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[Literature](), [Russian Literature]()

Savings is an integral part of our culture. Always we give importance to savings as we couldsee even the house wives who don't have any direct income, used to create wealth in their own way ofsavings.

Gold plays a major role in our traditional way of savings as apart from being ornaments it isviewed as asset. But in the perspective of asset build-up the investment should grow to beat theinflation. We will see the various avenues and options in wealth creation through savings. The basic guidelines for safe investment are listed below: 1) Investment should be diversified in various options like gold, real estate, bonds, shares andsecurities. 2) Investment should grow to beat the inflation. 3) Risk taking ability based on age group is an important factor. 4) Investment should be reviewed periodically.

First we will look into investing in gold. First of all buying gold should not be viewed asinvestment. As our custom and culture warrants gold ornaments, we can buy gold only to the extentwhat we really require. Over and above if we want to invest in gold, it is advisable to buy e-gold/paper gold, gold bonds issued by government or gold exchange traded funds (Gold ETF). Safeguarding ornaments is always tough when comparing to other forms as there is no risk in thesafety of bonds or ETFs. The investment on gold may be restricted to 5 to 10% of our savings. Appreciation in gold value is inconsistent and mainly depends upon international price and the rupeevalue against US dollar. When we see the real estate as investment it is suggested to buy what is required for our ownuse.

Apart from that if we invest in real estate for its income by the way of rent then definitely thereturns we get from real estate is much less than what we can generate from other investments. Among the bonds and other similar options, Public Provident Fund (PPF) is the best option. Butthere is a limit to the amount that can be invested in a year. The amount invested in PPF can beclaimed for income tax rebate and the interest that we earn on PPF investment is fully exempted fromincome tax.

And the investment in PPF is considered to be highly safe and low in risk. Long term investment in shares will yield very good return than any other investment. But thereturn is always having very high risk factor and we cannot guarantee the exact percentage of growth. But if we stay invested for longer period we can get high returns.

Mutual funds are best way to investin shares for the common people who don’t have in-depth knowledge in equity market. We will seeabout mutual fund and features of systematic investment plan (SIP), a better way of investing inmutual funds. Mutual funds are the funds that pool money from many different investors for thepurpose of investing in securities such as stocks, bonds and money market instruments andare managed by professional teams lead by fund managers. Mutual funds can be classifiedbased on their maturity period and their investment objective. Based on maturity period we can classify broadly as open-ended fund or close-endedfund. An open-ended mutual fund is a fund that is available for subscription on a continuousbasis and can be redeemed anytime. A close-ended mutual fund is a fund that has a definedmaturity period, e. g.

, 3-6 years. These funds are open for subscription for a specified periodat the time of launch. Based on investment objective we classify mutual funds as follows: 1. Equity funds2.

Debt and money market funds3. Balanced funds4. Equity linked savings scheme (ELSS)5. Thematic funds1. Equity funds: These mutual funds invest a major part of their corpus in stocks andthe investment objective of these funds is long-term capital growth.

These mutual funds aresuitable for investors with a long-term outlook. 2. Debt and money market funds: Debt mutual funds generally invest in securitiessuch as bonds, corporate debentures, government securities and money market instruments. These mutual funds are likely to be less volatile than equity funds and produce regularincome.

3. Balanced funds: Balanced mutual funds invest in both equities and fixed incomeinstruments in line with the predetermined investment objective of the scheme. These mutualfunds may be ideal for investors looking for a combination of income and moderate growth4.

Equity linked savings scheme (ELSS): Tax-saving schemes offer tax rebates toinvestors under specific provisions of the Income Tax Act. These are growth-orientedschemes and invest primarily in equities. 5.

Thematic funds: Thematic funds are equity schemes which invest in a set of sectorsthat are closely related to a particular theme like infrastructure. A systematic Investment Plan (SIP) is a method of investing a fixed sum on aregularly, in a mutual fund scheme. Key features of a SIP: 1. Disciplined approach to investment: SIPs help us to inculcate a regular saving habitas they require us to invest a fixed sum of money on a regular basis. Investing regularly insmall amounts can often lead to better results than investing in a lump sum.

Disciplinedapproach towards investing also leads to wealth accumulation. 2. Flexibility: SIPs offer the flexibility to select an amount, as little as Rs. 500 everymonth, which we intend to invest.

Moreover, easy modifications are allowed in a SIP as andwhen we desire. 3. No need to time the market: Trying to time the market is a time consuming and arisky task. Through a SIP, we have the option to invest regularly in equity marketsirrespective of the bull and bear phases. 4. Great investment tool for goal planning: By investing a specific amount in SIP everymonth; we can plan for and may be able to meet our financial goals like child's education orwedding or for a comfortable retired life.

5. Rupee cost averaging: By investing a fixed amount every month, you may be able topick up more units when the prices are low and vice a versa so that over a period of timeacquisition cost per unit may come down. This is called rupee cost averaging. After we see all of the above investment options we can plan our investments in variousoptions as follows.

The investment in gold could be restricted to 5 to 10 % in our investmentportfolio. The investment in bonds and other money market instruments could be based onour age factor. If our age is 25 then 25% of our investment could be in bonds and moneymarket instruments. Remaining investment could be in mutual funds through SIP in variousschemes like equity fund, balanced fund, debt fund or ELSS (equity linked savings schemefor tax benefits).