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    OBJECTIVES
    HYPOTHESES
    RESEARCH METHODOLOGY
    RESULTS & DISCUSSION
    FINDINGS
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    CONCLUSIONS
    LIMITATIONS
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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

ANALYSIS OF INVESTMENT OPTIONS

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ABSTRACT

The present paper give a brief idea regarding the various investment options that are prevailing in the financial markets in India. With plenty of investment options like Banks, Fixed Deposits, Government Bonds, Stock Market, Real Estate, Gold and Mutual Funds the common investor ends up more confused than ever. Each and every investment option has its own merits and demerits. Any investor before investing should take into consideration safety, liquidity, returns, entry/exit barriers and tax efficiency parameters. We need to evaluate each investment option on the above-mentioned basis and then invest money. Today investor faces too much confusion in analyzing the various investment options available and then selecting the best suitable one. The comparison of investment options on the basis of returns as well as on the parameters like safety, liquidity, term holding etc. is made, thus assisting the investor as a guide for investment purpose. A survey was made to know about preferences of people regarding various financial instruments.

KEYWORDS

investment options, finance

1. INTRODUCTION TO INVESTMENTS

There are many different definitions of what 'investment' and 'investing' actually means. Investing is the act of committing money or capital to an endeavor with the expectation of obtaining an additional profit or income.It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money. Growing up, most of us were taught that you can earn an income only by getting a job and working. And that's exactly what most of us do. There's one big problem with this: if you want more money, you have to work more hours. However, there is a limit to how many hours a day we can work, not to mention the fact that having a bunch of money is no fun if we don't have the leisure time to enjoy it.

You can't create a duplicate of yourself to increase your working time; so instead, you need to send an extension of yourself - your money - to work. That way, while you are putting in hours for your employer, or even moving your lawn, sleeping, reading the paper or socializing with friends, you can also be earning money elsewhere. Quite simply, making your money work for you maximizes your earning potential whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

There are many different ways you can go about making an investment. This includes putting money into stocks, bonds, mutual funds, or real estate (among many other things), or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest." Each of these vehicles has positives and negatives, which we'll discuss in a later section of this tutorial. The point is that it doesn't matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit. Even though this is a simple idea, it's the most important concept for you to understand.

1.1 WHAT INVESTING IS NOT

Investing is ***not*** gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money. Part of the confusion between investing and gambling, however, may come from the way some people use investment vehicles. For example, it could be argued that buying a stock based on a "hot tip" you heard at the water cooler is essentially the same as placing a bet at a casino.

True investing doesn't happen without some action on your part. A "real" investor does not simply throw his or her money at any random investment; he or she performs thorough analysis and commits capital only when there is a reasonable expectation of profit. Yes, there still is risk, and there are no guarantees, but investing is more than simply hoping Lady Luck is on your side

1.2 WHY BOTHER INVESTING?

Obviously, everybody wants more money. It's pretty easy to understand that people invest because they want to increase their personal freedom, sense of security and ability to afford the things they want in life.

2. OBJECTIVE OF THE STUDY

The primary objective of this paper is to make an Analysis of various investment decisions. The aim is to compare the returns given by various investment decisions. To provide the different needs of investor, these options are also compared on the basis of various parameters like safety, liquidity, risk, entry/exit barriers, etc.

The paper work was undertaken in order to have a reasonable understanding about the investment industry. The paper includes knowing about the investment DECISIONS like equity, bond, real estate, gold and mutual fund. All investment decision are discussed with their types, workings and returns. And also a questionnaire was prepared and a survey was made to know about awareness of various financial instruments among people and their attitude towards them.

3. METHODOLOGY

Equities, Bonds and Fixed Deposits, Real Estate, Gold, Mutual Funds and Life Insurance were identified as major types of investment decision. In this study regarding investment and various investment decisions were collected from websites, textbooks and magazines.

Then the returns over a period of 5 years are considered for the purpose of comparison of investment options. Then, critical analysis is made on certain parameters like returns, safety, liquidity, etc. Giving weightage to the different type of needs of the investors and then multiplying the same with the values assigned does this. A summary of the results of the questionnaire was given at the end.

4. LIMITATIONS OF THE STUDY

- The study was limited to only six investment options.
- Most of the information collected is secondary data.
- The data is compared and analyzed on the basis of performance of the investment options over the past five years.
- While considering the returns from mutual funds only top performing schemes were analyzed.
- It was very difficult to obtain the date regarding the returns yielded by real estate and hence averages were taken.

5. LITERATURE REVIEW

These days almost everyone is investing in something even if it's a savings account at the local bank or a checking account the earns interest or the home they bought to live in. However, many people are overwhelmed when they being to consider the concept of investing, let alone the laundry list of choices for investment vehicles. Even though it may seem the everyone and their brothers knows exactly who, what and when to invest in so they can make killing, please don't be fooled. Majorities of investor typically jump on the latest investment bandwagon and probably don't know as much about what's out there as you think.

Before you can confidently choose an investment path that will help you achieve your personal goals and objectives, it's vitally important that you understand the basics about the types of investments available. Knowledge is your strongest ally when it comes to weeding out bad investment advice and is crucial to successful investing whether you go at it alone or use a professional.

The investment option before you are many. Pick the right investment tool based on the risk profile, circumstance, time available etc. if you feel the market volatility is something, which you can live with then buy stocks. If you do not want risk, the volatility and simply desire some income, then you should consider fixed income securities. However, remember that risk and returns are directly proportional to each other. Higher the risk, higher the returns.

5.1 TYPES OF INVESTMENT OPTIONS

A brief preview of different investment options is given below:

1. Equities: Investment in shares of companies is investing in equities. Stocks can be brought/sold from the exchanges (secondary market) or via IPO's – Initial Public Offerings (primary market). Stocks are the best long-term investment options wherein the market volatility and the resultant risk of losses, if given enough time, are mitigated by the general upward momentum of the economy. There are two streams of revenue generation from this form of investment.

2. Dividend: Periodic payments made out of the company's profits are termed as dividends.

3. Growth: The price of the stock appreciates commensurate to the growth posted by the company resulting in capital appreciation. On an average an investment in equities in India has a return of 25%. Good portfolio management, precise timing may ensure a return of 40% or more. Picking the right stock at the right time would guarantee that your capital gains i.e. growth in market value of stock possessions, will rise.

4. Bonds: It is a fixed income (debt) instrument issued for a period of more than one year with the purpose of raising capital. The central or state government, corporations and similar institutions sell bonds. A bond is generally a promise to repay the principal along with fixed rate of interest on a specified date, called as the maturity date. Other fixed income instruments include bank deposits, debentures, preference shares etc.The average rate of return on bond and securities in India has been around 10-13% p.a.

5. Mutual Fund: These are open and close-ended funds operated by an investment company, which raises money from the public and invests in a group of assets, in accordance with a stated set of objectives. It is a substitute for those who are unable to invest directly in equities or debt because of resource, time or knowledge constraints. Benefits include diversification and professional money management. Shares are issued and redeemed on demand, based on the funs net asset value, which is determined at the end of each trading session. The average rate of return as a combination of all mutual funds put together is not fixed but is generally more than what earn is fixed deposits. However, each mutual fund will have its own average rate of return based on several schemes that they have floated. In the recent past, Mutual Funds have given a return of 18 – 35%.

6. Real Estate: For the bulk of investors the most important asset in their portfolio is a residential house. In addition to a residential house, the more affluent investors are likely to be interested in either agricultural land or may be in semi-urban land and the commercial property.

7. Precious Projects: Precious objects are items that are generally small in size but highly valuable in monetary terms. Some important precious objects are like the gold, silver, precious stones and also the unique art objects.

8. Life insurance: In broad sense, life insurance may be reviewed as an investment. Insurance premiums represent the sacrifice and the assured the sum the benefits. The important types of insurance policies in India are:

- Endowment assurance policy.
- Money back policy.
- Whole life policy.
- Term assurance policy.
- Unit-linked insurance plans.

5.2 IPO

A company may decide to sell stock to the public for a number of reasons such as providing liquidity for its original investor or raising money. The first time a company issues stock is the initial public offering (IPO), and the company receives the proceeds from that sale. After that, shares of the stock are traded, or brought and sold on the securities markets among investors, but the corporation gets no additional income. The price of the stock moves up or down depending on how much investors are willing to pay for it. Occasionally, a company will issue additional shares of its stocks, called a secondary offering, to raise additional capital.

5.3 TYPES OF STOCKS

With thousands of different stocks trading on U.S. and international securities markets, there are stocks to suit every investor and to complement every portfolio. For example, some stocks stress growth, while others provide income. Some stocks flourished during boom time, while others may help insulate your portfolio's value against turbulent or depressed markets. Some stocks are pricey, while others are comparatively inexpensive. And some stocks are inherently volatile, while others tend to be more stable in value.

5.4 P/E RATIO

A popular indicator of a stock's growth potential is its price-to-earnings ratio, or P/E – or multiple – can help you gauge the price of a stock in relation to its earnings. For instance, a stock with a P/E of 20 is trading at a price 20 times higher than its earnings.A low P/E may be a sign that a company is a poor investment risk and that its earnings are down. But it may also indicate that the market undervalues a company because its stock price doesn't reflect its earnings potential. Similarly, a stock with a high P/E may live up to investor expectations of continuing growth, or it may be overvalued.

5.5 INVESTOR DEMAND

People buy a stock when they believe it's a good investment, driving the stock price up. But if people think a company's outlook is poor and either don't invest or sell shares they already own, the stock price will fall. In effect, investor expectations determine the price of a stock.

For example, if lots of investors buy stock A, its price will be driven up. The stock becomes more valuable because there is demand for it. But the reverse is also true. If a lot of investors sell stock Z, its price will plummet. The further the stock price falls, the more investors sell it off, driving the price down even more.

6. PERFORMANCE ANALYSIS OF RETURNS

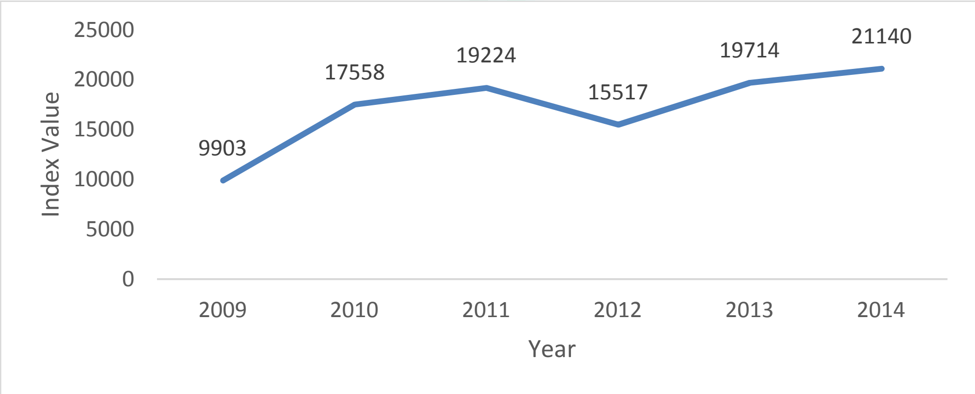
6.1 EQUITY RETURNS AT A GLANCE

If we have a look at sensex returns of the past 5 years it is like this:

TABLE 6.1: SENSEX VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	9903	0	0
2010	17558	7655	77%
2011	19224	1666	9.5%
2012	15517	-3707	-19.2%
2013	19714	4197	27%
2014	21140	1426	7.2%

FIG. 6.1: SENSEX VALUES OVER THE LAST FIVE YEARS



Inference: During the year 2010,senses got raised about 77% compared to the year 2009.But los around 20% in the year 2012 compared to 2011.A bit volatility can be seen

BSE100

TABLE 6.2: BSE100 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	9200	-	-
2010	6191	-3009	-32%
2011	4598	-1593	-25%
2012	5975	1377	29%
2013	6326	351	5%
2014	6748	422	7%

FIG. 6.2: BSE100 VALUES OVER THE LAST FIVE YEARS

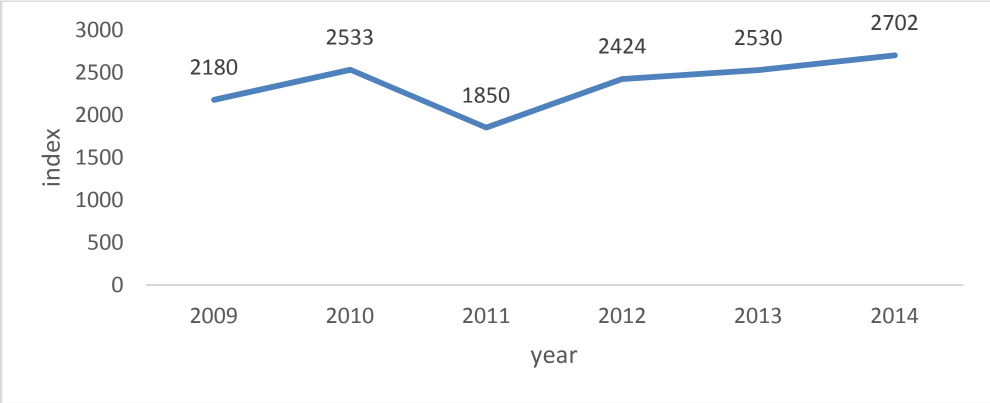
Inference : BSE100 went down till the year 2011 and since then,its on rise.

BSE200

TABLE 6.3: BSE200 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	2180	0	0
2010	2,533	353	16%
2011	1,850	-683	-36%
2012	2,424	574	31%
2013	2,530	106	4.3%
2014	2702	172	6.7%

FIG. 6.3: BSE200 VALUES OVER THE LAST FIVE YEARS



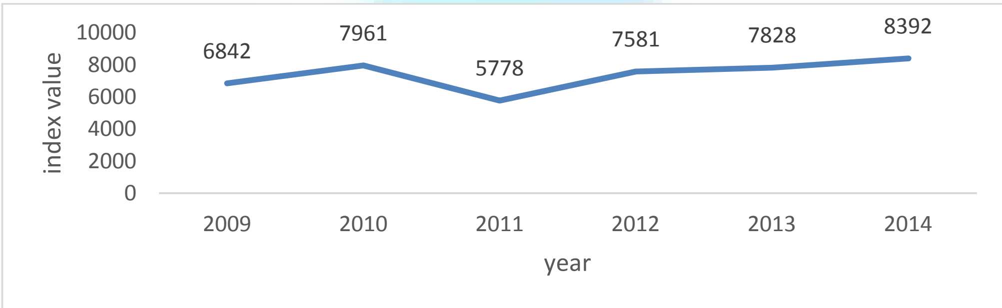
Inference: A bit volatility can be observed.

BSE500

TABLE 6.4: BSE500 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	6842	-	-
2010	7,961	1119	16%
2011	5,778	-2183	-27%
2012	7,581	1803	31%
2013	7,828	247	3%
2014	8392	564	7%

FIG. 6.4: BSE500 VALUES OVER THE LAST FIVE YEARS



Inference :Volatality can be observed over the years.
*Index values are taken at the end of each year.

6.2 BONDS RETURNS AT A GLANCE

If we have a look at the average return, which the central government securities have given over a period of one year, it is 9.11%. Now if we look at the average return, which the state government securities have given over a period of one year, it is 9.28%.

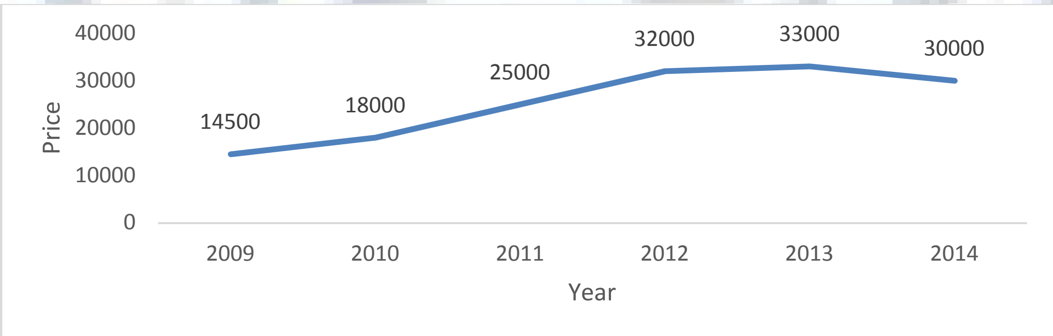
6.3 GOLD RETURNS AT A GLANCE

"Gold shines when everything else falls apart" goes an old adage. True, the glitter is back. During the 50s gold appreciated marginally. The next decade, 1960-1970, it moved from $35 to $40 and between 1970-1980 came the massive rise from $40 to $614, a whopping 1407%. The trend of gold prices in India in the last few years is given in the following table.

TABLE 6.5: GOLD RATES OVER THE LAST FIVE YEARS

YEAR	PRICE (PER 10 GRAMS)	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	14500	-	
2010	18000	3500	24%
2011	25000	7000	38%
2012	32000	7000	28%
2013	33000	1000	3%
2014	30000	-3000	-9%

FIG. 6.5: GOLD RATES OVER THE LAST FIVE YEARS



Inference : Gold rates are on sharp increase from the past five years.
*Price indicates December end prices of that particular year

6.4 MUTUAL FUNDS RETURN AT A GLANCE

TABLE 6.6: EQUITY FUND RETURNS FOR ONE YEAR

Equity Fund	NAV	1 Yr
ICICI Pru Right Fund (G)	58	32.4
Axis Long Term Equity – Direct (G)	19.66	32
Axis Long Term Equity Fund (G)	19.36	30.5

TABLE 6.7: EQUITY FUND RETURNS FOR THREE YEARS

Equity Fund	NAV	3 Yr
ICICI Pru RIGHT Fund (G)	58	17.2
Axis Long Term Equity Fund	19.66	15.9
BNP Paribas Tax Advantage Plan	19.31	11.4

TABLE 6.8 :EQUITY FUND RETURNS FOR FIVE YEARS

Equity Fund	NAV	5 YR
ICICI Pru Tax Plan (G)	192.4	23.3
Quantum Tax Saving Fund (G)	29.42	21.4
HDFC Long Term Advantage	181	20.5

TABLE 6.9 : EQUITY BALANCED FUND RETURNS FOR ONE YEAR

EQUITY BALANCED	NAV	1 YR
ICICI Balanced Adv (G)	72	26.5
ICICI PruBalanced Fund (G)	72.7	26.5
HDFC Balanced Fund (G)	77.62	25.6

TABLE 6.10: EQUITY BALANCED FUND RETURNS FOR THREE YEARS

EQUITY BALANCED	NAV	3 YR
ICICI Pru Balanced Adv (G)	20.19	13.2
ICICI Pru Balanced Fund (G)	67.06	13
HDFC Balanced Fund (G)	77.10	11.2

TABLE 6.11: EQUITY BALANCED FUND RETURNS FOR FIVE YEARS

EQUITY BALANCED	NAV	5 YR
HDFC Prudence Fund (G)	274	20.6
HDFC Balanced Fund (G)	77	20.5
Tata Balanced Fund (G)	113	18.8

Inference : Equity mutual fund returns are greater than that of equity balanced.

6.5 REAL ESTATE RETURNS

Real Estate industry in India has come of age and competes with other investment options in the structured markets. Commercial real estate continues to be a desirable investment option in India. On an average the returns from rental income on an investment in commercial property in metros is around 10.5%, which is the highest in the world. In case of other investment opportunities like bank deposits and bonds, the returns are in the range of 5.5% - 6.5%. Rejuvenated demanded since early 2004 has led to the firming up of real estate markets across the three sectors – commercial, residential and retail. The supply just about matches demand in almost all metros around the country. There has been an upward pressure on the real estate values. From a technical perspective, robust demand and upward prices are helping revive investment and speculative interest in real estate and this is being further aided by excess money supply, stock market gains and policy changes in favor of the real estate sector. Investment Yield increasing demand from the IT/ITES and BPO sector has led to approximately 20% - 40% increase in capital values for office space in the last 12-18 months across major metros in India. Grade-A office property net yields have come down from 12% -15% in 2003 and currently average around 10.5% - 11% p.a. The fall in yields has resulted from decreasing interest rates and increasing appetite from investors. This has in turn resulted from abundant liquidity options available coupled with the acceptability of real estate as a conventional class of asset. Lower interest rates, easy availability of housing finance, escalating salaries and job prospects have been lending buoyancy to the residential sector. The net yields (after accounting for all outgoings) on residential property are currently at 4% - 6% p.a. However, these investments have benefited from the improving residential capital values. As such, investor can count on potential capital gains to improve their overall returns. Capital values in the residential sector have risen by about 25% - 40% p.a. in the last 15 – 18 months. The retail market in India has been growing due to increasing demand from retailers, higher disposable incomes and dearth of quality space as on date. Though the net yields on retail property have registered a fall from 10% - 13% p.a. reported earlier to 9% - 10.5% p.a. currently, the capital appreciation in this sector is close to 20% 40% p.a. However, the risks associated with this sector are higher as retailers are prone to cyclical changes typical of a business cycle. Changing consumer psychographics combined with increasing disposable incomes will ensure further growth of the retail sector in India.

6.6 LIFE INSURANCE RETURNS AT A GLANCE

Life Insurance as "Investment".Insurance is an attractive option for investment. While most people recognize the risk hedging and tax saving potential of insurance, many are not a aware of its advantages as an investment option as well. Insurance products yield more compared to regular investment options and this is besides the added incentives (bonuses) offered by insurers.You cannot compare an insurance product with other investment schemes for the simple reason that it offers financial protection from risks something that is missing in non-insurance products.In fact, the premium you pay for an insurance policy is an investment against risk. Thus, before comparing with other schemes, you must accept that a part of the total amount invested in life insurance goes towards providing for the risk cover, while the rest is used for savings.In life insurance except for term insurance, unlike non-life products you get maturity benefits on survival at the end of the term. In other words, if you take a life insurance policy for 20 years and survive and survive the term, the amount invested as premium in the policy will come back to you with added returns. In the unfortunate event of death within the tenure of the policy the family of the deceased will receive the sum assured.

Now let us compare insurance as an investment options. If you invest INR 10000 in PPF, your money grows to Rs.10950 at 9.5% interest over a year. But in this case, the access to your funds will be limited. One can withdraw 50% of the initial deposit only after 4 years.The same amount of Rs.10000 can give you an insurance cover of up to approximately Rs.5 – 11 lakh (depending upon the plan, age and medical condition of the life insured etc) and this amount can become immediately available to the nominee of the policyholder on death. Thus insurance is a unique investment avenue that delivers sound returns in addition to protection.Life Insurance as "Tax Planning"

Insurance serves as an excellent tax saving mechanism too. The Government of India has offered tax incentives to life insurance products in order to facilitate the flow of funds into productive assets. Under section 88 of income tax act 1961, an individual is entitled to a rebate of 20% on the annual premium payable on his/her and life of his/her children or adult children

7. FINDINGS OF THE STUDY

Evaluating an investment option is never an attempt to run down the credentials of other instruments in the block. Rather the aim is to uncover ways to make the scene more persuasive and more rational. Mutual funds are an ideal investment in more ways than one. After a number of investigation and back seat squabbling over the latest budget, investors have finally started asking for the right investment instrument that truly fits his needs. At the backdrop of this uncertainty I am trying to size up the depts. And breadth of benefits of six investment instruments in this section of triggering thoughts. Abandoning the marketing tricks, I stretched out my analysis with a ranking scale of 10 as a fundamental figure crunching exercise. Gradually, I have identified and categorized all the investment requirements into three broad heads to seize the flaws into procedure. And in a remarkable finding, mutual funds appears to act as a treat to all embodies investment at its best and widely addresses the savings component of safety to suite your income tolerance.

7.1 PRIMARY NEEDS

The basic requirements an investor looks for in an investment are safety, returns and liquidity. After the US-64 fiasco, many people are confused whether to invest in any government backed financial institutions. Most of them are now transferring their money to bank FD's, which according to them is one of the safest investment options. Many state that ' I don't mind getting low returns, but I should be sure to receive them'.

7.2 SECONDARY NEEDS

Ancillary requirements for an investment are absence of entry barrier, tax efficiency and cash flow effectiveness. In an attempt to encourage real estate or the housing business in the country a lot of tax soaps have been given to this sector. A taxpayer can claim the deduction of up to Rs.1.5 lakh per year on the interest payable on the funds borrowed for the purchase of the house or for construction. Coming to mutual funds, though the dividends are being taxed in the hands of the investor this year, there is another route to save to tax – the growth option or the systematic withdrawal plans. In the case of lone term capital gain tax, one has the option of either paying 20% tax with indexation benefits or a flat rate of 10%. Apart from good tax soaps mutual funds also enjoy the benefits of entry barriers i.e. unlike in bonds, any person need not have to wait for an issue to be open to invest in a mutual fund, instead can enter anytime he wishes to do so. One may think that with so many advantages mutual funs need huge investment to start off, but one can start investing in mutual funds with a nominal amount of Rs.500/- in case of systematic investment plan.

7.3 TERTIARY NEEDS

The stock market is one of the options for investing your money. Stocks are unmatched to any other investment tool. They are the best way to make money and stay ahead of inflation over time. This is ideal if you have long-term investment goals. When you buy stock in a company and if they go bankrupt then the stock will not be the worth the price you paid for it. These thing do happen, gut if invest with proper strategies you will usually come out a winner.

For e.g. If someone had invested Rs.1 lakh in the equity market 22 years back, the thing would have appreciated to Rs.25 lakhs today. Another classic example is the Infosys stock where in if one had invested Rs.10000 in June 1993, when it came out with its maiden IPO, your holding would be worth more than Rs.85 lakhs. Over the same period debt has generated an annual return of 12% whereas gold 3.4% and real estate, though it gave 10% during this period it continued to be bogged with problems relating valuation, liquidity, sale proceeds etc. another good option is the systematic investment plan (SIP) in the mutual funds. This is feature in most of the mutual funds specifically designed for those who are interested in building wealth over long-term and plans a better future for themselves and their family. There are three major benefits of SIP. They are benefit of compounding rupee cost averaging and convince. With cost averaging one need not worry about the price of the unit, instead just invest regularly over a long-term period. This approach turns the odds in your favor over the long-term period.

Indeed the last couple of years were bad for the mutual fund industry. However as the saying goes 'every dark cloud has a silver lining' so the same is happening to mutual fund industry. With most of AMC's coming up with innovative products to beat the drawbacks of what they faced in the past, definitely the industry will take a new high from here. For a better understanding, after a through analysis our in house research team has quantified the investment options, as figures speak louder than words. With the help of the asset grid one can easily make a choice of investment. A careful look at those figures below reflects that investing in mutual stand at an advantage over the others.

TABLE 7.1: ASSET GRID

	Equity	Bonds	Gold	Real Estate	Equity MF	Debt MF
Primary Needs	2.33	1.90	2.33	2.54	2.91	2.64
Secondary Needs	2.42	1.33	1.65	0.94	2.65	2.32
Tertiary Needs	1.50	2.46	1.27	1.41	2.20	2.30
Value of Specific Instrument	6.25	5.69	5.25	4.89	7.76	7.26

7.4 PROCEDURE FOLLOWED

Firstly, the primary requirements have been broadly classified into three i.e. Basic Requirements, Ancillary Requirements and Portfolio Fit. These have been further classified into Primary needs, Safety returns and Liquidity. Secondary needs – tax efficiency, entry barriers and cash flow effectiveness. Tertiary needs – long term goals and holdings/liquidation cost. The primary secondary and tertiary needs have been assigned 40%, 30%, 30% respectively and each of the subcategories have also been assigned individual weight

These ranks are multiplied with respective weights each category and in turn the sum of these are multiplied with by the weights assigned to the primary requirements. For safety as the parameter, in comparison with mutual funds equity is ranked the lowest because of the risk it carries with it. Most of the scripts are market driven. Anything or anyone can affect the market.

On the other hand bonds are ranked the highest because they are government backed.

Contrast equity is ranked the highest for returns, as it is one of the best investment options to give good returns. Bond are rated the lowest because of the assured returns promised by the government. Both of them pay around 8% - 9% of annual returns.

TABLE 7.2 : THEORETICAL RANKINGS OF FINANCIAL INSTRUMENTS

Investment Needs	Weight (%)	Equity	Bonds	Gold	Real Estate	Equity MF	Debt MF
Safety	40	2	7	7	8	5	7
Returns	40	8	4	5	5	8	5
Liquidity	20	7	4	8	2	7	9
Entry barrier	60	9	5	5	1	8	7
Tax Efficiency	20	3	6	3	9	7	8
Cash Flow Effectiveness	20	8	3	9	4	8	9
Holding cost	60	5	9	3	2	7	8
Long Term Goals	40	4	5	6	9	9	7

For liquidity mutual funds and gold are ranked the highest as these can be converted into cash immediately as and when the investor wishes to do so. However that is not the case with the real estate or PPF account as the former is not easy to dispose and the later has a lock in period of 15 years. Even in case of entry barrier, equity and mutual funds are ranked the highest at they can be bought at any point of time with minimal investment. But, it s is not the same with the real estate, since you cannot buy the land you wish to until and unless there is someone wishing to sell it.

Taking into consideration the tax angle of an investment, then the most advantageous are the real estate and equity mutual funds. In case of real estate, a maximum amount of Rs.1.5 lakhs is allowed as deduction for the interest paid for the loan taken to either buy a house or construct it. Even in case of mutual funds, if the units are held for more than a year, only 10% of the capital appreciation is taxed and not at the peak rates. Bank FD's are the wrong choice if one is looking for the tax aspect because, firstly the amount of interest paid is less and secondly TDS is applicable. There are a few options, which meet our long-term goals. The systematic investment plan, a special feature in mutual funds is the best option to meet your long-term requirements for the same mutual funds has the highest score in the asset grid. The same thing is even applicable to the real estate, as there is a high possibility of appreciation over time and every chances of depreciation. Bank FD's are ranked the least because the capital appreciation is not huge.

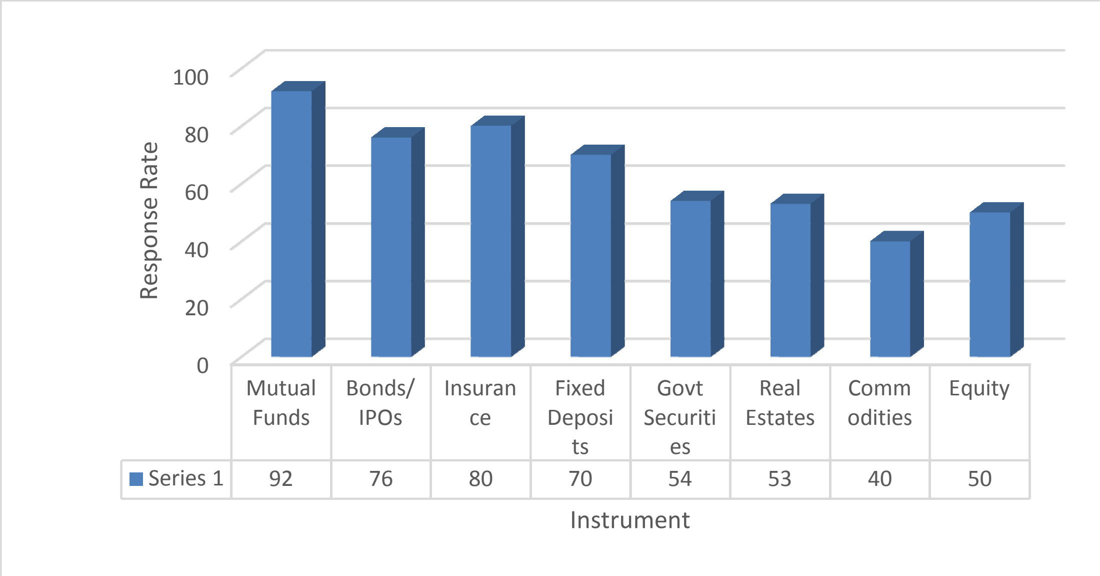
QUESTIONNAIRE ON 'AWARENESS ON FINANCIAL INSTRUMENTS'

TABLE 4.3: PARAMETERS

RESEARCH	OBJECTIVE
DATA SOURCE	PRIMARY DATA
RESEARCH METHOD	SURVEY
RESEARCH TECHNIQUE	QUESTIONNAIRE
NO OF QUESTIONS	9
SAMPLE SIZE	100

1)Which of the following financial instruments you are aware of?

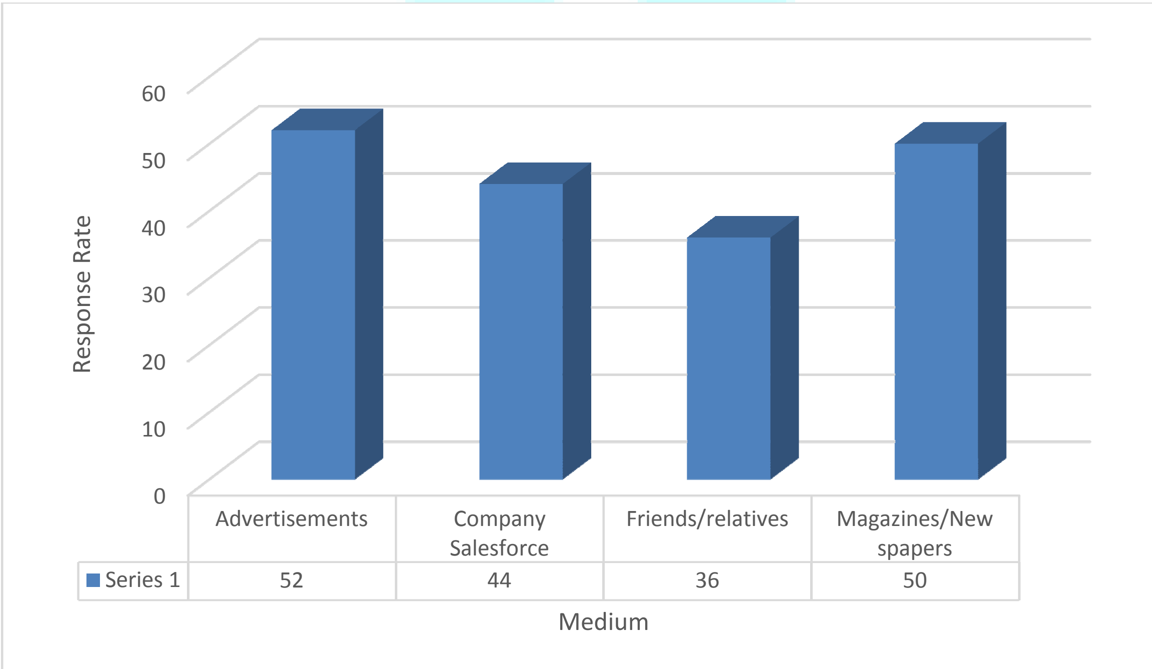
FIG. 4.1: BASIC AWARENESS ON FINANCIAL INSTRUMENTS AMONG PEOPLE



Observation:Highest percentage of participants know about mutual fund

2) How do you get information regarding these financial instruments?

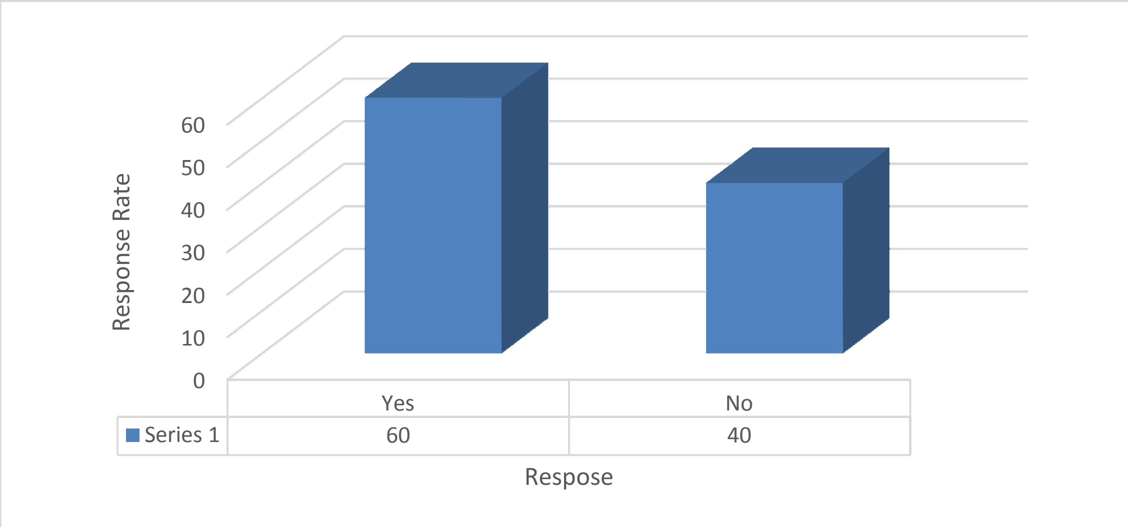
FIG. 4.2: SOURCES OF INFORMATION ABOUT FINANCIAL INSTRUMENTS



Observation: Advertisements constitute the major source of information about financial instruments.

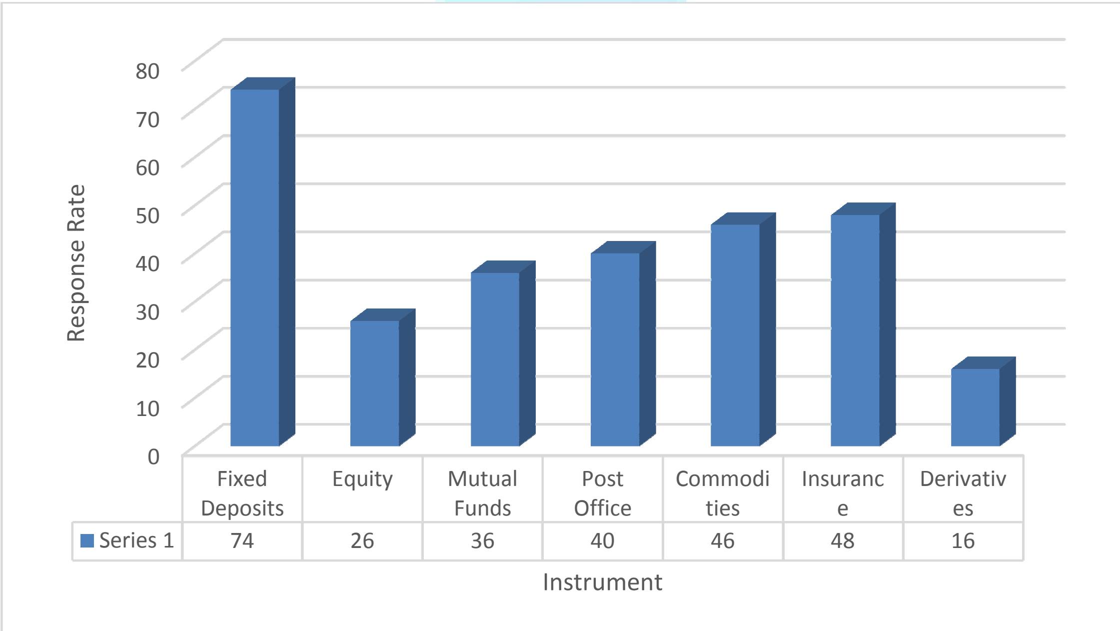
3) Do you invest in financial instruments?

FIG. 4.3 : INVESTMENT IN FINANCIAL INSTRUMENTSOBSERVATION: ABOUT 60% OF THE PARTICIPANTS INVEST IN FINANCIAL INSTRUMENTS



4) Where do you invest your savings?

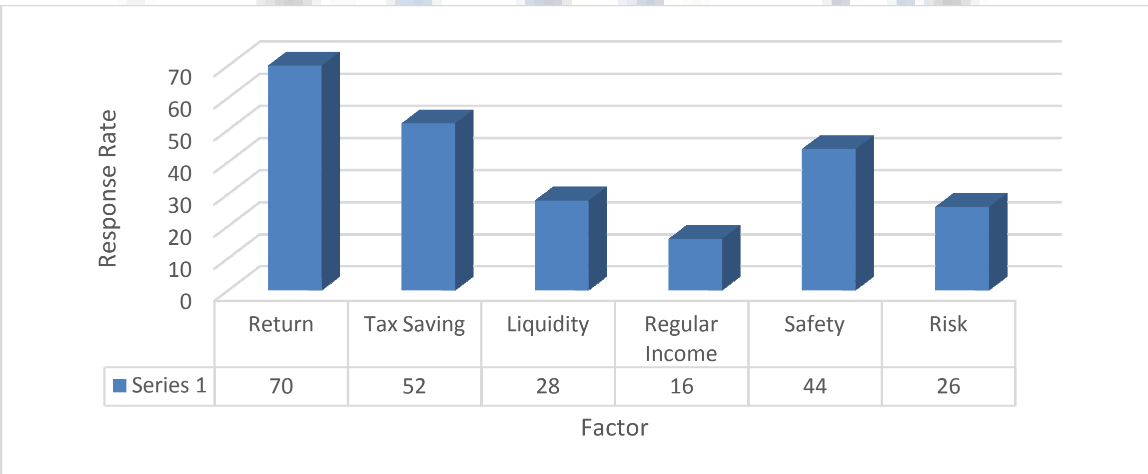
FIG. 4.4: INSTRUMENTS IN WHICH SAVINGS ARE PUT



Observation : Most of the participants are inclined towards investing in Fixed Deposits

5) What are the factors that you consider while investing in any financial instruments

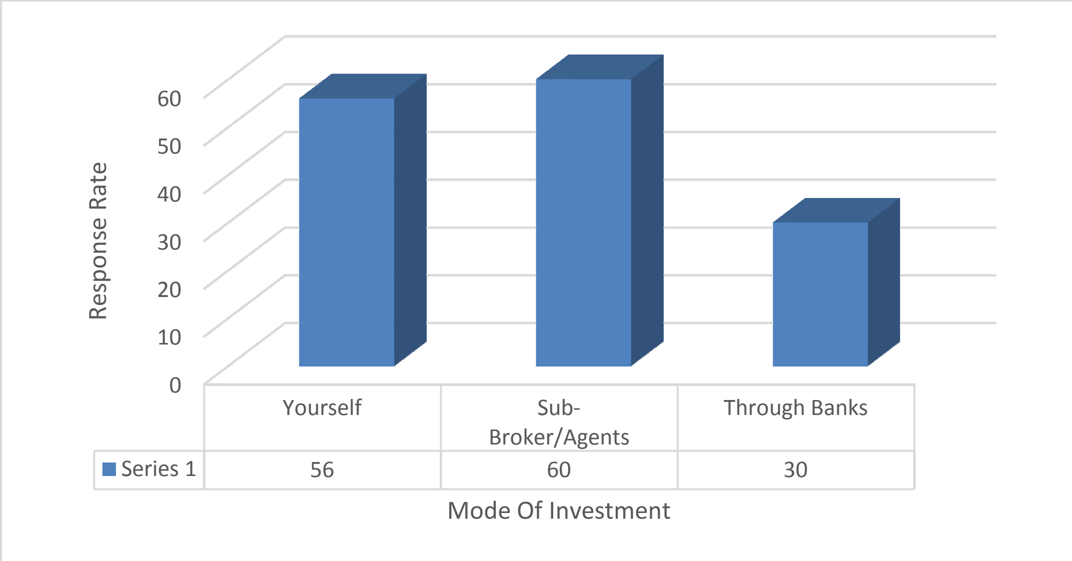
FIG. 4.5: FACTORS CONSIDERED WHILE INVESTING IN FINANCIAL INSTRUMENTS



Observation: Most of the participants consider on return,tax saving and safety as factors that influence their investment decisions.

6) How will you invest in any financial instrument?

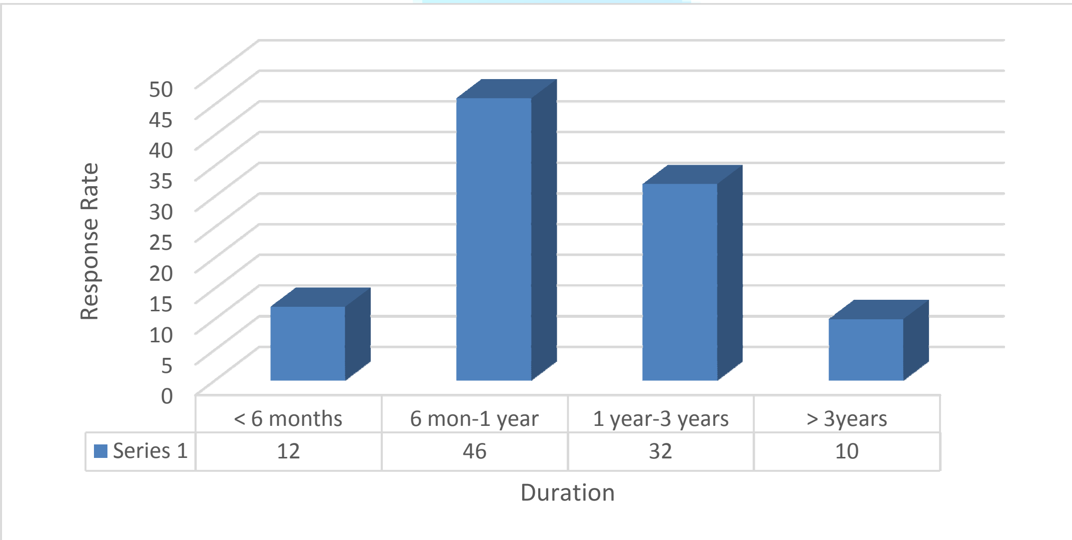
FIG. 4.6: MEDIUM THROUGH WHICH INVESTMENTS ARE MADE



Observation : Sub-Broker/Agents are approached by most people while investing

7) How long do you prefer to keep your money in any financial instrument?

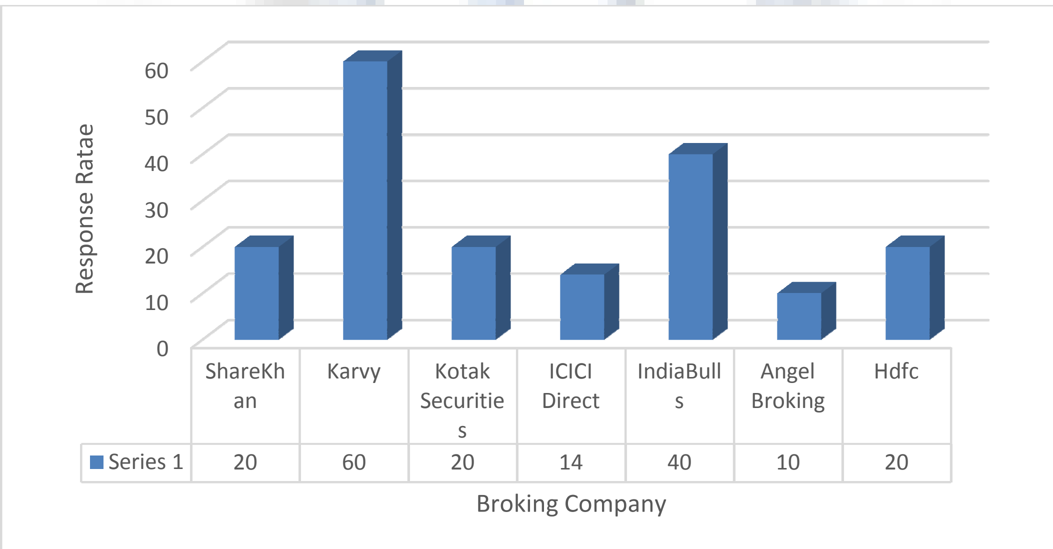
FIG. 4.7: PREFERRED DURATION TO HOLD ON WITH INVESTMENTS



Observation: Most people prefer to hold their investments for a duration of six months to 1 year

8) If you select a broker or agent then which broking company would you select?

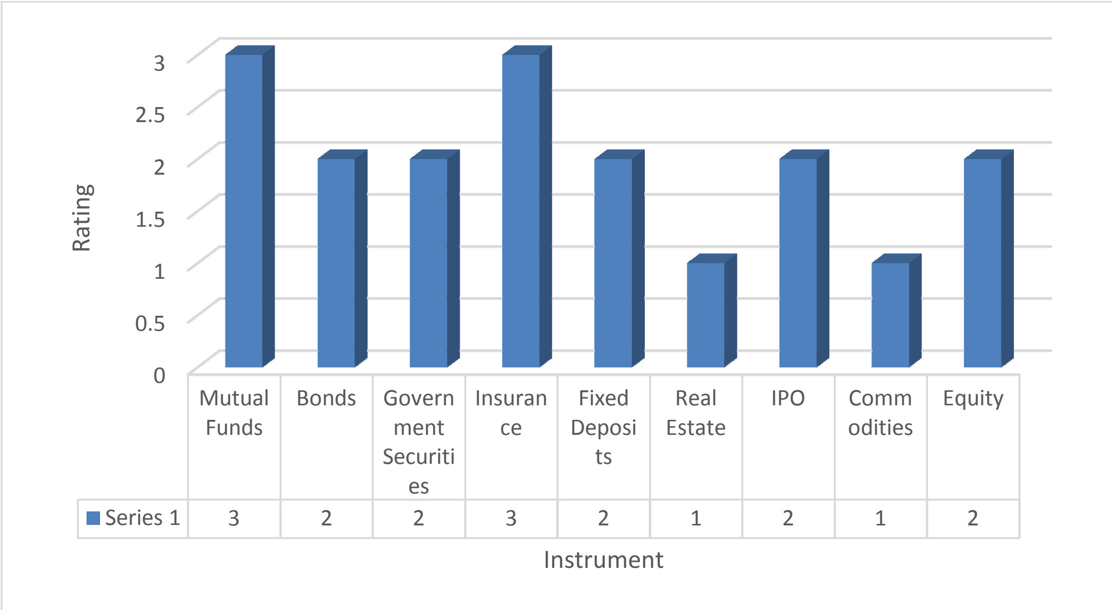
FIG. 4.8: BROKING COMPANIES PREFERRED



Observation :Karvy and Indiabulls are the preferred broking companies

9) How do you rate the following investment options? (1-least,5-highest)

FIG. 4.9: RATING OF INVESTMENT OPTIONS



Observation : Mutual funds,Insurance,Mutual Funds are rated highest.

CONCLUSION

- There are several investments to choose from these include equities, debt, real estate and gold. Each class of assets has its peculiarities. At any instant, some of those assets will offer good returns, while others will be losers.
- Most investors in search of extraordinary investments try hard to find a single asset. Some look for the next infosys, other buys real estate or gold. Many of them deposit their savings in the Public Provident Fund (PPF) ,fixed deposits or post office deposits, others plump for debt mutual funds.
- Very few buy across all asset classes or diversify within an asset class. Therefore it has been widely said that “Don’t put all your eggs in one basket”. The idea is to create a portfolio that includes multiple investments in order to reduce risk.
- Things changed in early may 2006 since then the stock market moved up more than 70%,while many stocks have moved more. Real estate prices are also swinging up, although it is difficult to map in this fragmented market. Gold and Silver prices have spurted.
- Bonds continue to give reasonable returns but it is no longer leads in the comparative rankings. Right now equity looks the best bet, with real state coming in second. The question is how long will this last? If it is a short-term phenomenon, going through the hassle of switching over from debt may not be worth it. If it’s a long-term situation, assets should be moved into equity and real estate. This may be long-term situation. The returns from the market will be good as long as profitability increases. Since the economy is just getting into recovery mode, that could hold true for several years.
- Real estate values, especially in suburban areas or small towns could improve further. The improvement in road networks will push up the value of far-flung development. There is also some attempt to amend tenancy laws and lift urban ceilings, which have stunted the real estate market.
- Regardless of your means of method, keep in mind that there is no generic diversification model that will meet the needs of every investor. Your personal time horizon, risk tolerance, investment goals, financial means, and level of investment experience will play a large role in dictating your investment experience will play a large role in dictating your investment mix. Start by figuring out the mix of stock, bonds and cash that will be required to meet your needs. From there determine exactly which investments to in completing the mix, substituting traditional assets for alternatives as needed.
- From the survey it can be observed that though people give highest rating to mutual funds,they are interested in fixed deposits because of lowest risk.

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