



“A Research paper on Capital Investment Strategies for Beginners”

Dr. Vishal Tidake, Mr. Madhav Bajaj***

**Asst. Professor, SRES's Sanjivani College of Engineering, SPPU Pune*

*** Research Scholar, SRES's Sanjivani College of Engineering, SPPU Pune*

Abstract:

The young investors in the field of investment are in constant look out for investment tips. The youngsters should have control over his financial situation as that would help them to have a secured future. They need to remember that “to have money is good but to have control of money is still better” so if they are interested to control their finance then it's crucial to choose a right investment plan. Therefore, this research paper would prove to be beneficial for new investors to decide their investment strategy in the current era.

Key words: Investment, Risk, Return, Recession etc.

➤ **Introduction:**

Investment in stock market has chances for both layperson and expert to fall prey committing mistakes. Economic growth depends on two main factors one is the rate of investment and the other is the benefit drawn that contributes to the raise in the growth. To tackle the issues on investment it is essential to acquire good knowledge on the fundamental investment ethics that support to the growth in short term investment.

On choosing a company that you tend to make investment is to be analyzed for its base of history in terms of safety investment. Having the complete knowledge on the procedure of investment and its working is important. Getting advice from experts or professionals who are into the field of investing money is recommended to know more on how to invest at the right place and time.

Stock investment plans are dependent on the investors. Analyzing the statement of finance will find a great scope for marketing value achievable in a short time. Investment plotter and financial professional advisers makes the same pattern of spreading their information's to the public via advertisement. Investment, retirement preparation, securities and investing in mutual funds are some of the ways which needs more care to be taken to prevent the risk factor management.

➤ **Objective of the study:**

- 1) To study & analyze the global economic reality.
- 2) To study & find out various investment strategies' for young investors.
- 3) To draw various observations in order to suggest young investors for successful investment.

➤ **Scope of the study:**

- 1) This paper will study the global economic environment.
- 2) It helps in understanding the post pandemic economic realities.
- 3) It also covers the various investment related strategies.
- 4) It also helps in understanding the perceptions of financial experts as regards capital market investment.
- 5) The study also covers the mutual fund investment perspectives.

➤ **Global Economic Reality:**

In order to arrive at proper investment strategy especially in the post pandemic era we should study & understand the global economic situation. Following are the market realities of the world economy studied through-

- A) **Currency War,**
- B) **Developed interest rates,**
- C) **Emerging Market Realities.**

A) Currency War:

At the outset of the 2008 **Global Credit Crisis**, developed nations and emerging markets around the world joined together and slashed short-term interest rate targets to historically low levels. When Lehman Brothers fell in the early fall of 2008, banks around the world entered into protectionist mode. No one knew who the next Lehman would be, and, therefore, banks simply stopped lending to one another.

When banks stop lending to consumers, the economy can come to a grinding halt, but when banks stop lending to one another the entire global economy could completely fall apart. This was the reality and gravity of the situation during the fall of 2008. Thus, Central Banks around the world slashed short-term interest rates in an attempt to stimulate credit markets and encourage bank lending again. The unprecedented stimulus measures actually worked to some degree, and interbank lending market loosened just enough to stave off a complete crisis.

B) Developed World Interest Rates:

Developed nations have been very slow in returning interest rates to normal levels. In the United States, the Federal Reserve has held interest rates at 0-0.25% for nearly two years now. In the U.K, interest rates have been held at 0.5% for the same amount of time, and in the EuroZone rates have been held at 1.0%. The economic recovery in each of these regions is still quite fragile; thus, Central Banks believe that economic conditions still warrant these accommodative measures.

Consequently, these extremely low interest rates have created very little incentive for investors to hold debt denominated in these currencies in forex trading.

Let's take the U.S. dollar for example. If an investor is earning less than 1% interest on his money when it is in U.S. dollar, there is very little incentive for him to keep that money in U.S. dollars. Why wouldn't the investor simply take those U.S. dollars that are earning no interest and go place the capital in higher yielding currencies? The answer is that he will and he is. In fact, there is currently a massive inflow of capital into emerging market currencies because emerging market currencies are offering interest rates that are substantially higher than interest rates in the developed world.

C) Emerging Markets:

Emerging markets have weathered the crisis of the last two years quite well. Robust economies such as China, India, and Brazil have not been adversely affected by the recession due to several reasons. First of all, none of them were heavily exposed to the Sub-Prime Mortgage Industry that caused a meltdown in the developed world. Second of all, continued demand for their cheap exports helped economic growth remain consistent. Therefore, emerging markets have kept interest rates substantially higher than the developed world over the last two years.

During the first year of the global recession, this was not much of a problem because investors were scared into the safety of the U.S. dollar; however, over the last year, investors have been buying up emerging market bonds with fury due to the devalued developed world currencies. This huge capital inflow into emerging markets has caused emerging market currencies to appreciate rapidly, and expensive currencies are beginning to weigh on emerging market exports. This has caused some emerging markets to intentionally intervene in the currency markets in an attempt to fight off a stronger currency, and Brazil has gone so far as to double a tax on foreign investors who purchase Brazilian bonds.

This conflict between emerging markets and the developed world will most likely not cease anytime soon, especially as the United States and U.K. are considering further stimulus measures, which will only make their currencies even more unattractive to investors. An online forex brokerage allows traders to observe price movement of these currencies using charts and services on their websites.

➤ Analysis & Interpretation:

Table 1:

Particular	Investment with Simple investment plan	Invest when market is down
Strongly Agree	67%	48%
Agree	23%	32%
Disagree	4%	12%
Strongly Disagree	6%	6%
No comments	0%	2%
Total	100%	100%

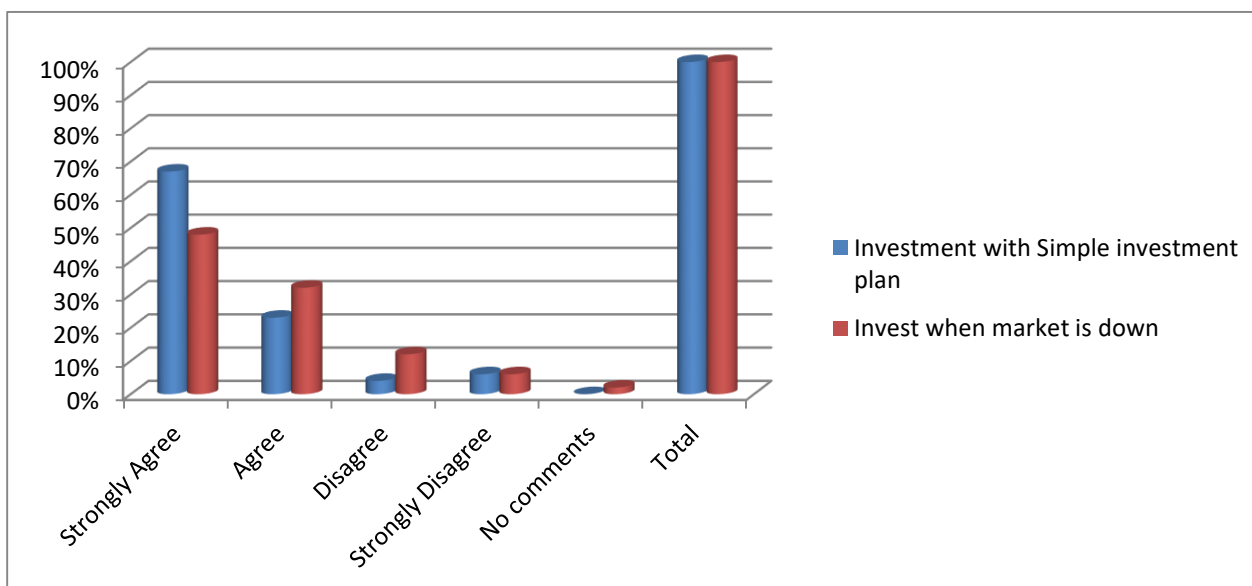
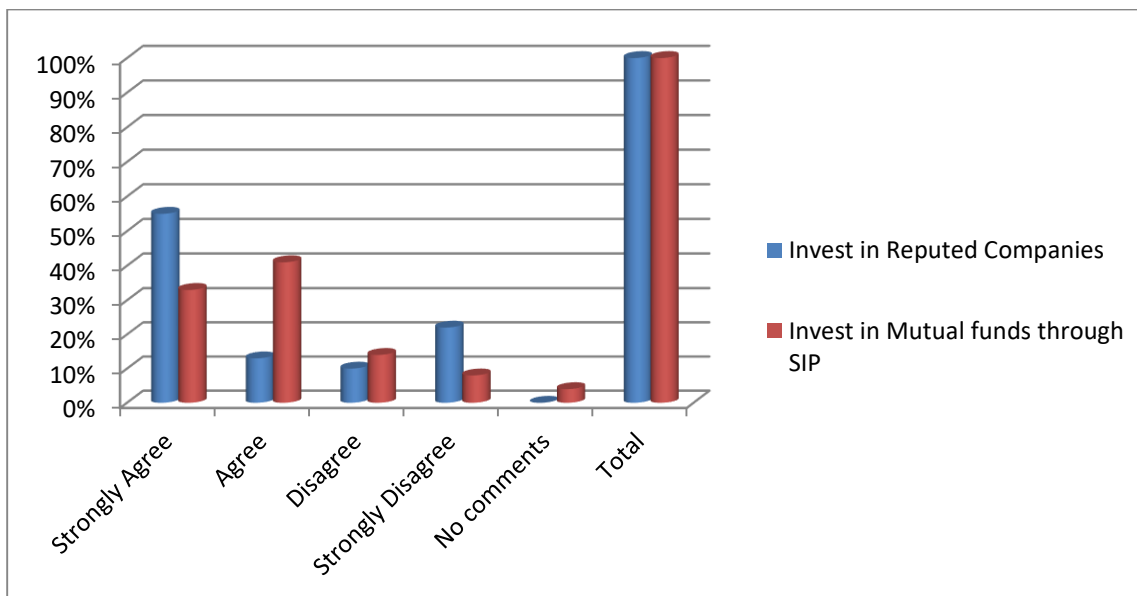
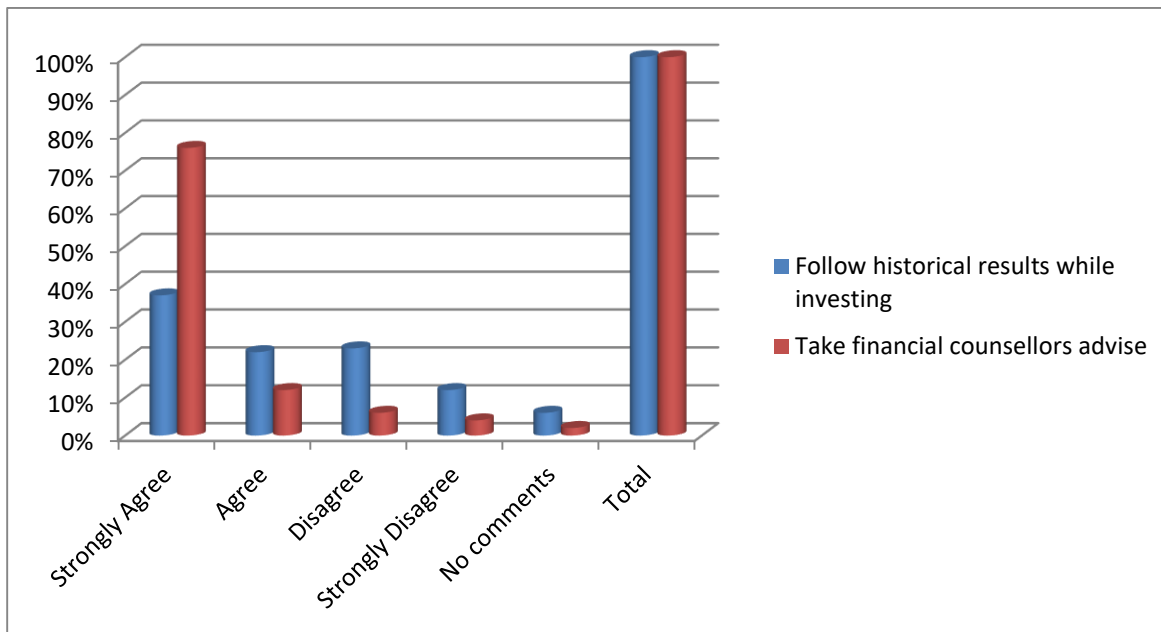


Table 2:

Particular	Invest in Reputed Companies	Invest in Mutual funds through SIP
Strongly Agree	55%	33%
Agree	13%	41%
Disagree	10%	14%
Strongly Disagree	22%	8%
No comments	0%	4%
Total	100%	100%

**Table 3:**

Particular	Follow historical results while investing	Take financial counsellors advise
Strongly Agree	37%	76%
Agree	22%	12%
Disagree	23%	6%
Strongly Disagree	12%	4%
No comments	6%	2%
Total	100%	100%



➤ Findings & Observations:

Following are the outcomes based on the interviewing & discussions with several financial experts-

a) Simple investment plans:

The new entrants in the field of investment are advised to keep the investment plan simple. In order to get a clear perception of the plan ensure that you focus on the significant points. If you invest on the basis of the prediction of a novice then that might lead to some unpleasant surprises. In order to enhance the success ratio of an investment plan choosing a right economic channel would provide security on a long term basis.

b) Invest when the market is down:

When the financial market is going through depression this is the best time for investment. Try to buy shares in the “Bear Market” and sell in the “Bull Market”. The value of shares would fall in the bear market that would enable you to buy more shares and fetch more money if you sell in the bull market. Due to lack of investment knowledge the young investors are forced to take wrong decision as they invest in the boom and sell in the time of economic depression.

c) Invest in reputed companies:

The reputed company is like *“a fertile ground can produce abundant fruit season after season”*. Trustworthy companies usually do well year after year. You can invest your hard earned money in these fertile fields (superior companies) and reap a good amount of cash. As these companies are acknowledged for their high standards in the market so you can blind foldedly invest in these companies. The returns would be an indication for the following investment and you can be assured that you won’t run at a loss as these companies are not frauds.

d) Invest in mutual funds :

Investing money in mutual funds helps in making the right saving when they are done at the right mutual funds investment company. Financial advisor helps in understanding the goals and objectives better with an investment consultant with various terms being examined at the right standards.

At times it is found that the mutual funds are more likely to provide the best needful savings than that of a banked deposit. With the availability of the mutual funds and other family funds the advantages of the online list of mutual funds and investment include various forms of investment plans and nature of funds.

e) **Invest through Systematic Investment Plan:**

A systematic investment plan is essential in building a strong base for the investment at the right time. Be it a short term investment or long term, following a standard investment strategy is needed to make the investment to make profit on investment. On making the investment to save on your retirement it is a must to look out for the minimization of the risk factors.

f) **History would lay the path for future result:**

The future result can be predicted from the past performance of the company you are investing. These prosperous companies are in search of new ventures in the field of investments that would help the investors to earn a decent amount of profit. The companies who are planning to develop and interested in new ventures give more credence to those companies.

g) **Take advice from a financial counsellor:**

If you are a new in the field of investment avoid taking impulsive decision otherwise you might land up being bankrupt. Take the help of a financial counsellor who would be able to guide you through the roller coaster ride of investment. As the counsellor can foresee the market changes faster than a non professional so there are less chances for you to land up in trouble. Talk to your counsellor regarding the investment plan you want to invest in. If there are any loopholes in the plan then he can aware you before hand as that would help you to avoid the danger. The professional investors would do a wide range of research about your financial status and suggest you a plan that would suit you best.

➤ **Conclusion:**

Hence from the above observations we can conclude that achieving success in investment field for youngsters demands a proper analysis of market as that would reduce the chances for future losses.

We have also come to the conclusion that a better investment strategy will ultimately lead to a financially secured future.

➤ **Suggestion:**

1. Always follow the simple investment plan.
2. Don't make investment without consulting.
3. Follow investing in Mutual funds through SIP.
4. Follow the principle of investing in reputed company's securities only.
5. Invest in the market when it is going under depression.
6. Always try to analyse the historical performance before future investments.

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