

# International investments

Finance



Do you think an investment in the Indian stock market is a good long-term investment? If I were an investor, I think the Indian stock market would be a sensible decision for a long term investment because today, it is considered as the most dynamic and efficient stock market in Asia. Based on analysis of experts in financial investments, the Indian stock market's operation could be compared with the international standards in terms of operating structure and efficiency. The Indian stock market has been in existence for 135 years, and I believe it has stayed in the industry for so long because of the trust and confidence of investors. One thing that makes Indian stock market as a good long term investment according to the article " Advantages for NRIS investing in the Indian Market" 2011, is that most of its stocks are correctly valued, returns of investment are excellent and its stock market is well regulated. In my observation, based on financial reports, India has a booming economy and is one of the emerging economies next to China. As such, confidence of investors is rising such that there are continuing interests from foreign multinationals on Indian companies. As compared to United States that is experiencing a slow economic growth; investors are losing interest of holding US dollars and therefore lessen interest in US investment. These investors now look for new investments in emerging countries like China, India and Brazil. India has advantage on this as the government continuously works on its deregulation and free market principles to attract investments. Because of the investors' interests, the economy of India is expected to improve further and reach a high GDP figure of 10%, and economic growth will continue on years to come. Economic activities along this line are take-over, acquisitions and mergers and are spreading on iron and steel, spirits, manufacturing, auto parts, not just IT,

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and equity.

Do you think an investment in the Indian debt securities is a good investment?

Investment in the Indian debt securities, I believe, is a good investment because according to BSE (2011), the Indian debt market is one of the largest in Asia. Securities are issued by the government (central and state), public sector, other government bodies, financial institutions, banks and corporations. As such, the fixed income securities become one of the most attractive investment opportunities since it provides safety of investments, adequate liquidity, and flexibility in structuring a portfolio, easier monitoring, long term reliability and assured returns (India Debt Market, 2010). Fixed income securities may either be interest-bearing bonds, varied type of debt instruments or asset-backed mortgages and securitized instruments. I will have no doubt on the stability of the Indian debt securities because it is considered as the pillars of the Indian economy and plays a very critical role in the structuring of its economy (BSE). It is a well regulated debt market and closely followed by the government because it needs to develop a strong bond market for long term funding. Thus, I can say that the default risk of my investment will be neutralized when I invest in Indian debt securities because of the sovereign guarantee of these instruments. It may give me a lower rate of return as compared to equity but debt securities have lower average volatility and ensure greater safety for my investments.

The Indian government has so far, offered many conveniences for the retail debt market that uses a trading system utilizing an on line system for trading, clearing and holding of securities. It has a vision of further development for the Indian Debt market to attain global recognition and

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become one of the leading capital markets of the world. With this great vision of the Indian government ahead and the growing economy of India, I have no doubt that India is a secured place for investments.

#### References

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