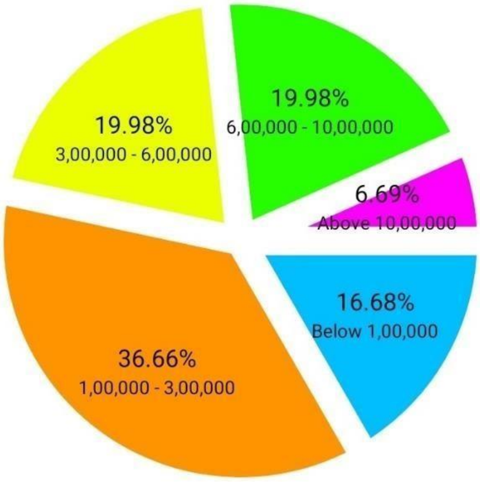
2. Age:



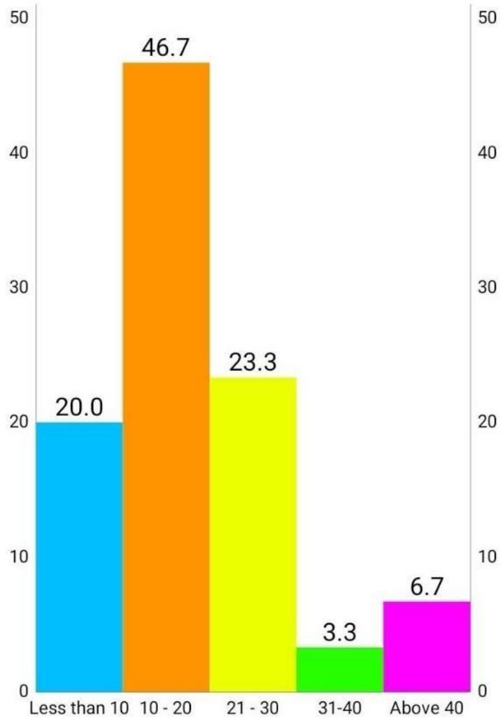
3. Educational Qualification



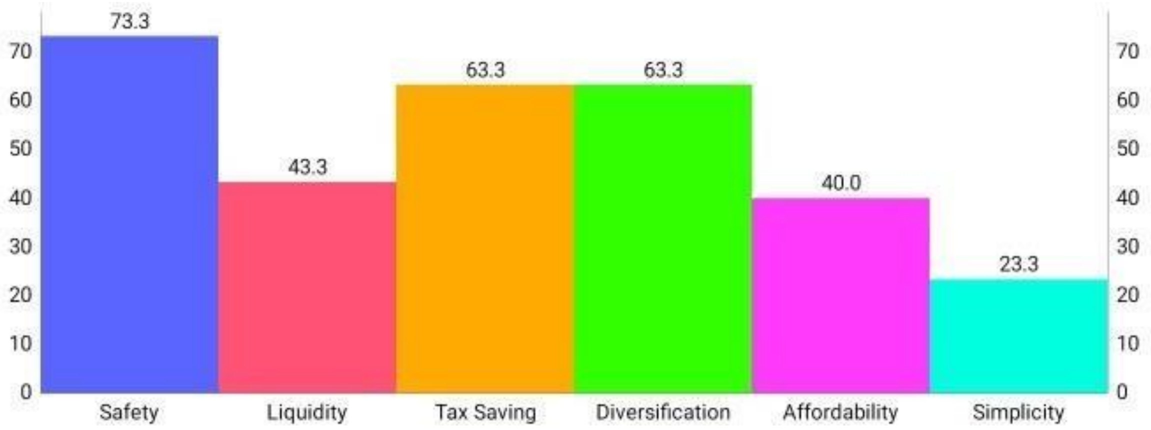
4. Annual Salary:



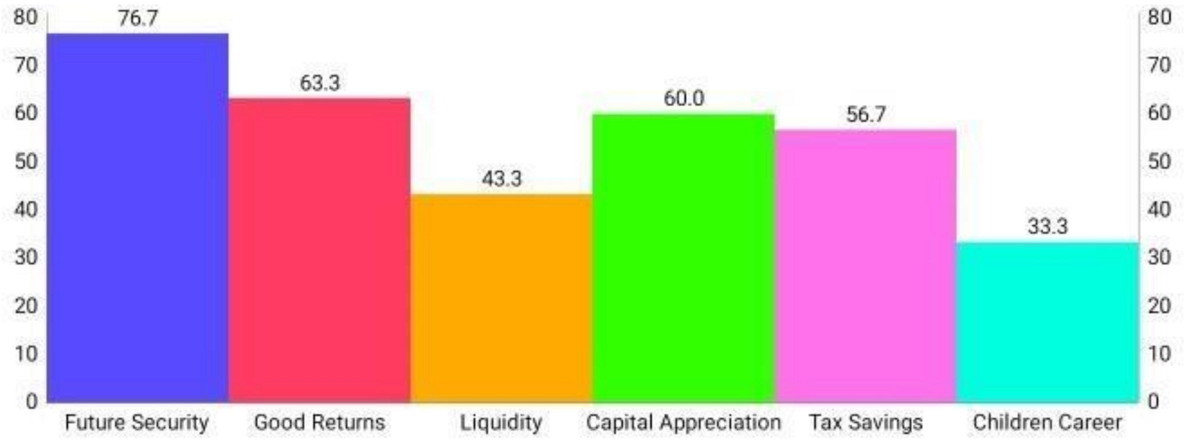
5. How much percentage of amount do you save as Savings from Salary?



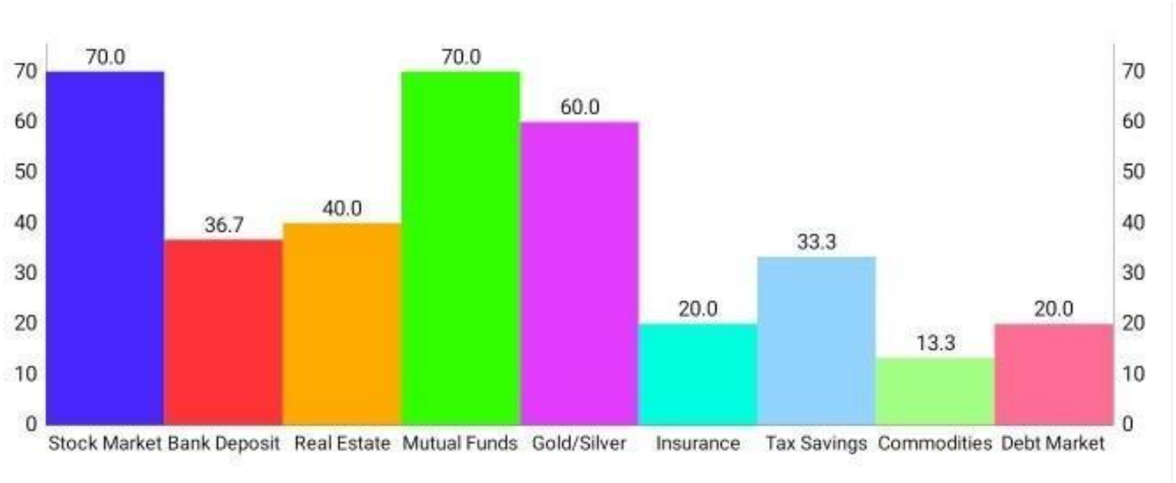
6. Which factors influence you while selecting investment avenues?



7. What are your investment objective?



8. What are your preferences for investment among the below instruments?



9. According to you how much level of risk is involved in below financial instruments?

Investment Options	Very High	High	Moderate	Low	Very Low
Stock Market	66.67%	20%	13.33-	-	-
Bank Deposit	10%-	23.33%	20%	20%	26.66%
Real Estate	26.66%	33.33%	33.33%	23.33%	
Mutual Fund	6.66%	60%	30%	3.33%	-
Metals (Gold/Silver)	6.66%	60%	20%	13.33%	
Insurance	10%	30%	10%	46.66%	3.33%
Commodity Market	10%	26.66%	50%	13.33%	-
Tax-Saving Schemes	13.33%-	6.66%	40%	40%	
Debt Market	6.66%	10%	43.33%	36.66%	3.33%

Findings

- Most of the people in research are of age group between 18-24 & are post graduate/higher by educational qualification.
- Link of salary & savings:

According to the survey most people have annual income between 1,00,000 –3,00,000 & highest number of people save around 10 -20% of salary. i.e. around 2500 – 5000/ month. So this less amount of savings will not be helpful to them to make aproper investment.

- Safety is referred as most influencing factor with 73.3% while deciding investment avenues and simplicity is least with 23.3%.
- Future Security & Good Returns are the most preferred investment objectiveswith 76.7 & 63.3%
- Stock Market & Mutual Funds are the most preferred investment alternatives with 70% ,while debt market & commodity market are less preferred with 20 &13.3%.

Suggestions

- It is absolutely essential to save your income what you earn, to have a plan for your future, and to resist spending funds that you do not already have. Mutual fund is the also found as most favored option by the youngsters today. Investment in mutual funds through the way of Systematic Investment Plan (SIP) is a favored investment option by the youngsters.
- Awareness programs needs to be conducted by stock broking firms, because most of the respondents i.e. investors are thinking that these avenues are loss making & having are having no good return on it. Hence the researchers have concluded that most of the investors prefer secured regular income on investment in the study Area.
- Also awareness program to invest in commodity & debt market should bethere.

Conclusion

- After the analysis & interpretation of data by it is concluded that Investors are very well aware about investment avenues that are available in Surat but still investors are preferring to invest in their money in bank deposit. The dataanalysis of research reveals that the safety is concerned as important factor while doing investment, so remaining avenues are less found less considerable while doing investment by investors.
- It is absolutely essential and needed to save what you earn, to have a plan foryour own future, and to resist the spending funds that you do not already have.

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