**A Project Report on**

**“A Study of Various Long Term Investment Options Available to Investors with Special Reference to Nagpur City.”**

Submitted to:

**Department Of Management Sciences & Research (DMSR)**

**G.S. College of Commerce & Economics, Nagpur**

**(An Autonomous Institution)**

Affiliated to:

**Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur**

In partial fulfilment for the award of the degree of

**Masters of Business Administration**

Submitted by:

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Under the Guidance of

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**NACC Accredited “A” Grade Institution**

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**(Academic Year 2023-24)**

**Department of Management Sciences and Research,**

**G.S. College of Commerce & Economics, Nagpur**

**NAAC Accredited “A” Grade Institution**

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**Academic Year 2023-24**

**CERTIFICATE**

This is to certify that **Ms. Kalyani Rajendra Bhende** has submitted the project report titled, **“A Study of Various Long Term Investments Options Available to Investors with Special Reference to Nagpur City”**, under the guidance of **Prof. Dr. Madhuri V. Purohit** towards the partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination.

It is certified that he/she has ingeniously completed his/her project as prescribed by **DMSR – G.S. College of Commerce & Economics, Nagpur (NAAC Reaccredited “A” Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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**Academic Year 2023-24**

**DECLARATION**

I, Kalyani Rajendra Bhende. here-by declare that the project with title **“A Study of Various Long Term Investments Options Available to Investors with Special Reference to Nagpur City”** has been completed by me under the guidance of **Prof. Dr. Madhuri V. Purohit** in partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR – G. S. College of Commerce & Economics , Nagpur (NACC Accredited “A” Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur university, Nagpur.

This project was undertaken as a part of academic curriculum and has not been submitted for any other examination and does not form the part of any other course undertaken by me.

**Place: Nagpur Ms. Kalyani Rajendra Bhende**

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**Academic Year 2023-24**

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**Place: Nagpur Ms. Kalyani Rajendra Bhende**

**Date:**

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**INTRODUCTION**

Investing for the long term is essential for individuals seeking to build wealth, secure their financial future, and achieve their life goals. In the vibrant city of Nagpur, where economic activities thrive and financial aspirations run high, understanding the various long-term investment options is crucial for investors to make informed decisions aligned with their financial objectives. This study endeavors to explore the diverse landscape of long-term investment opportunities available to investors in Nagpur, considering the unique socioeconomic dynamics and market conditions of the city.

Nagpur, known as the "Orange City" of India, boasts a rich cultural heritage and serves as the commercial and political hub of the Vidarbha region in Maharashtra. With a burgeoning population and expanding urban infrastructure, Nagpur presents a fertile ground for investment activities across multiple asset classes. From traditional avenues such as real estate and gold to modern financial instruments like stocks, mutual funds, and bonds, investors in Nagpur have a plethora of options to consider for long-term wealth accumulation.

The primary objective of this study is to provide a comprehensive analysis of various long-term investment avenues available to investors in Nagpur, shedding light on their characteristics, risk-return profiles, and suitability for different investor profiles. By delving into the specifics of each investment option, including their historical performance, regulatory framework, and market trends, this study aims to equip investors in Nagpur with the knowledge and insights necessary to navigate the complexities of the financial markets and make prudent investment decisions. In essence, this study serves as a guide for investors in Nagpur, offering valuable insights into the myriad long-term investment options available to them and empowering them to build robust and diversified investment portfolios that align with their financial goals and risk tolerance. Through rigorous analysis and empirical research, this study aims to contribute to the body of knowledge on investment management and facilitate informed decision-making among investors in Nagpur and beyond.

## **FEATURES**

Like other types of investment funds, mutual funds have advantages and disadvantages compared to alternative structures or investing directly in individual securities. According to Robert Pozen and Theresa Hamacher, these are:

### **Advantages**

* Increased opportunity for [diversification](https://en.wikipedia.org/wiki/Diversification_%28finance%29): A fund diversifies by holding many securities. This diversification decreases risk.
* Daily liquidity: In the United States, mutual fund shares can be redeemed for their net asset value within seven days, but in practice the redemption is often much quicker. This liquidity can create [asset–liability mismatch](https://en.wikipedia.org/wiki/Asset%E2%80%93liability_mismatch) which poses challenges, which in part motivated an SEC liquidity management rule in 2016.
* Professional investment management: Open-and closed-end funds hire portfolio managers to supervise the fund's investments.
* Ability to participate in investments that may be available only to larger investors. For example, individual investors often find it difficult to invest directly in foreign markets.
* Service and convenience: Funds often provide services such as check writing.
* Government oversight: Mutual funds are regulated by a governmental body
* Transparency and ease of comparison: All mutual funds are required to report the same information to investors, which makes them easier to compare to each other.

##

## **Disadvantages**

Mutual funds have disadvantages as well, which include:

* [Fees](https://en.wikipedia.org/wiki/Mutual_fund_fees_and_expenses)
* Less control over the timing of recognition of gains
* Less predictable income
* No opportunity to customize

## **FUND STRUCTURES**

There are three primary structures of mutual funds: [open-end funds](https://en.wikipedia.org/wiki/Open-end_fund), [unit investment trusts](https://en.wikipedia.org/wiki/Unit_investment_trust), and [closed-end funds.](https://en.wikipedia.org/wiki/Closed-end_fund) [Exchange-traded funds](https://en.wikipedia.org/wiki/Exchange-traded_fund) (ETFs) are open-end funds or unit investment trusts that trade on an exchange.

## **Open-end funds**

Open-end mutual funds must be willing to buy back ("redeem") their shares from their investors at the [net asset value](https://en.wikipedia.org/wiki/Net_asset_value) (NAV) computed that day based upon the prices of the securities owned by the fund. In the United States, open-end funds must be willing to buy back shares at the end of every business day. In other jurisdictions, open-end funds may only be required to buy back shares at longer intervals. For example, UCITS funds in Europe are only required to accept redemptions twice each month (though most UCITS accept redemptions daily).

Most open-end funds also sell shares to the public every business day; these shares are priced at NAV.

Open-end funds are often referred to simply as "mutual funds".

In the United States at the end of 2019, there were 7,945 open-end mutual funds with combined assets of $21.3 trillion, accounting for 83% of the U.S. industry.

##

## **Unit investment trusts**

Unit investment trusts (UITs) are issued to the public only once when they are created. UITs generally have a limited life span, established at creation. Investors can redeem shares directly with the fund at any time (similar to an open-end fund) or wait to redeem them upon the trust's termination. Less commonly, they can sell their shares in the open market.

Unlike other types of mutual funds, unit investment trusts do not have a professional investment manager. Their portfolio of securities is established at the creation of the UIT.

In the United States, at the end of 2019, there were 4,571 UITs with combined assets of less than

$0.1 trillion.

## **Closed-end funds**

Closed-end funds generally issue shares to the public only once, when they are created through an [initial public offering.](https://en.wikipedia.org/wiki/Initial_public_offering) Their shares are then listed for trading on a [stock exchange.](https://en.wikipedia.org/wiki/Stock_exchange) Investors who want to sell their shares must sell their shares to another investor in the market; they cannot sell their shares back to the fund. The price that investors receive for their shares may be significantly different from NAV; it may be at a "premium" to NAV (i.e., higher than NAV) or, more commonly, at a "discount" to NAV (i.e., lower than NAV).

In the United States, at the end of 2019, there were 500 closed-end mutual funds with combined assets of $0.28 trillion.

## **Classification of funds by types of underlying investments**

Mutual funds may be classified by their principal investments, as described in the prospectus and investment objective.

The four main categories of funds are money market funds, bond or fixed- income funds, stock or equity funds, and hybrid funds. Within these categories, funds may be sub- classified by investment objective.

The types of securities that a particular fund may invest in are set forth in the fund's [prospectus](https://en.wikipedia.org/wiki/Prospectus_%28finance%29), a legal document that describes the fund's investment objective, investment approach and permitted investments. The investment objective describes the type of income that the fund seeks. For example, a capital appreciation fund generally looks to earn most of its returns from increases in the prices of the securities it holds, rather than from dividend or interest income. The investment approach describes the criteria that the fund manager uses to select investments for the fund. Bond, stock, and hybrid funds may be classified as either index (or passively-managed) funds or actively managed funds. [Alternative investments](https://en.wikipedia.org/wiki/Alternative_investment) which incorporate advanced techniques such as hedging known as "liquid alternatives".

## **Money market funds**

Money market funds invest in [money market](https://en.wikipedia.org/wiki/Money_market) instruments, which are [fixed income securities](https://en.wikipedia.org/wiki/Fixed-income_securities) with a very short time to maturity and high credit quality. Investors often use money market funds as a substitute for bank [savings accounts](https://en.wikipedia.org/wiki/Savings_account), though money market funds are not insured by the government, unlike bank savings accounts.In the United States, money market funds sold to retail investors and those investing in government securities may maintain a stable net asset value of $1 per share, when they comply with certain conditions. [Money market funds](https://en.wikipedia.org/wiki/Money_market_fund) sold to institutional investors that invest in non-government securities must compute a net asset value based on the value of the securities held in the funds.In the United States, at the end of 2019, assets in money market funds were $3.6 trillion, representing 14% of the industry.

## **Bond funds**

Bond funds invest in fixed income or debt securities. Bond funds can be sub-classified according to:

* The specific types of bonds owned (such as [high-yield or junk bonds,](https://en.wikipedia.org/wiki/High-yield_debt) investment- grade [corporate bonds](https://en.wikipedia.org/wiki/Corporate_bond), government bonds or [municipal bonds](https://en.wikipedia.org/wiki/Municipal_bond))
* The maturity of the bonds held (i.e., short-, intermediate- or long-term)
* The country of issuance of the bonds (such as the U.S., emerging market or global)
* The tax treatment of the interest received (taxable or tax-exempt)
* In the United States, at the end of 2019, assets in bond funds (of all types) were $5.7 trillion, representing 22% of the industry.

## **Stock funds**

Stock or equity funds invest in [common stocks](https://en.wikipedia.org/wiki/Common_stock). Stock funds may focus on a particular area of the stock market, such as

* Stocks from only a certain industry
* Stocks from a specified country or region
* Stocks of companies experiencing strong *growth*
* Stocks that the portfolio managers deem to be a good *value* relative to the value of the company's business
* Stocks paying high [dividends](https://en.wikipedia.org/wiki/Dividend) that provide *income*
* Stocks within a certain market capitalization range

In the United States, at the end of 2019, assets in stock funds (of all types) were $15.0 trillion, representing 58% of the industry.

**Hybrid funds**

Hybrid funds invest in both bonds and stocks or in [convertible securities.](https://en.wikipedia.org/wiki/Convertible_security) Balanced funds, asset allocation funds, [convertible bond](https://en.wikipedia.org/wiki/Convertible_bond) funds,[[24]](https://en.wikipedia.org/wiki/Mutual_fund#cite_note-24) target date or target-risk funds, and lifecycle or lifestyle funds are all types of hybrid funds. The performance of hybrid funds can be explained by a combination of stock factors (e.g., [Fama–French three-factor model](https://en.wikipedia.org/wiki/Fama%E2%80%93French_three-factor_model)), bond factors (e.g., excess returns of a Government bond index), option factors (e.g., implied stock-market volatility), and fund factors (e.g., the net supply of convertible bonds).

Hybrid funds may be structured as [fund of funds,](https://en.wikipedia.org/wiki/Fund_of_funds) meaning that they invest by buying shares in other mutual funds that invest in securities. Many funds of funds invest in affiliated funds (meaning mutual funds managed by the same fund sponsor), although some invest in unaffiliated funds (i.e., managed by other fund sponsors) or some combination of the two.

In the United States, at the end of 2019, assets in hybrid funds were $1.6 trillion, representing 6% of the industry.

##

## **Other funds**

Funds may invest in commodities or other investments.

A **fixed deposit** (**FD**) is a specific deposit instrument provided by banks or other [financial](https://en.wikipedia.org/wiki/Financial_institution) [institutions](https://en.wikipedia.org/wiki/Financial_institution) which provides investors a higher rate of [interest](https://en.wikipedia.org/wiki/Interest) than a regular [savings account](https://en.wikipedia.org/wiki/Savings_account), until the given maturity date. It may or may not require the creation of a separate account. The term fixed deposit is most commonly used in [India](https://en.wikipedia.org/wiki/India) and the [United States](https://en.wikipedia.org/wiki/United_States). It is known as a [term deposit](https://en.wikipedia.org/wiki/Term_deposit) or [time](https://en.wikipedia.org/wiki/Time_deposit) [deposit](https://en.wikipedia.org/wiki/Time_deposit) in [Canada,](https://en.wikipedia.org/wiki/Canada) [Australia,](https://en.wikipedia.org/wiki/Australia) [New Zealand,](https://en.wikipedia.org/wiki/New_Zealand) and as a [bond](https://en.wikipedia.org/wiki/Bond_%28finance%29) in the [United Kingdom.](https://en.wikipedia.org/wiki/United_Kingdom)

**FIXED DEPOSITS**

A fixed deposit means that the money cannot be withdrawn before maturity unlike a [recurring](https://en.wikipedia.org/wiki/Recurring_deposit) [deposit](https://en.wikipedia.org/wiki/Recurring_deposit) or a [demand deposit.](https://en.wikipedia.org/wiki/Demand_deposit) Due to this limitation, some banks offer additional services to FD holders such as loans against FD certificates at competitive interest rates. Banks may offer lesser interest rates under uncertain economic conditions. The tenure of an FD can vary from 7, 15 or 45 days to 1.5 years and can be as high as 10 years.

In India these investments can be safer than Post Office Schemes as they are covered by the Indian [Deposit Insurance and Credit Guarantee Corporation](https://en.wikipedia.org/wiki/Deposit_Insurance_and_Credit_Guarantee_Corporation) (DICGC). However, DICGC guarantees amount up to [₹](https://en.wikipedia.org/wiki/Indian_rupee_sign) 500000 per depositor per bank. In India they also offer [income](https://en.wikipedia.org/wiki/Income_tax) [tax](https://en.wikipedia.org/wiki/Income_tax) and [wealth tax](https://en.wikipedia.org/wiki/Wealth_tax) benefits.

## **FUNCTIONING**

 Fixed deposits are high-interest-yielding term deposits and are offered by banks. The most popular form of term deposits are fixed deposits, while other forms of term deposits are [recurring](https://en.wikipedia.org/wiki/Recurring_deposit) [deposit](https://en.wikipedia.org/wiki/Recurring_deposit) and [Flexi Fixed deposits](https://en.wikipedia.org/wiki/Flexi_Fixed_Deposits) (the latter is actually a combination of demand deposit and fixed deposit).

To compensate for the low [liquidity,](https://en.wikipedia.org/wiki/Liquidity) FDs offer higher rates of interest than saving accounts. The longest permissible term for FDs is 10 years. Generally, the longer the term of deposit, the higher is the rate of interest but a bank may offer a lower rate of interest for a longer period if it expects interest rates, at which the Central Bank of a nation lends to banks ("repo rates"), will dip in the future.

Usually the interest on FDs is paid every three months from the date of the deposit (e.g. if FD a/c was opened on 15 Feb, the first interest installment would be paid on 15 May). The interest is credited to the customers' Savings bank account or sent to them by cheque. This is a *Simple FD.* The customer may choose to have the interest reinvested in the FD account. In this case, the deposit is called the *Cumulative FD* or [compound interest](https://en.wikipedia.org/wiki/Compound_interest) FD. For such deposits, the interest is paid with the invested amount on maturity of the deposit at the end of the term.

Although banks can refuse to repay FDs before the expiry of the deposit, they generally don't. This is known as a premature withdrawal. In such cases, interest is paid at the rate applicable at the time

of withdrawal. For example, a deposit is made for 5 years at 8% but is withdrawn after 2 years. If the rate applicable on the date of deposit for 2 years is 5 percent, the interest will be paid at 5 percent. Banks can charge a penalty for premature withdrawal.[[5]](https://en.wikipedia.org/wiki/Fixed_deposit#cite_note-KapilaKapila2001-5)

Banks issue a separate receipt for every FD because each deposit is treated as a distinct contract. This receipt is known as the Fixed Deposit Receipt (FDR), which has to be surrendered to the bank at the time of renewal or encashment.[[7]](https://en.wikipedia.org/wiki/Fixed_deposit#cite_note-Muralidharan-7)

Many banks offer the facility of automatic renewal of FDs where the customers do give new instructions for the matured deposit. On the date of maturity, such deposits are renewed for a similar term as that of the original deposit at the rate prevailing on the date of renewal.

[Income tax](https://en.wikipedia.org/wiki/Income_tax_in_India) regulations require that FD maturity proceeds exceeding Rs 20,000 not to be paid in cash. Repayment of such and larger deposits has to be either by "A/c payee" crossed cheque in the name of the customer or by credit to the saving bank a/c or current a/c of the customer.

Nowadays, banks give the facility of Flexi or sweep in FD, where in customers can withdraw their money through ATM, through cheque or through funds transfer from their FD account. In such cases, whatever interest is accrued on the amount they have withdrawn will be credited to their savings account (the account that has been linked to their FD) and the balance amount will automatically be converted in their new FD. This system helps them in getting their funds from their FD account at the times of emergency in a timely manner.

### **BENEFITS**

* Customers can avail loans against FDs up to 80 to 90 percent of the value of deposits. The rate of interest on the loan could be 1 to 2 percent over the rate offered on the deposit.[[8]](https://en.wikipedia.org/wiki/Fixed_deposit#cite_note-Swart2004-8)
* Residents of India can open these accounts for a minimum of seven days.
* Investing in a fixed deposit earns customers a higher interest rate than depositing money in a saving account.
* Tax saving fixed deposits is a type of fixed deposits that allow the investor to save tax under Section 80C of the Income Tax Act.

## **TAXABILITY**

In India, tax is deducted at source by the banks on FDs if interest paid to a customer at any bank exceeds [₹](https://en.wikipedia.org/wiki/Rupee) 10,000 in a financial year. This is applicable to both interest payable or reinvested per customer. This is called [Tax deducted at Source](https://en.wikipedia.org/wiki/Tax_Deducted_at_Source) and is presently fixed at 10% of the interest. With CBS banks can tally FD holding of a customer across various branches and TDS is applied if interest exceeds ₹ 10,000. Banks issue Form 16 A every quarter to the customer, as a receipt for Tax Deducted at Source.

However, tax on interest from fixed deposits is not 10%; it is applicable at the rate of tax slab of the deposit holder. If any tax on Fixed Deposit interest is due after TDS, the holder is expected to declare it in Income Tax returns and pay it by himself.

If the total income for a year does not fall within the overall taxable limits, customers can submit a Form 15 G (below 60 years of age) or Form 15 H (above 60 years of age) to the bank when starting the FD and at the start of every financial year to avoid TDS.

**GOLD**

Gold has been used throughout history as [money](https://en.wikipedia.org/wiki/Money) and has been a relative standard for currency equivalents specific to economic regions or countries, until recent times. Many European countries implemented [gold standards](https://en.wikipedia.org/wiki/Gold_standard) in the latter part of the 19th century until these were temporarily suspended in the financial crises involving [World War I](https://en.wikipedia.org/wiki/World_War_I). After [World War II](https://en.wikipedia.org/wiki/World_War_II), the [Bretton Woods](https://en.wikipedia.org/wiki/Bretton_Woods_system) [system](https://en.wikipedia.org/wiki/Bretton_Woods_system) pegged the United States dollar to gold at a rate of US$35 per [troy ounce](https://en.wikipedia.org/wiki/Troy_ounce). The system existed until the 1971 [Nixon Shock](https://en.wikipedia.org/wiki/Nixon_Shock), when the US unilaterally suspended the direct convertibility of the United States dollar to gold and made the transition to a [fiat currency](https://en.wikipedia.org/wiki/Fiat_currency) system. The last major currency to be divorced from gold was the [Swiss Franc](https://en.wikipedia.org/wiki/Swiss_Franc) in 2000.

## **Influencing factors**

Like most commodities, the price of gold is driven by [supply and demand](https://en.wikipedia.org/wiki/Supply_and_demand), including speculative demand. However, unlike most other commodities, saving and disposal play larger roles in affecting its price than its [consumption.](https://en.wikipedia.org/wiki/Consumption_%28economics%29) Most of the gold ever mined still exists in accessible form, such as bullion and mass-produced jewelry, with little value over its [fine weight](https://en.wikipedia.org/wiki/Fine_weight)—so it is nearly as liquid as bullion, and can come back onto the gold market. At the end of 2006, it was estimated that all the gold ever mined totaled 158,000 tones (156,000 long tons; 174,000 short tons).

Given the huge quantity of gold stored above ground compared to the annual production, the price of gold is mainly affected by changes in sentiment, which affects market supply and demand equally, rather than on changes in annual production. According to the [World Gold Council,](https://en.wikipedia.org/wiki/World_Gold_Council) annual mine production of gold over the last few years has been close to 2,500 tones. About 2,000 tones goes into jewelry, industrial and dental production, and around 500 tones goes to retail investors and exchange-traded gold funds.

### **Central banks**

Central banks and the [International Monetary Fund](https://en.wikipedia.org/wiki/International_Monetary_Fund) play an important role in the gold price. At the end of 2004, [central banks](https://en.wikipedia.org/wiki/Central_banks) and official organizations held 19% of all above-ground gold as [official](https://en.wikipedia.org/wiki/Official_gold_reserves) [gold reserves.](https://en.wikipedia.org/wiki/Official_gold_reserves) The ten-year [Washington Agreement on Gold](https://en.wikipedia.org/wiki/Washington_Agreement_on_Gold) (WAG), which dates from September 1999, limited gold sales by its members (Europe, United States, Japan, Australia, the [Bank for](https://en.wikipedia.org/wiki/Bank_for_International_Settlements)

[International Settlements](https://en.wikipedia.org/wiki/Bank_for_International_Settlements) and the International Monetary Fund) to less than 400

tones a year. In 2009, this agreement was extended for five years, with a limit of 500 tones. European central banks, such as the [Bank of England](https://en.wikipedia.org/wiki/Bank_of_England) and the [Swiss National Bank](https://en.wikipedia.org/wiki/Swiss_National_Bank), have been key sellers of gold over this period. In 2014, the agreement was extended another five years at 400 tones per year. In 2019 the agreement was [not extended again.](https://en.wikipedia.org/wiki/Washington_Agreement_on_Gold#2019_lapsing_of_the_agreement)

Although central banks do not generally announce gold purchases in advance, some, such as Russia, have expressed interest in growing their gold reserves again as of late 2005. In early 2006, [China,](https://en.wikipedia.org/wiki/China) which only holds 1.3% of its reserves in gold, announced that it was looking for ways to improve the returns on its official reserves. Some bulls hope that this signals that China might reposition more of its holdings into gold, in line with other central banks. Chinese investors began pursuing investment in gold as an alternative to investment in the Euro after the beginning of the Eurozone crisis in 2011. China has since become the world's top gold consumer as of 2013.

The price of gold can be influenced by a number of macroeconomic variables. Such variables include the price of oil, the use of [quantitative easing,](https://en.wikipedia.org/wiki/Quantitative_easing) currency exchange rate movements and returns on equity markets.

### **Hedge against financial stress**

Gold, like all precious metals, may be used as a [hedge](https://en.wikipedia.org/wiki/Hedge_%28finance%29) against [inflation,](https://en.wikipedia.org/wiki/Inflation) [deflation](https://en.wikipedia.org/wiki/Deflation) or currency [devaluation,](https://en.wikipedia.org/wiki/Devaluation) though its efficacy as such has been questioned; historically, it has not proven itself reliable as a hedging instrument. A unique feature of gold is that it has no default risk.

## **Gold versus stocks**

Dow/Gold Ratio 1968–2008

The performance of gold bullion is often compared to [stocks](https://en.wikipedia.org/wiki/Stock) as different investment vehicles. Gold is regarded by some as a store of value (without growth) whereas stocks are regarded as a return on value (i.e., growth from anticipated real price increase plus dividends). Stocks and bonds perform best in a stable political climate with strong property rights and little turmoil. The attached graph shows the value of Dow Jones Industrial Average divided by the price of an ounce of gold. Since 1800, stocks have consistently gained value in comparison to gold in part because of the stability of the American political system. This appreciation has been cyclical with long periods of stock outperformance followed by long periods of gold outperformance. The Dow Industrials bottomed out a ratio of 1:1 with gold during 1980 (the end of the 1970s bear market) and proceeded to post gains throughout the 1980s and 1990s. The gold price peak of 1980 also coincided with the [Soviet](https://en.wikipedia.org/wiki/Soviet_invasion_of_Afghanistan) [Union's invasion of Afghanistan](https://en.wikipedia.org/wiki/Soviet_invasion_of_Afghanistan) and the threat of the global expansion of communism. The ratio peaked on January 14, 2000, a value of 41.3 and has fallen sharply since.

One argument follows that in the long-term, gold's high volatility when compared to stocks and bonds, means that gold does not hold its value compared to stocks and bonds

## **TAXATION**

Gold maintains a special position in the market with many [tax](https://en.wikipedia.org/wiki/Tax) regimes. For example, in the [European Union](https://en.wikipedia.org/wiki/European_Union) the trading of recognized gold coins and bullion products are free of [VAT.](https://en.wikipedia.org/wiki/Value_added_tax) [Silver](https://en.wikipedia.org/wiki/Silver) and other precious metals or commodities do not have the same allowance. Other taxes such as [capital gains tax](https://en.wikipedia.org/wiki/Capital_gains_tax) may also apply for individuals depending on their [tax residency.](https://en.wikipedia.org/wiki/Tax_residence) U.S. citizens may be taxed on their gold profits at collectibles or capital gains rates, depending on the investment vehicle used.

### **SCAMS AND FRAUD**

 Gold attracts a fair share of fraudulent activity. Some of the most common are:

* Cash for gold – With the rise in the value of gold due to the financial crisis of 2007–2010, there has been a surge in companies that will buy personal gold in exchange for cash, or sell investments in gold bullion and coins. Several of these have prolific marketing plans and high- value spokesmen, such as prior vice presidents. Many of these companies are under investigation for a variety of [securities fraud](https://en.wikipedia.org/wiki/Securities_fraud) claims, as well as [laundering money](https://en.wikipedia.org/wiki/Laundering_money) for [terrorist](https://en.wikipedia.org/wiki/Terrorist_organization) [organizations.](https://en.wikipedia.org/wiki/Terrorist_organization) Also, given that ownership is often not verified, many companies are considered to be receiving stolen property, and multiple laws are under consideration as methods to curtail this.
* [High-yield investment programs](https://en.wikipedia.org/wiki/High-yield_investment_program) – HYIPs are usually just dressed up [pyramid schemes](https://en.wikipedia.org/wiki/Pyramid_scheme), with no real value underneath. Using gold in their prospectus makes them seem more solid and trustworthy.
* [Advance fee fraud](https://en.wikipedia.org/wiki/Advance_fee_fraud) – Various emails circulate on the Internet for buyers or sellers of up to 10,000 metric tonnes of gold (an amount greater than US Federal Reserve holdings). Through the use of fake legalistic phrases, such as "Swiss Procedure" or "FCO" (Full Corporate Offer), naive middlemen are drafted as hopeful brokers. The end-game of these scams varies, with some attempting to extract a small "validation" amount from the innocent buyer/seller (in hopes of hitting the big deal), and others focused on draining the bank accounts of their targeted dupes.
* Gold dust sellers – This scam persuades an investor to purchase a trial quantity of real gold, then eventually delivers [brass](https://en.wikipedia.org/wiki/Brass) filings or similar.
* Counterfeit [gold coins.](https://en.wikipedia.org/wiki/Gold_coin)
* Shares in fraudulent mining companies with no gold reserves, or potential of finding gold. For example, the [Bre-X](https://en.wikipedia.org/wiki/Bre-X) scandal in 1997.
* There have been instances of fraud when the seller keeps possession of the gold. In the early 1980s, when gold prices were high, two major frauds were [International Gold Bullion](https://en.wikipedia.org/wiki/International_Gold_Bullion_Exchange) [Exchange](https://en.wikipedia.org/wiki/International_Gold_Bullion_Exchange) and Bullion Reserve of North America. More recently, the fraud at [e-Bullion](https://en.wikipedia.org/wiki/E-Bullion) resulted in a loss for investors.

**Literature Review**

In the realm of finance and investment, the quest for suitable long-term investment options has been a perennial concern for both individual and institutional investors. Numerous studies have explored various investment instruments and their performance over extended time horizons. However, a comprehensive understanding of these options, particularly within the context of a specific geographic area such as Nagpur City, remains relatively underexplored.

**Overview of Long-Term Investment Instruments:**

A plethora of investment options are available to investors seeking long-term wealth accumulation. Traditional options such as stocks, bonds, and real estate have long been staples in investment portfolios. Modern alternatives, including exchange-traded funds (ETFs), mutual funds, and alternative investments like cryptocurrencies and peer-to-peer lending platforms, have also gained prominence in recent years. Existing literature provides insights into the characteristics, risk profiles, and historical performance of these various investment vehicles.

**Performance Analysis of Investment Options:**

Several studies have analyzed the performance of different investment instruments over long-term horizons. Research by [Author A] examines the risk-return profiles of stocks and bonds, highlighting the importance of asset allocation in achieving optimal long-term returns. Conversely, studies by [Author B] delve into the potential benefits and drawbacks of alternative investments, emphasizing their role in diversifying portfolios and enhancing risk-adjusted returns.

**Geographical Considerations in Investment Decision-Making:**

While investment strategies are often discussed in a global context, the geographical location of investors can significantly influence their choices. Research specific to Nagpur City, however, remains sparse. Studies by [Author C] and [Author D] shed light on the investment preferences and behaviors of individuals in similar Indian cities, offering valuable insights into the factors driving investment decisions at the local level.

**Regulatory Environment and Market Dynamics:**

The regulatory landscape and market dynamics play a pivotal role in shaping investors' choices and influencing the performance of investment instruments. Research by [Author E] explores the regulatory framework governing investment activities in India, highlighting the impact of policy changes on investor sentiment and market volatility. Understanding these dynamics is crucial for evaluating the viability of long-term investment options in Nagpur City's unique financial ecosystem.

**Challenges and Opportunities:**

Despite the array of investment options available, investors often face challenges in identifying suitable opportunities for long-term wealth creation. Studies by [Author F] and [Author G] discuss common pitfalls and best practices in long-term investment decision-making, offering practical recommendations for investors navigating Nagpur City's investment landscape.

**Research Methodology**

**1. Research Design:**

**Descriptive Research:** The study adopts a descriptive research design to systematically analyze and compare various long-term investment options available to investors in Nagpur City. This design allows for a detailed examination of each investment option and its suitability for long-term wealth accumulation.

**2. Data Collection:**

**Secondary Data:**

Relevant data will be collected from financial reports, academic journals, government publications, and reputable online sources to supplement the primary data and provide comprehensive insights into each investment option.

**3. Sampling Technique:**

**Stratified Sampling:**

Investors in Nagpur City will be stratified based on factors such as age, income level, and investment experience to ensure representation from diverse demographic groups. Random sampling will then be employed within each stratum to select participants for the study.

**4. Data Analysis:**

**Quantitative Analysis:**

Statistical techniques such as mean, median, standard deviation, and regression analysis will be used to analyze the primary data collected through surveys and questionnaires. This analysis will help identify trends, patterns, and correlations among different investment options and investor characteristics.

**Qualitative Analysis:**

Content analysis will be performed on qualitative data obtained from open-ended survey questions and interviews with financial experts. This analysis will provide deeper insights into investors' perceptions, attitudes, and decision-making processes regarding long-term investments.

**5. Comparative Analysis:**

**Risk-Return Analysis:**

Each long-term investment option will be evaluated based on its risk-adjusted returns, considering factors such as historical performance, volatility, and potential for capital appreciation.

**Liquidity Analysis:**

The liquidity of each investment option will be assessed to determine its ease of buying, selling, and converting into cash without significantly affecting its market price.

Tax Implications: The tax implications associated with each investment option will be analyzed to understand their impact on investors' after-tax returns and overall financial planning.

**6. Ethical Considerations:**

Informed consent will be obtained from all participants prior to their involvement in the study.

Confidentiality of participants' personal information will be strictly maintained.

Any potential conflicts of interest will be disclosed transparently.

**Problem Statement :**

* In today's complex financial landscape, investors are inundated with a plethora of investment instruments promising long-term wealth accumulation. However, navigating this diverse array of options poses a significant challenge. The absence of comprehensive comparative studies on various investment vehicles further compounds this issue, leaving investors without the necessary insights to make informed decisions aligned with their long-term financial goals.
* This study aims to address this gap by conducting a systematic analysis and comparison of different investment instruments suited for long-term wealth accumulation. By evaluating factors such as risk-adjusted returns, liquidity, tax implications, and volatility, the research endeavors to provide investors with a comprehensive understanding of the performance and suitability of each investment option over extended periods. Through empirical evidence and quantitative analysis, this study seeks to equip investors with the knowledge and tools necessary to optimize their long-term investment strategies and achieve their financial objectives.

**Objectives of Study :**

* To evalute long-term investment options currently available in Nagpur City.
* To analyze the risk and return profiles of different investment avenues.
* To evalute returns of selected investment options.
* To identify the prefered investment options by investors

**Need of Study :**

* To evaluting risk-return profiles of different investments options.
* To identifying the various long-term investment instruments available to investors.
* Investigating the accessibility and availability of investment options in Nagpur.
* Exploring the role of financial institutions and advisors in promoting long-trem investmets in Nagpur.

**Hypothesis of Study :**

**H(O) - Null Hypothesis :**

There is no significant difference in the performance and risk characteristics among various long-term investment options available to investors.

**H(1) - Alternative Hypothesis :**

There is significant difference in the performance and risk characteristics among various long-term investment options available to investors.

**Limitation of Study :**

**Regional Specificity:**

The study's focus on Nagpur City limits the generalizability of findings to a broader demographic. Investment preferences and market dynamics may differ significantly in other regions, thus limiting the applicability of the study's conclusions beyond Nagpur.

**Data Availability:**

Limited availability of comprehensive data specifically pertaining to Nagpur City may constrain the depth of analysis. This could affect the study's ability to provide a detailed comparison of investment options or to draw robust conclusions about their performance within the local context.

**Sample Size:**

The study's sample size may be limited by factors such as accessibility to participants or data sources within Nagpur City. A smaller sample size could impact the statistical power of the analysis and may not adequately represent the diverse range of investors and investment strategies prevalent in the city.

**Time Frame:**

Long-term investment performance is inherently influenced by market fluctuations and economic conditions over extended periods. However, the study's duration may be constrained by practical considerations such as time and resource limitations. Consequently, the analysis may not capture the full spectrum of market cycles or long-term investment outcomes.

**Assumption of Rationality:**

The study may assume rational decision-making behavior among investors in Nagpur City. However, investors' decisions are often influenced by behavioral biases, market sentiment, and other psychological factors that may not be fully accounted for in the analysis.

**Regulatory Changes:**

Regulatory frameworks governing investment instruments may undergo changes during the study period. These changes could affect the attractiveness or performance of certain investment options and may not be fully accounted for in the study's analysis.

**Risk Factors:**

While the study may assess risk factors associated with various investment options, it may not capture all potential risks or unforeseen events that could impact long-term investment outcomes in Nagpur City.

**Data Analysis & Interpritation**

LET’S TAKE AN EXAMPLE BY ASSUMING THAT WE INVEST 1,00,000 IN EACH INVESTMENT INSTRUMENT (GOLD, FIXED DEPOSITS, MUTUAL FUND).

1. **MUTUAL FUND**
	* **RETURN OF DIFFERENT FUNDS**

## [**Mirae Asset Tax Saver Fund Direct-Growth**](https://www.angelone.in/mutual-funds/schemes/mirae-asset-tax-saver-fund-direct-plan-growth-isin-inf769k01dm9-schemecode-matsd1-gr)

The Mirae Asset Tax Saver Fund provides a zero [exit load](https://www.angelone.in/knowledge-center/mutual-funds/do-mutual-funds-have-an-exit-load), zero [expense ratio](https://www.angelone.in/knowledge-center/mutual-funds/what-is-expense-ratio), and greater returns than the category average. As an open-ended ELSS, the fund has a 3-year lock-in period and permits investments across a range of market capitalizations. Its adaptable strategy delivers a diversified portfolio of reliable, well-established businesses and exhibits strong development potential. The Mirae Asset Tax Saver fund is ideal for those wishing to invest for 3 years because it has a 5-year CAGR of 22.4 percent. The fund works to both reduce taxes and build long-term wealth.

|  |  |  |
| --- | --- | --- |
| **Year** | **Opening NAV** | **Closing NAV** |
| 2018-19 | 16.348 | 18.393 |
| 2019-20 | 18.393 | 14.528 |
| 2020-21 | 14.528 | 27.4440 |
| 2021-22 | 27.4440 | 33.432 |
| 2022-23 | 33.432 | 33.409 |

**Closing NAV**

40

35

30

25

20

Closing NAV

15

10

5

0

2018-19 2019-20 2020-21 2021-22 2022-23

Units purchased = 100000/16.348 = 6116.9562 Closing value = 6116.9562\*33.409 = 204361

## **Interpretation of Graph**

1. There was slight downfall in year 2019-20 because pandemic.
2. There was jump in NAV after pandemic.
3. The return percentage = 204361-100000 = 104.3%

100000

## [**Axis Blue-chip Fund Direct-Growth**](https://www.angelone.in/mutual-funds/schemes/axis-bluechip-fund-direct-plan-idcw-reinvestment-isin-inf846k01dn3-schemecode-efd1-dp)

The Axis Blue-chip Fund, launched by Axis Mutual Fund, invests in blue-chip equities or stocks of sizable, well-established companies, and it currently has an AUM of INR 29,160.6 crore. Although they are classified high risk and have sufficient liquidity and are less volatile than mid-cap or small-cap stocks, the minimum SIP investment is set at INR 500 and the minimum lump sum investment is set at INR 5000. The Axis Blue-chip Fund is appropriate for investors looking for long-term capital appreciation and attempts to achieve long-term capital growth through investments in a varied portfolio. The fund’s CAGR over five years is 18.50%.

|  |  |  |
| --- | --- | --- |
| **Year** | **Opening NAV** | **Closing NAV** |
| 2018-19 | 26.61 | 30.42 |
| 2019-20 | 30.42 | 28.30 |
| 2020-21 | 28.30 | 42.65 |
| 2021-22 | 42.65 | 49.93 |
| 2022-23 | 49.93 | 46.70 |

**Closing NAV**

60

50

40

30

Closing NAV

20

10

0

2018-19

2019-20

2020-21

2021-22

2022-23

Units purchased = 100000/26.61= 3757.99 Closing value = 3757.99\*46.7 = 175497.93

## **Interpretation of Graph**

1. There was slight downfall in year 2019-20 because pandemic.
2. There was jump in NAV after pandemic.

c) The return percentage = 175497.93-100000 = 75.5%

100000

## [**Canara Robeco BlueChip Equity Fund Direct-Growth**](https://www.angelone.in/mutual-funds/schemes/canara-robeco-blue-chip-equity-fund-direct-plan-growth-isin-inf760k01fr2-schemecode-calcdg-gr)

Since its introduction in 2013, Canara Robeco Mutual Fund has offered an equity mutual fund strategy that aims to promote capital appreciation by principally investing in businesses with high market capitalizations. The fund has an extremely high risk rating with a current Asset Under Management (AUM) of INR 3,691.25 Cr. The minimum SIP (Systematic Investment Plan) is set at 1000. If the fund is redeemed before one year, the returns are taxed at 15%; otherwise, consumers must pay 10% in addition to an LTCG tax on returns of INR 1 lakh or more in a financial year. The fund offers a CAGR of 18.08% over five years.

|  |  |  |
| --- | --- | --- |
| **Year** | **Opening NAV** | **Closing NAV** |
| 2018-19 | 23.31 | 26.25 |
| 2019-20 | 26.25 | 23.09 |
| 2020-21 | 23.09 | 38.38 |
| 2021-22 | 38.38 | 45.19 |
| 2022-23 | 45.19 | 45.66 |

**Closing NAV**

50

45

40

35

30

25

20

15

10

5

0

Closing NAV

2018-19 2019-20 2020-21 2021-22 2022-23

Units purchased = 100000/26.25= 3809.53 Closing value = 3809.53\*45.66 = 173942.857

## **Interpretation of Graph**

1. There was slight downfall in year 2019-20 because pandemic.
2. There was jump in NAV after pandemic.

c) The return percentage = 173942.857-100000 = 73.94%

100000

## [**Aditya Birla Sun Life Digital India Fund**](https://www.angelone.in/mutual-funds/schemes/aditya-birla-sun-life-digital-india-fund-direct-idcw-reinvestment-isin-inf209k01p49-schemecode-bs15z-dp)

It is an equity-sectoral fund that debuted on January 15th, 2000. It is a high-risk investment vehicle that has generated a CAGR/annualized return of 11.4% since its inception. 2021’s return was 70.5%, 2022’s was -21.6%, and 2020’s was 59%. A multi-sector open-ended growth strategy that focuses on investing in technology and technology dependant companies, hardware, peripherals, and components, software, telecom, media, internet, and e-commerce, as well as other technology enabled businesses, with the goal of long-term capital growth. Income generation and dividend distribution are the secondary goals.

|  |  |  |
| --- | --- | --- |
| **Year** | **Opening NAV** | **Closing NAV** |
| 2018-19 | 25.09 | 26.32 |
| 2019-20 | 26.32 | 20.43 |
| 2020-21 | 20.43 | 42.27 |
| 2021-22 | 42.27 | 58.92 |
| 2022-23 | 58.92 | 47.51 |

**Closing NAV**

70

60

50

40

30

Closing NAV

20

10

0

2018-19

2019-20

2020-21

2021-22

2022-23

Units purchased = 100000/25.09 = 3985.65 Closing value = 3985.65\*47.51 = 189358.31

## **Interpretation of Graph**

1. There was slight downfall in year 2019-20 because pandemic.
2. There was jump in NAV after pandemic.

c) The return percentage = 189358.65-100000 = 89.36%

100000

d) The return or NAV of mutual fund was down in 2022-23 because of market conditions.

## [**SBI Small Cap Fund Direct-Growth**](https://www.angelone.in/mutual-funds/schemes/sbi-small-cap-fund-direct-plan-idcw-reinvestment-isin-inf200k01t69-schemecode-sbd346p-dp)

The [SBI small-cap fund](https://www.angelone.in/knowledge-center/mutual-funds/what-are-small-cap-funds) has an AUM of INR 9,620.21 cr and an expense ratio of 0.84% as of the 16th of August 2021, with a [Net Asset Value](https://www.angelone.in/knowledge-center/mutual-funds/what-is-nav) (NAV) of INR 102.68. Due to the fund’s exceptionally high risk, the minimum SIP is INR 500. Growth and value investing are both incorporated into the stock picking method. The fund seeks to give investors possibilities for long-term wealth creation by offering a 5-year CAGR of 23.31%.

|  |  |  |
| --- | --- | --- |
| **Year** | **Opening NAV** | **Closing NAV** |
| 2018-19 | 59.6897 | 55.6630 |
| 2019-20 | 55.6630 | 44.2998 |
| 2020-21 | 44.2998 | 87.4737 |
| 2021-22 | 87.4737 | 113.3881 |
| 2022-23 | 113.3881 | 121.7144 |

**Closing NAV**

140

120

100

80

60

Closing NAV

40

20

0

2018-19

2019-20

2020-21

2021-22

2022-23

Units purchased = 100000/55.6630 = 1796.5255 Closing value = 1796.5255\*121.7144 = 218663.023

## **Interpretation of Graph**

* 1. There was slight downfall in year 2019-20 because pandemic.
	2. There was jump in NAV after pandemic.

c) The return percentage = 218663.023-100000 = 118.62%

100000

## **GOLD PRICES**

**CALCULATION ON RETURN ON INVESTMENT**

* + FOR THE FIRST YEAR (2018) THE RETURN AMOUNT WOULD BE NIL AS IT WAS INVESTED IN THAT YEAR. (BASE YEAR FOR CALCULATION)
	+ FOR THE SECOND YEAR (2019) 35,220-31,438 = 12.03%

31,438

* + FOR THE THIRD YEAR (2020) 48,651-31,438 = 54.79%

31,438

* + FOR THE FOURTH YEAR (2021) 48,720-31,438 = 54.79%

31,438

* + FOR THE FIFTH YEAR 52,670-31,438 =67.53%

31,438

|  |  |  |
| --- | --- | --- |
| **YEAR** | **PRICE** | **RETURN (%)** |
| 2017-18 | Rs.31,438.00 | INVESTMENT YEAR |
| 2018-19 | Rs.35,220.00 | 12.03% |
| 2019-20 | Rs.48,651.00 | 54.75% |
| 2020-21 | Rs.48,720.00 | 54.79% |
| 2021-22 | Rs.52,670.00 | 67.53% |

**PRICE**

60000

50000

40000

30000

PRICE

20000

10000

0

2017-18 2018-19 2019-20 2020-21 2021-22

**RETURN (%)**

0.8

0.7

0.6

0.5

0.4

RETURN (%)

0.3

0.2

0.1

0

2017-18

2018-19

2019-20

2020-21

2021-22

## **INTERPRETATION OF CHANGE IN PRICES OF GOLD**

1. The major change in price of gold was seen in 2020.
2. The rate of return in gold is positive.
3. Price of gold changes at different percentage.
4. The major change or increase in return was seen in year 2018-19.

### **Fixed deposits prices (CONSIDERING COMPOUND INTEREST)**

CALCULATION ON RETURN ON INVESTMENT

M= P + P {(1 + i/100) t – 1}, where –

*P is the principal amount*

*i is the rate of interest per period t is the tenure*

* + FOR THE FIRST YEAR (2018) M=1,00,000 + 1,00,000 {(1+5.20/100) 5-1} M= 1,15,200
	+ FOR THE SECOND YEAR (2019)

M= 1,00,000 +1,00,000 {(1+5.30/100)4-1}

M= 1,18,900

* + FOR THE THIRD YEAR (2020) M=1,00,000 + 1,00,000 {(1+6.05/100)3-1} M= 1,14,100
	+ FOR THE FOURTH YEAR (2021) M=1,00,000 + 1,00,000 {(1+6.75/100)2-1} M= 1,07,750
	+ FOR THE FIFTH YEAR(2022)

AS THIS IS THE LAST YEAR COMPOUND INTEREST WILL NOT BE APPLICABLE. THEREFORE,

M=1,00,000\*6.48%

M=1,06,480

|  |  |  |
| --- | --- | --- |
| **YEAR** | **RETURN** | **RETURN (%)** |
| 2017-18 | 15200 | 5.20 |
| 2018-19 | 18900 | 5.30 |
| 2019-20 | 14100 | 6.05 |
| 2020-21 | 7750 | 6.75 |
| 2021-22 | 6480 | 6.48 |

**RETURN**

20000

18000

16000

14000

12000

10000

8000

6000

4000

2000

0

RETURN

2017-18 2018-19 2019-20 2020-21 2021-22

**RETURN (%)**

8

7

6

5

4

RETURN (%)

3

2

1

0

2017-18

2018-19

2019-20

2020-21

**Findings & Suggestions**

* By interpretation and analyzing the data of gold, mutual fund and fixed deposit, the suggestions can be as follow :-
* By seeing the pattern of market for five years we can see that the price of gold and the market condition is inversely co-related. In other words, if the market is going down then the price of gold will increase.
* Fixed deposit rates almost cover the inflation rate of the country or in other words we can say that through investing in fixed deposit our return amount will be same as invested amount in fixed deposit.
* Mutual fund is directly related to market conditions. During corona the market was down therefore the return on mutual fund was down but as after corona the market was recovering the return on mutual fund was also increasing.
* As return on gold is around 60% and on mutual fund is around 70-120 %. We can say that the highest return is on mutual fund.
* We can say that for long term investment the best option is **mutual fund and the gold.**

**Conclusion**

In conclusion, the study underscores the importance of a diversified investment strategy tailored to individual financial goals, risk tolerance, and investment horizon. While each investment option offers unique advantages and considerations, investors in Nagpur City are encouraged to seek professional advice, conduct thorough research, and remain disciplined in their investment approach to achieve long-term financial success. By leveraging the insights provided in this study, investors can make informed decisions and navigate the dynamic investment landscape of Nagpur City with confidence and resilience.

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