



THINGS YOU SHOULD KNOW BEFORE INVESTING

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Financial sectors consist of firms and institutions, and they provide financial services to their investors. There are 8 types of the financial sector

- Share Market
- Mutual Funds
- Gold
- Fixed Deposit
- PPF
- Real Estate
- Insurance
- Post Office

Share Market

A share Market is a place where buyer and seller exchange their share for their profit.

- They are highly liquid in nature and they are easy to buy.
- It does not need a lot of money to start investing
- Share Market consists of high risk as compared to other financial instruments.
- It takes time to research for investing.

Mutual Funds

It is a type of investment that consists of a portfolio of bonds, stocks, and other securities.

- Mutual Funds are managed by professional managers.
- It helps in saving taxes.

- The expense ratio is very high.
- They have fluctuating returns.

Gold

There are a variety of gold, but the most popular ones are the physical gold, gold future, and gold mining companies.

- It acts like a hedge against inflation.
- It is one of the most desired commodities.
- It is difficult to store
- Price correction led to losses

Fixed Deposit

In fixed deposit, we deposit a lump sum in the bank for a fixed period at an agreed rate of interest. It ranges from one month to a few years.

- It is one of the safest investments.
- We can get a loan against F.D.
- It does not consist of tax benefit
- They have fixed interest rates.

PPF

It is a government-managed retirement saving scheme used in India. It is a set with minimum and maximum contribution levels.

1. It has assured interest.
2. It consists of tax benefits.
3. It has a high locking period.

4. Corpus may not be high.

Real Estate

Real estate includes land, and anything permanently attached to it. There are five types of land which are residential, commercial, industrial, raw land, and special use

- It acts as a hedge against inflation
- It exists in an inefficient market.
- It requires high maintenance.
- It has low liquidity.

Post Office

Like a commercial bank, the local post office provides certain basic financial services under postal banking.

- They have less risk as compared to others.
- They are flexible in nature.
- Interest rate offers are less as compared to others.
- They provide fewer facilities.

Insurance

An insurance contract (policy) is a legal agreement wherein an insurer indemnifies another party for losses resulting from particular calamities or dangers.

- They are used as protection for our hard-earned money.
- It helps in maintaining a high standard of living
- Expensive in nature.
- It contains long legal formalities