



Investment, Insurance Myth & Reality: Investors Guide 1.0

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ABSTRACT

Multiple options of investment from Saving Bank Account, Recurring Deposit, Bonds, Mutual funds, Equity & SIP. (Systematic Investment Plan) are prevalent besides age old technique to invest in Gold & Real Estate. If we look at the last 40 years returns since inception of the Sensex in yr. 1980 & the journey of Nifty, CSE index over the years to understand performance of equity & mutual funds besides RD./ FD./ Saving Account. Also the study of the performance of Gold & Real Estate to reach at the consolidated opinion on the available multiple tools of investment.

1 Introduction

This quote tells whole story as an easy plan to invest in multiple options. But the story begins with this when we decide to invest a particular amount for a particular period in anticipation of better returns. On the other hand Insurance that too in multiple options is also suggested likewise to protect your concern for the family & the bread earner in particular.

Multiple options of investment from Saving Bank Account, Recurring Deposit, Bonds, Mutual funds, Equity & SIP. (Systematic Investment Plan) are prevalent

besides age old technique to invest in Gold & Real Estate.

2 General History of Regulations

If we look at the last 40 years returns since inception of the Sensex in yr. 1980 & the journey of Nifty, CSE index over the years to understand performance of equity & mutual funds besides RD./ FD./ Saving Account. Also the study of the performance of Gold & Real Estate to reach at the consolidated opinion on the available multiple tools of investment. Likewise the journey of Insurance begins some 500 years back in West & in context to India it begins with pre independence with inception of Bombay Mutual Life Assurance Co in yr. 1870 & only in yr.1912 The Indian Life Insurance Companies Act 1912 becomes the first regulatory authority for insurance in pre independent era & after independence in yr. 1947 nationalized General Insurance Co. begins it's operations in General & Life Insurance & later in Medical/ Health Insurance begins in early nineties. Currently IRDAI. (Insurance Regulatory & Development Authority of India) holds control of 24 Insurance Companies to provide General, Life & Health Insurance services in India

So, like Reserve Bank Of India (RBI.) controls all Banks/ Financial Institutions in India likewise Securities & Equity Board of India (SEBI.) controls all Public Sector Corporates Equity, Sensex re-presents performance of Indian Equity/Funds under NIFTY./ CSE. All these Govt. regularities bodies are meant to out check & control on any possibility of Organize Crime/ Fraud with public money.

All these Dept/'s are their to spread awareness & assurance to investors fir their hard earned money.

3 Portfolio Performances

Now looking at the performance of Sensex from yr. 1979 & the past apx. 40 years data re-presents ups & dawns of Indian Economy. If we study our Sensex every decade we will find its 100% safety & returns from 8-14% average with high as 17-26% & lie as 6%. This clarify the performance is above all More & at par with best performance of RD./ FD. even if performance of Sensex is at lowest like 6-7%.

Over the long term Gold has delivered exactly half the annualized returns compared to BSE. Sensex , BSE Sensex has delivered 20.6%Annualised returns while Gold has delivered 10.3%.Also it is evident that the performance of the Sensex is much batter then the investment option if Gold & same is the case with Real Estate which has limited options & it's liquidity is always a big question at the hour of need. The attached Chart of the performance of the Sensex with comparison of Gold is self-explanatory.

Next investors' concern is for Tex-Free Maturity of their investment/ saving- Here as per the IT. Act 1963 any individual with annual income more than 10 lakh can invest/save maximum 150000.00 TAX-FREE under Sec. 80 CC for all savings under any scheme including Home Loan/ Tuition Fee of Kids School. But one more option is their to await TAX-FREE maturity of any big amount even as high as 6 Crore under Sec.10 (10) D of Income Tax Act 1963- As per this clause any investment related to Insurance will be

100% TAX-FREE on maturity other than Sec. 80C which allows maximum TAX-FREE saving limit as 150000.00 only.

So, this clarify the batter investment option when we decide investment & above all TAX-FREE investment/ maturity it allows investors to gain 10-15 time Insurance Cover against their investment to provide win win situation in all events.

4 Conclusion

After the careful study of the entire Sensex ups/ dawns over the last four decades since yr. 1979 & camparative chart of the performance of Equity/ Mutual Funds in comparison to RD/ FD & Gold/ Real Estate, This study suggests the Equity/ Mutual Funds are a batter choice in all the available options. Above all the careful study suggests the Insurance related Investment are the best bet which allows investment/saving up to Crore that too TAX-FREE on maturity. Now only remains is the careful choice of the investment as per your priority of Insurance, investment amount & duration of the investment besides - Health

Insurance, Term Insurance, Children plans, Retirement/ income replacement plans according to one's age/ retirement & liabilities etc.

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